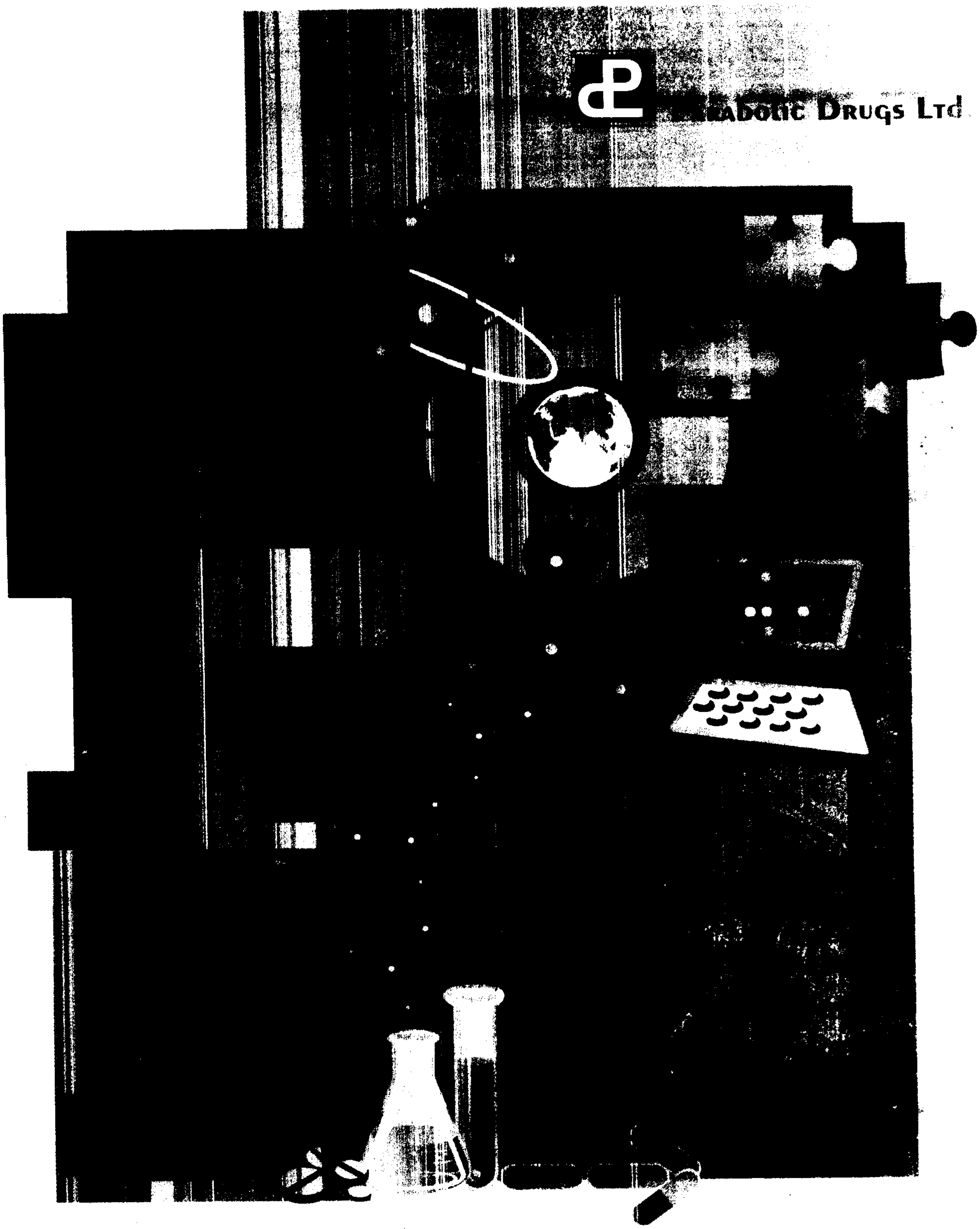


Towards Sustainable Growth

Parabolic Drugs Limited | Annual Report, 2010-11

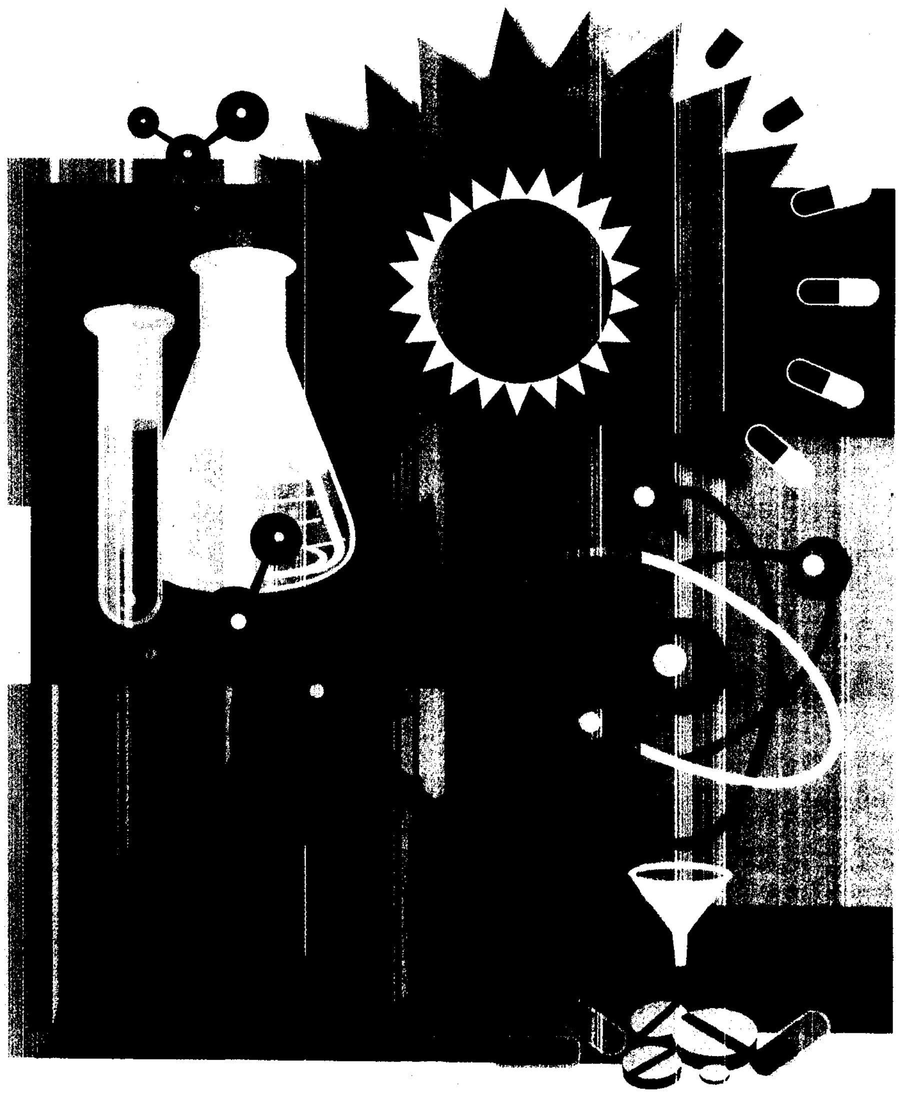
Disclaimer

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements -- written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

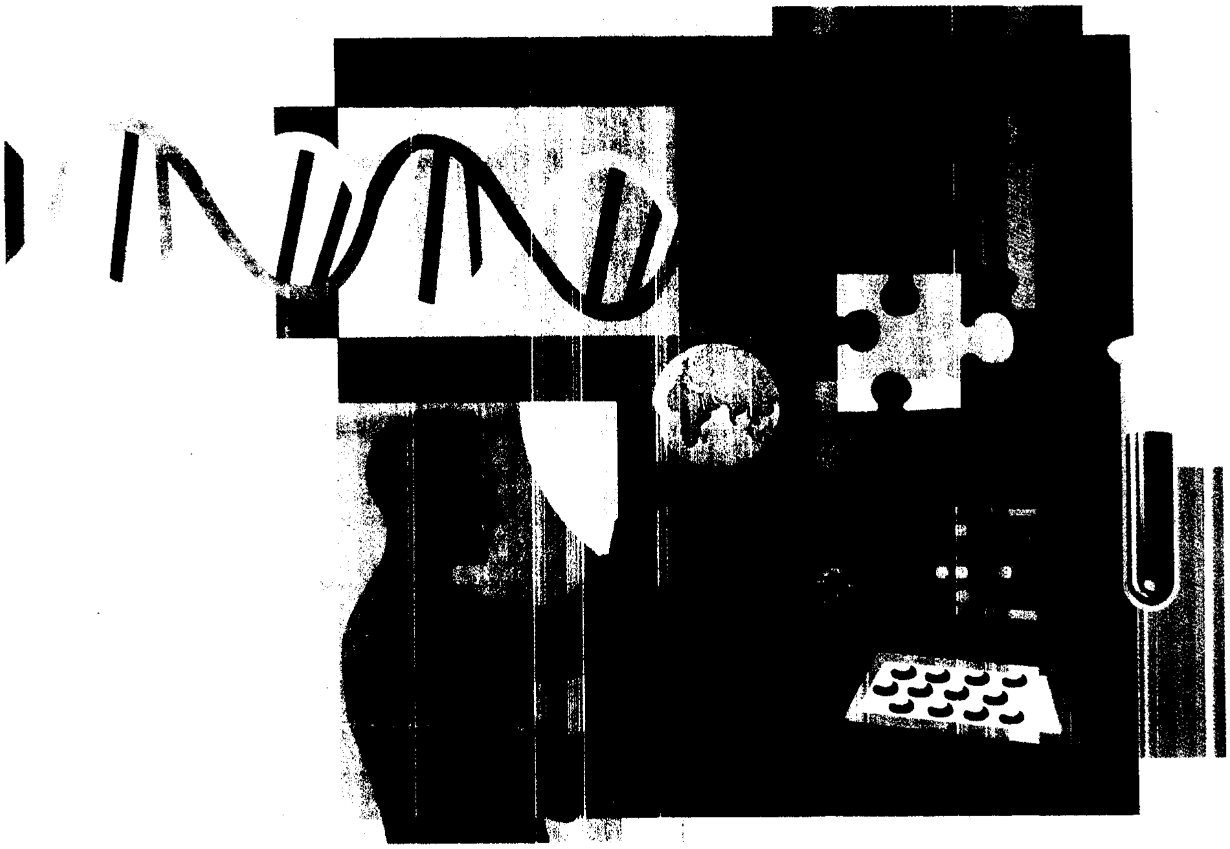


Vision

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



...Drugs- a research led Pharma Company

Driven by Passion, speed, and commitment

... to surge ahead towards sustainability with ... set of growth drivers –backward and forward ...ion, world class infrastructure, R&D strengths, ...ed product basket across different therapeutic ...nts and Intellectual Property Rights in the form ...Fs, and Patents for novel processes.

Turnover

three-year CAGR

39.65%

PAT

47.[illegible]%

three-year CAGR

38.19%

43.55%

Turnover (Million)

[illegible] growth over previous year

PAT (Million)

[illegible] growth over previous year

EBIDTA (Million)

25.02% growth over previous year

Presence

- Headquartered in Chandigarh.
- Operational in 50+ countries (including regulated markets).
- Listed on the National Stock Exchange (PARABDRUGS) and the Bombay Stock Exchange (533211).

Business

- Engaged in the manufacture – including contract manufacture – of APIs and API intermediates for sales in India and abroad.
- In the FY 12, plans are afoot to move up the value chain by foraying into the domestic formulations space.

Products

- Manufactures over 50 APIs (Active Pharmaceutical Ingredients - sold to formulators to make capsules, tablets, liquids, injections and other dosage forms).
- Plans of diversifying its product basket with over 20 molecules across 10 therapies in the FY 12.

Legacy

- Parabolic Drugs Ltd was founded in 1996 by first generation entrepreneurs - Mr. Pranav Gupta & Mr. Vineet Gupta.
- The Company set up its first manufacturing facility for two APIs in 1998 with 39 employees and clocked a turnover of Rs. 124.92 million.
- In 2011, the Company has facilities, across four locations, two state of the art manufacturing plants at Derabassi and Panchkula for APIs, one Custom Synthesis and R&D centre at Barwala and one lifestyle drug manufacturing site at Chachhrauli.
- Employs over 1200 multi skilled professionals.
- Listed with BSE & NSE on July 1, 2010.

Facilities

- **Derabassi (Punjab):** This facility has seven 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 in all therapeutic segments including non-antibiotic products. It also provides contract research services to innovator companies.
- **Chhachrauli (Punjab):** Multi block being built in a 27 acre site for drugs for manufacturing non-antibiotic APIs in the new therapies such as CVS, CNS, oncology, antithrombotic, anti-diabetic and pain management.

Regulatory [illegible]

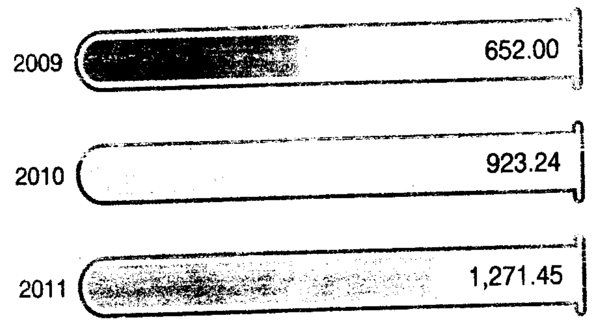
As on date, PDL has filed 16 process patent applications with Indian Patent Office, New Delhi and 38 Drug Master Files across US, EU and Canada

Certifications

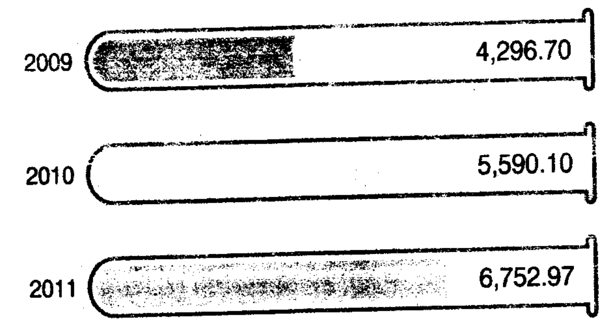
- ISO 14001-2004
- OHSAS 18001-2007
- WHO-GMP
- European GMP from EDQM, European Union
- US FDA (for 6-APA at Panchkula)

Key Highlights 2010-11

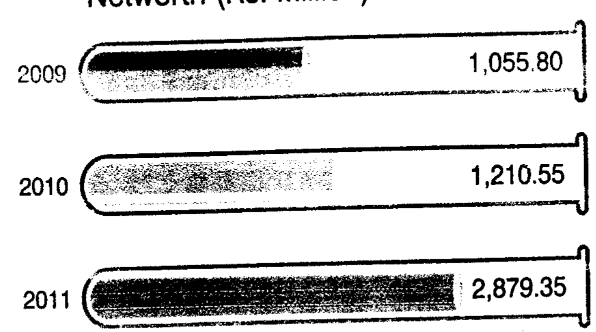
EBIDTA (Rs. Million)



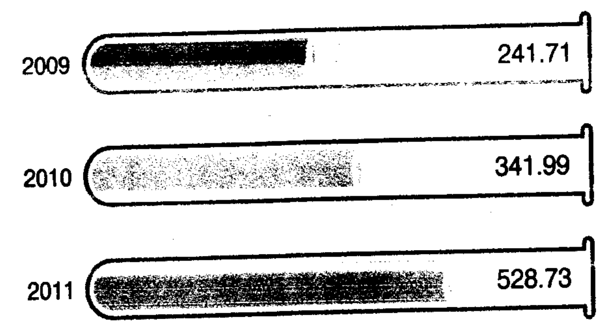
Total Revenue (Rs. Million)



Networth (Rs. Million)



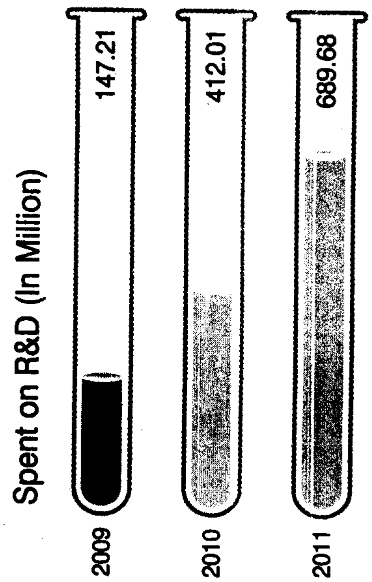
Profit After Tax (Rs. Million)

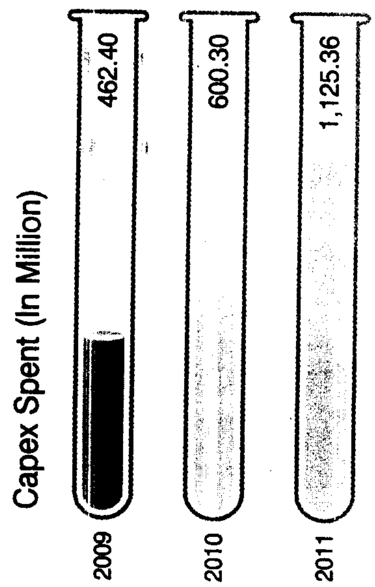


EPS (Basic)

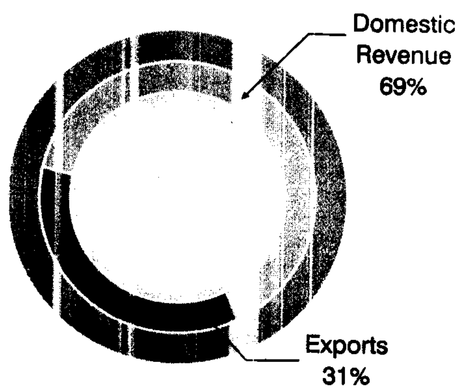
20.64%

8.58%

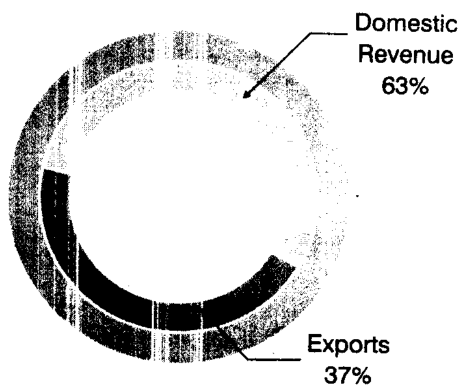




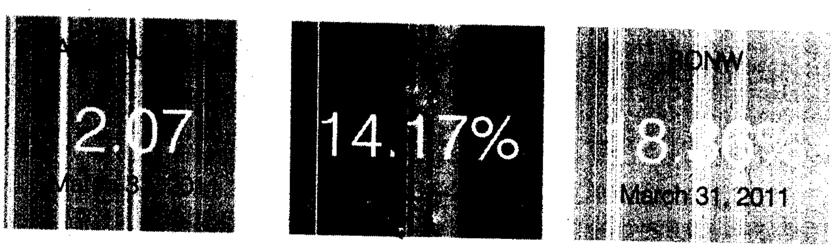
Percentage of Exports in Total Revenue



FY 2010



FY 2011



Drug Masters Filed across US, EU and Canada till date

Tonnes per annum capacity to manufacture Antibiotics

Process Patents and one PCT filed with Indian Patents Office, New Delhi

Markets penetrated across the globe

Scientists including 15 PhDs.

Employees working towards the common vision

Milestones

2000-02

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

2003-05

[illegible]

[illegible]

Filed COS for [illegible] the European Union

2007-08

- Diversified [illegible] production
- Filed [illegible]
- Established [illegible]
- Commissioned [illegible] R&D wing

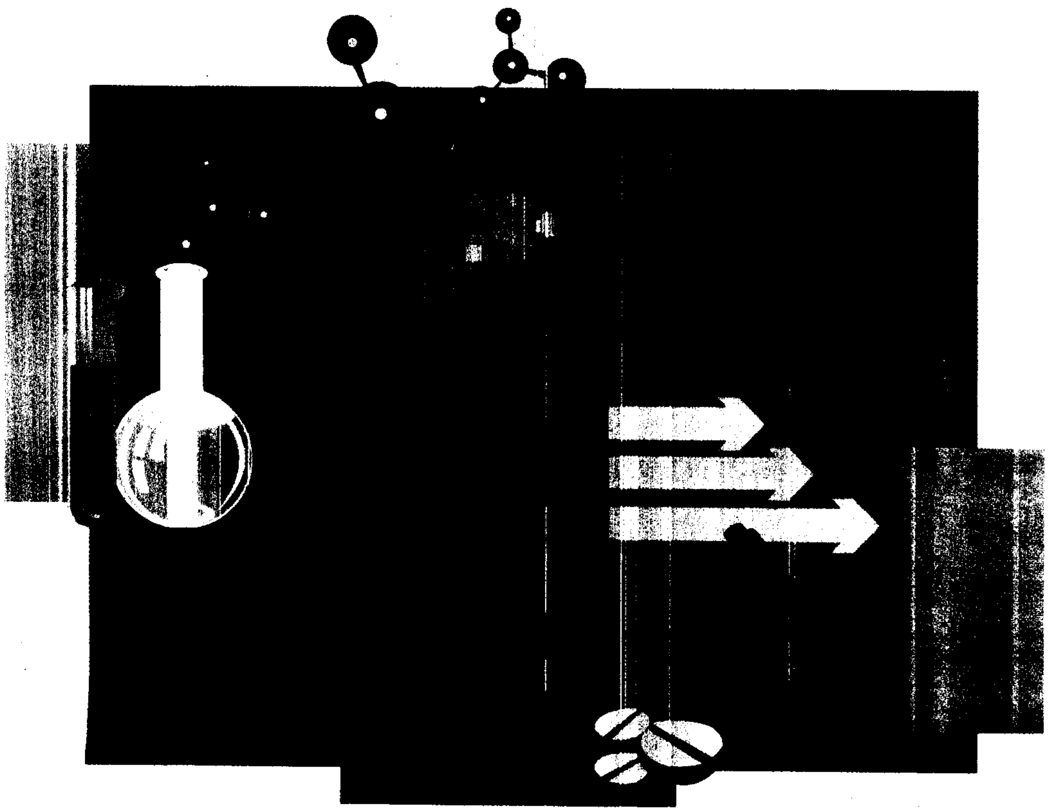
2008-09

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

[illegible]

- Listing [illegible]
- Receive[illegible]
- 18 regul[illegible]
- Receive[illegible]
- Received [illegible]
- Success[illegible]
- Commenc[illegible] capaciti[illegible]
- Recogni[illegible]
- Filed 7 pa[illegible]

Parabolic's Drivers of Sustainable Gr[illegible]



A strategic change in marketing

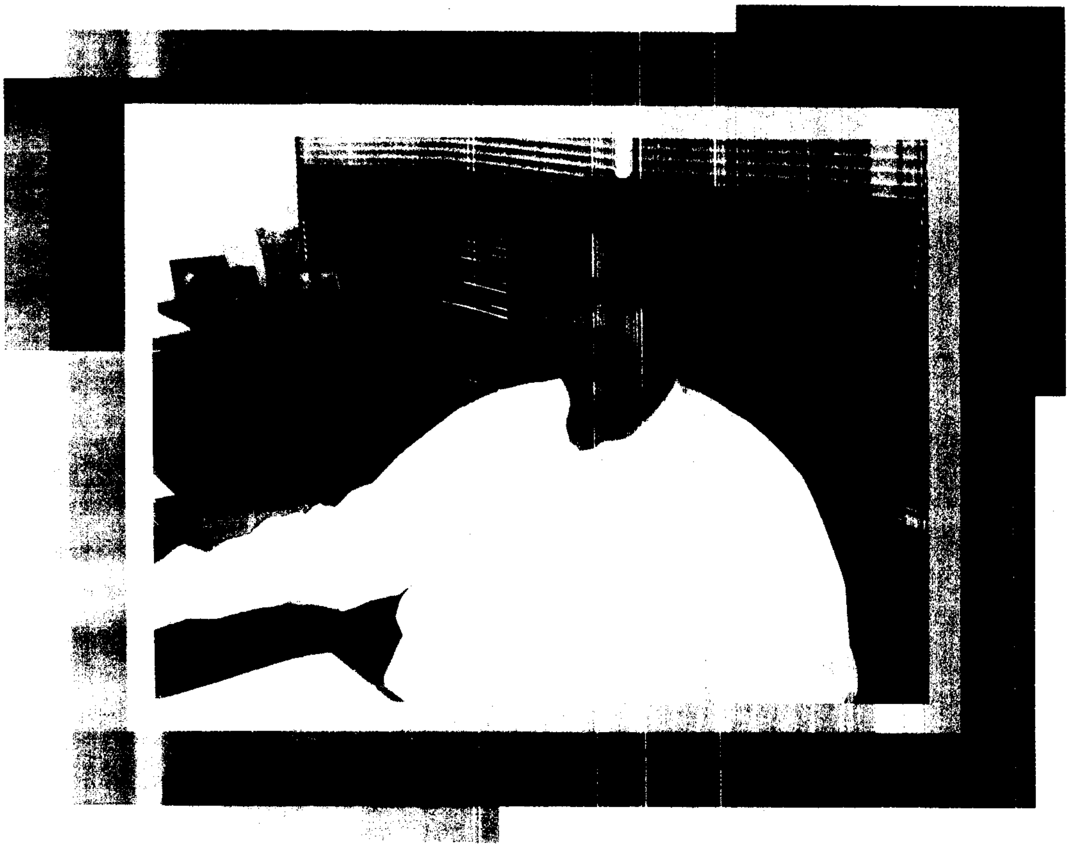
Build World-Class Infrastructure complying international quality standards to be a long term business associate and partner of choice for the leading pharma companies

Building the IPR wealth

[illegible]

Climbing the integration ladder

[illegible] Entry into [illegible] backed by [illegible] marketing strategy



From the Managing Director's desk

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Dear Shareholders

The financial year 2011 witnessed a landmark and memorable event in the form of a successful IPO and consequent expansion of the investor family. The listing of the company on the BSE and NSE was a defining moment in the company's history and I would like to thank all of you for the overwhelming response to our IPO. Your continued support would be critical in our mission to achieve market leadership and operational excellence in all our activities.

The financial year 2010-11 has been a phase of sustained growth for the company with its total revenue increasing by 20.80% at INR 6753 million and gross margins improving at 20.64% as against 16.51% in FY 10. The company registered a 54.60% growth in PAT to INR 529 million owing to improved realizations from the exports and new products launches during the year.

Parabolic continues to build on its strengths and prepares itself for the new challenges in the changing industry dynamics which are shaping the pharmaceutical industry.

Our journey towards the sustainable growth will be built on the belief and trust of our stakeholders and on the following actions:

- A shift in the marketing- towards the new therapeutic segments
- Exploring the burgeoning opportunities in Contract Manufacturing
- Thrust on Research and Development
- Integrating the value chain – Finished dosage formulations

A shift in marketing – towards new therapeutic segments

With the commissioning of 27 acre multi block non-antibiotic facility at Village Chhachrauli, Derabassi, Punjab, we have expanded our current basket of antibiotic products to over 20 new non-antibiotic therapeutic segments such as anti-thrombotic, anti-hypertensive, analgesics and pain management amongst others. The facility has been built in line with stringent US FDA standards, which we believe, will facilitate a speedy approval from the regulatory body following our commissioning and pave the way for exports to regulated markets.

In the long term, we believe we are building a solid foundation with a large basket of products covering different therapies across the non-antibiotic and antibiotic space.

Exploring the burgeoning opportunities in Contract Manufacturing

The CRAMS vision of our company is driven by our ability to create a differentiating cost value proposition powered by lower manufacturing costs, skilled manpower and strong technical capabilities. The Contract Manufacturing business is a high margin business that would enrich bottom line numbers for PDL. In the FY 11, the company executed over 15 different contracts with leading multinational companies including the leading generic and innovator companies. This year, we have established an International office in USA to strengthen its CRAMS business and for closing partnerships with leading companies in US and Canada.

Thrust on Research and Development

R&D is a corner stone of our efforts toward excellence and we have invested substantial quantum of resources to build infrastructure, research capabilities and most importantly human capital. The company has invested INR 689.69 million in research and development equivalent to 10.21% of the turnover in FY 11. As on 31st March 2011, the R&D team comprised of over 100 scientists including PhDs and post graduates. This wealth of talent within the R&D team places it in a position to handle more complex molecules in new therapies. , The current plans are to introduce more products with non-infringing process for APIs and creating technologies to ensure cost leadership and make our company more competitive. The R&D team has been able to develop over 20 molecules across 10 different lifestyle drug therapies. Our IPR strength includes over 16 patent applications filed for the non-infringing processes developed in-house and submission of 38Drug Master Files across US, EU and Canada. The focus on R&D is not confined to APIs alone and going forward we shall see healthy results from our investment in world class Formulation R&D centre being set up at HSIIDC IT Park, Panchkula.

Integrating the value chain – Finished dosage formulations

We also have taken the first step towards the finished dosage formulations by entering the domestic formulations space in April 2011. The company has developed a strategy of penetrating the Indian and world market with a basket of niche products and is ready to take on competition with the right set of growth drivers; complete backward and forward integration, world class infrastructure for API and dosage, R&D support, rich pipeline of products and Intellectual Property Rights protection in the form of Patents for its novel processes. We plan to bring a wide product range covering Tablets, Capsules, Injectable, Dry Syrups and some novel drug delivery modules across high value therapeutic segments like Antibiotics, Anti-diabetics, Anti-Asthmatics, Anti-hypertensives, Hormones, and solutions amongst others.

Investments in Formulations

- Investing to build one of the biggest multi-disciplinary Formulation R&D Centre in I.T. Park, Panchkula, Haryana, India having dedicated facilities for generic research, innovative research, and process development and validation. The R&D centre will offer value added formulation and development of NDA / ANDAs based on Novel Drug Delivery Systems (NDDS)
- Ongoing construction work on the USFDA approvable formulation plants at different locations with an investment over INR 1000 million

In the FY 12, our company shall observe a Capital Expansion and Capacity enhancement in its Cephalosporin facility at Derabassi with the commissioning of New Sterile Plant and Multi-Purpose Block III. With this , the company will have appropriate infrastructure support to elevate its access to new markets, expand the basket of latest generation cephalosporin and trigger inspections from the global regulators including USFDA and PMDA, Japan.

We are looking forward to spread geographically and strengthen our presence in the emerging markets – Brazil, Mexico, China, Korea and Russia which are likely to fuel the global growth.

Grow our presence in Japan, the most stringent market in the world in terms of quality and regulatory clearances.

Strengthen our filings across US, EU and Japan. Currently we have over 38Drug Master Files already filed.

We are likely to see strategic shift in the realization basket for our company with non-antibiotic molecules contributing greatly both in the topline and margins. The company shall also realize revenues from its Herbal products strategic alliance

With the launch of domestic formulations arm, PDL is likely to see growth coming from the sales coming from its domestic FDF sales

Future Growth Plans

We look ahead to new challenges and goals with a firm determination to seek excellence in everything we do. Our strong and highly trained workforce is geared to look at solutions beyond the ordinary with a view to achieving perfection in every aspect of business, be it efficiency in production, improvement in processes, innovative marketing methods and approach to new markets in a way to become a preferred supplier and partner to leading manufacturers across the globe.

Some key focus areas to strengthen our position in the industry include:

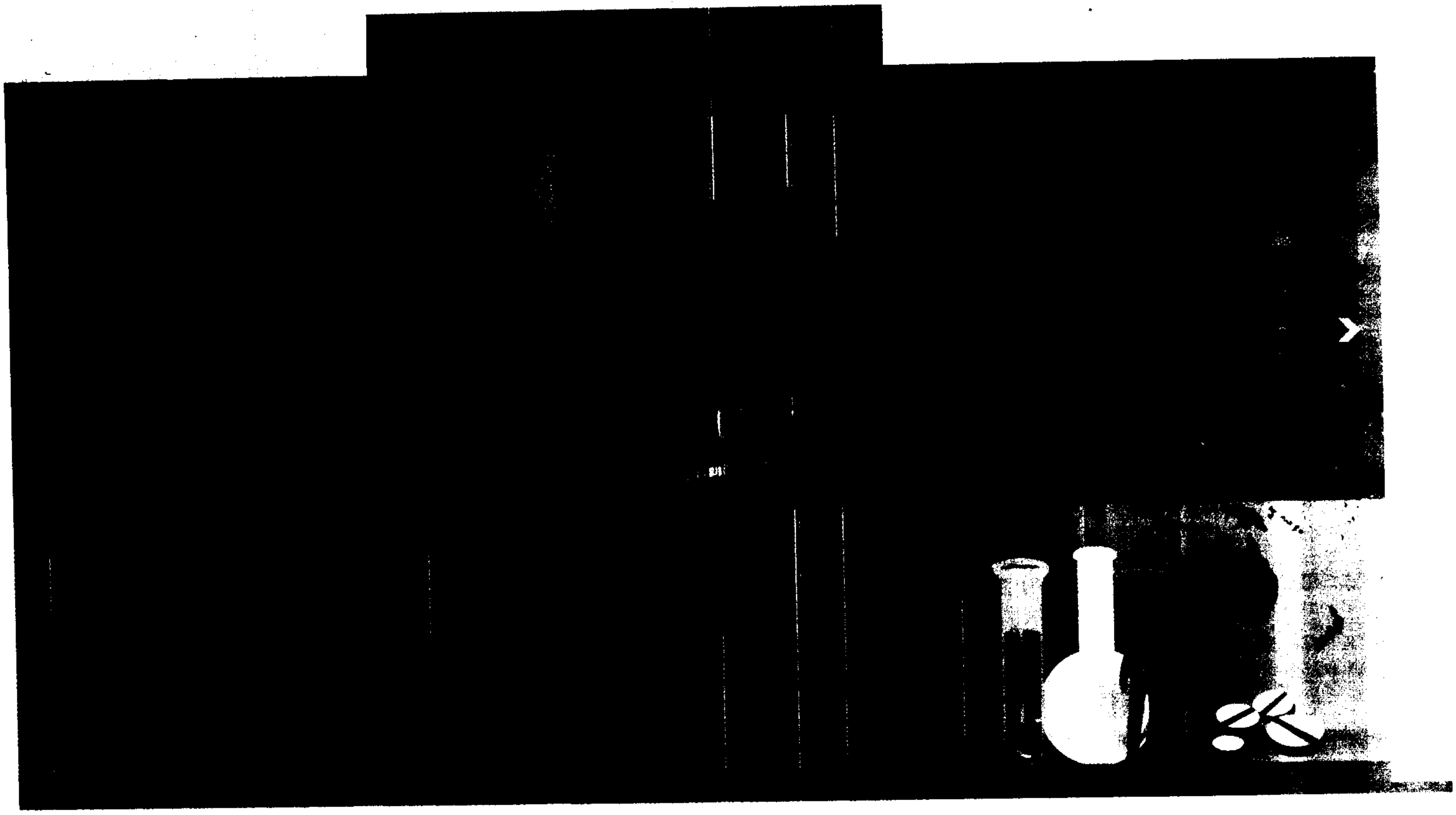
- Focus on Regulated Markets of US, European Union, Canada, Japan, and Australia- filing of drug master files, certificate of suitability, and dossiers.
- Exploring opportunities in the emerging economies -- Brazil, India, Mexico, China, Korea and Russia by believing that these economies will be the new engines of global growth.
- Expand Product basket- Launch of new molecules in the non-antibiotic space and diversify the product basket for a risk free sustainable growth.
- Diversification into new business verticals- Integration into Finished Dosage formulations, entering into manufacturing alliances for inorganic growth.
- Investment in R&D- development of new products , improving efficiencies in the existing range, filing of patents and building IPR wealth.
- High GMP Standards- maintaining high GMP standards for seeking regulatory approvals from USFDA, PMDA, TGA amongst others.
- Safety, Health & Environment- safety of our human resource, our manufacturing facilities and our environment, conservation of resources and to be a responsible social citizen for a greener tomorrow.
- Development of Human Resource- foster the skills, talent and efficiency of the human minds

Before I close, I believe that your Company is uniquely positioned in terms of quality of resources and the associated infrastructure to address opportunities and challenges in the global pharmaceutical industry. We will continue to uphold the faith and trust you have reposed in us by adopting business practices that inherently promote the well being of all stakeholders and the environment.

I wish to thank all my employees, customers, business associates, alliance partners, and investors for your continuous and endless support.

Regards

Pranav Gupta



A strategic change in marketing

As they say **'Change brings opportunity'**, the changes in the pharmaceutical market are altering the dynamics of the industry. The world is witnessing a change in the pattern of diseases, changes in the life style, increasing innovations, investment in research and the continuous effort of the regulatory agencies in treating diseases by increasing the accessibility and affordability.

PDL is gearing up to respond to the ever-changing dynamic market place by bring a strategic shift to the way it does business:

- Increased focus on lifestyle therapeutic segments & herbal nuetraceuticals
- Exploring opportunities in the regulated markets and off- patent regime drugs
- Thrust on opportunities in the emerging Economies- Brazil, Mexico, China, Korea and Turkey
- A shift towards inorganic growth through strategic alliances
- Evolving prospects in the CRAMS space

Increased focus on lifestyle therapeutic segments & herbal nuetraceuticals

Wider the therapeutic basket, wider is the reach and stronger is the derisking. On this phenomenon and with the commissioning of the non-antibiotic facility at Lalru, the company is venturing into new therapeutic segments – anti-osteoporotic, anti-diabetic, anti-hypertensive, analgesic, antithrombotic and oncology. Parabolic has created a wide product line of over 20 molecules which are under different stages for launch in FY 12 and FY 13. With this, PDL will have one of the most diversified product baskets to reach over 70 markets across the globe.

A focus towards the regulated markets and off patent regime

PDL believes that the generic medicines play an essential role in treating disease by increasing the accessibility and affordability; therefore it has mapped its competencies to competitively explore the patent expiry scenario. To have an access to the regulated markets of the EU, Canada and Australia, PDL's Derabassi facility has already received the approval from the German MOH. The other facilities have been built in line with stringent US FDA Standards.

Exploring the emerging Economies- Brazil, Mexico, China, Korea and Turkey

It is being anticipated that the emerging markets – Brazil, India, Mexico, China, Korea and Russia will be the new engines of global growth. While the mature markets would grow at 4-5% as per IMS, the average growth in the emerging economies will be in the range of 11%. Parabolic Drugs will intensively focus on these markets.

A shift towards the inorganic growth through strategic alliances

Parabolic Drugs views inorganic growth as a means to grow faster and address both geographical presence as well as increasing its basket of products in its portfolio. PDL is looking at both long term strategic alliances and loan license agreements to push forth its organic growth strategy.

Evolving prospects in the CRAMS space

India is the fastest growing custom manufacturing outsourcing destination with a growth rate of 43 percent, which is thrice the global market rate. The Indian CRAMS market stood at approximately US$3.8 billion in 2010 and is estimated to reach US$7.6 billion by 2012. The CRAMS Vision of PDL is driven by its ability to create a differentiating cost value proposition powered by its lower manufacturing costs, skilled manpower and strong technical capabilities. With the business office at US and India, PDL is buoyant on the global trend of MNCs scaling down their captive manufacturing capacities and relying on other pharma companies to meet their requirements for APIs and formulations.

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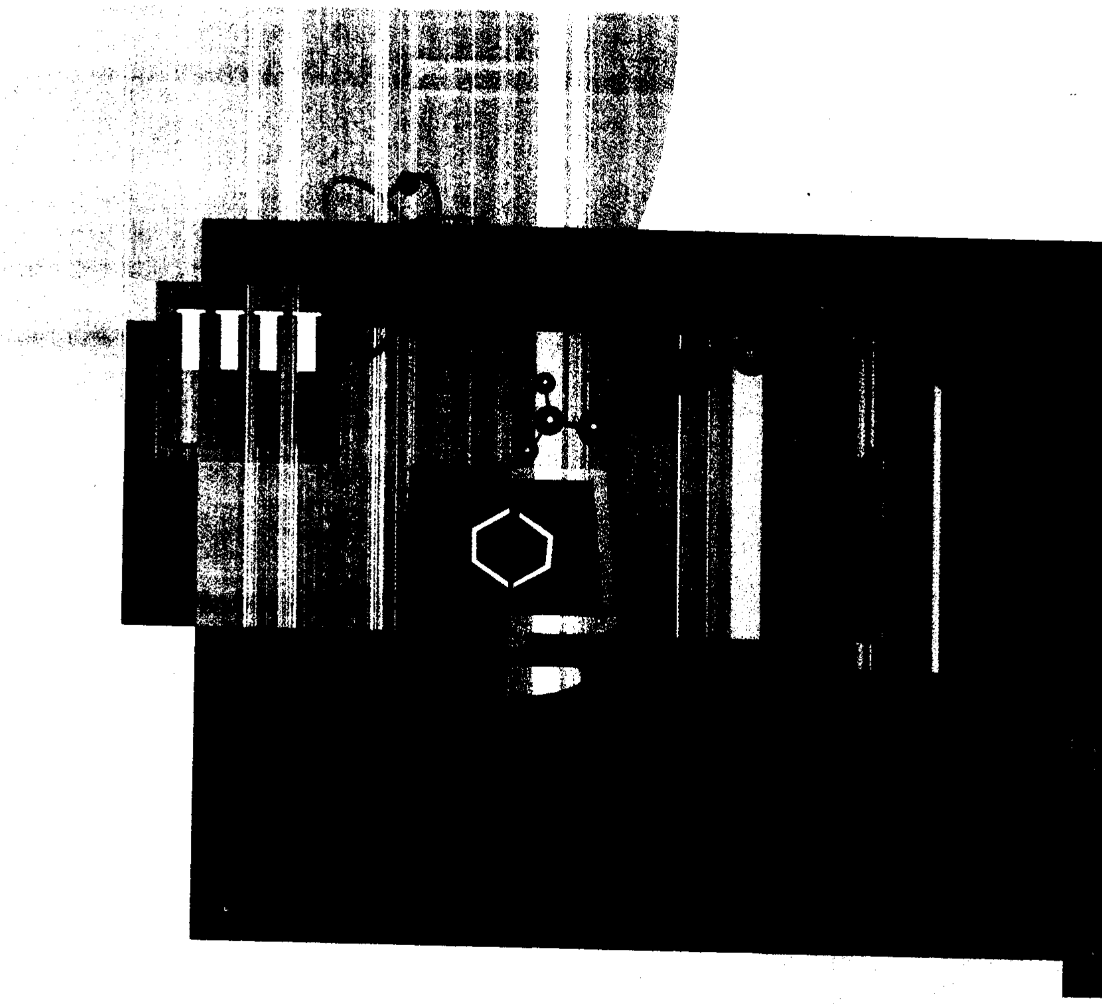


...y in everything, Quality is everything

At Parabolic Drugs, Quality is beyond the compliance and statutory needs of the products and regulators and it is a habit. Quality at Parabolic is an integrative philosophy of management for continuously improving the quality of products and processes. It functions on the premise that the quality of products and processes is the responsibility of everyone who is involved with the work at Parabolic. It is believed that the involvement of management, workforce, suppliers, and customers, shall enable the company to meet or exceed customer expectations. Quality Unit of Parabolic includes Quality Assurance and Quality Control empowered with independent decision making authority.

A dedicated Quality control and Quality assurance department exists at PDL for all its facilities. PDL is proud to have its infrastructure created in line with the stringent quality guidelines and GMP framework. It is committed to compliance standards and is focused to meet the norms set by different pharmacopeia, and stringent specifications of Clients. There are over twenty different MNCs and large formulators that have approved the facilities of PDL.

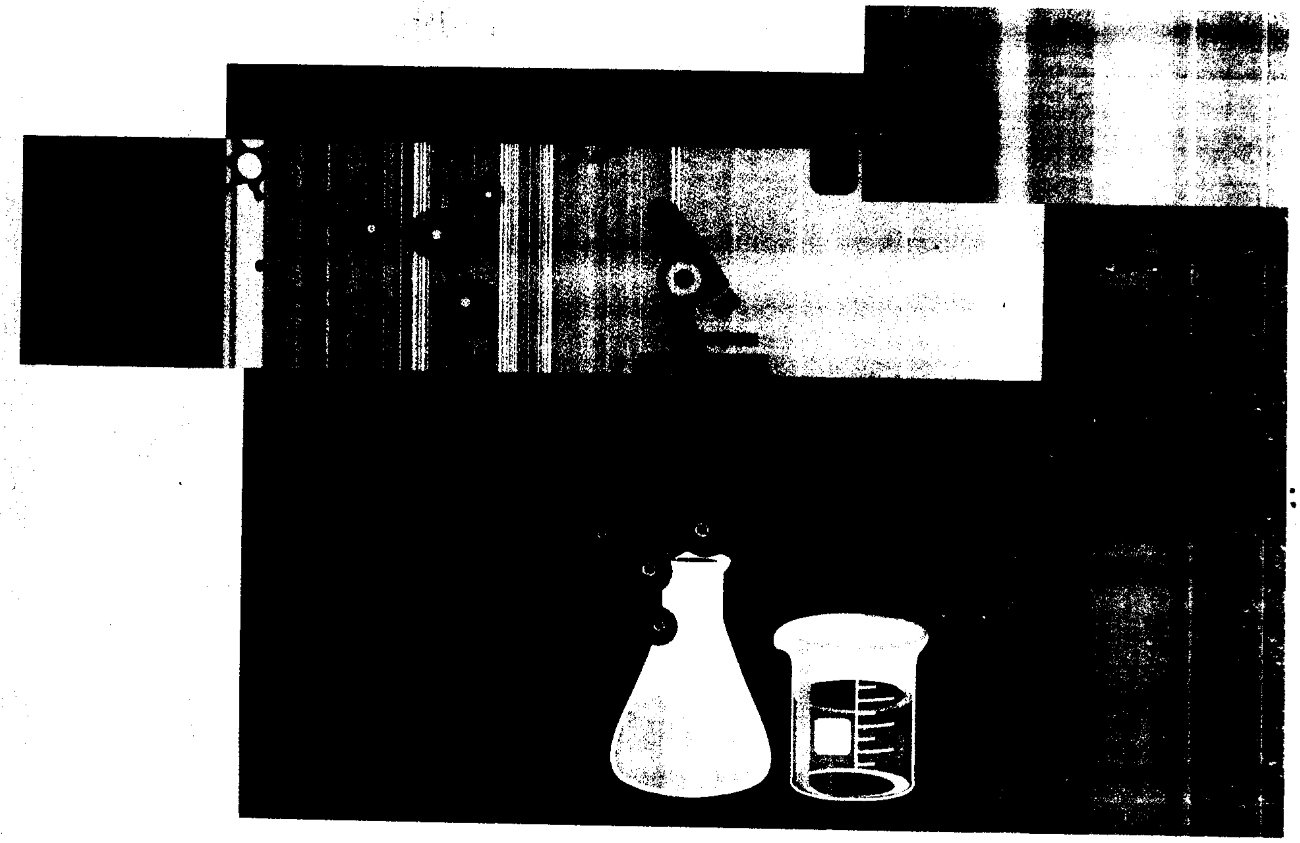
Quality Control Department

- A fully equipped QC department ensures that all the inputs are in accordance as per defined specifications and standards.
- Ensures that every material entering the premises is sampled and tested before use.
- Ensures that product is meeting the required quality specifications.

Quality Assurance Department

Quality Assurance Unit is responsible for formation, implementation and maintenance of the quality system across all units of PDL. Quality assurance follows global guideline of API, ICH Q7A for the implementation of the system. Quality Assurance activities are broadly classified in following sections:

- Documentation
- Validation and Qualification
- Product release
- Regulatory compliance



Building the IPR Wealth

Sustainability in pharmaceutical business depends on the strength of Intellectual capital built by the company. The value of the company gets multiplied by the interplay of its intangible assets, filing strengths, broadly its Intellectual property.

At Parabolic, the Research and Development Group comprising of highly qualified Intellectuals committed to offer Novel, Innovative processes for latest generation Beta APIs and Non-Beta Lactam APIs. The R&D Centre has dedicated laboratories with in-house Kilo Lab facility. It is equipped with specialized testing laboratories of International standard following cGLP. A digital and reference library exists to support research activities.

Research Infrastructure and Capabilities

- **Chemical Research Lab**
  - Six chemical research lab, each lab having 12 fuming hood
- **Analytical Research Lab**
  - Dedicated Analytical lab with instruments like HPLC, Prep. HPLC, XRD, GC with Head space, GC, LC-MS, IR Spectrophotometer, UV-Visible Spectrophotometer, Polarimeter, Auto Titrator and Lypholizer.
  - **Capabilities**
    - Strong analytical group engaged in developing novel HPLC methods for reaction monitoring , assay and related substances
    - Dedicated method development and validation group.
    - Impurity isolation, product characterization and structure elucidation group.
    - Strong Documentation support to QA/RA for regulatory filings as per international norms
- **IPR Capabilities**
  - Patent portfolio analysis
  - Technology assessment
  - Patentability assessment
  - Prior art searches
  - Patent application drafting and filing
  - Interaction with International Attorney for the country specific infringement analysis.
  - Infringement analysis
  - Competitor IP monitoring and analysis.

At Parabolic the IP wealth is also created by:

- **Filing of Drug Master Files and Certificate of Suitability**

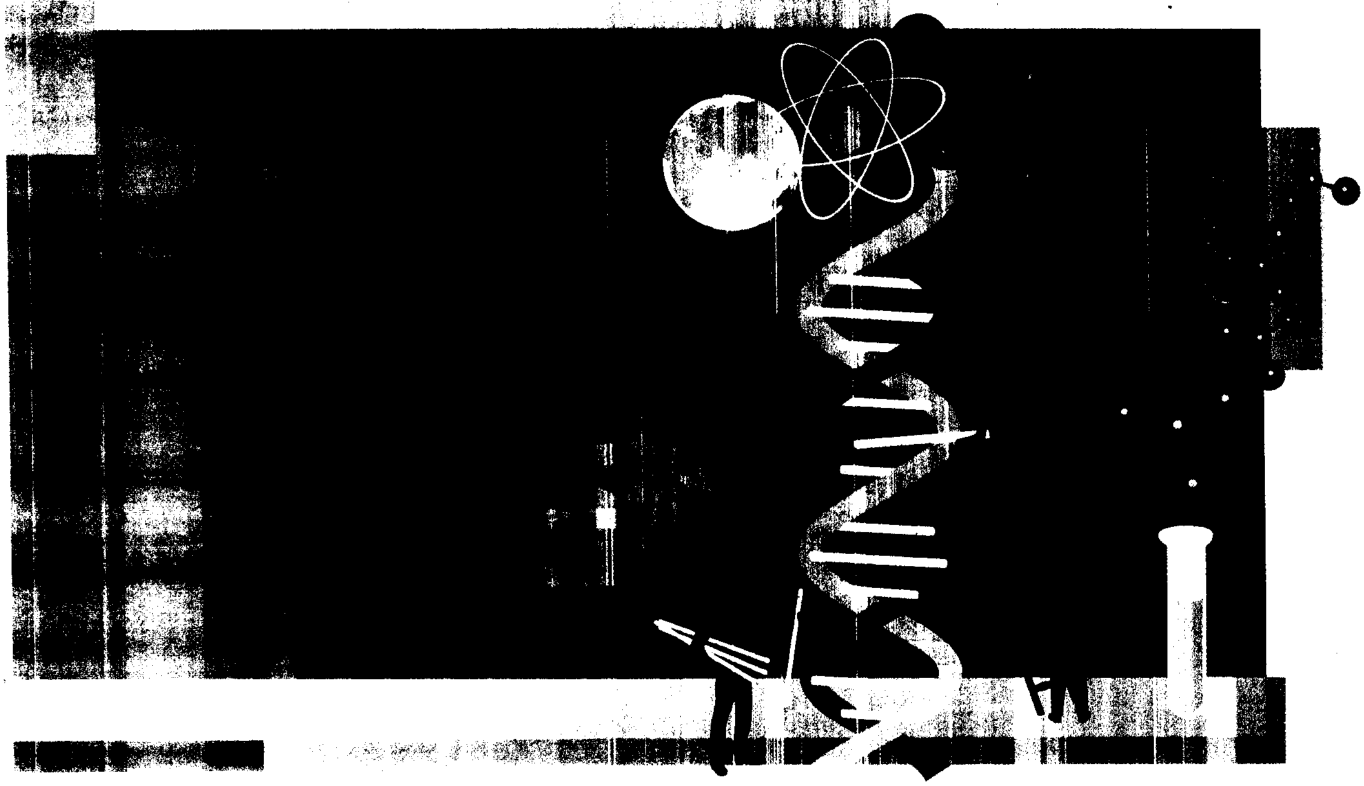
  PDL has ambitious plan for regulatory filings of its APIs being manufactured by the non infringing processes. With strong regulatory strength, PDL stands amongst the leading antibiotic companies across the globe. The total 38 DMF filings till date will be the launch pad for PDL into the most regulated Markets across the globe.

- **DMFs Filed till date are:**

1. Canadian DMF – Two for Cephalosporin molecules
2. Certification of Suitability with EDQM Sixteen filings till date for Penicillin and Cephalosporin molecules.
3. US DMF – Nineteen filings till date including seventeen antibiotics and two filings for lifestyle drugs.
4. EU DMF – One filling for Cephalosporin molecule

- **Patents of the non-fringing processes being developed for Non antibiotics and antibiotics**

  As on date, PDL has filed 16 process patent applications of its non-infringing processes for its antibiotic and lifestyle drugs.



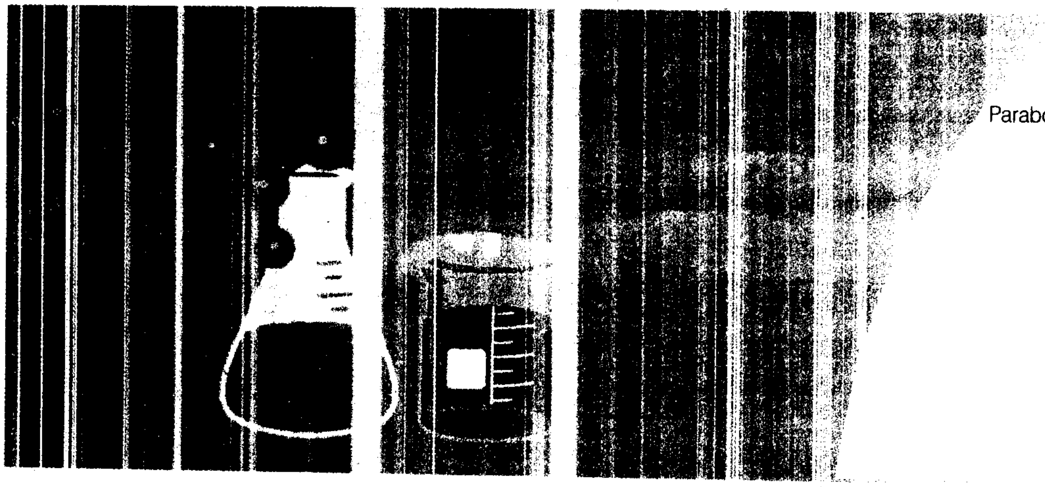
Climbing the integration ladder- Finished Dosage Formulations

Parabolic Drugs has moved one step further in the value chain and forward integrated into formulator for the Cephalosporin APIs, Non Beta Lactam API and Oncology being manufactured by it. Parabolic has developed a strategy of penetrating the world markets with a basket of niche products. The Company is ready to surge ahead of its competitors with the right set of growth drivers - complete backward and forward integration, world class infrastructure for API and dosage, R&D support of rich pipeline of products and Intellectual Property Rights protection in the form of Patents for its novel processes. It shall be using existing relationships to get long term contract manufacturing orders for finished dosage forms.

Parabolic launched its finished dosage division in 2011 to achieve significant business volumes in formulation with a strong presence in domestic as well as the global markets.

Future Growth Plan:

- Domestic Formulations - The Domestic Marketing Division has a basket of 125 products across therapeutic segments and dosage forms.
- International Formulations- Parabolic has forayed into International Market with an initial product basket of 80 products in non-antibiotic segments in both oral and sterile dosage forms.
- Investing to build one of the biggest multi-disciplinary Formulation R&D Centre in I.T. Park, Panchkula, Haryana, India having dedicated facilities for generic research, innovative research, and process development and validation.
- PDL has started building formulation plants at its different location with an investment over 100 Crores. It will be able to set up its own US FDA approvable manufacturing plants over the next two years.



Board of Directors' Report

Dear members

The Board of Directors of your Company has pleasure in presenting the Fifteenth Annual Report on the affairs of the Company together with the Audited Accounts of the Company for the year ended 31st March, 2011.

1. Financial Results:

The financial results for the year under review vis-a-vis the financial results for the previous year are as under :

(₹ in million)

Particulars	2010-2011	2009-2010
Gross Sales	6752.97	5590.12
Profit before Depreciation, Interest & Tax (PBDIT)	1177.03	878.75
Financial Expenses	407.60	382.20
Depreciation	82.61	56.23
Profit before Tax (PBT)	686.82	440.31
Provision for Taxation:		
-Current Tax	136.88	74.83
-Deferred Tax	21.21	23.50
Profit after Tax (PAT)	**528.73**	**341.98**
Less: Taxation Adjustments for earlier years	8.48	(0.03)
Less: Prior Period Items	-	46.57
Profits available for equity shareholders	**520.25**	**295.44**
Appropriation:		
Proposed Dividend on Equity Shares	30.95	-
Corporate Dividend Tax	5.14	
Surplus carried to Balance Sheet	484.16	295.44
Earnings per Share (Basic)	**9.43**	**17.91**
Earnings per Share (Diluted)	**9.43**	**17.91**

Annexure to the Board of Directors' Rep

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 BOARD OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011:

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

A) Power and Fuel Consumption:

Particulars	Unit	2010-2011	2009-2010
1. Electricity:			
a) Purchased			
Units	KWH in million	11.33*	8.06
Total amount	Rs. in million	60.96	41.20
Rate per unit	Rs./KWH	5.38	5.11
b) Own Generation Through Diesel			
i) Generator Units	KWH in million	0.97	1.55
Units per litre of Diesel	KWH	3.00	3.00
Cost per Unit	Rs./KWH	12.03	10.15
ii) Through steam Turbine/Generator	Units	NIL	NIL
Units per liter of fuel oil/ gas		NIL	NIL
Cost per units		NIL	NIL
2. Coal (Specify quality and where used):			
Quality	Ton	-	-
Total Cost	Rs. in million	-	-
Average rate	Rs./ton	-	
3. Furnace Oil:			
Quality	K. litres	59.70	50.00
Total amount	Rs. in million	2.84	1.74
Average rate	Rs./litre	47.60	34.89
4. Others/internal generation:			
Quantity	Ton	7230.61	7330.54
Total cost	Rs. in million	31.20	24.60
Average Rate (Timber & Husk)	Rs./ton	4315.00	3356.12

B) Consumption per unit of production:			
Production of Different Product:			
Electricity	KWH/KG.	5.38	5.17
Coal (Specified Quality)		-	-
Furnace Oil		-	-
Other (Specify)		-	-

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 & Development is carried out by the Company:

R & D has been carried out in areas of improvement on Product, Process, Cost Reduction, development of new product and increase in Productivity.

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

The Company was able to improve the quality of existing products and develop new products and was also able to reduce the cost of Production.

c. Further course of action:

We intend to develop new product, to further reduce the cost and improve capacity utilization.

d. Expenditure on R & D:

	(₹ in million)	
	2010-2011	2009-2010
Capital	49.52	152.08
Recurring	640.16	259.93
Total	689.68	412.01

Total R& D expenditure as a percentage of turnover:-**10.21%**

B. **Technology Absorption, Adaptation and Innovation:**

a) Effort made:

The Company is continucusly making efforts for adoption of latest technology in its all 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 : NIL

ii) Year of Import : Not Applicable

iii) Has the Technology been fully absorbed : Not Applicable

3. Foreign Exchange Earnings And Outgo:

a) Activities relating to Exports, Initiative to increase:

The Company exported Semi Synthetic Penicillin (oral and sterile) and Cephalosporin orals and sterile to various overseas customers. Our products are being exported to more than 50 countries across the globe. The Company has understood the need of customer relationships and identified potential customers across the globe and initiated visit to meet them in order to know more about them and their requirements. The Company has also participated in various international/National Business fairs in order to interact with Customers.

b) Total Foreign Exchange used and earned:

		(₹ in million)	
		2010-11	2009-10
1.	Earnings (FOB Value of exports)	1736.17	1300.46
2.	Outgo (CIF Value of imports and Expenditure in foreign currency)	2631.11	2095.31

Information required as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Board of Directors' Report for the year ended March 31, 2011

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. 60,00,000 per annum

S No.	Particulars	Details as on 31.03.2011	
	Name	Mr. Pranav Gupta	Mr. Vineet Gupta
1.	Designation of Employee	Managing Director	Whole Time Director
2.	Remuneration Received (Including Perks)	Rs. 76,29,000/-	Rs. 66,75,375/-
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	21 years	20 years
8.	Age	44 Years	42 Years
9.	Last Employment held	Ford Motor Company	N.A

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. 5,00,000 per month.

S No.	Particulars	Details as on 31.03.2011	
	Name	Dr. P. B. Deshpande	Mr. Malcolm Rosenthal
1.	Designation of Employee	Chief Scientific Officer	Executive Vice President (Global Business Development)
2.	Remuneration Received (Including Perks)	Rs. 6,25,000	Rs. 15,66,060
3.	Nature of Employment	Non Contractual	Non Contractual
4.	Nature of Duties	Scientific Research	Business Development
5.	Qualifications & Experience	M.Sc. PhD	B.Sc., MBA
6.	Date of commencement of Employment	02.08.2010	24.01.2011
7.	Experience	26 years	25 years
8.	Age	56 Years	52 years
9.	Last Employment held	Emcure Limited, Pune	Austin Chemical Company, USA

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 and Mr. Vineet 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	31.03.2011	2,950,000 (Rs. 10 each)	98.33%	Nil	Nil	N.A.	N.A.

For and on behalf of the Board

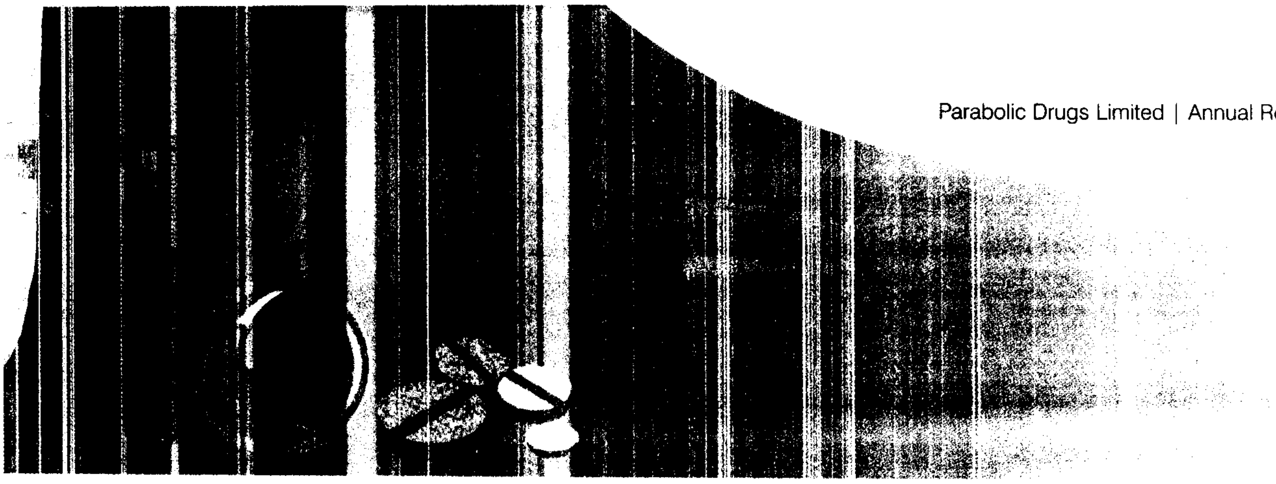
Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Place : Chandigarh
Dated : 13th August, 2011

Vipin Gupta
Vice President & Company Secretary

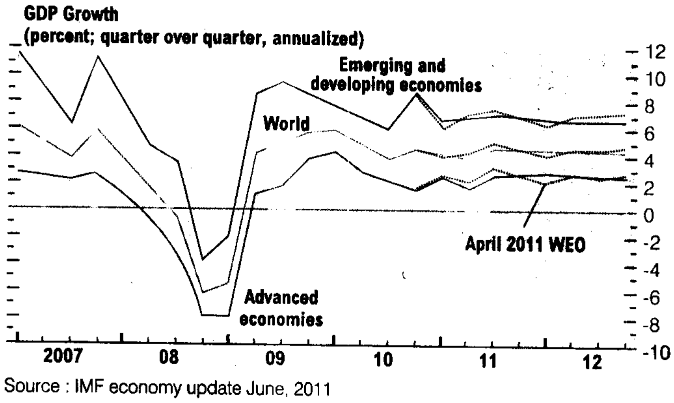
R. C. Goyal
Senior Vice President (Finance)



Management Discussion and Analysis

The Global Economy and Indian Growth Scenario

Considering the depth of recession of 2008, growth in many advance economies is still weak, however the economic growth in most emerging and developing economies continues to be strong. According to the International Monetary Fund (IMF) estimates, the world economy is expected to grow at 4.5% per annum. Despite some negative surprises in the Jan-March 2011, global growth attained an annualized rate of 4.3 percent. Key among the negative surprises was the devastating effect of the earthquake and tsunami on the Japanese economy, with supply disruptions weighing heavily on industrial production, and consumer sentiment and spending. Growth in emerging and developing economies evolved as expected, but with considerable variation across regions.



Source : IMF economy update June, 2011

According to IMS statistical information, the Indian Economy is expected to grow at 7.8% in 2011. The overall growth of Gross Domestic Product (GDP) at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10 according to the Advance Estimate (AE) of Central Statistics Office (CSO).

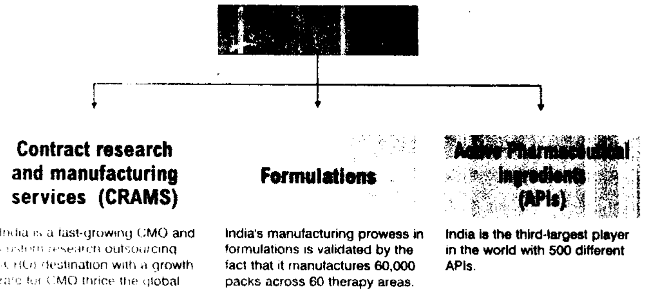
The Indian manufacturing sector is witnessing a wave of growth and the expectations from the sector look promising in the future. The sector is poised to get more skill-intensive according to industry leaders who foresee India map new heights of progress in every aspect. Growth of the Indian manufacturing sector during the quarter ended March 31, 2011 was 5.1 per cent, according to the report on "World Manufacturing Production Quarter I, 2011" by the United Nations Industrial Development Organization (UNIDO).

Global Pharmaceutical Industry

Estimated by IMS health at USD 875 billion, the global pharmaceutical market is expected to grow at 5-7% in 2011 in comparison to the 4-5% level growth in 2010. The one percentage point improvement will largely be driven by overall contribution from emerging countries. With the increasing pace of 'Genericization', the world shall witness the highest degree of volume erosion and exposure to direct competition from generic counterparts.

Indian Pharmaceutical Sector

The World's third most volumetric pharmaceutical market, India continued its strong show in 2010 with a growth rate of 16.5%. According to a report by Price water house Coopers (PwC), India is expected to touch the sales number of USD 50 Billion by 2020 that will make it one of the top ten pharma markets in terms of sales.



Source: Taking wings, Ernst & Young, 2009

India's exports in drugs, pharmaceuticals and fine chemicals in November 2010 was recorded at US$ 763.62 million, with a growth rate of 9 per cent as compared to the same period in 2009, according to DGCIS, Pharmexcil Research data. The Indian pharma companies on back of a strong and growing domestic market, robust pipeline of generic drugs (cheaper versions of patented drugs) and an ability to servicedeveloped markets abroad, has invariably become the most sought-after in the mergers and acquisitions (M&A) space.

Active Pharmaceutical Ingredients (APIs)

Active Pharmaceutical Ingredients and Intermediates have been the backbone of Indian pharmaceutical industry for the last two decades. With significant cost competitiveness, Indian companies have emerged as the preferred supplier for APIs the world over and are now ranked amongst the top three API producers in the world. The API market size is expected to grow to US$ 11.3 billion in FY 2015.

The Growth in the API industry is likely to be driven by:

Patent Expiry across the Globe

The domestic API industry is poised to benefit from the impending patent expiry in the regulated markets (including many blockbuster drugs) which will lead to an increase in generic penetration, thereby providing a significant opportunity for supply of APIs to manufacturers of such generic drugs coupled with increased outsourcing of bulk drugs by multinational pharmaceutical companies.

Increased Outsourcing Trends

The demand for outsourced services within the global pharmaceutical industry remains intact as large pharmaceutical and biotechnology companies continue to outsource the development and manufacturing of APIs in order to focus on core priorities.

Enhanced Domestic demand

The biggest upside for the industry however is going to come from the exponential growth of the domestic formulation industry. Almost 75% of the demand for APIs for domestic formulations market is met with domestic production and this has been consistently increasing. The need for low-cost APIs (that meet GMP standards) is expected to drive domestic growth of the API industry from US$ 2.5bn in FY2010 to US$ 5.3bn in FY2015.

The Indian API Industry has come a long way since those days when majority of the players were SMEs. Most large Indian companies have built global scale and competitive facilities with API capabilities as the fulcrum.

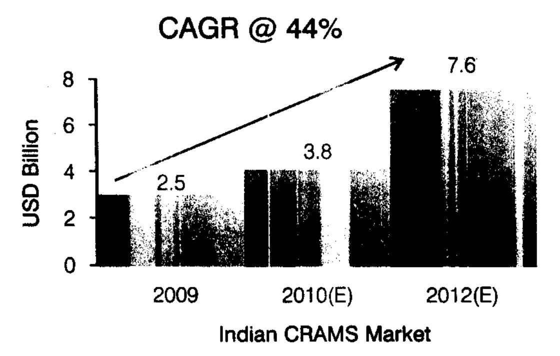
CRAMS Industry - Global Scenario and Indian Sector

The global CRAMS market is expected to grow further to approximately US $85 billion by 2012. Increase in outsourcing from developed to developing countries will continue as the innovator companies will lose patent protection and shall look for various alternatives such as, cost control and introduction of generics to their portfolio.

The Indian CRAMS market stood at approximately US$3.8 billion in 2010 and is estimated to reach US$7.6 billion by 2012. With world Class infrastructure, skilled manpower and technical competencies coupled with inherent cost advantage, contract manufacturing is likely to dominate the CRAMS space. Approximately 64%of the estimated US$67 billion global CRAMs market in 2010 is dominated by contract manufacturing which includes manufacturing of intermediates for new chemical entity (NCEs) or manufacturing of APIs.

Future Outlook in CRAMS Space

- Out of the estimated US$3.8 billion market in2010, approximately US$2.3 billion pertains to contract manufacturing. Chemical synthesis being the major contributor followed by formulations & packaging



Indian CRAMS Market

Source : Industry Presentations

- Contract research market size at US$1.5 billion displaying strong growth driven by chemistry capabilities, skilled manpower and cost value proposition
- Outsourcing of non-core activities like manufacturing of intermediates and APIs to low cost destinations like India is gaining momentum for pharma MNCs

The Road Ahead

1. Based on the McKinsey FICCI report, the size of Indian Pharma market is set to grow four folds to reach USD 55 Billion in 2020. However it is estimated that at full potential and aggressive efforts of the industry, it can reach USD 70 Billion.
2. The domestic pharma industry is likely to grow at 11-12 percent, dwarfing the global average of five-six percent.
3. By 2015, the manufacturing opportunity in India including for the international generic business and the contract manufacturing business will be at US$ 18 to 20 billion.
4. The CRAMS (Contract Research and Manufacturing Services) segment continues to enjoy the benefits of a low base effect. Contract manufacturing business, which registered US$ 4 billion in 2007 is expected to reach 10 billion in 2015, with a 25 per cent growth rate. Contract manufacturing opportunity for India including for the international generic business is forecast to the level of US$ 18 to 20 billion.
5. India's potential in R&D will be between US $8 to 10 billion by 2020.There will be a surge of patent expires in the next three-four years, having implications for the generics.
6. The government's Vision 2015 statement indicates an 18 percent plus CAGR for the pharma sector, translating to a doubling of revenues to $40 billion over the next five years.

Company perspective

Parabolic Drugs Limited, a leading pharmaceutical company driven by research and development capabilitiesand backed by world class infrastructure, is an acknowledged name in the antibiotic space. With a large basket of Cephalosporin and Penicillin APIs and Intermediates, the company has already marked its presence in over 50 countries across the globe.

PDL's core strength has always been its robust R&D, investment on world class infrastructure, a consistent track record of growth, strength in the regulatory capabilities, a strong customer base that is spread across the globe and rich intellectual capital.

Having begun its journey as a small contract manufacturer for APIs, then becoming a prominent research based API manufacturer and CRAMS player, PDL in FY 11 has climbed a step forward in the value chain to finished dosages by entering the domestic generic space.

Highlights of FY 11

- Three of the six facilities at Derabassi were inspected by the German Auditors and were granted 'cGMP' accreditation for compliance with European Good Manufacturing Practices standards. This certification started realizing benefits for the company with EU contributing over 10% of the direct Exports for FY 11.
- A record number of 18 filings in the FY 11, including eight US Drug Master File (DMF), one Canadian DMF and nine Certificate of Suitability (COS) with EDQM. The Total 38 DMF filings done by the company shall be the launch pad for PDL into the most regulated US and Canadian Market.
- Received 'Certificate of Suitability' (COS) for one of its key molecules- Cefixime in the European Union (EU). Cefixime, an oral third generation Cephalosporin Antibiotic, has a world market size of USD 839 million (September 2010, IMS) currently growing at 20.9% annually. The company earlier had three COS certificates for molecules - Flucloxacillin Sodium, Amoxicillin Trihydrate and Cefuroxime Axetil.
- Established an International office in USA to strengthen its CRAMS business and for closing partnerships with leading innovator Pharma companies in US and Canada
- Received DNV's certificate for OHSAS 18001:2007 standards. OHSAS 18001 is an Occupational Health and SafetyAssessment Series for health and safety management systems intended to address OH&S for employees, contractors, visitors and other personnel on-site.
- Successfully faced over 20 audits from Multinational Companies across the Globe both innovator companies and generic players.
- Commencements of commercial operations in the Multipurpose block 2 at Derabassi that added 325 TPA Cephalosporin capacities giving company additional flexibility to manufacture new molecules.
- Recognized as a Star Export house by the Ministry of Commerce in FY 11.
- Increased percentage of exports to 33% of the total revenues, with direct exports alone contributing to 28% of sales.

Filed 7 patents applications in FY 11 related to non-infringing and improved processes in the non-antibiotics space. Now the Company in whole has sixteen Process patents and one PCT application in process with the IPR authorities.

...nd Development - An integral ... PDL

Parabolic Drugs considers Research and Development as the integral strength in climbing the ladder towards becoming the world class pharmaceutical organization. Over the last few years, Research and development has become a key focus area for the company. With a team of over 100 scientists and a world class R&D Centre at HSIIDC, Barwala, PDL is equipped to explore new opportunities and meet the challenges of generic drug industry.

The R&D wing of the company is committed to play a pivotal role in the growth of the organization by developing cost efficient technologies, sustaining the cost competitiveness in market by continuous improvement in exiting processes, providing quality documentation to QA/RA for filing DMFs in regulated markets and support business development by quickly responding to business queries.

...ctual Property and Rights

PDL is fully accomplished to encounter the challenges of modern-day Intellectual Property Management in Pharmaceutical Industry. PDL's well-qualified and experienced team for IPR facilitates the development of intellectual wealth and supports to identify new potential and markets for API & formulations across the globe.

...ision of the company

To ensure non-infringing process for the future Grid molecules in different Therapeutic areas

IP Generation by filing new process, new polymorphic form of different molecules

Trace out business potential/market for the Grid molecules

...tion and Manufacturing Facilities

Believing in growth through scale, Parabolic Drugs has invested ambitiously in developing World Class manufacturing facilities with operational excellence. It has two state of the art manufacturing facilities across different locations and a world class R&D centre at Barwala. Its manufacturing facilities are well equipped to produce quality products while adhering to safety norms and stringent GMP compliance.

Cephalosporin Facility

PDL's Cephalosporin facility at Derabassi is a 27 acre site accredited by German MOH for European Good Manufacturing Practices. With the commissioning of Multipurpose block II, the total cephalosporin capacity has increased by 70% to over 750 tonnes per annum.

This site has seven manufacturing plants that enables it to produce wide range of latest generation cephalosporin APIs and intermediates. It also has a dedicated quality control and quality assurance unit, solvent recovery units, three R&D laboratories, a pilot plant for scale-up of new technologies developed by our in-house R&D, three boilers and utilities, two warehouses and in house healthcare centre.

Future Expansion:

- **New Sterile Plant** - A sterile plant expansion that conforms to USFDA requirements. Being set up over approximately 10,000 sq. ft. and built to international cGMP specifications, with the installation of BADO make machinery which would be a completely closed processing system, to enhance the sterility assurance through avoidance of contamination.
- **Multi-Purpose Block III** - Likely to get commissioned in the second half of FY 12 , The multipurpose block shall add capacities to meet the increased demands of PDL's existing product list. This facility is being built to international cGMP specifications.

Penicillin Facility

Commissioned in fiscal 2005, the Panchkula facility houses two dedicated blocks for the manufacturing of wide range of oral penicillin products including niche penicillin APIs such as Bacampicillin, Sultamycillin and Pivampicillin

The plant complies with all GMP requirements and has complete utility support with ETP, an inhouse liquid nitrogen tank, and a GMP compliant water systems and chillers.

Non- Antibiotic Facility

The pilot plant in this facility is getting commissioned for manufacturing non-antibiotic APIs in the new therapies such as CVS, CNS, oncology, antithrombotic, anti-diabetic and pain management. As the plant is being manufactured in phases, the final commissioning of the plant would include 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.

Business Model and Growth

Active Pharmaceutical Ingredients- Marketing

From a contract manufacturer for few of the companies in 1998, to a leading name in the antibiotic space, Parabolic Drugs has journeyed a long way .Spreading its wings across the globe, the company has fast penetrated the pharmaceutical markets for the antibiotics and it is supplying its material to every corner. Parabolic's strengths and cost leadership in APIs has not only enabled forging of better synergies across the globe but also helped create new opportunities for future growth. The company has two full-fledged divisions for the API marketing:

Domestic Business:

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, Cipla, Morepen, Alkem Laboratories, Lupin Ltd, Cadila Pharmaceuticals and DPB Antibiotics, among others.

International Business

Over the last few years, the export share in Parabolic's topline has grown by leaps and bounds and today the Company is registered with its APIs in over 50 countries of the world, including Turkey, Netherlands, Iran, Jordan, Nigeria, and Syria – some of the key markets. After the EU accreditation in the FY 11, the business income from European markets has developed a lot.

Contract Manufacturing Opportunities

PDL offers Contract Research and manufacturing Services (CRAMS) in India and services to Global science Industry. With complete integrated R&D, chemistry, technology and engineering capabilities PDL positions itself as the most competitive player in this space.

PDL has the capability to provide integrated solutions from route selection, process development, and optimization. Its expertise also entails scalable technology development which can be scaled upto multi tones scale. PDL aims to exploit the US$3.8 billion Indian CRAMS market by leveraging on the following competencies:

- World Class infrastructure for custom synthesis and contract manufacturing activities in diversified therapies such as anti-thrombotic, anti-osteoporotic, anti-diabetic, CNS, CVS and oncology.
- Exploring the global markets with its new international crams office at USA.
- Leveraging on the competencies and skills of the experienced team of scientists, researchers and IP.
- Long term agreements with leading innovators across the globe and a rich pipeline of over 20 projects to be executed in the FY 12.

Quality Control and Quality Assurance

Quality is a way of life at Parabolic and the internal Quality systems work single mindedly for a "Zero Defect Product". The Company's API units are European GMP accredited and is on the verge of an inspection by US FDA for its API facilities, which reflects the Company's commitment to Quality.

Environment Health and Safety

PDL is well aware that human life is its main asset. It considers it an obligation to ensure establishment of safe working conditions in all areas, to provide adequate protection for its employees, visitors & stakeholder. PDL promotes ongoing training for its staff and makes its best efforts to provide all technological resources and materials required to control the risks inherent to PDL's business. PDL engages & encourages its employees to adopt & comply with safety standards, safe practices and safe procedures on the job to prevent occupational health & safety related problems.

At PDL:

- We strongly believe that working safely is a necessity
- All our business decisions have inherent consideration for safety
- We believe that all our employees shall have an attitude of responsibility and be willing to work as a team for the benefit of Safety of self and of their co-workers

EHS accreditations

1. ISO 14001: 2004 accreditation - in the year 2009 with successful periodic audits
2. OHSAS 18001: 2007 accreditation in March 2011

Some of the EHS Initiatives are:

- Hazard Identification & Risk Control Management systems
- Core Group (emergency handling group) training at regular intervals
- Emergency Response plans, Safe Work permits, and Personal protective equipment for all employees
- Defined EHS responsibilities for employees at all levels.

'SO' AL', Being 'RESPONSIBLE' - ... cial Responsibility

Parabolic Drugs considers the interests of society by taking responsibility for the impact of its activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. PDL considers its bond towards society beyond the statutory obligation to comply with legislation and sees itself willingly taking advance ladder to improve the quality of life of its human capital, their families, the allied villages, and the humanity.

Parabolic's CSR program aims to uphold commitment to complement the efforts of the Government and other organizations in the nation-building process.

Some of the recent initiatives and social events by PDL

- Free Health Checkup camps

  ... 2010-11, PDL arranged two free medical checkup campswith qualified doctors from GyanSagar Medical College, Banur and a team of specialists from the JP Hospital.Around 130 examinations from the nearby villages took place in different areas broadly eye disease, Musculoskeletal, Skin Infections, Hypertension, Gynae amongst others

- Blood Donation Camp

  The Company organized two blood donation camps in association with the Rotary Blood Bank Society, Chandigarh and recorded over 200 donors from the Parabolic Drugs Group, who donate their blood towards the noble cause, as a service to Mankind and humanity.

- Go Green Drive - Tree Plantation at Derabassi

  Towards the greener environment, employees at PDL ... saplings on the World Environment day.

- Social events

  Understanding the responsibility as a citizen to society PDL sponsored an initiative of the films and theatre society, New Delhi in organizing a stage play titled 'Koobar and Kaaki' based on theme signifying the impact of deteriorating ethical and moral values in society. PDL also sponsored two ... events - the CESA All Girls Mini Marathon 2010 and SJOBA Ten-10 Night Cricket Tournament

... th Human Resource Development ... th

Human resource is one of the most important assets for PDL. HR at PDL envisages in achieving organizational excellence by implementing sound HR Practices that align Human Capital with corporate vision and improve their satisfaction level and have positive impact on overall business performance.

In the high attrition sector like pharma, the continuous effort of HR is to enhance productivity of human resources by developing efficient and effective systems of manpower planning, succession planning, selection, placement, training & Development and effective performance management system

Way Forward

- With the commissioning of the multi-purpose block III for the additional capacities in Orals and New Sterile Plant, the Derabassi Facility is likely to be one of the largest Cephalosporin manufacturing campuses in India. The facility will soon have the inspections starting from the US FDA and Japanese PMDA for global accreditations.
- The commissioning of non-antibiotics facility at Lalru shall add new molecules to empower PDL with a diversified product basket comprising of over 10 different therapeutic segments.
- The R&D wing shall foster the growth of the organization by developing cost efficient technologies, sustaining the cost competitiveness in market by continuous improvement in exiting processes, providing quality documentation to QA/RA for filing DMFs in regulated markets and support business development by quickly responding to their queries.
- Towards the IPR wealth creation, PDL shall continue to explore new opportunities in the off-patent pharmaceutical regime through its ambitious filing plans.
- The CRAMS business – both through Indian office and International marketing office at US is likely to close more strategic partnerships with the leading global generic and innovator companies.
- Contributions in the top line and bottomline from the strategic alliance for the herbal APIs and Intermediates
- In the formulations space, the Domestic Marketing Division shall have improved contributions to the topline and bottom line with a basket of 125 products across therapeutic segments and dosage forms.Going forward, Parabolic shall alsoreap results from International Markets.

Risks, Concerns and its management

Risks in a pharmaceutical company are a natural phenomenon. The global and Indian pharmaceutical industry continues to be regulated by various regulatory agencies. Stringent regulatory norms, delay in obtaining regulatory approvals for key products, patent litigations, currency fluctuations and pricing guidelines in the domestic market are risks that can affect the Company's business.

At Parabolic Drugs, Risk management is an integral part of the Company's plans, business strategies, monitoring systems and results. It takes in all organizational processes geared to early risk detection, identification and timely implementation of appropriate counter measures. Risk management at PDL is defined as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and impact of unfortunate events

The risk management activities also include assessment and review of financial risks such as currency risks, credit risks and liquidity.

Major Risk and their mitigation strategies

Risk - Risk of economic slowdown

Effect - A slowdown in global economy can affect our global business. PDL has vast business and revenues dependent on the regulated sales from Europe.

Our Strategy: PDL has a business plan to diversify its regulated business into other emerging markets and keep strengthening its domestic arm.

Risk of Competition

Effect: Our products face ample competition from domestic API players. This results in immense pressure on erosion of profits and sales.

Strategy: PDL is going forward into development of new molecules and aiming to keep a continuous focus on the process improvement for its existing product range

Threat of the falling prices of Antibiotics

Effect: With the increasing trend of 'Genericization', changing government policies, the world is witnessing a fall in pricing of the finished formulations of antibiotics. This results in the erosion of selling prices of the Active pharmaceutical Ingredients

Strategy: PDL has a rich pipeline of niche molecules that have access to diversified therapeutic areas.

Higher reliance on API supply

Effect: Most of PDL's business relies on its API supplies. Any industry related change, competition from Chinese markets can intensely affect PDL's revenues

Strategy: Going forward, PDL is foraying into FDFs and strategic alliances with different innovators in APIs for secured business.

Exchange Rate

Effect: Current Exchange rates could undergo a drastic change with Indian Rupee appreciating against the dollar. This could affect the financials of the Company.

Strategy: PDL has a dedicated team of financial expert that regularly monitor the possibility of exchange fluctuation losses. Hedging of the dollar is likely to minimize the adverse impact of rupee appreciation.

IPR Risk

Effect: Sustainability of any pharma business shall depend on the firm's ability to build IPR wealth, and development of new processes that are non-infringing.

Strategy: With a team of 100 plus scientists, a dedicated IPR wing , strong regulatory capabilities, PDL is striving to develop IPR wealth and has a robust filing plan for the upcoming financial years.

Personnel Risk

Effect: Success of any organization largely depends on the active resources and assets called – HUMAN Beings. In the pharma industry, where success banks on highly qualified employees, where rate of attrition is high, it is very important to retain people.

Strategy: PDL has been looking forward to a proactive approach to human resource management and the retention of key management personnel.

Review of Financial Statements

We registered a strong growth in FY 11 with total revenue clocking INR 6752.97 million, a growth of 20.80% on the previous year. The net profits have gone up to INR 528.73 million registering a growth of 54.60%. This performance is largely due to the increase in the revenues from the new products launched in the last year, and improved realizations from the European markets as a result of EU GMP received.

A. Profit and Loss Account

Revenue

The total revenues have increased from INR 5590.12 Million to INR 6752.97 Million. The robust performance is broadly a result of:

- Increased share of the high margin products in the product basket
- Upsurge in the regulated Market exports
- Favorable foreign exchange rate
- Cost control at all levels

Cost Management

The total operational cost as a percentage to net sales has improved in FY 11, in comparison to FY 10. it stands at INR 5080.44 Million.

Material Cost has increased by INR 834.51 million in FY 11 owing to higher production volumes in Cephalosporin product basket.

The Personnel expenses have increased by INR 30.29 million in FY 11, if compared to the previous year. As a percentage of net sales, it stands at a favorable 2.75 % as against the 2.71% of the FY10.

Other expenses including Administrative expenses, and Selling and Distribution expenses have remained in line with the benchmarks set by company.

The interest cost of the company has fallen as percentage to sale from 7.44 % in previous year to 6.62% in FY 11. The company consistently negotiated with the consortium for rationalizing its interest cost and opting for low cost borrowings. The Company also witnessed an improvement in its credit rating from CARE for its long term and short term borrowings.

EBIDTA stood at INR 1271.45 million owing to increase in business volume from the regulated markets and high value Cephalosporins

Depreciation increased to INR 82.61 million from INR 56.23 million in FY 10, owing to the increase in the asset base by INR 1125.36 million

On providing tax of INR 158.09 million, the Bottom line stood at INR 528.73 million

B. Balance Sheet

The size of balance sheet has touched INR 8631.53 million in FY 11 in comparison to INR 5869.41 million in FY 10. The capital employed in the business has increased by 41% from INR 5493.81 million in FY 10 to INR 7756.96 in FY 11, largely due to investment in the plants and machinery for the increasing capacities.

Net Worth

The shareholders net worth increased from INR 1210.56 million in FY 10 to INR 2879.35 million

Reserves

While registering a PAT growth of 54.60%, the total reserves and surplus stand at INR 3171.08 million as against INR 1213.65 million in FY 10.

External Funds

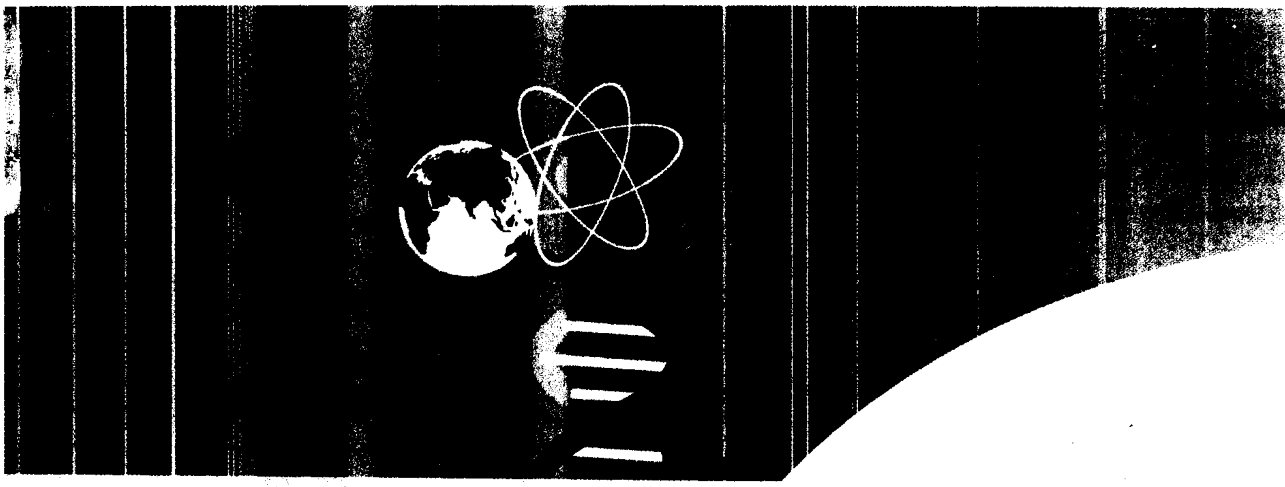
The total secured loans amount to INR 4133.61 million, up by 4.77 % as compared to FY 10

Gross Block

The gross block has increased by 60.92% to INR 2972.65 million, owing to the substantial capital expansion projects

Investment

The company has an investment value of INR 56.73 million in FY 11 as compared to INR 19.92 million in FY 10.



Report on
Corporate Governance

1. Company's Philosophy on Code of Corporate Governance:

This report on Corporate Governance forms part of the Annual Report. Corporate Governance refers to a combination of laws, regulation, procedures, implicit rule and good corporate practices that ensure that a Company meets its obligations to optimize shareholders' value and fulfill its responsibilities to the community, customers, employees, Government and other segments of society. Parabolic Drugs Limited (Parabolic) is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholders' value. Parabolic is committed to achieve the best standard of Corporate Governance through complete transparency in its dealings with the management, associate companies and other third parties. 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) Board Meetings:

During the financial year 2010-11, the Board met 10 times on the following dates:

- 20th April, 2010
- 4th June, 2010
- 10th June, 2010
- 19th June, 2010
- 24th June, 2010
- 26th June, 2010
- 29th June, 2010
- 20th July, 2010
- 8th November, 2010.
- 1st February, 2011

b) Composition as on 31st March, 2011:

The Board of Directors comprises of a Non- Executive Chairman, a Managing Director, two Executive Directors and five Non-Executive Directors. Out of the total strength of 9 directors, 5 directors are Independent, thus it meets the stipulated requirement.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship in Indian Public Limited Companies.

Name of the Director	Designation & Category	No of Board meetings attended	Attendance at last AGM	Total no. of Directorship in other companies	No. of committee memberships in other companies	Total no. of Board chairmanship in other companies	Total no. of committee chairmanship in other companies
Inder Bir Singh Passi	Chairman, Non Executive & Independent Director	6	Yes	Nil	Nil	Nil	Nil
Pranav Gupta	Managing Director	10	Yes	1	Nil	1	Nil
[illegible] Gupta	Whole Time Director	10	Yes	1	Nil	Nil	Nil
Gurpreet Singh Sandhu•	Executive Director (Business Promotion)	1	No	Nil	Nil	Nil	Nil
Dr. Ram Kumar	Non Executive Independent Director	7	Yes	Nil	Nil	Nil	Nil
Koppisetty Srinivas ♦	Non Executive Non Independent Director	8	No	2	Nil	Nil	Nil
Arun Mathur	Non Executive Independent Director	5	Yes	Nil	Nil	Nil	Nil
Pardeep Diwan	Non Executive Independent Director	6	No	Nil	Nil	Nil	Nil
Nikhil Goel*	Non Executive Independent Director	1	No	Nil	Nil	Nil	Nil

* Mr. Nikhil Goel was appointed as an Additional Director of the Company w.e.f. 8th November, 2010.

• Mr. Gurpreet Singh Sandhu was appointed as an Additional Director of the Company w.e.f. 8th November, 2010.

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

Disclosure of Change:

Mr. Nikhil Goel and Mr. Gurpreet Singh Sandhu were appointed as the Additional Directors of the Company w.e.f. 8th November, 2010. During the year, Dr. Deepali Gupta resigned from the Directorship of the Company w.e.f. 8th November, 2010.

Audit Committee:

As at 31st March, 2011, the Audit Committee comprised 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. The Company Secretary is the secretary of Audit Committee. The terms of reference of the Audit Committee are, as set out in the listing agreement and Section 292 A of the Companies Act, 1956.

The Audit Committee met five times during the financial year 2010-11 on the following dates:

20th April, 2010	-	29th June, 2010
20th July, 2010	-	8th November, 2010
1st February, 2011		

The attendance of the members of the Audit Committee during the financial year 2010-11 is given below:

Sr. No.	Na[redacted]he Director	[redacted]igna[redacted]	Executive/ Non Executive/ Promoter	Independent/ Non Independent	No. of Audit Committee Meetings Attended
1.	[redacted]wa[redacted]	Chairman	Non Executive	Independent	5
2.	[redacted]gh[redacted]	Member	Non-Executive	Independent	3
3.	[redacted]ta[redacted]	Member	Executive & Promoter	Non Independent	5

4. Remuneration Committee:

The remuneration Committee was constituted by our Directors pursuant to a Board Resolution dated 13th May, 2011. and comprises of three Directors namely Mr. Inder Bir Singh Passi, Dr.Ram Kumar and Mr.Arun Mathur.

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.	[redacted]ing[redacted]	Chairman	Non Executive	Independent
2.	[redacted]um[redacted]	Member	Non-Executive	Independent
3.	[redacted]ur[redacted]	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;

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

No meeting of Remuneration Committee was held during the financial year 2010-11

c) Detail of Remuneration paid to the Managing Director, Whole Time Director, and Executive Directors for the Financial Year 2010-11:

The detail of the remuneration paid to the Managing Director, Whole Time Director and Executive Directors for the Financial Year 2010-11 is as under:

Particulars	Pranav Gupta	Vineet Gupta	Dr. Deepali Gupta*	Gurpreet Singh Sandhu
Salary, Allowances & perquisites	[redacted]76,29,000[redacted]	Rs.66,75,375	Rs.7,00,000	NIL
Bonus/Performance Incentive	[redacted]	-	-	-
Retirement Benefits	[redacted]	-	-	-
Stock options	[redacted]	-	-	-
Tenure	[redacted]ars[redacted]	5 years	5 years	2 years
Notice Period & Severance Pay	[redacted]	-	-	-
Number of shares held	[redacted]100[redacted]	701550	234600	1000

*Dr. Deepali Gupta has resigned from the Directorship of the Company w.e.f. 8th November, 2010

:NANCIAL CORPORATIO[illegible]
:CTOR-17-B, BANK SQUARE,
RH 160017
RH INDIA

State :
Phone no. : 0172-6160616
RTGS/NEFT IFSC : HDFC0000035 MICR: [illegible]
Email :
CC Limit :

d) **Details of Remuneration paid to the Non-Executive Directors for the Financial Year 2010-11:**

Non-Executive Directors are not entitled to any remuneration except sitting fees for the Board and Committee Meetings. The detail of the sitting fees paid to the Non-Executive Directors for the Financial Year 2010-11 is as follows:

S. No.	Name of the Director	Sitting Fee (in Rs.)
1.	Mr. Inder Bir Singh Passi	18000
2.	Dr. Ram Kumar	20500
3.	Mr. Pardeep Diwan	18000
4.	Mr. Arun Kumar Mathur	12500
5.	Mr. Koppisetty Srinivas	20000
6.	Mr. Nikhil Goel	2500

5. Shareholders'/ Investors' Grievance Committee:

The Shareholders'/ Investors' Grievance Committee was reconstituted by the Board of Directors on 13th May, 2011.

a. Composition:

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

S. 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.	Mr. Nikhil Goel	Member	Non Executive	Independent

No Shareholders'/Investors' Grievance Committee Meeting was held during the financial year 2010-11
The Company Secretary is the Compliance Officer of the Shareholders'/Investors' Grievance Committee.
Details of investors' complaints during the financial year 2010-11:

Received	Resolved	Pending
19	19	0

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
14th Annual General Meeting for the financial year ended 31st March, 2010	Saturday 28th September, 2010 3.00 P.M.	PHD House, Sector 31 A, Chandigarh	1	No
13th Annual General Meeting for the financial year ended 31st March, 2009	Saturday 26th September, 2009 3.30 P.M.	S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh	3	No

Nature of Meeting	Day, Date and time of AGM	[illegible]	Number of Special Resolutions	Whether any special resolution passed last year through postal ballot
12th Annual General Meeting for the financial year ended 31st March, 2008	[illegible]	S.C.O. 99-100, Top Floor, Sector 17 B, Chandigarh	5	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 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 have 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' relating informations of the Company are also made available at the web-site i.e. www.parabolicdrugs.com.

9. General Shareholder Information:

i. AGM:15th Annual General Meeting
Date: 29th September, 2011
Time: 3.00 P.M.
Venue: PHD House, Sector 31 A, Chandigarh

ii. Financial Year (2011-12) :(Tentative)
First Quarter Results: July, 2011
Second Quarter Results: October, 2011
Third Quarter Results: January, 2012
Annual Results: May, 2012

iii. Date of Book Closure: 21st September, 2011 to 29th September, 2011 (both days inclusive)

iv. Dividend Payment Date: within 30 days from the date of AGM.

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)
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001

The National Stock Exchange of India Limited (NSE),
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai- 400 051
The Company has duly paid the listing fee to both the aforesaid Stock Exchanges for the financial year 2011-12

vi. Stock Code:
BSE: 533211
NSE: PARABDRUGS

vii. Market Price Data: High, Low during each month in last financial year:

Financial Year 10-11	Share Price of Parabolic Drugs Limited				BSE Sensex			
	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	% age change over last month's closing	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	% age change over last month's closing
Jul	79	54.1	54.5	-	18237.56	17395.58	17868.29	0.95
Aug	62.9	52.05	52.25	-4.13	18475.27	17819.99	17971.12	0.58
Sept	65.35	47	57.9	10.81	20267.98	18027.12	20069.12	11.67
Oct	59.2	53.85	54.25	-6.30	20854.55	19768.96	20032.34	-0.18
Nov	70.7	53	54.65	0.74	21108.64	18954.82	19521.25	-2.55
Dec	61.9	49.5	57.3	4.85	20552.03	19074.57	20509.09	5.06
Jan	62.5	47.5	48.05	-16.14	20664.80	18038.48	18327.76	-10.64
Feb	50.8	39.85	40.75	-15.19	18690.97	17295.62	17823.40	-2.75
Mar	46.2	38.6	42.85	5.15	19575.16	17792.17	19445.22	9.10

viii 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, 2594 6969
Website: www.linkintime.co.in

ix. 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, 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.

x. Distribution of shareholding as on 31st March, 2011:

No. of equity share held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Up to 500	12276	84.06	1922473	3.11
501-1000	1164	7.97	926087	1.49
1001-2000	714	4.89	965958	1.56
2001-3000	110	0.75	288899	0.46
3001-4000	46	0.32	164745	0.27
4001-5000	52	0.36	247073	0.40
5001-10000	86	0.59	667601	1.08
10001 and above	155	1.06	56709178	91.63
Total	14603	100.00	61892014	100.00

Shareholding Pattern as on 31st March, 2011 :

Category	No. of shares	No. of shareholders	% of shareholding
Promoter & Promoter Group	23634107	17	38.19
Public Shareholding Institutional			
Mutual Funds/UTI/FIs/Banks/ Central & State Government	3114110	7	5.03
FVCF/FII	17076904	12	27.60
Non Institutional			
- Individuals	8274179	14003	13.36
- Bodies Corporate	4534969	306	7.32
- NRI	290226	145	0.48
- Foreign Company	2230243	3	3.60
- Trust	2558000	1	4.13
- Clearing Member	179276	109	0.29
Total	**61892014**	**14603**	**100.00**

xi. Dematerialization 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.

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

xiii. Plant Locations:

The plants of the Company are located at the following locations:

a) Parabolic Drugs Limited,
Village: Sundhran, P.O. Mubarakpur, Tehsil: Derabassi, District: Mohali (Punjab)

b) Parabolic Drugs Limited,
Plot No. 45, Industrial Area, Phase II, Panchkula (Haryana)

c) Parabolic Drugs Limited,
Plot No. 280-281, Phase I, Block 1, Alipur Industrial Estates, HSIIDC: Tehsil Barwala, District: Panchkula (Haryana)

xiv. Addresses 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-110 065
Phone Nos: 011-65176840, 64510543
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.

FINANCIAL CORPORATION
ICIAL CORPORATION,
R-17-B, BANK SQUARE,

Address : SCO SITE # 371/37
SECTOR 35 B

City : CHANDIGARH

Auditors' Certificate on Compliance of Corporate Governance under Corporate Governance clause of the Listing Agreement(s)

The Members
Parabolic Drugs Limited,
SCO 99-100, Top Floor,
Sector 17 B, Chandigarh

We have examined the compliance of conditions of Corporate Governance by **M/s. Parabolic Drugs Limited** ("the Company'), for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

We further state that such compliance is neither an assurance as the future viability of the Company nor 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
FRN 002222N

Place: Chandigarh
Date: 13th August, 2011

Auditors' Report

To
The Shareholders

We have audited the attached Balance Sheet of **M/s. Parabolic Drugs Limited,** Chandigarh as at 31st March 2011 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 (Auditors' 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 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 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 on the Company as at 31st March 2011

   (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. [illegible]
FRN [illegible]

Place : Chandigarh
Dated : 13 August, 2011

Name : M/s. S.K. Bansal & Co.
Chartered Accountants
Address: Kothi No. 3193, Sector [illegible]
Chandigarh-160022

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 31st March 2011.

(i) (a) As confirmed by the management 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 size of the company and nature of its business. In terms of such programme, during the year ended 31st March 2011, 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 Rupees Five 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. 0.59 Million outstanding on account of excise duty, out of which a sum of Rs. 0.34 Million has been deposited and a balance of Rs. 0.25 Million has 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) The company has raised funds by public issue and disclosure in this respect is made under para 28 of Schedule 17 of the Financial Statements and the same is verified.

(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
Dated : 13 August, 2011

Membership No [illegible]
FRN 002222N

Name : M/s. S.K. Bansal & Co.
Chartered Accountants
Address: Kothi No. 3193, Sector 28 D.
Chandigarh-160002

olic Drugs Ltd.

nce Sheet As at March 31, 2011

(₹ in million)

	Schedule	As at 31.03.2011	As at 31.03.2010
I SOURCES OF FUNDS			
1 Shareholders' Funds			
Share Capital	1	618.92	372.51
Reserve & Surplus	2	3171.08	1213.65
2 Loan Funds			
Secured Loans	3	4133.62	3945.35
Unsecured Loans	4	610.38	261.58
3 Deferred Tax Liability (net)		97.53	76.32
		8631.53	5869.41
II APPLICATION OF FUNDS			
1 Fixed Assets			
Gross Block	5	2972.65	1847.29
Less: Depreciation		220.58	138.36
Net Block		2752.07	1708.93
2 Investment	6	56.73	19.92
3 Current Assets, Loans and Advances	7		
Inventories		3406.48	2401.14
Sundry Debtors		2751.58	1930.51
Cash and Bank Balances		257.98	176.09
Loans and Advances		537.02	289.64
		6953.06	4797.38
Less: Current Liabilities & Provisions	8	2040.98	1032.43
Net Current Assets		4912.08	3764.95
4 Miscellaneous Expenditure (To the extent not Written off or Adjusted)	9	910.65	375.61
		8631.53	5869.41
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

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

Place Chandigarh
Dated August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Profit and Loss Account For the year ended March 31, 2011

	Schedule	As at 31.03.2011	As at 31.03.2010
I INCOME			
Gross Sales		6752.97	5590.12
Less: Excise Duty		592.75	451.19
Net Sales		6160.22	5138.93
Income From Job Work		23.35	1.20
Other Income	10	168.32	47.46
		6351.89	5187.59
II EXPENDITURE			
Material Consumed	11	4513.07	3678.57
Manufacturing Expenses	12	212.70	202.14
Personnel Expenses	13	169.30	139.02
Administrative Expenses	14	65.21	48.08
Selling & Dist. Expenses	15	120.16	[illegible]
Financial Expenses	16	407.60	[illegible]
Research & Development W/off		92.57	[illegible]
Preliminary Expenses W/off		1.85	1.72
FCM Item Translation Difference A/c			[illegible]
Depreciation		82.61	[illegible]
		5665.07	4747.28
Profit Before Tax		686.82	440.31
Less: Provision for Taxation:			
Current Year Tax		136.88	74.83
Deferred Tax		21.21	23.50
		158.09	98.33
Profit After Tax		528.73	341.98
Less: Taxation Adjustment for Earlier Years		8.48	(0.03)
Less: Prior Period Items		-	46.57
Profit available for Equity Shareholders		520.25	295.44
Less : Provision for dividend on Equity Shares		30.95	
Less : Equity dividend tax		5.14	
Surplus Carried to Balance Sheet		484.16	295.44
Earning Per Share (Face Value Rs.10/-)			
Basic		9.43	17.91
Diluted		9.43	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

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

Place : Chandigarh
Dated : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Parabolic Drugs Ltd.

Cash Flow Statement For the year ended March 31, 2011

(₹ in million)

	Year ended 31.03.2011	Year ended 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES		
(Including Working Capital Changes)		
- Profit Before Tax		
- Depreciation & Amortization	686.82	440.31
- Finance Expenses	82.61	56.23
- R & D Expenses Written off	407.60	382.20
- Misc Expenses Written Off	92.57	42.78
- Loss on Sale of Assets	1.85	1.72
- Total Operating Cash flow before WC Changes	0.57	-
Working Capital Changes	**1272.02**	**923.24**
Current Assets		
- Raw Materials		
- Work in Process / Finished Goods	105.72	6.50
- Stores & Consumables	897.82	520.56
- Total Debtors	1.80	1.26
- Excise Duty	821.07	471.85
- Security Deposit	49.15	(55.35)
- TDS	5.53	0.16
- Advance to Suppliers for Raw materials/Expenses	(2.86)	2.16
- Advance to Suppliers for Capital Goods	29.96	13.95
- Prepaid Expenses	70.56	57.87
- Advances/ Loans to Staff	10.84	(6.08)
- Others	1.59	(0.96)
Increase / (Decrease) in Current Assets	82.62	17.09
Current Liabilities	**2073.80**	**1029.01**
- Creditors for Material		
- Creditors for Expenses	864.64	(162.52)
- Creditors for Capital Goods	(0.56)	3.82
- Others	30.79	(37.53)
Increase / (Decrease) in Current Liabilities	113.68	67.54
Net Increase/(Decrease) in Working Capital	1008.55	(128.69)
- Income Tax	1065.25	1157.70
Total Cash Flow from Operations including WC	145.36	74.81
(A)	**61.41**	**(309.27)**

Cash Flow Statement (Contd.) For the year ended March 31, 2011

(₹ in million)

		Year ended 31.03.2011	Year ended 31.03.2010
CASH FLOW FROM INVESTMENT ACTIVITIES			
- Purchase of Fixed Assets		1127.25	602.31
- Sale of Fixed Assets		(0.93)	-
- Investment in Shares		36.81	0.11
- Preliminary Expenses		-	1.50
- Public Issue Expenses		(10.70)	10.70
- R&D Expenditure		640.16	259.73
Total Cash Flow from Investment Activities	**(B)**	**1792.59**	874.35
CASH FLOW FROM FINANCING ACTIVITIES			
- Share Capital/Share Premium		1719.68	40.21
- Term Loans Additions / (Repayments)		111.24	600.27
- Vehicle Loans		2.44	(3.35)
- Unsecured Loans/Deferred Creditors		348.80	(253.46)
- Increase / (Decrease) in Working Capital Loans		74.60	1223.18
- Dividend Paid		(30.95)	-
- Tax on Dividend Paid		(5.14)	
- Finance Expenses		(407.60)	(382.20)
Total Cash Flow from Financing	**(C)**	**1813.07**	1224.65
Net cash inflow/(outflow) (During the Year)	**(A-B+C)**	**81.89**	41.03
Cash & Cash equivalents in the beginning of the year		**176.09**	135.06
Cash & Cash equivalents at the end of the year		**257.98**	176.09

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 : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Schedules forming part of Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
62,000,000 Equity Shares of Face Value of Rs. 10 each	620.00	620.00
(PY 62,000,000 Equity Shares of Face Value of Rs. 10 each)		
Issued, Subscribed & Paid Up		
61,892,014 Equity Shares of Face Value of Rs.10 each Fully paid up	618.92	372.51
(PY 37,251,049 Equity Shares of Face Value of Rs. 10 each)		
	618.92	**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.

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 2 RESERVE & SURPLUS		
Profit & Loss Account		
Opening Balance	1052.39	756.95
Add: Net Profit for the Year	484.16	295.44
Closing Balance	**1536.55**	**1052.39**
Capital Reserve		
Opening Balance	0.35	0.28
Add: Addition during the Year	-	0.07
Closing Balance	0.35	0.35
Capital Subsidy		
Opening Balance	3.00	3.00
Add: Addition during the Year	-	-
Closing Balance	3.00	3.00
Security Premium		
Opening Balance	157.91	132.79
Add: Addition during the Year	1601.67	270.78
Less: Issue of Bonus Shares	-	(245.66)
Less: Public Issue Expenses	(128.40)	-
Closing Balance	1631.18	157.91
	3171.08	**1213.65**

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 Balance Sheet

(₹ in million)

SCHEDULE [illegible] SECURED LOANS	As at 31.03.2011	As at 31.03.2010
DUE TO STATE BANK OF INDIA		
Cash Credit	198.26	13.17
Buyers Credit	188.37	164.01
Export Packing Credit	115.14	259.05
PCFC	104.11	9.06
FCNR	225.78	320.11
SBI Bill Discounting	3.84	27.52
Term Loan	306.13	251.66
DUE TO UCO BANK		
Cash Credit (Hypothecation)	(13.41)	[illegible]
Cash Credit (Book Debts)	0.18	[illegible]
Buyers Credit	213.16	[illegible]
Packing Credit	16.19	
PCFC	-	[illegible]
Bill Discounting	196.61	203.95
Bill Discounting FBP	83.75	58.68
Term Loan	395.22	334.36
DUE TO PNB		
Cash Credit	147.11	158.94
Packing Credit	-	7.50
Buyers Credit	55.74	32.13
DUE TO ICICI BANK		
Cash Credit	244.15	192.63
Packing Credit	-	[illegible]
Buyers Credit	183.31	22.98
Term Loan	138.91	221.52
DUE TO IDBI BANK		
Buyers Credit	7.18	
DUE TO CENTRAL BANK OF INDIA		
Cash Credit	162.81	[illegible]
PCFC	104.75	
Bill Discounting (FBP)	30.00	
Buyers Credit	51.90	77.67
Term Loan	302.40	223.89

ANDIGARH INDIA
INT HOLDERS :
nation : Not Register
State : CHANDIGARH
Phone no. : 0172-
RTGS/NEFT IFSC : HDFC0
Email :

Schedules forming part of Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 3 SECURED LOANS (Contd.)		
DUE TO UNION BANK OF INDIA		
Cash Credit	395.66	403.35
Buyers Credit	19.29	99.28
DUE TO BANK OF BARODA		
Cash Credit	99.95	100.30
DUE TO CANARA BANK		
Cash Credit - FCLR	148.64	150.00
Cash Credit	(0.79)	-
VEHICLE LOAN	9.28	6.84
	4133.62	**3945.35**

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 and pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guranteed 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 and pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guranteed 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	609.27	259.23
Due to Others	1.11	2.35
	610.38	**261.58**

Note:

Unsecured Loan due to banks represents bill discounting facilities from different banks/NBFC.

Schedules forming part of Balance Sheet

SCHEDULE FIXED ASSETS

(₹ in million)

	Rate of Dep. (%)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 1.4.2010	Addition During the Year	Deduction During the Year	Total As on 31.3.2011	As on 1.4.2010	Provided During the Year	Assets Sold / Written Back / Adjustment	As on 31.3.2011	[illegible]	As on 31.3.2010
Land & Site Development	-	7.80	-	-	7.80	-	-	-		7.80	[illegible]
Factory Building	3.34%	236.27	97.06	-	333.33	13.44	11.25	-	24.69	[illegible]08.64	[illegible]
Non Factory Building	1.63%	6.50	-	-	6.50	0.76	0.11	-	0.87	5.63	[illegible]
Plant & Machinery	5.28%	857.84	251.99	0.52	1109.31	94.83	51.39	0.07	146.15	[illegible]	[illegible]
Furniture & Fixture	6.33%	15.76	2.77	-	18.53	2.11	1.06	-	3.17	[illegible]	[illegible]
Tubewell	1.63%	2.07	1.11	-	3.18	0.15	0.03	-	0.18	[illegible]	[illegible]
Vehicles	9.50%	20.15	6.17	1.36	24.96	6.73	2.07	0.31	8.49	16.47	[illegible]
Computer & Software	16.21%	9.77	2.37	0.03	12.11	3.63	1.74	-	5.36	6.75	[illegible]
R&D - Fixed Assets		284.88	49.52	-	334.40	16.71	14.96	-	31.67	[illegible]02.73	[illegible]
Capital Work In Progress		406.25	853.45	137.17	1122.53	-	-	-		[illegible]	[illegible]
TOTAL		1847.29	1264.44	139.08	2972.65	138.36	82.61	0.38	220.58	2752.07	17[illegible]8.93

SCHEDULE INVESTMENTS

	As at 31.03.2011	As at 31.03.2010
Nimbuja Greenfield (Punjab) Ltd 25,000 Equity Shares of Face Value of Rs.10/- Each fully paid up (Unquoted)	0.25	0.25
Parabolic Research Labs Ltd (Towards Share Application Money pending allotment)	1.98	0.17
Parabolic Research Labs Ltd 2,950,000 Equity Shares (PY 1,950,000 equity Shares) of Face Value of Rs 10 each (Unquoted)	29.50	[illegible]
SBI Mutual Fund (At Cost) 1952880.89 units (PY Nil) of SBI - SHF Ultra Short Term Fund (Quoted : NAV Rs. 25 Million)	25.00	
	56.73	19.92

Schedules forming part of Balance Sheet

(₹ in million)

	As at 31.03.2011	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	392.85	287.13
(b) Work in Process / Semi Finished Goods	3005.02	2108.46
(c) Finished Goods	1.26	-
(d) Stores & Consumables	7.35	5.55
	3406.48	**2401.14**
2. Sundry Debtors (unsecured, Considered Good)		
Outstanding for a Period of		
More than Six Months	168.29	152.70
Less than Six Months	2583.29	1777.81
	2751.58	**1930.51**
3. Cash and Bank Balances		
(a) Cash In Hand	7.84	7.58
(b) Staff Imprest	0.46	0.18
(c) Balance With Scheduled Banks		
- In Current Account	11.55	15.59
- In Fixed Deposit Account	236.71	150.64
(d) Interest Accrued But Not Due on Fixed Deposit	1.42	2.10
	257.98	**176.09**
4. Loans and Advances (Unsecured, Considered Good)		
(Advances recoverable in cash or in kind or for value to be received)		
Excise Duty CENVAT	111.48	62.33
Security Deposit	11.96	6.43
Advance to Suppliers:		
For Raw Material/Expenses	52.01	22.05
For Capital Goods	142.14	71.58
Prepaid Expenses	23.44	12.60
Export Incentive (Recoverable)	113.20	83.89
DEPB Licence in Hand	4.96	1.23
DEPB Recoverable	8.27	-
Advance Income Tax	22.00	-
Advance to Staff / Others	0.01	0.01
Tax Deducted at Source	1.75	4.62
Service Tax Recoverable	8.72	4.71
Income Tax Refund Due	2.03	2.03

Schedules forming part of Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
Loans to Staff	3.43	[illegible]
Custom Duty Paid	3.61	3.80
VAT Recoverable	0.81	1.06
Insurance Claim Receivable	26.95	[illegible]
Excise Duty Deposit under Protest	0.25	[illegible]
	537.02	289.64
	6953.06	4797.38
SCHEDULE CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors for Supply of Material	1649.04	784.40
Sundry Creditors for Expenses	41.82	42.39
Sundry Creditors for Capital Expenses	82.92	52.15
Advances from Customers	5.72	6.60
TDS Payable	3.66	5.36
Expenses Payable (Others)	62.04	37.94
VAT Payable	22.76	[illegible]
Provision for Income Tax	136.88	74.83
Share Application Money - Refund Due	0.05	
Provision for Dividend on Equity Shares	30.95	
Provision for Equity Dividend Tax	5.14	-
	2040.98	1032.43
SCHEDULE MISCELLANEOUS EXPENDITURE (To the extent not w/off or adjusted)		
Preliminary Expenses		
Opening Balance	15.03	15.15
Add: Expenditure During the period	-	1.60
	15.03	16.75
Less: Written off During the period	1.85	1.72
(A)	**13.18**	15.03
Research and Development Expenses		
Opening Balance	349.88	[illegible]
Add: Expenditure During the period	640.16	259.93
	990.04	[illegible]
Less: Written off During the period	92.57	42.78
(B)	897.47	349.88

... forming part of Profit and Loss Account

(₹ in million)

		As at 31.03.2011	As at 31.03.2010
SCHEDULE 9 MISCELLANEOUS EXPENDITURE (Contd.)			
FCM Item Translation Difference Account			
Opening Balance		-	46.57
Less: Written off During the period		-	46.57
	(C)	-	-
Public Issue Expenses			
Opening Balance		10.70	-
Add: Addition During the Year		117.70	10.70
Less: Transfer to Security Premium Account		128.40	-
	(D)	-	10.70
	(A+B+C+D)	910.65	375.61
SCHEDULE 10 OTHER INCOME			
Interest Income		10.84	11.99
Miscellaneous Income		142.61	33.21
[illegible] Income		14.87	2.26
		168.32	47.46
SCHEDULE 11 MATERIAL CONSUMED			
Opening Stock			
Raw Material		287.13	280.63
Work in Process/Semi - Finished Goods		2108.46	1587.89
Stores & Spares		5.55	4.29
		2401.14	1872.81
Add: Purchases During the Year			
Raw Material		5481.06	4169.47
Packing Material		28.24	28.36
Stores & Spares		9.11	9.07
		5518.41	4206.90
Less: Closing Stock			
Raw Material		392.85	287.13
Work in Process/Semi - Finished Goods		3005.02	2108.46
Finished Goods		1.26	-
Stores & Spares		7.35	5.55
		3406.48	2401.14
		4513.07	3678.57

Schedules forming part of Profit and Loss Account

(₹ in lakhs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE ■ MANUFACTURING EXPENSES		
Water & Electricity Charges	60.96	41.20
Repair & Maintenance:		
- Machinery	10.32	8.15
- Building	0.70	1.20
- Others	5.46	5.07
Job Work Charges	45.29	61.41
Generator Set Expenses	13.62	17.74
Lab Expenses	10.71	8.82
Freight & other Expenses (Inward)	65.24	58.22
Hire Charges (Nitrogen Tank)	0.40	[illegible]
	212.70	202.14
SCHEDULE ■ PERSONNEL EXPENSES		
Salaries, Wages & Other Allowances	150.76	[illegible]
Contribution to Statutory Funds	11.87	9.69
Staff & Labour Welfare Expenditure	6.67	6.04
	169.30	139.02
SCHEDULE ■ ADMINISTRATIVE EXPENSES		
Travelling & Conveyance:		
- Directors (Including Foreign Travelling)	1.19	[illegible]
- Others (Including Foreign Travelling)	7.26	4.26
Vehicle Running & Maintenance	0.89	0.81
Printing & Stationery	2.82	2.98
Telephone Expenses	2.17	2.10
Postage & Telegram	2.75	[illegible]
Insurance Expenses	8.49	[illegible]
Rates, Fees & Taxes	1.72	0.73
Legal & Professional Charges	3.76	1.37
Directors Remuneration	15.00	10.39
Office Expenses	3.98	[illegible]
Security Charges	3.37	3.09
Auditors' Remuneration:		
- Statutory Auditors	0.45	0.40
- Internal Auditors	0.20	0.20

Schedules forming part of Profit and Loss Account

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 14 ADMINISTRATIVE EXPENSES (Contd.)		
Miscellaneous Expenses	2.93	1.10
Charity & Donation	0.61	0.01
Director Sitting Fee	0.09	0.08
Advertisement	0.85	0.18
Office Rent	2.18	1.89
Subscription Fee	0.19	0.12
Festival Expenses	0.49	0.12
[illegible] Charges	0.51	0.22
Newspaper, Books & Periodicals	0.11	0.06
[illegible] Repair & Maintenance	2.04	0.73
Loss on Sale of Fixed Assets	0.57	-
[illegible] Charges	0.59	0.59
	65.21	48.08

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 15 SELLING & DISTRIBUTION EXPENSES		
Insurance Expenses (sales)	5.83	9.37
Freight & Cartage Outward	15.85	17.87
Clearing & Forwarding (export)	17.44	32.28
Commission On Sale	17.77	22.20
Business Promotion	35.74	10.65
Exhibition & Fair Expenses	3.45	0.08
Rebate & Discount	24.08	10.39
	120.16	102.84

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 16 FINANCIAL EXPENSES		
Bank Interest	276.53	225.95
Bank Charges / Processing Fees	76.42	71.83
Other Interest/Discounting Charges	54.65	84.42
	407.60	382.20

Schedules forming part of Balance Sheet and Profit and Loss Acc

SCHEDULE SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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 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 capitalized 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 capitalized 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 capitalization, all expenses are disclosed under pre-operative expenses pending allocation/capitalization and allocated to cost of fixed assets on capitalization

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 Realizable Value whichever is less on FIFO 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 / Semi Finished Goods	At cost up to estimated stage of completion. Cost includes direct materials and labour and aproportion of manufacturing overheads based on normal operating capacity
(iii) Finished Goods	Lower of cost and net realizable 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 recognized to the extent that it can be reliably measured and is probable that the economic benefits will flow to the company

Sales of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of goods are transferred to the customer and is stated net of Trade Discount, Sales return & sales tax, but inclusive of excise duty.

Interest

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

Income from Job Work

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

Schedules forming part of Balance Sheet and Profit and Loss Account

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

DEPB Income

DEPB income is recognized by the Company after the admission of export benefit credited against the DEPB license realized from the Director General of Foreign Trade on eligible exports made by the Company and the gain (recognized 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 recognized 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 recognized in the profit and loss account.

F. INVESTMENTS

The company follows AS-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

(i) 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 recognized immediately in the profit and loss account.

Defined Contribution Plans

(ii) 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 capitalized to respective projects and all other borrowing costs are recognized 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 is exclusively in the Pharmaceutical business segment and thus 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.

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 recognized 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 realized 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.

Schedules forming part of Balance Sheet and Profit and Loss

SCHEDULE SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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 recognized as intangible assets and amortized 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 & 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 recognized, 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 amortized over a period of ten years.

O. EXPORT BENEFITS/INCENTIVES

Export entitlements under Duty Entitlement pass Book [DEPB] Scheme are recognized in the Profit & 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.

Q. USE OF ESTIMATES

In preparing companies financial statement in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that effect 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 realized gain/loss in respect of the settled/terminated contracts is recognized 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.

Schedules forming part of Balance Sheet and Profit and Loss Account

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

3. The work-in-process / semi – finished goods and by product etc. have been grouped as closing stock and the variation in stock has been worked out accordingly.
4. The Gross Sale includes 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 realization 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. The Company has called for the information from its suppliers as regard to disclosure required under Micro, Small and Medium Enterprises Development Act, 2006. The replies from most of the suppliers in this regard are still awaited.
8. Commission on sales and rebate & discount are accounted for when accounts are finally settled with the agents.
9. Stock of stores and consumables amounting to Rs. 7.35 million comprises spares and others consumable items. The value as estimated and certified by the management has been considered.
10. Fixed Deposit with banks Rs. 236.71 million (Previous year Rs.150.64 million) are pledged as margin money with banks.
11. The total revenue expenditure incurred during the year on Research & Development amounted to Rs. 640.17 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 preceeding years.
12. Export Incentive have been accounted on accrual basis.
13. The DEPB Income comprises export benefit against the DEPB Licenses realized 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.
14. 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 31st March 2011, valued and certified by the management has been considered.
15. Public Issue expenses amounting to Rs.128.40 million represent expenditure incurred by the company in respect of public issue amounting to Rs 2000 million opened for subscription in the month of June, 2010 and such expenses are adjusted against the security premium account.
16. The company has circulated the balance confirmation letters for the balance confirmation from sundry Debtors and Creditors as on 31st March, 2011. However, in the absence of confirmation, the balances have been taken as per records of the company.
17. **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 :

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**Leave Encashment (Unfunded) (₹ Million)**	**Gratuity (Unfunded) (₹ Million)**
Obligation at period beginning (April1, 2010)	7.47	6.41
Current service Cost	4.55	3.16
Reconciliation of opening and closing balances of the present value	0.60	0.51
Actuarial (gain)/loss	(0.23)	(0.50)
Benefits paid	(0.83)	(0.09)
Obligation at the year end (March 31, 2011)	11.56	9.49
Changes in plan assets	N.A.	N.A.
Plan assets at period beginning, at fair value	-	-
Expected return on plan assets	-	-

Schedules forming part of Balance Sheet and Profit and Los Ac

SCHEDULE SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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	11.56	9.49
Liability / (Asset) recognized in the Balance Sheet	11.56	9.49
Cost for the year		
Current Service Cost	4.55	3.16
Interest Cost	-	-
Expected return on plan assets	0.60	0.51
Actuarial (gain)/ loss	(0.23)	(0.50)
Net Cost recognized in the Profit and Loss Account	4.92	3.17
Assumption used to determine the benefit obligations:		
Interest rate	8.10%	8.10%
Estimated rate of return on plan assets	N.A.	N.A.
Expected rate of increase in salary	10%	10%
Actual return on plan assets	-	

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

(₹ in million)

Particulars	As at April 1, 2010	Additions during the year	Amount Paid/ reversed during the year	As at March 31, 2011
Gratuity	6.41	3.17	0.09	9.49
Leave Encashment	7.47	4.92	0.83	11.56

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

(₹ in million)

S. No.	Particulars	Amount 2010-11	Amount 2009-10
1.	Central Excise Duty	0.59#	0.59#

Rs. 0.34 Million have been deposited towards disputed liability.

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

(₹ in million)

Particulars	Am
Salary and Allowances	[illegible]
Consultancy Charges	[illegible]
Bank Interest / Processing Fee	[illegible]
Power & Fuel	70.63
Others	[illegible]
	[illegible]

dules forming part of Balance Sheet and Profit and Loss Account

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

20. Contingent Liabilities

(₹ in million)

	As at 31.3.2011	As at 31.3.2010
(i) Letter of Credit (Foreign/Inland) *	1451.41	856.64
(ii) Bank Guarantees	30.80	10.89
(iii) Custom Duty #	21.70	21.70

Out of above material valuing Rs. 1232.20 Million (Previous year Rs. 654.38 Million) has been received by 31.03.2011 and credited to respective Creditor Account.

The Company has received show clause notices from the Jt. Director General of Foreign Trade towards the non-fulfilment of export obligation against the Advance Licences 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.

21. 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.21.21 Million** in the Profit & Loss Account.

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

(₹ in million)

Particulars	Deferred Tax Asset (Liability) 31.3.2010	Charge/ Credit	Deferred Tax Asset (Liability) 31.3.2011
Deferred Tax Liability:			
Difference between Tax and Book/Written down Value of Fixed Assets	(-)76.32	(-)21.21	(-)97.53
	(-)76.32	**(-)21.21**	**(-)97.53**

22. The Company has earned additional income of Rs. 142.30 million from real estate transactions which has been shown as Miscellaneous Income in Schedule 10 of the Balance Sheet in view of Section 132 of the Income Tax Act, 1961.

23. Earning per Share

	As at 31.3.2011 (Face Value Rs.10/- each)	As at 31.3.2010 (Face Value Rs.10/- each)
No. of shares considered as weighted average shares for calculation of basic earning per share (in million)	56.09	19.09
Add: Dilutive effect of potential shares out of cumulative preference shares outstanding	-	-
No. of shares considered as weighted average shares and potential shares outstanding for calculation of diluted EPS (in million)	56.09	19.09
Basic Earning Per Share (Rs.)	9.43	17.91
Diluted Earning Per Share (Rs.)	9.43	17.91

24. Auditors' Remuneration

(₹ in million)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Audit Fees	0.30	0.25
Tax Audit Fee	0.15	0.10
In other Capacity Certification fee	-	0.05
	0.45*	**0.40***

(*) Net of Service Tax

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE [redacted] SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

25. Managerial Remuneration

(₹ in million)

	For the year ended 31.3.2011	For the year ended 31.3.2010
(a) Managing Director:		
Salary	7.63	5.22
Commission	-	-
Estimated Value of Perquisites and Allowances	-	
(b) Directors:		
Salary	7.37	5.17
Commission	-	
Estimated Value of Perquisites and Allowances	-	-

26. Related Party Disclosures

(a) Key Management Personnel:

1. Shri Pranav Gupta — Managing Director
2. Shri Vineet Gupta — Whole Time Director
3. Dr. Deepali Gupta — Whole Time Director (upto Oct'10)

(b) Relatives of Key Management Personnel:

1. Shri J.D. Gupta
2. Sh. Sachin Gupta
3. J.D. Gupta (HUF)
4. Smt. Rama Gupta

(c) Subsidiary:

1. Parabolic Research Lab Ltd.

(d) Associates:

1. PNG Trading Pvt. Ltd.
2. Parabolic Infrastructure Pvt. Ltd.
3. Vineet Packaging Industries

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

	2010-11	2009-10
(1) Key Management Personnel & their Relatives:		
(a) Remuneration to Key Management person	15.00	10.39
(b) Rent Paid	0.66	0.66
(c) Purchase of Fixed Assets	-	0.09
(d) Advance for purchase of Land	2.00	
(e) Repayment of Loan	0.92	-
(f) Balance at the end of year payable	-	0.92
(2) Subsidiary:		
(a) Share Application Money	1.80	0.10
(b) Investment	10.00	-
(3) Associates:		
(a) Purchase of goods	1.21	0.96
(b) Balance at the end of year payable	0.23	0.29

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 17 **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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. During the year 2010-11, the company has raised funds by way public issue of 24.64 million equity shares of Rs. 10/- each at a premium of Rs. 65/- per share. The utilization of funds raised through initial public offer is as follows: (₹ in million)

Particulars	Amount
Funds Raised (Net of share of selling shareholders)	1848.07
Utilization of Funds: Investment in Projects	867.16
Repayment of Term Loans	95.53
IPO Expenses	128.40
Funds temporarily parked in working capital	756.98

29. 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.

30. 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 at Derabassi and Barwala. The exemption from Director General of Income Tax (Exemption) is extended upto 31.3.2015 for Derabassi and up to 31.03.2013 for Barwala unit.

31. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February, 2011 and 21st February, 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information of the subsidiaries has been included in the Consolidated Financial Statements.

32. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O. 301 (E) dated 8th February, 2011 issued under Section 211 (3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit and loss account. The Company being an 'export oriented company' is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i) (a), 3(ii)(a), 3 (ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act 1956 have not been provided.

33. 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) Installed Capacity

Product	As at 31.3.2011 MT	As at 31.3.2010 MT
6 APA/ Semi Synthetic Penicillin	720	1560
Cephalosporin	818	323

(b) Production

Product (incl. purchase)	Year Ended 31.3.2011 Quantity MT	Year Ended 31.3.2010 Quantity MT
6 APA/ Semi Synthetic Penicillin	1693.78	1384.81
Cephalosporin	431.17	322.41

Note: i. Actual production includes production at loan licencee locations.

ii. Actual production includes production of goods captively consumed.

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

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

(₹ in million)

Particulars	Year Ended 31.3.2011 Value	Year Ended 31.3.2011 % age of Total	Year Ended 31.3.2010 Value	Year Ended 31.3.2010 %age of Total
(I) Raw Material Consumed:				
Indigenous	2768.24	51.50%	2192.38	52.66%
Imported	2607.10	48.50%	1970.59	47.34%
	5375.34		**4162.97**	
(II) Stores & Spares Consumed				
Indigenous	7.30	100%	7.80	100%
Imported	-	-		
	7.30		7.80	

(d) **CIF Value of Imports**

(₹ in million)

Particulars	Year Ended 31.3.2011 Value	Year Ended 31.3.2010 Value
Raw Material	2592.22	2059.00
Capital Goods	22.85	15.85
	2615.07	2074.85

(e) **Earning in foreign currency**

F.O.B. value of Exports Rs.1736.17 Million (Previous Year Rs. 1300.46 Million)

(f) **Expenditure in foreign currency**

Salary: Rs. 1.57 Million (Previous year Rs. NIL)

Consultancy Expenses: Rs. NIL (Previous year- Rs. 0.34 Million)

Travelling Expenses: Rs. 2.20 Million (Previous year- Rs. 2.02 Million)

Commission on Sales: Rs. 12.00 Million (Previous year – Rs. 16.60 Million)

Fee & Taxes: Rs. 1.50 Million (Previous year – Rs. NIL)

Business Promotion Expenses: Rs. 3.40 Million (Previous year –Rs. 1.49 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

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

Place : Chandigarh
Dated : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

... 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 2011		

II. Capital raised during the year **Rs. 1848.07 million**

(Including Security Premium)

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

Total Liabilities	10672.51	Total Assets	10672.51
Sources of Funds			
Paid-up Capital	618.92	Reserves & Surplus	3171.08
Secured Loans	4133.62	Unsecured Loans	610.38
Deferred Tax Liability	97.53		
Application of Funds			
Net Fixed Assets	2752.07	Investments	56.73
Net Current Assets	4912.08	Misc. Expenditure	910.65

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

Income	6351.89	Total Expenditure	5665.07
Profit Before Tax	686.82	Profit After Tax	528.73
Earning Per Share (In Rs.)	9.43	Dividend Rate %	5%

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

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

Place : Chandigarh
Dated : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

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, 2011,** 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, 2011;

(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: August 13, 2011

Parabolic Drugs Ltd.

Consolidated Balance Sheet As at March 31, 2011

(₹ in million)

			Schedule	As at 31.03.2011	As at 31.03.2010
I	SOURCES OF FUNDS				
	1	**Shareholders' Funds**			
		Share Capital	1	618.92	372.51
		Reserve & Surplus	2	3,171.08	1,213.65
		Minority Interest		0.50	0.50
	2	**Loan Funds**			
		Secured Loans	3	4,133.62	3,945.35
		Unsecured Loans	4	610.38	261.61
	3	Deferred Tax Liability (Net)		97.53	76.32
				8,632.03	**5,869.94**
II	APPLICATION OF FUNDS				
	1	Fixed Assets			
		Gross Block	5	3,004.13	1,866.89
		Less: Depreciation		220.58	138.36
		Net Block		**2,783.55**	**1,728.53**
	2	Investment	6	25.25	0.25
	3	Current Assets, Loans and Advances	7		
		Inventories		3,406.48	2,401.14
		Sundry Debtors		2,751.58	1,930.51
		Cash and Bank Balances		258.17	176.47
		Loans and Advances		537.02	289.64
				6,953.25	4,797.76
		Less: Current Liabilities & Provisions	8	2,040.99	1,032.45
		Net Current Assets		4,912.26	3,765.31
	4	Miscellaneous Expenditure	9	910.97	375.85
		(to the Extent not Written Off or Adjusted)			
				8,632.03	**5,869.94**
		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

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

Place : Chandigarh
Dated : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Consolidated Profit and Loss Account For the year ended March 31, 2011

(₹ in million)

	Schedule	As at 31.03.2011	As at 31.03.2010
I INCOME			
Gross Sales		6752.97	5590.12
Less: Excise Duty		592.75	451.19
Net Sales		6160.22	5138.93
Income From Job Work		23.35	1.20
Other Income	10	168.32	47.46
		6351.89	5187.59
II EXPENDITURE			
Material Consumed	11	4513.07	3678.57
Manufacturing Expenses	12	212.70	202.14
Personnel Expenses	13	169.30	139.02
Administrative Expenses	14	65.21	48.08
Selling & Dist. Expenses	15	120.16	102.84
Financial Expenses	16	407.60	382.20
Research & Development W/off		92.57	42.78
Preliminary Expenses W/off		1.85	1.72
FCM Item Translation Difference A/c		-	93.70
Depreciation		82.61	56.23
		5665.07	4747.28
Profit Before Tax		686.82	440.31
Less: Provision for Taxation:			
Current Year Tax		136.88	74.83
Deferred Tax		21.21	23.50
		158.09	98.33
Profit After Tax		528.73	341.98
Less: Taxation Adjustment for Earlier Years		8.48	(0.03)
Less: Prior Period Items		-	46.57
Profit available for Equity Shareholders		520.25	295.44
Less : Provision for Dividend on Equity Shares		30.95	
Less : Equity Dividend Tax		5.14	
Surplus Carried to Balance Sheet		484.16	295.44
Earning Per Share (Face Value Rs.10/-)			
Basic		9.43	17.91
Diluted		9.43	17.91
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

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

Place : Chandigarh
Dated : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Parabolic Drugs Ltd.

Consolidated Cash Flow Statement For the year ended March 31, 2011

(₹ in million)

		Year ended 31.03.2011	Year ended 31.03.2010
CASH FLOW FROM OPERATING ACTIVITIES			
(Including Working Capital Changes)			
Profit Before Tax		686.82	440.31
Depreciation & Amortization		82.61	56.23
- Finance Expenses		407.60	382.20
R & D Expenses Written off		92.57	42.78
- Misc Expenses Written Off		1.85	1.72
- Loss on sale of Assets		0.57	-
- Total Operating Cash flow before WC Changes		**1272.02**	**923.24**
Working Capital Changes			
Current Assets			
Raw Material		105.72	6.50
- Work in Process / Finished Goods		897.82	520.56
Stores & Consumables		1.80	1.26
- Total Debtors		821.07	471.85
Excise Duty		49.15	(55.35)
Security Deposit		5.53	0.16
- TDS		(2.86)	2.16
- Advance to Suppliers for Raw materials/Expenses		29.96	13.95
- Advance to Suppliers for Capital Goods		70.56	57.87
Prepaid Expenses		10.84	(6.08)
Advances/Loans to Staff		1.59	(0.96)
Others		82.62	17.09
Increase / (Decrease) in Current Assets		**2073.80**	**1029.01**
Current Liabilities			
- Creditors for Material		864.64	(162.52)
Creditors for Expenses		(0.57)	3.82
- Creditors for Capital Goods		30.79	(37.53)
- Others		113.68	67.54
Increase / (Decrease) in Current Liabilities		1008.54	**(128.69)**
Net Increase/(Decrease) in Working Capital		1065.26	**1157.70**
Income Tax		145.36	74.81
Total Cash Flow from Operations including WC	(A)	**61.40**	**(309.27)**

Consolidated Cash Flow Statement (Contd.) For the year ended March 31, 2011

(₹ in million)

		Year ended 31.03.2011	Year ended 31.03.2010
CASH FLOW FROM INVESTMENT ACTIVITIES			
- Purchase of Fixed Assets		1139.13	602.33
- Sale of Fixed Assets		(0.93)	
- Investment in Shares		25.00	
- Preliminary Expenses		0.08	1.37
- Public Issue Expenses		(10.70)	10.70
- R&D Expenditure		640.16	259.93
Total Cash Flow from Investment Activities	**(B)**	**1792.74**	874.33
CASH FLOW FROM FINANCING ACTIVITIES			
- Share Capital/Share Premium		1719.68	40.21
- Term Loans Additions / (Repayments)		111.24	600.27
- Vehicle Loans		2.44	(3.35)
- Unsecured Loans/Deferred Creditors		348.77	(253.46)
- Increase / (Decrease) in Working Capital Loans		74.60	1223.18
- Dividend Paid		(30.95)	
- Tax on Dividend Paid		(5.14)	
- Finance Expenses		(407.60)	(382.20)
Total Cash Flow from Financing	**(C)**	**1813.04**	1224.65
Net cash inflow/(outflow) (During the Year)	**(A-B+C)**	**81.70**	41.05
Cash & cash equivalent in the beginning of the year		**176.47**	135.42
Cash & cash equivalent at the end of the year		**258.17**	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 : August 13, 2011

For and on behalf of the Board

Vineet Gupta
Whole Time Director

Pranav Gupta
Managing Director

Vipin Gupta
Secretary

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

Schedules forming part of Consolidated Balance Sheet

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 1 SHARE CAPITAL		
Authorised		
62,000,000 Equity Shares of Face Value of Rs. 10 each	620.00	620.00
(PY 62,000,000 Equity Shares of Face Value of Rs. 10 each)		
Issued, Subscribed & Paid Up		
61,892,014 Equity Shares of Face Value of Rs.10 each Fully paid up	618.92	372.51
(PY 37,251,049 Equity Shares of Face Value of Rs. 10 each)		
	618.92	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.

SCHEDULE 2 RESERVE & SURPLUS		
Profit & Loss Account		
Opening Balance	1052.39	756.95
Add: Net Profit for the Year	484.16	295.44
Closing Balance	1536.55	1052.39
Capital Reserve		
Opening Balance	0.35	0.28
Add: Addition during the Year	-	0.07
Closing Balance	0.35	0.35
Capital Subsidy		
Opening Balance	3.00	3.00
Add: Addition during the Year	-	-
Closing Balance	3.00	3.00
Security Premium		
Opening Balance	157.91	132.79
Add: Addition during the Year	1601.67	270.78
Less: Issue of Bonus Shares	-	(245.66)
Less: Public Issue Expenses	(128.40)	-
Closing Balance	1631.18	157.91
	3171.08	1213.65

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

(₹ in million)

SCHEDULE SECURED LOANS	As at 31.03.2011	As at 31.03.2010
DUE TO STATE BANK OF INDIA		
Cash Credit	198.26	[illegible]
Buyers Credit	188.37	[illegible]
Export Packing Credit	115.14	259.05
PCFC	104.11	9.06
FCNR	225.78	320.11
SBI Bill Discounting	3.84	27.52
Term Loan	306.13	[illegible]
DUE TO UCO BANK		
Cash Credit (Hypothecation)	(13.41)	38.26
Cash Credit (Book Debts)	0.18	25.16
Buyers Credit	213.16	126.33
Packing Credit	16.19	-
PCFC	-	39.64
Bill Discounting	196.61	203.95
Bill Discounting FBP	83.75	58.68
Term Loan	395.22	334.36
DUE TO PNB		
Cash Credit	147.11	[illegible]
Packing Credit	-	[illegible]
Buyers Credit	55.74	[illegible]
DUE TO ICICI BANK		
Cash Credit	244.15	192.63
Packing Credit	-	78.74
Buyers Credit	183.31	23.88
Term Loan	138.91	221.52
DUE TO IDBI BANK		
Buyers Credit	7.18	
DUE TO CENTRAL BANK OF INDIA		
Cash Credit	162.81	297.72
PCFC	104.75	
Bill Discounting (FBP)	30.00	
Buyers Credit	51.90	77.67
Term Loan	302.40	223.89

Schedules forming part of Consolidated Balance Sheet

(₹ in million)

SCHEDULE 3 SECURED LOANS (Contd.)	As at 31.03.2011	As at 31.03.2010
DUE TO UNION BANK OF INDIA		
Cash Credit	395.66	403.35
Buyers Credit	19.29	99.28
DUE TO BANK OF BARODA		
Cash Credit	99.95	100.30
DUE TO CANARA BANK		
Cash Credit - FCLR	148.64	150.00
Cash Credit	(0.79)	-
VEHICLE LOAN	9.28	6.84
	4133.62	3945.35

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 and pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guranteed 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 and pari passu charge on the collateral properties of M/s Parabolic Infrastructure P Ltd, M/s PNG Trading P Ltd & also personally guranteed 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	609.27	259.23
Due to Others	1.11	2.38
	610.38	261.61

Note:

Unsecured Loan due to banks represents bill discounting facilities from different banks/NBFC.

Schedules forming part of Consolidated Balance Sheet

SCHEDULE FIXED ASSETS

(₹ in million)

	Rate of Dep. (%)	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 1.4.2010	Addition During the Year	Deduction During the Year	Total As on 31.3.2011	As on 1.4.2010	Provided During the Year	Assets Sold / Written Back / Adjustment	As on 31.3.2011	As on 31.3.2011	As on 31.3.2010
Land & Site Development	-	7.80	-	-	7.80	-	-	-	-	7.80	7.80
Factory Building	3.34%	236.27	97.06	-	333.33	13.44	11.25	-	24.69	308.64	[illegible]
Non Factory Building	1.63%	6.50	-	-	6.50	0.76	0.11	-	0.87	5.63	[illegible]
Plant & Machinery	5.28%	857.84	251.99	0.52	1109.31	94.83	51.39	0.07	146.15	963.16	763.01
Furniture & Fixture	6.33%	15.76	2.77	-	18.53	2.11	1.06	-	3.17	15.36	[illegible]
Tubewell	1.63%	2.07	1.11	-	3.18	0.15	0.03	-	0.18	[illegible]	[illegible]
Vehicles	9.50%	20.15	6.17	1.36	24.96	6.73	2.07	0.31	8.49	[illegible]	[illegible]
Computer & Software	16.21%	9.77	2.37	0.03	12.11	3.63	1.74	-	5.36	[illegible]	[illegible]
R&D - Fixed Assets		284.88	49.52	-	334.40	16.71	14.96	-	31.67	302.73	[illegible]
Capital Work In Progress		406.25	853.45	137.17	1122.53	-	-	-	-	1122.53	406.25
PRLL Work In Progress		19.60	11.88	-	31.48	-	-	-	-	31.48	19.60
TOTAL		1866.89	1276.32	139.08	3004.13	138.36	82.61	0.38	220.58	2783.55	1728.53

SCHEDULE INVESTMENTS	As at 31.03.2011	As at 31.03.2010
Nimbuja Greenfield (Punjab) Ltd		
25,000 Equity Shares of Face Value of Rs.10/- Each fully paid up (Unquoted)	0.25	0.25
SBI Mutual Fund (At Cost)		
1,952,880.89 units (PY NIL) of SBI - SHF Ultra Short Term Fund (Quoted : NAV Rs. 25 Million)	25.00	
	25.25	0.25

...ic Drugs Ltd.

... forming part of Consolidated Balance Sheet

(₹ in million)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES

	As at 31.03.2011	As at 31.03.2010
A. Current Assets		
1 Inventories (As taken, valued and certified by the Management)		
(a) Raw Material	392.85	287.13
(b) Work in Process/Semi Finished Goods	3005.02	2108.46
(c) Finished Goods	1.26	-
(d) Stores & Consumables	7.35	5.55
	3406.48	**2401.14**
2. Sundry Debtors (Unsecured, Considered Good)		
Outstanding for a period of		
- More Than Six Months	168.29	152.70
- Less Than Six Months	2583.29	1777.81
	2751.58	**1930.51**
3. Cash and Bank Balances		
(a) Cash in Hand	7.86	7.59
(b) Staff Imprest	0.46	0.18
(c) Balance with Scheduled Banks		
- In Current Account	11.72	15.96
- In Fixed Deposit Account	236.71	150.64
(d) Interest Accrued but not due on Fixed Deposit	1.42	2.10
	258.17	**176.47**
B. Loans and Advances (Unsecured, Considered Good)		
(Advances Recoverable in cash or in kind or for value to be received)		
Excise Duty Cenvat	111.48	62.33
Security Deposit	11.96	6.43
Advance to Suppliers:		
- For Raw Material / Expenses	52.01	22.05
- For Capital Goods	142.13	71.58
Prepaid Expenses	23.44	12.60
Export Incentive (Recoverable)	113.20	83.89
DEPB Licence in Hand	4.96	1.23
DEPB Recoverable	8.27	-
Advance Income Tax	22.00	-
Advance to Staff / Others	0.01	0.01
Tax Deducted at Source	1.75	4.62
Service Tax Recoverable	8.72	4.71
Income Tax Refund Due	2.03	2.03

Schedules forming part of Consolidated Balance Sheet

(₹ in million)

SCHEDULE [redacted] CURRENT ASSETS, LOANS AND ADVANCES (Contd.)	As at 31.03.2011	As at 31.03.2010
Loans to Staff	3.43	1.84
Custom Duty Paid	3.61	3.80
VAT Recoverable	0.81	1.06
Insurance Claim Receivable	26.95	[illegible]
Excise Duty Deposit Under Protest	0.25	0.25
	537.02	289.64
	6953.26	4797.76

SCHEDULE [redacted] CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors for Supply of Material	1649.04	784.40
Sundry Creditors for Expenses	41.82	42.39
Sundry Creditors for Capital Expenses	82.92	52.13
Advances From Customers	5.72	6.60
TDS Payable	3.66	5.35
Expenses Payable (Others)	62.05	37.96
VAT Payable	22.76	[illegible]
Provision for Income Tax	136.88	74.83
Share Application Money - Refund Due	0.05	
Provision for Dividend on Equity Shares	30.95	
Provision for Equity Dividend Tax	5.14	
	2040.99	1032.45

SCHEDULE [redacted] MISCELLANEOUS EXPENDITURE (To the extent not w/off or adjusted)		
Preliminary Expenses		
Opening Balance	15.27	15.62
Add: Expenditure During the period	0.08	1.37
	15.35	16.99
Less: Written off During the period	1.85	1.72
(A)	13.50	15.27
Research And Development Expenses		
Opening Balance	349.88	132.73
Add: Expenditure During the period	640.16	259.93
	990.04	392.66
Less: Written off During the period	92.57	42.78
(B)	897.47	349.88

Schedules forming part of Consolidated Profit and Loss Account

(₹ in million)

		As at 31.03.2011	As at 31.03.2010
SCHEDULE 9 MISCELLANEOUS EXPENDITURE (Contd.)			
F C M Item Translation Difference Account			
Opening Balance		-	46.57
Less: Written off During the period		-	46.57
	(C)	-	-
Public Issue Expenses			
Opening Balance		10.70	-
Add: Addition During the Year		117.70	10.70
Less: Transfer to Security Premium Account		128.40	10.70
	(D)	-	10.70
	(A+B+C+D)	**910.97**	**375.85**

		As at 31.03.2011	As at 31.03.2010
SCHEDULE 10 OTHER INCOME			
Interest Income		10.84	11.99
Miscellaneous Income		142.61	33.21
DEPB Licence Income		14.87	2.26
		168.32	**47.46**

		As at 31.03.2011	As at 31.03.2010
SCHEDULE 11 MATERIAL CONSUMED			
Opening Stock			
Raw Material		287.13	280.63
Work in Process/Semi - Finished Goods		2108.46	1587.89
Stores & Spares		5.55	4.29
		2401.14	**1872.81**
Add: Purchases During the Year			
Raw Material		5481.06	4169.47
Packing Material		28.24	28.36
Stores & Spares		9.11	9.07
		5518.41	**4206.90**
Less: Closing Stock			
Raw Material		392.85	287.13
Work in Process/Semi - Finished Goods		3005.02	2108.46
Finished Goods		1.26	-
Stores & Spares		7.35	5.55
		3406.48	**2401.14**
		4513.07	**3678.57**

Schedules forming part of Consolidated Profit and Loss Account

(₹ in million)

SCHEDULE MANUFACTURING EXPENSES

	As at 31.03.2011	As at 31.03.2010
Water & Electricity Charges	60.96	41.20
Repair & Maintenance:		
- Machinery	10.32	8.15
- Building	0.70	1.20
- Others	5.46	5.07
Job Work Charges	45.29	61.41
Generator Set Expenses	13.62	17.74
Lab Expenses	10.71	8.83
Freight & other Expenses (Inward)	65.24	58.22
Hire Charges (Nitrogen Tank)	0.40	0.32
	212.70	202.14

SCHEDULE PERSONNEL EXPENSES

	As at 31.03.2011	As at 31.03.2010
Salaries, Wages & Other Allowances	150.76	123.29
Contribution to Statutory Funds	11.87	9.69
Staff & Labour Welfare Expenditure	6.67	6.04
	169.30	139.02

SCHEDULE ADMINISTRATIVE EXPENSES

	As at 31.03.2011	As at 31.03.2010
Travelling & Conveyance:		
- Directors (Including Foreign Travelling)	1.19	1.12
- Others (Including Foreign Travelling)	7.26	[illegible]
Vehicle Running & Maintenance	0.89	[illegible]
Printing & Stationery	2.82	[illegible]
Telephone Expenses	2.17	2.10
Postage & Telegram	2.75	3.38
Insurance Expenses	8.49	8.03
Rates, Fees & Taxes	1.72	0.73
Legal & Professional Charges	3.76	1.37
Directors Remuneration	15.00	10.39
Office Expenses	3.98	4.12
Security Charges	3.37	3.09

Schedules forming part of Consolidated Profit and Loss Account

(₹ in million)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 14 ADMINISTRATIVE EXPENSES (Contd.)		
Auditors Remuneration:		
Statutory Auditors	0.45	0.40
- Internal Auditors	0.20	0.20
Miscellaneous Expenses	2.93	1.10
Charity & Donation	0.61	0.01
Director Sitting Fee	0.09	0.08
Advertisement	0.85	0.18
Office Rent	2.18	1.89
Subscription Fee	0.19	0.12
Festival Expenses	0.49	0.12
Testing Charges	0.51	0.22
Newspaper, Books & Periodicals	0.11	0.06
General Repair & Maintenance	2.04	0.73
Loss on Sale of Fixed Assets	0.57	-
Service Charges	0.59	0.59
	65.21	48.08
SCHEDULE 15 SELLING & DISTRIBUTION EXPENSES		
Insurance Expenses (sales)	5.83	9.37
Freight & Cartage Outward	15.85	17.87
Clearing & Forwarding (export)	17.44	32.28
Commission On Sale	17.77	22.20
Business Promotion	35.74	10.65
Exhibition & Fair Expenses	3.45	0.08
Rebate & Discount	24.08	10.39
	120.16	102.84
SCHEDULE 16 FINANCIAL EXPENSES		
Bank Interest	276.53	225.95
Bank Charges / Processing Fees	76.42	71.83
Other Interest/Discounting Charges	54.65	84.42
	407.60	382.20

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

SCHEDULE [redacted] SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO 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. 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 statement 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.

(ii) The subsidiary considered in the consolidated financial Statements is:-

Name of Company	Country of Incorporation	% Age voting Power held as at 31.03.2011	% Age voting Power held as at 31.03.2010
Parabolic Research Labs Limited	India	98.33	97.50

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

These are setout 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 work-in-process / semi – finished goods and by product etc. have been grouped as closing stock and the variation in stock has been worked out accordingly.
4. The Gross Sale includes 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 realization 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. The Company has called for the information from its suppliers as regard to disclosure required under Micro, Small and Medium Enterprises Development Act, 2006. The replies from most of the suppliers in this regard are still awaited.
8. Commission on sales and rebate & discount are accounted for when accounts are finally settled with the agents.
9. Stock of stores and consumables amounting to Rs. 7.35 million comprises spares and others consumable items. The value as estimated and certified by the management has been considered.
10. Fixed Deposit with banks Rs. 236.71 million (Previous year Rs.150.64 million) are pledged as margin money with banks.
11. The total revenue expenditure incurred during the year on Research & Development amounted to Rs. 640.17 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 preceeding years.
12. Export Incentive have been accounted on accrual basis.

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

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

13. The DEPB Income comprises export benefit against the DEPB Licenses realized 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.

14. 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 31st March 2011, valued and certified by the management has been considered.

15. Public Issue expenses amounting to Rs.128.40 million represent expenditure incurred by the company in respect of public issue amounting to Rs 2000 million opened for subscription in the month of June, 2010 and such expenses are adjusted against the security premium account.

16. The company has circulated the balance confirmation letters for the balance confirmation from sundry Debtors and Creditors as on 31st March, 2011. However, in the absence of confirmation, the balances have been taken as per records of the company.

17. 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 :

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	Leave Encashment (Unfunded) (₹ Million)	Gratuity (Unfunded) (₹ Million)
Obligation at period beginning (April1, 2010)	7.47	6.41
Current service Cost	4.55	3.16
Reconciliation of opening and closing balances of the present value	0.60	0.51
Actuarial (gain)/loss	(0.23)	(0.50)
Benefits paid	(0.83)	(0.09)
Obligation at the year end (March 31, 2011)	**11.56**	**9.49**
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	11.56	9.49
Liability / (Asset) recognized in the Balance Sheet	11.56	9.49
Cost for the year		
Current Service Cost	4.55	3.16
Interest Cost	-	-
Expected return on plan assets	0.60	0.51
Actuarial (gain)/ loss	(0.23)	(0.50)
Net Cost recognized in the Profit and Loss Account	4.92	3.17

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Ac[illegible]

SCHEDULE [redacted] SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Assumption used to determine the benefit obligations:		
Interest rate		
Estimated rate of return on plan assets	8.10%	[illegible]
Expected rate of increase in salary	N.A.	[illegible]
Actual return on plan assets	10%	[illegible]

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

(₹ in million)

Particulars	As at April 1, 2010	Additions during the year	Amount Paid/ reversed during the year	As at March 31, [illegible]
Gratuity	6.41	3.17	0.09	[illegible]
Leave Encashment	7.47	4.92	0.83	11.56

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

(₹ in million)

S. No.	Particulars	Amount 2010-11	Amount 2009-10
1.	Central Excise Duty	0.59#	[illegible]

Rs. 0.34 Million have been deposited towards disputed liability.

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

(₹ in million)

Particulars	Amount [illegible]
Salary and Allowances	[illegible]
Consultancy Charges	[illegible]
Bank Interest / Processing Fee	[illegible]
Power & Fuel	21.22
Others	[illegible]

20. **Contingent Liabilities**

(₹ in million)

	As at 31.3.2011	As at 31.3.2010
(i) Letter of Credit (Foreign/Inland) *	1451.41	[illegible]
(ii) Bank Guarantees	30.80	[illegible]
(iii) Custom Duty #	21.70	[illegible]

* Out of above material valuing Rs. 1232.20 Million (Previous year Rs. 654.38 Million) has been received by 31.03.2011 and credited to respective Creditor Account.

The Company has received show clause notices from the Jt. Director General of Foreign Trade towards the non-fulfilment of export obligation against the Advance Licences 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.

21. **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.21.21 Million** in the Profit & Loss Account

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 **FIFTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Thursday, the 29th day of September, 2011 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, 2011, Profit and Loss Account for the year ended on that date, together with Report of Auditors and Directors thereon.
2. To declare dividend on Equity Shares.
3. (a) To appoint a Director in place of Mr. Arun Mathur, who retires by rotation in accordance with Article 76 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

   (b) To appoint Mr. Manmohan Lal Sarin as a Director in place of Mr. Pardeep Diwan, who retires by rotation in accordance with Article 76 of the Articles of Association of the Company and has not offered for re-appointment.
4. To appoint Auditors for the year 2011-2012 and to fix their remuneration.

Special Business:

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

   "RESOLVED THAT Mr. Nikhil Goel, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:-

   "RESOLVED THAT Mr. Gurpreet Singh Sandhu, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 79 of the Articles of Association of the Company to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a Member under Section 257 of the Companies Act 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. 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 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act and subject to such approvals/ sanctions as may be required, Mr. Gurpreet Singh Sandhu be and is hereby appointed as an Executive Director (Business Promotion) of the Company for a period of two years w.e.f 1st November, 2010 to 31st October, 2012 and Mr Sandhu shall not be entitled to any salary, commission or perquisites, however, he shall be reimbursed all expenses as may be incurred by him regarding all business promotion activities of the Company.

   RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such acts, deeds, matters and things as may be deemed necessary and expedient to give effect to the aforesaid resolution".
8. 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 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act and subject to such approvals/ sanctions as may be required, the remuneration of Mr. Pranav Gupta, be and is hereby increased from Rs. 4,00,000/- per month with an increase of 15% per

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, 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. The Information pursuant to Corporate Governance Clause of the Listing Agreement (s) regarding the directors seeking appointment/ re-appointment in the Annual General Meeting as proposed in Item Nos. 3, 5 & 6 of the notice is annexed hereto separately and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 21st September, 2011 to 29th September, 2011 (Both days inclusive).
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item Nos. 5 to 13 is annexed hereto and forms part of the Notice.
5. The Dividend declared, if any, will be paid to those members whose names appear in the Register of Members of the Company as on the date of Annual General Meeting i.e. 29th September, 2011. However, in respect of the shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as at the closing hour of the 20th September, 2011, as per details to be furnished by Depositories for this purpose.
6. The Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Transfer Agent/Company. However members, holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants.
7. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office ... days before the date of Annual General Meeting so as to enable the management to keep the information ready.
8. 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.
9. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
10. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/ 2011 and 18/ 2011 dated 21st April, 2011 and 29th April, 2011 respectively, taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances through electronic mode allowing to send documents such as Notices convening General Meetings, Audited Financial Statements, Directors' Report, Auditor's Report etc. and any other Notice/ Documents, henceforth in electronic form in lieu of paper form.

    In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your E-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Registrar & Transfer Agent through your registered E-mail ID. However, if you hold the shares in physical form then you may register your E-mail ID with Registrar & Transfer Agent of the Company by sending a letter under your Registered Signature at the below mentioned Address:

    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
11. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of ... folios and send relevant share certificates to the Company/ Registrar and Transfer Agent.

Place: Chandigarh
Date : 13th August, 2011

BY ORDER OF THE BOARD

(VIPIN GUPTA)
VICE PRESIDENT & COMPANY SECRETARY

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT REGARDING THE DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

Name of the Director	Mr. Arun Mathur	Mr. Manmohan Lal Sarin	Mr. Nikhil Goel	Mr. Gurpreet Singh Sandhu
Date of Birth	27th June, 1948	24th Nov,,1948	29th May, 1980	16th March, 1965
Date of Appointment	14th March, 2008	-	8th Nov, 2010	8th Nov, 2010
Expertise in specific functional area	Chemicals and Pharmaceuticals	Legal	Business Operations & Finance	Chemicals, pharmaceuticals & agro commodities
Qualification	B.Tech. (Chemical)	B.A, LL.B(Pb.), LL.M	B. Com	B.Sc. (Hons) in Economics, Two MBAs with Specialisation in Marketing Mgt. & Intl. Business
Directorships of other Companies as on 31st March 2011	Nil	Nil	Avon Meters Private Limited	Reva Pharmachem Private Limited. Akira Developers Private Limited.
Chairman/Member of Committees of other companies as on 31st March, 2011.	Nil	Nil	Nil	Nil
No. of Shares held	Nil	Nil	1,80,000	1,000

Annexure to the Notice:

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

Item No. 5 of the Special Business:

The Board of Directors of the Company in its meeting held on 8th November, 2010 appointed Mr. Nikhil Goel as an Additional Director of the Company pursuant to Article 79 of the Articles of Association of the Company.

In terms of Section 260 of the Companies Act, 1956 read with Article 79 of the Articles of Association of the Company, Mr. Nikhil Goel will hold office of Additional Director up to the ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Nikhil Goel as a Director of the Company. Accordingly, your approval is solicited for this appointment as a director liable to retire by rotation.

Memorandum of Interest:

Except Mr. Nikhil Goel, the appointee himself, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 6 of the Special Business:

The Board of Directors of the Company in its meeting held on 8th November, 2010 appointed Mr. Gurpreet Singh Sandhu as an Additional Director of the Company pursuant to Article 79 of the Articles of Association of the Company.

In terms of Section 260 of the Companies Act, 1956 read with Article 79 of the Articles of Association of the Company, Mr. Gurpreet Singh Sandhu will hold office of Additional Director up to the ensuing Annual General Meeting. The Company has received a notice from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Gurpreet Singh Sandhu 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. Gurpreet Singh Sandhu, the appointee himself, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 7 of the Special Business:

The Board of Directors of the Company in its meeting held on 8th November, 2010 appointed Mr. Gurpreet Singh Sandhu as an Executive Director (Business Promotion) for a period of two years w.e.f.1st November, 2010 to 31st October, 2012 on the terms and conditions as mentioned in the proposed resolution.

Mr. Gurpreet Singh Sandhu is B.Sc. (Hons) in economics, Two MBAs with specialisation in Marketing Management & International Business and has more than 22 years of expertise in chemicals, pharmaceuticals and agro commodities. Your Company [illegible] benefited from his rich experience and expertise. The Board of Directors, therefore recommended the appointment of Mr. Sandhu as an Executive Director (Business Promotion) for a period of two years for approval of members in this Annual General Meeting.

Memorandum of Interest:

Except Mr. Gurpreet Singh Sandhu, Executive Director (Business Promotion) the appointee himself, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 8 of the Special Business:

The Board of Directors in its meeting held on 11th August, 2008 had re-appointed Mr. Pranav Gupta as Managing Director of the Company for a period of five years w.e.f. 1st September, 2008 to 31st August, 2013 on a salary of Rs. 4,00,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits subject to the total remuneration being within the limits as prescribed in part II of Schedule XIII of the Companies Act, 1956 and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc. subject to such perquisites which shall be restricted to an amount equal to one year's salary. His appointment was also approved by the members in their Annual General Meeting held on 27th September, 2008.

Presently, Mr.Pranav Gupta is drawing salary of Rs. 5,29,000/- per month, Commission and other Perquisites. Considering the severe hard work put by Mr. Pranav Gupta in the all round progress of the Company, the Board of Directors in its meeting [illegible] 8th November, 2010 approved enhancement of his salary from Rs. 4,00,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc. to Rs. 8,00,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc., subject to the total remuneration being within the limits as prescribed in part II of Schedule XIII of the Companies Act, 1956 w.e.f. 1st October, 2010 for the remaining period of five years.

Memorandum of Interest:

Except Mr. Pranav Gupta, Managing Director, the appointee himself and Mr. Vineet Gupta, Whole time Director being the appointee's relative, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 9 of the Special Business:

The Board of Directors in its meeting held on 11th August, 2008 had re-appointed Mr. Vineet Gupta as Whole time Director of the Company for a period of five years w.e.f. 1st September, 2008 to 31st August, 2013 on a salary of Rs. 3,50,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits subject to the total remuneration being within the limits as prescribed in part II of Schedule XIII of the Companies Act, 1956 and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc. subject to such perquisites which shall be restricted to an amount equal to one year's salary. His appointment was also approved by the members in their Annual General Meeting held on 27th September, 2008.

Presently, Mr.Vineet Gupta is drawing salary of Rs. 4, 62,875/- per month, Commission and other Perquisites. Keeping in view of his active involvement into the affairs of the Company and keen interest in the business activities of the Company, the Board of Directors in its meeting held on 8th November, 2010 approved enhancement of his salary from Rs. 3,50,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc. to Rs. 7,00,000/- per month with an increase of 15% per annum + Commission @ 2% of the net profits and other perquisites like Medical Reimbursement, Club Fees, Official Car and Phone etc., subject to the total remuneration being within the limits as prescribed in part II of Schedule XIII of the Companies Act, 1956 w.e.f. 1st October, 2010 for the remaining period of five years.

Memorandum of Interest:

Except Mr. Vineet Gupta, Whole time Director, the appointee himself and Mr. Pranav Gupta, Managing Director, being the appointee's relative, none of the Directors of the Company is, in any way, concerned or interested in this resolution.

Item No. 10 of the Special Business:

The Board of Directors in its meeting held on 1st February, 2011 has recommended the appointment of Dr. Deepali Gupta as a President of the Company on a monthly remuneration of Rs. 1,00,000/- per month.

Dr. Deepali Gupta holds Masters Degree in Dental Surgery and Bachelor of Science. She is having more than 10 years of experience in the field of Science. She was associated with the Company for more than 5 years and has been instrumental in all the major expansion projects of the Company.

As Dr. Deepali Gupta is the relative of Mr. Pranav Gupta, Managing Director and Mr. Vineet Gupta, Whole time Director of the Company, the proposed appointment comes under the purview of Section 314 of the Companies Act, 1956. Pursuant to provisions of Section 314 of the Companies Act, 1956, the Company can not appoint any relative of the Director in place of profit except with the consent of the members in the General Meeting. Accordingly, your approval under Section 314 of the Companies Act, 1956 is solicited.

Memorandum of Interest:

Except Mr. Pranav Gupta, Managing Director and Mr. Vineet Gupta, Whole time Director, being the appointee's relatives, none of the Directors of the Company is, in any way, concerned or interested in this resolution

Item No. 11 of the Special Business:

Pursuant to notification No. G.S.R. 580 (E) dated 24th July, 2003 issued by the Ministry of Finance, Department of Company Affairs, New Delhi, companies having paid up share capital and free reserves of Rs.10.00 Crores and above or turnover of Rs.50.00 Crores and above can pay sitting fee to the extent of Rs. 20,000/- to its Directors for attending the Board/Committee Meeting. The Article No. 72 also empowers the Company to pay the amount of remuneration by way of sitting fee to its Directors for attending the Board/ Committee Meeting.

Presently the Company is paying sitting fee of Rs. 2,500/- and Rs. 1,500/- to its Directors for attending Board and Committee Meetings respectively. Keeping in view the contribution made by the directors in framing progressive policies and also giving their valuable advice & suggestions from time to time to the Company, the Board of Directors in its meeting held on 13th August, 2011 enhanced the sitting fee payable to the Directors from Rs. 2,500/- to Rs. 5,000/- for attending each meeting of the Board of Directors. Subject to the approval of the members in the forthcoming Annual General Meeting accordingly, your approval is solicited.

Memorandum of Interest:

Except Mr. Pranav Gupta, Managing Director, Mr. Vineet Gupta, Whole time Director and Mr. Gurpreet Singh Sandhu, Executive Director (Business Promotion), all other directors of the Company are concerned or interested in this resolution.

Item No. 12 of the Special Business:

The Company has been sanctioned ECB Loan of USD 6 Million equivalent to INR 27.00 Crores by IDBI Bank Limited to part finance the Company's Forward Integration (Formulation) Project at Derabassi. The principal amount of facilities together with interest cost, charges and other monies, as stipulated in the facility agreement/ Letter shall be secured by extension of first pari passu charge on the entire immovable fixed assets of the Company.

Section 293(1)(a) of the Companies act, 1956 inter–alia provides that the Board of Directors of a public limited company shall not, without the consent of the Company in general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking(s).

Since the mortgage by the Company of its immovable fixed assets, as aforesaid, in favour of the Bank may be regarded as disposal of Company's properties/ undertakings, the approval of the members under section 293 (1) (a) of the Companies Act, 1956, is solicited.

Memorandum of Interest:

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

Item No. 13 of the Special Business:

The members are aware that the Company made its Initial Public Offer (IPO) of its equity shares in the months of June, 2010 by way of public issue of 2,66,66,667.00 equity shares of face value of Rs. 10/- each at a premium of Rs. 65/- per equity shares aggregating to Rs. 200.00 Crores through 100% Book Building Process including of 2025702 equity shares offered by M/s. BTS India Private Equity Fund Limited and M/s. Alden Global (Mauritius) Limited aggregating to Rs. 1519.28 Lacs. As per the terms and conditions of the prospectus of the IPO, the issue proceeds should be utilised for the purposes mentioned therein. The details of proceeds of the IPO, utilisation of net proceeds of the fresh issue and estimated schedule of implementation and deployment of funds was given under the "Objects of the issue" in the prospectus dated 24th June, 2010 of the Company:

Issue Proceeds, Issue Expenses and Net Proceeds:

(Rs. in Lacs)

S. No.	Description	Amount
1.	Gross proceeds of the Issue	20000.00
2.	Issue Expenses	1283.95
3.	Offer for sale portion	1519.28
4.	Net proceeds of the fresh Issue	17196.77

Utilisation of net proceeds of the fresh issue:

(Rs. in Lacs)

S. No.	Particulars	Amount
1.	Multipurpose Block III at Derabassi	2032.08
2.	Sterile Cephalosporin Plant at Derabassi	3255.25
3.	Establishment of Chachrauli Plant	1603.78
4.	Investment in our subsidiary	4662.36
5.	Repayment / Prepayment of Identified Loan Facilities	3883.90
6.	General Corporate Purpose	1759.40
	TOTAL	**17196.77**

Estimated schedule of implementation and deployment of funds:

(Rs. in Lacs)

S. No.	Particulars	Estimated Schedule of deployment of funds		Total
		Fiscal 2011	Fiscal 2012	
1.	Multipurpose Block III at Derabassi	1219.25	812.83	2032.08
2.	Sterile Cephalosporin Plant at Derabassi	1953.15	1302.10	3255.25
3.	Establishment of Chachrauli Plant	N.A.	1603.78	1603.78
4.	Investment in our Subsidiary	839.22	3823.14	4662.36
5.	Repayment / Prepayment of Identified Loan Facilities	3883.90	N.A.	3883.90
6.	General Corporate Purpose	1759.40	N.A.	1759.40
	TOTAL	**9654.92**	**7541.85**	**17196.77**

Due to various factors beyond the control of the Company, the Company intends to alter/ vary/ revise/ amend/ re-finalise the terms and conditions pertaining to utilisation of issue proceeds as mentioned in the prospectus dated 24th June, 2010 in a manner which are more economical and beneficial in the interest of the Company and also appropriate in the prevailing market conditions.

Pursuant to provisions of Section 61 of the Companies Act, 1956, a company shall not , at any time, vary the terms of a contract referred to in the prospectus or statement in lieu of prospectus, except subject to the approval of or except an authority given by the company in general meeting.

Therefore, the Board of Directors of your Company in its meeting held on 13th May, 2011 recommended a resolution to the members for their approval authorising the Board of Directors of the Company to alter/ vary/ revise/ amend/ re-finalise the terms and conditions mentioned in the prospectus dated 24th June, 2010 pertaining to utilisation of issue proceeds.

Memorandum of Interest:

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

Place: Chandigarh
Date : 13th August, 2011

BY ORDER OF THE BOARD

(VIPIN GUPTA)
VICE PRESIDENT & COMPANY SECRETARY

Corporate Information

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

President (Operations, EHS & Training)
Mr. S. R. Venkatesh

President (HR & Admn.)
Mr. R. S. Dhaliwal

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

Vice – President (Business Finance)
Mr. Sameer Madan

Chief Scientific Officer
Dr. P. B. Deshpande

Vice – President & Company Secretary:
Mr. Vipin Gupta

Bankers:
State Bank of India (Specialised Commercial Branch)
S.C.O. 103-106, 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 (Mid-Corporate Branch)
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
Website: www.parabolicdrugs.com

Corporate Office:
9AB, 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)

R&D Centre:
Plot No. 280-281, Industrial Estates, HSIIDC,
Barwala, Panchkula (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,
Kalher Village, Agra Road, Bhiwandi, Distt. Thane
Parabolic Drugs Limited
Safex Cargo Complex, Village Kishanpur
Nalagarh Road, Baddi, Distt. Solan (H.P.)
Parabolic Drugs Limited (Formulations Warehouse)
Plot No. 2, 35 Feet Road, Zirakpur (Punjab)