



TWILIGHT LITAKA PHARMA LIMITED

40th Annual Report 2013-14

BOARD OF DIRECTORS

MR. R. C. BORA, Chairman
MR. GOPAL RAMOURTI, Managing Director
MR. N. R. BORA, Executive Director & Chief Financial Officer [CFO]
MR. M. S. RAGHAVAN AYYANGAR
MR. A. S. CHANDVANKAR

AUDITORS

M/S. V. SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
2C COURT CHAMBERS
35 NEW MARINE LINES
MUMBAI 400 020

BANKERS

CENTRAL BANK OF INDIA
ICICI BANK LTD.
UNION BANK OF INDIA
BANK OF INDIA
BANK OF BARODA
BARCLAYS BANK PLC.
IDBI BANK LTD.
STATE BANK OF HYDERABAD
AXIS BANK LTD.
DBS BANK LTD.

REGISTERED OFFICE

B-22 "H" BLOCK, M.I.D.C.,
PIMPRI, PUNE - 411 018.

40TH ANNUAL GENERAL MEETING

Date : 29th NOVEMBER, 2014

Day : SATURDAY

Time : 09.30 a.m.

**Place : HOTEL RATNALOK, PUNE-MUMBAI ROAD,
OPP. BAJAJ AUTO LTD., AKURDI,
PUNE - 411035**

VISIT US AT :

<http://www.twilightlitaka.com/>

HEAD OFFICE

206 Shivai Industrial Estate
89, Andheri-Kurla Road, Saki Naka
Andheri [E], Mumbai 400 072

MANUFACTURING FACILITIES

- 1) 116/2 Chakan Phata,
Mumbai Pune Road
Vadgaon Maval, Pune 412 106
- 2) 39/40 Vasai Taluka Industrial Estate
Sector II, Gaurai Pada, Vasai (E)
Dist.: Thane 401 208
- 3) B-22 'H' Block, M.I.D.C.,
Pimpri, Pune 411 018
- 4) Village Dhana, Bagh Bania, Baddi
Nalagarh Road, Nalagarh,
Dist. - Solan, Himachal Pradesh 174 701
- 5) Briocia Pharma (India) Limited
(100% subsidiary of the Company)
Plot No. E -1, M.I.D.C., Industrial Area,
Jejuri, Pune 412 303

REGISTRAR & TRANSFER AGENTS

Sharepro Services (I) Pvt. Ltd.
13 AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri - Kurla Rd., Saki Naka,
Andheri (E), Mumbai 400072

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NOTICE

NOTICE is hereby given that 40th Annual General Meeting of the Shareholders of Twilight Litaka Pharma Ltd., will be held on Saturday 29th November, 2014 at 9.30 A.M. at Hotel Ratnalok, Pune- Mumbai Road, Opp. Bajaj Auto Ltd., Akurdi, Pune-411035 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2014 together with the Report of the Board of Directors and the Auditor's Report thereon.
2. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Nainish Rajendra Bora [DIN: 00152040], Director of the Company, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby reappointed as the Director of the Company, liable to retire by rotation."

3. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 M/s. KRSHNA & ASSOCIATES Chartered Accountants, Mumbai having Firm Registration No. 122950W be and are hereby appointed as the Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of 45th Annual General Meeting of the Company to be held hereafter, subject to ratification by the Members at every Annual General Meeting, on such remuneration as shall be determined and fixed by the Board of Directors of the Company, in consultation with the Auditors of the Company, in place of the retiring Auditors M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai having Firm Registration No. 109208W who have informed the Company about their un-willingness to be reappointed."

SPECIAL BUSINESS:-

4. To Consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('The Act') and the Rules made there under, read with Schedule IV to the said Act, and Clause 49 of the Listing Agreement, Mr. Avinash Shantaram Chandvankar [DIN: 00128958], who has submitted a declaration that he meets the criteria for Independence as provided in Section 149(6) of the Act, and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years w.e.f. 29th November, 2014 i.e. upto 29th November, 2019."

5. To Consider and if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150

and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('The Act') and the Rules made thereunder, read with Schedule IV to the said Act, and Clause 49 of the Listing Agreement, Mr. Raghavan Mathurakavi Srinivasa Ayyangar [DIN: 00090266], who has submitted a declaration that he meets the criteria for Independence as provided in Section 149(6) of the Act, and is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years w.e.f. 29th November, 2014 i.e. upto 29th November, 2019."

By Order of the Board of Directors
For **Twilight Litaka Pharma Ltd.**

Date : 29th August, 2014

Place : Mumbai

Gopal Ramourti
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THIS MEETING MAY APPOINT A PROXY TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company at its registered office, not later than 48 Hours before the commencement of the Meeting. A Person shall not act as Proxy for more than 50 Members and holding in the aggregate not more than 10% of the total voting share capital of the Company. However a single person may act as the Proxy, for a Member holding more than 10% of the total voting share capital of the Company, provided that such Person shall not act as a Proxy for any other Person.
3. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Businesses to be transacted at the Annual General Meeting as set out in the Notice is annexed hereto.
4. Notice is also given that the Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed from Wednesday 26th November, 2014 to Saturday 29th November, 2014. (Both days inclusive).
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail addresses with Company or Depository.
6. The Notice of AGM, Annual Report and attendance slip are being sent in electronic mode to Members whose e-mail ID's are registered with the Company or Depositories, unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip

are being sent to those Members who have not registered their e-mail ID's with the Company or Depositories. Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at registration counter to attend the AGM.

7. Corporate Members intending to send their Authorised Representative to attend and vote at the Meeting are requested to ensure that the Authorised Representative carries a duly certified true copy of the Board Resolution, Power of Attorney or such other valid authorization, authorising him to attend and vote at the Meeting and any one of the photo identity proofs (viz. Driving License, PAN Card, Election Card, Passport)

8. Pursuant to the Securities and Exchange Board of India (SEBI) Circular No - CIR/CFD/POLICYCELL/2/2014 dated 17th April, 2014; SEBI has amended Clause No - 35B and Clause No - 49 of the Listing Agreement. Clause No- 35B deals with provisions of E-voting facility to the Shareholders in the respect of all resolutions to be passed at the General Meeting. As per the said Circular the revised Clause - 35B would be applicable to all Listed Companies and modalities would be governed by the provisions of Companies (Management and Administration) Rules, 2014.

As per the Companies (Management and Administration) Rules, 2014 notified by The Ministry of Corporate Affairs on 23rd June, 2014, the relaxation has been granted to the Companies to provide this facility upto 1st January, 2015. Hence, the Company will provide the E-voting facility for General Meetings held on or after 1st January, 2015.

EXPLANATORY STATEMENT (Pursuant to Section 102(1) of the Companies Act, 2013)

As required by Section 102(1) of the Companies Act, 2013 the following Explanatory Statement sets out the material facts relating to the Special Business mentioned in the accompanying Notice dated 29th August, 2014.

Item No. 4 & 5:

Pursuant to the provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges the Company at present is having 2(two) Non- Executive Independent Directors on the Board liable to retire by rotation. However, in view of the provision of the Sections 149 and 152 and other applicable provisions read with Schedule IV of the Companies Act, 2013, the appointment of two Directors viz.

Mr. Avinash Shantaram Chandvankar and Mr. Raghavan Mathurakavi Srinivasa Ayyangar as an Independent Directors is now being placed before the Members for their approval for five consecutive years from the date of this AGM i.e. 29th November, 2014.

The Company has received a declaration in writing from Mr. Avinash Shantaram Chandvankar and Mr. Raghavan Mathurakavi Srinivasa Ayyangar that they meet the criteria of Independence as provided in Sub Section (6) of Section 149 of the Act and Clause 49 of the Listing Agreement.

In the opinion of the Board, these two Directors fulfill the conditions specified in the Act and Rules framed there under for appointment as Independent Directors and they are Independent of the Management. The Board also considers that their continued association would be of immense benefit to the Company and it is desirable to

continue to avail services from them as Independent Directors on the Board of the Company and not liable to retire by rotation.

The Company has received notices in writing from Members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of said Directors of the Company.

Accordingly the Board recommends the Resolutions as set out at Item No 4 & 5 of the Notice for the approval by the Members of the Company.

A Copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered/Corporate Office of the Company during business hours on any working day.

None of the other Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in passing the said Resolutions, except the individual Directors themselves, who are interested in the Resolution proposing their respective appointment.

By Order of the Board of Directors
For **Twilight Litaka Pharma Ltd.**

Date : 29th August 2014
Place : Mumbai

Gopal Ramourti
Managing Director

**DIRECTORS' REPORT**

**Dear Shareowners,
Of Twilight Litaka Pharma Ltd.**

Your Directors are pleased to present this 40th Annual Report of your Company for the year ended 30th June 2014.

Particulars	Standalone		Consolidated Year ended 30th June, 2014 [₹ in crs.]
	Year ended 30th June, 2014 [₹ in crs.]	Period ended 30th June, 2013 [₹ in crs.]	
TOTAL INCOME	31.50	337.69	338.59
NET PROFIT AFTER TAX	(139.58)	(162.72)	(170.95)
Add : Surplus brought forward from the Balance Sheet	(47.11)	115.61	112.74
Amount available for disposal	—	—	—
APPROPRIATIONS:			
General Reserve	—	—	—
Surplus carried to Balance Sheet	(186.69)	(47.11)	(58.21)
Earnings Per Share (₹) *	(56.32)	(65.66)	(68.98)
Book Value per Share (₹) *	-5.70	5.30	(2.43)

* Face Value ₹ 5/- per share.

PRESENT STATUS OF THE COMPANY

In the Financial year 2010- 11 your Company has acquired 100% stake of M/s Briocia Pharma (India) Limited from the funds available on the expectation that substantial funds will be infused by way of Private Equity. This investment was necessary as the existing plants in Pimpri and Vadgaon were very old and additional capacities were required. Since the Company has entered into Joint Venture with M/s Interpro Healthcare of Republic of South Africa it was necessary to have a modern facility complying with the regulations applicable in Republic of South Africa. The facility of M/s Briocia Pharma (India) Limited has substantial capacity and was also compliant with Modern WHO GMP guidelines.

The decision to acquire M/s Briocia Pharma (India) Ltd and other capital expenditure during 2010-11 coupled with the as yet unsuccessful attempt to infuse substantial funds by way of private equity lead to a severe liquidity crunch and an acute shortage of working capital. Additionally the hostile economic environment prevented seeking any suitable alternatives that were before the Company in the form of liquidation of certain non-core assets or obtaining liquidity from the financial markets. This lead to a prolonged period of financial hardship to the Company with a cascading effect of slow recoveries from debtors, drop in sales , labour unrest, disruption of manufacturing activities and the consequent loss of key customers and unrelenting pressure from banks and creditors.

The cumulative effect of the inconsistent cash flows from operations and the inability to draw down the sanctioned limits from the bankers and over cautious investment climate in the capital markets lead to defaults and delays in honouring financial commitments. As a result the bankers have classified the Company's accounts as a NPA during 2012 and further recalled their facilities, initiated recovery proceedings by seeking legal action through winding up petitions, initiating DRT applications, action under Section 138 of the N I Act and SARFAESI Act. Several creditors and workers have also taken legal action for recovery against the Company.

The Bankers and Unsecured Creditors of the Company and its Subsidiary had initiated proceedings before the Hon'ble Bombay High Court for winding up of the Company. Consequent to one of the customer, who had offered to buy the Company's manufacturing unit at Baddi and which offer was informed to the Court in the aforesaid proceedings, withdrawing his offer to buy the said property, Honorable

Bombay High Court in their order dated 30th April 2014, appointed "Provisional Liquidator" to take charge of the of Company's Books of Account, assets and properties both movable and immovable. Further, the Court ordered the Company, its Directors, and Officers and Agents from creating any dispossession of any of the assets or properties without leave of the Court, except in the ordinary and usual course of its business.

Consequent to the Losses exceeding the Share Capital and Reserves, the Company through its application u/s 15 of SICA Act 1985 has sought registration before BIFR and protection u/s 22 of SICA Act 1985. The application has been duly acknowledged vide No 1366 dated 02.07.2014. Company has also briefly narrated therein its proposal to revive the operation and turn the negative Net Worth to positive.

Majority of the secured Lenders [Consortium of Banks] have, pursuant to an auction process, assigned their dues in favour of an Asset Reconstruction Company [ARC]. ARC is presently leading the dialogue with the Company for a comprehensive settlement of the dues of the Consortium. Company is hopeful that the settlement as aforesaid, would benefit it and coupled with other proposals under evaluation such as developing the properties as residential/commercial complexes, negotiations with strategies investors for infusion of funds to commence the operations, etc. will go a long way in bringing about turn around in the operations and to a large extent make the existing negative net worth become positive. The Company has included the same in the presentations that have been made before BIFR. On the Winding up petition filed before Bombay High Court against the Company, it has been legally advised that since reference has already been made to BIFR, it has fair amount of chance in succeeding.

Based on these factors viewed cumulatively, Management is of the view that the Company continues to operate as a going concern and is having the ability to meet its financial commitments.

DIRECTOR'S EXPLANATION TO THE ADVERSE OPINION / QUALIFICATIONS STATED IN THE AUDITORS' REPORT

As regards Adverse opinion/qualifications stated in the Auditor's Report dated 29th August 2014 by the Statutory Auditors' of the Company the Board is of the view that in the Notes to Accounts all these issues are adequately dealt with.

DIVIDEND

Considering the Losses incurred by the Company, your Directors do not recommend any Dividend for the Year ended as on 30th June 2014. (Previous Year ₹ Nil.)

SUBSIDIARY

Briocia Pharma (India) Limited is a Wholly owned Subsidiary of your Company by virtue of acquisition of 100% stake by the Company.

The Ministry of Corporate Affairs, Government of India vide its circular no. 2/2011 dated 8 February 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2013-14 does not contain the financial statements of our subsidiary. The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and prepared in accordance with Accounting Standard 21 as specified in Companies (Accounting Standards) Rules, 2006 also form part of this Annual Report.

The audited annual accounts and related information of our subsidiary, where applicable, will be made available for inspection during business hours at our registered office in Pune. The annual

accounts of Briocia Pharma (India) Limited and the related detailed information will be made available to the members on the specific request made by them.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of your Company is given in the Management Discussion and Analysis Report, which forms part of this Report.

CORPORATE GOVERNANCE

Your Company follows healthy Corporate Governance practices since it believes that Corporate Governance is a voluntary code of self-discipline. A separate report on the initiatives on Corporate Governance adopted by your Company along with a certificate of Compliance from the Auditors given in this Annual Report forms part of this Report.

STATUTORY AUDITORS

The term of appointment of present Auditors M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai having Firm Registration No. 109208W is due to expire on conclusion of the forth coming Annual General Meeting. They have informed the Company about their unwillingness to be reappointed. Accordingly the appointment of M/s. KRSHNA & ASSOCIATES, Chartered Accountants, having Firm Registration No. 122950W is recommended as the new Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of 45th Annual General Meeting of the Company to be held hereafter, subject to ratification by the Members at every Annual General Meeting.

Accordingly necessary Resolution under Section 139 has been recommended for the approval of the Shareholders.

COST AUDIT

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mrs. Swati Joshi, (Fellow Membership No. 28717) practicing Cost Accountant, was appointed to conduct audit of cost records relating to formulations

DIRECTORS

Mr. Nainish Rajendra Bora [DIN: 00152040], retires by rotation and has informed his willingness to be reappointed as the Director of the Company, liable to retire by rotation. Necessary Resolution for his reappointment is recommended for your approval.

As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term upto five consecutive years and shall not be liable to retire by rotation, during that period. Necessary resolutions for the appointment of Mr. Avinash Shantaram Chandvankar and Mr. Raghavan Mathurakavi Srinivasa Ayyangar have been recommended for your approval.

In the Extra Ordinary General Meeting held on 29th September 2012 the Shareholders of the Company have approved the reduction in the remuneration payable to Mr. Gopal Ramourti as Managing Director and Mr. Nainish Bora as Executive Director of the Company. However Considering the present liquidity crunch and the losses incurred, your Company has not made payment of remuneration to these Directors during the period under Report.

FIXED DEPOSITS

The Company has not invited / received any fixed deposits during the year.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011 as amended, none of the employee of the Company was in the receipt of excess of Amount prescribed in the (Particulars of Employees) Amendment Rules, 2011.

DISCLOSURE OF PARTICULARS

As required 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, the information under the said section has not been provided since no employee of the company has received the remuneration beyond the limits prescribed under this section.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm -

- that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
- that the selected accounting policies were applied consistently and the directors have 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 as on 30th June 2014 and of the Loss of the Company for the year ended on that date.
- that proper and sufficient care has been taken 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 preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.

APPRECIATIONS AND ACKNOWLEDGEMENTS

Your Board of Directors wish to place on record their appreciation of the contribution made by the employees at all levels.

The Board takes this opportunity to express their gratitude to Bankers, Suppliers, Regulatory and government authorities, Stock Exchanges and other Business Associates for their continued support and cooperation received by your Company.

Your Directors are thankful to the esteemed shareholders, all investors, clients, vendors, for their continued faith and valued support.

By Order of the Board of Directors
For **Twilight Litaka Pharma Ltd.**

Date : 29th August, 2014
Place : Mumbai

RAJENDRA C. BORA
CHAIRMAN



MANAGEMENT DISCUSSION AND ANALYSIS

PHARMA INDUSTRY STRUCTURE AND DEVELOPMENTS

After a brief Period of sluggishness during past two years the growth momentum in the domestic formulations market appears to be back on track. According to the Economic Survey 2011-12, the annual global spending on medicines will rise to nearly \$1.2 trillion in 2016 representing a compound annual growth rate of 3-6 percent. (IMS - The Global Use of Medicines: Outlook through 2016). Further, global spending on patented drugs is expected to decline due to loss of exclusivity on patent expiries, there will be accelerated shift in spending towards generics in developed markets, rising to 39% of total spend by 2015, up from 20% in 2005. India ranks 10th globally in terms of value and 3rd in terms of volumes. Growing population, improving medical infrastructure, rising income levels, increasing health insurance coverage and increasing government spend on healthcare are driving the market growth. Indian pharmaceutical market is dominated majorly by branded generics constituting nearly 70% to 80% (Source: IMS India Pharma Report) of market.

Outlook for generics in India looks positive due to several factors The current pipeline of the generics products that are either undergoing new process development or have been recently launched is strong. In addition, domestic players have the opportunity to develop new combinations and formulations of the products that are already in the market. Generics players continue to have a wide range of options for new generics launches.

OPPORTUNITIES

Generic segment contributed around 30% of the world pharmaceuticals market and is expected to reach 40% of the total global Pharma spending by 2015 growing with a CAGR of 13% compared with a 1% CAGR in the patented branded market. This trend is visible not only in developing markets but also in developed markets. The Company is well positioned to capitalize on these growth opportunities with strong development pipeline, low R&D and manufacturing costs and sound marketing reach and capabilities built over a period of time.

TLPL has always been India-centric. Most of the business turnover has been from the Indian market. With strong growth expected to continue in the Indian economy, we continue to see healthy growth. Regular launch of new products has continuously aided your Company in widening its therapeutic range which is our key focus area. Most of the innovator companies are facing challenge of depleting research pipeline and losing patent protection for their blockbuster drugs in the next few years. This has opened up opportunities to CRAMS players from low cost destinations like India. TLPL has identified this opportunity very early and started working on it. The company believes that it can manufacture various products of best quality at a low cost. Many of innovator companies are outsourcing their products to your company. Recognizing this opportunity, the company continued to take initiatives in reducing its costs by employing lean manufacturing techniques and resource management initiatives.

STRENGTHS AND WEAKNESSES

Being in the Pharma Sector, TLPL has following strength and weaknesses.

STRENGTHS

- Strong and elaborate network of relationships with consumers, suppliers and external partners.
- Manufacturing on Principal to Principal and Loan License Arrangement.
- Ultramodern manufacturing facilities.
- Marketing Network across India.
- Exports to more than 40 countries.
- Listed on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd.
- Good connectivity to Mumbai by rail as well as road.
- Cordial Relations with Workers.
- Experienced and dedicated staff.
- Availability of skilled and semi skilled workers to create opportunities, replicate the successes and drive business growth..

WEAKNESSES

To remain competitive and profitable in the challenging industry environment of today, TLPL has to increase production capacities to face the competition in the global market. In addition to contract manufacturing, it has to concentrate on increasing its own products range. Besides this your Company also needs to ramp up the marketing operations.

RISK MANAGEMENT

Global operations and product development for regulated markets poses significant challenges and risks for the organization. Such risks, if not identified and addressed properly in a timely manner could adversely impact accomplishment of the overall objectives of the organization and its sustainability. Your Company's risk management framework is intended to ensure that risks are identified in a timely manner. We have implemented an integrated risk management framework to identify, assess, prioritize, manage/mitigate, monitor and communicate the risks across the company. These issues are resolved at the level of Board of Directors.

TALENT MANAGEMENT

Our employees continue to be the Backbone of success in all our endeavors. During the year, TLPL always believe in the concept of human empowerment and continued with its focus on developing the capabilities of its workforce even further through several HR initiatives. We have bolstered our talent recruitment drives to meet out growing business needs. Steps have been taken to meet the challenges of retention, skill upgradation, remuneration and the career aspirations

of talent on TLPL's rolls. In the present critical situation this task is having supreme importance. We are confident that the measures now being taken by TLPL will enhance the effectiveness of its talent management initiatives.

REWARDS AND RECOGNITION

Rewards and Recognition program was initiated and Every year along with annual increments, employees are rewarded on completion of their service for 5 years, 10 years, 15 years, 20 years and 25 years in TLPL. The Reward and Recognition program has had a very positive impact on colleagues to be a strong motivational input.

CORPORATE SOCIAL RESPONSIBILITY

Good governance demands adherence of social responsibility coupled with creation of value in the larger interest of the general public. Corporate Social Responsibility forms an integral part of TLPL's corporate principles and business philosophy. TLPL's CSR function is led by the vision to enrich lives to create a healthy and a happier world and We are Committed to being a socially responsible organization. As regards environment care, TLPL continued to maintain well designed effluent treatment plants at its factories. TLPL regularly undertakes various innovative measures to conserve energy, reduce wastage and optimize consumption.

HEALTH & SAFETY POLICY

The environmental policy of your Company emphasizes at being a caring company, which shall protect and promote the environment by complying with up applicable environmental regulations and preventing pollution in all its operations. TLPL has kept up high standards of occupational health and safety practices at all its manufacturing units. TLPL continuously reviews safety measures at its premises all over India. No efforts have been spared to ensure safety in the operation of the Plants, to promote health and protect the environment. Health of the employees is continuously monitored and environment improvement measures in and around the Plant area have been given due care and attention. TLPL has in place Occupational Health and Safety Policy which focuses on People, Technology and Facilities supported by Management commitment as the prime driver.

FINANCIAL PERFORMANCE

Performance of TLPL during the financial year 2013- 14 was severely affected due to liquidity crunch and due to inability of TLPL to infuse additional funds. As a cumulative effect of all these factors TLPL could not honour its financial commitments in terms of servicing of interest and repayment of loans. Bankers of TLPL classified its account as NPA and have initiated legal proceedings for the recovery of their dues.

Management of TLPL is making efforts to review the present Situation.

Management has taken in principal decision to disposes off certain non-core assets and accordingly negotiations are at advanced stage. Management is identifying some strategic investor who will infuse funds in the company by way of equity. Management is taking several steps to cut the expenses and to trimme its size without affecting the performance of the Company. On these factors management is of view that it continues to operate as a going concern and have ability to fully meet its financial obligations.

Financial Highlights

Consolidated Sales/Income from operations (Net) stood at Rs. 3150.44 Lacs as compared to Rs. 33839.49 Lacs in the previous year, registering a decrease of 91%. Standalone Sales/Income from operations (Net) stood at Rs.3150.44 Lacs as compared to Rs. 33749.98 Lacs in the previous year, registering a decrease of 91%.

INTERNATIONAL BUSINESS DIVISION (IBD)

Due to acute liquidity crunch the performance of this division has been severely affected. TLPL has established good network of its brands in Several countries. This division has good potential. With infusion of funds the performance of this division will improve substantially. Efforts are being made to make available required funds to this division.

INTERNAL CONTROL SYSTEMS

The Company's Internal Control systems complement the nature and size of the business. Internal Controls have been designed to prevent fraud and misuse of Company's resources protecting in turn shareholder interest. The internal audit team constantly monitors the controls and any feedback, whether positive or negative is communicated directly to the management. All the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company lying at different locations and in-transit have been insured against fire, burglary, transit and allied risks. The internal control systems are further supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by management. The Audit Committee of the Board addresses issues raised by Internal Auditors and Statutory Auditors.

CAUTIONARY STATEMENT

Statement made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax laws & other statutes & other incidental factors

**REPORT ON CORPORATE GOVERNANCE**

(As required under Clause No. 49 of the Listing Agreement entered in to with the Stock Exchange)

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes that for meeting aspirations and needs of stakeholders it is imperative that the Company adopt good Corporate Governance Practices and same could be achieved through appropriate disclosure norms and policies, best in class board practices, transparent accounting policies, equity in its operations and high standards of corporate conduct.

The Company always committed to and endeavors to respect Best Corporate Governance norms in spirit not just in letters. The Company emphasizes Dissemination of information to all Stakeholders, so that Stakeholder gains a true and best knowledge and understanding of activities and business of the Company.

The Company has always believed in fair business and corporate practice while dealing with the stakeholders i.e. employees, customers, creditors, lenders and others.

2. BOARD OF DIRECTORS

As on date the Board of Directors of the Company consists of five Directors, Three of whom are Non Executive Directors, out of which two are Independent Directors.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures have been made by the Directors of Directorships in other Companies.

During the Financial Year under review, Six (6) Board Meetings were held.

The Name and Category and their attendance at Board Meetings held during the year and Directorship in other Companies are furnished in table below:

Name of the Director	Category of Directorship	Board Meetings attended	Whether attended last AGM held on 30th December, 2013	Directorship of other Companies
Mr. Rajendra Bora	Chairman NED (P)	6	Yes	Nil
Mr. Gopal Ramourti	Managing Director ED (P)	6	Yes	05
Mr. A. S. Chandvankar	NED (I)	6	Yes	04
Mr. Nainish Bora	Executive Director-Promoter	6	Yes	01
Mr. M. S. Raghavan Ayyangar	NED (I)	5	Yes	02

* None of the Directors of the Company are members, Chairman of any other committee of any other Company.

Director's Profile

A brief resume of the Directors in the Company are provided below:

Name of the Director	Mr. Rajendra Bora
Director Identification Number	00129879
Date of Joining the Board	28/11/1997
Profile of the Director	He is having more than 30 Years of experience in Pharma Field of manufacturing, distribution, marketing and administration.
No. of Shares held in the Company	Nil
Name of the Director	Mr. Gopal Ramourti
Director Identification Number	00296595
Date of Joining the Board	30/06/2005
Profile of the Director	He is Chartered Accountant having more than 30th years experience in Finance and Pharma Industry.
No. of Shares held in the Company	2,15,912
Name of the Director	Mr. Avinash S. Chandvankar
Director Identification Number	00128958
Date of Joining the Board	20/04/2002
Profile of the Director	He is a Practicing Chartered Accountant, having more than 15 Years of experience in the field of audit, taxation and finance. He is also associated with number of Management Institutes in the capacity as Visiting Faculty Member. He is also Partner of A G. Ogale & Associates Chartered Accountants and is the Proprietor of A. S. Chandvankar & Associates Chartered Accountants.
No. of Shares held in the Company	Nil

Name of the Director	Mr. Nainish R. Bora
Director Identification Number	00152040
Date of Joining the Board	25/03/2005
Profile of the Director	Mr. Nainish Bora has been associated with the Company for the last 15 years, earlier in the capacity as Director - Commercial and Vice President and currently as Executive Director and Chief Financial Officer of the Company.
No. of Shares held in the Company	14,350
Name of the Director	Mr. M.S. Raghavan Ayyangar
Director Identification Number	00090266
Date of Joining the Board	31/12/2005
Profile of the Director	Mr.MSR Ayyangar has over 40 years of experience in varied business and industry both in India and abroad. In that last 20 years has been in human health care, holistic methods, therapeutic nutrition bio- technology etc. He heads Emmessar Biotech & Nutrition Limited providing the company core strength in R & D as well as manufacture.
No. of Shares held in the Company	Nil

As mandated by Clause 49, the Independent Directors on Company's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been an executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executives during the preceding three financial years of the :
 - i) Statutory audit firm or the internal audit firm that is associated with the company.
 - ii) Legal firm(s) and consulting firm(s) that have a material association with the company.
- Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director.
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.
- Is not less than 21 years of age.

Information supplied to the Board:

Among others, information supplied to the Board includes:

- Annual operating plans, budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and operating divisions or business segments.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.
- Materially important show cause, demand prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluents or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non- payments of goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relation front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service.

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956 the Board has constituted the Audit



Committee of the Board of Directors. The Composition of Committee and details of attendance at Committee meetings met (05) Five times.

Name of the Director	Category of Directorship	No. of Meetings attended
Mr. A. S. Chandvankar	NED (I)	05
Mr. Nainish Bora	ED (P)	05
Mr. M S Raghavan Ayyangar	NED (I)	05

Mr. A. S. Chandvankar was Chairman of the Audit Committee.

Audit Committee held total Five Meetings during the Financial Year under review on 29th August, 2013, 14th November, 2013, 5th December, 2013, 14th February, 2014 and 14th May, 2014. The Members were present to all the Meetings. The terms of reference of the Audit Committee includes the matters specified in Clause 49(II) of Listing Agreement with Stock Exchange.

Remuneration Committee

The Company has constituted a Remuneration Committee in its Board Meeting held on 7th February, 2006. The responsibility of the Remuneration Committee is to consider and finalize the proposals in respect of fixation of remuneration to Executive Directors, Managing Director, and other Senior Executives of the Company. The Remuneration Committee consists of three Directors of the Company, viz. Mr. A S Chandvankar, Mr. Rajendra C. Bora and Mr. M. S. Raghavan Ayyangar. The Committee has the following powers:

- To determine on behalf of the Directors and on behalf of the shareholders of the Company, policy on remuneration package for Executive Directors, Managing Director, and other paid Directors of the Company who may be appointed from time to time.
- To fix the remuneration payable to above individuals with the power to grant yearly increment and other allowances.

To review the remuneration of the aforesaid individuals fixed periodically.

During the Year under Report No Meeting of the Remuneration Committee was held.

Share Allotment Committee

The Company has constituted a Share Allotment Committee in its Board Meeting held on 13th May, 2012. The Committee was constituted to consider and finalize the proposals in respect of Allotment of Shares of the Company from the issued share capital of the company to the eligible applicants. The Share Allotment Committee consists of four Directors of the Company, viz. Mr. Rajendra C. Bora, Mr. A.S. Chandvankar, Mr. Nainish Bora and Mr. Gopal Ramourti. No Meeting of the Allotment Committee was held during the year under the Report.

SHARE TRANSFER - CUM - INVESTORS GRIEVANCE COMMITTEE

Mr. A. S. Chandvankar, a Non-Executive Independent Director is the Chairman of the Committee. Other Member of the Committee is Mr. Nainish R. Bora.

The Share Transfer-cum-Investors Grievance Committee meets every fortnight or as may be required to attend the business within the time prescribed.

During the year queries/ complaints regarding non-receipt of share certificates, sent for transfer and non-receipt of annual report & dividend were received from shareholders, all of which have been resolved.

4. CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company in compliance with Clause 49 (I) (D) of the Listing Agreement.

5. MD/CFO CERTIFICATION

The Managing Director and Chief Financial Officer of the Company have certified positively to the Board on the matters specified in Clause 49 (V) of the Listing Agreement.

The Managing Director has certified to the Board of Directors that:

- He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contains statements that might be misleading.
 - These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal or violating of the Company's code of Conduct.
- He accepts responsibility for establishing and maintaining internal controls for financial reporting and he has evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and he has disclosed to the Auditors and Audit Committee, Deficiencies in the design or operation of such internal controls, if any, of which he was aware and steps he has taken or proposed to take to rectify these deficiencies.
- He has indicated to the Auditors and Audit Committee:

- i) significant change, if any, in Internal Control over financial reporting during the year;
- ii) significant change, if any, in accounting policies during the year and that the same have been disclosed in the Notes to the Financial statements; and
- iii) Instance of significant fraud, of which he has become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

The above certificate was placed before the meeting of Board of Directors held on 29th August 2014

6. REMUNERATION OF DIRECTORS

During the year under the Report, the Company has not paid any Remuneration to its working Directors'.

7. Shareholding of Non-Executive / Independent Directors as on 30.06.2014:

Name of Director	No. of Equity Shares of Rs.5/ each
Mr. A. S. Chandvankar	NIL
Mr. M. S. Raghavan Ayyangar	NIL

8. General Body Meetings

The details of the location and time for Annual General Meetings [AGM] and Extra Ordinary General Meetings [EGM] held during the last 3 years and details of the resolutions passed there at or passed by Postal Ballot:

Date	Year	Type of Meeting	Venue	Time
29.09.2011	2011	Annual General Meeting	Sumant Moolgaonkar Auditorium Hall, Ground Floor MCCA Trade Tower, "A" Wing, ICC Centre, Senapati Bapat Road, Pune 411016.	10.00 a.m.
29.09.2012	2012	Extra Ordinary General Meeting	B-22 "H" Block, M.I.D.C., Pimpri, Pune- 411018	9.30 a.m
31.12.2012	2012	Annual General Meeting	B-22 "H" Block, M.I.D.C., Pimpri, Pune- 411018	9.30 a.m
10.07.2013	2013	Postal Ballot	—	—
30.12.2013	2013	Annual General Meeting	Hotel Ratnalok Pune Mumbai Road, Opp. Bajaj Auto. Ltd., Akurdi, Pune-411035	9.30 a.m

All the Resolutions, including Special Resolutions as set out in the respective Notices of the Meetings were passed by the Shareholders.

9 Postal Ballot Resolutions

The Company during the Previous Year put five (5) Resolutions, three (3) u/s 293 (1) (a), one (1) u/s 17 and one(1) u/s 149 (2A) of the Compines Act 1956 through Postal Ballot. The results of the Postal Ballot were announced by Company on 10th July 2013 that is the year report.

10. DISCLOSURES:

- a) Disclosures regarding materially significant related party transactions:
No transaction has been entered into by its Promoters, Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company.
Transactions with the related parties are disclosed in the Note No.40 of the notes to the accounts in the Annual Report.
- b) Disclosure of non-compliance by the Company
There were no instances of penalty or stricture imposed on the Company by the Stock Exchange or SEBI or any authority on any matter related to capital market during the last three years.
- c) CEO / CFO Certification
The Managing Director (CEO) and Chief Financial Officer (CFO) have certified to the Board in accordance with Clause 49 (V) of Listing Agreement pertaining to CEO/CFO certification for the period ended June 30, 2014, which is annexed hereto.
- d) Reconciliation of Share Capital Audit and Certification pursuant to Clause 47 (C) of the Listing Agreement:
Pursuant to Regulation 55A of SEBI (Depositories and Participants) Regulation, 1996 Certificates on quarterly basis have been received from Shekhar Ghatpande & Co., Company Secretary in Practice.
Pursuant to Clause 47 (C) of Listing Agreement entered with BSE and NSE, Certificates on Half - yearly basis have been received from Shekhar Ghatpande & Co., Company Secretary in Practice.

11.Means of communication:

The Company has its own website, namely www.twilightlitaka.com, which displays the general profile and product profile of the Company. The shareholding pattern is also displayed and is updated every quarter.



TWILIGHT LITAKA PHARMA LIMITED

To support the 'Green initiative' by the MCA, Company proposes to send all communication including Notices, Annual Reports etc through e-mail and has requested members who have not registered their e-mail addresses so far, including change, if any, are requested to register e-mail addresses with their respective Depository Participants and Members who hold shares in physical form with the Company at litaka@shareproservices.com

12. General Shareholder Information

a) Registered and Corporate Office

B-22 "H" Block, M.I.D.C., Pimpri, Pune- 411018
Tel Nos: 91-20- 30642650/51/52, Fax:91-20- 27475862
Website: www.twilightlitaka.com

b) **Date of Incorporation** : 18th January, 1974

c) **Registration No/CIN No** : L24231MH1974PTC017139

d) **Day, Date, Time & Venue of 40th AGM** : Saturday 29th November 2014
9.30 am. at -Hotel Ratnalok, Pune-Mumbai Road,
Opp. Bajaj Auto Ltd., Akurdi, Pune - 411035

The Notice of the Annual General Meeting is being sent to the Members along with this Annual Report.

e) **Dates of Book Closure** : Wednesday, 26th November, 2014 to
Saturday 29th November, 2014
(both days inclusive)

f) **Financial Year** : 1st July to 30th June (for current Financial Year)

g) The Stock Exchange Listing

1. BSE Ltd. (BSE) Scrip Code: 506985 and Scrip ID is TWILITAKA
2. The National Stock Exchange of India Ltd. (NSE) & Symbol: TWILITAKA

h) Shareholders are requested to send all share transfers and correspondence relating to shares, dividend, ECS Mandate, etc. to our Share Transfer Agent at:

SHAREPRO SERVICES (I) PVT. LTD.

13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri - Kurla Road Sakinaka, Andheri (E), Mumbai - 400 072. Phone: 022-67720300 " 022-67720400 ". Fax : 022-28591568 " 022-28508927 " E-mail: sharepro@shareproservices.com
<http://www.shareproservices.com>

i) Market Price Data

The monthly High & Low Quotations of shares traded at Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., during the Financial Year 2013-14.

Months	High Price		Low Price		No of shares Traded		Total Turnover	
	Rs. BSE	Rs. NSE	Rs. BSE	Rs. NSE	BSE	NSE	Rs. BSE	Rs. In Lacs NSE
July 2013	4.10	4.10	2.70	2.70	4,99,532	3,25,100	17,59,028	11.32
August 2013	2.94	2.90	1.95	2.00	4,98,585	3,08,601	11,16,541	7.00
September 2013	4.06	3.90	2.11	2.10	4,03,373	84,307	12,39,454	2.43
October 2013	3.55	3.30	2.76	2.75	2,77,683	1,63,530	8,46,265	4.90
November 2013	3.83	3.75	2.81	2.75	2,92,636	87,597	9,44,358	2.81
December 2013	3.93	3.90	2.96	2.95	2,66,110	1,59,113	9,19,810	5.53
January 2014	5.62	5.55	3.66	3.80	3,75,665	1,81,315	18,03,225	8.50
February 2014	4.34	4.40	3.57	3.55	1,18,787	66,813	4,57,661	2.65
March 2014	4.10	4.10	3.22	3.20	3,75,999	2,08,408	13,18,854	7.36
April 2014	5.21	5.10	3.52	3.45	3,91,777	3,07,498	17,47,526	13.41
May 2014	5.54	5.50	3.69	3.70	5,34,719	4,90,883	24,60,529	23.23
June 2014	7.09	7.10	4.90	4.95	6,52,759	3,54,778	38,63,605	21.72

j) Distribution Schedule as on 30.06.2014

Description	Holder's Folio	% to total shareholders	Holding(s) Shares	% to share capital
Up to 1000	17,296	87.681	44,45,178	17.938
1001 to 2000	1,027	5.206	15,96,611	6.443
2001 to 3000	379	1.921	9,87,419	3.985
3001 to 4000	223	1.130	8,09,538	3.267
4001 to 6000	295	1.495	14,78,583	5.967
6001 to 8000	102	0.517	7,05,773	2.848
8001 to 10000	101	0.512	9,45,638	3.816
10001 and above	303	1.537	1,38,12,545	55.738
Total	19,726	100.00	2,47,81,285	100.00

k) Shareholding Pattern as on 30.06.2014

Sr. No.	Category Held	No. of Shares	% to shares holding
1.	Promoter, including persons acting in concert, Directors and their relatives	3,16,436	1.28
2.	Institutional investors (Indian)		
	(a) Mutual Funds and UTI	—	—
	(b) Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions	16,05,654	6.48
3.	FII / NRIs / OCBs	8,94,779	3.61
4.	Private Bodies Corporates	48,76,887	19.68
5.	Indian Public	1,70,87,529	68.95
	TOTAL	2,47,81,285	100.00

l) Plant Locations:

- | | | |
|--|---|---|
| <p>1) B-22 'H' Block, M.I.D.C. Pimpri, Pune 411 018
Tel: 020-30642650/51/52
Fax: 020-2747 4109
Email: tlplpimpri@tlpl.co.in</p> | <p>2) Village Dhana, Bagh Bania, Baddi Nalagarh Road, Nalagarg Dist. Solan Himachal Pradesh -174701
Tele Fax No. 01795267090
E-mail: baddi@tlpl.co.in</p> | <p>3) 39/40 Vasai Taluka Industrial Estate Sector II, Gaurai pada, Vasai (E) Dist: Thane 401 208
Tel: 0250-2455465/2450829
Fax No: 0250-2455464
Email: tlplvasai@tlpl.co.in</p> |
| <p>4) 116/2 Chakan Phata Mumbai - Pune Road Vadgaon Maval, Pune 412 106
Tel: 02114-325901 / 61
Fax: 02114-222859
Email: tlplvadgaon@tlpl.co.in</p> | <p>5) Briocia Pharma (India) Limited (100 % Subsidiary of the Company) Plot No. E -1, M.I.D.C., Industrial Area Jejuri, Pune - 412 303</p> | |

m) Dematerialization of Shares:

The Company's ISIN No. is INE783B01029. As on 30th June, 2014, 94.04% of the Equity Share Capital of the Company has been dematerialized.



MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

We, Gopal Ramourti, Managing Director and Nainish R. Bora, Executive Director and Chief Financial Officer (CFO) of Twilight Litaka Pharma Limited to the best of our knowledge and belief, certify that:

- 1] We have reviewed the balance sheet and profit and loss accounts [consolidated], and all its notes to accounts, as well as the cash flow statements and the Directors' Report for the Financial year ended on 30.06.2014;
- 2] Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which the statements were made, not misleading with respect to the statements made;
- 3] Based on our knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- 4] To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- 5] The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures of the Company, and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the Company, particularly during the period in which this report is being prepared; and
 - b) evaluated the effectiveness of the Company's disclosure, controls and procedures.
- 6] The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's board of directors (and persons performing equivalent functions):
 - a) all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
 - c) whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses; and
 - d) all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
- 7] We further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Place : Mumbai

Date : 29th August, 2014

Gopal Ramourti

Managing Director

Nainish R. Bora

Executive Director & C.F.O.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Twilight Litaka Pharma Ltd.

We have examined the compliance of the conditions of Corporate Governance by Twilight Litaka Pharma Ltd., for the year ended 30th June, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the Financial Statements of the Company. The Company Secretary resigned on 15/5/2013 and efforts are being made to appoint a new Company Secretary in his place and there are only 2 Independent Directors out of 5 as on date.

Subject to the above in our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, in all material respect.

We state that in respect of investor grievances received during the year ended 30th June, 2014, no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investors Grievances Committee.

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

**FOR V.SANKAR AIYAR & CO.
CHARTERED ACCOUNTANTS
Firm Regn No: 109208W**

Place : Mumbai

Date : 29th August, 2014

V.MOHAN

PARTNER

Membership No. 17748

INDEPENDENT AUDITOR'S REPORT**To the Members of Twilight Litaka Pharma Ltd.****Report on the Financial Statements**

We have audited the accompanying financial statements of Twilight Litaka Pharma Ltd. (the Company), which comprise the Balance Sheet as at June 30th, 2014, and the Statement of Profit and Loss and the cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion

- (i) As explained in note 32 provisional liquidator has been appointed by the Honorable Bombay High Court to take charge of the Company's movable and immovable assets and properties, books of account and passed other restraints on the Directors. Company's application against the aforesaid order is pending.
- (ii) As explained in note 33 Company has filed application to BIFR for being classified as a sick undertaking and the matter is pending.
- (iii) As explained in note 31 secured lenders have issued notice under section 13 of the SARFAESI Act and further majority of the lenders have assigned their receivables in favor of Asset Reconstruction Company.
- (iv) As explained in note 35 & 37, the company is negotiating with unsecured lenders and creditors for waiver of interest and grant of time for repayment of dues. Due to ongoing one time settlement negotiations with secured lenders, the management is of the view that the provision for interest in books of account along with principle outstanding is adequate to meet proposed settlement. We are informed by the company that due to ongoing negotiation, bank balances are subject to confirmation and reconciliation.
- (v) As explained in note 34 Company is in the process of filing recovery suits against debtors aggregating to Rs 195 Crs. These are considered good by the management and no provision is made in respect thereof in the accounts.

(vi) As stated in Note 30 of notes to financial statements, disputed sales tax of interest of Rs. 5,44,297 and Income tax demand of Rs. 92 Crores that are pending in appeal are considered by the management as contingent in nature.

(vii) We are unable to express any opinion on recoverability of loans & advances and statutory dues.

(viii) The company has neither obtained a valuation report regarding accrued employee retirement benefits from approved Actuary nor has provided for these benefits under Accounting Standards - 15.

The above are significant to the overall financial statements and these would materially affect the preparation and presentation of financial statements.

Adverse Opinion

The significance of the matter described in the Basis for Adverse Opinion paragraph indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern and in our opinion the financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date: and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. in our opinion, except for matters described in basis for adverse opinion paragraph, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on June 30, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn No: 109208W**

**V Mohan
Partner**

Place : Mumbai
Date : 29th August, 2014

Membership No.: 17748

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in Paragraph 1 of "Report on Other Legal and Regulatory Requirements" section of our Independent auditors Report of even date for the period ended 30th June 2014:

- 1] (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has formulated a regular program of verification by which all assets of the company shall be verified in phased manner, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. To the best of our knowledge, no material discrepancies were noticed on verification conducted during the period as compared with the book records.
- (c) There was no disposal of a substantial part of fixed assets.
- 2] (a) The stock of finished goods and raw material has been physically verified during the period by the Management. The Company has a perpetual inventory system in respect of stores and spare parts. In our opinion, the frequency of verification is reasonable. In the case of material lying with the third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.
- 3] During the period the company has neither taken nor granted any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4] In our opinion and according to the information and explanation given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventories and fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
- 5] (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) Transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 6] In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the period. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- 7] In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8] According to the information and explanations given to us, the Central Government has prescribed under Section 209(1)(d) of the Companies Act, 1956, the maintenance of cost records in respect of certain products. We have broadly reviewed the books of account maintained and in our opinion, the prescribed accounts and records have prima facie been made and maintained by the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9] (a) There have been delays in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, TDS, Service Tax, Excise Duty and other statutory dues during the period. At the end of the Financial Period, arrears of outstanding statutory dues for a period of more than 6 months from the date they become payable is as under:

Nature of Dues	Amount (₹)	Period	Due Date	Date of Payment
Advance tax under Income Tax Act, 1961	15,83,69,999	FY 2009-10 FY 2010-11	15th of last month in each quarter	Not Paid
Advance tax under Income Tax Act, 1961	31,22,730	FY 2011-12	Upto September 2012	Not Paid
TDS under Income Tax Act 1961	93,89,496	Up to FY 2011-12	07th Of Every Month	Not Paid
	42,50,770	FY 2012-13		
	10,67,120	FY 2013-14		
Employees State Insurance	40,77,851	Upto FY 2011-12	15th Of Every Month	Not Paid
	12,99,343	FY 2012-13		
Provident Fund	67,85,394	Upto FY 2011-12	15th Of Every Month	Not Paid
	65,47,863	FY 2012-13		
	18,93,674	FY 2013-14		
Sales Tax	3,10,82,255	Upto FY 2011-12	21st Of Every Month	Not Paid
	1,20,36,105	FY 2012-13		
	19,76,097	FY 2013-14		

- (b) Based on the information and explanation given to us, there are no dues towards Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty or Cess which are disputed and not deposited.
Disputed dues on account of sales tax not deposited with appropriate authorities are given below.

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates	Forum where dispute pending
Sales Tax	Interest	5,44,297	2003-04	Sales Tax Tribunal, Mumbai
Income Tax	Demand	92,89,00,000	From AY 06-07 to AY 12-13	CIT (A), Pune

- 10] The Accumulated losses of the company as on balance sheet date are not more than fifty percent of its net worth. Company has incurred cash losses during the financial period covered by our audit however it has not incurred cash losses in the immediately preceding financial year.

- 11] The Company has defaulted in repayment of loan and interest as on 30th June 2014. According to the information and explanation given to us, the Company is negotiating for one time settlement for several lenders which are pending finalization.
- 12] Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13] In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 14] In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities and debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15] The Company has not given corporate guarantee for loan taken by others.
- 16] In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were raised.
- 17] In our opinion and according to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on the short-term basis have been utilized for long-term investment.
- 18] According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19] In our opinion and according to the information and explanation given to us, the company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 20] As informed to us, during the period covered by our Audit report, the Company has not raised any money by public issue.
- 21] To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our Audit.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn No: 109208W

V Mohan
Partner

Place : Mumbai
Date : 29th August, 2014

Membership No. 17748



TWILIGHT LITAKA PHARMA LIMITED

BALANCE SHEET AS AT 30 JUNE, 2014

In ₹ (Rupees)

PARTICULARS	NOTE NO.	AS AT 30 June 2014	AS AT 30 June 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	123,906,425	123,906,425
Reserves and Surplus	3	-1,332,998,543	62,945,316
Non-Current Liabilities			
Long-Term Borrowings	4	302,764,763	356,923,843
Deferred Tax Liabilities (Net)	5	53,619,722	53,619,722
Long-Term Provisions	6	3,957,321	3,957,321
Current Liabilities			
Short-Term Borrowings	7	2,384,199,387	2,384,199,387
Trade Payables	8	236,398,811	257,674,342
Other Current Liabilities	9	526,204,663	446,386,302
Short-Term Provisions	10	847,442,713	734,316,450
Total		<u>3,145,495,262</u>	<u>4,423,929,108</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	834,177,707	880,456,935
Intangible Assets		—	—
Capital Work In Progress		—	—
Non-Current Investments	12	107,183,880	107,183,880
Long-Term Loans and Advances	13	92,687,231	242,686,581
Other Non-Current Assets	14	9,089,931	9,089,931
Current Assets			
Inventories	15	40,713,275	550,713,385
Trade receivables	16	2,020,930,756	2,572,631,577
Cash and Cash Equivalents	17	8,456,377	1,821,678
Short-Term Loans and Advances	18	7,925,098	585,510
Other Current Assets	19	24,331,007	58,759,631
Total		<u>3,145,495,262</u>	<u>4,423,929,108</u>
Significant Accounting Policies	1		

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.

Firm Regn No. : 109208W

V. MOHAN

PARTNER

M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-

R C Bora

Chairman

Sd/-

A S Chandvankar

Director

Sd/-

Gopal Ramourti

Managing Director

Sd/-

N R Bora

Executive Director & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	NOTE NO.	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
Revenue from Operations	20	315,044,365	3,374,997,663
Other Income	21	42,000	1,901,222
TOTAL REVENUE		<u>315,086,365</u>	<u>3,376,898,885</u>
EXPENSES			
Cost of Materials Consumed	22	11,561,539	1,854,217,108
Purchases Of Stock-in-Trade		187,418,945	1,109,174,973
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	—	2,050,000
Employee Benefit Expenses	24	48,114,660	101,261,018
Finance Costs	25	4,093,888	9,729,125
Depreciation and Amortization Expenses	26	49,705,724	64,025,918
OTHER EXPENSES	27	155,480,987	719,662,615
TOTAL EXPENSES		<u>456,375,743</u>	<u>3,860,120,757</u>
PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM		-141,289,378	-483,221,872
Exceptional item - Inventories and Trade receivable Written off		1,254,499,869	1,144,010,609
PROFIT /(LOSS) BEFORE TAX		-1,395,789,247	-1,627,232,481
PROFIT/(LOSS) BEFORE TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	28	<u>-1,410,327,386</u>	<u>-1,623,672,298</u>
TAX EXPENSE			
Current Tax		—	—
Deferred Tax		—	—
PROFIT/(LOSS) AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		-1,410,327,386	-1,623,672,298
Profit / (Loss) from discontinuing operations	28	14,538,139	-3,560,183
Tax expense of discontinuing operations		—	—
Profit/(Loss) after tax for the period from discontinuing operations		14,538,139	-3,560,183
PROFIT/ (LOSS) AFTER TAX FOR THE PERIOD		<u>-1,395,789,247</u>	<u>-1,627,232,481</u>
EARNINGS PER SHARE (RS 5/- PER SHARE FULLY PAID UP)			
Basic / Diluted		-56.32	-65.66
EARNINGS PER SHARE (RS 5/- PER SHARE FULLY PAID UP) before exceptional items			
Basic / Diluted		-5.70	-19.50
SIGNIFICANT ACCOUNTING POLICIES	1		

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.
Firm Regn No. : 109208W

V. MOHAN
PARTNER
M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-
R C Bora
Chairman

Sd/-
A S Chandvankar
Director

Sd/-
Gopal Ramourti
Managing Director

Sd/-
N R Bora
Executive Director & CFO



TWILIGHT LITAKA PHARMA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	Period ended 30.06.2014	Period ended 30.06.2013
1 Cash Flow from Operating Activity		
Net Profit/(Loss) Before Tax	(1,395,789,247)	(1,627,232,481)
Adjustment for :		
Depreciation & Amortisation	49,705,724	64,025,918
Loss / (Profit) on Sale of Assets (Net)	—	—
Finance Cost	4,093,888	9,729,125
Provision for Contingencies	115,000,000	570,000,000
Inventories written off	510,000,110	211,379,031
Trade receivable written off	560,000,000	932,631,578
Advances written off	184,499,759	—
Interest Received	—	(303,422)
Dividend Received	—	—
Operating Profit before Working Capital Changes	27,510,234	160,229,749
Adjustment for :		
Trade & Other Receivables	(15,711,552)	(220,020,161)
Inventories	—	9,550,000
Trade Payables	6,878,150	1,462,180
Cash Generated from operations	18,676,832	(48,778,232)
Direct Taxes (Paid) / Refunds (Net)	(1,867,137)	(9,101,129)
Net Cash flow from Operating activity (A)	16,809,695	(57,879,361)
2 Cash Flow from Investing Activity		
Purchases of Fixed Assets	(3,581,108)	(827,674)
Sale of Fixed Assets	—	1,400,837
Sale/(Purchase) of Investments	—	—
Dividend Received	—	—
Interest Received	—	303,422
Advance Against Capital Advance	—	—
Net Cash Inflow / (Outflow) from Investing Activity (B)	(3,581,108)	876,585

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2014

3 Cash Flow from Financing Activity

Proceeds from issue of Convertible Warrants	—	—
Repayment of Long Term Borrowings	(2,500,000)	(260,118)
Proceeds from Short Term Borrowings	—	51,872,314
Capital Subsidy Received	—	—
Dividend Paid	—	—
Finance Cost	(4,093,888)	(9,729,125)
Net Cash from / (utilised) in Financing Activities (C)	<u>(6,593,888)</u>	<u>41,883,071</u>
Net Increase / (Decrease)	<u>6,634,699</u>	<u>(15,119,705)</u>

4 Cash & Cash Equivalents

Cash & cash equivalents at start of the period	1,821,678	16,941,383
Add : Upon Addition of Subsidiaries		
Cash & cash equivalent at the close of period	<u>8,456,377</u>	<u>1,821,678</u>

Note : The breakup of cash & cash equivalent is as per Note 18 of the Balance Sheet.

As per our Report of even date.
FOR V. SANKAR AIYAR & CO.
Firm Regn No. : 109208W

V. MOHAN
PARTNER
M No. 17748

Place : Mumbai
 Date : 29th August, 2014

For and on behalf of the Board
 Sd/-
R C Bora
 Chairman

Sd/-
A S Chandvankar
 Director

Sd/-
Gopal Ramourti
 Managing Director

Sd/-
N R Bora
 Executive Director & CFO



NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of financial statements:-

The financial statements are prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year.

B. Use of Estimates:-

The preparation of Financial Statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets & Liabilities & the disclosures of Contingent Liabilities on the date of Financial Statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. Fixed Assets:-

Fixed Assets are carried at cost of acquisition or construction and revalued cost where applicable and includes interest on borrowing attributable to acquisition of Fixed Assets upto the date of the asset being put to use / ready for use accumulated depreciation and amortization.

D. Depreciation and Amortization:-

- (a) In respect of fixed assets other than Land and Intangible assets, the Company has charged depreciation under Straight Line method as per the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- (b) Fixed Assets individually costing up to ₹ 5,000/- are fully depreciated in the year of purchase.
- (c) Intangible Assets are amortized over their economic life not exceeding 5 years from the date of acquisition.
- (d) Premium on Lease hold land is amortized over the primary period of the lease. Revalued amount in respect of lease hold land is amortized over the residual period of lease. Amortization in respect of revalued portion is adjusted against the amount drawn from Revaluation Reserve.
- (e) Depreciation on Revalued assets is adjusted against the revaluation reserve to the extent of revaluation.

E. Impairment of Assets:-

The Company assesses at each Balance Sheet date as to whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount & the amount of such impairment loss is charged to the Profit & Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss, no longer exists, the recoverable amount is reassessed & the asset is reflected at the recoverable amount subject to a maximum of depreciated cost.

F. Investments: -

Long-term investments are stated at cost. Provision is made to recognize a diminution, other than temporary, in the value of investments

G. Revenue Recognition:-

Sale of goods is recognized when the risk and reward of ownership are passed on the customer, which generally is on delivery of goods to customers. Net Sales are exclusive of sales tax, excise duty and trade discount.

Income on account of processing charges & conversion charges is recognized on the completion of job.

Interest income is recognized on time basis.

Export incentive entitlements are recognized as income when right to receive is established.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014**H. Inventories: -**

Raw materials, work in progress & finished goods are valued at lower of cost and net realizable value. In valuing work-in-process and finished goods, cost of materials as well as conversion cost is taken into consideration. Finished goods are valued inclusive of excise duty payable thereon. Cost of inventories is determined using FIFO method.

I. Employee Benefits: -

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Retirement contribution plan in the form of Provident Fund, Family Pension Fund are charged to the Profit and Loss Account in the year when the contributions to the respective funds accrue.

Retirement benefit plans such as gratuity and leave encashment is recognized at present value of amount payable determined using actuarial valuation techniques. Actuarial gains and losses are charged to Profit & Loss account.

J. Research and Development Expenditure: -

Research and Development expenses of revenue nature are charged to Profit and Loss Account in the year in which they are incurred. Capital expenditure on Development is included in the respective fixed assets and depreciation is provided there on in the aforesaid manner.

K. Foreign Currency Transaction:-

Foreign currency transactions are converted at exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currency at the end of the year are converted at the year-end rate. In case of monetary assets and liabilities where the closing rate does not reflect with reasonable accuracy, the amount to be realized, they are reported at rates at which transactions were initially recognized. Such differences and the differences on account of foreign currency transactions in respect of revenue accounts are recognized in the profit and loss account.

L. Taxes on Income

Income tax expense for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax is recognized for all timing differences, subject to the consideration of prudence and virtual certainty of its realization supported by convincing evidence, applying the tax rates that have been substantively enacted by the Balance Sheet date. At each Balance Sheet date, the carrying amount of deferred tax asset/liability is reviewed based on developments to reassess realization.

M. Provisions:-

A provision is recognized when an enterprise has a present obligation as a result of past event. 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 not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

N. Earnings per Share:-

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

O. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Profit & Loss Accounts on a straight-line basis over the lease term.



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

PARTICULARS	In ₹ (Rupees)	
	AS AT 30 Jun 2014	AS AT 30 Jun 2013
2. SHARE CAPITAL		
AUTHORISED CAPITAL: 43,000,000 Equity Shares of ₹ .5/- each.	215,000,000	215,000,000
ISSUED, SUBSCRIBED & PAID UP [2,47,81,285 equity shares of Rs.5/- each (previous year- 2,47,81,285 equity shares)]	123,906,425	123,906,425
TOTAL	123,906,425	123,906,425
Note :		
ISSUED, SUBSCRIBED & PAID UP (9,548,785 equity shares of ₹ 10/- each fully paid up.) [Of the above 2,618,750 Equity Shares of ₹ 10/- each fully paid up, have been issued, pursuant to scheme of Amalgamation for consideration other than cash] Add : [11,732,500 Equity Shares of ₹ .10/- each fully paid up, issued, pursuant to scheme of amalgamation with Care Unipac Pvt. Ltd. On 22.06.2006 for consideration other than cash]	95,487,850	95,487,850
Less : Amount reduced pursuant to Scheme of Capital Reduction approved by the Hon'ble Bombay High court. [equity shares of ₹ 10 to ₹ .5/- each as on 31.03.2007] Add : [35,00,000 Equity Shares of ₹ .5/- each fully paid up allotted on June' 2011]	117,325,000	117,325,000
	123,906,425	123,906,425
	106,406,425	106,406,425
	17,500,000	17,500,000
	123,906,425	123,906,425

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting

PARTICULARS	As at 30-06-2014		As at 30-06-2013	
	Numbers	Amount in Rs.	Numbers	Amount in Rs.
As at beginning of the period	24,781,285	123,906,425	24,781,285	123,906,425
Add:- Issued during the period	—	—	—	—
Outstanding at the end of the period	24,781,285	123,906,425	24,781,285	123,906,425

(ii) Details of Shareholders holding more than 5 percent shares in the Company

PARTICULARS	As at 30-06-2014		As at 30-06-2013	
	Numbers	% Holding	Numbers	% Holding
ICICI Bank Limited	1,649,889	6.66	1,649,889	6.66

(iii) The Company has only one class of shares referred to as Equity Shares having a par value of ₹ 10/- each. Each holder of Equity Shares is entitled to one vote per share. In case any Dividend is declared and paid it is done in Indian Rupees. The Dividend proposed if any by the Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting. The Company has not declared or paid any dividend during the year ended on 30th June 2014

(iv) On 13th March 2010, the Company had allotted 35,00,000 Convertible Warrants of ₹ 86/- (₹ Eighty Six) each to seven subscribers with the Option to convert the same within 18 months from the date of allotment. All the seven warrant Holders exercised their Option to convert the said warrants in to Equity Shares and accordingly between 10th June 2011 to 16th June 2011, the Company has allotted 35,00,000 Equity Shares of ₹ 5/- Each at a premium of ₹ 81/- per Share in the month of June 2011.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

	In ₹ (Rupees)	
PARTICULARS	AS AT 30 Jun 2014	AS AT 30 Jun 2013
3. RESERVES AND SURPLUS		
CAPITAL RESERVES		
Balance As Per Last Balance Sheet	3,038,081	3,038,081
Add : Capital Subsidy	—	—
	3,038,081	3,038,081
SECURITIES PREMIUM ACCOUNT		
Balance As Per Last Balance Sheet	284,800,170	284,800,170
Addition	—	—
	284,800,170	284,800,170
CAPITAL RESERVES ON REDUCTION OF CAPITAL		
	68,413,596	68,413,596
REVALUATION RESERVE		
Balance As Per Last Balance Sheet	55,656,126	55,810,738
Less : Amortisation on revalued Leasehold Land		
Transferred from Profit & Loss Account	(154,612)	(154,612)
	55,501,514	55,656,126
GENERAL RESERVE		
Balance As Per Last Balance Sheet	122,106,239	122,106,239
Add : Transfer from Profit & Loss A/c	—	—
	122,106,239	122,106,239
SURPLUS IN PROFIT & LOSS ACCOUNT		
As Per Last Balance Sheet	(471,068,896)	1,156,163,585
Add : Profit / (Loss) for the period	(1,395,789,247)	(1,627,232,481)
Less : Proposed Dividend / (cancellation)	—	—
Less : Dividend Distribution Tax / (cancellation)	—	—
Less : Transfer to General Reserve	—	—
	(1,866,858,143)	(471,068,896)
TOTAL	(1,332,998,543)	62,945,316



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 Jun 2014	AS AT 30 Jun 2013
4. LONG-TERM BORROWINGS		
SECURED		
Term Loan From Bank	—	—
[Term Loan from ICICI Bank Ltd is secured by first equitable mortgage of some of the immovable properties and personal guarantee of some of the directors and is carrying interest @ 14% and is repayable in 8 quarterly installement of ₹ 212.50 Lacs. Continuing default as on balance sheet date ₹ 115.00 Lacs P.Y ₹115.00 Lacs Total Interest accrued during the period and remaining unpaid ₹ Nil P.Y ₹33.00 Lacs]		
Loans from financial Institution (Secured by hypothecation of Vehicles)	850,621	850,621
Term Loan From Bank	7,500,000	37,500,000
[Term Loan from Bank Of India is secured by corporate guarantee of subsidiary and is carrying interest @ 14% and is repayable in 20 quarterly installement of ₹ 75 Lacs from Dec'2010 to Sept'2015. Continuing default as on balance sheet date ₹ 1125 Lacs P.Y ₹ 825.00 Lacs . Total Interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil).Security is yet to be created in their favour] [Corporate loan from State Bank Of Hyderabad is carrying interest @ 12.50% and is repayable in 8 equal quarterly installments of ₹ 250 Lacs from June' 2012 to March' 2014. Total Interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil). Security is yet to be created in their favour]		
Term Loan from Visheshwar Sahakari Bank Ltd is Secured by first equitable mortgage of some of the immovable properties and personal guarantee of relatives of some of the Directors Loan is carrying interest @ 14% and is repayable in monthly installment of ₹ 2.31 Lacs. Continuing default as on balance sheet date ₹ 27.58 Lacs P.Y ₹ 27.58 Lacs]		
UNSECURED		
Intercompany Deposit	251,226,124	253,726,124
Sales Tax Deferral (Overdue Rs. 77.63 Lacs (P.Y Rs.77.63 Lacs)	16,335,119	37,994,199
Loans from financial Institution (Secured against personal guarantees of Chairman and his relatives and their immovable properties.)	—	—
Unsecured loans from promoters	26,852,899	26,852,899
TOTAL	<u>302,764,763</u>	<u>356,923,843</u>
5. DEFERRED TAX LIABILITIES (NET)		
DEFERRED TAX LIABILITY		
Depreciation	112,707,230	112,707,230
DEFERRED TAX ASSET		
Expenses allowable on payment of TDS/ on payment basis under Income Tax Act, 1961	59,087,508	59,087,508
TOTAL	<u>53,619,722</u>	<u>53,619,722</u>

Note : DTA not created on the basis of uncertainty of reversal in future.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 Jun 2014	AS AT 30 Jun 2013
6. LONG-TERM PROVISIONS		
Employee Benefits - Gratuity & Leave Encashment	3,957,321	3,957,321
TOTAL	3,957,321	3,957,321
7. SHORT-TERM BORROWINGS		
SECURED		
Bank Overdraft Accounts	1,952,590,371	1,952,590,371
[WORKING CAPITAL FACILITIES are Secured by first charge on all movable assets of the company, first and second equitable mortgage of immovable property belonging to the company and further secured by mortgage of immovable property belonging to one of group companies and personal guarantee of some of the directors of the company. Total interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil)		
Loan from financial Institutions	50,000,000	50,000,000
(Secured by mortgage of immovable property belonging to the company and personal guarantee of some of the directors)		
UNSECURED		
Bank Overdraft Accounts	358,942,349	358,942,349
Inter Corporate Deposits	22,666,667	22,666,667
TOTAL	2,384,199,387	2,384,199,387
8. TRADE PAYABLES		
Sundry Creditors		
Micro, Medium, Small Enterprises	—	—
Others	236,398,811	257,674,342
TOTAL	236,398,811	257,674,342

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

PARTICULARS	AS AT 30 Jun 2014	AS AT 30 Jun 2013
i. The principal amount and the interest due thereon remaining unpaid to suppliers		
a. Principal	—	—
b. Interest due thereon	—	—
ii. a. The delayed payments of principal paid beyond the appointed date during the period	—	—
b. Interest actually paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—
iii. a. Normal Interest accrued during the period, for all the delayed payments, as per the agreed terms	—	—
b. Normal interest payable for the period of delay in making payment, as per agreed terms	—	—
iv. a. Total interest accrued during the period	—	—
b. Total interest accrued during the period and remaining unpaid	—	—



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	AS AT	AS AT
	30 Jun 2014	30 Jun 2013
9. OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Debt (Refer No. - 5)	381,487,088	329,828,008
Interest payable	13,284,153	13,284,153
Unclaimed Dividend	3,128,502	3,128,502
Trade Deposits	15,500,000	15,500,000
Statutory Dues	85,415,527	71,014,339
Employee Dues	23,692,239	9,934,146
Book Over Draft	3,697,154	3,697,154
TOTAL	526,204,663	446,386,302

* There are no amount due and outstanding to be credited to investor Education & Protection Fund.

PARTICULARS	AS AT	AS AT
	30 Jun 2014	30 Jun 2013
10. SHORT TERM PROVISIONS		
Provisions For Tax (Net of Advance Tax)	161,197,022	163,064,159
Employee Benefits - Gratuity & Leave Encashment	1,245,691	1,252,291
Provision for Contingencies	685,000,000	570,000,000
Total	847,442,713	734,316,450

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

11. FIXED ASSET		GROSS BLOCK		DEPRECIATION / AMORTISATION			NET BLOCK	
		AS AT 01.07.2013	AS AT 30.06.2014	AS AT 01.07.2013	FOR THE PERIOD	DELETIONS 30.06.2014	AS AT 30.06.2014	AS AT 30.06.2013
Sr. No.	PARTICULARS	ADDITIONS	DELETIONS	AS AT 01.07.2013	FOR THE PERIOD	DELETIONS 30.06.2014	AS AT 30.06.2014	AS AT 30.06.2013
	TANGIBLE							
	LEASEHOLD							
1.	LAND	-	-	29,615,000	162,500	-	3,249,274	26,365,726
	FREEHOLD							
2.	LAND	-	-	70,854,427	-	-	-	70,854,427
3.	FACTORY BUILDING	3,581,108	-	229,421,121	7,662,665	-	83,820,964	145,600,157
4.	PLANT & MACHINERY	-	-	293,280,848	13,930,840	-	98,554,703	194,726,145
5.	FACTORY & OTHER EQUIPMENTS INCLUDING COMPUTERS	-	-	401,307,430	19,062,103	-	98,046,300	303,261,130
6.	MOULD, DIES, JIGS, BLOCK & DESIGNS	-	-	19,713,399	793,390	-	19,713,399	793,390
7.	AIR CONDITIONING SYSTEM	-	-	69,546,098	3,303,440	-	23,364,817	46,181,281
8.	ELECTRICAL INSTALLATION	-	-	33,505,823	1,591,527	-	12,554,176	20,951,647
9.	FURNITURE & FIXTURE	-	-	39,728,126	2,514,790	-	15,369,152	24,358,974
10.	VEHICLES	-	-	8,832,435	839,081	-	6,954,215	1,878,220
	1.1. INTANGIBLE							
	a) TRADEMARKS	-	-	5,000,000	-	-	5,000,000	-
	b) SOFTWARE	-	-	2,344,504	-	-	2,344,504	-
	c) TECHNICAL KNOWHOW	-	-	3,000,000	-	-	3,000,000	-
	TOTAL	3,581,108	3,581,108	1,206,149,211	49,860,336	-	371,971,504	834,177,707
	PREVIOUS YEAR	1,203,290,429	1,550,000	1,202,568,103	64,180,530	149,163	322,111,168	880,456,935



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 Jun 2014	AS AT 30 Jun 2013
12. NON CURRENT INVESTMENTS		
UNLISTED		
Subsidiary		
Briocia Pharma (India) Ltd (12,00,000 Equity Shares Of Rs 10 each)	106,804,731	10,680,4731
Others		
60 Shares of Rupee Co.op Bank Ltd of Rs.25/- each fully paid	1,500	1,500
7000 Shares of Vishweshwar Sahakari Bank Ltd of Rs.50/- each fully paid.	350,000	350,000
National Saving Certificate (Pledged with sales tax authorities)	27,649	27,649
TOTAL	107,183,880	107,183,880
13. LONG-TERM LOANS AND ADVANCES		
Advance Recivable in cash or in kind or for value to be received	92,687,231	242,686,581
TOTAL	92,687,231	242,686,581
14. OTHER NON - CURRENT ASSETS		
Deposits with Banks (Including Margin Money For Lcs with original maturity > 1 year)	1,865,014	1,865,014
Others	7,224,917	7,224,917
TOTAL	9,089,931	9,089,931
15. INVENTORIES		
Raw Materials and components	38,380,181	269,417,163
Work-in-progress	-	67,584,097
Finished goods	-	211,379,031
Stores and Spares Parts	2,333,094	2,333,094
TOTAL	40,713,275	550,713,385
Note:- Cost of Inventories is determined using FIFO method.		
16. TRADE RECEIVABLES		
EXCEEDING SIX MONTHS		
- Considered Good	1,820,435,426	2,422,596,422
- Considered Doubtful	-	-
Others - Considered Good	200,495,330	150,035,155
Less : Provision for Doubtful Debts	-	-
TOTAL	2,020,930,756	2,572,631,577
17. CASH AND CASH EQUIVALENTS		
Cash at Hand	218,739	247,811
Bank Balances	8,237,638	1,573,867
TOTAL	8,456,377	1,821,678
18. SHORT-TERM LOANS AND ADVANCES		
Other Loans and Advances	7,925,098	585,510
Loan to Subsidiary	-	-
TOTAL	7,925,098	585,510
19. OTHER CURRENT ASSETS		
Deposits	16,094,999	16,474,276
Staff Loans & Advances	200,000	2,066,862
Interest Accrued	-	337,536
Balance with statutory authorities	8,036,008	39,880,957
TOTAL	24,331,007	58,759,631

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NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
20. REVENUE FROM OPERATIONS		
Sales Products	231,786,978	3,260,406,170
Less : Excise Duty	—	670,373
	<u>231,786,978</u>	<u>3,259,735,797</u>
Sales of Service - Conversion Charge	82,800,550	111,469,201
OTHER OPERATING REVENUE		
Export Incentives	—	—
Scrap Sales	456,837	3,792,665
NET SALES	<u>315,044,365</u>	<u>3,374,997,663</u>
Class of Goods		
Formulations		
Liquids	14,022,138	197,240,868
Tablets	165,577,112	2,329,072,328
Capsules	38,659,382	543,797,962
Powders, Creams Ointment & Others	13,528,346	190,295,012
	<u>231,786,978</u>	<u>3,260,406,170</u>
Earnings In Foreign Currency		
Exports at FOB value	—	—
Insurance, freight and other recoveries	—	—
21. OTHER INCOME		
Interest		
a) Bank Deposits	—	—
b) Other Interest	—	303,422
Exchange Gain (Net)	—	202,162
Claims, Refunds & Miscellaneous Income	—	1,395,638
Dividend on Long term Investments	42,000	—
Liabilities and Provisions Written Back	—	—
Profit on Sales of Assets	—	—
	<u>TOTAL 42,000</u>	<u>1,901,222</u>
22. COST OF MATERIALS CONSUMED		
Opening Balance	269,417,163	276,917,163
Purchase of Raw Materials	11,561,539	1,846,717,108
Less : Closing Balance	-269,417,163	-269,417,163
	<u>TOTAL 11,561,539</u>	<u>1,854,217,108</u>
A] Consumption of Raw and Packing Materials		
Class of Goods		
	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
	Value (Rs.)	Value (Rs.)
	%	%
Indigenous	11,561,539	1,854,217,108
	100%	100%
Imported	—	—
	—	—
TOTAL	<u>11,561,539</u>	<u>1,854,217,108</u>
	100%	100%
B] C. I. F. VALUE OF IMPORTS		
PARTICULARS		
	30-6-2014	30-6-2013
Material	—	—
	<u>TOTAL —</u>	<u>—</u>



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30TH JUNE 2014

In ₹ (Rupees)

PARTICULARS	1 July 2013 to 30 Jun 2014	1 Apr 2012 30 Jun 2013
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23. CHANGES IN INVENTORIES

Finished goods		
- Opening Balance	422,758,062	422,758,062
Less : Closing Balance	- 422,758,062	-422,758,062
WORK-IN-PROGRESS		
- Opening Balance	67,584,097	69,634,097
Less : Closing Balance	-67,584,097	-67,584,097
STOCK-IN-TRADE		
- Opening Balance	-	-
Less : Closing Balance	-	-
OTHERS		
- Opening Balance	-	-
Less : Closing Balance	-	-
TOTAL	-	2,050,000

Opening Stock of Finished Goods

Formulation		
Liquids	44,471,230	98,673,134
Tablets	119,592,359	325,018,751
Capsules	6,585,160	28,645,674
Powders, Creams Ointment & Others	40,730,281	70,789,088
TOTAL	211,379,030	523,126,647

Closing Stock of Finished Goods (excluding stock written off)

Formulation		
Liquids	-	44,471,230
Tablets	-	119,592,359
Capsules	-	6,585,160
Powders, Creams Ointment & Others	-	40,730,281
TOTAL	-	211,379,030

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
24. EMPLOYEE BENEFIT EXPENSES		
Contributions to Providend Fund & Other Funds	1,758,752	3,569,823
Salary, Wages, Bonus & Gratuity Etc	46,355,908	9,7648,459
Staff Welfare Expenses	—	42,736
TOTAL	48,114,660	101,261,018
25. FINANCE COSTS		
Bank & Finance Service Charges	43	—
Interest on Fixed Loans	4,093,845	6,406,720
Interest on Other Loans	—	3,322,405
TOTAL	4,093,888	9,729,125
26. DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation	49,860,336	64,180,530
Less : Transfer to Revaluation Reserve	154,612	154,612
TOTAL	4,970,5724	64,025,918



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
27. OTHER EXPENSES		
Audit Fees		
Statutory audit	400,000	600,000
Tax audit	—	125,000
Certification	—	275,000
Consolidation of financial statements	100,000	300,000
Consumption of stores and spare parts - Note 1	2,438,952	2,682,705
Power and fuel	9,490,269	15,580,015
Repairs to buildings	—	159,494
Repairs to machinery	1,862,589	3,480,806
Rates and taxes	4,128,287	5,269,358
Profit on Sales of Assets	—	—
Administrative Cost	7,023,528	43,924,724
Factory Expenses	1,091,800	32,726,065
Labour & Processing Charges	9,356,115	25,164,821
Marketing & Distribution Cost	2,286,557	10,472,273
Travelling Expenses	2,302,890	8,902,354
Provision for contingency	115,000,000	570,000,000
TOTAL	155,480,987	719,662,615

PARTICULARS	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 June 2013
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Note 1 - Consumption of stores and spare parts

Consumption of stores and spare parts

Purchases of Stores and Spare parts	2,438,952	2,682,705
Opening Balance of Stores and Spare parts	2,333,094	2,333,094
Less : Closing Balance of Stores and spare parts	-2,333,094	-2,333,094
TOTAL	2,438,952	2,682,705

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

28. REVENUE AND EXPENSES OF CONTINUING & DISCONTINUING OPERATIONS

Particulars	Continuing operations		Discontinuing operations	
	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 Jun 2013
Revenue				
Sales products	231,786,978	3,248,732,348	—	11,003,449
Sale of services - Conversion charge	—	8,970,640	82,800,550	102,498,561
	231,786,978	3,257,702,988	82,800,550	113,502,010
Other operating revenue	456,837	3,792,665	—	—
Other Income	42,000	1,901,222	—	—
Total revenue	232,285,815	3,263,396,875	82,800,550	113,502,010
Expenses				
(Increase)/Decrease in stock in trade & WIP	—	2,050,000	—	—
Consumption of Raw materials	11,561,539	1,845,806,816	—	8,410,292
Purchase of traded goods	187,418,945	1,109,174,973	—	—
Employee cost	23,289,295	83,332,115	24,825,365	17,928,903
Finance cost	4,078,199	9,709,500	15,689	19,625
Depreciation	34,794,006	44,768,545	14,911,718	19,257,373
Power and fuel	297,887	3,184,861	9,192,382	12,395,154
Repairs to machinery	28,930	1,391,400	1,833,659	2,089,406
Administrative Cost	3,256,268	13,954,899	2,967,260	29,969,825
Factory Expenses	66,431	22,302,845	1,025,369	10,423,220
Labour & Processing Charges	257,947	1,2342,606	9,098,168	12,822,215
Marketing & Distribution Cost	1,830,014	9,891,307	456,543	580,966
Other expenses	121,233,871	585,148,697	3,936,258	3,165,214
Inventories and trade receivable written off	1,254,499,869	1,144,010,609	—	—
Total Expenses	1,642,613,201	4,887,069,173	68,262,411	117,062,193
Profit/ (Loss) for the year	(1,410,327,386)	(1,623,672,298)	14,538,139	(3,560,183)

The company carried the following assets and liabilities of discontinuing operations

Particulars	1 July 2013 to 30 Jun 2014	1 Apr 2012 to 30 June 2013
Assets		
Fixed Assets	287,632,702	302,544,420
Stock	102,562	102,562
Debtors	10,104,653	12,223,690
Cash and Bank balances	2,264	8,488
Loans and Advances	551,000	551,000
Total assets	298,393,181	315,430,160
Liabilities		
Short Term borrowings	50,000,000	50,000,000
Trade Payables	10,637,946	11,528,365
Total Liabilities	60,637,946	61,528,365



NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

29 Contingent Liabilities not provide for:

- Sales Tax case filed before SalesTax Tribunal, Mumbai challenging the Order of Dy.Commissioner against levy of interest on Assessment dues for the period 2003-2004: ₹ 544,297/-
- Income Tax case filed before CIT(A), Pune challenging the order of assessing officer against income tax demand amounting to ₹ 9289 Lacs for the AY 2006-07 to AY 2012-13.

30. The Company's Bank Accounts became NPA as indicated in the previous year. The principal amount due to the consortium of bankers amounted to Apprx. ₹196 Crores. The bankers have sent a demand notice under section 13 of the SARFAESI Act in respect of the Company's Assets situated at Vadagaon, Pimpri and Vasai for an amount of ₹224.09Cr that included interest upto 31st July 2013. The company has made representations for waiver of interest and grant of time for repayment of these dues. The matter is pending and the company has been legally advised that 'since possession of these units still continue with the company and the operations are being carried on, title to the aforesaid properties continue to remain with the company.

31. The bankers and unsecured creditors had initiated proceedings before the Hon'ble Bombay High Court for winding up of the company. Consequent to one of the customer, who had offered to buy the company's manufacturing unit at Baddi and which offer was informed to the court in the aforesaid proceedings, withdrawing his offer to buy the said property. Honorable Bombay High Court in their order dated 30th April 2014, appointed "Provisional liquidator" to take charge of the of Company's Books of Account, assets and properties both movable and immovable. Further, the company, its directors, and Officers and Agents from creating any dispossession of any of the assets or properties without leave of this Court except in the ordinary and usual course of its business. As legally advised, Company has filed an application against this order for suspension of the aforesaid order. This application is pending. Company is hopeful of succeeding in its application.

32. Consequent to the losses exceeding the share capital and reserves, the company through its application u/s 15 of SICA Act 1985 has sought registration before BIFR and protection u/s 22 of SICA Act 1925. The application has been duly acknowledged wide no 1366 dated 02.07.2014. Company has also briefly narrated therein its proposal to revive the operation and turn the negative net worth to positive.

33. As a sequel to the temporary suspension on the company's manufacturing activities at its three locations due to paucity of the working capital, the range of the products of the company do not presently have visibility in the market on account of which the payment due from customers are not forthcoming. As legally advised, the Company has therefore commenced legal proceedings for recovery against debtors aggregating to Rs. 195 Crs which are outstanding as on the balance sheet date. The company is of the view that once these proceedings are initiated coupled with the fact that the operations would recommence once the terms with the lenders are finalized the customers would come up with proposal for settlement of their dues. On this basis, the debts are considered good by the management and recoverable and hence no provision is made in respect thereof in the accounts.

34. The non- consortium bankers and other unsecured creditors, have outstanding dues for which they have initiated legal proceedings including winding up petitions in various courts. The company has made representations for waiver of interest and grant of time for repayment of these dues.

In view of the fact that proposal for waiver of interest is pending with the banks, no provision for interest for the period ending 30th June 2014 is made in the accounts. However under protest and without acknowledging the demand in respect of interest as intimated by the banks provision for contingencies made in the profit and loss accounts to the extent of ₹ 68 .50 Crores is considered adequate for this purpose.

35. Balances with statutory authorities and loans and advances are good and recoverable and are subject to confirmations and reconciliations.

36. Company has been informed that a majority of the secured Lenders [consortium of Banks] have, pursuant to an auction process assigned their dues in favour of an Asset Reconstruction Company [ARC]. ARC is presently leading the dialogue with the Company for a comprehensive settlement of the dues of the consortium Company is hopeful that the settlement as aforesaid, would benefit it

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

and coupled with other proposals under evaluation such as developing the properties as residential/commercial complexes, negotiations with strategies investors for infusion of funds to commence the operations, etc. will go a long way in bringing about turn around in the operations and to a large extent make the existing negative net worth become positive. The Company has included the same in the presentations that have been made before BIFR. On the winding up petition filed before Bombay High Court against the Company the Company has been legally advised that since reference has already been made to BIFR, it has fair amount of chance in succeeding. Seen cumulatively Management is of the view that the Company continues to operate as a going concern.

37. C.I.F. VALUE OF IMPORTS :

(in ₹)

PARTICULARS	2013-14	2012-13
Capital goods	—	—

38. EXPENDITURE IN FOREIGN CURRENCY :

(in ₹)

PARTICULARS	2013-14	2012-13
Capital goods	—	—
Traveling & Other expenses	—	—
Registration & License Fee	—	—
Interest on Working Capital	—	—
Other	—	—

39. Calculation of Earnings Per Share as per Accounting Standard (AS 20) "Earning Per Share":

PARTICULARS		2013-14	2012-13
Net Profit for the period (₹)	(A)	-1,395,790,247	-1,627,232,481
Weighted Average Number of Equity Shares	(B)	24,781,285	24,781,285
Nominal value per share (₹)		5	5
Basic and diluted EPS (₹)	[(A)/(B)]	-56.32	-65.66
Net Profit for the period before exceptional items ₹	(C)	-141,262,378	-483,221,872
Basic and diluted EPS before exceptional items	[(C)/(B)]	-5.70	-19.50

40. "Related party disclosures"

(i) Name & relationship of the related parties with whom there are transactions:

(a) Key management personnel	Mr. Rajendra C. Bora - Chairman Mr. Gopal Ramourti - Managing Director Mr. Nainish Bora - Executive Director
(b) Relatives of key management Personnel	Mrs. Lalita R. Bora - wife of Mr. R C Bora Mrs. Sonia Gopal - wife of Mr. Gopal Ramourti Mrs. Preeti Bora - wife of Mr. N R Bora
(c) Enterprises over which the key management personnel has influence	Regent Financial Services Pvt. Ltd. Dubash Investment & Finance Co. Pvt. Ltd. G. R. Capital & Finance Pvt. Ltd.
(d) Subsidiary	Briocia Pharma (India) Limited.



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

(ii) Particular of transactions:

Transaction during the year	With parties referred to in (a) above	With parties referred to in (b) above	With parties referred to in (c) above	Transaction with Subsidiary	Total
Remuneration	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Loan Received	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Conversion Charges paid	-	-	-	(-)	(-)
	(-)	(-)	(-)	(34,04,323)	(34,04,323)
Amount Given	-	-	-	(-)	(-)
	(-)	(-)	(-)	(1,65,60,433)	(1,65,60,433)
Amount Received	-	-	-	(-)	(-)
	(-)	(-)	(-)	(93,64,970)	(93,64,970)

41. The company has not provided for employee retirement benefits as required under AS 15 Issued by Company accounting standard rule 2006 since details from Actuaries are not available.

42. The Company is primarily engaged in Pharmaceuticals business along with trading of formulation activity. The Export sales of the Company are less than 10% of the total sales. In view of this, in context of Accounting Standard (AS-17) "Segment Reporting", the Company has concluded that there are no reportable segments.

43. The current period's figures are not comparable with the previous year's figures which were 15 months on account of extension of the accounting year by the Company.

44. Figures of the previous year have been regrouped and rearranged, wherever necessary.

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.

Firm Regn No. : 109208W

V. MOHAN

PARTNER

M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-

R C Bora

Chairman

Sd/-

A S Chandvankar

Director

Sd/-

Gopal Ramourti

Managing Director

Sd/-

N R Bora

Executive Director & CFO

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Twilight Litaka Pharma Ltd.
Report on the consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Twilight Litaka Pharma Ltd. (the Company) and its subsidiary (collectively referred to as Group), which comprise the Balance Sheet as at June 30th, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion

- (i) As explained in note 33, provisional liquidator has been appointed by the Honorable Bombay High Court to take charge of the Company's movable and immovable assets and properties, books of account and passed other restraints on the Directors. Company's application against the aforesaid order is pending.
- (ii) As explained in note 34, Company has filed application to BIFR for being classified as a sick undertaking and the matter is pending.

- (iii) As explained in note 32, secured lenders have issued notice under section 13 of the SARFAESI Act and further majority of the lenders have assigned their receivables in favour of Asset Reconstruction Company.
- (iv) As explained in note 35, Company is in the process of filing recovery suits against debtors aggregating to Rs 195 Crs. These are considered good by the management and no provision is made in respect thereof in the accounts.
- (v) As stated in Note 31 of notes to financial statements, disputed sales tax of interest of ₹ 5,44,297, Income tax demand of Rs. 92 Crores and Excise Duty of ₹ 41 lacs that are pending in appeal are considered by the management as contingent in nature.
- (vi) We are unable to express any opinion on recoverability of loans & advances and statutory dues..
- (vii) The company has neither obtained a valuation report regarding accrued employee retirement benefits from approved Actuary nor has provided for these benefits under Accounting Standards - 15.
- (viii) As explained in note 36 & 38, the company is negotiating with unsecured lenders and creditors for waiver of interest and grant of time for repayment of dues. Due to ongoing one time settlement negotiations with secured lenders, the management is of the view that the provision for interest in books of account along with principle outstanding is adequate to meet proposed settlement. We are informed by the company that due to ongoing negotiation, bank balances are subject to confirmation and reconciliation.

The above are significant to the overall financial statements and these would materially affect the preparation and presentation of financial statements.

Adverse Opinion

The significance of the matter described in the Basis for Adverse Opinion paragraph indicate the existence of a material uncertainty that may cast doubt about the company's ability to continue as a going concern and in our opinion the financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the year ended on that date: and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn No: 109208W

V Mohan
Partner

Place : Mumbai
Date : 29th August, 2014

Membership No. 17748



TWILIGHT LITAKA PHARMA LIMITED

Consolidated Balance Sheet as at 30th June 2014

PARTICULARS	NOTE NO.	AS AT 30 June 2014	AS AT 30 June 2013
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	2	123,906,425	123,906,425
Reserves and Surplus	3	(1,446,869,731)	(41,284,376)
NON-CURRENT LIABILITIES			
Long-Term Borrowings	4	332,430,024	386,589,104
Deferred Tax Liabilities (Net)	5	56,129,268	56,129,268
Long-Term Provisions	6	3,957,321	3,957,321
CURRENT LIABILITIES			
Short-Term Borrowings	7	2,440,840,873	2,440,840,873
Trade Payables	8	301,083,098	320,358,630
Other Current Liabilities	9	623,863,037	544,044,676
Short-Term Provisions	10	878,118,774	764,992,511
TOTAL		<u>3,313,459,089</u>	<u>4,599,534,432</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	11		
Tangible Assets		914,185,897	968,106,624
Intangible Assets		—	—
Capital work-in-progress		112,277,662	112,277,662
Non-Current Investments	12	379,149	379,149
Long-Term Loans and Advances	13	92,687,231	242,686,581
Other Non-Current Assets	14	9,089,931	9,089,931
CURRENT ASSETS			
Inventories	15	40,713,275	550,713,385
Trade receivables	16	2,089,520,418	2,641,221,239
Cash and Cash Equivalents	17	9,261,377	4,232,457
Short-Term Loans and Advances	18	11,150,820	2,205,450
Other Current Assets	19	34,193,329	68,621,954
TOTAL		<u>3,313,459,089</u>	<u>4,599,534,432</u>
The Significant Accounting Policies	1		

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.
Firm Regn No. : 109208W

V. MOHAN
PARTNER
M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-
R C Bora
Chairman

Sd/-
A S Chandvankar
Director

Sd/-
Gopal Ramourti
Managing Director

Sd/-
N R Bora
Executive Director & CFO

Consolidated Statement of Profit and Loss for the year ended 30 June 2014

PARTICULARS	NOTE NO.	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
Revenue from Operations	20	315,044,365	3,383,948,865
Other Income	21	42,000	1,901,222
TOTAL REVENUE		315,086,365	3,385,850,087
EXPENSES			
Cost of Materials Consumed	22	11,561,539	1,854,217,108
Purchases Of Stock-in-Trade		187,418,945	1,109,174,973
Obsolete Material Written off			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	—	5,250,691
Employee Benefit Expenses	24	48,114,660	115,607,765
Finance Costs	25	4,093,888	9,729,125
Depreciation and Amortization Expenses	26	53,915,888	69,983,965
Other Expenses	27	157,480,984	756,524,318
TOTAL EXPENSES		462,585,904	3,920,487,945
Loss Before Exceptional Item		(147,499,539)	(534,637,858)
Exceptional item - Inventories Written off		(1,254,499,869)	(1,175,452,598)
Loss Before Tax		(1,401,999,408)	(1,710,090,456)
Profit/(Loss) before tax for the year from continuing operations	28	(1,416,537,547)	(1,706,530,273)
Tax Expense			
Current Tax		—	—
Deferred Tax		—	(616,312)
Profit/(Loss) after tax for the year from continuing operations		(1,416,537,547)	(1,705,913,961)
Profit / (Loss) from discontinuing operations	28	14,538,139	(3,560,183)
Tax expense of discontinuing operations		—	—
Profit/(Loss) after tax for the year from discontinuing operations		14,538,139	(3,560,183)
Profit/ (Loss) after tax for the year		(1,401,999,408)	(1,709,474,144)
Earnings per Share (Rs 5/- per share fully paid up)			
Basic / Diluted		(56.57)	(68.98)

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.
Firm Regn No. : 109208W

V. MOHAN
PARTNER
M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-
R C Bora
Chairman

Sd/-
A S Chandvankar
Director

Sd/-
Gopal Ramourti
Managing Director

Sd/-
N R Bora
Executive Director & CFO

**TWILIGHT LITAKA PHARMA LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2014**

PARTICULARS	Year ended 30.06.2014 (₹)	Year ended 30.06.2013 (₹)
1 Cash Flow from Operating Activity		
Net Loss Before Tax	(1,401,999,408)	(1,710,090,456)
Adjustment for :		
Depreciation & Amortisation	53,915,888	6,998,3965
Loss / (Profit) on Sale of Assets (Net)	—	—
Finance Cost	4,093,888	9,729,125
Provision for Contingencies	115,000,000	59,837,0015
Inventories written off	510,000,110	24,282,1020
Trade Receivable written off	560,000,000	932,631,578
Advances written off	184,499,759	—
Interest Received	—	(303,422)
Dividend Received	—	—
Operating Profit before Working Capital Changes	<u>25,510,237</u>	<u>143,141,825</u>
Adjustment for :		
Trade & Other Receivables	(17,317,334)	(274,467,740)
Inventories	—	12,750,691
Trade Payables	8,878,150	73,067,395
Cash Generated from operations	<u>17,071,053</u>	<u>(45,507,829)</u>
Direct Taxes (Paid) / Refunds (Net)	(1,867,137)	(9,101,129)
Net Cash flow from Operating activity (A)	<u>15,203,916</u>	<u>(54,608,958)</u>
2 Cash Flow from Investing Activity		
Purchases of Fixed Assets (including changes in Capital WIP)	(3,581,108)	(968,924)
Sale of Fixed Assets	—	1415,837
Sale/(Purchase) of Investments	—	—
Dividend Received	—	—
Interest Received	—	303,422
Advance Against Capital Advance	—	—
Net Cash Inflow / (Outflow) from Investing Activity (B)	<u>(3,581,108)</u>	<u>750,335</u>
3 Cash Flow from Financing Activity		
Proceeds from issue of Convertible Warrants	—	—
Proceeds from Borrowings (net)	(2,500,000)	49,591,196
Capital Subsidy Received	—	—
Dividend Paid	—	—
Finance Cost	(4,093,888)	(9,729,125)
Net Cash from / (utilised) in Financing Activities (C)	<u>(6,593,888)</u>	<u>3,986,071</u>
Net Increase / (Decrease)	<u>5,028,920</u>	<u>(13,996,552)</u>
4 Cash & Cash Equivalents		
Cash & cash equivalents at start of the year	4,232,457	18,229,009
Add : Upon Addition of Subsidiaries	—	—
Cash & cash equivalent at the close of year	<u>9,261,377</u>	<u>4,232,457</u>
Note : The breakup of cash & cash equivalent is as per note 18 of the Balancesheet		

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.**Firm Regn No. : 109208W****V. MOHAN****PARTNER****M No. 17748**

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-

R C Bora

Chairman

Sd/-

A S Chandvankar

Director

Sd/-

Gopal Ramourti

Managing Director

Sd/-

N R Bora

Executive Director & CFO

FINANCIAL DETAILS OF SUBSIDIARY COMPANY FOR THE YEAR ENDED ON 30TH JUNE 2014

In ₹ (Rupees)

Sr. No.	Name of the Company	Briocia Pharma (India) Limited	
		As on 30th June, 2014	As on 30th June, 2013
1	Capital	12,000,000	12,000,000
2	Reserves & surplus	(19066458)	(9,424,962)
3	Total Assets	274768558	282,410,054
4	Total Liabilities	274768558	282,410,054
5	Details of Investment (except in case of investment in subsidiaries)	NIL	NIL
6	Turnover	NIL	8,951,202
7	Profit/ (Loss) before Taxation	(6210161)	(828,57,975)
8	Provision for Deffered Taxation	NIL	616,312
9	Profit/ (Loss) after Tax	(6210161)	(82,241,663)
10	Proposed/ Interim Dividend	NIL	NIL

STATEMENT PURSUANT TO SECTION 212(3) & 212(5) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Company	Briocia Pharma (India) Limited	
		As on 30th June, 2014	As on 30th June, 2013
1	Financial year of the subsidiary Company ended on	30th June, 2013	31st March, 2012
2	Number of Shares held by holding Company as on 30th June, 2013	1,200,000 Equity Shares of Rs. 10 each	1,200,000 Equity Shares of Rs. 10 each
3	Extent of Interest of holding Company at the end of the financial year of the Subsidiary	100%	100%
4	Date from which it became a subsidiary	25.11.2010	25.11.2010
5	The net aggregate amount of Profits/ (Losses) of the subsidiary so far as the concern member of the holding company not dealt with in the holding Company's accounts for the Period ended 30th June, 2013	(6210161)	Rs. (44,656,481/-)
6	The net aggregate amount of Profits/ (Losses) of the subsidiary so far as the concern member of the holding company dealt with in the holding Company's accounts for the Period ended 30th June, 2013	NIL	NIL
7	Changes in the interest of holding Company between the end of the subsidiary's financial year and 31st March, 2012.	Not Applicable	Not Applicable

**NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014****1. SIGNIFICANT ACCOUNTING POLICIES****A. Basis of preparation of financial statements:-**

The financial statements are prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year.

B. Use of Estimates:-

The preparation of Financial Statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets & Liabilities & the disclosures of Contingent Liabilities on the date of Financial Statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. Principles of Consolidation:-

The consolidated financial statement relate to Twilight LitakaPharma Limited (the "company") and its wholly owned subsidiary. The financial statements of the subsidiary company used in consolidation are drawn up to the same reporting date as of the company. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the company's separate financial statements.
- The subsidiary considered in the consolidated financial statement is:

Name of the Subsidiary	% ownership interest as at	
	30th June,2014	31st March, 2013
Briocia Pharma (India) Limited	100%	100%

D. Fixed Assets:-

Fixed Assets are carried at cost of acquisition or construction and revalued cost where applicable and includes interest on borrowing attributable to acquisition of Fixed Assets up to the date of the asset being put to use/ready for use less accumulated depreciation and amortization.

E. Depreciation and Amortization:-**a) Of Holding Company:**

In respect of fixed assets other than Land and Intangible assets, the Company has charged depreciation under Straight Line method as per the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

Fixed Assets individually costing up to ₹ 5,000/- are fully depreciated in the year of purchase.

Intangible Assets are amortized over their economic life not exceeding 5 years from the date of acquisition.

Premium on Leasehold land is amortized over the primary period of the lease. Revalued amount in respect of leasehold land is amortized over the residual period of lease. Amortization in respect of revalued portion is adjusted against the amount drawn from Revaluation Reserve.

Depreciation on Revalued assets is adjusted against the revaluation reserve to the extent of revaluation.

b) Of Subsidiary:

In respect of fixed assets other than land, the company has charged depreciation under written down value method as per the rates and in the manner specified in schedule XVI to the Companies Act,1956.

Fixed assets individually costing up to ₹ 5000/- are fully depreciated in the year of purchase.

Premium on leasehold land is amortized over the primary period of the lease, revalued amount in respect of leasehold land is amortized over the residual period of lease. Amortization in respect of revalued portion is adjusted against the amount drawn from Revaluation Reserve.

Depreciation on Revalued assets is adjusted against the revaluation reserve to the extent of revaluation.

F. Impairment of Assets:-

The Company assesses at each Balance Sheet date as to whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount & the amount of such impairment loss is charged to the Profit & Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss, no longer exists, the recoverable amount is reassessed & the asset is reflected at the recoverable amount subject to a maximum of depreciated cost.

G. Investments:-

Long-term investments are stated at cost. Provision is made to recognize a diminution, other than temporary, in the value of

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

investments.

H. Revenue Recognition:-

Sale of goods is recognized when the risk and reward of ownership are passed on the customer, which generally is on delivery of goods to customer. Net Sales are exclusive of sales tax, excise duty and trade discount.

Income on account of processing charges & conversion charges is recognized on the completion of job.

Interest income is recognized on time basis.

Export incentive entitlements are recognized as income when right to receive is established.

I. Inventories: -

Raw materials, work in progress & finished goods are valued at lower of cost and net realizable value. In valuing work-in-process and finished goods, cost of materials as well as conversion cost is taken into consideration. Finished goods are valued inclusive of excise duty payable thereon. Cost of inventories is determined using FIFO method.

J. Employee Benefits: -

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Retirement contribution plan in the form of Provident Fund, Family Pension Fund are charged to the Profit and Loss Account in the year when the contributions to the respective funds accrue.

Retirement benefit plans such as gratuity and leave encashment is recognized at present value of amount payable determined using actuarial valuation techniques. Actuarial gains and losses are charged to Profit & Loss account.

K. Research and Development Expenditure: -

Research and Development expenses of revenue nature are charged to Profit and Loss Account in the year in which they are incurred. Capital expenditure on Development is included in the respective fixed assets and depreciation is provided thereon in the aforesaid manner.

L. Foreign Currency Transaction:-

Foreign currency transactions are converted at exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currency at the end of the year are converted at the year-end rate. In case of monetary assets and liabilities where the closing rate does not reflect with reasonable accuracy, the amount to be realized, they are reported at rates at which transactions were initially recognized. Such differences and the differences on account of foreign currency transactions in respect of revenue accounts are recognized in the profit and loss account.

M. Taxes on Income:-

Income tax expense for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax is recognized for all timing differences, subject to the consideration of prudence and virtual certainty of its realization supported by convincing evidence, applying the tax rates that have been substantively enacted by the Balance Sheet date. At each Balance Sheet date, the carrying amount of deferred tax asset/liability is reviewed based on developments to reassess realization.

N. Provisions:-

A provision is recognized when an enterprise has a present obligation as a result of past event. 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 not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

O. Earnings per Share:-

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

P. Leases:-

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating lease. Operating lease payments are recognized as an expense in the Profit & Loss Accounts on a straight-line basis over the lease term.

Q. Capital reserve on consolidation:-

Capital reserve on consolidation represents the difference between the company's share in the net worth of subsidiary, and the cost of its investment at each point of time of making the investment in the subsidiary. For this purpose, the company's share of net worth is determined on the basis of the latest financial statements prior to the investment after making necessary adjustments for material events between the date of such financial statements and the date of respective investment.



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In (₹ Rupees)

PARTICULARS	As at 30 June 2014	As at 30 June 2013
2. SHARE CAPITAL		
AUTHORISED CAPITAL:	215,000,000	215,000,000
43,000,000 Equity Shares of ₹ 5/- each.		
ISSUED, SUBSCRIBED & PAID UP	123,906,425	123,906,425
[24,781,285 equity shares of ₹ 5/- each (previous year- 21,281,285 equity shares)]		
TOTAL	123,906,425	123,906,425
Note :		
ISSUED, SUBSCRIBED & PAID UP	95,487,850	95,487,850
(9,548,785 equity shares of Rs.10/- each fully paid up.) [Of the above 2,618,750 Equity Shares of ₹10/- each fully paid up, have been issued, pursuant to scheme of Amalgamation for consideration other than cash.]		
Add :	117,325,000	117,325,000
[11,732,500 Equity Shares of ₹10/- each fully paid up issued, pursuant to scheme of amalgamation with Care Unipac Pvt. Ltd. on 22.06.2006 for consideration other than cash]		
	212,812,850	212,812,850
Less : Amount reduced pursuant to Scheme of Capital Reduction approved by the Hon'ble Bombay High court. [equity shares of Rs.10 to ₹ 5/- each as on 31.03.2007]	106,406,425	106,406,425
Add :		
[35,00,000 Equity Shares of ₹ 5/- each fully paid up allotted on June' 2011]	17,500,000	17,500,000
	123,906,425	123,906,425

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

PARTICULARS	As at 30-06-2014		As at 30-06-2013	
	Numbers	Amount in Rs.	Numbers	Amount in Rs.
As at beginning of the year	24,781,285	123,906,425	24,781,285	123,906,425
Add:- Issued during the year	—	—	—	—
Outstanding at the end of the year	24,781,285	123,906,425	24,781,285	123,906,425

(ii) Details of Shareholders holding more than 5 percent shares in the Company

PARTICULARS	As at 30-06-2014		As at 31-06-2013	
	Numbers	% Holding	Numbers	% Holding
ICICI Bank Limited	1,649,889	6.66	1,649,889	6.66

(iii) The Company has only one class of shares referred to as Equity Shares having a par value of ₹ 5/- each. Each holder of Equity Shares is entitled to one vote per share. In case any Dividend is declared and paid it is done in Indian Rupees. The Dividend proposed if any by the Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting The Company has not declared or paid any dividend during the year or in respect of the year ended on 30th June 2013.

(IV) On 13th March 2010, the Company had allotted 35,00,000 Convertible Warrants of ₹ 86/- (₹ Eighty Six) each to seven subscribers with the Option to convert the same within 18 months from the date of allotment. All the seven warrant Holders exercised their Option to convert the said warrants in to Equity Shares and accordingly between 10th June 2011 to 16th June 2011, the Company has allotted 35,00,000 Equity Shares of ₹ 5/- Each at a premium of ₹ 81/- per Share in the month of June 2011.

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In (₹ Rupees)

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
3. RESERVES AND SURPLUS		
Capital Reserves	3,038,080	3,038,080
Add : 15% Capital Subsidy	—	—
	3,038,080	3,038,080
Securities Premium Account		
Balance As Per Last Balance Sheet	284,800,170	284,800,170
Addition on account of fresh allotment of 35,00,000 Equity Shares of the ₹ 5/- each of a premium of ₹ 81/- per Share made during June' 2011	—	—
	284,800,170	284,800,170
CAPITAL RESERVES ON REDUCTION OF CAPITAL	68,413,596	68,413,596
CAPITAL RESERVE ON CONSOLIDATION	1,581,509	1,581,509
Revaluation Reserve		
Balance As Per Last Balance Sheet	60,837,314	64,771,748
Add : Transfer to Revaluation Reserve	—	—
Add : : Surplus in Profit & Surplus Accounts	—	—
"Less : Amortisation on revalued Leasehold Land "Transferred from Profit & Loss Account"	(3,585,947)	(3,934,434)
	57,251,367	60,837,314
General Reserve		
Balance As Per Last Balance Sheet	12,210,6239	122,106,239
Add : Transfer from Profit & Loss A/c	—	—
	122,106,239	122,106,239
Surplus in Profit & Loss A/c		
As per last Balance Sheet	(582,061,284)	1,127,412,860
Add: Profit / (Loss) for the year	(1,401,999,408)	(1,709,474,144)
Less : Transfer to Revaluation Reserve	—	—
Less : Proposed Dividend / (cancellation)	—	—
Less : Dividend Distribution Tax / (cancellation)	—	—
Less : Transfer to General Reserve	—	—
	(1,984,060,692)	(582,061,284)
TOTAL	(1,446,869,731)	(41,284,376)



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In (₹ Rupees)

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
4. LONG-TERM BORROWINGS		
SECURED		
Term Loan from Bank:	25,889,968	25,889,968
(Secured by Mortgage of movable and immovable Properties and personal guarantee of Directors) Overdue amount is ₹ 25889968/-. Total Overdue Interest accrued during the year and remaining unpaid ₹ Nil P.Y (₹57.49 Lacs)		
Loans from financial Institution	850,621	850,621
(Secured by hypothecation of vehicles)		
Term Loan From Bank	7,500,000	37,500,000
[Term Loan from Bank Of India is secured by corporate guarantee of subsidiary and is carrying interest @ 14% and is repayable in 20 quarterly instalment of ₹ 75 Lacs from Dec'2010 to Sept'2015. Continuing default as on balance sheet date ₹ 1125 Lacs P.Y ₹ 825.00 Lacs. Total Interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil). Security is yet to be created in their favour] [Corporate loan from State Bank Of Hyderabad is carrying interest @ 12.50% and is repayable in 8 equal quarterly installments of ₹ 250 Lacs from June'2012 to March'2014. Total Interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil). Security is yet to be created in their favour] [Term Loan from Visheshwar Sahakari Bank Ltd is Secured by first equitable mortgage of some of the immovable properties and personal guarantee of relatives of some of the Directors Loan is carrying interest @ 14% and is repayable in monthly installment of ₹ 2.31 Lacs. Continuing default as on balance sheet date ₹ 27.58 Lacs P.Y ₹ 27.58 Lacs]		
Unsecured		
Intercorporate Deposit	255,001,417	257,501,417
Sales Tax Deferral	16,335,119	37,994,199
Loans from financial Institution	—	—
(Secured against personal guarantees of Chairman and his relatives and their immovable properties.)		
Unsecured loans from promoters	26,852,899	26,852,899
TOTAL	332,430,024	386,589,104

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Depreciation	115,216,776	115,216,776
Deferred Tax Asset		
Expenses allowable on payment of TDS/on payment basis under Income Tax Act, 1961	59,087,508	59,087,508
TOTAL	56,129,268	56,129,268
6. LONG-TERM PROVISIONS		
Employee Benefits - Gratuity & Leave Encashment	3,957,321	3,957,321
TOTAL	3,957,321	3,957,321
7. SHORT-TERM BORROWINGS		
Bank Overdraft Accounts	2,009,231,857	2,009,231,857
[WORKING CAPITAL FACILITIES are Secured by first charge on all movable assets of the company, first and second equitable mortgage of immovable property belonging to the company and further secured by mortgage of immovable property belonging to one of group companies and personal guarantee of some of the directors of the company. Total interest accrued during the period and remaining unpaid is ₹ Nil (P.Y ₹ Nil)		
Loan from financial Institutions	50,000,000	50,000,000
(Secured by mortgage of immovable property belonging to the company and personal guarantee of some of the directors)		
UNSECURED		
Bank Overdraft Accounts	358,942,349	358,942,349
Inter Corporate Deposit	22,666,667	22,666,667
TOTAL	2,440,840,873	2,440,840,873
8. TRADE PAYABLES		
Sundry Creditors		
a) Micro, Medium, Small Enterprises	—	—
b) Others	301,083,098	320,358,630
TOTAL	301,083,098	320,358,630

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

PARTICULARS	AS AT 30-06-2014	AS AT 30-06-2013
i. The principal amount and the interest due thereon remaining unpaid to suppliers		
a. Principal	—	—
b. Interest due thereon	—	—
ii. The delayed payments of principal paid beyond the appointed date during the entire accounting year		
a. Interest actually paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—
b. Interest actually paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	—	—
iii. a. Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms	—	—
b. Normal interest payable for the period of delay in making payment, as per agreed terms	—	—
iv. a. Total interest accrued during the year and remaining unpaid	—	—



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
9. OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Debt (Refer No. - 5)	446,487,088	394,828,008
Interest payable	13,284,153	13,284,153
Unclaimed Dividend	3,128,502	3,128,502
Trade Deposits	15,520,000	15,520,000
Other Liabilities	22,439,721	22,439,721
Statutory Dues	95,614,180	81,212,992
Employee Dues	23,692,239	9,934,146
Book Over Draft	3,697,154	3,697,154
TOTAL	623,863,037	544,044,676

* There are no amount due and outstanding to be credited to investor Education & Protection Fund.

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
10. SHORT TERM PROVISIONS		
Provisions For Tax (Net of Advance Tax)	162,609,165	164,476,302
Employee Benefits - Gratuity & Leave Encashment	2,139,594	2,146,194
Provision for contingencies	713,370,015	598,370,015
TOTAL	878,118,774	764,992,511

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

11. FIXED ASSET SCHEDULE

Sr. No.	PARTICULARS	GROSS BLOCK		DEPRECIATION / AMORTISATION				NET BLOCK	
		AS AT 01.07.2013	AS AT 30.06.2014	AS AT 01.07.2013	FOR THE YEAR DELETIONS	ON 30.06.2014	AS AT 30.06.2014	AS AT 30.06.2013	
	TANGIBLE								
	LEASEHOLD								
1.	LAND (LEASEHOLD)	60,602,123	60,602,123	7,203,332	1,055,142	8,258,474	52,343,649	53,398,791	
2.	FREEHOLD								
3.	LAND (FREEHOLD)	70,854,427	70,854,427				70,854,427	70,854,427	
4.	FACTORY BUILDING	315,142,235	318,723,343	121,837,262	12,024,991	133,862,253	184,861,090	193,304,973	
5.	RESIDENTIAL FLATS								
6.	PLANT & MACHINERY	307,160,660	307,160,660	94,878,591	14,435,089	109,313,680	197,846,980	212,282,069	
7.	FACTORY & OTHER EQUIPMENTS	437,917,621	437,917,621	104,666,582	20,583,552	125,240,134	312,677,487	333,261,039	
8.	MOULD, DIES, JIGS, BLOCK & DESIGNS	20,593,254	20,593,254	19,102,169	890,439	19,992,608	600,646	1,491,085	
9.	AIR CONDITIONING SYSTEM	69,546,098	69,546,098	20,061,377	3,303,440	23,364,817	46,181,281	49,484,721	
10.	ELECTRICAL INSTALLATION	37,298,641	37,298,641	13,614,235	1,750,272	15,364,507	21,934,134	23,684,406	
11.	FURNITURE & FIXTURE	41,801,039	41,801,039	14,176,816	2,619,179	16,795,995	25,005,044	27,624,223	
12.	VEHICLES	8,876,126	8,876,126	6,155,236	839,731	6,994,967	1,881,159	2,720,890	
13.	INTANGIBLE ASSETS								
a)	TRADEMARKS	5,000,000	5,000,000	5,000,000		5,000,000			
b)	SOFTWARE	2,344,504	2,344,504	2,344,504		2,344,504			
c)	TECHNICAL KNOWHOW	3,000,000	3,000,000	3,000,000		3,000,000			
	TOTAL	1,380,136,728	1,383,717,836	412,030,104	57,501,835	469,531,939	914,185,897	968,106,624	
	PREVIOUS YEAR	1,380,734,890	1,380,136,728	338,262,954	73,918,399	412,030,104	968,106,624		



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	AS AT 30 June 2014	AS AT 30 June 2013
12. NON CURRENT INVESTMENTS		
OTHERS		
60 Shares of Rupee Co.op Bank Ltd of ₹ 25/- each fully paid	1,500	1,500
7000 Shares of Vishweshwar Sahakari Bank Ltd of ₹ 50/- each fully paid.	350,000	350,000
National Saving Certificate (Pledged with sales tax authorities)	27,649	27,649
	379,149	379,149
13. LONG-TERM LOANS AND ADVANCES		
Advance Recivable in cash or in kind or for value to be received	92,687,231	242,686,581
	92,687,231	242,686,581
14. OTHER NON-CURRENT ASSETS		
Other Loans and Advances		
Deposits with Banks (Including Margin Money For Lcs with original maturity > 1 year)	1,865,014	1,865,014
Others	7,224,917	7,224,917
	9,089,931	9,089,931
15. INVENTORIES		
Raw Materials and components		
Work-in-progress	38,380,181	269,417,163
Finished goods	-	67,584,097
Stores and Spares Parts	-	211,379,031
	2,333,094	2,333,094
	40,713,275	550,713,385
Note:- Cost of Inventories is determined using FIFO method.		
16. TRADE RECEIVABLES		
Exceeding Six Months		
- Considered Good	1,889,025,088	2,422,596,422
- Considered Doubtful	-	-
Others - Considered Good	200,495,330	218,624,817
Less : Provision for Doubtful Debts	-	-
	2,089,520,418	2,641,221,239
17. CASH AND CASH EQUIVALENTS		
Cash at Hand		
Bank Balances	218,739	296,497
Fixed Deposit	8,237,638	3,130,960
	805,000	805,000
	9,261,377	4,232,457
18. SHORT-TERM LOANS AND ADVANCES		
Other Loans and Advances		
Intrest accrued but not due	10,765,484	1,820,114
Prepaid Expenses	78,710	78,710
Deposits	79,701	79,701
	226,925	226,925
	11,150,820	2,205,450
19. OTHER CURRENT ASSETS		
Deposits		
Staff Loans & Advances	16,094,999	16,474,276
Interest Accrued	200,000	2,066,862
Balance with statutory authorities Service Tax Credit Receivable	-	337,536
	17,898,330	49,743,280
	34,193,329	68,621,954

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
20. REVENUE FROM OPERATIONS		
Sales Products	231,786,978	3,260,408,431
Less : Excise Duty	—	670,373
	<u>231,786,978</u>	<u>3,259,738,058</u>
Sales of Service - Conversion Charge	82,800,550	120,310,112
Other Operating Revenue		
Sale of Scrap	456,837	3,900,695
Net Sales	<u>315,044,365</u>	<u>3,383,948,865</u>
Class of Goods		
Formulations		
Liquids	14,022,138	197,240,868
Tablets	165,577,112	2,329,074,589
Capsules	38,659,382	543,797,962
Powders, Creams Ointment & Others	13,528,346	190,295,012
	<u>231,786,978</u>	<u>3,260,408,431</u>
Earnings In Foreign Currency		
Exports at FOB value	—	—
Insurance, freight and other recoveries	—	—
21. OTHER INCOME		
Interest		
a) Bank Deposits	—	—
b) Other Interest	—	303,422
Export Incentives	—	—
Exchange Gain (Net)	—	202,162
Claims, Refunds & Miscellaneous Income	—	1,395,638
Dividend on Long term Investments	42,000	—
Liabilities and Provisions Written Back	—	—
Profit on Sales of Assets	—	—
TOTAL	<u>42,000</u>	<u>1,901,222</u>
22. COST OF MATERIALS CONSUMED		
Opening Balance of Raw Materials	269,417,163	308,359,152
Purchase of Raw Materials	11,561,539	1,846,717,108
Less : Obsolete Materials Written Off	—	(31,441,989)
Less : Closing Balance of Raw Materials	(269,417,163)	(269,417,163)
TOTAL	<u>11,561,539</u>	<u>1,854,217,108</u>
A) Consumption of Raw and Packing Materials		
Class of Goods	1 July 2013 to 30 June 2014	1 Apr 2012 to 30 June 2013
	Value	Value
Indigenous	<u>11,561,539</u>	<u>1,854,217,108</u>
Imported	<u>—</u>	<u>—</u>
TOTAL	<u>11,561,539</u>	<u>1,854,217,108</u>
	%	%
	<u>100</u>	<u>100.00</u>
	<u>—</u>	<u>—</u>
	<u>100</u>	<u>100.00</u>
B) C. I. F. VALUE OF IMPORTS		
PARTICULARS	30-06-2014	30-06-2013
Material	<u>—</u>	<u>—</u>
TOTAL	<u>—</u>	<u>—</u>



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
-------------	--------------------------------	-------------------------------

23. CHANGES IN INVENTORIES

Finished goods		
-Opening Balance	422,758,062	422,758,062
Less : Closing Balance	(422,758,062)	(422,758,062)
Work-in-Progress		
-Opening Balance	67,584,097	72,834,788
Less : Closing Balance	(67,584,097)	(67,584,097)
Stock-in-Trade		
-Opening Balance	—	—
Less : Closing Balance	—	—
Others		
-Opening Balance	—	—
Less : Closing Balance	—	—
TOTAL	—	5,250,691

Opening Stock of Finished Goods

FORMULATIONS		
LIQUIDS	44,471,230	98,673,134
TABLETS	119,592,359	325,018,751
CAPSULES	6,585,160	28,645,674
POWDERS, CREAMS OINTMENT & OTHERS	40,730,281	70,789,088
TOTAL	211,379,030	523,126,647

Closing Stock of Finished Goods

FORMULATIONS		
LIQUIDS	—	44,471,230
TABLETS	—	119,592,359
CAPSULES	—	6,585,160
POWDERS, CREAMS OINTMENT & OTHERS	—	40,730,281
TOTAL	—	211,379,030

24. EMPLOYEE BENEFIT EXPENSES

Contributions to Provident Fund & Other Funds	1,758,752	4,035,821
Salary, Wages, Bonus & Gratuity Etc	46,355,908	111,192,081
Staff Welfare Expenses	—	379,863
TOTAL	48,114,660	115,607,765

25. FINANCE COSTS

Bank & Finance Service Charges	43	—
Interest on Fixed Loans	4,093,845	6,406,720
Interest on Other Loans	—	3,322,405
TOTAL	4,093,888	9,729,125

26. DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation	57,501,835	73,918,399
Less : Transfer to Revaluation Reserve	3,585,947	3,934,434
TOTAL	53,915,888	69,983,965

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

In ₹ (Rupees)

PARTICULARS	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
27. OTHER EXPENSES		
Audit Fees		
Statutory audit	500,000	800,000
Tax audit	—	225,000
Certification	—	275,000
Consolidation of financial statements	100,000	300,000
Factory Expenses	2,791,797	34,064,484
Consumption of stores and spare parts - Note 1	2,438,952	2,984,132
Power and fuel	9,490,269	21,322,673
Repairs to buildings	—	159,494
Repairs to machinery	1,862,589	3,612,416
Repairs to Others	—	39,908
Travelling Expenses	2,302,890	8,902,354
Freight and Forwarding		18,330
Rates and taxes	4,128,287	5,269,358
Profit on Sales of Assets	—	—
Administrative Cost	7,223,528	43,924,724
Labour & Processing Charges	9,356,115	25,164,821
Marketing & Distribution Cost	2,286,557	10,472,273
Conveyance and Vehicle Expenses	—	472,750
Telephone, Postage and Telegram	—	53,939
Printing & Stationery	—	73,380
Legal & Professional Fees	—	—
Bank Commission & Charges	—	7,716
Miscellaneous expenses	—	11,551
Provision for Contingencies	115,000,000	598,370,015
Bad Debts Written Off	—	—
TOTAL	157,480,984	756,524,318

Note 1 - Consumption of stores and spare parts

Consumption of stores and spare parts		
Purchases of Stores and Spare parts	2,438,952	2,984,132
Opening Balance of Stores and Spare parts	2,333,094	2,333,094
Less : Closing Balance of Stores and spare parts	(2,333,094)	(2,333,094)
TOTAL	2,438,952	2,984,132



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

28 Revenue and expenses of Continuing & Discontinuing operations

In (Rupees)

PARTICULARS	Continuing operations		Discontinuing operations	
	1-July-2013 to 30-Jun-2014	1-Apr-2012 to 30-June 2013	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
Revenue				
Sales products	231,786,978	3,248,734,609	—	11,003,449
Sale of services - Conversion charge	—	17,811,551	82,800,550	102,498,561
	231,786,978	3,266,546,160	82,800,550	113,502,010
Other operating revenue	456,837	3,900,695	—	—
Other Income	42,000	1,901,222	—	—
Total revenue	232,285,815	327,234,8077	82,800,550	113,502,010
Expenses				
(Increase)/Decrease in stock in trade & WIP	—	5,250,691	—	—
Consumption of Raw materials	11,561,539	1,845,806,816	—	8,410,292
Purchase of traded goods	187,418,945	1,109,174,973	—	—
Employee cost	23,289,295	97,678,862	24,825,365	17,928,903
Finance cost	4,078,199	9,709,500	15,689	19,625
Depreciation	3,900,4170	50,726,592	14,911,718	19,257,373
Power and fuel	297,887	8,927,519	9,192,382	12,395,154
Repairs to machinery	28,930	1,523,010	1,833,659	2,089,406
Administrative Cost	3,256,268	13,954,899	2,967,260	29,969,825
Factory Expenses	1,766,428	23,641,264	1,025,369	10,423,220
Labour & Processing Charges	257,947	12,342,606	9,098,168	12,822,215
Marketing & Distribution Cost	1,830,014	9,891,307	456,543	580,966
Other expenses	121,533,871	614,797,713	3,936,258	3,165,214
Inventories and trade receivable written off	1,254,499,869	1,175,452,598	—	—
Total Expenses	1,648,823,362	4,978,878,350	68,262,411	117,062,193
Profit/ (Loss) for the year	(1,416,537,547)	(1,706,530,273)	14,538,139	(3,560,183)

The company carried the following assets and liabilities of discontinuing operations

PARTICULARS	1-July-2013 to 30-June-2014	1-Apr-2012 to 30-June-2013
Assets		
Fixed Assets	287,632,702	302,544,420
Stock	102,562	102,562
Debtors	10,104,653	12,223,690
Cash and Bank balances	2,264	8,488
Loans and Advances	551,000	551,000
Total assets	298,393,181	315,430,160
Liabilities		
Short Term borrowings	50,000,000	50,000,000
Trade Payables	10,637,946	11,528,365
Total Liabilities	60,637,946	61,528,365

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

29. Estimated amount of outstanding contract/capital commitment Nil (PY. Nil)

30. Contingent Liabilities not provide for :

- a) Sales Tax case filed before Sales Tax Tribunal, Mumbai challenging the Order of Dy. Commissioner against levy of interest on Assessment dues for the period 2003-2004 : ₹ 544,297/-
- b) Income Tax case filed before CIT(A), Pune challenging the order of assessing officer against income tax demand amounting to ₹ 9289 Lacs for the AY 2006-07 to AY 2012-13.
- c) The company has filed appeal before CESTAT, West Zonal bench, Mumbai challenging the order of CCE (Appeal) Pune III upholding excise duty demand of ₹ 41,12,014/- (P.Y. ₹ 41,12,014/-).
- d) The company has given a Corporate Guarantee to secure a term loan of ₹ 13,83,70,004/- (PY ₹ 13,83,70,004/-) from Bank of India availed by the Holding Company.

31. The Company and its subsidiary Bank Accounts became NPA as indicated in the previous year. The bankers have sent a demand notice under section 13 of the SARFAESI Act in respect of the Company and its subsidiaries Assets situated at Vadagaon, Pimpri, Vasai and Jejuri. The company has made representations for waiver of interest and grant of time for repayment of these dues. The matter is pending and the company has been legally advised that since possession of these units still continue with the company and the operations are being carried on, title to the aforesaid properties continue to remain with the company. The subsidiary has temporarily suspended production activities due to paucity of funds.

32. The bankers and unsecured creditors of the company and its subsidiary had initiated proceedings before the Hon'ble Bombay High Court for winding up of the company. Consequent to one of the customer, who had offered to buy the company's manufacturing unit at Baddi and which offer was informed to the court in the aforesaid proceedings, withdrawing his offer to buy the said property. Honorable Bombay High Court in their order dated 30th April 2014, appointed "Provisional liquidator" to take charge of Company's Books of Account, assets and properties both movable and immovable. Further, the company, its directors, and Officers and Agents from creating any dispossession of any of the assets or properties without leave of this Court except in the ordinary and usual course of its business.

33. Consequent to the losses exceeding the share capital and reserves, the company through its application u/s 15 of SICA Act 1985 has sought registration before BIFR and protection u/s 22 of SICA Act 1925. The application has been duly acknowledged wide no 1366 dated 02.07.2014. Company has also briefly narrated therein its proposal to revive the operation and turn the negative net worth to positive.

34. As a sequel to the temporary suspension on the company's manufacturing activities at its three locations due to paucity of the working capital, the range of the products of the company do not presently have visibility in the market on account of which the payment due from customers are not forthcoming. As legally advised, the Company has therefore commenced legal proceedings for recovery against debtors aggregating to Rs. 195 Crs which are outstanding as on the balance sheet date. The company is of the view that once these proceedings are initiated coupled with the fact that the operations would recommence once the terms with the lenders are finalized the customers would come up with proposal for settlement of their dues. On this basis, the debts are considered good by the management and recoverable and hence no provision is made in respect thereof in the accounts.

35. The non- consortium bankers and other unsecured creditors, have outstanding dues for which they have initiated legal proceedings including winding up petitions in various courts. The company has made representations for waiver of interest and grant of time for repayment of these dues.

In view of the fact that proposal for waiver of interest is pending with the banks, no provision for interest for the period ending 30th June 2014 is made in the accounts. However under protest and without acknowledging the demand in respect of interest as intimated by the banks provision for contingencies made in the profit and loss accounts to the extent of ₹ 68.50 Crores is considered adequate for this purpose.

36. Balances with statutory authorities and loans and advances are good and recoverable And are subject to reconciliation and confirmations.

37. Company has been informed that a majority of the secured Lenders [consortium of Banks] have, pursuant to an auction process assigned their dues in favour of an Asset Reconstruction Company [ARC]. ARC is presently leading the dialogue with the Company for a comprehensive settlement of the dues of the consortium. Company is hopeful that the settlement as aforesaid, would benefit it and coupled with other proposals under evaluation such as developing the properties as residential/commercial complexes, negotiations with strategies investors for infusion of funds to commence the operations, etc. will go a long way in bringing about turn around in the operations and to a large extend make the existing negative net worth become positive. The Company has included the same in the presentations that have been made before BIFR. On the winding up petition filed before Bombay High Court against the Company, the Company has been legally advised that since reference has already been made to BIFR, it has fair amount of chance in succeeding. Seen cumulatively Management is of the view that the Company continues to operate as a going concern.



TWILIGHT LITAKA PHARMA LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

38. C.I.F. VALUE OF IMPORTS :

(In ₹) Rupees

PARTICULARS	2013-14	2012-13
Capital goods	—	—

39 EXPENDITURE IN FOREIGN CURRENCY :

(In ₹) Rupees

PARTICULARS	2013-14	2012-13
Capital goods	—	—
Traveling & Other expenses	—	—
Registration & License Fee	—	—
Interest on Working Capital	—	—
Other	—	—

40. Calculation of Earnings Per Share as per Accounting Standard (AS 20) "Earning Per Share":

Particulars		2013-14	2012-13
Net Loss for the period (₹)	(A)	-1,401,999,409	-1,709,474,144
Weighted Average Number of Equity Shares	(B)	24781285	24,781,285
Nominal value per share (₹)		5	5
Basic and diluted EPS (₹)	[(A)/(B)]	(56.57)	(68.98)
Net Loss for the period before exceptional items ₹	(C)	-147,499,540	-534,021,546
Basic and diluted EPS before exceptional items	[(C)/(B)]	(5.95)	(21.55)

41. Related party disclosures

(i) Name & relationship of the related parties with whom there are transactions:

(a) Key management personnel	Mr. Rajendra C. Bora - Chairman Mr. Gopal Ramourti - Managing Director Mr. Nainish Bora - Executive Director
(b) Relatives of key management Personnel	Mrs. Lalita R. Bora - wife of Mr. R C Bora Mrs. Sonia Gopal - wife of Mr. Gopal Ramourti Mrs. Preeti Bora - wife of Mr. N R Bora
(c) Enterprises over which the key management personnel has influence	Regent Financial Services Pvt. Ltd. Dubash Investment & Finance Co. Pvt. Ltd. G. R. Capital & Finance Pvt. Ltd.
(d) Subsidiary	Briocia Pharma (India) Limited.

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30.06.2014

(In ₹) Rupees

(ii) Particular of transactions:

Transaction during the year	With parties referred to in (a) above	With parties referred to in (b) above	With parties referred to in (c) above	Transaction with Subsidiary	Total
Remuneration	-	(-)	-	(-)	-
	(-)	-	(-)	-	(-)
Loan Received	-	(-)	-	(-)	-
	(-)	-	(-)	-	(-)
Conversion Charges paid	-	(-)	-	(-)	-
	(-)	(-)	(3,404,323)	(-)	(3,404,323)
Amount Given	-	(-)	-	(-)	-
	(-)	(-)	(16,560,433)	(-)	(16,560,433)
Amount Received	-	(-)	-	(-)	-
	(-)	(-)	(9,364,970)	(-)	(9,364,970)

42. The company has not provided for employee retirement benefits as required under AS 15 Issued by Company accounting standard rule 2006 since details from actuaries are not available.
43. The Company is primarily engaged in Pharmaceuticals business along with trading of formulation activity. The Export sales of the Company are less than 10% of the total sales. In view of this, in context of Accounting Standard (AS-17) "Segment Reporting", the Company has concluded that there are no reportable segments.
44. The Company is negotiating one time settlement of loan and interest with secured lenders and is of the view that the provision for interest outstanding along with principle due is sufficient to meet the amount proposed to be settled. Due to ongoing negotiations , the company is unable to obtain balance confirmations as on June 30, 2014.
45. Balance with Banks , statutory authorities and trade receivables are good and recoverable. Bank balances and balance with statutory authorities are subject to confirmation and reconciliation.
46. The current period`s figures are not comparable with the previous year`s figures which were 15 months on account of extension of the accounting year by the Company.
47. Figures of the previous year have been regrouped and rearranged, wherever necessary.

As per our Report of even date.

FOR V. SANKAR AIYAR & CO.

Firm Regn No. : 109208W

V. MOHAN

PARTNER

M No. 17748

Place : Mumbai

Date : 29th August, 2014

For and on behalf of the Board

Sd/-

R C Bora

Chairman

Sd/-

A S Chandvankar

Director

Sd/-

Gopal Ramourti

Managing Director

Sd/-

N R Bora

Executive Director & CFO



Form No MGT-11
PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

TWILIGHT LITAKA PHARMA LTD.,

Regd. Office: B-22 "H" Block, MIDC, Pimpri, Pune-411 018

CIN:L24231MH1974PT0017139

Name of the Member(s):
Registered Address:
E-mail Id:
Folio No./Client ID:
DP ID:

I/We being the member(s) of _____ Shares of the above named Company hereby appoint:

- (1) Name _____
Address & E-mail Id: _____ or failing him;
- (2) Name: _____
Address & E-mail Id: _____ or failing him;
- (3) Name: _____
Address & E-mail Id: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to be held on Saturday 29th November, 2014 at 9.30 at Hotel Ratnalok, Pune- Mumbai Road, Opp. Bajaj Auto Ltd., Akurdi, Pune-411035 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolutions	Voting	
		For	Against
1	Ordinary Business: To receive, consider and adopt the Financial Statements of the Company for the year ended 30th June, 2014.		
2	Re-appointment of Mr. Nainish Rajendra Bora, Who retires by rotation.		
3	Appointment of M/s. KRSHNA & ASSOCIATES, as Auditors of the Company in place of M/s. V. Sankar Aiyar & Co., Chartered Accountants the retiring Auditors of the Company		
4	Special Business: Appointment of Mr. Avinash Shantaram Chandvankar as an Independent Director of the Company for a term of five years.		
5	Appointment of Mr. Raghavan Mathurakavi Srinivasa Ayyangar as an Independent Director of the Company for a term of five years.		

Signed this _____ day of _____ 2014

Signature of the Shareholder _____

Affix
Revenue
Stamp

Signature of first Proxy Holder

Signature of Second Proxy Holder

Signature of Third Proxy Holder

Note: This form of proxy in order to be effective should be duly completed and 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:

TWILIGHT LITAKA PHARMA LIMITED

Regd. Office : B-22 "H" BLOCK, M.I.D.C., PIMPRI, PUNE - 411 018.

www.twilightlitaka.com

FORM B

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange-

1.	Name of the Company	Twilight Litaka Pharma Ltd.
2.	Annual financial statements for the year ended	30 th June, 2014
3.	Type of Audit qualification	<p>In view of the Adverse Opinion Paragraph given by the Auditors, they have qualified their Report on the following grounds:</p> <p>1) The Auditors have raised the doubt about the Company's ability to continue as a Going Concern.</p> <p>2) The Financial Statements do not give a true and fair view in conformity with the Accounting principles generally accepted in India.</p>
4.	Frequency of qualification	Appeared for the first time in the Auditor's Report
	Draw attention to relevant notes in the Annual Financial Statements and management response to the qualification in the Directors Report	<p>As regards adverse Opinion / qualification stated in the Auditor's Report dated 29th August, 2014 the Board is of the view that in the Notes to Accounts all these issues are adequately dealt with.</p> <p>Note No. 30, 31, 32, 33 34, 35 & 37 on Page No 36 of the printed Annual Report, the same have been explained.</p>

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Additional comments from the Board / Audit Committee chair:	In addition to the Explanatory Notes in the Annual Accounts as mentioned above the Directors by way of ' <u>Addendum to the Directors Report</u> ' have further clarified the matter which is reproduced below:-
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Addendum to the Directors Report

The Auditors in their report have expressed their view that there exists material uncertainty casting doubt about the Company's ability to continue as a going concern on account of the following factors:

- 1) The Honorable Bombay High Court appointed Provisional Liquidator to take charge of the Company's movable and immovable assets and properties, books of account and also passed other restraints on the Directors. Company's application against the aforesaid order is pending.
- 2) Company has filed application to BIFR for being classified as a Sick Undertaking and the matter is pending.
- 3) Secured lenders have issued notice under section 13 of the SARFAESI Act and further majority of the lenders have assigned their receivables in favor of Asset Reconstruction Company.
- 4) The Company is negotiating with unsecured lenders and creditors for waiver of interest and grant of time for repayment of dues. Due to ongoing one time settlement negotiations with secured lenders, the management is of the view that the provision for interest in books of account along with principal outstanding is adequate to meet proposed settlement. Due to ongoing negotiation, bank balances are subject to confirmation and reconciliation.
- 5) Company is in the process of filing recovery suits against debtors aggregating to Rs 195 Crs. These are considered good by the management and no provision is made in respect thereof in the accounts.
- 6) Disputed sales tax of interest of Rs 5,44,297/- and Income tax demand of Rs. 92/- Crores that are pending in appeal are considered by the management as contingent in nature.
- 7) Auditors have stated that they are unable to express any opinion on recoverability of loans & advances and statutory dues.
- 8) The Company has neither obtained a valuation report regarding accrued employee retirement benefits from approved Actuary nor has provided for these benefits under Accounting Standards -15.

The Auditors have stated in their report that since the above are significant to the overall financial statements and materially affect their preparation and presentation, the

generally accepted in India.

The management is of the view that the factors referred to in the Auditors report do not affect the ability of the Company to continue as a going concern on account of the following reasons :


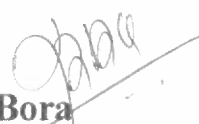


- 1) With regard to the appointment of Provisional Liquidator by the H'ble Bombay High Court, the Company has been advised that there is a mandatory provision contained in the SICA(SP) Act, 1985 requiring the Company to apply for registration with them upon erosion of the net worth and once the same is complied with the Company gets immunity from being ordered to be wound up amongst other relief. Since the necessary application was filed with the BIFR on 2nd July 2014 and which has been duly acknowledged under this Act the Provisional Liquidator could not have been appointed. It was on the basis of this reason that the management is hopeful that the appointment of Provisional Liquidator will be subject to the protection available to the Company under Section 22 of SICA (SP) Act, 1985.
- 2) Majority of the secured Lenders (Consortium of Banks) have, pursuant to an auction process, assigned their dues in favour of as Asset Reconstruction Company (ARC). ARC is presently leading the dialogue with the Company for a comprehensive settlement of the dues to the Consortium. Company is hopeful that the settlement as aforesaid, would benefit it and coupled with other proposals under evaluation such as developing the properties as residential/commercial complexes, negotiations with strategic investors for infusion of funds to commence the operations, etc. will go a long way in bringing about turn around in the operations and to a large extent make the negative net worth become positive. The Company has included the aforesaid in the presentation that have been made before BIFR. Since all these are under various stages it would be premature to conclude that the Company has lost its ability to continue as a going concern or that any material uncertainty exists there for.
- 3) As explained above the majority of the secured lenders have already assigned their dues in favour of an ARC which is now in dialogue with the Company for an one-time settlement and hence the consequences of the provisions contained in the SARFAESI Act will not have any impact. Similarly the management is of the view that due to the discussions for a one-time settlement the provision for interest in the books of accounts is adequate to meet the liabilities and no further provisions are required. Additionally since the secured lenders in the recovery proceedings have already referred to the dues from the Company coupled with the fact that there have been no operation in these accounts, no separate confirmation of the balances is considered necessary and for the same reason reconciliation of the bank balances with the book balances does not arise. The management is therefore of the view that it would be premature to conclude that the Company has lost its ability to continue as a going concern or that any material uncertainty exists there for.
- 4) The management is of the opinion that the amount due from debtors aggregating to Rs. 195/- Crores are from customers with whom the Company

for all supplies made without any default for many years and only due to a temporary lull in the business environment and on the account of the fact that supplies became inconsistent and the Company's inability to meet their requirements on certain occasions, there was a slow down in the recovery process. The management has initiated Legal proceedings for the recovery only for exertion of pressure which will have the impact of the customers coming around for a settlement and thus not requiring any provisioning for the same in the accounts.

5) With regard to the pending demands relating to Income Tax and Sales Tax Company has been advised that it has good chances of succeeding in its appeal that is now pending and therefore no provisioning in respect of the same in called for.

6) With regard to valuation of accrued terminal benefits due to the employees as at the balance sheet date, the provision existing in the books is considered adequate to meet the liability due to the fact that many employees have left the Company and during the current year no additional employees were recruited.

Thus as explained above the management is therefore of the view that it would be premature to conclude that the Company has lost its ability to continue as a going concern or that any material uncertainty exists there for.

5.	To be signed by-	
	• CEO / Managing Director	 Gopal Ramourti Managing Director
	• CFO	 Nainish Bora Executive Director & CFO
	• Auditor of the Company	V. Sankar Aiyar & Co. Chartered Accountants  V Mohan Partner Membership No. 17748
	• Audit Committee Chairman	 Avinash Chandvankar Audit Committee Chairman

