Parabolic Drugs Limited

Registered Office: S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh-160 017

NOTICE

NOTICE is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Tuesday, the 28th day of September, 2010 at 3.00 P.M. at PHD House, Sector 31 A, Chandigarh to transact the following business: -

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.

2 (a) To appoint a Director in place of Mr. Pardeep Diwan, who retires by rotation in accordance with Article 80 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

(b) To appoint a Director in place of Dr. Ram Kumar, who retires by rotation in accordance with Article 80 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

(c) To appoint a Director in place of Mr. Koppisetty Srinivas, who retires by rotation in accordance with Article 80 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

3. To appoint Auditors for the year 2010-2011 and to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

   "RESOLVED THAT Mr. Inder Bir Singh Passi, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 83 of the Articles of Association of the Company and in respect of whom the Company has received notices from some Members under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation".

5. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution: -

   "RESOLVED THAT in supersession of the earlier resolution dated 26th September, 2009 passed by the Members of the Company in their Annual General Meeting under Section 293 (1) (a) and 293 (1) (d) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow on behalf of the Company, money from time to time by way of loans, advances, credits or otherwise with or without security as the Board of Directors may consider proper, including creating a charge or mortgage on the whole or part of the Company's assets, effects and properties as the Board may consider fit notwithstanding that the money so borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Banker in the ordinary course of Business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, provided that the total amount which may be so borrowed by the Board of Director and outstanding at any time (apart from temporary loans obtained from the Company's Banker in the ordinary course of Business) shall not at any time exceed Rs. 10000 Million (Rupees Ten Thousand Million only)".

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution: -

   "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the shareholders of the Company be and is hereby given to adopt the amended Article of Association of the Company in substitution of the existing Articles.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as they may deem fit necessary to give effect to the abovesaid resolution".

For and on Behalf of the Board

(Vineet Gupta)
Whole-time Director

(Pranav Gupta)
Managing Director

Place: Chandigarh
Dated: 20th July, 2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 4 to 6 are annexed hereto and forms part of the Notice.
3. The Register of Members and the Share Transfer Register of the Company will remain closed from 21st September, 2010 to 28th September, 2010 (both days inclusive).
4. The Members are requested to notify the change in their address, if any, at the earliest.
5. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
7. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company.

Annexure to the Notice:
Explanatory Statement Pursuant to Section-173 (2) of the Companies Act, 1956:

Item No. 4 of the Special Business:

The Board of Directors of the Company in its meeting held on 12th October, 2009 appointed Mr. Inder Bir Singh Passi as an Additional Director of the Company pursuant to Article 83 of the Articles of Association of the Company.

In terms of Section 260 of the Companies Act, 1956 read with Article 86 of the Articles of Association of the Company, Mr. Inder Bir Singh Passi will hold office of Additional Director up to the ensuing Annual General Meeting. The Company has received notices from some members under Section 257 of the Companies Act, 1956, signifying their intention to propose Mr. Inder Bir Singh Passi as a Director of the Company. Accordingly, your approval is solicited for his appointment as a director liable to retire by rotation.

Memorandum of Interest

Except Mr. Inder Bir Singh Passi, the appointee himself, none of the Directors of the Company is, in any way, concerned or interested in the resolution.

Item No. 5 of the Special Business:

The Members of the Company in their meeting held on 26th September, 2009 accorded their approval to the Board of Directors of the Company to borrow money on behalf of the

Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 800.00 Crores and to create charge or mortgage on the whole or part of the Company's assets, effects and properties of the Company under Section 293 (1) (a) of the Companies Act, 1956 to secure the money borrowed by the Company respectively.

Presently, the Company is in the process of undertaking various projects and looking various proposals of the Banks & Financial Institutions for meeting the fund requirements of the Company. Therefore, it is proposed to authorise the Board of Directors of the Company to borrow money on behalf of the Company under Section 293 (1) (d) of the Companies Act, 1956 up to Rs. 1000.00 Crores and also to create charge or mortgage on the whole or part of the Company's assets, effects and properties of the Company under Section 293 (1) (a) of the Companies Act, 1956.

Accordingly, It is proposed to authorize the Board of Directors under Sections 293 (1) (a) & 293 (1) (d) of the Companies Act, 1956 and your approval is solicited

Memorandum of Interest:

None of the Directors of the Company is concerned or interested in this resolution.

Item No.6 of the Special Business:

The Company had executed Shareholders Agreements with the following Private Equity Investors:

1. M/s. BTS India Private Equity Fund Limited
2. M/s. Exquisite Result International Limited
3. M/s. Alden Global (Mauritius) Limited (Previously known as Minivet Limited)

Thereafter, to give effect to the terms and conditions of the respective shareholders agreement executed by the Company with the above said investors, the Company has amended its Articles in consonance to the rights given by the Company to these investors in their respective agreements.

As per the clauses of the Shareholders Agreements, the Company is required to provide the exit option to these investors through any one of the options mentioned in the respective Shareholders Agreement within the time prescribed therein. Now, the Company has provided the exit option to these investors by way of Initial Public Offer (IPO) by the Company and keeping in view of the present scenario, it is proposed to alter various clauses of the Articles relating to the shareholders agreements with the above said investors, which at present have no relevance.

Accordingly, the Board of Directors in its meeting held on 20th July, 2010 has recommended the adoption of amended Articles of Association of the Company. It is proposed to adopt the amended Articles of Association of the Company.

As per the provisions of Section 31 of the Companies Act, 1956, a Company may by Special Resolution alter its Articles of Association.

Your Directors, therefore, recommend the said resolution for your approval.

Memorandum of Interest:

Except Mr. Koppisetty Srinivas, Nominee of M/s. BTS India Private Equity Fund Limited, None of the Directors of the Company is concerned or interested in the resolution.

For and on Behalf of the Board

(Vineet Gupta)	(Pranav Gupta)
Whole-time Director	*Managing Director*

Place: Chandigarh

Dated: 20th July, 2010

Information pursuant to Corporate Governance Clause of the Listing Agreement regarding the Director seeking appointment/ re-appointment in the Annual General Meeting

Name of the Director	Mr. Pardeep Diwan	Dr. Ram Kumar	Mr. Koppisetty Srinivas	Mr. Inder Bir Singh Passi
Date of Birth	10th January, 1963	26th January, 1946	17th May, 1963	20th August, 1939
Date of Appointment	28th September, 2008	26th September,2008	30th April, 2008	12th October, 2009
Expertise in specific functional area	Audit, Income Tax and Company Law	Medical Science specialization of Ophthalmology	Airline Industry	Education
Qualification	C.A.	MBBS	B.E. & MBA	M.Sc. & Ph.D
Directorship of other companies	Nil	Nil	BTS Investment Advisors Private Limited Microqual Techno Private Limited Arch Pharmalabs Limited QAI India Limited Mantri Metallics Private Limited Sai Sudhir Infrastructures Limited Caravel Logistics Private Limited	Nil
Chairmanships/ Memberships of Board Committee of other companies	Nil	Nil	Nil	Nil
Number of shares held	Nil	15000	Nil	Nil

Vision

To become a globally acceptable API and pharmaceutical manufacturing company by providing quality products that exceed customer expectations and are produced in a safe working environment

Mission

- To achieve a Rs. 11,000 million turnover by 2013
- To be the chosen strategic partner of the world's top ten pharmaceutical companies
- To grow consistently by entering Custom Synthesis and Contract Manufacturing relationships with large Generic and innovator companies
- To leverage our cost efficiencies in manufacturing to penetrate world markets across therapeutic segments, including oncology, cardiovascular and anti-hypertensive, among others

Parabolic Drugs – one of the fastest growing pharmaceutical companies in India.

A name synonymous with a comprehensive product basket, complex chemistry capabilities, world-class infrastructure and strong relationship management.

Hence, Parabolic Drugs has evolved from a Generic API manufacturer to a strategic research and custom manufacturing partner for global pharmaceutical companies.

7 API intermediates	44 APIs	45 country market presence	11 patent applications	19 Drug Master Files	500+ customers

Turnover (%)	EBIDTA (%)	PAT (%)	Capex (Rs. million)	R&D spend (Rs. million)
36.45 three-year CAGR	40.32 three-year CAGR	17 three-year CAGR	1,492.6 three-year total	691.80 three-year total

Presence

- The Company is headquartered in Chandigarh.
- The Company markets products across 45 countries (including regulated markets).
- The Company is listed on the National Stock Exchange and the Bombay Stock Exchange.

Business

The Company is engaged in the manufacture – including contract manufacture – of APIs and API intermediates for sales in India and abroad (including regulated markets).

Products

- The Company produces 44 APIs (Active Pharmaceutical Ingredients sold to formulators to make capsules, tablets, liquids, injections and other dosage forms) and seven API intermediates.
- The Company currently produces Semi Synthetic Penicillin (SSP) and the Cephalosporin range of antibiotics, both for oral and sterile dosage forms as well as their intermediates.

Legacy

- Parabolic Drugs Ltd was founded in 1996 by first generation entrepreneurs.
- The Company set up its first manufacturing facility for two APIs in 1998 with 39 employees and recorded a turnover of Rs. 124.92 million.
- The Company currently has three facilities, two state-of-the-art manufacturing plants at Derabassi and Panchkula for 51 API and API intermediates and a custom synthesis and R&D centre at Barwala, Haryana, with more than 1,000 employees and a turnover of Rs. 5,590.12 million

Facilities

- **Derabassi (Punjab):** This facility has six units manufacturing the oral and sterile range of Cephalosporin APIs and intermediates.
- **Panchkula (Haryana):** This facility has two units manufacturing SSPs and API intermediates such as 6-APA.
- **Barwala (Haryana):** The research and development centre develops and scales new APIs and API intermediates across all therapeutic segments including non-antibiotic products. It also provides contract research services to innovator companies.

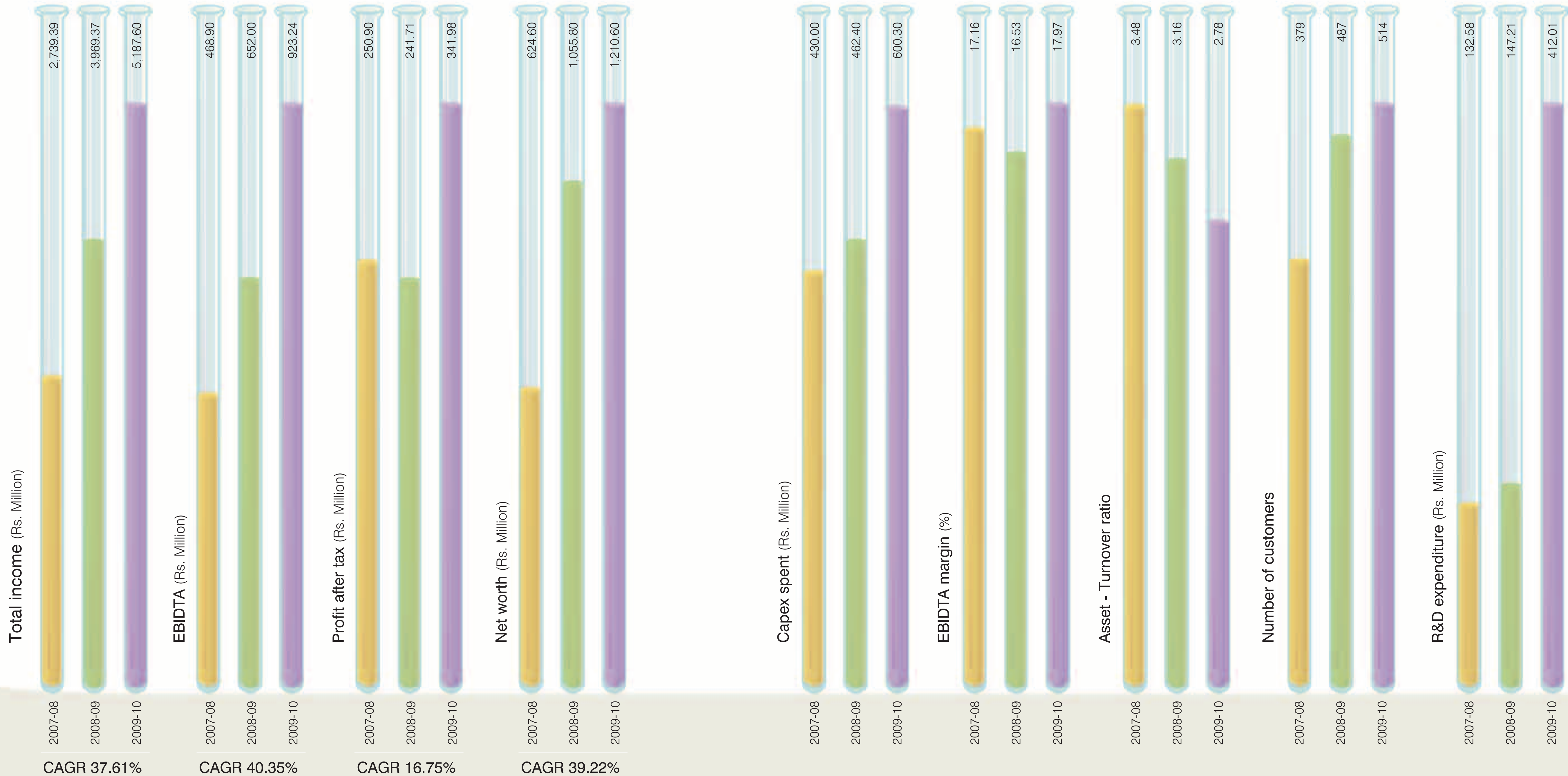
Client portfolio

The Company caters to about 514 customers, including leading Generic companies.

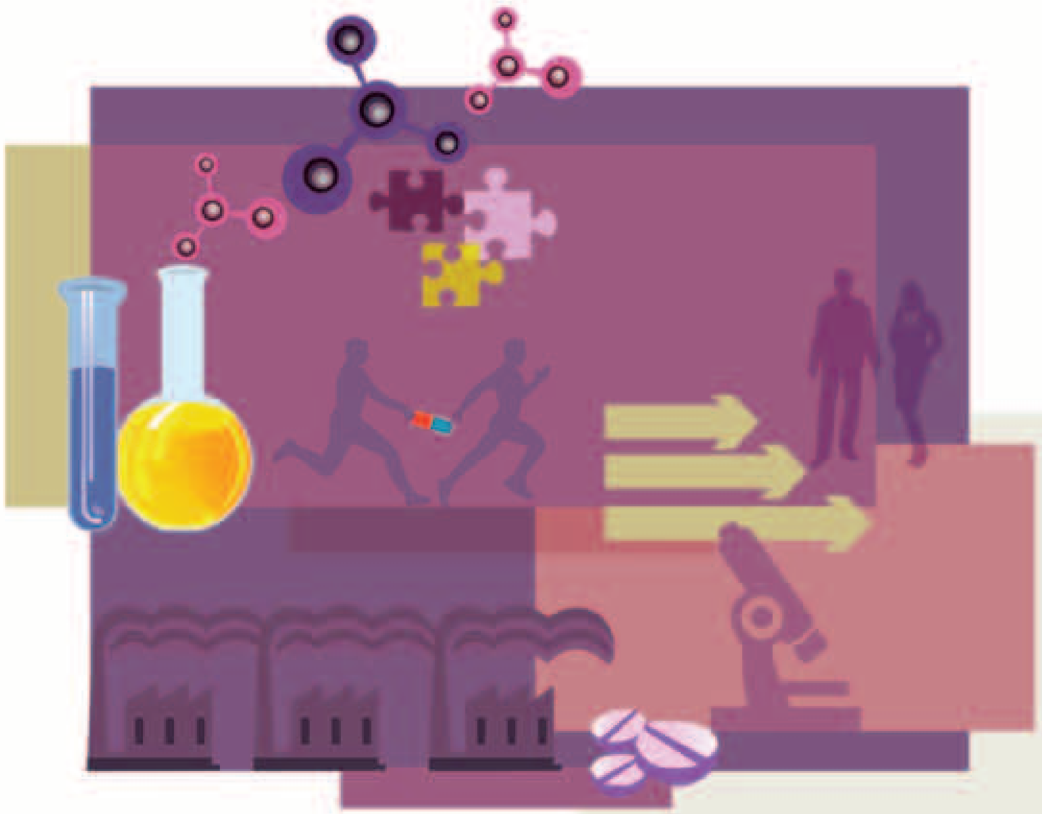
Certifications

- European GMP from EDQM, European Union
- ISO 14001-2004
- WHO-GMP
- US FDA approval (for 6-APA at Panchkula)

Highlights, 2009-10



Parabolic strengths



High growth

The Company has a strong track record of consistent growth with a scalable business model

Diversified customer base

The Company's customer base more than doubled from 244 in FY 2007 to 514 in 2009-10 across 45 countries.

Robust R&D

The Company's state-of-the-art R&D infrastructure at HSIIDC Barwala and Sundran (Derabassi) focuses on the development of non-infringing processes for APIs, process improvements and cost efficiencies.

World-class facilities

The Company's Derabassi facility is WHO-GMP, ISO-14001-2004 and European GMP certified; the Panchkula plant supplies 6-APA to the US and the Barwala facilities are recognised by DSIR as an in-house R&D centre.

Strong regulatory capabilities

The Company has built rich capabilities in filing ACTD, US and Canadian Drug Master Files across the last three years. Currently, 19 DMFs have been filed in the US, the EU and Canada

Rich intellectual capital

The Company has employed 1,014 people with skills in chemistry, patents, industry knowledge, marketing, strategic planning, accounting, material procurement, supply chain management and communication, among others. The Company also employs 85 scientists with 16 PhDs

From the Managing Director's desk

"The art of progress is to preserve order amid change, and to preserve change amid order." – Alfred North Whitehead

Dear Shareholders

At the onset of my address to new co-shareholders, I wish to thank you all for believing in Parabolic and making the milestone of becoming a listed company possible. The year 2009-10 was a special one for your Company, seeing the launch of many firsts.

Parabolic began its journey as a small contract manufacturing company but accelerated its growth to become a research-based API manufacturer with the skill set to deliver customised products to a world-wide network of customers in 45 countries. A lot has been accomplished over the last decade to propel the Company into the league of niche, multi-national pharmaceutical players.

With a strong belief that 'change is the only constant', your Company constantly reviewed and revised its strategies to grow appreciably in all spheres. The challenge was not in devising the strategies to meet the increasingly stringent norms in the dynamic pharmaceutical sector, but to ensure a consolidation of operations simultaneously with the implementation of high-speed expansion on all fronts.

Parabolic underwent a complete metamorphosis across the past five years and grew out of its mould of a Generic API contract manufacturer to become a strategic partner to innovator companies for developing and manufacturing research-based niche molecules. This metamorphosis was the result of a sea of changes introduced by the Company in its area of operations.

The closed fiscal year's achievements included:

- Change in our marketing strategy to form strategic partnerships/alliances with global players to partner in exclusive win-win deals
- Change in our image from a Generic contract manufacturer to partner in custom synthesis and contract manufacturing of innovator molecules; successfully executed eight custom synthesis orders
- Change in our product mix; as we shifted towards-high value Cephalosporin APIs to grow of our EBIDTA margin from 16.53% in 2008-09 to 17.97% in 2009-10
- Change in our marketing geographies as we extended beyond the Middle East to Latin America, the EU and ASEAN
- Change in our quality management systems to match the best in the world; received WHO – GMP certification, accreditation by European Union for Good Manufacturing Practices as per European standards
- Changes in our plants to increase capacities and make them world-class; received approvals for three plants from European Directorate of Quality in Medicines and Healthcare (EDQM) for supplies to the EU
- Changes in our solvent recovery systems to make them more efficient and save operational costs
- Change in our environment management systems to make them compliant with ISO 14001-2004
- Changes in our systems to automate and maximise productivity

Despite so many changes underway, the Company did not lose focus and achieved a 30% increase in topline to touch Rs. 5,590.10 million. We undertook capital-intensive initiatives to strengthen our visibility in the global pharmaceutical space and accelerate our growth. We commissioned our Barwala facility dedicated to custom synthesis and research and development in non-betalactum molecules. Besides, we are in the process of commissioning a non-antibiotic API manufacturing facility in village Chachrauli, Lalru, Punjab. Our ability to provide customised products as per stringent customer specifications resulted in premium realisations.

CRAMS

The contract manufacturing space is not new to Parabolic, having begun its story as a contract manufacturer for Generic APIs and intermediates. But now, the focus is on using the chemistry skills to develop niche molecules for long-term contract manufacturing for multinationals in the US and the EU. Innovator companies in regulated markets focused on reducing molecule discovery cost through outsourcing processes to low-cost economies with significant chemistry and quality competencies. With drugs worth US$224 billion likely to go off-patent in the US across 2009-15, India is well placed to manufacture a considerable share of these products to exploit the Generics opportunity. The good news for a company like Parabolic is that custom synthesis is a high-margin business (average EBIDTA margin 40%) against the API business margin of about 20%, which should translate into enhanced value for our shareowners. For instance, our Cephalosporin facility has just received the European approval which will permit us to capitalise on the large opportunity in that continent.

Non-antibiotics

We are venturing into lifestyle therapeutic segments – cardiology, diabetics, skin allergy and hypertension – along with pain management and oncology, providing attractive growth and margins. Parabolic is planning to establish a strong foothold in these segments through an inter-play of investments, pipeline and filings.

Investment: We are establishing a Rs. 450-million dedicated facility in Lalru (Punjab) to manufacture non-antibiotic APIs by January 2011. This facility is being built in line with stringent US FDA standards, which will facilitate a speedy approval from the regulatory body following our commissioning and lead the way to exports to regulated markets.

Pipeline: In the non-antibiotic segment, we created a robust product pipeline of 20 molecules, which are under various stages of development at our dedicated non-antibiotic R&D facility at Barwala; we shall manufacture trial batches at our non-antibiotic pilot facility at Barwala and work on filing DMFs for the same. The facility should commence operations in January 2011 and we should be ready for the commercial launch of seven-eight products by then.

Filings: We filed the DMF for a niche molecule developed for a market leader in the US, which will trigger US FDA inspection shortly after we commission the facility at village Chachrauli, Lalru, and which we expect to clear with ease. This will raise our exposure in regulated markets. Following the commissioning of this facility, we would be catering to about 60-70% of all therapeutic segments.

Regulated markets

Global shift from branded pharmaceuticals to Generics is not a flash in the pan but an irreversible trend. For instance, Japan, one of the largest pharmaceutical markets in the world, intends to double its Generics exposure to 15% in five years, which augurs well for a low-cost manufacturer like India. We are well-positioned to competently capitalise on the attractive growth from this segment for some good reasons.

- We have been in the API manufacturing business for more than a decade with a product basket of 44 APIs. As a result, we have strengthened process innovation; we have shrunk chemistry processes to make our APIs cost-effective and are positioned attractively to partner global pharmaceutical companies.
- In July 2010, our Cephalosporin facility received approval from the European regulatory authorities; the US FDA approval for this facility is expected shortly, which should translate into higher sales to regulated markets.
- Currently, we are supplying three Cephalosporin products to Europe. Supplies under two new contracts have been initiated and major European pharmaceutical companies are validating our products. In the next two-three years, we hope to establish a business relationship with around five-seven European companies. In view of this, we expect that Europe will open up in a big way for us over the coming years.
- The European approval will enable us to access Canada and Australia as well. The total regulated non-US Cephalosporin market (which includes Canada, Australia, Japan and Europe) is about US$50 billion,of which we will have an access to 60% (excluding Japan), a huge opportunity.

As a result, the proportion of revenues from regulated markets is expected to increase over the next two years.

Future plans

Your Company has a clear strategy for meeting its long-term and short-term goals. Apart from accessing the regulated markets, the Company shall also be looking to undertake the following initiatives

- Venture into South Korea, a large antibiotic market
- Strengthen our market share in Turkey, the world's seventh largest pharmaceutical market with a growing demand for antibiotics and offering realisations close to the regulated markets
- Establish a meaningful presence in China, a strong market for APIs
- Grow our presence in Japan, the most stringent market in the world in terms of quality and regulatory clearances
- Strengthen our API position by growing our product basket from 44 to 65
- Climb the value chain to finished dosages, a logical vertical integration
- Have in place approvals from regulated markets, which will make us a global pharmaceutical player

At the end, I would like to reiterate that we are one of the fastest growing pharmaceutical companies in India – revenue of Rs. 50 crore in 2005 to Rs. 560 crore in 2010 – and expect to sustain this growth over the foreseeable future.

I must also take this opportunity to communicate that we are comfortable with our financial position – a net worth of Rs. 3,023.97 million, a debt-equity of 1.08 (post-issue) and a cash balance of Rs. 398.27 million as on March 31, 2010. Besides, the proceeds of the IPO will be sufficient for meeting the capex requirements for two years. By then, we will have our growth engines firing, which will be used prudently to de-leverage our balance sheet or fund growth projects, which we believe will enhance shareholder value.

With your support and faith and the passion of our team, we are sure of achieving all that we have set our heart on.

Warm regards,

Pranav Gupta

Milestones

1997-98

Commenced commercial operation of PDL I at unit in Derabassi for Penicillin API and API intermediates

2000-02

Commenced contract manufacture for DSM and Ranbaxy

2003-05

Commenced commercial operation of PDL II plant at Panchkula

2005-06

Filed COS for two Penicillin APIs in the European Union

2007-08

- Diversified into Cephalosporin production
- Filed three US DMFs
- Established a sterile facility
- Commissioned a dedicated R&D wing

2008-09

- Diversified into custom synthesis for innovator companies
- Expanded the product basket with Sterile Cephalosporin API
- Commissioned two plants for additional Cephalosporin API capacities
- Filed eight DMFs in the EU / US
- Extended presence to 39 countries
- Filed nine patent applications

2009-10

- Certified by WHO-GMP for the Derabassi facility
- Received ISO 14001-2004 certification for environment and safety management at Derabassi
- Commissioned new Custom Synthesis and Research & Development Centre at HSIIDC, Barwala
- Filed the Draft Red Herring Prospectus for the IPO
- Adapted a customised ERP to enhance productivity and streamline operations
- Filed six Drug Master Files in the US and Europe
- Added six new Cephalosporin APIs in product range

Growth through scale

At Parabolic Drugs, we invested in scale with the objective to provide material on demand to service the growing needs of our customers on the one hand and effectively cover fixed costs on the other.

The Company invested in scale through the following initiatives:

- Established the Panchkula plant with two operational units (6-APA for regulated markets and Semi Synthetic Penicillin API) and the Derabassi plant for the manufacture of Cephalosporin products; now commissioning a multi-purpose block at Derabassi (expected to be operational by October 2010) to provide Cephalosporin products, niche oral Cephalosporins and contract manufacture of the latest generation Cephalosporin molecules
- The Company expects to commission (by January 2011), a 26-acre non-antibiotic API manufacturing facility at Chachrauli (Derabassi), a pilot plant for scaling new technologies for CRAMS and a hazardous block for handling specialised hydrogenation reactions.
- The Company plans to establish a new custom synthesis and manufacturing plant at Panchkula by end of 2012 to provide services (process research, contract research, collaborative research in process chemistry, multi-dimensional synthetic skills in non-antibiotic chemistry).

Result: The Company's API manufacturing capacity will increase by 80% by FY 2012

Growth through wider reach

At Parabolic Drugs, we believe that the Company with the widest reach is attractively positioned to grow faster than the industry average.

Parabolic products are available in a number of countries today, catalysing its growth.

- Foothold in 45 countries; it entered 20 countries in the last two years, especially South Korea (US$9.28 billion opportunity), Turkey, Syria and Iran
- Presence in Europe in 2009-10 following approval of its Derabassi Cephalosporin plant; already present in Germany, Italy, Spain and the Netherlands in Europe; the European approval will enable the Company to access Canada and Australia as well. The Company filed two DMFs with the Bureau of Pharmaceutical Sciences, Canada and nine dossiers with the EDQM
- Supply of 6-APAs to the US
- Proposed entry into the large US API market by 2010-11 following plant approval by US FDA; it filed eight DMFs with the US FDA; the Company also proposes to enter the US$25.35 billion Chinese API market in 2010-11

Result: In doing so, the Company expects to grow revenues by 25-30% in the next two years and increase the proportion of revenues from regulated markets to increase to 40% of all exports by 2012-13.

Growth through therapeutic spread

At Parabolic Drugs, we recognise that wider the therapeutic basket, the faster the growth and stronger the derisking.

This is precisely what the Company has achieved over the last few years in the following ways:

- The Company manufactures a comprehensive range of APIs for antibiotics, including Semi Synthetic Penicillins and Cephalosporins in oral and sterile forms. The Company is expanding into fast-growing, non-antibiotic lifestyle therapeutic segments (anti-hypertension, gastro-intestinal, psychiatric, pain management, respiratory, retro-viral, dermatological, anti-diabetic and oncology).
- The Company is in the process of establishing a Rs. 450-million dedicated facility in Village Chachrauli, Lalru (Punjab) to manufacture non-antibiotic APIs (to be commissioned by January 2011) and pilot plants for non-antibiotics and oncology (in-process and likely to be operational in October 2010).
- The Company possesses a pipeline of over 20 non-antibiotic products under development; about five of these new products are expected to be launched in Q4 of 2010-11.

Result: Following commercial production of the non-antibiotic facility, Parabolic expects to be present across 70% of the therapeutic segments.

Growth through integration

At Parabolic Drugs, we recognise that profitable success is derived from an ability to climb the value chain.

The Company entered the business segment of custom synthesis with this perspective, strengthening its positioning through the following initiatives:

- The Company commissioned the Barwala facility for custom synthesis built as per US FDA standards in January 2010 with a peak annual potential revenue of around Rs. 1,500 million; it proposes to set up another facility for undertaking CRAMS services including formulation R&D at Panchkula IT Park within the next 24 months.
- The Company executed eight custom synthesis projects for innovator global pharmaceutical companies, including two of the top ten pharma MNCs of the world in 2009-10.
- The Company intends to integrate forward into finished dosage manufacturing for global MNCs in the years to come.
- The Company expects to generate a revenue of Rs. 250 million from custom synthesis by 2013 and expects to extend contract research to the US$10 billion contract manufacture opportunity by 2015.

Result: Parabolic will emerge as a one-stop shop for antibiotic and non-antibiotic API / API intermediate development – API / Intermediate manufacturing and finished formulations.

Directors' Report

Dear members

The Directors of your Company have pleasure in presenting the Fourteenth Annual Report together with the audited accounts of the Company for the year ended March 31, 2010.

1. Financial Highlights

(Rs. in million)

	2009-2010	2008-2009
Sales and other Income	5,590.12	4,296.74
Operating Surplus	878.75	618.43
Finance Charges	382.20	283.35
Depreciation	56.23	36.09
Profit Before Tax	440.31	298.99
Provision for Tax (incl. Deferred Tax)	98.33	57.28
Profit After Tax (PAT)	341.98	241.71
Less:		
– Taxation adjustments for earlier years	(0.03)	2.38
– Prior period items	46.57	–
Surplus carried to Balance Sheet	295.44	239.33
Earnings Per Share (Basic)	17.91	22.68
Earnings Per Share (Diluted)	17.91	19.94

Review of Operations

Your Directors are pleased to report performance of the business operations as follows:-

- Sales and Exports

During the year under review, your Company has achieved a turnover of Rs. 5,590.12 million as compared to Rs. 4,296.74 million in the previous year showing thereby an increase of 30.10%.

Further, your Company has registered an export of Rs. 1,611.80 million as compared to Rs. 1,681.41 million in the previous year.

- Profitability

The Company earned profit before interest, depreciation, and tax (EBIDT) of Rs. 878.75 million as against Rs. 618.43 million in the previous year, showing an increase of 42.09%. The Company earned profit before tax of Rs. 440.31 million as compared to Rs. 298.99 million in the previous year, showing an increase of 47.27%. After providing for taxation of Rs. 98.33 million (previous year Rs. 57.27 million), net profit worked out to Rs. 341.98 million as compared to Rs. 241.71 million in the previous year showing an increase of 41.49%. The balance available for appropriation after adding the surplus carried from previous year of Rs. 239.33 million is Rs. 295.44 million.

- Fixed Assets

The net fixed assets (including work-in-progress) as at March 31, 2010 were Rs. 1,708.93 million as compared to Rs. 1,162.86 million in the previous year. During the year, the Company added assets amounting to Rs. 642.25 million.

2. Directors

During the year under review, Dr. Sumant Shambhuprasad Baukhandi has resigned on September 21, 2009 from the Directorship of the Company. The Board places on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company.

Notices have been received from the members under Section 257 of the Companies Act, 1956 signifying their intention to appoint Mr. Inder Bir Singh Passi as Director, who was earlier appointed as an Additional Director under Section 260 of the Companies Act, 1956. The Board welcomes the appointment of Mr. Inder Bir Singh Passi as a regular Director.

Dr. Ram Kumar, Mr. Pardeep Diwan and Mr. Koppisetty Srinivas, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

3. Share Capital

Authorised Share Capital

During the year under review, the Company has

- Increased its authorised capital from Rs. 380.00 million divided into 13,000,000 (thirteen million) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,000,000 (twenty-five million) preference shares of Rs.10/- (Rupees Ten) each to Rs. 620.00 million divided into 37,000,000 (thirty-seven million) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,000,000 (twenty five million) preference shares of Rs.10/- (Rupees Ten) each.

- Reclassified 25,000,000 preference shares of Rs. 10/- each into 25,000,000 Equity Shares of Rs. 10/- each.

- The present Authorised Share Capital of the Company is Rs. 620,000,000/- (Rupees Six Hundred and Twenty million only) comprising of 62,000,000 (Sixty Two million only) Equity Shares of Rs. 10/- each.

Issued Share Capital

The Company has issued 26,501,549 Equity Shares of Rs. 10/- each as per details given below:

a) 1,533,742 Equity Shares of Rs.10/- each on the conversion of 25,000,000 cumulative convertible preference shares;

b) 24,566,484 Equity Shares of Rs. 10/- each as bonus shares; and

c) 401,323 Equity Shares of Rs. 10/- each by way of preferential offer

4. Subsidiary

During the year under review, your Company was allotted 1,950,000 Equity Shares of Rs. 10/- each, by M/s. Parabolic Research Labs Limited in which your Company had invested Rs. 19,500,000 by way of share application money in FY 2008. These shares constitute 97.50% of the Paid-up Capital of Parabolic Research Labs Limited. Thereby the said company has become the subsidiary of our Company. A statement under Section 212 of the Companies Act, 1956 in respect of Parabolic Research Labs Limited, a subsidiary of the Company is annexed hereto with the Annual Report of the Company.

5. Bonus Issue

The Board of Directors in its meeting held on October 12, 2009 recommended a Resolution for obtaining consent from its members for the issuance of bonus shares in the ratio of two shares for every one share held by the existing shareholders of the Company. The members of the Company in their meeting held on November 5, 2009 accorded their consent for the same. In pursuance to the authorisation given by the Members, the Board of Directors in its meeting held on December 10, 2009 issued 24,566,484 Equity Shares of Rs. 10/- each to the existing shareholders of the Company on the record date fixed for the above said purpose.

6. Preferential Issue

During the year under review, the Company has made a preferential issue of 401,323 Equity Shares of Rs. 10/- each to some investors through private arrangement basis in accordance with the terms approved by the shareholders in their Extra Ordinary General Meeting held on January 11, 2010. The above said preferential issue includes a subscription of 201,323 Equity Shares of Rs. 10/- each of the Company by a foreign investor under automatic route of the Foreign Direct Investment in the Company. Further, the Company has also allotted 1,533,742 Equity Shares of Rs. 10/- each to M/s. BTS India Private Equity Fund Limited in accordance with the terms approved by its Members in their meeting held on September 26, 2009.

7. Public Issue

The Company enlisted its Equity Shares through its Initial Public Offer ("IPO") aggregating to Rs. 2,000.00 million through 100% book building process comprising of an offer for sale from the selling shareholders namely M/s. BTS India Private Equity Fund Limited (1,533,742 Equity Shares) and Alden Global (Mauritius) Limited (491,960 Equity Shares) which opened on 14, 2010 and closed on June 17, 2010. The IPO was fully subscribed and the Issue Price of the IPO was fixed at Rs. 75/-. The allotment of 24,640,965 Equity Shares was made on June 26, 2010 in accordance with the Basis of Allotment approved by the Stock Exchanges and your Company got listed on both BSE and NSE on July 1, 2010.

8. Infrastructure Expansion

During the year under review, the Company undertook various expansion projects and modernisation of existing facilities in tandem with its growth plans:

- Commissioning of New Custom Synthesis and Research and Development Centre at Barwala, Haryana

The Company has inaugurated a sophisticated and high tech R&D Centre on January 27, 2010. This centre, built up to international standards with an investment of more than US$3.5 million, is spread over 50,000 sq. feet area in HSIIDC, Barwala with a team of 84 scientists, including 15 Ph. Ds. The new centre has 6 dedicated Laboratories with 12 fume hoods each enabling 72 chemists to work simultaneously on different projects. The in-house pilot facilities and a Kilo Lab are handy for scale up of technologies developed by the centre as well as for providing CRAMS business services. The Centre has been equipped with six specialised testing Laboratories of International standard following cGLP, a dedicated HPLC Laboratory with all data back up on a dedicated Waters server, a dedicated GC and GCHS laboratory, an XRD room, chemical laboratory and an instrumentation laboratory fully equipped with the best of laboratory equipment, including Lyophilizer. A digital and reference library exists to support research activities.

This centre would be catering to the Custom Synthesis business for the Company as well as the development of non-beta lactam molecules for adding in the Company's product basket. In addition to the above, improvement in current products and processes of the Company in order to reduce costs and improve efficacy is a continual agenda for the Research Team

- Modernisation of Research & Development Labs at Derabassi

The Cephalosporin R&D would be operating from the Derabassi Cephalosporin site of your Company. The Company has further invested approximately US$0.45 million in upgrading of these Laboratories at Derabassi to further strengthen their testing capabilities. The team is focused on continual improvements in existing processes for Cephalosporin so that the Company's products remain viable and cost effective as well as developing non-infringing processes for new niche Cephalosporin API, both orals and sterile for launch by Parabolic.

- Improvements in the Infrastructure Facilities at Derabassi

Your Company has a vision to be a global pharmaceutical player and keeping in line with the long term vision, it is necessary to strengthen the base with world class infrastructure in place. During the year under review, the Company has made significant investments to improve on the existing manufacturing facilities, both at Panchkula and Derabassi to ensure that after the necessary improvements, both the sites meet the most stringent of quality and environment requirements. The major projects undertaken and completed during the year were:

i) Upgrading the Axetil Amorphous plant as per international guidelines

ii) Upgrading the MP I plant in accordance with international regulatory requirements

iii) Installing complete loop water system as per US FDA / EU requirements

iv) Upgrading the Cefixime manufacturing plant to make it international GMP requirement compliant

v) Complete overhaul of block B of Panchkula Penicillin unit to make it a world class manufacturing plant, compliant with all regulatory requirements

After this investment, all the plants of your Company are now ready for Audit and inspection by any regulatory body across the globe, including US FDA.

The positive outcome of the above investment can be easily measured with the grant of following accreditations for the Derabassi Facility of your Company:

- WHO – GMP for Cephalosporin Plants in 2009
- ISO 14001 – 2004 for good Environment Management in 2009
- GMP Certification by European Directorate of Quality Medicines and Healthcare (EDQM) for three plants at Derabassi – Cefuroxime Axetil, Cefixime and MP I for Cefpodoxime Proxetil on July 1, 2010

9. Registrar and Transfer Agent

M/s. Link Intime India Private Limited, C-13, Pannalal Silk Millls Compound, L.B.S. Marg, Bhandup (West), Mumbai has been appointed as the Registrar and Share Transfer Agent of the Company in pursuance to an agreement executed by the Company on June 28, 2010.

10. Auditors

M/s. S K Bansal & Company, Chartered Accountants, Chandigarh, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. They have also given their eligibility in terms of Section 224 (1B) of the Companies Act, 1956. The Audit Committee and Board of Directors recommend their re-appointment as Auditors.

11. Auditors' Report

The Auditors' Report on the accounts of the Company for the year under review is self-explanatory and requires no comments.

12. Audit Committee

Due to resignation of Dr. Sumant Shambhuprasad Baukhandi, the Board of Directors in its meeting held on October 12, 2009 reconstituted the Audit Committee of its Directors. The constituent members of the Audit Committee are Mr. Pardeep Diwan, Mr. Inder Bir Singh Passi and Mr. Pranav Gupta. The Committee met twice during the year. The remaining information pertaining to Audit Committee of the Company is given in the Corporate Governance report. The Board of Directors accepted all recommendations of the Audit Committee.

13. Management Discussion and Analysis Report

Management discussion and analysis of financial conditions and result of operations of the Company for the financial year 2009-10, as required under Clause 49 of the Listing Agreement, are annexed hereto as a separate statement in the Annual Report.

14. Corporate Governance Report

The Company aimed to conduct its affairs in an ethical manner. A separate report on Corporate Governance forms a part of the Annual Report is annexed hereto. A certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is given in Annexure II.

15. Fixed Deposits

During the year 2009-10, the Company has not accepted any deposits from the public in terms of the provisions of Sections 58 A and 58 AA of the Companies Act, 1956.

16. Personnel and Human Resources

Your Company continues to lay emphasis on continued qualitative growth of its human resources by providing a congenial and conducive work environment in consonance with its belief that the real strength of its organisation lies in its employees. Parabolic team has evolved over the last 12 years to become a force with passion unleashed to make the impossible sound as "I'm Possible". These are people with

- Passion and commitment
- Professional qualification
- Rich experience of pharmaceutical industry
- Competent to manage their profile independently with an innovative approach
- Make things happen – dynamic
- Ensure timely deliveries
- Ensure quality is a way of life at Parabolic

Your Company has a completely clear track record with zero incident of any strikes / lockouts or any major accident causing loss of life / property over the last 12 years of our existence. The Company follows stringent safety and health practices to ensure a safe and healthy environment for its work force.

Festival Celebration

The Company organises a Diwali Feast for its 1000+ employees across all PDL locations to create a sense of solidarity and bonding amongst the team members.

Annual Training Calendar

There is a dedicated EHS and Training department of the Company headed by a Sr. Vice President which formulates an annual training Calendar each year with covering topics from Safety and Environment control to personality development issues and healthy corporate practices including –

– 5-S system – A place for everything and everything in its place

– Self Development – telephone etiquettes, time management, communication skills, punctuality and cleanliness, among others.

– GMP Training – imbibing quality as a way of life

– EHS trainings

– SOP trainings

– Process Equipment handling and Utilities Management

A detailed record of all trainings held is maintained, of the attendance as well as questionnaire filled by attendees in each session, by this department as well as the HR department for personnel records. The focus is on improving the skills and knowledge base of our team members so that they can contribute their best to the Company and bring out the hidden talent in them to optimise their role within the team.

Appraisals

Parabolic has Annual Appraisal system with self appraisal being filled by the individuals (E1 and above level) which is reviewed by the reporting head jointly with the person being appraised. This helps in one-to-one communication between the senior and junior to clearly define the expectations and remove the communication gaps, if any, in the understanding at either end. Thus it leads to cordial relations across hierarchy and increased productivity.

17. Industrial Relations

The Industrial Relations between the employees and the management remained peaceful and cordial throughout the year at all units and branches of the Company.

18. Particulars of Employees U/S 217(2A) of the Companies Act, 1956

A Statement of Particulars of Employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this report.

19. Directors' Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed;

b. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Company's state of affairs as on March 31, 2010 and of the profit of the Company for the year ended on March 31, 2010;

c. 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 for preventing and detecting fraud and other irregularities; and

d. the Annual Accounts have been prepared on a going concern basis.

20. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Energy conservation continues to be an area of major emphasis in our Company. The Company has adopted the strategy of bringing about a general awareness amongst all regarding energy conservation.

Particulars with respect to conservation of energy and other areas as per 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, are annexed hereto and form part of this report.

21. Acknowledgement

Your Directors are pleased to place on record their sincere gratitude to Government, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by workers, staff and executives at all levels of operations of the Company during the year and we are confident that our Company will continue to receive such co-operation from them in future.

For and on behalf of the Board

(Vineet Gupta) *Executive Director*

(Pranav Gupta) *Managing Director*

Place: Chandigarh
Dated:July 20, 2010

Annexure to the Directors' Report

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010.

1. Conservation of Energy

Your Company has always been conscious of the need to conserve energy and also reduce the cost of production. The details regarding the present energy consumption are furnished below as per form A of the annexure to the rules.

Form – A

		2009-10	2008-09
A. Power and Fuel consumption			
1. Electricity			
a) Purchased			
Unit	KWH in million	8.06	8.57
Total amount	Rs. in million	41.20	38.43
Rate per unit	Rs.	5.11	4.48
b) Own generation through diesel			
i) Generator units	KWH in million	1.55	1.34
Units per litre of diesel	KWH	3.00	3.00
Cost per Unit	Rs.	10.15	11.27
ii) Through steam turbine/generator units		Nil	Nil
Units per litre of fuel oil / gas		Nil	Nil
Cost per unit		Nil	Nil
2. Coal			
Quantity	Tons	–	–
Total cost	Rs. in million	–	–
Average rate	Rs./ Ton	–	–
3. Furnace oil			
Quantity	K. Litres	50.00	71.76
Total amount	Rs. in million	1.74	2.69
Average rate	Rs./ Litre	34.89	37.48
4. Others / Internal Generation			
Quantity (Timber and Husk)	Tons	7,330.54	8,185.91
Total cost	Rs. in million	24.60	26.36
Rate/unit	Rs./Ton	3,356.12	3,219.53

		2009-10	2008-09
B) Consumption per unit of production			
Production of different product			
Electricity	KWH/KG.	5.17	5.18
Furnace oil		–	–
Coal	–	–	
Other	–	–	

2. Technology Absorption

Efforts made in technology absorption are furnished in Form – B as under:

Form B:

A. Research and Development (R&D)

a. Specific areas in which Research and Development is carried out by the Company

R & D has been carried out in areas of

1. Improvement on product quality
2. Innovation in manufacturing process to increase yields and reduce reaction time to enhance productivity
3. Improvement in processes for increasing solvent recoveries and cost reduction,
4. Development of new non-infringing processes for new products to be added in our product list.
5. Complete impurity profiling of all the molecules

b. Benefits derived as a result of above R & D

R&D efforts at Parabolic have yielded positive results which can be measured from the fast growth of the Company, both in terms of turnover and penetration of geographies.

1. Your Company was able to improve the quality of existing products and develop customer specific materials with stringent specifications, gaining an edge over competition and penetrating global markets
2. Your Company launched its research wing in February 2007 and has since come a long way. The R&D gave the Company skills to develop new Cephalosporin range of products and launch the complete basket of oral and sterile Cephalosporin within a short span of three years.
3. The Company's research efforts made way for Company to move from a high volume, low value SSP manufacturing to high value Cephalosporin.
4. R&D developed innovative processes to make your Company's products most cost effective with quality as per EP / USP.
5. The robust chemistry capabilities of the research team gave your Company the foundation to launch its custom synthesis and contract manufacturing business for innovator pharmaceutical companies across the globe

c. Future course of Action

Your Company completely comprehends the importance of this wing and has therefore set up a dedicated custom synthesis and research centre at Barwala, to provide world class infrastructure and the right ambience to our creative minds for boosting their creativity.

- The future lies in developing new molecules which are going off-patent in the near future and keep the technology ready for launch when the products go Generic.
- Also, the Company is partnering with Innovator companies in US and EU for developing innovator molecules exclusively for them
- The R&D focus is on developing non-infringing processes for manufacturing a wide range of non-beta lactam molecules, including API for Oncology, Cardiovascular drugs, Anti-hypertensive and the high growth segment of women healthcare

- The focus shall also be to reduce process times, replace costly solvents and reduce input norms to keep the edge on cost efficiency in our products and increase productivity.

R&D is the spinal cord of your Company. It is not merely a Research & Development cell, rather it is a Wealth Creation Centre of the Company with its activities widely spanning the following as its key focus areas:

1. Process Development and Technology Transfer
2. Analytical and Chemical Research
3. Biochemical Research
4. Microbiological Research
5. To conduct stability studies of under development and developed products
6. Contract Research
7. To develop non-infringing formulations for regulated markets and semi-regulated markets

Target would be to make your Company a most suitable partner for Contract Research and Custom Synthesis for Innovator and Generic MNCs desiring to outsource their Research and Contract manufacturing to India.

d. Expenditure on R & D *(Rs. in million)*

R & D Expenditure	2009-2010	2008-2009
Capital	152.08	71.69
Recurring	259.93	75.52
Total	412.01	147.21

Total R& D expenditure as a %age of total turnover: 7.37%

B. Technology Absorption, Adaptation and Innovation

a) Efforts made towards technology absorption, adaptation and innovation:

The Company is continuously making efforts for adoption of latest technology in all its plants. The Company has also created specific R & D and other cells for studying and analyzing the existing process for further improvement.

b) Particulars of imported technology in last five years:

i) Technology imported	Not applicable
ii) Year of import	Not Applicable
iii) Has the technology been fully absorbed	Not Applicable
iv) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of actions	Not Applicable

3. Foreign Exchange Earnings and Outgo

a) Activities relating to exports, initiative taken to increase exports, development of new exports markets for products and services and export plans:

The Company exported Semi-Synthetic Penicillin (oral and sterile) and Cephalosporin (orals and sterile) across the globe spanning 45 countries. The Company introduced six new products to increase the basket for added revenue. The Company has understood the need of customer relationships and identified potential customers across the globe and initiated visits to meet them to promote Buyer-seller relationship. The Company also participated in various international/ national business fairs in order to interact with customers.

b) Total foreign exchange used and earned: *(Rs. in million)*

Foreign Exchange Transactions	2009-2010	2008-2009
Earnings (FOB Value of exports)	1,300.46	1,090.41
Outgo (CIF Value of imports and Expenditure in foreign currency)	2,095.31	2,331.21

Information required as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended March 31, 2010

A) Persons employed throughout the financial year, who were in receipt of remuneration for the year which, in the aggregate, was not less than Rs. 2,400,000 per annum

S No.	Particulars	Details as on 31.03.2010	
		Mr. Pranav Gupta	Mr. Vineet Gupta
1.	Designation of Employee	Managing Director	Executive Director
2.	Remuneration Received (Including Perks)	Rs. 5,220,000/-	Rs. 4,567,500/-
3.	Nature of Employment	Contractual	Contractual
4.	Nature of Duties	Managerial	Managerial
5.	Qualifications & Experience	M.B.A. & B. Tech (Mechanical)	B. Tech (Mechanical)
6.	Date of commencement of Employment	01.11.1997	01.11.1997
7.	Experience	20 years	19 years
8.	Age	43 Years	41 Years
9.	Last Employment held	Ford Motor Company	N.A

S No.	Particulars	Details as on 31.03.2010	
		Mr. Ajeet Nigam	Dr. Parven Kumar Luthra
1.	Designation of employee	Sr. Vice President (Global marketing)	Vice President (R&D / IPR)
2.	Remuneration received (Including Perks)	Rs. 4,393,474/-	Rs. 2,966,222/-
3.	Nature of Employment	Non-Contractual	Non-Contractual
4.	Nature of duties	Managerial	Managerial
5.	Qualifications and experience	M.B.A. in Sales and Marketing	Ph.D. in Chemistry Diploma in Patent Laws
6.	Date of commencement of employment	15.02.2007	02.02.2007
7.	Experience	28 Years	17 Years
8.	Age	49 Years	40 Years
9.	Last Employment held	Ranbaxy Laboratories Ltd.	Orchid Chemicals & Pharmaceuticals Ltd.

B) Persons employed for a part of the financial year, who were in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than Rs. 2,00,000 per month.

Name	Designation	Remuneration Received (Including Perquisites)	Nature of Employment	Nature of Duties	Qualifications and Experience	Date of Commencement of Employment	Experience	Age	Last Employment held
Dr. Arvind Kumar Mishra	Sr. Vice President (Corporate Q.A.)	Rs. 2,411,015/-	Non Contractual	Managerial	Ph.D. in Analytical Chemistry	01.06.2009	26 Years	53 Years	Medreich Limited

Notes

1. Remuneration includes salary and other perquisites (In case of Mr. Pranav Gupta and Mr. Vineet Gupta)
2. Remuneration includes Salary, Other Allowances and Provident Fund (in the cases of rest of the employees)
3. Mr. Pranav Gupta, Mr. Vineet Gupta and Dr. Deepali Gupta are related to each other.
4. Mr. Pranav Gupta and Mr. Vineet Gupta are holding 824,100 and 701,550 Equity Shares respectively of the Company

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies:

Name of Subsidiary Company	Financial Year ending of the Subsidiary	Number of Shares held (Face Value)	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit / (Losses) so far it concerns the members of the Holding Company and not dealt with the books of Accounts of the Holdings Company (Except to the extent dealt within Col.6)	Profit / (Losses) so far it concerns the members of the Holding Company and dealt within the books of Accounts of the Holding Company.	Profit/(Losses) so far it concerns the members of the Holding Company and not dealt within the books of accounts of the Holding (Except to the extent dealt within Col. 8)	Profit/(Losses) so far it concerns the members of the Holding Company and dealt within the books of accounts of the Holding Company.
1	2	3	4	5	6	7	8
Parabolic Research Labs Limited	31.03.2010	1,950,000 (Rs. 10 each)	97.50%	Nil	Nil	N.A.	N.A.

For and on behalf of the Board

Place: Chandigarh
Dated:July 20, 2010

(Vineet Gupta)
Executive Director

(Pranav Gupta)
Managing Director

Management Discussion and Analysis

Economic Overview

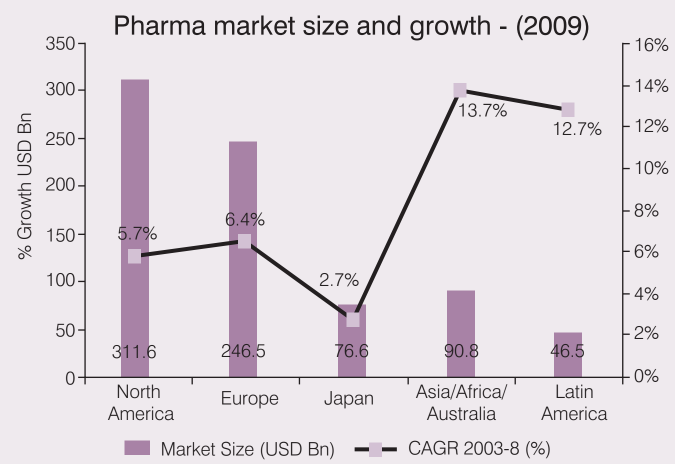
Global economic growth – having been severely affected by the worldwide recession in 2008 – is expected to recover from a negative 0.8% in 2009 to 3.9% in 2010 and 4.3% in 2011 following higher monetary fiscal support and improved investor confidence *(Source: The International Monetary Fund)*. India outperformed the global average in 2009-10 with a GDP of US$1,217 billion (1.96% of the world economy), growing at 7.4% *(Source: World Bank)* following the introduction of a Government stimulus package, tax cuts, increased infrastructure spending and lower interest rates.

Global Pharmaceutical Sector

The global pharmaceutical market grew 4.8% in 2008, 7% in 2009 and is projected to grow by 4-6% in 2010. IMS Health Today indicates that the global pharmaceutical market is expected to grow nearly US$300 billion over five years to US$1.1 trillion in 2014, catalysed by the introduction of 30-35 products in five years. The 5–8% compound annual growth rate during this period reflects the impact of leading products losing patent protection in developed markets, as well as strong overall growth in the world's emerging countries.

The global pharmaceutical market is passing through a transformation. With medical needs widening and disease incidence increasing, opportunities are growing. E-7 countries (Brazil, China, India, Indonesia, Mexico, Russia and Turkey) are becoming more prosperous; their real gross domestic product is projected to treble in 13 years and account for around a fifth of global pharma sales.

Emerging markets are expected to be the key growth engine for the global pharmaceutical market. While there has been a slowdown in the developed pharmaceutical market, emerging markets which form 17.8% of the global pharmaceutical market, continue to drive growth, contributing 49% of the total growth in 2009. Emerging markets outperformed developed markets in terms of growth with a CAGR (2003-2008) of 12-13% whereas CAGR for developed economies stayed around 6-8% for the same period.



Source: OPPI – E&Y Report on Taking Wings: Coming of Age of the Indian Pharmaceutical Outsourcing Industry, 2009

Projected growth

Countries	Additional contribution in global sales by 2013
China	US$40 billion
Brazil, Russia and India	US$5-15 billion each
13 fast followers*	US$1-5 billion each
Total	US$90 billion

*13 fast followers comprise Venezuela, Poland, Argentina, Turkey, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan and Ukraine.

(Source: IMS Health Market Prognosis)

Global Generic market: The global Generic market generated US$83 billion in audited sales in 2009, a growth of 7.7% for the 12 months ending September 2009, compared with 3.6% in the corresponding period of 2008. By 2014, the global Generic market is estimated at US$129.3 billion, driven by a five-year CAGR of 9% *(Source: IMS Health)*. Over the next five years, products with sales of over $142 billion are expected to face Generic competition in major developed markets.

This is a challenging time for the Generic pharmaceutical sector, marked by an increasing need to control costs, widen applications and counter shrinking margins. Several blockbuster pharmaceutical brands are going off-patent, leading to increased Generic manufacture. Much of this activity is likely to be centred around China, India, Eastern Europe and Brazil.

Of the US$59-bn global Generic market (developed countries only), the US accounted for 42%, five major European markets 23% and Japan 6%.

Indian Pharmaceutical Industry

The Indian pharmaceutical industry ranks third and accounts for 10% of the world's production by volume *(Source: Minister of State for Chemicals and Fertilizers, Government of India)*. The industry ranks 14th and accounts for a mere 1.5% by value of the global pharmaceutical industry. The Indian pharmaceutical market ranks fourth in terms of Generic production and 17th in terms of the export value of bulk actives and dosage forms. India's pharmaceutical products are exported to over 200 countries including the highly regulated markets of the US, West Europe, Japan and Australia.

Indian firms won 138 approvals from a total of 483 Generics, approved by the the US FDA in 2009, claiming over 31% of the abbreviated new drug applications (ANDAs) approved by the US FDA (regulator of the world's largest pharma market). India possessed over 100 manufacturing facilities approved by the US FDA, the largest outside the US.

The Indian pharmaceutical market, estimated at over Rs. 100,000 crores (US$20 billion), is expected to grow to US$40 billion by 2015, reporting a compounded annual growth of nearly 14% *(Source: McKinsey)*. The domestic market, growing at almost 10-14%, is expected to grow to US$20-24 billion in 2015; exports and contract manufacturing, growing at 10% annually, are expected to be around US$8-10 billion by 2020.

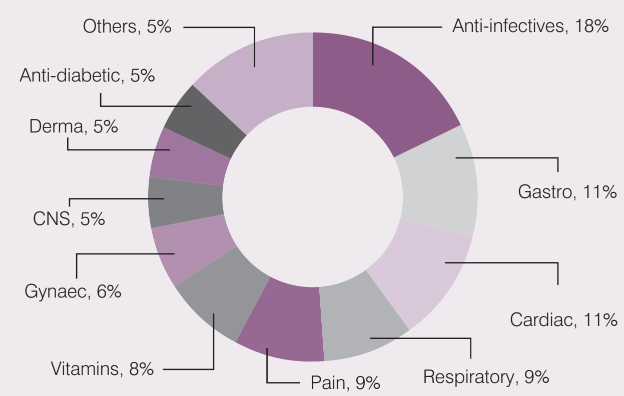
Active pharmaceutical ingredients: India is the world's third-largest API player – growing at 6.5% – after China and Italy and is expected to be the second-largest – growing at 10.5% – after China by 2010. India has about 3,000 API factories and 5,000 reagent factories. The upcoming off-patent opportunity is expected to strengthen the surge of Generic APIs, comfortably outpacing the growth of innovator APIs over five years. Of 48 countries, India received the highest (21.47%) of Certificate of Suitability of European Pharmacopoeia (CEP) monographs from the European Directorate for Quality Medicines and Healthcare (EDQM), followed by Italy (11%) and the US (10%). Emerging markets like Asia, the Commonwealth of Independent States (CIS), Latin America and the Asia-Pacific region are expected to emerge as global API production hubs, growing at an estimated 12.6% CAGR across 2010-2012.

Exports: A majority of India's industry revenues are derived from the overseas markets (mainly the US and Europe). The Indian pharmaceutical export market of Rs. 244 billion (US$5.48 billion) in 2009-10 is expected to grow to Rs. 593 billion (US$13.31 billion) by 2011-12 *(Source: RNCOS)*. Indian pharmaceutical exports grew 28.54% across April-December 2009, compared with 14.37% over the corresponding period in the previous year *(Source: The Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers)*. It is expected that owing to increasing Generic penetration and global patent enquiries, Indian pharmaceutical companies will increase exports faster than global industry growth.

Therapeutic Segments

Anti-infectives is the most important segment in the domestic pharmaceutical market, accounting for about 18% of the total market turnover of US$8.4 billion in 2007-08. Next in line, accounting for 1/10th each, are cardiovascular preparations, cold remedies, pain killers and respiratory solutions. In contrast, the market for treating diseases like diabetes and obesity, so-called lifestyle drugs such as anti-depressants and anti-wrinkle drugs, among others, are currently less significant, but are expected to grow soon.

Therapeutic wise distribution



Outlook

With several international pharmaceutical companies slated to invest in India, the domestic industry's future appears promising. India is expected to rank among the top 10 global pharmaceutical markets *(Source: Report by Angel Broking, October, 2009)* with a size of Rs. 2.2 trillion (US$50 billion) by 2015, making it lucrative for global clinical trials.

Contract Research and Manufacturing Services Industry (CRAMS)

The contract manufacturing business is expected to grow to US$10 billion in 2015, driven by the divestment of plants by owner companies, owing to low capacity utilisation and a corresponding increase in outsourcing. Besides, a number of emerging biopharma/ biotech companies do not possess production capacities and would rather outsource manufacture to cost-effective Indian companies while retaining marketing rights. This cost advantage has made India a preferred destination for contract research and clinical trials for developed market companies.

India is emerging as one of the most attractive destinations for global pharmaceutical activity outsourcing. The Indian CRAMS industry was valued at US$1.7 billion in 2008. Despite India's inherent advantages, it accounts for an around 3% share of the US$51 billion global outsourcing market, indicating significant growth opportunity in this segment.

Indian pharmaceutical manufacture outsourcing was valued at US$1.1 billion in 2008 and is growing at a CAGR of 43% (2007-2012), thrice that of the global market. India's share of the global manufacture outsourcing market is estimated to increase from 2.8% in 2007 to 5.5% in 2010. API/intermediate outsourcing is more prevalent in India than formulation outsourcing. Around 64% of total outsourcing is in the APIs and intermediate areas. The market grew at a 34% CAGR for five years leading to 2009 *(Source: Research and Market)*.

Overview

Parabolic Drugs Limited, one of the fastest growing pharma companies in India, an integrated API player with an active presence in the antibiotic space, with a complete range of APIs and intermediates for Cephalosporin and Semi-Synthetic Penicillin (orals and sterile) and a focus on custom synthesis and contract manufacturing (CRAMS), has grown from a small-scale contract manufacturer to a strategic partner to innovator companies for manufacturing niche API and API intermediates.

Key Highlights of FY10

- Developed and commercialised 6 latest-generation Cephalosporin API/intermediates
- Inaugurated a dedicated custom synthesis and R&D centre at HSIIDC Barwala – a launch pad for future technologies
- Launched a CRAMS business based on the robust chemistry skill set of the R&D wing

- Executed eight custom synthesis orders from innovator companies in FY 2010 with a rich pipeline of orders in process
- Penetrated new Latin American and European markets
- Filed six new Drug Master Files in the US and Europe
- Filed a patent for one new R&D-developed process for Cephalosporin API

Operations

In the pharmaceutical business, the role of manufacturing and operations need to be overemphasised as products affect human lives. In view of this, the Company invested in the highest standards of manufacturing excellence.

Parabolic has two dedicated, fully-operational API manufacturing sites, a SSP manufacturing plant at the Industrial Area, Panchkula (Haryana), and one Cephalosporin API and intermediate manufacturing facility at Derabassi (Punjab).

Panchkula Facility

The Company's Panchkula facility, acquired in 2004, has two blocks, one manufacturing 6-APA for regulated markets and one for Semi-Synthetic Penicillin APIs like Cloxacillin, Dicloxacillin, Bacampicillin, and Sultamycillin, among others. Block-B for SSP manufacturing was completely renovated with an investment of over Rs. 40.00 mn in FY 2010, to upgrade it as per international norms. Today, the plant is highly automated and auditable by any foreign customer/regulatory body.

The plant has complete utility support with ETP, an in-house liquid nitrogen tank and GMP-compliant water systems and chillers.

Derabassi Campus

PDL commenced production from this unit in 1998 for SSP, but this site has gradually evolved into a world-class Cephalosporin manufacturing facility. The 26-acre site houses:

- Six manufacturing plants
- A dedicated QC and Q.A block
- Administrative offices
- Research and Development Laboratories for the Cephalosporin range of products
- Two solvent recovery set-ups
- An effluent treatment plant with Incinerator
- A huge husk boiler set-up
- Complete support system with an occupational health centre, canteen, large training and seminar room, drum storage area and stores and warehouse with cold storage facilities

Accreditations

Three of the six plants were approved by the European Directorate for Quality of Medicines and Healthcare for supplying three products to the European Union. This certification will pave the way for entry into the Company's regulated markets, including Europe, Canada, Mexico, Australia and Japan, which recognise European GMP accreditation. The following are the current valid certifications for Company's facilities:

- European GMP
- ISO 14001-2004
- WHO-GMP
- US FDA for 6-APAs at Panchkula
- Facility Approval by more than a dozen customers including leading national and International Pharma MNCs.

Towards the Regulated World

Parabolic Drugs Limited aims to increase its share of earnings from regulated markets. The Company is striving to get quality accreditations for its products, systems, procedures and safe environment, prerequisites for the regulated markets. Apart from this, the Company has an ambitious plan for filing of Drug Master Files (DMF) for its API being manufactured by a non-infringing process. Both the Panchkula facility and the Derabassi site are registered in the USA with US FDA, as manufacturers and suppliers of quality API and intermediates. There are currently 19 DMFs filed in Europe, the USA and Canada, for registration of the Company's API.

List of DMF Filings

Sr. No.	Product Name	USA	Europe	Canada
	CEPHALOSPORIN			
1.	Cefuroxime Axetil Amorphous	★	★ ★	★
2.	Cefuroxime Axetil Crystalline	★ ★	★	
3.	Cefuroxime Acid	★ ★		
4.	Cefixime Trihydrate	★	★	
5.	Cefuroxime Sodium Sterile		★	
6.	Cefpodoxime Proxetil		★	
7.	Cefprozil	★		★
	PENICILLIN			
8.	6 – APA	★		
9.	Amoxycillin Trihydrate		★	
10.	Flucloxacillin Sodium		★	
11.	Pivampicillin HCL		★	

New Product Launches

The Company added six new Cephalosporin products to its basket, all developed in-house by the R&D wing during 2009-10, making its total 44 APIs and 7 intermediates.

Ceftazidime Sodium Sterile	Ceftizoxime Sodium Sterile
Cephalothin Sodium	Cefprozil
Cefdinir	Cefditoren Pivoxil

The Cephalosporin range of antibiotics was added in Company's product list in 2007 and since then, the Company developed and launched the complete range of oral and sterile Cephalosporin antibiotics. The fifth generation molecules in the Cephalosporin range are under development with the R&D wing and shall be launched in FY 12.

FY 2011 shall see the launch of non-antibiotic APIs and intermediates by Parabolic from its upcoming Chachrauli site. This is expected to include a wide range or products from the cardiovascular, anti-hypertensive, oncology and pain management segments.

High GMP Focus

Parabolic, as a whole, has 'quality' as its focal point. There is a dedicated Quality Control and Quality Assurance department, headed by Sr. Vice President Corporate QA.

Quality Control Department

This department ensures that all the inputs are in accordance as per defined specifications and standards. PDL has a fully-equipped QC department with about 67 people staffed to ensure that every material entering the premises is sampled and tested before use. The minute material enters stores, a requisition for sampling is generated online to QC for sampling and approval. Since quality of inputs affect the end yield and product quality, QC plays a very crucial role in ensuring quality inputs for quality finished products. The target of QC is ensuring "zero defect products" that match quality specifications of Pharmacopeias/customers though tight checks on inputs and in-process sampling and testing.

Quality Assurance Department

This department assures the quality of the product for its entire shelf life. A team of highly qualified and experienced personnel perform the following tasks:

- Ensure strict GMP-compliance in all systems and necessary documentation at all levels
- Conduct stability studies of all products commercialised for shelf life studies
- Provide GMP training to all concerned
- Get all GMP and customer audits completed,
- Address market complaints, if any
- Conduct complete validation and calibration for all equipment used in process and testing
- Vet all Technology Transfer Documents prepared by R&D for transfer of a new process to Operations
- Validate all method of analysis developed by the R&D wing
- Support the process of scale up of technology from R&D to Operations
- Compile DMF in respective DMF formats and submit these to respective markets

Cost-Reduction Initiatives

- Replaced expensive solvents with cheaper alternatives through the adoption of new processes
- Replaced high power consuming equipment with economic counterparts
- Replaced water ejectors with efficient vacuum systems, resulting in power conservation, reaction time reduction and savings in aqueous effluent generation
- Added columns to recover new solvents used in new products
- Replaced dry ice with the cost-efficient brine system and liquid nitrogen

Research and Development

Parabolic's R&D vision evolved in a structured manner over the three-and-a-half years of its existence and has given a strong foundation to the Company to launch itself in "niche" segments.

The Company's Research wing is committed to offer novel, innovative processes for latest generation Cephalosporin APIs and Non-Beta Lactum APIs of world-class quality. The Research wing, with 85 scientists and technicians with 15 PhDs, has a significant number of molecules under various stages of development both in Cephalosporin and Non-Beta lactam categories, to be launched over the next two years.

The Company recently established a new R&D centre with an investment of over US$3.5 million, spread over a 50,000-sq. feet area in HSIIDC, Barwala.

The new centre has 6 dedicated Laboratories with in-house pilot facilities and kilo Laboratories for CRAMS business handling. The centre is equipped with six specialised international standard testing Laboratories following cGLP. A digital and reference library exists to support research activities. Additionally, improvement in the Company's current products and processes, in order to save costs and improve efficacy, is a continual agenda for the Research team.

Both the Research centres at Derabassi and Barwala are registered and recognised by the DSIR (Department of Scientific & Industrial Research) under the Ministry of Science and Technology.

Custom Synthesis and Contract Manufacturing

Custom synthesis services are specialised services requiring solid chemistry capabilities, both in terms of technology and infrastructure. Hence, these command premium in markets and margins are many times the cost of the job. The assignments may be on a FTE or job basis and margins shall decrease with an increase in quantum.

For PDL, the CRAMS basket is expanding with two long-term contracts with innovator companies and world market leaders, already in hand. The Company is adding infrastructure for oncology custom synthesis, likely to commence operation in Q3 of FY 2011 which will attract niche businesses for this segment. The CRAMS business shall be contributing around 1% to the projected top line of Rs. 705 crores this year, through:

- An additional oncology kilo laboratory for attracting the niche custom synthesis business
- Value-addition in CRAMS business team, both technical and business development
- A rich pipeline of orders for execution in FY 2011
- Adding more customers for innovative businesses

Intellectual Property and Rights (IPR)

In order to safeguard its intellectual property, the Company has a dedicated IPR department within a R&D centre. The Company filed ten process patent applications to the Indian Patent Office and one PCT application for protecting the non-infringing processes developed by the in-house R&D. The IPR department is the starting point of all activity in the R&D centre, providing full support to the Research scientists on any information desired on a product under development – like present patent status, the route of synthesis in the current patents to ensure the process is non-infringing – which forms the basis of complete research activity. The department also provides necessary inputs to the Company's CRAMS division for any new custom synthesis orders received for latest molecules developed across the world.

Global Marketing

The Company began its journey as a contract manufacturer for larger players like Ranbaxy and DSM among others, gradually strengthening its marketing muscles over the last few years. The Company has two marketing divisions, domestic and international business.

Domestic

The Company has fast penetrated the Indian market for Penicillin and Cephalosporin and is supplying its material to every corner of the country today. It has its offices at Mumbai and New Delhi and depots at Baddi (Himachal Pradesh), Ahmedabad (Gujarat) and Bhiwandi (Maharashtra), through which it manages its supply chain. The Company supplies its API to some of India's leading pharmaceutical giants like Daiichi-Ranbaxy Laboratories, Alkem Laboratories, Lupin Ltd, Cadila Pharmaceuticals and DPB Antiniotics, among others, and has a customer base of nearly 450 small and medium scale companies in India.

International Business

Over the last three years, the export share in Parabolic's top line has grown by leaps and bounds and today the Company is registered with its APIs in 45 countries of the world, including Turkey, Netherlands, Iran, Jordan, Nigeria,and Syria – some of the key markets.

The Company was able to penetrate the already crowded Generic space on the strength of its quality, cost-efficiency and its speed in deliveries. These key differentiators along with excellent relationship management with key clients, has helped the Company build long term associations with its customers. All key client relationships have been with the Company for over 3-5 years now, and almost 56% sales for FY 2010 were from such customers Quality at affordable prices is behind Parabolic's growth in top line over the last few years.

Opportunities and Outlook

Competitive position

1) PDL enhanced its Cephalosporin sterile product basket and is now a "one stop shop" for a wide range of Penicillins and Cephalosporins, both oral and sterile.
2) PDL added niche, high-tech products like Bacampicillin, Ceftizoxime and Cephalothin, among others, to its product basket which offer double the margins than commodity products.
3) PDL today has world-class, dedicated manufacturing facilities for Cephalosporins, ready for audit and inspection by any regulatory body.
4) PDL has 19 DMFs filed in order to move from semi-regulated markets to regulated markets. This is expected to have a positive impact on both sales realisations and profitability on account of better pricing in regulated markets.
5) PDL has a strong structure in place for regulatory compliances across locations.
6) PDL's multi-purpose manufacturing plants facilitate quick commercialisation of new technologies.
7) PDL has good business associations with leading multinational companies in India

The Road Ahead

Multi-purpose plant II: The Company's second multi-purpose plant (Rs. 225 mn) for manufacturing oral Cephalosporin APIs is expected to be commissioned in October 2010. This state-of-the-art facility with five production streams – two intermediate blocks and three finished API sections – will enhance oral Cephalosporin API production by 300 tons annually.

Non-betalactam facility: The Company is in the process of commissioning a plant for manufacturing non-antibiotic APIs at Chhachhrauli (Lalru, Haryana). Following commissioning, the Company will enter the non-antibiotic space and launch new molecules in the cardiovascular, anti-hypertensive, oncology and pain management segments. The plant is being established in two phases, with the first to be commissioned by November 2010 with a CAPEX of Rs. 420 mn. The first phase will comprise a QA/QC block, pilot plant, manufacturing plant with five production streams, separate finished goods processing section, solvent recovery, utilities, effluent treatment plant, canteen, stores, warehouses, hazardous reaction block and engineering and project sections. The plant's additional capacity – around 180 TPA – will be used to manufacture new APIs through processes being developed in-house and providing commercial quantities for innovator molecules under CRAMS.

IPO Deployment

The Company mobilised Rs. 2,000 million through an IPO of which Rs. 1,150 million was earmarked for fresh capital expenditure as follows:

Project	Investment in Rs. Million	Objective	Commercialisation / Impact
Up-gradation of Lalru plant as per US FDA standards	160.33	Setting up additional infrastructure for the automation of processes, additional purified water arrangement as per FDA guidelines	FY 2012 US FDA Approval of facilities for selling API in USA
Multi-purpose plant III	200.00	To meet the additional demand for oral cephalosporins	FY 2012 Enhance the flexibility to manufacture and service small CRAMS order quantities for regulated markets in a multi-purpose block
Sterile cephalsoporin plant (for US FDA approval)	325.50	New plant, dedicated to regulated market supplies, designed as per FDA guidelines with complete automation in process	FY 2012 Sterile sales to regulated markets
Custom synthesis and manufacturing site (IT Park Panchkula)	466.20	Additional facility for CRAMS to meet the increased demand in this segment	Year 2012 The Company will offer contract research and manufacturing services (CRAMS) from this site supported by cost-effective integrated R&D, technology and engineering capabilities related to research and development, manufacture of key intermediates and synthesis of impurities.

Financial Performance

The Board reviewed the complete financial performance of the Company and finds it in good health. The Company recorded a quantum jump in sales for the year with gross sales going up 30.10% to INR 5,590.12 million, mainly owing to increase in the sales of sterile Cephalosporin and entry into new geographies in Latin America and ASEAN countries like Peru, Chile, Hong Kong, Vietnam, Thailand, Malaysia, Philippines and Korea among others. The sales figures include the direct exports of 25.35% to various geographies like the European Union, Central and South America, the Middle East, Africa and South East Asia. The CAGR for the last 5 years comes to 55% in turnover. The Company was able to service 514 customers, compared with 487 customers in the previous year.

EBITDA also improved 41.60% to Rs. 923.24 million from the previous year figure of Rs. 652 million. This is a fantastic achievement given the global economic scenario, and reflects the Company's improving profitability. The Company had an impressive CAGR of 63% in the EBITDA figures in the last five years, reflecting a healthy and consistent growth trend in line with its vision. EBITDA as a percentage of net sales was 17.97% in FY10, compared with 16.53% in FY09. The product mix of turnover had 60.90% Cephalosporin sales against 33.55% for SSPs and the remaining 5.55% from by-product sales, contributing to better EBIDTA margins. New territories also added to better profitability from the Company's products.

Profit after tax increased 41.49% to Rs. 341.98 million from the previous achievement of Rs. 241.71 million.

The Company's reserves and surplus increased 35.90% to Rs. 1,213.65 million, against the value of Rs. 893.02 million in 2008-09. The major portion of reserves was from the profit and loss account and the security premium account.

The Company built a net worth of Rs.1,210.60 million, against Rs. 1,055.80 in FY 2009. Though the profit transferred to the general reserves was Rs. 295.44 million, a parallel increase in miscellaneous expenditure by Rs. 180.86 million mitigated the increase in net worth to this extent. The increase in miscellaneous expenditure was largely contributed by deferred R&D expenditure to the tune of Rs. 227.16 million, partially set off by complete writing-off of the FCM Translation Difference Account for Rs. 46.57 million.

The Company's gross block stood at Rs. 1,847.29 million, with a major share of investments going towards plant and machinery (111.04 million) and factory buildings (57.17million). The total capital expenditure in this year was Rs. 600.30 million, against Rs. 460.00 million in the previous year. The turnover for the year end was 2.78 times the gross block, very good in comparison to API industry standards.

Operations

The Company saw a strong robust growth in FY10 operationally and now employs 1,011 people. The product basket was also expanded and now includes 44 APIs and 7 intermediates, supplied to 45 countries across the world.

- **Capacity addition:** The Company had a total capacity of 200 Kl as on March 31, 2010 which will be enhanced by nearly 40% in fiscal 2011 with the commercial launch of the Phase I of the Village Chachrauli (Lalru) non-antibiotic facility and the MP II at Derabassi, funded by internal accruals and debt. Post the IPO proceeds coming into the Company the capacity is expected to increase by 110 Kl to 390 Kl.
- **Capacity utilisation:** The capacity utilisation of the facilities of PDL as on March 31, 2010 was around 87%. The additional facilities that have come up/are coming up will be utilised by key PDL clients where long-term agreements have already been signed. These include Ranbaxy, Lindopharm and ACS Dobfar, who will utilise the additional capacity. The remaining excess capacity will be utilised by the domestic clients of PDL.

Human Resource Outlook

The HR department has huge responsibility of not only building a cohesive team, but also retaining the talent. The attrition is quite high in the Industry but best efforts are being made by the HR to minimise this trend in Parabolic.

Risk, Concerns and Risk Management

The pharmaceutical industry is susceptible to some inherent risks like healthcare policy changes, governmental price controls, changes in regulatory environment, IPR-related policy and legal changes. The Company is in a transition phase with multi-dimensional growth on all fronts – expansion of infrastructure, expansion of product basket, expansion of market reach and team-building simultaneously.

The Company's wide product range and huge customer base helps in spreading the risk. But since only 'change' is permanent, we envisage the following as prospective risks to our business and the Company has ensured to take sufficient measures to minimise the same at all levels.

a) Fire Hazard – Highly Inflammable Material Handling in Chemical Plants

At Parabolic, safety is a major priority at all levels. There is a dedicated EHS department to ensure compliance with all safety norms.

- There is a weekly fire drill on-site to ensure complete training of personnel so that they are capable of handling any such exigency.
- Strict adherence is ensured to follow the safety norms on-site for handling inflammable solvents and material.
- Flame-proof equipment is used in hazardous zones.

b) Volatile Rupee

Since the share of imports and exports is increasing in the Company's operations, which is transacted in US Dollars, any unfavorable movement/volatility in the rupee versus the dollar would impact the Company's top line and bottom line.

In order to minimise the impact of this risk, the Company hedges its foreign contracts on a regular basis.

Forex fluctuations are monitored on a daily basis at every step of the transaction.

c) Delay in Project-Implementation owing to Regulatory Issues

The Company has 5-6 major capital projects in its pipeline to be rolled out and commissioned within the next 18 months. There may be a possibility of policy change or delay in processing of governmental approvals and clearance for electricity, boiler, water and environment, among others, for timely implementation of these projects as per projections. This shall then impact projected sales targets.

The Company expanded it Liaison Department and added strength to ensure timely movement of necessary applications for getting project-related approvals and clearances as per projected timelines.

The Company appointed senior project consultants for ensuring timely planning and implementation of entire projects.

d) Stringent Quality Norms

Quality specifications and GMP norms are becoming more and more stringent across the globe with every passing day. The Company has planned its projects keeping in view current International Good Manufacturing Practices norms which may be upgraded by target regulatory bodies like US FDA and UK MHRA, among others. This would then entail additional investment by the Company to get the necessary accreditations for quality in order to register its products in regulated markets.

The Company designed its proposed plants/upgraded all its existing plants as per the latest US FDA guidelines, and keeps itself updated on a regular basis on amendments and notifications issued by this body.

e) Margin Erosion

The world economy is under pressure to reduce healthcare costs and accordingly, the trend is moving towards the Generic space. Innovator companies are now joining the bandwagon to sustain their market share in Generics as well. This will add to the competition in the Generic pharmaceutical space, and thus put additional pricing pressure, squeezing the already strained margins further.

The Company has selected a very niche range of molecules for future development and launch over the next 3 years, which are still exclusive products with patent expiry coming over the next two-three years. The target would be to enter the virgin market space immediately on expiry of the patent and get the maximum possible advantage of this positioning. All efforts shall be made to sustain and increase EBIDTA margins.

Corporate Social Responsibility

Parabolic Drug Limited understands its social responsibilities and is very actively involved in it. As a responsible business, PDL is very focused on its Corporate Responsibility. It considers the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders and the environment. PDL aims at voluntarily taking further steps to improve the quality of life for various people and for the local community and society at large.

Some of the recent events initiated:

1. Blood Donation Camp

Every year a blood donation camp is organised at the Parabolic premises through the Rotary and Blood Bank Society Resource Centre to give the gift of life.

2. Village Fair and Sports Activities

The Company organises an annual village fair and sports activities in the Sundran village to ensure bonding with nearby villages.

3. Donations to Schools

The Company donated utensils and other home appliances to Government schools at Sundran and Pandwala to start the Midday Meal Programme and for the storage of grains

4. Charitable Trust

The promoters set up a charitable trust providig financial aid to widows, and sponsors free education for underprivileged children.

Environment, health and safety at Parabolic

The dedicated EHS department at Parabolic Drugs Limited has a committed agenda for safety, health and environment. The department is headed by a highly competent Senior Vice President who has a vested interest in maintaining worker health and safety.

As pharma inputs and raw materials are intimately tied to healthcare, deep attention is given to worker safety and towards the implementation of the systems that ensure worker and environmental protection. Worker health and safety is enhanced by engaging employees in solutions to workplace health and safety issues, proactive management response, and rational infrastructure investments.

Environment

Parabolic is taking care of the environment through prevention of pollution, optimum utilisation of natural resources and recycling of solvents. The Company has fully operational effluent treatment plant (ETP) with components like multi-effect evaporator (MEE), biological treatment plant, incinerator and HW storage facility. The treated water from the ETP is used for plant irrigation. The Company stringently monitors use of natural resources like water for optimum utilisation. It uses recovered solvents, scrubbers to control fugitive emission. It has installed CFLs across the plant for optimum energy usage. The Company also planted more than 1,800 saplings across the plant. Through proper environment management initiatives, the Company has become a zero discharge organisation.

The Company received ISO 14001:2004 from DNV for environment management.

Health

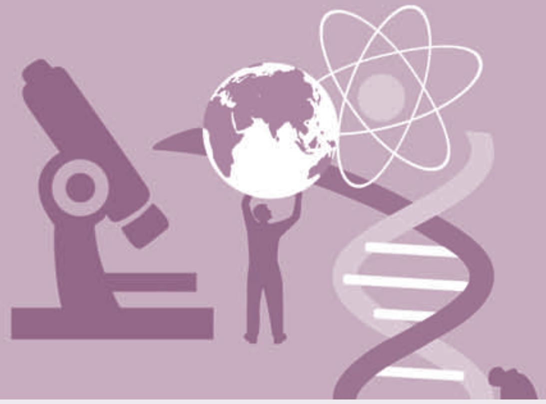
Parabolic takes special care in maintaining employee health. The Company has a dedicated occupational health centre (OHC) headed by a doctor trained in occupational health and safety and assisted by a pharmacist. The OHC is stocked with all the necessary medicine to tackle emergencies of occupational health. It conducts medical check-ups for all employees. Training on first aid is imparted to core group members.

Safety

Employee safety is given utmost importance at Parabolic. It conducts HAZOP studies across various plants and also started job hazard analysis in the manufacturing plant. Hazards related to work are properly conveyed to all the employees. It has emergency plans and also carries out monthly safety drills The Company has emergency response team (core group) to address safety emergency. It celebrates national safety week and environment day to create safety awareness. The safety department formulates an Annual Training Calendar each year with varied topics ranging from safety, environment to 360 degree healthy practices both at personal and professional level.

Road ahead

Going ahead, the Company intends to obtain OHSAS 18000 and Sword of Honour from British Safety Council.



Report on
Corporate Governance

1. Company's Philosophy on Code of Corporate Governance

Parabolic Drugs Limited (Parabolic) is committed to achieve the best standards of Corporate Governance through complete transparency in its dealings with the management, associate companies or other third parties. Parabolic is not only committed for adherence with Corporate Governance, but also with all other regulatory requirements whether Corporate Laws or any other economic or social laws. The management of Parabolic understands its accountability and responsibility towards its shareholders and investors, regulatory authorities and also for other sections of the society

2. Board of Directors

a) Composition

The Board of Directors of the Company comprises of eight Directors as per details given below:

Sr. No.	Name of the Director	Designation	Executive/ Non Executive/ Promoter	Independent/ Non Independent
1.	Inder Bir Singh Passi*	Chairman	Non Executive	Independent
2.	Pranav Gupta	Managing Director	Executive & Promoter	Non Independent
3.	Vineet Gupta	Whole-time Director	Executive & Promoter	Non Independent
4.	Dr. Deepali Gupta•	Executive Director	Executive & Promoter	Non Independent
5.	Dr. Ram Kumar	Director	Non Executive	Independent
6.	Koppisetty Srinivas#	Director	Non Executive & Nominee of Equity Investor	Non Independent
7.	Arun Mathur	Director	Non Executive	Non Independent
8.	Pardeep Diwan	Director	Non Executive	Independent

** Mr. Inder Bir Singh Passi was appointed as an Additional Director of the Company w.e.f. October 12, 2009*

• Dr. Deepali Gupta was appointed as an Additional Director of the Company w.e.f. August 25, 2009

 # Mr. Koppisetty Srinivas is the nominee of M/s. BTS India Private Equity Fund Limited.

Note: During the year, Dr. Sumant Shambhuprasad Baukhandi resigned from the Directorship of the Company w.e.f. September 27, 2009

b) Meetings, attendance record of Directors and their Directorships

During the financial year 2009-10, the Board of Directors met eleven times on June 29, August 1, August 25, October 12, December 10, December 29, in 2009 and January 7, January 14, January 22, February 10, March 18, in 2010. The details of Board Meetings and the last Annual General Meetting attended by the Directors during the financial Year 2009-10 together with the number of Directorships/ Board Committees in other Companies are given below:

Sr. No.	Name of the Director	No. of Board Meetings attended	Attendance at the last Annual General Meeting	No. of other Directorships
1.	Inder Bir Singh Passi	1	No	Nil
2.	Pranav Gupta	9	Yes	9
3.	Vineet Gupta	10	Yes	13
4.	Dr. Deepali Gupta	7	Yes	Nil
5.	Dr. Ram Kumar	10	No	Nil
6.	Koppisetty Srinivas	8	No	7
7.	Arun Mathur	7	No	Nil
8.	Pardeep Diwan	6	No	Nil
9.	Dr. Sumant Shambhuprasad Baukhandi	1	No	1

c) Details of Directorships in other companies

Sr. No.	Name of the Director	Name of the Company
1.	Inder Bir Singh Passi	Nil
2.	Pranav Gupta	PNG Trading Private Limited Parabolic Infrastructure Private Limited Parabolic Research Labs Limited Jamboree Education Private Limited Parabolic Estates Private Limited JDRG Infrastructure Private Limited SAJ Infrastructure Private Limited Sofed Retailer Private Limited PVS Township Private Limited

Sr. No.	Name of the Director	Name of the Company
3.	Vineet Gupta	PNG Trading Private Limited Parabolic Infrastructure Private Limited Parabolic Research Labs Limited JDRG Infrastructure Private Limited Jamboree Education Private Limited Parabolic Estates Private Limited SAJ Infrastructure Private Limited APV Infotech Private Limited A V Education Services Pvt. Limited Kenam Education Services Private Limited Sudhir Impex Private Limited Quality Softech Solutions Private Limited PVS Township Private Limited
4.	Dr. Deepali Gupta	Nil
5.	Dr. Ram Kumar	Nil
6.	Koppisetty Srinivas	M/s. BTS Investment Advisors Private Limited Microqual Techno Private Limited Arch Pharmalabs Limited QAI (India) Limited Mantri Metallics Private Limited Sai Sudhir Infrastructures Limited Caravel Logistics Private Limited
7.	Arun Mathur	Nil
8.	Pardeep Diwan	Nil
9.	Dr. Sumant Shambhuprasad Baukhandi	Parabolic Research Labs Limited

d) Details of Memberships/ Chairmanship in Board Committees

Name of the Director	Name of the Company	Nature of the Committee	Member/ Chairman
Inder Bir Singh Passi	Parabolic Drugs Limited	Audit Committee Investors Grievance Committee Remuneration Committee	Member Chairman Chairman
Pranav Gupta	Parabolic Drugs Limited	Audit Committee	Member
Dr. Ram Kumar	Parabolic Drugs Limited	Investors Grievance Committee Remuneration Committee	Member Member
Pardeep Diwan	Parabolic Drugs Limited	Audit Committee Investors Grievance Committee Remuneration Committee	Chairman Member Member

3. Audit Committee

The Audit Committee was reconstituted by our Board of Directors pursuant to Board Resolution dated October 12, 2009 and comprises of three Directors namely Mr. Pardeep Diwan, Mr. Inder Bir Singh Passi and Mr. Pranav Gupta. Mr. Pardeep Diwan is the Chairman of the Audit Committee. All the members of the Audit Committee have sound knowledge in the financial matters.

a) Composition

The Audit Committee of the Company comprises of three Directors as per details given below

Sr. No.	Name of the Director	Designation	Executive/ Non-Executive/ Promoter	Independent/ Non-Independent
1.	Pardeep Diwan	Chairman	Non-Executive	Independent
2.	Inder Bir Singh Passi	Member	Non-Executive	Independent
3.	Pranav Gupta	Member	Executive and Promoter	Non-Independent

b) Terms of Reference

a) To have discussions with the Auditors periodically about internal control system, the scope of audit including the observation of the Auditors and to review the half-yearly and Annual Financial Statements before submission to the Board and ensure compliance of internal control system;

b) To oversee our financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

c) Recommending the appointment and removal of External Auditor, fixation of audit fee and also approval for payment for any other services;

d) Reviewing with management the Annual Financial Statements before submission to the Board;

e) Reviewing with management, external and Internal Auditors, the adequacy of internal control system;

f) Reviewing the adequacy of Internal Audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

g) Discussions with Internal Auditors on any significant findings and follow up thereon;

h) Reviewing the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

i) Discussions with External Auditors before the audit commence, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern;

j) Reviewing our financial and risk management policies; and

k) To look into the reasons for substantial defaults in the payment to the depositors, shareholders in case of non-payment of declared dividends and creditors, if any.

c) Meetings and attendance during the financial year 2009-10

During the financial year 2009-10, the Audit Committee of the Board of Directors met twice on August 22, 2009 and December 29, 2009. Details of meetings attended by the members during the financial year 2009-10 are given below

Sr. No.	Name of the Director	No. of meetings attended
1.	Inder Bir Singh Passi*	1
2.	Pranav Gupta	2
3.	Pardeep Diwan	1
4.	Dr. Sumant Shambhuprasad Baukhandi**	1

** Mr. Inder Bir Singh Passi was appointed as an Additional Director w.e.f. October 12, 2009*

*** Dr. Sumant Shambhuprasad Baukhandi resigned from the Directorship of the Company w.e.f. September 27, 2009*

The Company Secretary is the secretary of the Audit Committee.

4. Remuneration Committee

The Remuneration Committee was reconstituted by our Directors pursuant to a Board Resolution dated October 12, 2009 and comprises of three Directors namely Mr. Inder Bir Singh Passi, Dr. Ram Kumar and Mr. Pardeep Diwan.

a) Composition

The Remuneration Committee of the Company comprises of three Directors as per details given below

Sr. No.	Name of the Director	Designation	Executive/ Non-Executive/ Promoter	Independent/ Non-Independent
1.	Inder Bir Singh Passi	Chairman	Non-Executive	Independent
2.	Dr. Ram Kumar	Member	Non-Executive	Independent
3.	Pardeep Diwan	Member	Non-Executive	Independent

b) Terms of Reference

a) Reviewing, assessing and recommending the appointment of Executive/Non-Executive Directors and senior employees;

b) Reviewing the remuneration packages of Executive/Non-Executive Directors and senior employees;

c) Recommending the payment of compensation in accordance with the provisions of the Companies Act, 1956; and

d) Carrying out any other function contained in the Equity Listing Agreement as and when amended from time to time.

No meeting of Remuneration Committee was held during the financial year 2009-10.

c) Details of Remuneration paid to the Executive Directors for the Financial Year 2009-10

The details of the remuneration paid to the Managing Director and Executive Directors for the financial year 2009-10 is as under

Particulars	Pranav Gupta	Vineet Gupta	Deepali Gupta
Salary, Allowances and Perquisites	Rs. 5,220,000/-	Rs. 4,567,500/-	Rs. 600,000/-
Bonus/Performance Incentive	–	–	–
Retirement Benefits	–	–	–
Stock Options	–	–	–
Tenure	5 years	5 years	5 years
Notice Period and Severance Pay	–	–	–
Number of shares held	824,100	701,550	234,600

d) Details of remuneration paid to the Non-Executive Directors for the financial year 2009-10

Non-Executive Directors are not entitled to any remuneration except sitting fees for the Board and Committee Meetings. The details of the sitting fees paid to the Non-Executive Directors for the financial year 2009-10 is as follows

Sr. No.	Name of the Director	Sitting fee (in Rs.)
1.	Mr. Inder Bir Singh Passi	4,000
2.	Dr. Ram Kumar	25,000
3.	Mr. Pardeep Diwan	16,500
4.	Mr. Arun Kumar Mathur	17,500
5.	Mr. Koppisetty Srinivas	20,000
6.	Dr. Sumant Shambhuprasad Baukhandi [1]	2500

[1] *Dr. Sumant Shambhuprasad Baukhandi resigned from the Board w.e.f. September 27, 2009.*

Note: None of the Non-Executive Directors of the Company are holding any Equity Shares except Dr. Ram Kumar, who is holding 15,000 Equity Shares jointly with Mrs. Meenal Kumar

5. Shareholders/ Investors Grievance Committee

The Shareholders / Investors Grievance Committee was reconstituted by the Directors pursuant to a Board Resolution dated October 12, 2009 and comprises of three Directors namely Mr. Inder Bir Singh Passi, Dr Ram Kumar and Mr. Pardeep Diwan.

a) Composition

The Shareholders / Investors Grievance Committee of the Company comprises of three Directors as per details given below

Sr. No.	Name of the Director	Designation	Executive/ Non-Executive/ Promoter	Independent/ Non-Independent
1.	Inder Bir Singh Passi	Chairman	Non-Executive	Independent
2.	Dr. Ram Kumar	Member	Non-Executive	Independent
3.	Pardeep Diwan	Member	Non-Executive	Independent

b) Terms of reference

a) Redressal of shareholders/investors complaints;

b) Allotment of shares, approval of transfer/transmission of shares, debentures or any other securities;

c) Issue of duplicate certificates and new certificates on split/consolidation/renewal, among others;

d) Review of cases for refusal of transfer/transmission of shares and debentures; and

e) Non-receipt of declared dividends and balance sheets of our Company, among others.

No meeting of Shareholders/ Investors Grievance Committee was held during the financial year 2009-10.

Mr. Anil Kumar, Company Secretary is the Compliance Officer of the Shareholders/Investors Grievance Committee.

During the financial year 2009-10, the Company did not receive any complaints from any shareholder of the Company.

There was no investor complaint pending during the year.

6. General Body Meetings

The details of General Body Meetings held during the last three financial years are given as below

Nature of meeting	Day, date and time of AGM	Venue	Number of special resolutions	Whether any special Resolution passed last year through postal ballot
Annual General Meeting	Saturday September 26, 2009 3.30 pm	S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh	3	No
Annual General Meeting	Saturday September 27, 2008 3.00 P.M.	S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh	5	No
Annual General Meeting	Friday September 28, 2007 11.30 am	S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh	Nil	No

No Resolution is proposed to be passed by postal ballot in the forthcoming Annual General Meeting.

7. Disclosures

During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large. Also there has not been any non-compliance by the Company, no penalties or strictures were imposed by the Stock Exchanges, the Securities and Exchange Board of India or any other Statutory Authority on any matter related to Capital Markets during the last three years.

The Company has not so far, adopted any non-mandatory requirements as stated in Annexure III of the Listing Agreement except the Remuneration Committee and Whistle Blower Policy. As per the Whistle Blower Policy adopted by the Company, every personnel of the Company has access to the Audit Committee.

8. Means of Communication

Presently, the Company communicates with the shareholders at large through its Annual Reports, publication of financial results, press releases in leading newspapers and by filing of various reports, informations and returns with the Statutory bodies like Stock Exchanges, Reserve Bank of India and the Registrar of Companies. The informations are published in prominent daily newspapers viz. The Economics Times, Financial Express, The Tribune and Desh Sewak. The investors relation information of the Company are also made available at the website i.e. www.parabolicdrugs.com.

9. General Shareholder Information

i. Annual General Meeting
Date: September 28, 2010
Time: 3.00 pm
Venue: PHD House, Sector 31 A, Chandigarh

ii. Financial Year
First quarter results: July, 2010
Second quarter results: October, 2010
Third quarter results: January, 2011
Annual results: May, 2011

iii. **Date of Book Closure:** September 21, 2010 - September 28, 2010 (both days inclusive)

iv. **Dividend payment date:** The Board of Directors have not recommended any dividend for the year 2009-10

v. Listing on Stock Exchanges:
The Equity Shares of the Company are listed on the following two Stock Exchanges:

- The Bombay Stock Exchange Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai
- The National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai

vi. **Stock Code:** BSE: 533211
NSE: PARABDRUGS

vii. **Market price data:** High, low during each month in last financial year:
The BSE and NSE Exchange data from the date of listing till July 20, 2010 is given below:

Particulars	High	Low
NSE	75.95	59.05
BSE	79.00	59.05

viii. **Performance in comparison to broad based indices such as BSE Sensex and NSE Nifty, etc.**
The Equity Shares of the Company have been listed with BSE and NSE with effect from July 1, 2010.

ix. Registrar and Share Transfer Agents:
M/s. Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West), Mumbai 400 078
Tel: +(91 22) 2596 0320, Fax: +(91 22) 2596 0329
Email: pdl.ipo@linkintime.co.in,
Website: www.linkintime.co.in

x. Share Transfer System
The Company has constituted a Share Transfer Committee of its Directors. The Committee meets on an average once in a fortnight. The list of valid transfers and objections, requests for split up/consolidation/duplicate/demat/remat, if any, are placed before the Company for its approval/ Confirmation.

Presently, the shares of the Company are traded on the Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CSDL). The Shareholders may operate through any of the depositories. The International Securities Identification Number (ISIN) is INE 618H01016.

xi. Distribution of Shareholding:

a) As on March 31, 2010 (Pre-Issue)

No. of Equity Shares held	No. of shareholders	% of shareholders	Share Capital (in Rs.)	% of shareholding
Up to 5000	–	–	–	–
5001-10000	–	–	–	–
10001-20000	12	12.90	185000	0.05
20001-30000	8	8.60	231000	0.06
30001-40000	1	1.08	40000	0.01
40001-50000	2	2.15	90000	0.02
50001-100000	10	10.75	690000	0.19
100001 and above	60	64.52	371274490	99.67
Total	93	100.00	372510490	100.00

Note: Some of the Shareholders of our Company hold Equity Shares through two separate folios.

Shareholding Pattern (Pre-Issue)

Category	No. of shares	No. of shareholders	% of shareholding
Promoter and Promoter Group	23,545,020	16	63.21
Public Shareholding			
- Individuals	2,952,600	67	7.93
- Bodies Corporate	10,753,429	6	28.86
Total	37,251,049	89	100.00

b) As on July 1, 2010 (Post-Issue)

No. of Equity Shares held	No. of shareholders	% of shareholders	Share Capital (in Rs.)	% of shareholding
Up to 5000	9848	82.89	15434400	2.49
5001-10000	683	5.75	4512000	0.73
10001-20000	1227	10.33	13889800	2.24
20001-30000	10	0.08	279000	0.05
30001-40000	2	0.02	76000	0.01
40001-50000	2	0.02	90000	0.02
50001-100000	14	0.11	924400	0.15
100001 and above	95	0.80	583714540	94.31
Total	11881	100.00	618920140	100.00

Shareholding Pattern

Category	No. of shares	No. of shareholders	% of shareholding
Promoter and Promoter Group	23,545,020	17	38.04
Public shareholding			
Institutional			
Mutual Funds/ UTI/FIs/Banks/ Central and State Government	6,362,661	15	10.28
FVCF/FII	18,748,130	10	30.29
Non-institutional			
- Individuals	69,94,840	11,707	11.30
- Bodies Corporate	4,131,280	20	6.68
- NRI	14,000	29	0.02
- Foreign Company	2,046,323	2	3.31
- Employees	49,760	81	0.08
Total	61,892,014	11,881	100.00

xii. Dematerialisation of shares and liquidity

Presently, some of the pre–IPO shares are in physical mode and the entire post-IPO holding is in Demat form.

xiii. Outstanding GDRs/ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

xiv. Plant locations:

The Company's plants are located at the following locations

1. Parabolic Drugs Limited,
   Village Sundran, P.O. Mubarakpur, Tehsil Derabassi, District Mohali (Punjab)
2. Parabolic Drugs Limited,
   Plot No. 280-281, Phase I, Block 1, Industrial Estate, HSIIDC, Tehsil Barwala (Haryana)
3. Parabolic Drugs Limited,
   Plot No. 45, Industrial Area, Phase II, Panchkula (Haryana)

xv. Address for correspondence

Registered Office:

Parabolic Drugs Limited
S.C.O. 99-100, Top Floor
Sector 17-B, Chandigarh 160 017
Phone Nos: 0172-3914646-647, Fax No: 0172-3914645
Website: www.parabolicdrugs.com

Corporate Office:

Parabolic Drugs Limited
9 AB, Second Floor, Taimoor Nagar,
New Friends Colony, New Delhi - 110065
Phone No.: 011-65654789, Fax No.: 011-26332660

10. Declaration Regarding Compliance with Code of Conduct

The Company has adopted the Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct was adopted by the Board and Confirmation taken from all Directors and Senior Management Personnel for compliance with the same.

Auditor's Report on Corporate Governance

The Members,
Parabolic Drugs Limited,
Chandigarh

We have examined the compliance of conditions of Corporate Governance by **M/s. Parabolic Drugs Limited** for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company, with Stock Exchanges.

The Compliance of the Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

Based on the records maintained and certified by the Secretary of the Company, there were no investor grievances pending against the Company for a period exceeding one month.

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

For **S.K. Bansal & Co.,**
Chartered Accountants

(S.K. Bansal)
Partner
Membership No. 013147

Place: Chandigarh
Date: July 20, 2010

Corporate Information

Board of Directors:
Mr. Inder Bir Singh Passi - Chairman
Mr. Pranav Gupta - Managing Director
Mr. Vineet Gupta - Whole-Time Director
Dr. Deepali Gupta- Executive Director
Mr. Arun Mathur - Director
Dr. Ram Kumar - Director
Mr. Pardeep Diwan - Director
Mr. Koppisetty Srinivas – Nominee Director
(M/s. BTS India Private Equity Fund Limited)

Senior Vice –President (Finance):
Mr. R. C. Goyal

Company Secretary:
Mr. Anil Kumar

Bankers:
State Bank of India
S.C.O. 43-48, Bank Square, Sector 17 B, Chandigarh

UCO Bank
S.C.O. 55-57, Bank Square, Sector 17 B, Chandigarh

Union Bank of India
4/14-A, Asaf Ali Road, New Delhi

ICICI Bank Limited
S.C.O. 129-130, Madhya Marg, Sector 9, Chandigarh

Central Bank of India
S.C.O. 58-59, Bank Square, Sector 17 B, Chandigarh

Punjab National Bank
Large Corporate Branch, Bank Square, Sector 17 B, Chandigarh

Canara Bank
S.C.O. 117-119, Sector 17 C, Chandigarh

Bank of Baroda
S.C.O. 62-63, Bank Square, Sector 17 B, Chandigarh

IDBI Bank Limited
S.C.O.72-73, Bank Square, Sector 17 B, Chandigarh

Auditors:
M/s. S.K. Bansal & Co.,
Chartered Accountants,
Kothi No. 3193, Sector 28-D, Chandigarh

Registered Office:
S.C.O. 99-100, Top Floor,
Sector 17 B, Chandigarh

Corporate Office:
9 AB, Second Floor, Taimoor Nagar,
New Friends Colony, New Delhi

Works:
Village Sundran, P.O. Mubarakpur,
Tehsil Derabassi,
Distt. Mohali (Punjab)

Plot No. 45, Industrial Area, Phase-Ii,
Panchkula (Haryana)

Research and Development Center
Plot No. 280-281, Phase I, Block 1, Industrial Estate,
HSIIDC, Tehsil Barwala (Haryana)

Sales Depot:
Parabolic Drugs Limited
Godown No.11, Baldev Estate,
Opp. M.P. Pandya High School,
Jetpur (Aslali) Ahmedabad (Gujarat)

Parabolic Drugs Limited
B-116, First Floor,
Shree Raj Laxmi Commercial Complex,
At Kalher Village, Agra Road,
Bhiwandi, Distt. Thane

Parabolic Drugs Limited
23-24, Fauzi Complex, Sai Road,
Baddi Distt. Solan (H.P.)

Auditors' Report

To
The Share Holders

We have audited the attached Balance Sheet of **M/s. Parabolic Drugs Limited**, Chandigarh as at March 31, 2010 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

   Further to our comments in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) 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.

   (iii) The Balance Sheet , Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable,

   (v) On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (vi) Subject to Note 1 of Schedule-17 regarding confirmation of Debit or Credit Balances.

   In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes forming part of accounts in Schedule-17 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

   (b) in the case of Profit & Loss Account, of the **Profit** for the year ended on that date.

   (c) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. K. Bansal & Co.,
Chartered Accountants

S. K. Bansal
Partner
Membership No: 013147
FRN 002222N

Place: Chandigarh
Dated: June 29, 2010

Annexure to the Auditors' Report

Annexure referred to in Paragraph-2 of the Auditors' Report to the Shareholders of M/s. Parabolic Drugs Limited, Chandigarh on the accounts for the year ended March 31, 2010.

i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

b) We are informed that the Company has framed programme of periodical physical verification of its fixed assets in phased manner, which in our opinion is reasonable having regard to the size of the Company and nature of its business. In terms of such programme, during the year ended March 31, 2010, physical verification of the fixed assets was carried out by the management during the year and no material discrepancy was noticed on such verification.

c) As confirmed by the management ,the substantial part of Fixed Assets have not been disposed off during the year.

ii) a) According to the information & explanations given to us the inventories have been physically verified during the year and at the end of the year by the management. In our opinion frequency of such verification is reasonable.

b) The procedure of physical verification of inventory followed by the management is, in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business.

c) Quantitative records have been maintained for Raw Materials & Finished Goods produced. As confirmed by management no material discrepancies were noticed on physical verification.

iii) a) The Company has not taken from/granted any (secured or unsecured) loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

b) As Company has not taken from/granted loans apart from transactions on current account para iii(b), iii(c), iii(d) of the order is not applicable.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

v) a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered into the register required to be maintained under that Section.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered into the register in pursuance of Section 301 of the Act and exceeding the value of Rs. 5 Lacs in respect of any party during the year, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.

vi) In our opinion and according to information and explanation given to us, the Company has not accepted deposits from the public as per Companies (Acceptance of Deposits) Rule of 1975 and as per provisions of Section 58A and 58AA of the Companies Act, 1956.

vii) In our opinion the Company has an Internal Audit System commensurate with its size and nature of its business.

viii) The Company is maintaining cost records as prescribed by Central Government under Section 209(1)(d) of the Companies Act 1956.

ix) a) According to information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it.

b) According to the information and explanations given to us, there is sum of Rs. 5.93 lacs outstanding for Excise duty, which have not been deposited on account of dispute for which appeal is pending.

x) There are no accumulated losses of the Company at the end of the year. The Company has not incurred cash losses during the year covered by our audit and the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us and as confirmed by management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv) According to information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and as confirmed by management, we report that the term loans were applied for the purpose for which the loans were obtained.

xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.

xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

xix) No debentures have been issued during the year by the Company.

xx) No money has been raised by public issue during the year.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. K. Bansal & Co.,
Chartered Accountants

S. K. Bansal
Partner

Place: Chandigarh
Membership No: 013147
Dated: June 29, 2010
FRN 002222N

Balance Sheet As at March 31, 2010

(Rs. in million)

	Schedule	As at 31.03.2010	As at 31.03.2009
I SOURCES OF FUNDS			
1 Shareholders' Funds			
Share Capital	1	372.51	357.50
2 Reserves & Surplus	2	1,213.65	893.02
3 Loan Funds			
Secured Loans	3	3,945.35	2,125.25
Unsecured Loans	4	261.58	515.04
4 Deferred Tax Liability (Net)		76.32	52.82
		5,869.41	3,943.63
II APPLICATION OF FUNDS			
1 Fixed Assets			
Gross Block	5	1,847.29	1,247.00
Less: Depreciation		138.36	84.14
Net Block		1,708.93	1,162.86
2 Investment	6	19.92	19.81
3 Current Assets, Loans and Advances			
Inventories	7	2,401.14	1,872.81
Sundry Debtors		1,930.51	1,458.66
Cash and Bank Balances		176.09	135.06
Loans and Advances		289.64	260.80
		4,797.38	3,727.33
Less: Current Liabilities & Provisions	8	1,032.43	1,161.12
Net Current Assets		3,764.95	2,566.21
4 Miscellaneous Expenditure	9	375.61	194.75
(To the extent not written off or adjusted)			
		5,869.41	3,943.63
Significant Accounting Policies and Notes on Accounts	17		

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

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Profit and Loss Account For the year ended March 31, 2010

(Rs. in million)

	Schedule	Year ended 31.03.2010	Year ended 31.03.2009
I. INCOME			
Gross Sales		5,590.12	4,296.74
Less: Excise duty		451.19	353.06
Net Sales		5,138.93	3,943.68
Income from Job Work		1.20	5.50
Other Income	10	47.46	20.19
		5,187.59	3,969.37
II EXPENDITURE			
Material Consumed	11	3,678.57	2,925.07
Manufacturing Expenses	12	202.14	172.78
Personnel Expenses	13	139.02	108.26
Administrative Expenses	14	48.08	44.81
Selling & Distribution Expenses	15	102.84	66.45
Financial Expenses	16	382.20	283.35
Research & Development Expenses W/off		42.78	32.77
Preliminary Expenses W/off		1.72	0.80
FCM Item Translation Difference Loss		93.70	-
Depreciation		56.23	36.09
		4,747.28	3,670.38
Profit Before Tax		440.31	298.99
Less: Provision for Taxation:			
Current Year Tax		74.83	34.50
Deferred Tax		23.50	22.00
Fringe Benefit Tax		-	0.78
		98.33	57.28
Profit After Tax		341.98	241.71
Less: Taxation Adjustment for Earlier Years		(0.03)	2.38
Less: Prior Period Items		46.57	-
Surplus Carried to Balance Sheet		295.44	239.33
Earning Per Share (Face Value Rs. 10/-)			
Basic		17.91	22.68
Diluted		17.91	19.94
Significant Accounting Policies and Notes on Accounts	17		

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

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Cash Flow Statement For the year ended March 31, 2010

(Rs. in million)

		Year ended 31.03.2010	Year ended 31.03.2009
CASH FLOW FROM OPERATING ACTIVITIES			
(Including Working Capital Changes)			
- Profit Before Tax		440.31	298.99
- Depreciation & Amortisation		56.23	36.09
- Financial Expenses		382.20	283.35
- R & D Expenses written off		42.78	32.77
- Misc. Expenses written off		1.72	0.80
- Total Operating Cash flow before Working Capital Changes		923.24	652.00
Working Capital Changes			
Current Assets			
- Raw Material		6.50	50.37
- Work in Progress / Finished Goods		520.56	799.37
- Stores & Consumables		1.26	2.09
- Total Debtors		471.85	565.99
- Excise duty		(55.35)	92.05
- Security Deposit		0.16	2.09
- TDS		2.16	1.46
- Advance to Suppliers for Raw materials		11.57	(24.79)
- Advance to Suppliers for Expenses		2.38	0.44
- Advance to Suppliers for Capital Goods		57.87	(5.86)
- Prepaid Expenses		(6.08)	12.33
- Advances/ Loans to Staff		(0.96)	0.27
- Others		17.09	56.24
Increase / (Decrease) in Current Assets		1,029.01	1,552.05
Current Liabilities			
- Creditors for material		(162.52)	502.14
- Creditors for Expenses		3.82	14.43
- Creditors for Capital Goods		(37.53)	37.51
- Others		67.54	0.84
Increase / (Decrease) in Current Liabilities		(128.69)	554.92
Net Increase/(Decrease) in Working Capital		1,157.70	997.13
- Income Tax/FBT		74.81	37.66
Total Cash Flow from Operations including Working Capital	(A)	(309.27)	(382.79)

Cash Flow Statement *(Contd.)* For the year ended March 31, 2010

(Rs. in million)

		Year ended 31.03.2010	Year ended 31.03.2009
CASH FLOW FROM INVESTMENT ACTIVITIES			
- Purchase of Fixed Assets		602.31	464.33
- Sale of Fixed Assets		-	(1.21)
- F C M Item Transaction Difference		-	46.57
- Investment In Shares		0.11	13.53
- Preliminary Expenses		1.30	9.39
- Public Issue Expenses		10.70	-
- R&D Expenditure		259.93	50.08
Total Cash Flow from Investment Activities	(B)	874.35	582.69
CASH FLOW FROM FINANCING ACTIVITIES			
- Share Capital/Share Premium		40.21	264.32
- Term Loans Additions / (Repayments)		600.27	35.16
- Vehicle Loans		(3.35)	0.22
- Unsecured Loans/Deferred Creditors		(253.46)	85.93
- Increase / (Decrease) in Working Capital Loans		1,223.18	924.77
- Finance Expenses		(382.20)	(283.36)
Total Cash Flow from Financing	(C)	1,224.65	1,027.04
Net cash inflow/(outflow) (During the Year)	(A-B+C)	41.03	61.56
Cash Balance in the beginning of the year		135.06	73.50
Cash Balance at the end of the year		176.09	135.06

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Place : Chandigarh
Dated : June 29, 2010

For and on behalf of the Board

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Schedules forming part of Balance Sheet

(Rs. in million)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 1 SHARE CAPITAL			
Authorised			
62,000,000	Equity Shares of Face Value of Rs. 10 each	620.00	110.00
	(PY 11,000,000 Equity Shares of Face Value of Rs. 10 each)		
NIL	Preference Share of Face Value of Rs. 10 each	-	250.00
	(PY 25,000,000 Preference Share of Face Value of Rs. 10 each)		
Issued, Subscribed & Paid-up			
37,251,049	Equity Shares of Face Value of Rs. 10 each Fully Paid-up	372.51	107.50
	(PY 10,749,500 Equity Shares of Face Value of Rs. 10 each)		
NIL	Optionally Cumulative Convertible Preference Shares	-	250.00
	(PY 25,000,000 of Face value of Rs. 10 each fully Paid-up)		
		372.51	357.50

Note:

1. Out of above Equity Shares, 94,000 Equity Shares of Rs. 10 each are allotted in the year 1996-97 fully Paid-up pursuant to a contract without payments being received in cash.
2. During the year, the Company has converted 25,000,000 Optionally Cumulative Convertible Preference Shares into 1,533,742 Equity Shares of Rs. 10 each fully Paid-up at a premium of Rs. 153/- per share.
3. During the year, the Company has allotted 24,566,484 Equity shares of Rs. 10/- each as Bonus Shares in the ratio of 2:1 to its Equity Shareholders out of Security Premium.

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 2 RESERVES & SURPLUS		
Profit & Loss Account		
Opening Balance	756.95	517.62
Add: Net Profit for the Year	295.44	239.33
Closing Balance	1,052.39	756.95
Capital Reserves		
Opening Balance	0.28	0.34
Add: Addition/(Deduction) during the Year	0.07	(0.06)
Closing Balance	0.35	0.28
Capital Subsidy		
Opening Balance	3.00	-
Add: Addition during the Year	-	3.00
Closing Balance	3.00	3.00
Security Premium		
Opening Balance	132.79	118.98
Add: Addition during the Year	270.78	13.81
Less: Issue of Bonus Shares	(245.66)	-
Closing Balance	157.91	132.79
	1,213.65	893.02

Note

Capital Subsidy amounting to Rs. 3 million represents amount received from Director of Industries Punjab against Capital Investment Subsidy as per Industrial Policy.

Schedules forming part of Balance Sheet

(Rs. in million)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 3 SECURED LOANS		
DUE TO STATE BANK OF INDIA		
Cash Credit	13.17	464.33
Buyers Credit	164.01	-
Export Packing Credit	259.05	95.00
PCFC	9.06	-
FCNR	320.11	-
Bill Discounting FBP	27.52	-
Term Loan	251.66	13.89
DUE TO UCO BANK		
Cash Credit (Hypothecated)	38.26	33.65
Cash Credit (Book Debts)	25.16	24.90
Buyers Credit	126.33	-
Packing Credit	-	85.43
PCFC	39.64	-
Bill Discounting	203.95	-
Bill Discounting FBP	58.68	-
Term Loan	334.36	100.87
DUE TO PNB		
Cash Credit	158.94	248.54
Packing Credit	7.50	-
Buyers Credit	32.13	-
DUE TO ICICI BANK		
Cash Credit	192.63	273.82
Packing Credit	78.74	-
Buyers Credit	23.88	-
Term Loan	221.52	314.40
DUE TO IDBI BANK		
Cash Credit	-	100.52
DUE TO CENTRAL BANK OF INDIA		
Cash Credit	297.72	-
Buyers Credit	77.67	-
Term Loan	223.89	-
DUE TO UNION BANK OF INDIA		
Cash Credit	403.35	-
Buyers Credit	99.28	-
DUE TO BANK OF BARODA		
Cash Credit	100.30	-
DUE TO CANARA BANK		
Cash Credit	150.00	-
DUE TO BARCLAYS BANK		
Working Capital Demand Loan	-	154.96

Schedules forming part of Balance Sheet

(Rs. in million)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 3 SECURED LOANS (Contd.)		
DUE TO HSBC		
Cash Credit	-	37.82
Buyers Credit	-	43.32
Export Packing Credit	-	41.02
Vendor Factoring	-	22.94
DUE TO YES BANK		
Pre Shipment/Post Shipment Advance	-	7.64
Working Capital Demand Loan	-	50.00
DUE TO SIDBI		
Term Loan	-	2.00
VEHICLE LOAN	6.84	10.20
	3,945.35	2,125.25

Note:

A. WORKING CAPITAL LIMITS

Working Capital borrowings from Banks are secured by way of first pari passu charge on hypothecation of entire present & future current assets of the Company, Second pari passu charge on all fixed assets of the Company, pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guaranteed by Mrs. Nirmal Bansal, Mrs. Rama Gupta, M/s J.D. Gupta (HUF), Mr. T.N Goel, Mr. Pranav Gupta and Mr. Vineet Gupta.

B. TERM LOAN

Term Loans from Banks are secured by way 1st pari passu charge on all existing & future fixed assets of the Company at all locations with equitable mortgage of land & building, 2nd pari passu charge on all the current assets of the Company, pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guaranteed by Mrs. Nirmal Bansal, Mrs. Rama Gupta, M/s J.D. Gupta (HUF), Mr. T.N Goel, Mr. Pranav Gupta and Mr. Vineet Gupta.

C. VEHICLE LOAN

Vehicle Loans are secured against hypothecation of respective Vehicles.

SCHEDULE 4 UNSECURED LOANS

Due to Banks	259.23	513.69
Due to Others	2.35	1.35
	261.58	515.04

Note

Unsecured Loan due to banks represents bill discounting facilities from different banks/NBFC which is secured by respective documentary bills & personal guarantees of Mr. Pranav Gupta and Mr. Vineet Gupta.

Schedules forming part of Balance Sheet

SCHEDULE 5 FIXED ASSETS *(Rs. in million)*

		Gross Block					Depreciation				Net Block	
	Rate of Dep. (%)	As on 1-4-2009	Addition during the period (01-04-2009 30-09-2009)	Addition during the period (01-10-2009 31-03-2010)	Deduction during the year	Total as on 31-03-2010	As on 1-4-2009	Provided during the year	Assets Sold/ Written back/ Adjustment	As on 31-03-2010	As on 31-03-2010	As on 31-03-2009
(A) At Derabassi												
Land	-	5.57	–	–	–	5.57	–	–	–	–	5.57	5.57
Site Development (Land)	-	2.12	0.10	0.01	–	2.23	–	–	–	–	2.23	2.12
Factory Building	3.34%	169.24	–	67.03	–	236.27	7.55	5.90	–	13.45	222.82	161.69
Non Factory Building	1.63%	6.50	–	–	–	6.50	0.65	0.11	–	0.76	5.74	5.85
Plant & Machinery/ Electrical Installations	5.28%	694.68	4.73	162.59	4.16	857.84	58.82	37.89	1.89	94.82	763.02	635.86
Furniture & Fixture	6.33%	12.37	1.37	2.02	–	15.76	1.25	0.86	–	2.11	13.65	11.12
Tubewell	1.63%	2.07	–	–	–	2.07	0.11	0.03	–	0.14	1.93	1.96
Vehicles	9.50%	20.35	0.62	0.10	0.92	20.15	4.88	1.98	0.12	6.74	13.41	15.47
Computer & Software	16.21%	6.59	1.05	2.13	–	9.77	2.38	1.25	–	3.63	6.14	4.21
Total (A)		919.49	7.87	233.88	5.08	1,156.16	75.64	48.02	2.01	121.65	1,034.51	843.85
(B) Research & Development												
Land	–	5.35	–	–	–	5.35	–	–	–	–	5.35	5.35
R&D Equipment	5.28%	126.02	9.74	87.04	–	222.80	8.24	7.71	–	15.95	206.85	117.78
Building	3.34%	0.26	–	49.10	–	49.36	0.02	0.26	–	0.28	49.08	0.24
Computer & Software	16.21%	0.96	–	1.48	–	2.44	0.22	0.19	–	0.41	2.03	0.74
Furniture & Fixture	6.33%	0.22	–	4.12	–	4.34	0.02	0.05	–	0.07	4.27	0.20
Tubewell	1.63%	–	–	0.59	–	0.59	–	–	–	–	0.59	–
Capital Work in Progress	–	51.82	–	–	51.82	–	–	–	–	–	–	51.82
Total(B)		184.63	9.74	142.33	51.82	284.88	8.50	8.21	0.00	16.71	268.17	176.13
(C) Capital Work in Progress		142.88	–	266.05	2.67	406.25	–	–	–	–	406.25	142.88
Total - A+B+C		1,247.00	17.61	642.26	59.57	1,847.29	84.14	56.23	2.01	138.36	1,708.93	1,162.86

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 6 INVESTMENTS		
Nimbua Greenfield (Punjab) Ltd	0.25	0.25
25,000 Equity Shares of Face Value of Rs. 10/- each fully Paid-Up		
Parabolic Research Labs Ltd	0.17	19.56
(Towards Share Application Money pending allotment)		
Parabolic Research Labs Ltd	19.50	–
(1,950,000 Equity Share of Face Value of Rs. 10 each)		
	19.92	19.81

Schedules forming part of Balance Sheet

(Rs. in million)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES		
1. Current Assets		
Inventories (As taken, valued and certified by the Management)		
(a) Raw Material	287.13	280.63
(b) Work in Process :		
Work in Process	275.02	279.48
Finished Goods at Shop Floor	1,833.44	1,308.41
(c) Stores & Consumables	5.55	4.29
	2,401.14	1,872.81
2. Sundry Debtors (Unsecured, Considered Good)		
Outstanding for a period of		
- More than six months	152.70	17.73
- Less than six months	1,777.81	1,440.93
	1,930.51	1,458.66
3. Cash and Bank Balances		
(a) Cash in Hand	7.58	0.91
(b) Staff Imprest	0.18	0.05
(c) Balance with Scheduled Banks		
- In Current Account	15.59	8.30
- In Fixed Deposit Account	150.64	124.11
(d) Interest accrued but not due on fixed deposit	2.10	1.69
	176.09	135.06
4. Loans and Advances (Unsecured, Considered Good)		
(Advances recoverable in cash or in kind or for value to be received)		
Excise duty CENVAT	62.33	117.68
Security Deposit	6.43	6.27
Advance to Suppliers		
- For Raw Material	17.10	5.53
- For Expenses	4.95	2.57
- For Capital Goods	71.58	13.71
Prepaid Expenses	12.60	18.68
Export Incentive (Recoverable)	83.89	45.64
DEPB Licence In Hand	1.23	11.48
Advance Income Tax	–	5.00
Income Tax Deposited under Protest (FY 05 - 06)	–	2.50
Advance to Staff	0.01	0.04
Advance FBT	–	0.60
Tax Deducted at Source	4.62	2.46
Service Tax Recoverable	4.71	7.80
Income Tax Refund Due	2.03	2.03
Loans to Staff	1.84	2.77
Custom duty Paid	3.80	3.77
VAT Recoverable	1.06	1.30
Insurance Claim Receivable	11.21	10.97
Excise duty Deposit Under Protest	0.25	–
	289.64	260.80
	4,797.38	3,727.33

Schedules forming part of Balance Sheet

(Rs. in million)

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS			
Sundry Creditors for Supply of Material		784.40	946.92
Sundry Creditors for Expenses		42.39	38.57
Sundry Creditors for Capital Expenses		52.13	89.66
Advances from Customers		6.60	3.28
TDS Payable		5.35	2.48
Expenses Payable (Others)		37.94	28.07
VAT Payable		28.79	16.86
Provision for Income Tax		74.83	34.50
Fringe Benefit Tax Payable		-	0.78
		1,032.43	1,161.12

		As at 31.03.2010	As at 31.03.2009
SCHEDULE 9 MISCELLANEOUS EXPENDITURE			
Miscellaneous Expenditure			
(To the extent not w/off or adjusted)			
Preliminary Expenses			
Opening Balance		15.45	6.86
Add: Expenditure during the period		1.30	9.39
		16.75	16.25
Less: Written off during the period		1.72	0.80
	(A)	15.03	15.45
Research and Development Expenditure			
Opening Balance		132.73	115.42
Add: Expenditure during the period		259.93	50.08
		392.66	165.50
Less: Written off during the period		42.78	32.77
	(B)	349.88	132.73
FCM Item Translation Difference Account			
Opening Balance		46.57	–
Add: Expenditure during the period		–	46.57
		46.57	46.57
Less: Written off during the period		46.57	–
	(C)	–	46.57
Public Issue Expenses	(D)	10.70	–
	(A+B+C+D)	375.61	194.75

Schedules forming part of Profit and Loss Account

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 10 OTHER INCOME		
Interest Income	11.99	11.64
Miscellaneous Income	33.21	0.77
DEPB Licence Income	2.26	7.78
	47.46	20.19

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 11 MATERIAL CONSUMED		
Opening Stock		
Raw Material	280.63	230.26
Work in Process	279.48	155.29
Semi - Finished Goods	1,308.41	633.23
Stores & Spares	4.29	2.19
	1,872.81	1,020.97
Add: Purchases During the Year		
Raw Material	4,169.47	3,742.37
Packing Material	28.36	24.63
Stores & Spares	9.07	9.91
	4,206.90	3,776.91
Less: Closing Stock		
Raw Material	287.13	280.63
Work in Process	275.02	279.48
Semi - Finished Goods	1,833.44	1,308.41
Stores & Spares	5.55	4.29
	2,401.14	1,872.81
	3,678.57	2,925.07

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 12 MANUFACTURING EXPENSES		
Water & Electricity Charges	41.20	38.43
Repair & Maintenance		
- Machinery	8.15	8.74
- Building	1.20	0.67
- Others	5.07	2.35
Job Work Charges	61.41	32.18
Generator Set Expenses	17.74	17.47
Lab Expenses	8.83	6.41
Freight & Other Expenses (Inward)	58.22	66.45
Hire Charges (Nitrogen Tank)	0.32	0.08
	202.14	172.78

Schedules forming part of Profit and Loss Account

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 13 PERSONNEL EXPENSES		
Salaries, Wages & Other Allowances	123.29	96.11
Contribution to Statutory Funds	9.69	6.68
Staff & Labour Welfare Expenditure	6.04	5.47
	139.02	108.26

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 14 ADMINISTRATIVE EXPENSES		
Travelling & Conveyance		
- Directors (Including Foreign Travelling)	1.12	1.96
- Others (Including Foreign Travelling)	4.26	4.73
Vehicle Running & Maintenance	0.81	0.63
Printing & Stationery	2.98	3.71
Telephone Expenses	2.10	2.88
Postage & Telegram	3.38	2.67
Insurance Expenses	8.03	7.04
Rates, Fees & Taxes	0.73	0.79
Legal & Professional Charges	1.56	0.87
Directors Remuneration	10.39	7.39
Office Expenses	4.12	3.64
Security Charges	3.09	3.11
Auditors' Remuneration	0.41	0.23
Miscellaneous Expenses	1.10	0.38
Charity & Donation	0.01	0.13
Director Sitting Fee	0.08	0.03
Advertisement	0.18	0.12
Office Rent	1.89	1.80
Subscription Fee	0.12	0.17
Festival Expenses	0.12	0.10
Testing Charges	0.22	0.72
Newspaper, Books & Periodicals	0.06	0.01
General Repair & Maintenance	0.73	0.85
Loss on Sale of Fixed Assets	–	0.23
Contribution to National Laboratory	–	0.03
Service Charges	0.59	0.59
	48.08	44.81

Schedules forming part of Profit and Loss Account

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
SCHEDULE 15 SELLING AND DISTRIBUTION EXPENSES		
Insurance Expenses (Sales)	9.37	4.60
Freight & Cartage Outward	17.87	17.45
Clearing & Forwarding (Export)	32.28	22.72
Commission on Sale	22.20	11.72
Business Promotion	10.65	5.30
Bad Debts written off	–	1.56
Exhibition & Fair Expenses	0.08	2.97
Rebate & Discount	10.39	0.13
	102.84	66.45

SCHEDULE 16 FINANCIAL EXPENSES

	Year ended 31.03.2010	Year ended 31.03.2009
Bank Interest	225.95	176.15
Bank Charges / Processing Fees	71.83	49.43
Other Interest/Discounting Charges	84.42	57.77
	382.20	283.35

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING CONVENTION

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub section (1)(a) of Section 642 and relevant provisions of the Companies Act, 1956.The Financial statements have been prepared under the historical cost convention on accrual basis in accordance with Accounting Standard -1 "Disclosure of Accounting Policies". The accounting policies have been consistently applied by the Company unless otherwise stated.

B. FIXED ASSETS AND DEPRECIATION

(i) All fixed assets are stated at cost of acquisition less accumulated depreciation & impairment losses. The Company capitalised all direct cost relating to the acquisition and installation of fixed assets as per Accounting Standard 10- "Accounting for Fixed Assets". Depreciation on all fixed assets have been provided on continuous process basis at the rates and in the manner specified in Schedule –XIV to the Companies Act, 1956. During the year, depreciation on all the fixed assets has been provided at the rate applicable to continuous process industry on the straight-line method.

(ii) Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take substantial period of time to get ready for their intended use are capitalised in accordance with Accounting Standard -16 "Borrowing costs".

Expenditure and outlays of money on uncompleted fixed assets are shown as capital work in progress until such time the same are completed. Capital work in progress is stated at cost.

(iii) Pre-Operative Expenses

Pre-operative expenses represent expenses incurred prior to the date of commencement of commercial production for setting up new manufacturing facilities or expansion of existing facilities. Until capitalisation, all expenses are disclosed under pre-operative expenses pending allocation/capitalisation and allocated to cost of fixed assets on capitalisation.

C. VALUATION OF INVENTORIES

Inventories are valued in accordance with Accounting Standard -2 "Valuation of Inventories" and the method of valuation is given as under:

(i) Raw Material, Stores and Spares and Packing Materials	Lower of Cost or Net Realisable Value whichever is less on FINO Basis. However, materials and other items held for use in the production of finished goods are not written down below cost if the products in which they will be used are expected to be sold at or above cost.
(ii) Works in Process	At cost up to estimated stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
(iii) Stock at shop floor	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
(iv) Finished Goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of Finished goods includes Excise duty.

D. REVENUE RECOGNITION

As per Accounting Standard -9 "Revenue Recognition", revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

Sale of Goods:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of goods are transferred

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

to the customer and is stated net of Trade Discount, Sales return & sales tax, but inclusive of Excise duty.

Interest:

Interest Revenue is recognised on time proportion basis taking into account amount outstanding and rate applicable.

Income from Job Work:

Income from job work is recognised on the basis of work executed as per the contract/agreement.

DEPB Income:

DEPB income is recognised by the Company after the admission of export benefit credited against the DEPB license realised from the Director General of Foreign Trade on eligible exports made by the Company and the gain (recognised on the basis of discount amount and the resultant difference between the license value and purchase value) on purchase of DEPB licenses from exporters for the purpose of payment of Customs duty on import of raw material by the Company is also included within DEPB income.

E. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are accounted for in accordance with Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates". Transactions in foreign currencies are recorded at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing as on the balance sheet date.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year are recognised as income or expenses in the year in which they arise.

Foreign Currency Monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Any gains or losses are recognised in the profit and loss account.

F. INVESTMENTS

The Company follows Accounting Standard-13 "Accounting for Investments" for treatment of its investments. Long Term investments are stated at cost. However, provision for diminution in value, other than temporary is made. Current investments are stated at the lower of cost and fair value, which is determined on an individual investment basis.

G. RETIREMENT BENEFITS

Retirement Benefits are accounted in accordance with Accounting Standard -15 "Accounting for retirement benefits in the financial statements of employers" as follows:

Defined Benefit Plans

Liability in respect of defined benefit plans i.e. gratuity and leave encashment, are determined based on actuarial valuation made by an independent actuary as at balance sheet date .The actuarial gains or losses are recognised immediately in the profit and loss account.

Defined Contribution Plans

Contribution towards Provident Fund is made to statutory authorities by the management and is charged to profit & loss account on accrual basis.

H. BORROWING COSTS

Borrowing costs include interest and commitment charges on borrowings. As per Accounting Standard -16 "Borrowing Costs" costs incurred on borrowings directly attributable to development projects, which take substantial period of time to complete, are capitalised to respective projects and all other borrowing costs are recognised in the profit and loss account in the period in which they are incurred which is in accordance with Accounting Standard -16 "Borrowing Costs."

I. SEGMENTAL REPORTING

The Company has considered Manufacturing of Bulk Drugs as only one business segment. Since there is not more than one reportable segment therefore the disclosure in the context of Accounting Standard 17 "Segment Reporting" has not been considered necessary.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

J. TAXES ON INCOME

As per Accounting Standard -22 "Accounting for Taxes on Income", Tax expenses comprise current tax and deferred tax.

i. Provision for taxation represent income tax including surcharge and education cess as per provision contained in the Income Tax Act, 1961.

ii. Deferred Tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and to the extent there is virtual certainty that the asset will be realised in future and deferred tax liabilities on timing differences, being the difference between Taxable Income & Accounting Income that originate in the period and are capable of reversal in one or more subsequent years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date.

K. EARNING PER SHARE

In accordance with Accounting Standard-20 –"Earnings Per Share" Basic Earning per Share is calculated by dividing the net earnings after tax for the period attributable to equity Shareholders by weighted average number of Equity Shares outstanding during the period. For the purpose of calculating diluted earning per share net profit or loss for the period attributable to Equity Shareholders and weighted average number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

L. RESEARCH AND DEVELOPMENT EXPENSES

Cost incurred on research and development expenses of revenue nature are recognised as intangible assets and amortised on a straight line basis over a period of five years. Subsequent expenditure on research and development of revenue nature are also added to the cost of intangibles and also written off in succeeding five years.

Capital expenditure on research and development is shown under "R&D Equipment" under Fixed Assets and depreciation have been provided at the rates and in the manner provided according to Schedule VI of the Companies Act, 1956.

The above treatment is in accordance with Accounting Standard -26 "Intangible Assets"

M. IMPAIRMENT LOSS

The carrying value of assets of the Cash Generating Unit at each Balance Sheet date is reviewed for impairment as per Accounting Standard -28 "Impairment of Assets". If any indication of such impairment exists, the recoverable amount of those assets is estimated. Impairment loss is recognised, if carrying amount of those assets exceeds their recoverable amount. Recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

N. AMORTISATION OF EXPENSES

Preliminary Expenses are amortised over a period of ten years.

O. EXPORT BENEFITS/INCENTIVES

Export entitlements under Duty Entitlement Pass Book [DEPB] Scheme are recognised in the Profit and Loss Account when the right to receive credit as per terms of the scheme is established in respect of export made.

Obligations/entitlements on account of Advance License Scheme for import of raw material are accounted for on purchase of raw material and / or export sales.

P. CONTINGENT LIABILITIES AND PROVISIONS

In accordance with Accounting Standard -29 "Provisions, Contingent Liabilities and Contingent Assets", which are material and where future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed in notes on accounts to financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

Q. USE OF ESTIMATES

In preparing Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

R. FINANCIAL DERIVATIVES HEDGING TRANSACTIONS

The use of Financial Derivatives Hedging Contracts is governed by the Company's policies which provide principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Financial Derivatives Hedging Contracts are accounted on the date of their settlement/termination and realised gain/loss in respect of the settled/terminated contracts is recognised in the profit and loss account.

II. NOTES TO ACCOUNTS

1. Debit or Credit Balances on whatever account are subject to confirmation/reconciliation.
2. The previous year figures have been regrouped/re-arranged wherever considered necessary.
3. The finished goods (on floor), work-in-process and by product etc. have been grouped as closing stock and the variation in stock has been worked out accordingly.
4. The Gross Sale include the element of Excise duty thereon and the same has been shown as deduction separately.
5. The amount less received from the parties against sales made to them has been charged to Rebate & Discount Account.
6. In the opinion of the Board of Directors, all current assets and loans and advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all the known liabilities.
7. In view of insufficient information from the suppliers regarding their status as Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure as required by Section 22 of MSMED Act 2006 cannot be made.
8. Addition in Capital Reserves amounting to Rs. 0.07 million represent realisation of amount less received during financial year 2008-09 on account of foreign exchange difference in respect of Share Application Money.
9. Commission on sales and rebate & discount are accounted for when accounts are finally settled with the agents.
10. Stock of stores and consumables amounting to Rs. 5.55 million comprises spares and others consumable items. Due to varied and voluminous small items adequate records have not been maintained, therefore, the value as estimated and certified by the management has been considered.
11. Fixed Deposit with banks Rs. 150.64 million (Previous year Rs. 124.12 million) are pledged as margin money with banks.
12. The total revenue expenditure incurred during the year on Research & Development amounted to Rs. 259.93 million have been treated as deferred revenue expenditure and will be written off over the period of 5 years so as to depict the true financial position of the Company as per policy of the Company followed in preceding years.
13. Export Incentives have been accounted on accrual basis.
14. The DEPB Income comprises export benefit against the DEPB Licenses realised from Director General of Foreign Trade, Ministry of Commerce, Government of India on eligible export made by the Company and the gain (i.e. the discount amount and resultant difference between the license value and purchase value) on purchase of DEPB License from exporter for the purpose of payment of Custom duty on import of raw material by the Company.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

15. The Inventory comprises of raw material, stores & spares, packing material, stock of work in progress including recovery stock and material at shop floor as physically verified as on March 31, 2010, valued and certified by the management has been considered.
16. Public Issue expenses amounting to Rs. 10.70 million represents expenditure incurred by the Company in respect of public issue amounting to Rs. 2,000 million scheduled for subscription in the month of June, 2010 and such expenses will be adjusted against the security premium account.
17. The Company has circulated the balance confirmation letters for the balance confirmation from Sundry Debtors and Creditors as on March 31, 2010. However, in the absence of confirmation, the balances have been taken as per records of the Company.
18. Employee Benefits:

Consequent upon adoption of Accounting Standard on "Employee Benefits" (AS 15) (Revised 2005), as required by the Standard, the following disclosures are made : *(Rs. in million)*

	Leave Encashment (Unfunded)	Gratuity (Unfunded)
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at period beginning (April 1, 2009)	5.46	4.22
Current service Cost	3.22	2.41
Reconciliation of opening and closing balances of the present value	0.41	0.49
Actuarial (gain)/loss	(0.99)	(0.64)
Benefits paid	(0.63)	(0.06)
Obligation at the year end (March 31, 2010)	**7.47**	**6.41**
Changes in plan assets	N.A.	N.A.
Plan assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at the year end, at fair value	**Nil**	**Nil**
Reconciliation of present value of the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	Nil	Nil
Present value of the defined benefits obligation at the end of the year	7.47	6.41
Liability / (Asset) recognised in the Balance Sheet	**7.47**	**6.41**
Cost for the year		
Current Service Cost	3.22	2.41
Interest Cost	-	0.17
Expected return on plan assets	0.41	0.32
Actuarial (gain)/loss	(0.99)	(0.64)
Net Cost recognised in the Profit and Loss Account	**2.64**	**2.25**
Assumption used to determine the benefit obligations:		
Interest rate	8%	8%
Estimated rate of return on plan assets	-	-
Expected rate of increase in salary	10%	10%
Actual return on plan assets	-	-

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

19. i) Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets:

(Rs. in million)

Particulars	As at April 1, 2009	Additions during the year	Amount Paid/ reversed during the year	As at March 31, 2010
Gratuity	4.22	2.25	0.06	6.41
Leave Encashment	5.46	2.64	0.63	7.47

ii) Taxation Matters in respect of which Appeals are pending:

(Rs. in million)

Sr. No.	Particulars	31.03.2010	31.03.2009
1.	Income Tax	–	24.22
2.	Central Excise duty	0.59#	0.59

Rs. 0.34 million have been deposited towards disputed liability.

20. The following expenses incurred during the year as attributable to the fixed assets (including Capital Work in Progress) have been capitalised:

(Rs. in million)

Particulars	Amount
Salary and Allowances	11.67
Consultancy Charges	2.58
Bank Interest / Processing Fee	100.27
Power & Fuel	25.89
Others	3.39

21. Contingent Liabilities

(Rs. in million)

	As at 31.03.2010	As at 31.03.2009
(i) Letter of Credit (Foreign/Inland)	856.65	850.77
(ii) Bank Guarantees	10.89	16.40
(iii) Custom duty	21.70#	–

Out of above material valuing Rs. 654.38 million (Previous year Rs. 600.40 million) has been received by 31.03.2010 and credited to respective Creditor Account.

The Company has received show cause notices from the Jt. Director General of Foreign Trade towards the non-fulfilment of export obligation against the Advance Licenses obtained for import of duty free raw material. Though the Company has taken up the matter with appropriate authority for the extension of export obligation period. In this regard the estimated contingent liability is Rs. 21.70 million towards the Custom duty.

22. Taxation

(a) In order to comply with the requirement of Section 211(3c) of the Companies Act, 1956 consequent to Accounting Standard –22 "Accounting for Taxes on Income", the Company has followed the deferred tax method of accounting. Consequently the Company has accounted the deferred tax for the current period amounting to Rs. 23.50 million in the Profit & Loss Account.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

b) Deferred Tax Assets & Liability are attributable to the following items:

(Rs. in million)

Particulars	Deferred Tax Asset/(Liability) 31.3.2009	(Charge)/ Credit	Deferred Tax Asset/(Liability) 31.3.2010
Deferred Tax Liability:			
Difference between Tax and Book written down	(-) 52.82	(-) 23.50	(-) 76.32
Value of Fixed Assets			
	(-) 52.82	(-) 23.50	(-) 76.32

23. Earning per Share:

	As at 31.03.2010 (Face Value Rs. 10/- each)	As at 31.03.2009 (Face Value Rs. 10/- each)
No. of Shares considered as weighted average Shares for calculation of Basic Earning Per Share.	19,090,919	10,656,572
Add: Dilutive effect of potential Shares out of Cumulative Preference Shares outstanding.	-	1,466,509
No. of Shares considered as weighted average Shares and potential Shares outstanding for calculation of diluted EPS.	19,090,919	12,123,081
Basic Earning per Share (Rs.)	17.91	22.68
Diluted Earning per Share (Rs.)	17.91	19.94

24. Auditors' Remuneration:

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Audit Fees	0.25	0.20
Tax Audit Fee	0.10	0.05
In other Capacity		
Certification fee	0.05	–
	0.40*	0.25*

(*) Net of Service Tax

25. Managerial Remuneration:

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
(a) Managing Director:		
Salary	5.22	3.80
Commission	-	-
Estimated Value of Perquisites and Allowances.	-	0.15
(b) Directors:		
Salary	5.17	2.38
Commission	-	-
Estimated Value of Perquisites and Allowances.	-	0.06

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

26. Related Party Disclosures
  (a) Key Management Personnel:
    1. Mr. Pranav Gupta — Managing Director
    2. Mr. Vineet Gupta — Executive Director
    3. Dr. Deepali Gupta — Whole Time Director
  (b) Relatives of Key Management Personnel:
    1. Mr. J.D. Gupta
    2. Mr. Sachin Gupta
    3. M/s. J.D. Gupta (HUF)
    4. Mrs. Rama Gupta
  (c) Subsidiary :
    1. Parabolic Research Labs Limited
  (d) Associates :
    1. PNG Trading Private Limited
    2. Parabolic Infrastructure Private Limited
    3. Vineet Packaging Industries
  (e) The following transactions were carried out with related parties in the ordinary course of Business:

(Rs. in million)

	31.03.2010	31.03.2009
(1) Key Management Personnel & their Relatives:		
(a) Remuneration to Key Management person	10.39	7.39
(b) Issue of Shares (including Share premium & Share application money)	-	5.00
(c) Rent Paid	0.66	0.66
(d) Purchase of Fixed Assets	0.09	-
(d) Advance for purchase of Land	-	1.60
(c) Balance at the end of year Payables	0.93	0.93
(2) Subsidiary :		
(a) Share Application Money	0.11	-
(b) Investment	-	13.53
(3) Associates :		
(a) Purchase of goods	0.96	1.00
(b) Balance at the end of year payable	0.29	-

27. Segment Reporting:
There is not more than one reportable segment. Hence information as per AS-17 is not required to be disclosed.

28. Fixed Assets possessed by Parabolic Drugs Limited are treated as Corporate Assets and are not cash generating units as per Accounting Standard-28 issued by the Institute of Chartered Accountants of India. In the opinion of Management there is no impairment of fixed assets of the Company.

29. The Company has been approved U/s 35 (2AB) of the Income Tax Act, 1961 by the Prescribed Authority i.e. The Secretary, Department of Scientific and Industrial Research, Govt. of India, New Delhi for co-operation in In-house Research and Development facility. The exemption from Director General of Income Tax (Exemption) is extended upto 31.3.2010.

30. During the financial year 2008-09 the Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009 and accordingly a sum of Rs. 46.57 million is shown as Foreign Currency Monetary Items Translation Difference Account under Miscellaneous Expenditure as on 31.03.2009 However w.e.f 01.04.2009 the Company has decided to account for realised gain/loss in respect of the settled/terminated derivatives contracts in the profit and loss account and accordingly a sum of Rs. 46.57 million for the year 2008-09 has been shown on the face of profit and loss account under prior period items.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

31. Additional information pursuant to the provision of paragraph 3 and 4 of Part-II of Schedule-VI of the Companies Act, 1956. [As certified by the Management and accepted by the Auditors]

(a) Licensed & Installed Capacity

	As at 31.03.2010	As at 31.03.2009
Semi-Synthetic Penicillins	840 Tons	840 Tons
Cephalosporins	323 Tons	323 Tons
6-APA	720 Tons	720 Tons

(b) Production, Turnover and Stocks (Finished Goods):

	Year ended 31.03.2010 Quantity (Kg)	Year ended 31.03.2009 Quantity (Kg)
i) Opening Stock	-	-
ii) Production (inc. purchase)		
Semi-Synthetic Penicillins	915,065.79	1,023,498.74
Cephalosporins	322,405.76	191,355.40
6-APA	469,747.87	698,493.50

Note:
(i) Production of 6-APA includes captive consumption of 166,579.37 Kg (Previous Year ended 31.3.2009: 341,006.00 Kg)
(ii) Production of Semi-Synthetic Penicillins include captive consumption of 61,728.06 Kg (previous year ended 31.3.2009: 45,570.00 Kg) and production of Cephalosporins include 40,119.05 Kg (previous year ended 31.3.2009: 161.00 Kg).
iii) Turnover (Excluding Excise duty)

	2009 - 2010		2008-2009	
	Quantity (Kg)	Value (Rs. in million)	Quantity (Kg)	Value (Rs. in million)
Semi-Synthetic Penicillins	853,337.73	1,302.04	977,954.74	1,762.00
Cephalosporins	282,286.71	2,655.31	149,842.40	1,406.51
6-APA	303,168.50	394.86	357,487.50	605.12
By products		786.72		170.05
		5,138.93		**3,943.68**

iv) Closing Stock

	Year ended 31.03.2010		Year ended 31.03.2009	
	Quantity (Kg)	Value (Rs. in million)	Quantity (Kg)	Value (Rs. in million)
	-	-	-	-

(c) Raw Material Consumed

Particulars	Year ended 31.03.2010		Year ended 31.03.2009	
	Quantity (Kg)	Value (Rs. in million)	Quantity (Kg)	Value (Rs. in million)
Penicillin G (BOU)	519,556.15	198.29	936,763.00	444.40
Others (*)		3,964.68		3,282.14

(*) None of which individually accounts for more than 10% of total consumption

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

(d) Value of Raw Material, Spare Parts & Components Consumed

Particulars	Year ended 31.03.2010		Year ended 31.03.2009	
	Value (Rs. in million)	Percentage of Total	Value (Rs. in million)	Percentage of Total
(I) Raw Material Consumed				
Indigenous	2,192.38	52.66%	1,381.33	37.41%
Imported	1,970.59	47.34%	2,310.66	62.59%
	4,162.97		3,691.99	
(II) Stores & Spares Consumed				
Indigenous	7.81	100%	7.82	100%
Imported	-	-	-	-
	7.81		7.82	

(e) CIF Value of Imports

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Raw Material	2,059.00	2,276.22
Capital Goods	15.86	43.00
	2,074.86	2,319.22

(f) Earning in Foreign Currency

F.O.B. value of Exports Rs. 1,300.46 million (Previous Year Rs. 1,090.41 million)

(g) Expenditure in Foreign Currency

1	Consultancy Expenses	Rs. 0.34 million	(Previous year – Rs. 3.27 million)
2	Travelling Expenses	Rs. 2.03 million	(Previous year – Rs. 1.29 million)
3	Commission on Sales	Rs. 16.60 million	(Previous year – Rs. 4.44 million)
4	Fee & Taxes	Rs. NIL million	(Previous year – Rs. 0.31 million)
5	Business Promotion Expenses	Rs. 1.49 million	(Previous year – Rs. 2.69 million)

Schedule 1 to 17 forms an integral part of Balance Sheet and Profit & Loss Account.

Auditors' Report:
Under reference to our report of even date.

For **S. K. Bansal & Co.**
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Balance Sheet Abstract and Company's General Business Profile

As required as per part - IV of Schedule - VI

I. Registration Details

Registration No.	17755	State Code	53
Balance Sheet Date	31 03 2010		

II. Capital raised during the year Rs. 15.02 million
(Including Bonus issue)

III. Position of mobilisation/deployment of funds (Amount in Rs. million)

Total Liabilities	6901.84	Total Assets	6901.84
Sources of Funds			
Paid-up Capital	372.51	Reserves & Surplus	1213.65
Secured Loans	3945.35	Unsecured Loans	261.58
Deferred Tax Liability	76.32		
Application of Funds			
Net Fixed Assets	1708.93	Investments	19.92
Net Current Assets	3764.95	Misc. Expenditure	375.61

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

Income	5187.59	Total Expenditure	4747.28
Profit Before Tax	440.31	Profit After Tax	341.98
Earning Per Share (In Rs.)	17.91	Dividend Rate %	NIL

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

Item Code (ITC Code)	3041
Product Description	CLOXACILLIN SODIUM
Item Code (ITC Code)	3041
Product Description	AMOXYCILLIN TRIHYDRATE
Item Code (ITC Code)	3041
Product Description	AMPICILLIN TRIHYDRATE

Auditors' Report:
Under reference to our report of even date.

For **S. K. Bansal & Co.**
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Directors' Report

Dear members

The Directors of your Company have pleasure in presenting the 3rd Annual Report together with the audited accounts of the Company for the period ended March 31, 2010.

1. Financial results

The financial results for the financial year ended on March 31, 2010 are as under

(Rs. in million)

Sources of funds	2009-10	2008-09
Paid-up Capital	20.00	0.50
Share Application Money	0.17	19.56
Unsecured Loan	0.03	0.03
Total	20.20	20.09

Application of funds	2009-10	2008-09
Capital Work-in-Progress	19.55	19.55
Net Current Assets	0.36	0.34
Miscellaneous Expenditure	0.29	0.20
Total	20.20	20.09

2. Working results

The business activities of the Company were not fully operational during the year under review. However, efforts are being made to accelerate the operations of the Company in the ensuing year.

3. Dividend

The Company did not recommend any dividend for the year under review.

4. Directors

Mr. Vineet Gupta, Director of your company, retire by rotation at the 3rd Annual General Meeting and being eligible, offer himself for re-appointment.

5. Share capital

During the year under review,

a) The Company increased its Authorised Share Capital from Rs. 20.00 million divided into 2,000,000 Equity Shares of Rs. 10 each to Rs. 21.00 million divided into 2,100,000 Equity Shares of Rs. 10 each.

b) Subsequently, the Company increased its Authorised Share Capital from Rs. 21.00 million divided into 2,100,000 Equity Shares of Rs. 10 each to Rs. 30.00 million divided into 3,000,000 Equity Shares of Rs. 10 each.

Further, the Company has also allotted 1,950,000 Equity Shares of Rs. 10/- each to Parabolic Drugs Limited.

6. Auditors

M/s. S.K. Bansal & Co., Chartered Accountants, Chandigarh, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

7. Auditors' Report

The Auditors' Report on the accounts is self-explanatory and requires no comments.

8. Disclosure pursuant to Section 217 (2A) of the Companies Act, 1956

During the year, no employee of the Company received a salary of more than Rs. 24.00 lacs per annum or Rs. 2.00 lacs per month. Accordingly, no particulars of employees are required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

9. Directors' responsibility statement

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

i) In the preparation of the annual accounts, the applicable accounting standards were followed;

ii) Appropriate accounting policies were selected and applied consistently, and judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company;

iii) Proper and sufficient care was 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 for preventing and detecting fraud and other irregularities; and

10. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Statement of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217(1) (e) of the Companies Act, 1956 is not applicable for the year under review.

11. Acknowledgement

Your Directors are pleased to place on record their sincere gratitude to its business constituents for their valuable co-operation and support to the Company.

Your Directors also express their deep appreciation for the devoted and sincere services rendered by various officials during the year and are confident that your Company will continue to receive such co-operation from them in future also.

For and on behalf of the Board

Place: Chandigarh
Dated: June 29, 2010

Vineet Gupta *Director*

Pranav Gupta *Director*

Auditors' Report

To
The Share Holders

We have audited the attached Balance Sheet of **M/s. Parabolic Research Labs Limited,** Chandigarh as at **March 31, 2010**. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) 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.

(iii) The Balance Sheet dealt with by this report are in agreement with the books of account.

(iv) In our opinion, the Balance Sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(v) On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

(vi) Subject to Note 1 of Schedule-F regarding confirmation of Debit or Credit Balances,
In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes forming part of accounts in Schedule-F give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010.

For S. K. Bansal & Co.,
Chartered Accountants

S. K. Bansal
Partner
Membership No: 013147
FRN 002222N

Place: Chandigarh
Dated: June 29, 2010

Annexure to the Auditors' Report

Annexure referred to in Paragraph-3 of the Auditors' Report to the Shareholders of M/s. Parabolic Research Labs Limited, Chandigarh on the accounts for the year ended March 31, 2010.

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.

(c) Company has not sold any Fixed Asset during the year.

ii) (a) According to the information & explanations given to us no inventories were held by the Company during the year.

(b) As there was no inventory held by the Company during the year, the requirement with regard to physical verification of inventory is not applicable.

(c) As there was no inventory held by the Company during the year, the requirement with regard to maintenance of Quantitative records is not applicable.

iii) (a) The Company has not taken from/granted any (secured or unsecured) loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, except from receipts & payments of money on current account.

(b) As Company has not taken from/granted loans apart from transactions on current account para iii(b), iii(c), iii(d) of the order is not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, there are no such transactions exceeding Rs. 5.00 Lacs which have been made at prices, which are not reasonable having regard to the prevailing market prices, for such goods, materials or services at the relevant time

vi) The Company has not accepted deposits from the public as per Companies (Acceptance of Deposits) Rule of 1975.

vii) The requirement with regard to Internal Audit System is not applicable to the Company.

viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

ix) a) Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it.

Annexure to the Auditors' Report (Contd.)

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, Customs duty and cess were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, Customs duty, wealth tax, Excise duty and cess, which have not been deposited on account of any dispute.

x) There are no accumulated losses of the Company at the end of the year. The Company has not started revenue operation during the year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) The Company has not granted loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.

xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

xv) No term loans were obtained by the Company during the year.

xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets.

xvii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

xviii) Since no debentures have been issued during the year by the Company, the requirement of paragraph 4(xix) is not applicable.

xix) Since no money has been raised by public issue during the year, the requirement of paragraph 4(xx) is not applicable.

xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. K. Bansal & Co.,
Chartered Accountants

S. K. Bansal
Partner
Place: Chandigarh — Membership No: 013147
Dated: June 29, 2010 — FRN 002222N

Balance Sheet As at March 31, 2010

(Rs. in million)

	Schedule	As at 31.03.2010	As at 31.03.2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	A	20.17	20.06
2. Loan Funds			
Unsecured Loans	B	0.03	0.03
Total		20.20	20.09
II. APPLICATION OF FUNDS			
1. Capital Work in Progress		19.55	19.55
2. Current Assets, Loans & Advances	C		
Cash & Bank Balances		0.38	0.36
		0.38	0.36
Less: Current Liabilities & Provisions	D	0.02	0.02
Net Current Assets		0.36	0.34
3. Miscellaneous Expenditure	E	0.29	0.20
(To the extent not written off or adjusted)			
Total		20.20	20.09
Significant Accounting Policies & Notes to Accounts	F		

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

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Director

Pranav Gupta
Director

Place : Chandigarh
Dated : June 29, 2010

Schedules forming part of Balance Sheet

(Rs. in million)

	As at 31.03.2010	As at 31.03.2009
SCHEDULE A SHARE CAPITAL		
Authorised Share Capital		
2,100,000 Equity Shares of Rs. 10/- each	21.00	20.00
(Previous Year 2,000,000 Equity shares of Rs. 10 each)		
Issued, Subscribed & Paid-up		
2,000,000 Equity Shares of Rs. 10/- Each fully Paid-up	20.00	0.50
(Previous Year 50,000 shares of Rs. 10 each)		
Share Application Money	0.17	19.56
(Pending Allotment of Shares)		
	20.17	20.06

Note:

Out of above 2,000,000 Equity Shares, 1,950,000 Equity Shares are held by Parabolic Drugs Limited, the holding company.

SCHEDULE B UNSECURED LOANS		
Due to Directors	0.03	0.03
	0.03	0.03

SCHEDULE C CURRENT ASSETS, LOANS & ADVANCES		
Cash in Hand	0.01	-
Bank Balances		
With HDFC Bank	0.37	0.36
	0.38	0.36

SCHEDULE D CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors (Expenses)	0.02	0.02
	0.02	0.02

SCHEDULE E MISCELLANEOUS EXPENDITURE		
Preliminary Expenses		
Opening Balance	0.17	0.02
Add: Additions during the year	0.07	0.15
	0.24	0.17
Pre-Operative Expenses		
Opening Balance	0.03	0.01
Add: Additions during the year	0.02	0.02
	0.05	0.03
	0.29	0.20

Schedules forming part of Accounts

SCHEDULE F SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING CONVENTION

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standard) Rule 2006 issued by the Central Government in exercise of the power conferred under sub section (1)(a) of Section 642 and relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

B. AMORTISATION OF EXPENSES

Preliminary Expenses are to be amortised over a period of 10 years in accordance with provisions contained in Income Tax Act, 1961.

C. CONTINGENT LIABILITIES AND PROVISIONS

Liabilities, which are material and where future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed in notes on accounts to financial statements after careful evaluation by the management of the facts and legal aspects of the matters involved.

D. USE OF ESTIMATES

In preparing company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

II. NOTES TO ACCOUNTS

1. Debit or Credit Balances on whatever account are subject to confirmation/reconciliation.
2. The figures for previous years have been regrouped, rearranged and reclassified wherever necessary.
3. In the opinion of the Board of Directors, all current assets and loans and advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all the known liabilities.
4. No Profit and Loss Account has been prepared since the Company has not commenced revenue operations.
5. Capital Work in Progress represents advance paid to HSIIDC against plot in Sector 22, Panchkula.
6. Related Party Disclosures
   a. Key Management Personnel:
      1. Mr. Pranav Gupta — Director
      2. Mr. Vineet Gupta — Director
   b. Holding Company:
      1. Parabolic Drugs Limited — 97.5 % Share Holding

   The following transactions were carried out with related parties in the ordinary course of Business: (Rs. in million)

Particulars	2009-10	2008-09
(a) Issue of Shares	19.50	–
(b) Share application money received	0.11	13.53
(c) Balance at the end of period/year Payables	0.20	19.59

7. Additional information pursuant to the provisions of paragraph 3 and 4C of Part-II of Schedule -VI of the Companies Act, 1956 relating to Quantitative details of various items of raw material, finished goods etc. have not been furnished, as the same is not applicable.
8. The information pursuant to provisions of paragraph 4D of Part – II of Schedule – VI of the Companies Act, 1956 is as under:

(a) C.I.F. Value of imports	NIL
(b) Expenditure in foreign currency	NIL
(c) Percentage of indigenous raw material consumed to total consumption	NIL
(d) Amount remitted in foreign currency on account of dividend	NIL
(e) Earnings in foreign currency	NIL

Balance Sheet Abstract and Company's General Business Profile

As required as per part - IV of Schedule - VI

I. Registration Details

Registration No.	31004	State Code	53
Balance Sheet Date	31 03 2010		

II. Capital raised during the year Rs. Nil

III. Position of mobilisation and deployment of funds (Amount in Rs. million)

Total Liabilities	20.20	Total Assets	20.20
Sources of Funds			
Paid-up Capital	20.17	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	0.03
Application of Funds			
Net Fixed Assets	19.55	Investments	NIL
Net Current Assets	0.36	Misc. Expenditure	0.29

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

Income	NIL	Total Expenditure	NIL
Profit Before Tax	NIL	Profit After Tax	NIL
Earning per share (In Rs.)	NIL	Dividend Rate %	NIL

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

The Company has not yet started commercial activity during the period.

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Place : Chandigarh
Dated : June 29, 2010

For and on behalf of the Board

Vineet Gupta
Director

Pranav Gupta
Director

Consolidated Auditors' Report

To
The Board of Directors of Parabolic Drugs Limited on the Consolidated Financial Statements of Parabolic Drugs Limited and its Subsidiary - Parabolic Research Labs Limited

We have audited the attached Consolidated Balance Sheet of **M/s. Parabolic Drugs Limited (The Company) and its Subsidiary as at March 31, 2010,** the Consolidated Profit & Loss Account for the year ended on that date annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These Consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21 Consolidated Financial Statements and Accounting Standard (AS) 23 Accounting for Investment in Associates in Consolidated Financial Statements notified by Companies (Accounting Standard) Rules, 2006 and on the separate audited financial statements of Parabolic Drugs Limited and its Subsidiary included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on consideration of the Audit Reports on individual audited financial statements of Parabolic Drugs Limited and its aforesaid subsidiary. In our opinion, the Consolidated Financial Statements together with notes forming part of accounts in Schedule- 17 attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Parabolic Drugs Limited and its Subsidiary as at **March 31, 2010**;

(b) in the case of Consolidated Profit & Loss Account, of the Consolidated **Profit** of the Parabolic Drugs Limited and its Subsidiary for the year ended on that date.

(c) In case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Parabolic Drugs Limited and its Subsidiary for the year ended on that date

For S. K. Bansal & Co.,
Chartered Accountants

S. K. Bansal
Partner
Membership No: 013147
FRN 002222N

Place: Chandigarh
Dated: June 29, 2010

Consolidated Balance Sheet As at March 31, 2010

(Rs. in million)

	Schedule	As at 31.03.2010
I SOURCES OF FUNDS		
1 Shareholders' Funds		
Share Capital	1	372.51
2 Reserves & Surplus	2	1,213.65
3 Minority Interest		0.50
4 Loan Funds		
Secured Loans	3	3,945.35
Unsecured Loans	4	261.61
5 Deferred Tax Liability (Net)		76.32
		5,869.94
II APPLICATION OF FUNDS		
1 Fixed Assets		
Gross Block	5	1,866.89
Less: Depreciation		138.36
Net Block		1,728.53
2 Investment	6	0.25
3 Current Assets, Loans and Advances	7	
Inventories		2,401.14
Sundry Debtors		1,930.51
Cash and Bank Balances		176.47
Loans and Advances		289.64
		4,797.76
Less: Current Liabilities & Provisions	8	1,032.45
Net Current Assets		3,765.31
4 Miscellaneous Expenditure	9	375.85
(To the extent not written off or adjusted)		
		5,869.94
Significant Accounting Policies and Notes on Accounts	17	

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

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Consolidated Profit and Loss Account For the year ended March 31, 2010

(Rs. in million)

	Schedule	Year ended 31.03.2010
I. INCOME		
Gross Sales		5,590.12
Less: Excise duty		451.19
Net Sales		5,138.93
Income from Job Work		1.20
Other Income	10	47.46
		5,187.59
II EXPENDITURE		
Material Consumed	11	3,678.57
Manufacturing Expenses	12	202.14
Personnel Expenses	13	139.02
Administrative Expenses	14	48.08
Selling & Distribution Expenses	15	102.84
Financial Expenses	16	382.20
Research & Development Expenses W/off		42.78
Preliminary Expenses W/off		1.72
FCM Item Translation Difference Loss		93.70
Depreciation		56.23
		4,747.28
Profit Before Tax		440.31
Less: Provision for Taxation:		
Current Year Tax		74.83
Deferred Tax		23.50
Fringe Benefit Tax		-
		98.33
Profit After Tax		341.98
Less: Taxation Adjustment for Earlier Years		(0.03)
Less: Prior Period Items		46.57
Surplus Carried to Balance Sheet		295.44
Earning Per Share (Face Value Rs. 10/-)		
Basic		17.91
Diluted		17.91
Significant Accounting Policies and Notes on Accounts	17	

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

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

For and on behalf of the Board

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : June 29, 2010

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Consolidated Cash Flow Statement For the year ended March 31, 2010

(Rs. in million)

		Year ended 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES		
(Including Working Capital Changes)		
- Profit Before Tax		440.31
- Depreciation & Amortisation		56.23
- Financial Expenses		382.20
- R & D Expenses written off		42.78
- Misc. Expenses written off		1.72
- Total Operating Cash flow before Working Capital Changes		923.24
Working Capital Changes		
Current Assets		
- Raw Material		6.50
- Work in Progress / Finished Goods		520.56
- Stores & Consumables		1.26
- Total Debtors		471.85
- Excise duty		(55.35)
- Security Deposit		0.16
- TDS		2.16
- Advance to Suppliers for Raw materials		11.57
- Advance to Suppliers for Expenses		2.38
- Advance to Suppliers for Capital Goods		57.87
- Prepaid Expenses		(6.08)
- Advances/ Loans to Staff		(0.96)
- Others		17.09
Increase / (Decrease) in Current Assets		1,029.01
Current Liabilities		
- Creditors for material		(162.52)
- Creditors for Expenses		3.82
- Creditors for Capital Goods		(37.53)
- Others		67.54
Increase / (Decrease) in Current Liabilities		(128.69)
Net Increase/(Decrease) in Working Capital		1,157.70
- Income Tax/FBT		74.81
Total Cash Flow from Operations including Working Capital	(A)	(309.27)

Consolidated Cash Flow Statement *(Contd.)* For the year ended March 31, 2010

(Rs. in million)

		Year ended 31.03.2010
CASH FLOW FROM INVESTMENT ACTIVITIES		
- Purchase of Fixed Assets		602.33
- Sale of Fixed Assets		-
- F C M Item Transaction Difference		-
- Investment In Shares		-
- Preliminary Expenses		1.37
- Public Issue Expenses		10.70
- R&D Expenditure		259.93
Total Cash Flow from Investment Activities	(B)	874.33
CASH FLOW FROM FINANCING ACTIVITIES		
- Share Capital/Share Premium		40.21
- Term Loans Additions / (Repayments)		600.27
- Vehicle Loans		(3.35)
- Unsecured Loans/Deferred Creditors		(253.46)
- Increase / (Decrease) in Working Capital Loans		1,223.18
- Finance Expenses		(382.20)
Total Cash Flow from Financing	(C)	1,224.65
Net cash inflow/(outflow) (During the Year)	(A-B+C)	41.05
Cash Balance in the beginning of the year		135.42
Cash Balance at the end of the year		176.47

Auditors' Report:
Under reference to our report of even date.

For S. K. Bansal & Co.
Chartered Accountants

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Place : Chandigarh
Dated : June 29, 2010

For and on behalf of the Board

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)

Schedules forming part of Consolidated Balance Sheet

(Rs. in million)

	As at 31.03.2010
SCHEDULE 1 SHARE CAPITAL	
Authorised	
62,000,000 Equity Shares of Face Value of Rs. 10 each	620.00
Issued, Subscribed & Paid-up	
37,251,049 Equity Shares of Face Value of Rs. 10 each Fully Paid-up	372.51
	372.51

Note:

1. Out of above Equity Shares, 94,000 Equity Shares of Rs. 10 Each are allotted in the year 1996-97 fully Paid-up pursuant to a contract without payments being received in cash.
2. During the year, the Company has converted 25,000,000 Optionally Cumulative Convertible Preference Shares into 1,533,742 Equity Shares of Rs.10 each fully paid-up at a premium of Rs.153/- per share.
3. During the year, the Company has allotted 24,566,484 Equity shares of Rs.10/- each as Bonus Shares in the ratio of 2:1 to its Equity Shareholders out of Security Premium.

SCHEDULE 2 RESERVES & SURPLUS	
Profit & Loss Account	
Opening Balance	756.95
Add: Net Profit for the Year	295.44
Closing Balance	1,052.39
Capital Reserves	
Opening Balance	0.28
Add: Addition/(Deduction) during the Year	0.07
Closing Balance	0.35
Capital Subsidy	
Opening Balance	3.00
Add: Addition during the Year	
Closing Balance	3.00
Security Premium	
Opening Balance	132.79
Add: Addition during the Year	270.78
Less: Issues of Bonus Shares	(245.66)
Closing Balance	157.91
	1,213.65

Note

Capital Subsidy amounting to Rs. 3 million represents amount received from Director of Industries Punjab against Capital Investment Subsidy as per Industrial Policy

Schedules forming part of Consolidated Balance Sheet

(Rs. in million)

	As at 31.03.2010
SCHEDULE 3 SECURED LOANS	
DUE TO STATE BANK OF INDIA	
Cash Credit	13.17
Buyers Credit	164.01
Export Packing Credit	259.05
PCFC	9.06
FCNR	320.11
Bill Discounting FBP	27.52
Term Loan	251.66
DUE TO UCO BANK	
Cash Credit (Hypothecated)	38.26
Cash Credit (Book Debts)	25.16
Buyers Credit	126.33
PCFC	39.64
Bill Discounting	203.95
Bill Discounting FBP	58.68
Term Loan	334.36
DUE TO PNB	
Cash Credit	158.94
Packing Credit	7.50
Buyers Credit	32.13
DUE TO ICICI BANK	
Cash Credit	192.63
Packing Credit	78.74
Buyers Credit	23.88
Term Loan	221.52
DUE TO CENTRAL BANK OF INDIA	
Cash Credit	297.72
Buyers Credit	77.67
Term Loan	223.89
DUE TO UNION BANK OF INDIA	
Cash Credit	403.35
Buyers Credit	99.28

Schedules forming part of Consolidated Balance Sheet

(Rs. in million)

	As at 31.03.2010
SCHEDULE 3 SECURED LOANS (Contd.)	
DUE TO BANK OF BARODA	
Cash Credit	100.30
DUE TO CANARA BANK	
Cash Credit	150.00
VEHICLE LOAN	6.84
	3,945.35

Note:

A. Working Capital Limits

Working Capital borrowings from Banks are secured by way of first pari passu charge on hypothecation of entire present & future current assets of the Company, Second pari passu charge on all fixed assets of the Company, pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guaranteed by Mrs. Nirmal Bansal, Mrs. Rama Gupta, M/s J.D. Gupta (HUF), Mr. T.N Goel, Mr. Pranav Gupta and Mr. Vineet Gupta.

B. Term Loan

Term Loans from Banks are secured by way 1st pari passu charge on all existing & future fixed assets of the Company at all locations with equitable mortgage of land & building, 2nd pari passu charge on all the current assets of the Company, pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guaranteed by Mrs. Nirmal Bansal, Mrs. Rama Gupta, M/s J.D. Gupta (HUF), Mr. T.N Goel, Mr. Pranav Gupta and Mr. Vineet Gupta.

C. Vehicle Loan

Vehicle Loans are secured against hypothecation of respective Vehicles.

SCHEDULE 4 UNSECURED LOANS

Due to Banks	259.23
Due to Others	2.38
	261.61

Note

Unsecured Loan due to banks represents bill discounting facilities from different banks/NBFC which is secured by respective documentary bills & personal guarantees of Mr. Pranav Gupta and Mr. Vineet Gupta.

Schedules forming part of Consolidated Balance Sheet

SCHEDULE 5 FIXED ASSETS

(Rs. in million)

		Gross Block					Depreciation				Net Block	
	Rate of Dep. (%)	As on 1-4-2009	Addition during the period (01-04-2009 30-09-2009)	Addition during the period (01-10-2009 31-03-2010)	Deduction during the year	Total as on 31-03-2010	As on 1-4-2009	Provided during the year	Assets Sold/ Written back/ Adjustment	As on 31-03-2010	As on 31-03-2010	As on 31-03-2009
(A) At Derabassi												
Land	–	5.57	–	–	–	5.57	–	–	–	–	5.57	5.57
Site Development (Land)	–	2.12	0.10	0.01	–	2.23	–	–	–	–	2.23	2.12
Factory Building	3.34%	169.24	–	67.03	–	236.27	7.55	5.90	–	13.45	222.82	161.69
Non Factory Building	1.63%	6.50	–	–	–	6.50	0.65	0.11	–	0.76	5.74	5.85
Plant & Machinery/ Electrical Installations	5.28%	694.68	4.73	162.59	4.16	857.84	58.82	37.89	1.89	94.82	763.02	635.86
Furniture & Fixture	6.33%	12.37	1.37	2.02	–	15.76	1.25	0.86	–	2.11	13.65	11.12
Tubewell	1.63%	2.07	–	–	–	2.07	0.11	0.03	–	0.14	1.93	1.96
Vehicles	9.50%	20.35	0.62	0.10	0.92	20.15	4.88	1.98	0.12	6.74	13.41	15.47
Computer & Software	16.21%	6.59	1.05	2.13	–	9.77	2.38	1.25	–	3.63	6.14	4.21
Total (A)		919.49	7.87	233.88	5.08	1,156.16	75.64	48.02	2.01	121.65	1,034.51	843.85
(B) Research & Development												
Land	–	5.35	–	–	–	5.35	–	–	–	–	5.35	5.35
R&D Equipment	5.28%	126.02	9.74	87.04	–	222.80	8.24	7.71	–	15.95	206.85	117.78
Building	3.34%	0.26	–	49.10	–	49.36	0.02	0.26	–	0.28	49.08	0.24
Computer & Software	16.21%	0.96	–	1.48	–	2.44	0.22	0.19	–	0.41	2.03	0.74
Furniture & Fixture	6.33%	0.22	–	4.12	–	4.34	0.02	0.05	–	0.07	4.27	0.20
Tubewell	1.63%	–	–	0.59	–	0.59	–	–	–	–	0.59	–
Capital Work in Progress	–	51.82	–	–	51.82	–	–	–	–	–	–	51.82
Total (B)		184.63	9.74	142.33	51.82	284.88	8.50	8.21	–	16.71	268.17	176.13
(C) Capital Work in Progress		142.88	–	266.05	2.67	406.25	–	–	–	–	406.25	142.88
(D) At Parabolic Research Labs Limited		19.58	–	0.02	–	19.60					19.60	19.58
Total - (A+B+C+D)		1,266.58	17.61	642.28	59.57	1,866.89	84.14	56.23	2.01	138.36	1,728.53	1,182.44

	As at 31.03.2010
SCHEDULE 6 INVESTMENTS	
Nimbua Greenfield (Punjab) Ltd	0.25
25,000 Equity Shares of Face Value of Rs. 10/- each fully Paid-Up	
	0.25

Schedules forming part of Consolidated Balance Sheet

(Rs. in million)

	As at 31.03.2010
SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES	
1. Current Assets	
Inventories	
(As Taken, valued and certified by the Management)	
(a) Raw Material	287.13
(b) Work in Process:	
Work in Process	275.02
Finished Goods at Shop Floor	1,833.44
(c) Stores & Consumables	5.55
	2,401.14
2. Sundry Debtors (Unsecured, Considered Good)	
Outstanding for a period of	
- More than six months	152.70
- Less than six months	1,777.81
	1,930.51
3. Cash and Bank Balances	
(a) Cash in Hand	7.59
(b) Staff Imprest	0.18
(c) Balance with Scheduled Banks	
- In Current Account	15.96
- In Fixed Deposit Account	150.64
(d) Interest Accrued but not due on Fixed Deposit	2.10
	176.47
4. Loans and Advances (Unsecured, Considered Good)	
(Advances recoverable in cash or in kind or for value to be received)	
Excise duty Cenvat	62.33
Security Deposit	6.43
Advance to Suppliers	
- For Raw Material	17.10
- For Expenses	4.95
- For Capital Goods	71.58
Prepaid Expenses	12.60
Export Incentive (Recoverable)	83.89
DEPB Licence in Hand	1.23
Advance to Staff	0.01
Tax Deducted at Source	4.62
Service Tax Recoverable	4.71
Income Tax Refund Due	2.03
Loans to Staff	1.84
Custom duty Paid	3.80
VAT Recoverable	1.06
Insurance Claim Receivable	11.21
Excise duty Deposit under Protest	0.25
	289.64
	4,797.76

Schedules forming part of Consolidated Balance Sheet

(Rs. in million)

		As at 31.03.2010
SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors for Supply of Material		784.40
Sundry Creditors for Expenses		42.39
Sundry Creditors for Capital Expenses		52.13
Advances from Customers		6.60
TDS Payable		5.35
Expenses Payable (Others)		37.96
VAT Payable		28.79
Provision for Income Tax		74.83
		1,032.45
SCHEDULE 9 MISCELLANEOUS EXPENDITURE		
Miscellaneous Expenditure		
(To the extent not w/off or adjusted)		
Preliminary Expenses		
Opening Balance		15.62
Add: Expenditure during the period		1.37
		16.99
Less: Written off during the period		1.72
	(A)	15.27
Research and Development Expenditure		
Opening Balance		132.73
Add: Expenditure during the period		259.93
		392.66
Less: Written off during the period		42.78
	(B)	349.88
F C M Item Translation Difference Account		
Opening Balance		46.57
Add: Expenditure during the period		–
		46.57
Less: Written off during the period		46.57
	(C)	–
Public Issue Expenses	(D)	10.70
	(A+B+C+D)	375.85

Schedules forming part of Consolidated Profit and Loss Account

(Rs. in million)

	Year ended 31.03.2010
SCHEDULE 10 OTHER INCOME	
Interest Income	11.99
Miscellaneous Income	33.21
DEPB Licence Income	2.26
	47.46

SCHEDULE 9 MISCELLANEOUS EXPENDITURE	
Opening Stock	
Raw Material	280.63
Work in Process	279.48
Semi - Finished Goods	1,308.41
Stores & Spares	4.29
	1,872.81
Add: Purchases during the year	
Raw Material	4,169.47
Packing Material	28.36
Stores & Spares	9.07
	4,206.90
Less: Closing Stock	
Raw Material	287.13
Work in Process	275.02
Semi - Finished Goods	1,833.44
Stores & Spares	5.55
	2,401.14
	3,678.57

SCHEDULE 12 MANUFACTURING EXPENSES	
Water & Electricity Charges	41.20
Repair & Maintenance	
- Machinery	8.15
- Building	1.20
- Others	5.07
Job Work Charges	61.41
Generator Set Expenses	17.74
Lab Expenses	8.83
Freight & Other Expenses (Inward)	58.22
Hire Charges (Nitrogen Tank)	0.32
	202.14

Schedules forming part of Consolidated Profit and Loss Account

(Rs. in million)

	Year ended 31.03.2010
SCHEDULE 13 PERSONNEL EXPENSES	
Salaries, Wages & Other Allowances	123.29
Contribution To Statutory Funds	9.69
Staff & Labour Welfare Expenditure	6.04
	139.02

SCHEDULE 14 ADMINISTRATIVE EXPENSES	
Travelling & Conveyance	
- Directors (Including Foreign Travelling)	1.12
- Others (Including Foreign Travelling)	4.26
Vehicle Running & Maintenance	0.81
Printing & Stationery	2.98
Telephone Expenses	2.10
Postage & Telegram	3.38
Insurance Expenses	8.03
Rates, Fees & Taxes	0.73
Legal & Professional Charges	1.56
Directors Remuneration	10.39
Office Expenses	4.12
Security Charges	3.09
Auditors' Remuneration	0.41
Miscellaneous Expenses	1.10
Charity & Donation	0.01
Director Sitting Fee	0.08
Advertisement	0.18
Office Rent	1.89
Subscription Fee	0.12
Festival Expenses	0.12
Testing Charges	0.22
Newspaper, Books & Periodicals	0.06
General Repair & Maintenance	0.73
Service Charges	0.59
	48.08

Schedules forming part of Consolidated Profit and Loss Account

(Rs. in million)

	As at 31.03.2010
SCHEDULE 15 SELLING & DISTRIBUTION EXPENSES	
Insurance Expenses (Sales)	9.37
Freight & Cartage Outward	17.87
Clearing & Forwarding (Export)	32.28
Commission On Sale	22.20
Business Promotion	10.65
Exhibition & Fair Expenses	0.08
Rebate & Discount	10.39
	102.84

SCHEDULE 16 FINANCIAL EXPENSES	
Bank Interest	225.95
Bank Charges / Processing Fees	71.83
Other Interest/Discounting Charges	84.42
	382.20

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING CONVENTION

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the power conferred under subsection (1)(a) of Section 642 and relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

B. PRINCIPLES OF CONSOLIDATION

i) The consolidated financial statement relate to Parabolic Drugs Limited (the 'Company') and its subsidiary. 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 value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transaction resulting in unrealized profit or losses.
- The consolidated financial statements have been prepared using uniform accounting policies for like transaction and other event in similar circumstances and are presented to the extent possible in the same manner as in the Company's separate financial statements.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

ii) The subsidiary considered in the Consolidated Financial Statements is:

Name of Company		Country of Incorporation	% Age voting Power held as at 31.03.2010	% Age voting Power held as at 31.03.2009
Parabolic Research Labs Limited		India	97.50	–

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

These are set out in the notes to the financial statements under 'Significant accounting policies and notes to accounts' of the financial statements of the Parabolic Drugs Limited and its subsidiary

II. NOTES TO ACCOUNTS

1. Debit or Credit Balances on whatever account are subject to confirmation/reconciliation.
2. The previous year figures have been regrouped/re-arranged wherever considered necessary.
3. The finished goods (on floor), work-in-process and by-product etc. have been grouped as closing stock and the variation in stock has been worked out accordingly.
4. The Gross Sale include the element of Excise duty thereon and the same has been shown as deduction separately.
5. The amount less received from the parties against sales made to them has been charged to Rebate & Discount Account.
6. In the opinion of the Board of Directors, all current assets and loans and advances have a value on realisation at least equal to the amount at which they are stated in the Balance Sheet. Adequate provisions have been made for all the known liabilities.
7. In view of insufficient information from the suppliers regarding their status as Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 the disclosure as required by Section 22 of MSMED Act 2006 cannot be made.
8. Addition in Capital Reserves amounting to Rs. 0.07 million represent realisation of amount less received during financial year 2008-09 on account of foreign exchange difference in respect of share application money.
9. Commission on sales and rebate & discount are accounted for when accounts are finally settled with the agents.
10. Stock of stores and consumables amounting to Rs. 5.55 million comprises spares and others consumable items. Due to varied and voluminous small items adequate records have not been maintained, therefore, the value as estimated and certified by the management has been considered.
11. Fixed Deposit with banks Rs. 150.64 million (Previous year Rs. 124.12 million) are pledged as margin money with banks.
12. The total revenue expenditure incurred during the year on Research & Development amounted to Rs. 259.93 million have been treated as deferred revenue expenditure and will be written off over the period of 5 years so as to depict the true financial position of the Company as per policy of the Company followed in preceding years.
13. Export Incentives have been accounted on accrual basis.
14. The DEPB Income comprises export benefit against the DEPB Licenses realised from Director Gen. of Foreign Trade, Ministry of commerce, Govt. of India on eligible export made by the Company and the gain (i.e. the discount amount and resultant difference between the license value and purchase value) on purchase of DEPB License from exporter for the purpose of payment of Custom duty on import of raw material by the Company.
15. The Inventory comprises of raw material, stores & spares, packing material, stock of work in progress including recovery stock and material at shop floor as physically verified as on March 31, 2010, valued and certified by the management has been considered.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

16. Public Issue expenses amounting to Rs. 10.70 million represents expenditure incurred by the Company in respect of public issue amounting to Rs. 2,000 million scheduled for subscription in the month of June, 2010 and such expenses will be adjusted against the security premium account.

17. The Company has circulated the balance confirmation letters for the balance confirmation from Sundry Debtors and Creditors as on March 31, 2010. However, in the absence of confirmation, the balances have been taken as per records of the Company.

18. Employee Benefits:

Consequent upon adoption of Accounting Standard on “Employee Benefits" (AS 15) (Revised 2005), as required by the Standard, the following disclosures are made : *(Rs. in million)*

	Leave Encashment (Unfunded)	Gratuity (Unfunded)
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at period beginning (April 1, 2009)	5.46	4.22
Current service Cost	3.22	2.41
Reconciliation of opening and closing balances of the present value	0.41	0.49
Actuarial (gain)/loss	(0.99)	(0.64)
Benefits paid	(0.63)	(0.06)
Obligation at the year end (March 31, 2010)	7.47	6.41
Changes in plan assets	N.A.	N.A.
Plan assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at the year end, at fair value	Nil	Nil
Reconciliation of present value of the obligation and the fair value of plan assets		
Fair value of plan assets at the end of the year	Nil	Nil
Present value of the defined benefits obligation at the end of the year	7.47	6.41
Liability / (Asset) recognised in the Balance Sheet	7.47	6.41
Cost for the year		
Current Service Cost	3.22	2.41
Interest Cost	-	0.17
Expected return on plan assets	0.41	0.32
Actuarial (gain)/loss	(0.99)	(0.64)
Net Cost recognised in the Profit and Loss Account	2.64	2.25
Assumption used to determine the benefit obligations:		
Interest rate	8%	8%
Estimated rate of return on plan assets	-	-
Expected rate of increase in salary	10%	10%
Actual return on plan assets	-	-

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

19. i) Disclosure in accordance with Accounting Standard (AS 29) Provisions, Contingent Liabilities and Contingent Assets: *(Rs. in million)*

Particulars	As at April 1, 2009	Additions during the year	Amount Paid/ reversed during the year	As at March 31, 2010
Gratuity	4.22	2.25	0.06	6.41
Leave Encashment	5.46	2.64	0.63	7.47

ii) Taxation Matters in respect of which Appeals are pending: *(Rs. in million)*

Sr. No.	Particulars	2009-10	2008-09
1.	Income Tax	–	24.22
2.	Central Excise duty	0.59#	0.59

Rs. 0.34 million have been deposited towards disputed liability.

20. The following expenses incurred during the year as attributable to the fixed assets (including Capital Work in Progress) have been capitalised: *(Rs. in million)*

Particulars	Amount
Salary and Allowances	11.67
Consultancy Charges	2.58
Bank Interest / Processing Fee	100.27
Power & Fuel	25.89
Others	3.39

21. Contingent Liabilities *(Rs. in million)*

	As at 31.03.2010	As at 31.03.2009
(i) Letter of Credit (Foreign/Inland)	856.65	850.77
(ii) Bank Guarantees	10.89	16.40
(iii) Custom duty	21.70#	–

Out of above material valuing Rs. 654.38 million (Previous year Rs. 600.40 million) has been received by 31.03.2010 and credited to respective Creditor Account.

The Company has received show cause notices from the Jt. Director General of Foreign Trade towards the non-fulfilment of export obligation against the Advance Licenses obtained for import of duty free raw material. Though the Company has taken up the matter with appropriate authority for the extension of export obligation period. In this regard the estimated contingent liability is Rs. 21.70 million towards the Custom duty.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

22. Taxation

a) In order to comply with the requirement of Section 211(3c) of the Companies Act, 1956 consequent to Accounting Standard –22 '' Accounting for Taxes on Income, the Company has followed the deferred tax method of accounting. Consequently the Company has accounted the deferred tax for the current period amounting to Rs. 23.50 million in the Profit & Loss Account.

b) Deferred Tax Assets & Liability are attributable to the following items:

(Rs. in million)

Particulars	Deferred Tax Asset/(Liability) 31.3.2009	(Charge)/ Credit	Deferred Tax Asset/(Liability) 31.3.2010
Deferred Tax Liability:			
Difference between Tax and Book written down	(-) 52.82	(-) 23.50	(-) 76.32
Value of Fixed Assets			
	(-) 52.82	(-) 23.50	(-) 76.32

23. Earning per Share:

	As at 31.03.2010 (Face Value Rs. 10/- each)	As at 31.03.2009 (Face Value Rs. 10/- each)
No. of Shares considered as weighted average Shares for calculation of Basic Earning Per Share.	19,090,919	10,656,572
Add: Dilutive effect of potential Shares out of Cumulative Preference Shares outstanding.	-	1,466,509
No. of Shares considered as weighted average Shares and potential Shares outstanding for calculation of diluted EPS.	19,090,919	12,123,081
Basic Earning per Share (Rs.)	17.91	22.68
Diluted Earning per Share (Rs.)	17.91	19.94

24. Auditors' Remuneration:

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
Audit Fees	0.25	0.20
Tax Audit Fee	0.10	0.05
In other Capacity		
Certification fee	0.05	–
	0.40*	0.25*

(*) Net of Service Tax

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

25. Managerial Remuneration:

(Rs. in million)

	Year ended 31.03.2010	Year ended 31.03.2009
(a) Managing Director:		
Salary	5.22	3.80
Commission	-	-
Estimated Value of Perquisites and Allowances.	-	0.15
(b) Directors:		
Salary	5.17	2.38
Commission	-	-
Estimated Value of Perquisites and Allowances.	-	0.06

26. Related Party Disclosures

(a) Key Management Personnel:

1. Mr. Pranav Gupta — Managing Director
2. Mr. Vineet Gupta — Executive Director
3. Dr. Deepali Gupta — Whole Time Director

(b) Relatives of Key Management Personnel:

1. Mr. J.D. Gupta
2. Mr. Sachin Gupta
3. M/s. J.D. Gupta (HUF)
4. Mrs. Rama Gupta

(c) Subsidiary :

1. Parabolic Research Labs Limited

(d) Associates :

1. PNG Trading Private Limited
2. Parabolic Infrastructure Private Limited
3. Vineet Packaging Industries

(e) The following transactions were carried out with related parties in the ordinary course of Business:

(Rs. in million)

	31.03.2010	31.03.2009
(1) Key Management Personnel & their Relatives:		
(a) Remuneration to Key Management person	10.39	7.39
(b) Issue of Shares (including Share premium & Share application money)	-	5.00
(c) Rent Paid	0.66	0.66
(d) Purchase of Fixed Assets	0.09	-
(d) Advance for purchase of Land	-	1.60
(c) Balance at the end of year Payables	0.93	0.93
(2) Subsidiary:		
(a) Share Application Money	0.11	-
(b) Investment	-	13.53
(3) Associates:		
(a) Purchase of goods	0.96	1.00
(b) Balance at the end of year payable	0.29	-

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 17 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS *(Contd.)*

27. Segment Reporting:

    There is not more than one reportable segment. Hence information as per AS-17 is not required to be disclosed.

28. Fixed Assets possessed by Parabolic Drugs Limited are treated as Corporate Assets and are not cash generating units as per Accounting Standard-28 issued by the Institute of Chartered Accountants of India. In the opinion of Management there is no impairment of fixed assets of the Company.

29. The Company has been approved U/s 35 (2AB) of the Income Tax Act, 1961 by the Prescribed Authority i.e. The Secretary, Department of Scientific and Industrial Research, Govt. of India, New Delhi for co-operation in In-house Research and Development facility. The exemption from Director General of Income Tax (Exemption) is extended upto 31.3.2010.

30. During the financial year 2008-09 the Company has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009 and accordingly a sum of Rs. 46.57 million is shown as Foreign Currency Monetary Items Translation Difference Account under Miscellaneous Expenditure as on 31.03.2009 However w.e.f 01.04.2009 the Company has decided to account for realised gain/loss in respect of the settled/terminated derivatives contracts in the profit and loss account and accordingly a sum of Rs. 46.57 million for the year 2008-09 has been shown on the face of profit and loss account under prior period items.

31. The consolidated financial statements have been prepared in accordance with Accounting Standard (AS 21) – "Consolidated Financial Statements" of Companies (Accounting Standards) Rules 2006.

Schedule 1 to 17 forms an integral part of Consolidated Balance Sheet and Profit & Loss Account.

Auditors' Report:
Under reference to our report of even date.

For **S. K. Bansal & Co.**
Chartered Accountants

S. K. Bansal
Partner
Membership No. 013147
FRN. 002222N

Place : Chandigarh
Dated : June 29, 2010

For and on behalf of the Board

Vineet Gupta
Executive Director

Pranav Gupta
Managing Director

Anil Kumar
Secretary

R. C. Goyal
Sr. V. P. (Finance)