



ANNUAL REPORT 2009-10

Board of Directors

Mr. Chirayu R. Amin
Chairman & Managing Director

Mrs. Malika C. Amin
Whole-time Director

Dr. Babubhai R. Patel
Director

Mr. Pranav N. Parikh
Director

Mr. K.G. Ramanathan
Director

Mr. Paresh Saraiya
Director

Mr. Rajkumar Baheti
*Director, President -
Finance & Company Secretary*

Mr. Pranav Amin
Director & President-International Business

Mr. Milin Mehta
*Director
(w.e.f. 30th March, 2010)*

Regd. Office

Alembic Road, Vadodara - 390 003
Tel: (0265) 2280550, 2280880
Fax: (0265) 2282506
Email: alembic@alembic.co.in

Manufacturing Facilities

Alembic Road, Vadodara - 390 003
Panelav, Tal. Halol,
Dist. Panchmahal - 389 350. Gujarat
Plot No. 21, 22, EPIP - Phase I
Jharmajri, Baddi, Tehsil - Nalagarh
Dist. Solan, Himachal Pradesh
Village Karakhadi, Taluka Padra
District Vadodara

Statutory Auditors

K.S. Aiyar & Co.
Chartered Accountants
Laxmi Estate No. F - 07/08
Shakti Mills Lane
Off Dr. E. Moses Road
Mahalaxmi, Mumbai - 400 011

Bankers

ABN-AMRO Bank N.V.
AXIS Bank Limited
Bank of Baroda
HDFC Bank Limited
IDBI Bank Limited
Standard Chartered Bank

Registrar & Transfer Agents

Link Intime India Private Limited
1st Floor, 308, Jaldhara Complex,
Opp. Manisha Society,
Off Old Padra Road, Vasna Road,
Vadodara - 390 007.
Tel.: (0265) 2250241, 3249857
Fax: (0265) 2250246
Email: vadodara@linkintime.co.in

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This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

DIRECTORS' REPORT

To, the Members

Your Directors have pleasure in presenting their 103rd Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2010.

I Financial Results

(Rs. in Lacs)

| Stand Alone Basis | | | Consolidated Basis | |
|-------------------|---------|--|--------------------|---------|
| 2010 | 2009 | For the year ended 31st March | 2010 | 2009 |
| 9,662 | 12,656 | Profit for the year before Interest, depreciation, Foreign exchange gain or loss, Non-recurring Income or expenses and Tax | 11,688 | 13,038 |
| | | Adjusting therefrom: | | |
| (3,005) | (4,006) | Interest (net) | (3,005) | (4,006) |
| (4,302) | (3,831) | Depreciation | (4,302) | (3,831) |
| - | (3,507) | Foreign Exchange gain or loss | - | (3,536) |
| - | (752) | Non-recurring Income or expenses i.e. diminution in investments | - | (752) |
| 102 | 3 | Provision for deferred tax liabilities or assets | 102 | 3 |
| (389) | (270) | Provision for current taxes | (530) | (270) |
| - | 436 | Excess provision of Income Tax no longer required | - | 436 |
| 2,068 | 729 | Net Profit | 3,954 | 1,082 |
| | | Adding thereto: | | |
| 7,236 | 7,972 | Balance brought forward from last year | 7,589 | 7,972 |
| 9,304 | 8,701 | The amount available is | 11,543 | 9,054 |
| | | Appropriating there from: | | |
| 667 | 549 | Provision for Dividend - Equity Shares | 667 | 549 |
| 113 | 93 | Provision for Corporate Dividend tax | 113 | 93 |
| 6 | - | Reversal of the Provision for Dividend due to buy-back | 6 | - |
| 1 | - | Reversal of the Provision for Corporate Dividend tax due to buy-back | 1 | - |
| 792 | 750 | Debenture Redemption Reserve | 792 | 750 |
| 207 | 73 | General Reserve | 207 | 73 |
| 7,532 | 7,236 | Balance carried forward to next year's accounts | 9,771 | 7,589 |

② Dividend:

Your Directors recommend Dividend on Equity Shares at Rs. 0.50 per share (i.e. 25 per cent) of face value of Rs. 2/- per share for the year ended on 31st March, 2010 as against Rs.0.40 per share (i.e. 20 per cent) for the year 31st March, 2009.

③ Management Discussion and Analysis:

The Report on Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges is enclosed as Annexure – A to this report. Certain statements in this section may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

④ Operations:

The Company's standalone Gross Sales including export incentives were Rs.1032 Crores for the year ended 31st March, 2010 as compared to Rs.1120 Crores for the previous year, which shows a de-growth of 8% over previous year.

The Profit before Interest, Depreciation, foreign exchange gain & losses, Non-recurring Income and expenses and Taxes was Rs.96.62 Crores for the year under review as compared to Rs. 126.56 Crores for the previous year.

During the year, the interest and financing cost was Rs.30.05 Crores as compared to Rs. 40.06 Crores in previous year. The Company posted Profit after tax of Rs. 20.68 Crores for the year under review as compared to Rs. 7.29 Crores for the previous year.

The Company has registered a consolidated gross sales of Rs.1149 Crores for the year under review as compared to Rs. 1134 Crores for the previous year ended on 31st March, 2009. The consolidated Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was Rs.116.88 Crores for the year under review as compared to Rs. 130.38 Crores for the previous year. The Company has made a consolidated profit after tax of Rs.39.54 Crores for the year under review, as compared to Rs. 10.82 Crores for the year previous year.

(i) Domestic Formulation Sales:

Sales of Domestic formulations for the year ended 31st March, 2010 is Rs.584.90 Crores as compared to Rs. 554.20 Crores for the previous year ended on 31st March, 2009, and reported a growth of 6%.

(ii) Export Formulations:

The sales of export formulations was Rs.147.76 Crores for the year ended 31st March, 2010 as compared to Rs. 119.65 Crores in the previous year ended 31st March, 2009, registering a growth of 24% over previous year. The above sales include sales to Regulatory Market for Rs.102 Crores for the year ended 31st March, 2010 as compared to Rs. 72.00 Crores in previous year ended on 31st March, 2009.

(iii) Domestic API Sales:

The domestic sales of API was Rs.118.65 Crores for the year ended on 31st March, 2010 as compared to Rs. 124.11 Crores for the previous year ended on 31st March, 2009, and reported a de-growth of 4%, largely due to pricing pressure on Pen-G.

(iv) Export API:

The export sales of API was Rs.285.98 Crores for the year ended on 31st March, 2010 as compared to Rs.325.39 Crores for the previous year and reported a de-growth of 12%.

⑤ Listing of Shares:

The equity shares of the Company are continued to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

⑥ Fixed Deposits:

The fixed deposits including those from shareholders as on 31st March, 2010 amounted to Rs.49.70 Crores. Unclaimed deposits of Rs.25.89 Lacs from 119 depositors have been transferred to current liabilities, out of this, no deposits have since been repaid or renewed at the option of depositors and no instruction have been received so far and if not claimed in future, it shall be deposited in the 'Investors Education & Protection Fund' in due course, as per the provisions of the Companies Act, 1956.

DIRECTORS' REPORT

7 Buy back of Equity Shares:

The buy-back program which was commenced by the Company from December 8, 2008, was completed on 14th November, 2009 as per the terms of the Public Announcement. Till 13th November, 2009 (Completion date of buy back programme), the Company bought back 49,38,991 equity shares (about 82% of targeted buyback of 60,00,000 shares) at an average price of Rs.39.93 for a total consideration of Rs.1972.02 Lacs which is about 60% of the total buy-back size of Rs.3300 lacs. In terms of provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy-back of Securities) Regulations, 1998, the Company has extinguished all the bought back shares. All the necessary formalities for completion of buy back programme have been complied with.

8 Issue and allotment of Non-convertible Debentures of Rs. 50 Crores:

During the year under review, the Company had allotted Secured Non-convertible Debentures of face value of Rs. 10 lacs each on private placement basis to various Banks and General Insurance Corporation for total amount of Rs.50 Crores for general corporate purpose. The said NCDs have been listed on the Bombay Stock Exchange.

9 Directors:

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Mr. Paresh Saraiya and Mr. Pranav Amin, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for re-appointment.

Mr. Milin Mehta was appointed as Director of the Company w.e.f. 30th March, 2010 as an additional Director.

The terms of office of Mr. Milin Mehta will expire at the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received notice under section 257 of the Companies Act, 1956 from a member proposing him as candidate for the offices of director of the Company.

The brief resumes of Mr. Paresh Saraiya, Mr. Pranav Amin and Mr. Milin Mehta are given in the Corporate Governance Report.

10 Energy, Technology and Foreign Exchange:

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure-B to this report.

11 Particulars of Employees:

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, forms part of this report as Annexure-C. However, as permitted by section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding this Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

12 Corporate Governance:

Your Company has complied with all the provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company's shares are listed.

A separate report on Corporate Governance is produced as a part of the Annual Report, along with the Auditor's Certificate on the compliance.

As required vide clause 49 of the listing agreement on Corporate Governance, the board has laid down a code of conduct for all members and senior management team of the Company. The said code of conduct has been posted on the website of the Company—www.alembic-india.com. All Board members and senior management personnel of the company have affirmed the requirements of the said code of conduct.

13 Audit Committee:

The Audit Committee consists of Mr. Paresh Saraiya, Dr. B.R. Patel, Mr P. N. Parikh and Mr. Milin Mehta. Mr. Paresh Saraiya is Chairman of the Audit Committee. The Board appointed Mr. Milin Mehta as member of the Audit Committee w.e.f. 30/3/2010. The Committee reviewed the Internal Control System, Scope of Internal Audit and compliance of various regulations. The Committee reviewed at length the Annual Financial Statements and approved the same before they were placed before the Board of Directors.

14 Auditors:

M/s. K.S. Aiyar & Co., the Company's Auditors, will retire at the conclusion of the ensuing Annual General meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and fix their remuneration.

The Company has appointed M/s. Sharp & Tannan, Chartered Accountants, as its Internal Auditors to carry out the Internal Audit of various operational areas of the Company.

15 Cost Auditors:

The Central Government has directed that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2010 be conducted by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board had appointed Mr. H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2010.

16 Human Resource Management:

Human capital has always been the most important and valuable asset to your Company. Your Company has enhanced its performance management process that motivates people to take ownership of their own performance and encourages innovation and meritocracy. Employee relations in your Company continues to be cordial and harmonious.

17 Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the year, the applicable accounting standards have been followed.
- ii) That accounting policies as listed in the 'Schedule-T' to the financial statements have been selected and consistently applied and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2010 and of the profit of the Company for the accounting year ended on that date;
- iii) That proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provision of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) That the annual accounts have been prepared on a 'going concern' basis.

On behalf of the Board of Directors,

Chirayu R. Amin
Chairman & Managing Director

Vadodara : 5th May, 2010

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY PERSPECTIVE

The Indian Pharma Industry has been resilient to the economic challenges. Our Country is holding its ground in the midst of the current global financial crisis. Indian Pharmaceutical industry grew at healthy 18% in last year and is poised for a growth of 13-14% in next three years according to forecast of ORG IMS.

The Indian economy is expected to emerge as the fastest growing economy by 2013 and to be the 3rd largest economy by 2050 (Source: BRICs Report, Goldman Sachs). The GDP growth will be driven by both exports and domestic consumption.

The current spending on healthcare [public and private] is estimated at 6% of GDP and expected to increase to 10% of GDP by 2016. The market remains dominated by acute therapies; however chronic segments such as Cardio Vascular, Diabetes, Central Nervous System and specialty segments like Oncology are growing faster than the market.

India is also emerging as a low-cost, high quality option for outsourcing of research, manufacturing and other services. This offers a great opportunity for the Indian pharmaceutical industry and Indian pharma companies.

The Global pharmaceutical Industry is witnessing a growing importance of generics. Global pharmaceutical market intelligence company IMS Health believes the Indian generic manufacturers will grow at a faster clip as drugs worth approximately \$20 billion in annual sales will face patent expiry in 2011. In fact, with nearly \$105 billion worth of patent-protected drugs to go off-patent (including 30 of the best selling US patent-protected drugs) by 2012, Indian generic manufacturers are positioning themselves to offer generic versions of these drugs. With drugs going off patent each year, generics represent a major outsourcing opportunity for pharmaceutical producers in India. The global pharmaceutical outsourcing market is rapidly growing.

DOMESTIC FORMULATION BUSINESS :

The domestic formulation business is a very critical

component of Alembic's business. Alembic has built an important relationship with doctors and is known as the leading company in Macrolides as well as other acute therapies. Alembic has now made a mark in some specialized therapies such as Diabetology, Cardiology and Gynaecology as well.

Alembic undertook a massive restructuring exercise which started in Q1FY09. The benefit of this is visible through recent ORG rankings where the trend is positive and is reflected in ORG sales data. Company recorded secondary sales growth of 25% against Industry growth of 18%. The market share grew to 1.91% against 1.81%.(as per ORG-IMS-March, 2010).

The objective of the massive restructuring was to increase market share, intense focus on customer coverage with customer centric activities, build robust secondary sales and focus on conversion and consolidation targets on a continuous basis. The positive impact of the same is evident from the ORG numbers rolled out throughout the year. However, the Company did not achieve primary sales target due to adjustment in trade inventory. The Company is confident of posting better performance on domestic formulations in the ensuing quarters.

INTERNATIONAL BUSINESS :

Alembic's export formulation business to regulatory markets of US, Canada and Europe recorded a stellar performance during the year to cross Rs. 100 crores mark and registered 42% growth over last year. During the year Company launched 3 ANDA's in US market. The Company has filed 26 Abbreviated New Drug Applications (ANDAs) and 39 Drug Master Files (DMFs) and received approvals for 8 ANDA's. Alembic's strategy in International Generics is to partner with International Generic companies and leverage on their marketing and sales capabilities. Alembic typically shares the investment and return with the marketing partners and this helps de-risk its ANDA programme and reduces the upfront investment in the development stage.

While Alembic's contract manufacturing business continue to do well, concern, however, was on account of low priced imports of Penicillin originating from China. Penicillin business

continues to be a drag on the company's profits as average realization remain around 7.5\$ Bμ. The Company has represented to the Government against the dumping of Pen-G being done by China in Indian markets. Anti dumping measures are being considered at the highest level in Government of India. In the meantime, the Company continued to incur heavy losses on this account.

FINANCE:

The Company has registered a consolidated total income of Rs.1140.77 Crores for the year under review as compared to Rs. 1120.16 Crores for the previous year ended on 31st March, 2009. The consolidated Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was Rs.116.88 Crores for the year under review as compared to Rs. 130.38 Crores for the previous year. The Company has made a consolidated profit after tax of Rs.39.54 Crores for the year under review, as compared to Rs. 10.82 Crores for the previous year.

OUTLOOK:

It has been witnessed by the domestic pharmaceutical industry that with increase in GDP and per capita income, more customers are able to afford organized healthcare. This is very important and advantageous for a company like Alembic which has strength in the acute therapy segments since Alembic has started the consolidation process for its product line in the lifestyle disease segment also and is registering growth. It is also looking at various other high growth and niche areas in the domestic segment. Alembic has had a history of having a very good equity with its customers and has successfully built up quite a few large brands.

With India becoming a hub for manufacturing and research operations, Alembic looks to get significant growth from this area as well. Our manufacturing facilities have passed successful inspections from regulatory bodies from all over the world and testimony to that is USFDA status being confirmed to both API and Solid Dosage facilities. Our research labs are well equipped to develop new products and formulations. Low cost of products and strong Intellectual Property are going to be the two most important drivers in the International Generics Markets. Timely

and accelerated quality filling ANDAs / DMFs will be key to Alembic's success in these advanced markets. Alembic has strived to show excellence in both these areas in development as well as manufacturing. It is a focused approach on these two which will give Alembic's Future plans a fillip.

INTERNAL CONTROL SYSTEMS AND ADEQUACY:

The Company maintains a system of well-established policies and procedures for internal control of operations and activities. The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. The Company has appointed M/s. Sharp & Tannan, Chartered Accountants, as Internal Auditors.

The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for periodical review.

Moreover, the Company has obtained ISO 9001 and ISO 14001 certification and adheres to the Standard Operating Practices in its manufacturing and operating activities.

HUMAN RESOURCE INTERVENTION IN 2009-10:

Reinforcing performance orientation and building human capital have been the focus of the company during the year. Efforts of improving effectiveness and efficiency of the employees without losing the "human sensitivity" have been the challenge which has been successfully navigated though during the period.

Cutting across businesses and levels, your company has been able to permeate the company objective to down the line objective which is critical for aligning the employees' efforts and stakeholders' expectations. Periodic reviews and corrective measures were undertaken primarily to encourage and set directions for the employees. To institutionalize the performance orientation, the rewards have been directly aligned to contribution and performance.

Your company has undertaken multipronged approach towards developing employees' capabilities to manage existing and future

ANNEXURE A

business requirements. Your company has institutionalized "Talent Screening Workshop" which serves the dual purpose of providing challenging assignments and career opportunities to employees and internal sourcing options and retention strategy for the company. The process of building functional and managerial capabilities of employees has been taken not only by the training cell, but also owned by line managers and superiors.

The endeavor of placing the most appropriate talent at the right position has been successfully achieved as your Company has continued to attract the best talent in all areas. In coming years, the efforts will be to have workforce architecture which will have the right mix of internal and lateral talents to take our company to newer heights.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Health, Safety, Security and Environment is at the core of our business and all employees are accountable for it. Alembic's operations follow the best industry practices as regards to Health, Safety, Security and Environment.

During the year under review, safety audits were carried out by third party & all observations / suggestions were implemented. Environmental audits (statutory) were carried out & submitted to pollution control boards for their review. Waste generation was reduced by improving chemical processes at various stages. ISO 14000 certificates were renewed for all API plants which deal with EHS. Enzymatic processes are being tried for waste water treatment at our Baroda plant to reduce energy consumption & also recycling of water.

Alembic carried out the following activities as part of its annual plan:

- a. Basic safety training was imparted to all factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees and employees of contractors for safety critical jobs.
- b. Work place inspections were carried out by executives and managers at all levels. Senior management team members demonstrated

leadership commitment through work place inspections.

- c. Reduced waste generation and improved waste management by collecting and disposing of all waste in an environment friendly manner.
- d. Tree plantation across premises and factories.
- e. Reduced level of sound pollution by providing acoustic enclosures on certain set of machinery and DG / compressor sets.

CONTRIBUTION TO SOCIETY:

Alembic is committed to enhancing the quality of life in and around the community it operates in. During the year under review, the Company undertook a number of development projects with a focus on health, education and vocational training. The Company has a rural development society started in 1980. This is located near Panelav in the foothills of Pawagadh. The Objective is to provide self-employment opportunities through vocational training and education for adults and children in 50 villages in the vicinity.

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) Conservation of Energy

The Company is committed to preservation of environment and conservation of natural resources. During the financial year 2009-10, following measures were taken.

(a) Energy Conservation measures during the year under review

- 1) Replacing the existing 1000 TR Vapour Absorption Machine for chilled water with high efficiency Lower Specific Steam Consumption Machine.
- 2) Installing Agitated Nutch Filter with special impeller for lower energy consumption in Penicillin Manufacturing Facility.
- 3) Saving electrical energy by reducing air pressure requirement from 2.5 bar to 2.1 bar in Penicillin Manufacturing fermentation facility.
- 4) Automatic timer operated ball trap provided common in air battery system resulting in compressed air saving drastically.
- 5) Savings of electrical power by reducing cooling tower pump operation at solvent recovery dept.
- 6) Optimising utilisation of Agitator and process pumps for saving energy.
- 7) Upgraded of PLC for Gas Booster Compressor to avoid frequent tripping & interruption in power generation
- 8) Installed Load Management System (LMS) to avoid BLACK OUT in the plant due to GRID PROBLEM.
- 9) Installed Digital Automatic Voltage Regulator (DVAR) in Generator I for better regulation of Voltage & Power Factor.

(b) Additional Investment Proposals for Reduction of Consumption & Cost of Energy.

- 1) Upgradation of -5 brine chilling compressor system for saving energy.
- 2) Switching over efficient thermax machine to induced cooling tower from existing natural cooling tower resulting in pumping power and improvement in performance.
- 3) Thermography of electrical distribution network to improve the power system reliability.

(c) Impact of Measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods.

- 1) Lower Consumption of Power & decrease in power cost
- 2) Equipments will operate at optimum efficiency.

B) Technology Absorption

Efforts made in technology absorption:

Form B enclosed

C) Foreign Exchange Earning and Outgo

1. The Export sales were Rs.312.55 Crores (FOB) during the year under review. The Company has undertaken aggressive marketing strategies to increase share of export business.

2. Total Foreign exchanges used and earned :

Please refer para 16(E) of Schedule T "Notes Forming Part of Accounts".

FORM A

Form for disclosure of particulars with respect to conservatin of energy.

A. Power and Fuel Consumption:

| For the year ended 31st March | 2009-10 | 2008-09 |
|---|----------------|--------------|
| I. Electricity : | | |
| (a) Purchased Units (KwH) | 1,72,26,017 | 2,48,59,399 |
| Total Amount Rs. | 13,77,39,840 | 17,87,24,887 |
| Rate (Rs./Unit) | 7.99 | 7.19 |
| (b) Own Generation : | | |
| (i) Through diesel generator : | | |
| Units (KwH) | 4,98,867 | 16,61,589 |
| Units per litre of diesel oil | 3.19 | 3.37 |
| Cost (Rs./Unit) | 9.46 | 9.70 |
| (ii) Through Gas/steam Turbine/ Generator | | |
| Units KwH) | 6,54,59,890 | 6,29,31,230 |
| Units per LTR/M3/M.T./LTR of Fuel | | |
| Oil/Gas/Steam/HSD | 2.688 | 2.766 |
| Fuel Cost (Rs./ Unit) | 2.331 | 2.199 |
| 2. Bio-Mass Briquettes : | | |
| Quantity (Kgs.) | 5,408,337 | - |
| Total Amount (Rs.) | 2,11,76,733 | - |
| Average Rate (Rs./Kg) | 3.92 | - |
| 3. Furnace Oil Qty. (K.Ltrs.) | 914.958 | 2047.806 |
| Total Amount Rs. | 2,14,70,036 | 5,24,68,180 |
| Average Rate (Rs./Kg) | 23,465 | 25,622 |
| 4. Other / Internal generation : | | |
| (a) Natural Gas | | |
| Qty. (CubicMeter) | 1,61,30,218 | 1,55,26,671 |
| Amount (Rs.) | 10,76,75,621 | 10,23,00,681 |
| Rate/Unit (Rs. /M3) | 6.675 | 6.589 |
| (b) Steam (Purchase) : | | |
| Qty. (MT) | 56,362 | 50,823 |
| Amount (Rs.) | 5,22,15,190 | 4,81,49,836 |
| Rate/Unit (Rs./M.T) | 926.43 | 947.40 |
| 5. Wind Farm Generation: | | |
| Units (KwH) | 90,83,303 | 1,02,60,630 |

B) Consumption per unit of production

In view of the number of products, with different sizes, shapes and other parameters, being manufactured by the Company, it is not feasible to give information on consumption of fuel per unit of production.

Form for disclosure of particulars with respect to technology absorption, etc.

A) Research and Development (R&D)

1. R&D's focus areas

- a) Development of Generic Drugs
- b) Contract Manufacturing for MNCs
- c) Collaboration with National Universities and Institutes
- d) Formulation Development
- e) Microbial Research
- f) BE Studies

2. Benefits derived as a result of R&D

- a) The Company filed 8 ANDA's and 6 DMFs in this fiscal year. The cumulative ANDA filings stood at 26 and 8 approvals have been received till 31st March, 2010. Commercial launch of the drug products like Meprobamate, Fluoxetine and Famotidine in the US has also been accomplished during the year.
- b) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- c) Till date 352 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 211 patents for formulations have been filed.
- d) The Company has developed the skill set to create a wide range of pharmaceuticals across the value chain from complex APIs to Formulations. These projects typically work with a lead time of a few years, and power our growth plans across the world. We have close to 300 scientists working across two development centers.
- e) With increase in thrust on cost optimization, at Alembic Research Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market, which has experienced a price erosion.
- f) Technology for new products have been developed at the lab scale and also on the synthetic front; scale-up and commercial production of Donepezil, Duloxetine, Aripiprazole, Memantine, Fenofibrate Choline Salt and Quetiapine have been completed during the year.
- g) The company has marked its presence in Europe by launching the drug products like Losartan, Hydrochlorothiazide and Pramipexole for the various customers.
- h) High specialty Ophthalmic range has been introduced in Ophthalmcare Division in the domestic market. We have been leveraging the R&D strength as a strong player in the domestic formulations.

3. Future plan of action

- a) The no. of DMFs filed will increase in the

following years which will result in filing of more ANDAs, eight ANDAs already having been filed this year.

- b) The Company will extensively upgrade with latest technologies thus strengthening its R&D product pipelines for USA, Europe and other regulated and semi regulated markets across the globe, more emphasis shall be laid on sustained and modified release dosage forms.
- c) Contract Manufacturing with Multi-National Companies (MNCs) will continue and future contract for other molecules would be explored.
- d) Fermentation being the core area of the organisation, new molecules representing cardiovascular, and nutraceutical segments are the focus of the future. For the existing products, lovastatin and erythromycin, continuous improvement in terms of better producing strains, cost-effectiveness and quality of the product are priority areas to remain in the fiercely competitive price market. Opportunities are also being explored in the area of Contract manufacturing for certain spare fermentation facilities to add to our business revenues.
- e) The finished dosage forms cover a wide range of therapeutic categories reflecting on the very active research pursuits of our dedicated and skilled professionals. The aim here is to emphasize innovation and quality which is at the heart of Alembic's Research efforts.

4. Expenditure on R&D

(Rs. In lacs)

| | | |
|----|---|-------|
| a) | Capital | 577 |
| b) | Recurring | 4,327 |
| c) | Total | 4,904 |
| d) | Total R&D expenditure as a percentage of total turnover | 4.27 |

Adaptation and Innovation

- 1) Efforts made towards technology absorption, adaptation and innovation
The fermentation technology refinement & absorption and technology development of organic synthesis which are developed in our R&D laboratories, are scaled up in our pilot plant and then implemented at the production scale.
- 2) Benefits derived
Introduction of strains giving higher productivities, use of cheaper raw material and various strategies to reduce utility cost has helped us to remain in the price competitive market for our existing products.
- 3) Information regarding technology imported during last five years.
Nil.

Report on Corporate Governance

1 Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization and enhances the trust and confidence of the stakeholders.

The Company has always been committed to the principles of good corporate governance.

Alembic, while striving to achieve financial targets, seeks to follow the business principles and ethics in all its dealings and believes in customer orientation, teamwork, commitment, growth and trust as its corporate values. The Board of Directors strives to represent the shareholders' interest to ensure optimal returns. At the same time, it is also responsible to all the other stakeholders including customers, employees, suppliers and to the communities where it operates.

Alembic, aims to deliver customer satisfaction by developing and maintaining mutually beneficial and long lasting relationship with customers, offering value in terms of price and quality and responding to customers' needs through continuous innovation.

Alembic endeavours to make its management team fully empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board has also institutionalised best management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and total compliance with all statutory / regulatory requirements not only in the letter of the law but also in its spirit.

2 Board of Directors

- Composition of the Board

It is well recognized that there should be optimum combination of Executive and Non-Executive Directors. As on 31st March, 2010, the Company's Board meets this requirement as it is consisting of 5 Non-Executive Independent Directors (55% of the Board Strength).

- Number of Board Meetings held and the dates of the Board Meetings

Five (5) Board Meetings were held during the year ended 31st March, 2010. The dates on which the said meetings were held are as follows:

8th May, 2009, 28th July, 2009, 15th October, 2009, 25th January, 2010 and 30th March, 2010.

Report on Corporate Governance

2 Board of Directors - Contd.

| <ul style="list-style-type: none"> Number of other Public Limited Companies in which the Director is a Director / Committee Member and Attendance of the Director at the Board Meetings and at the last AGM | | | | | |
|--|-----------------------|--|---|--------------------------------|----------------------------|
| Name of Director | Category | No. of other Directorships held (excluding Directorships in foreign & private Companies) | No. of Board Committees of which Member / Chairman# | No. of Board Meetings attended | Attendance at the last AGM |
| Mr. Chirayu R. Amin Chairman & MD | Promoter Executive | 9 | 1 (as Chairman) | 5 of 5 | YES |
| Mrs. Malika C. Amin W.T.D. | Promoter Executive | 5 | 2(as Member) | 4 of 5 | YES |
| Dr. B.R. Patel | NED(I)* | Nil | 1(as Chairman) 1(as Member) | 5 of 5 | YES |
| Mr. P.N. Parikh | NED(I)* | 1 | 1(as Member) | 2 of 5 | NO |
| Mr. K.G. Ramanathan | NED(I)* | Nil | Nil | 5 of 5 | YES |
| Mr. Paresh Saraiya | NED(I)* | 3 | 1(as Chairman) 2(as Member) | 5 of 5 | YES |
| Mr. R. K. Baheti Director, President-Finance & Company Secretary | Executive | 3 | Nil | 5 of 5 | YES |
| Mr. Pranav Amin Director & President- International Business | Promoter Executive | 1 | 1(as Member) | 4 of 5 | YES |
| Mr. Milin Mehta w.e.f. 30/03/2010 | NED(I)* | Nil | 1(as Member) | 1 of 1 | NA |

* NED(I) means Non-Executive-Independent Director
The Committees include the Committees of Alembic Limited

As required by the Companies Act, 1956 and clause 49 of the listing agreement with stock exchanges, none of the Directors hold Directorship in more than 15 Public Companies, membership of Board Committees (Audit & Investor Grievance Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5.

Code of Conduct
The Board has adopted code of conduct for all Board Members and Senior Management of the Company vide resolution dated 26th October, 2005 and the said code of conduct is posted on the web site of the Company (www.alembic-india.com)

CEO/CFO Certificate
As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director and Director-Finance of the Company have certified to the Board the financial statements for the year ended 31st March, 2010.

3 Audit Committee

| |
|--|
| <ul style="list-style-type: none"> Composition & Terms of Reference <p>Presently, the Audit Committee comprises of 4 Directors viz. Mr. Paresh Saraiya, Mr. P.N. Parikh, Dr. B.R. Patel & Mr. Milin Mehta. Mr. Paresh Saraiya is Chairman of the Audit Committee. Mr. Milin Mehta is appointed as member of the Audit Committee w.e.f. 30/03/2010. All the Directors in Audit Committee are Non-Executive & Independent Directors. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements. The Statutory Auditors, Internal Auditors, Cost Auditors, Chairman & Managing Director, Director-Finance, Associate Vice-President-Finance and General Manager-Finance of the Company are invited to attend the Meetings of Audit Committee. The Joint Company Secretary acts as Secretary to the Committee.</p> <p>Mr. Paresh Saraiya was present at the last Annual General Meeting held on 28th July, 2009.</p> |
|--|

Report on Corporate Governance

3 Audit Committee - Contd.

- Meetings and the attendance during the year**

There were Four (4) meetings of the Audit Committee during the year held on 8th May, 2009, 28th July, 2009, 15th October, 2009 and 25th January, 2010.

The attendance of each member of the Committee is given below:

| Name of Director | Category of Director | No. of Meetings Attended |
|--------------------|----------------------------|--------------------------|
| Mr. Paresh Saraiya | Non-Executive- Independent | 4 |
| Dr. B.R. Patel | Non-Executive- Independent | 4 |
| Mr. P. N. Parikh | Non-Executive- Independent | 2 |
| Mr. Milin Mehta | Non-Executive- Independent | Not Applicable |

4 Remuneration Committee, Buy-back committee, Allotment Committee

4A. Remuneration Committee

The Company has formed Remuneration Committee of Directors consisting of Mr. K.G. Ramanathan, Dr. B.R. Patel, Mr. Pranav Parikh and Mr. Paresh Saraiya to fix and finalize the remuneration of Managing Director, Whole-time Director, Director & President - Finance and Company Secretary and Director & Business Development Officer. Mr. K.G. Ramanathan is Chairman of the Remuneration Committee.

The remuneration committee has approved the remuneration payable to the managerial personnel, subject to approval of the Central Government, if required.

- Meetings and the attendance during the year**

There were Two (2) meetings of the Remuneration Committee during the year held on 8th May, 2009 and 25th January, 2010.

The attendance of each member of the Committee is given below:

| Name of Director | Category of Director | No. of Meetings Attended |
|---------------------|----------------------------|--------------------------|
| Mr. K.G. Ramanathan | Non-Executive- Independent | 2 |
| Mr. Paresh Saraiya | Non-Executive- Independent | 2 |
| Dr. B.R. Patel | Non-Executive- Independent | 2 |
| Mr. P. N. Parikh | Non-Executive- Independent | 2 |

- Details of Remuneration paid to Directors**

- a. Executive Directors**

All elements of remuneration package i.e. salary, benefits, bonus, pension etc. paid to Executive Directors are as under:

(Amount Rs. Lacs)

| Name of Director | Salary & Perquisites |
|--|----------------------|
| Mr. Chirayu Amin Managing Director | 249.84 |
| Mrs. Malika Amin Whole-time Director | 219.84 |
| Mr. R.K. Baheti Director, President -Finance & Company Secretary | 131.50 |
| Mr. Pranav Amin Director & Chief Business Development Officer | 43.00 |
| Total | 644.18 |

Report on Corporate Governance

4 Remuneration Committee - Contd.

Notes:

- a. The agreement with the Executive Directors is for a period of 5 years.
Mr. C.R. Amin, Chairman & Managing Director: Board approved in its meeting held on 25/4/2008 renewal w.e.f. 01-05-2008
Mrs. M.C. Amin, Whole-time Director: Board approved in its meeting held on 25/4/2008 renewal w.e.f. 02-07-2008
Mr. R.K. Baheti, Director, President – Finance & Company Secretary: reappointed for a further period of 5 years w.e.f. 25-01-2008
Mr. Pranav Amin, Director & Chief Business Development Officer: Appointed for a period of 5 years w.e.f. 31-1-2007.
- b. There is no separate provision for payment of severance fees.
- c. The Company does not have any Stock Options Scheme.

b. Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending Board Meetings at Rs. 20,000/- per meeting and at Rs.5,000/- for Committee Meetings.

| Name of Director | Sitting Fees for Board Meetings (Rs.) | Sitting Fees for Committee Meetings (Rs.) | Total Fees Paid (Rs.) |
|---------------------|---------------------------------------|---|-----------------------|
| Dr. B.R. Patel | 1,00,000 | 90,000 | 1,90,000 |
| Mr. P. N. Parikh | 40,000 | 20,000 | 60,000 |
| Mr. K.G. Ramanathan | 1,00,000 | 10,000 | 1,10,000 |
| Mr. Paresh Saraiya | 1,00,000 | 90,000 | 1,90,000 |
| Mr. Milin Mehta | 20,000 | - | 20,000 |

4B. Buy-back Committee

The Company had formed Buy-back Committee for buy back programme consisting of Mr. Chirayu R. Amin, Mr. Paresh Saraiya, Mr. R.K. Baheti and Mr. Pranav Amin. Mr. Chirayu R. Amin was Chairman of the Buy-back Committee. On completion of the buy-back programme, the committee has been disbanded.

Meetings and the attendance during the year

There were Four (4) Meetings of the Buy-back Committee during the year held on 8th May, 2009, 28th July, 2009, 15th October, 2009 and 14th November, 2009.

The attendance of each member of the Committee is given below:

| Name of Director | No. of Meetings Attended |
|---------------------|--------------------------|
| Mr. Chirayu R. Amin | 4 |
| Mr. Paresh Saraiya | 4 |
| Mr. R.K. Baheti | 4 |
| Mr. Pranav Amin | 3 |

The buy-back programme announced by the Company was completed on 14/11/2009 and all the necessary formalities for completion of buy back programme have been complied with. The Company bought back 49,38,991 equity shares (about 82% of targeted buyback of 60,00,000 shares) at an average price of Rs.39.94 for a total consideration of Rs.1972.02 Lacs which is about 60% of the total buy-back size of Rs.3300 lacs.

Report on Corporate Governance

4 Remuneration Committee - Contd.

4C. Allotment Committee

The Company has formed Allotment Committee for issue and allotment of non-convertible debentures on private placement basis consisting of Mr. Chirayu R. Amin, Mr. Paresh Saraiya, Mr. R.K. Baheti and Mr. Pranav Amit. Mr. Chirayu R. Amin is Chairman of the Allotment Committee.

Meetings and the attendance during the year

There were Two (2) Meetings of the Allotment Committee during the year held on 16th July, 2009 and 9th September, 2009.

The attendance of each member of the Committee is given below:

| Name of Director | No. of Meetings Attended |
|---------------------|--------------------------|
| Mr. Chirayu R. Amin | 2 |
| Mr. Paresh Saraiya | 1 |
| Mr. R.K. Baheti | 2 |
| Mr. Pranav Amin | 2 |

The Allotment committee had allotted Non-convertible Debentures worth Rs.50 Crores on private placement basis.

5 Shareholders' / Investors' Committee

Shareholders / Investors Committee comprises of 3 Directors viz. Dr. B.R. Patel, Mr. Paresh Saraiya & Mr. Pranav Amin, which looks into Shareholder and Investor related matters. Dr. B.R. Patel, a Non-Executive and Independent Director, is Chairman of the Shareholders/Investors Committee.

• Meetings and the attendance during the year

There were Twelve(12) meetings of the Shareholders / Investors Committee during the year. The attendance of each Member of the Committee is given below:

| Name of Director | Category of Director | No. of Meetings Attended |
|--------------------|----------------------------|--------------------------|
| Dr. B.R. Patel | Non-Executive-Independent | 12 |
| Mr. Paresh Saraiya | Non-Executive -Independent | 7 |
| Mr. Pranav Amin | Executive Director | 9 |

Mr. R.K. Baheti, Director, President - Finance & Company Secretary, is the Compliance Officer of the Company. The meeting of Shareholders / Investors Committee is held every month, in which transfers, transmission, issuance of certificates etc. are approved. Mr. Sanjay Bhatt, Joint Company Secretary of the Company is also authorised by the Board to approve the transfers at the interval of fifteen days time.

The Company has been receiving various correspondences from shareholders and the required information / documents are furnished at the earliest possible to the satisfaction of shareholders. During the year, the Company has received 33 complaints from shareholders. All the complaints have been resolved and as on 31st March, 2010 no complaint from shareholder is pending. At the end of the year, no requests for shares transfers were pending for registration.

Report on Corporate Governance

6 General Body Meetings

Details of the location of the last three AGMs and the Extraordinary General Meetings held during the year.

Details of the last three Annual General Meetings are given below :

| Year | Location | Date | Time | No. of Special Resolutions passed |
|---------|--|-------------------|-----------|-----------------------------------|
| 2006-07 | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. | 30th August, 2007 | 4.00 p.m. | 5 |
| 2007-08 | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. | 28th July, 2008 | 4.00 p.m. | - |
| 2008-09 | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. | 28th July, 2009 | 4.00 p.m. | 1 |

* Whether special resolution was put through postal ballot last year? Yes

During the year 2009-10, a Special Resolution for alteration of Object Clause of the Company pursuant to Section 12 of the Companies Act, 1956, was put through postal ballots before the members of the Company. The same was passed by requisite majority. Details of Voting Pattern are as under:

| Particulars | In favour | Against |
|-----------------------|-----------|---------|
| No. of Postal Ballots | 1990 | 64 |
| No. of Equity Shares | 85804710 | 26047 |
| % of Postal Ballot | 96.88 | 3.12 |
| % of Equity Shares | 99.97 | 0.03 |

Mr. R.K. Baheti, Director-Finance & Company Secretary was responsible to conduct the postal ballot. Mr. Sanjay Bhatt, Joint Company Secretary looked after the postal ballot process. The Board had appointed Mr. S. Samdani, Company Secretary in whole-time practice as a scrutinizer.

*Are polls proposed to be conducted through postal ballot this year? No.

6A. Notes on Directors seeking appointment / re-appointment as required under Clause 49 IV(G) of the Listing Agreement entered into with Stock Exchanges.

Mr. Paresh Saraiya and Mr. Pranav Amin, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for re-appointment.

Mr. Paresh Saraiya, is graduate in Mechanical Engineering with Distinction from the M.S. University of Vadodara. He is Managing Director of Transpek-Silox Industry Limited, a joint venture Company between Silox S.A., Belgium and the Excel/Transpek Group. He began his professional career with Transpek Industry Limited in 1975, and has over the years held various key positions in the Commercial as well as Technical functions of the Company. His other business associations are Directorship of Companies such as Shroffs Engineering Limited and Excel Genetics Limited. He was also the Convener of the Task Force on Chemicals & Dyestuffs constituted by CII, Western Region. He has been on the Board of the Company and Chairman of Audit Committee for the last three years. His presence on the Board and Audit Committee has been immensely beneficial to the Company.

Mr. Pranav Amin completed B.Sc. in Economics / Industrial Management at Carnegie Mellon University, Pittsburgh, P.A., USA and M.B.A in International management from Thunderbird, The American Graduate School of International Management. He has worked as Jr. Financial Analyst at Dendrite Inc. He also holds Directorship in Whitefield Agrotech Private Limited, Gujarat Flying Club, Quick Flight Limited and Incozen Therapeutics Private Limited. He is working as Director & Chief Business Development Officer-International Operations of the Company for last five years. His presence on the Board has benefited to the Company.

Mr. Milin Mehta was appointed as additional Director by the Board of Directors and member of the Audit Committee in their meeting held on 30th March, 2010. Mr. Milin Mehta is a Senior Partner of M/s. K. C. Mehta & Co., a Chartered Accountants' Firm since more than 2 decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law graduate and holds a Masters Degree in commerce. He also holds directorship in Stratonic Investment Consultants Pvt.Ltd. and Gujarat Life Sciences Pvt. Ltd. In the professional practice he is mainly engaged in providing consultancy to various corporate and non-corporate bodies in the area of strategy, taxation (domestic and international) and Mergers, Acquisitions, Joint Ventures, etc. He has contributed number of papers in various seminars and conferences and Journals. He has also co-authored a book on "Minimum Alternate Tax". He is also active in social service and is presently heading a reputed institution involved in providing school education in Baroda. His presence on the Board and Audit Committee will be immensely beneficial to the Company.

Shareholding of Non-Executive Directors:

Dr. B.R. Patel holds 14,385 equity shares of the Company. No other Non-executive Director holds any shares in the Company.

Report on Corporate Governance

7 Disclosure

There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard No. AS18 are disclosed in Note No. 12 of the Notes forming part of Accounts.

8 Compliance

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Further, there is no penalty/stricture by any statutory authority during the year.

9 Means of Communication

- | | | |
|---|---|--|
| • Half-yearly results sent to each household of the shareholders | : | The results are Published in newspapers having wide coverage and also put on the website of the Company. |
| • Quarterly Results | : | The results are published in newspapers having wide coverage. |
| • Which Newspapers normally published in The Economic Times(Gujarati) | : | The Economic Times (English), Business Standard (English) Lok Satta (Gujarati). |
| • Any web-site where displayed | : | www.alembic-india.com |
| • Whether Shareholder information forms part of Annual Report | : | Yes |

10 Shareholders' Information

| | | |
|----|---|--|
| 1. | Annual General Meeting Date and Time Venue | "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003. 30th July, 2010 at 4.00 p.m. |
| 2. | Financial Calendar Quarter ending June 30, 2010 Quarter ending Sept.30, 2010 Quarter ending Dec. 31, 2010 Quarter ending March 31, 2011 Annual General Meeting for the year ended 31.03.2011 | Adoption of Results for the quarter: July, 2010 October, 2010 January, 2011 May, 2011 August -September, 2011 |
| 3. | Date of Book Closure | Friday, the 23rd July, 2010 to Friday, the 30th July, 2010 (both days Inclusive) |
| 4. | Dividend Payment Date | 3rd August, 2010 |
| 5. | Registered Office | Alembic Road, Vadodara -390 003. Phone: (91-265) 2280550, Fax: (91-265) 2282506 E-mail: alembic@alembic.co.in Web: www.alembic-india.com |
| 6. | Listing Details | Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. (Security Code: 506235) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051. (Security Code: AlembicLtd) |

Report on Corporate Governance

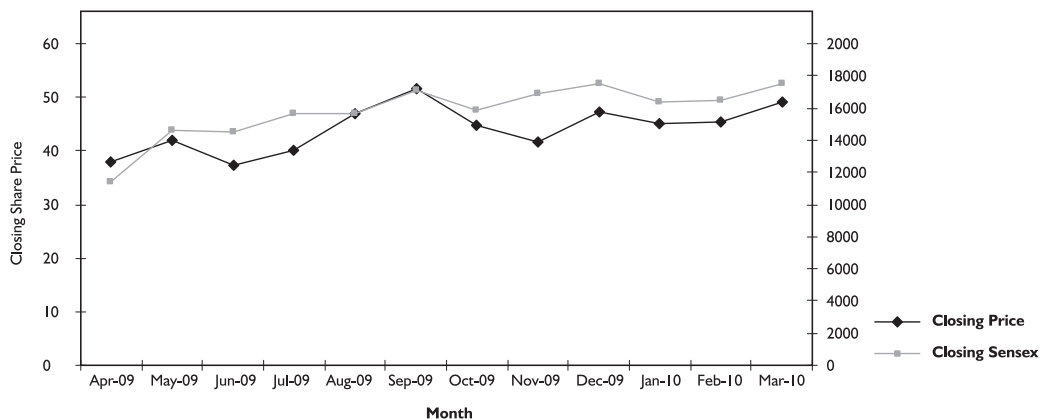
10 Shareholders' Information - Contd.

7. Stock Market Data

(in Rs.)

| Month | Bombay Stock Exchange | | National Stock Exchange | |
|--------------|-----------------------|-------------------|-------------------------|-------------------|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April, 2009 | 40.40 | 31.00 | 41.10 | 30.65 |
| May, 2009 | 48.90 | 34.20 | 47.75 | 34.20 |
| June, 2009 | 48.20 | 37.25 | 48.00 | 37.25 |
| July, 2009 | 44.25 | 34.80 | 43.80 | 35.00 |
| August, 2009 | 49.90 | 37.55 | 49.80 | 37.70 |
| Sept., 2009 | 56.25 | 45.35 | 56.30 | 45.30 |
| Oct., 2009 | 54.50 | 44.60 | 54.70 | 44.75 |
| Nov., 2009 | 49.00 | 40.30 | 51.40 | 37.65 |
| Dec., 2009 | 50.40 | 41.50 | 50.40 | 41.65 |
| Jan., 2010 | 53.00 | 44.00 | 52.75 | 43.50 |
| Feb., 2010 | 48.95 | 44.00 | 49.00 | 43.05 |
| March, 2010 | 52.30 | 44.50 | 52.20 | 45.00 |

As on 31st March, 2010, the last day of the financial year 2009-10, the closing price of the shares of the Company on BSE & NSE was Rs.49.20 on both the exchanges.



| | | |
|----|-------------------------------------|---|
| 8. | Registrar and Share transfer Agents | Link-Intime India Private Limited 1st Floor, 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vasna Road, Vadodara -390 015 Tel.: (0265) 2250241, 3249857 Fax: (0265) 2250246 Email: vadodara@linkintime.com |
| 9. | Share Transfer System | Share transfers are registered and returned generally within a period of Fifteen days from the date of receipt, if documents are accurate in all respects. The Shareholders/Investors Committee meets every month and transfers are also approved by Joint Company Secretary generally at the interval of Fifteen days time. The total number of shares transferred in the physical form during the year were 2,95,835(previous year 3,16,385). |

Report on Corporate Governance

10 Shareholders' Information - Contd.

Distribution of Shareholding

The Distribution of Shareholdings as on 31st March, 2010 is given as under:

| No. of Shares (of face value) | No. of Shareholders | % of Shareholders | No. of Shares held | % of total shares |
|-------------------------------|---------------------|-------------------|---------------------|-------------------|
| Up to 5,000 | 50,930 | 98.35 | 1,98,08,193 | 14.84 |
| 5,001 - 10,000 | 477 | 0.92 | 34,08,959 | 2.55 |
| 10,001 - 20,000 | 200 | 0.39 | 28,12,056 | 2.11 |
| 20,001 - 30,000 | 59 | 0.11 | 14,38,344 | 1.08 |
| 30,001 - 40,000 | 23 | 0.04 | 7,95,709 | 0.59 |
| 40,001 - 50,000 | 15 | 0.03 | 6,78,851 | 0.51 |
| 50,001 - 1,00,000 | 25 | 0.05 | 18,96,481 | 1.42 |
| 1,00,001 - & above | 57 | 0.11 | 10,26,77,321 | 76.90 |
| Total: | 51,786 | 100.00 | 13,35,15,914 | 100.00 |

Shareholding pattern as on 31st March, 2010

| Sr. No. | Category | No. of Shares Held | % of Voting Strength |
|---------|---|---------------------|----------------------|
| 1. | Promoters & Associates | 8,47,53,005 | 63.48 |
| 2. | Mutual Funds & UTI | 14,44,950 | 1.08 |
| 3. | Banks, Financial Institutions & Insurance Companies | 15,00,879 | 1.13 |
| 4. | Foreign Institutional Investors | 1,05,48,096 | 7.90 |
| 5. | Private Corporate Bodies | 41,52,575 | 3.11 |
| 6. | Indian Public | 3,06,32,998 | 22.94 |
| 7. | NRIs / OCBs | 4,83,411 | 0.36 |
| | Total: | 13,35,15,914 | 100.00 |

| | | |
|-----|---|--|
| 10. | Dematerialisation of Shares and Liquidity | At the end of the year 12,74,89,052 shares (95.49%) are held in dematerialised form by the shareholders. Trading in Company's shares for all investors is permitted only in dematerialised form from 28th August, 2000 as per notification issued by the SEBI. (ISIN CODE: INE426A01027) |
| 11. | Outstanding GDR/Warrants | Not applicable |
| 12. | Plants Location | <ul style="list-style-type: none"> a. Alembic Road, Vadodara -390 003. b. Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat. c. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil - Nalagarh, Dist. Solan, Himachal Pradesh. d. Village Karakhadi, Tal. Padra, Dist. Vadodara. e. Wind Mills at village Ukharla/Trambak, Tal-Ghoga, Dist. Bhavnagar, Gujarat. |
| 13. | Investor Correspondence | <ul style="list-style-type: none"> 1. Alembic Limited, Alembic Road, Vadodara -390 003. 2. Link-Intime India Private Limited 1st Floor, 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vasana Road, Vadodara -390 015. Tel.: (0265) 2250241, 3249857, Fax: (0265) 2250246. Email: vadodara@linkintime.com |

Report on Corporate Governance

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of corporate governance by Alembic Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For **K.S. AIYAR & CO.**
Chartered Accountants
Firm Registration No.100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai : 6th May, 2010

Auditors' Report

To the members of, Alembic Limited

We have audited the attached Balance Sheet of Alembic Limited as at 31st March, 2010, the Profit and Loss Account and also 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.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order, 2004 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 and 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 and 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
- (v) On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (vi) In view of the inadequate profits as detailed in note no. 15, we draw attention to the fact that the managerial remuneration paid is in excess of the limits laid down under section 198 and schedule XIII of the Companies Act, 1956 by Rs.344.30 Lacs and we are informed that the Company is in process of obtaining the Central Government's approval, and therefore the payments made are subject to such approval.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet of the state of the affairs of the Company as at 31st March, 2010;
 - b) in case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For **K.S. AIYAR & CO.**
Chartered Accountants

RAGHUVIR M. AIYAR
Partner

Membership No. 38128
Firm Registration No.100186W

Mumbai : 6th May, 2010

Annexure to the Auditors' Report

Re : Alembic Limited.

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. However, item wise value in respect of assets other than land, buildings and vehicles acquired prior to 1968 are not available.
- (b) Fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified in three years time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loans to five companies covered in the register maintained under section 301 of the Companies Act, 1956 wherein the balance recoverable as at the year end is Rs.55,66,00,000/- (Maximum balance during the year Rs. 76,03,00,000/-).
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of the above loans granted, receipt/renewal of the principal amount and interest were regular, as stipulated.
- (d) There is no overdue amount of more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
The Company has not taken any unsecured loan from any party covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the requirement of clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in 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 such contracts or arrangements 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 the information and explanations given to us, the Company has complied with provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the following dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess have not been deposited on account of some dispute or are partially deposited under protest.

Annexure to the Auditors' Report

| Statute & Nature of dues. | Amount not deposited Rs. | Forum where dispute is pending. | Period |
|--|--------------------------|---|--|
| Sales Tax Act Sales Tax, interest and penalty | 80,16,782 | Additional Commissioner | 2000-01 |
| | 13,12,295 | High Court | 1999-2000 |
| | 15,48,517 | Joint Commissioner (Appeals) | 2002-03 |
| | 1,63,84,603 | CTO (FAC) | 2003-04 |
| | 44,830 | Additional Commissioner | 2004-05 |
| Central Sales Tax | 2,46,931 | Deputy Commissioner II | 2003-04 |
| | 1,50,355 | Joint Commissioner (Appeals) | 2005-06 |
| | 10,93,955 | Deputy Commissioner II | 2006-07 |
| | 4,70,990 | Sr. Joint Commissioner | 2006-07 |
| The Central Excise Act Excise Duty, Interest & Penalty | 59,77,921 | Supreme Court | 1995-96 |
| | 21,10,720 | Supreme Court | 1996-97 |
| | 35,21,786 | Supreme Court | 2003-04 |
| | 1,20,99,486 | High Court | 2004-05 |
| | 50,03,165 | High Court | 2004-05 |
| | 4,37,93,169 | Customs, Excise and Service Tax Appellate Tribunal. | 95-96,98-99 99-00, 01-02, 2005,2007 2007-2008 |

- (x) The Company does not have any accumulated losses as per the Balance Sheet as at the end of the financial year. The Company has not incurred the cash losses during the financial 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, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been 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 Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has created security in respect of debentures issued.
- (xx) The Company has not raised any money during the year by public issue.
- (xxi) As per 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 **K.S. AIYAR & CO.**
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. 100186W

Balance Sheet

(Rs. in Lacs)

| As at 31st March | Schedules | 2010 | | 2009 | |
|---|-----------|------------------|------------------|-----------|-----------|
| I. SOURCES OF FUNDS : | | | | | |
| 1. Shareholders' Funds : | | | | | |
| a. Capital | A | 2,670.40 | | 2,743.93 | |
| b. Reserves and Surplus | B | 28,902.93 | 31,573.33 | 29,955.13 | 32,699.06 |
| 2. Loan Funds : | | | | | |
| a. Secured Loans | C | 24,931.30 | | 21,576.34 | |
| b. Unsecured Loans | D | 15,906.27 | 40,837.57 | 25,967.74 | 47,544.08 |
| 3. Deferred Tax Liability | | | 1,384.05 | | 641.07 |
| | | | 73,794.95 | | 80,884.21 |
| II. APPLICATION OF FUNDS : | | | | | |
| I. Fixed Assets : | | | | | |
| a. Gross Block | E | 71,233.72 | | 68,177.92 | |
| b. Less : Depreciation | | 31,915.26 | | 27,699.97 | |
| c. Net Block | | | 39,318.46 | | 40,477.95 |
| d. Capital work in progress | | | 389.72 | | 716.29 |
| 2. Investments : | F | | 849.18 | | 844.62 |
| 3. Current Assets, Loans and Advances: | | | | | |
| a. Inventories | G | 24,494.93 | | 23,838.89 | |
| b. Sundry Debtors | H | 18,611.93 | | 19,890.25 | |
| c. Cash and Bank Balances | I | 208.29 | | 1,631.11 | |
| d. Loans and Advances | J | 12,544.43 | 55,859.58 | 12,680.11 | 58,040.36 |
| Less : Current Liabilities and Provisions : | K | | | | |
| a. Liabilities | | 20,724.19 | | 17,771.48 | |
| b. Provisions | | 1,897.80 | 22,621.99 | 1,423.53 | 19,195.01 |
| Net Current Assets | | | 33,237.59 | | 38,845.35 |
| | | | 73,794.95 | | 80,884.21 |
| Notes Forming Part of Accounts | T | | | | |
| The schedules referred to above form an integral part of Balance Sheet | | | | | |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN
Chartered Accountants Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV AMIN
Director

DR. B.R. PATEL
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. 100186W
Mumbai : 6th May, 2010

PARESH SARAIYA
Director

MILIN MEHTA
Director

R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Profit and Loss Account

(Rs. in Lacs)

| For the Year ended 31st March | Schedules | 2010 | | 2009 | |
|---|-----------|-------------|-------------|-------------|-------------|
| INCOME : | | | | | |
| Sales and Income from Operation | L | 1,03,205.34 | | 1,11,957.12 | |
| Less : Excise Duty | | 1,054.05 | 1,02,151.29 | 1,760.56 | 1,10,196.56 |
| Other Income | M | | 430.01 | | 514.04 |
| | | | 1,02,581.30 | | 1,10,710.60 |
| EXPENDITURE : | | | | | |
| Material Consumption | N | 35,051.01 | | | 43,313.23 |
| Purchase of Finished Goods | | 11,736.58 | | | 13,861.45 |
| Excise Duty | | 564.73 | | | 788.04 |
| Manufacturing Expenses | O | 7,781.61 | | | 9,025.50 |
| Employee's Expenses | P | 14,546.77 | | | 13,169.20 |
| Research & Development Expenses | Q | 4,326.80 | | | 4,030.00 |
| Marketing & Distribution Expenses | R | 9,216.07 | | | 8,712.03 |
| Others | S | 9,474.09 | | | 8,228.59 |
| | | | 92,697.66 | | 1,01,128.04 |
| ADD/(LESS) : Decrease/(Increase) in stock of Finished Goods and Work in Process | N | | 220.98 | | (3,072.69) |
| | | | 92,918.64 | | 98,055.35 |
| OPERATING PROFIT | | | 9,662.66 | | 12,655.25 |
| Interest (Net) | | | 3,005.33 | | 4,006.13 |
| Depreciation | | | 4,301.90 | | 3,830.56 |
| Foreign Exchange Difference (Net) | | | - | | 3,507.17 |
| PROFIT BEFORE NON-RECURRING ITEMS AND TAXES | | | 2,355.43 | | 1,311.39 |
| Less : Provision for Diminution in Investment | | | - | | 752.08 |
| PROFIT BEFORE TAXES | | | 2,355.43 | | 559.31 |
| Less/(Add) : Provision for Deferred Tax | | | (102.23) | | (3.11) |
| Less/(Add) : Provision for Current Tax | | | 376.25 | | 50.00 |
| Less/(Add) : Provision for Fringe Benefit Tax & Wealth Tax | | | 13.00 | | 220.00 |
| Less/(Add) : Excess provision of Income Tax no longer required (Net) | | | - | | (435.83) |
| PROFIT AFTER TAX | | | 2,068.41 | | 728.25 |
| ADD/LESS : | | | | | |
| Balance brought forward from last year | | | 7,236.15 | | 7,972.76 |
| BALANCE AVAILABLE FOR APPROPRIATION | | | 9,304.56 | | 8,701.01 |
| APPROPRIATIONS : | | | | | |
| Debtore Redemption Reserve | | | 791.70 | | 750.00 |
| Dividend - Equity Shares | | | 667.58 | | 548.77 |
| Corporate Dividend Tax - Equity Shares | | | 113.46 | | 93.26 |
| Reversal of Provision of Dividend-Buy Back Shares | | | 6.30 | | - |
| Reversal of Provision of Corporate Dividend Tax-Buy Back Shares | | | 1.07 | | - |
| General Reserve | | | 206.84 | | 72.83 |
| SURPLUS CARRIED TO BALANCE SHEET | | | 7,532.35 | | 7,236.15 |
| | | | 9,304.56 | | 8,701.01 |
| Earning per Share (Basic & Diluted) (In Rs.) | | | | | |
| - Before Non-Recurring Items | | | 1.53 | | 1.07 |
| - After Non-Recurring Items | | | 1.53 | | 0.53 |
| Notes Forming Part of Accounts | T | | | | |
| The schedules referred to above form an integral part of Profit and Loss Account | | | | | |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN
Chartered Accountants Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV AMIN
Director

DR. B.R. PATEL
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. 100186W
Mumbai : 6th May, 2010

PARESH SARAIYA
Director

MILIN MEHTA
Director

R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Schedules

FORMING PART OF THE BALANCE SHEET

A Share Capital

(Rs. in Lacs)

| As at 31st March | 2010 | 2009 |
|--|--|----------|
| AUTHORISED | | |
| 22,50,00,000 Equity Shares of Rs. 2/- each (Previous Year 22,50,00,000 Equity Shares of Rs.2/- each) | 4,500.00 | 4,500.00 |
| 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each) | 500.00 | 500.00 |
| | 5,000.00 | 5,000.00 |
| ISSUED, SUBSCRIBED : | | |
| 13,84,64,270 Equity Shares of Rs. 2/- each (Previous Year 13,84,64,270 Equity Shares of Rs.2/- each) | 2,769.29 | 2,769.29 |
| | 2,769.29 | 2,769.29 |
| PAID UP : | | |
| 13,35,15,914 Fully paid up Equity Shares of Rs. 2/- each (Previous Year 13,71,92,061 Equity Shares of Rs.2/- each) | 2,670.31 | 2,743.84 |
| Add : 9,365 Forfeited Equity Shares of Rs. 2/- each (Previous Year 9,365 Equity Shares of Rs.2/- each) (Amount originally paid up) | 0.09 | 0.09 |
| | 2,670.40 | 2,743.93 |
| Of the above : | | |
| 1. 6,39,300 | Equity Shares of Rs.2/- each (Previous Year 6,39,300 Equity Shares of Rs.2/- each) have been allotted as fully paid up pursuant to contract without payment being received in cash. | |
| 2. 9,20,36,620 | Equity Shares of Rs. 2/- each (Previous Year 9,20,36,620 Equity Shares of Rs.2/- each) have been allotted as fully paid up Bonus Shares by Capitalisation of Rs.7,00,000/- from Share Premium Account, Rs.16,83,50,000/- from Capital Redemption Reserve and Rs.1,50,23,240/- from General Reserve. | |
| 3. 33,45,450 & 7,24,240 | Equity shares of Rs. 2/- each (Previous Year 33,45,450 & 7,24,240 of Rs.2/- each) fully paid, were allotted to the Shareholders of erstwhile Neomer Ltd., & Darshak Ltd., respectively, pursuant to the Scheme of amalgamation / merger without payment being received in cash. | |
| 4. | <p>In terms of decision of the Board of Directors dated November 14, 2008 the Company offered to buy back its equity shares of face value of Rs.2/- each, upto a maximum amount of Rs.3300 lacs at a maximum price of Rs.55/- per share through the methodology of "Open market purchases through stock exchanges" using the electronic trading facilities of the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). After completion of regulatory formalities, the Company commenced the buy back on December 8, 2008.</p> <p>Till 13/11/2009 (Completion date of buy back programme), the Company bought back 49,38,991 equity shares (about 82% of targeted buyback of 60,00,000 shares) at an average price of Rs.39.93 for a total consideration of Rs.1972.02 lacs which is about 60% of the total buy-back size of Rs.3300 lacs. In terms of provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy-back of Securities) Regulations, 1998. The Company has extinguished all the bought back shares. All the necessary formalities for completion of buy-back programme have been complied with.</p> | |

Schedules

FORMING PART OF THE BALANCE SHEET

B Reserves and Surplus :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|---|-----------|-----------|-----------|-----------|
| CAPITAL RESERVE : | | | | |
| As per last Balance Sheet | | 65.00 | | 65.00 |
| CAPITAL REDEMPTION RESERVE : | | | | |
| As per last Balance Sheet | 25.26 | | - | |
| Add: Transfer from General Reserve for Buy back | 73.53 | | 25.26 | |
| | | 98.79 | | 25.26 |
| DEBENTURE REDEMPTION RESERVE : | | | | |
| As per last Balance Sheet | 750.00 | | - | |
| Add: Transferred from Profit & Loss Account | 791.70 | | 750.00 | |
| | | 1,541.70 | | 750.00 |
| SHARE PREMIUM ACCOUNT : | | | | |
| As per last Balance Sheet | | 4,057.47 | | 4,057.47 |
| GENERAL RESERVE : | | | | |
| As per last Balance Sheet | 17,821.25 | | 19,272.12 | |
| Less : Utilised for Equity Shares Buy Back | 1,575.26 | | 396.76 | |
| Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court | 845.21 | | 1,126.94 | |
| Add: Transferred from Profit & Loss Account | 206.84 | 15,607.62 | 72.83 | 17,821.25 |
| PROFIT AND LOSS ACCOUNT : | | | | |
| Surplus as per Profit & Loss Account | | 7,532.35 | | 7,236.15 |
| | | 28,902.93 | | 29,955.13 |

C Secured Loans :

| As at 31st March | 2010 | | 2009 | |
|--|------|-----------|------|-----------|
| A. From Financial Institutions, Banks and NBFC : | | | | |
| 1. 10.80% Non Convertible Debentures | | 7,500.00 | | 7,500.00 |
| (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| (Redeemable in three equal instalments commencing from June 2010) | | | | |
| 2. 9.25% Non Convertible Debentures | | 5,000.00 | | |
| (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| (Redeemable at the end of third year in July 2012 and September 2012) | | | | |
| 3. Foreign Currency Loans : | | 4,425.81 | | 7,053.11 |
| External Commercial Borrowing (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| [Due within one year Rs. 1,475.27 lacs (P. Y. Rs. 2,182.16 lacs)] | | | | |
| | | 16,925.81 | | 14,553.11 |
| B. From Banks for Working Capital : | | 8,005.49 | | 7,023.23 |
| Against first hypothecation charge on stocks and book-debts ranking pari-passu with other lenders | | | | |
| | | 24,931.30 | | 21,576.34 |

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FORMING PART OF THE BALANCE SHEET

D Unsecured Loans :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|---|-----------------|------------------|-----------|-----------|
| Fixed Deposits From : | | | | |
| Public | 4,914.09 | | 3,345.03 | |
| Shareholders | 30.00 | 4,944.09 | 45.85 | 3,390.88 |
| (Due within one year Rs. 1,431.99 lacs (P. Y. Rs. 1,012.50 lacs) | | | | |
| Short Term Loans From : | | | | |
| Banks | 1,450.78 | | 14,062.61 | |
| (Due within one year Rs. 1,450.78 lacs (P. Y. Rs. 2,700 lacs) | | | | |
| Others | 11.40 | 1,462.18 | 14.25 | 14,076.86 |
| (Due within one year Rs. 2.85 lacs (P. Y. Rs. 2.85 lacs) | | | | |
| Commercial Paper (Maximum outstanding during the year Rs. 20,000 lacs. (P. Y. Rs. 15,000 lacs) | | 9,500.00 | | 8,500.00 |
| | | 15,906.27 | | 25,967.74 |

E Fixed Assets

| Assets | Gross Block | | | Depreciation Block | | | | Net Block | | |
|----------------------|---------------------|-----------------|----------------------------|---------------------|---------------------|----------------------------|---|---------------------|---------------------|---------------------|
| | As on 01.04.2009 | Addition | Deductions/ Adjustments | As on 01.03.2010 | As on 01.04.2009 | Deductions/ Adjustments | To Depreciation for the period ended 31.03.10 | As on 01.03.2010 | As on 31.03.2010 | As on 31.03.2009 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Freehold Land | 251.43 | - | - | 251.43 | - | - | - | - | 251.43 | 251.43 |
| Leasehold Land | 1,634.78 | - | - | 1,634.78 | 13.68 | - | 16.61 | 30.29 | 1,604.49 | 1,621.10 |
| Buildings | 9,286.50 | 343.03 | 0.51 | 9,629.02 | 1,357.10 | 0.23 | 291.25 | 1,648.12 | 7,980.90 | 7,929.40 |
| Employees Quarters | 89.38 | - | - | 89.38 | 58.70 | - | 1.17 | 59.87 | 29.51 | 30.68 |
| Plant and Machinery | 48,844.69 | 2,118.47 | 48.21 | 50,914.95 | 22,248.00 | 39.31 | 3,379.57 | 25,588.27 | 25,326.68 | 26,596.69 |
| R & D Equipment | 6,217.04 | 576.67 | - | 6,793.71 | 3,262.24 | - | 470.04 | 3,732.28 | 3,061.43 | 2,954.80 |
| Furniture & Fixtures | 774.42 | 38.14 | - | 812.56 | 339.30 | - | 38.64 | 377.94 | 434.62 | 435.12 |
| Office Machinery | 555.62 | 63.25 | 41.56 | 577.31 | 158.38 | 40.68 | 60.58 | 178.28 | 399.03 | 397.24 |
| Vehicles | 524.06 | 14.92 | 8.40 | 530.58 | 262.57 | 6.40 | 44.04 | 300.21 | 230.37 | 261.49 |
| Total | 68,177.92 | 3,154.48 | 98.68 | 71,233.72 | 27,699.97 | 86.62 | 4,301.90 | 31,915.26 | 39,318.46 | 40,477.95 |
| | (60,549.89) | (7,649.80) | (21.77) | (68,177.92) | (23,887.79) | (18.36) | (3,830.56) | (27,699.97) | (40,477.95) | |

Notes:

- Sales proceeds are deducted from gross cost where cost is unascertainable
- Buildings : Include Rs.2,500/- (Rs.2,500/-) being cost of bonds of Morning Star Co.- Op. Housing Society Ltd.
- No Depreciation has been claimed on assets to the extent of Cenvat claimed

* Figures brackets are in respect of the previous year

Schedules

FORMING PART OF THE BALANCE SHEET

F Investments (at cost)

(Rs. in Lacs)

| As at 31st March | Nos. | Face Value Rs. | 2010 | | 2009 | |
|---|----------|----------------|----------|--------|----------|--------|
| LONG TERM INVESTMENTS | | | | | | |
| I. In Shares, Debentures and Bonds: | | | | | | |
| 1. Quoted : | | | | | | |
| a. Bonds | | | | | | |
| 12% Industrial Finance Corporation of India (Maturity date 13.01.2012) (Face Value Rs. 12,77,500/-) | 1,277 | 1,000 | 13.03 | | 13.03 | |
| | | | | 13.03 | | 13.03 |
| b. Equity Shares (Fully paid up) : | | | | | | |
| Jyoti Ltd. | 84,900 | 10 | 1.43 | | 1.43 | |
| Panasonic Battery India Ltd. | 72,824 | 10 | 14.12 | | 14.12 | |
| Paushak Ltd. (11,517 shares acquired during the year) | 6,10,615 | 10 | 280.08 | | 275.52 | |
| Purak Vinimay Ltd. | 1,09,000 | 10 | 10.90 | | 10.90 | |
| Less : Provision for diminution in value of Investment | | | (10.90) | | (10.90) | |
| Krebs Biochemicals Ltd | 100 | 10 | 0.15 | | 0.15 | |
| Xechem International Inc., USA | 9142,857 | | 289.73 | | 289.73 | |
| Less : Provision for diminution in value of investment | | | (289.73) | | (289.73) | |
| (Aggregate Market Value of Quoted Investments Rs. 471.33 Lacs Previous Year Rs. 303.74 Lacs) | | | | 295.78 | | 291.22 |
| 2. Unquoted : | | | | | | |
| a. Equity Shares (Fully paid up) : | | | | | | |
| Shreno Ltd. | 2,54,171 | 100 | 200.26 | | 200.26 | |
| Alembic Export Ltd | 22,500 | 10 | 2.25 | | 2.25 | |
| Incozen Therapeutics Pvt Ltd. | 1000,000 | 10 | 300.00 | | 300.00 | |
| Sierra Invesments Ltd. | 100 | 10 | 0.01 | 502.52 | 0.01 | 502.52 |
| b. Preference shares (Fully paid up) : | | | | | | |
| 5% Non Cumulative Redeemable Preference Share of Pran Agro Services Pvt. Ltd. | 500 | 100 | | 0.50 | | 0.50 |
| c. In Subsidiary Company : | | | | | | |
| Alembic Global Holding SA | 1,00,000 | CHF 1 | | 33.62 | | 33.62 |
| d. Others : | | | | | | |
| Equity Shares (Fully paid up) : | | | | | | |
| Alembic Employees Co-op. Supply Society Ltd. | 100 | 10 | 0.01 | | 0.01 | |
| Algen Ltd | 4,007 | 10 | 0.40 | | 0.40 | |
| Less: Provision for diminution in value of Investment | | | (0.40) | | (0.40) | |
| Co- Operative Bank of Baroda Ltd. | 100 | 25 | 0.03 | | 0.03 | |
| Gujarat Export Corporation Ltd. | 407 | 100 | 1.14 | | 1.14 | |
| Pran Agro Services Pvt. Ltd. (Rs.170/- Previous Year. Rs.170/-) | 17 | 10 | - | | - | |
| Pragati Sahakari Bank Ltd. | 500 | 10 | 0.05 | | 0.05 | |
| Swaminarayan Co-op Bank Ltd. | 2,505 | 25 | 0.63 | | 0.63 | |
| Shivalik Solid Waste Management Ltd. | 18,000 | 10 | 1.80 | | 1.80 | |
| | | | | 3.66 | | 3.66 |

Schedules

FORMING PART OF THE BALANCE SHEET

F Investments (at cost) - Contd.

(Rs. in Lacs)

| As at 31st March | Nos. | Face Value Rs. | 2010 | | 2009 | |
|--|------|----------------|----------|--------|----------|--------|
| II. In Properties : | | | | | | |
| Equity Shares (Fully paid up) : | | | | | | |
| Baroda Industrial Development Corporation Ltd. | 6 | 1,000 | 0.06 | | 0.06 | |
| Ganesh Co-op. Housing Society Ltd. (Rs.100/- Previous Year. Rs.100/-) | 2 | 50 | - | | - | |
| Gujarat Urban Housing Company | 10 | 100 | 0.01 | | 0.01 | |
| Morning Star Co-op. Housing Society Ltd. (Rs.50/- Previous Year. Rs.50/-) | 1 | 50 | - | | - | |
| | | | | 0.07 | | 0.07 |
| III. Others : | | | | | | |
| 8% Optionally Convertible Note of XE Chem | | | 462.35 | | 462.35 | |
| International Inc. U.S.A. | | | | | | |
| Less : Provision for diminution in value of investment | | | (462.35) | - | (462.35) | - |
| | | | | 849.18 | | 844.62 |

Details of Purchase and Sales of Units During the Year :

| Particulars | No. of Units | | |
|---------------------------------|--------------|--|--|
| HSBC Ultra Short Term Bond Fund | 1,62,41,071 | | |
| Reliance Money Manager Fund | 2,94,878 | | |
| HDFC Liquid Fund | 61,34,241 | | |
| HDFC Cash Management Fund | 17,44,989 | | |

G Inventories : (Refer to Note No.1(e) pertaining to Accounting Policy) (As certified and valued by Management)

| As at 31st March | 2010 | | 2009 | |
|-------------------------|-----------|-----------|-----------|-----------|
| Stores & Spares | 618.02 | | 565.24 | |
| Packing Material | 1,124.01 | | 1,082.57 | |
| Raw Materials | 10,238.70 | 11,980.73 | 9,455.90 | 11,103.71 |
| Stock in Trade : | | | | |
| Finished goods | 11,381.64 | | 11,966.03 | |
| Material in process | 1,132.56 | 12,514.20 | 769.15 | 12,735.18 |
| | | 24,494.93 | | 23,838.89 |

H Sundry Debtors : (Unsecured considered good)

| As at 31st March | 2010 | | 2009 | |
|-----------------------|------|-----------|------|-----------|
| Over Six Months (Net) | | 1,127.09 | | 1,659.26 |
| Others | | 17,484.84 | | 18,230.99 |
| | | 18,611.93 | | 19,890.25 |

Schedules

FORMING PART OF THE BALANCE SHEET

I Cash and Bank Balances :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|--|--------|--------|----------|----------|
| Cash on hand | | 33.38 | | 39.02 |
| Bank Balances : | | | | |
| With Scheduled Banks | | | | |
| In Current Accounts | 54.04 | | 1,465.90 | |
| In Unpaid Dividend Accounts | 116.48 | | 1,14.58 | |
| In Deposit Accounts | 2.53 | 173.05 | 2.35 | 1,582.83 |
| With Other Banks | | | | |
| Pragati Sahakari Bank Ltd. | | | | |
| In Current Accounts | | 1.86 | | 9.26 |
| [Maximum balance during the year Rs.16.10 Lacs (PY.Rs.15.65 Lacs)] | | | | |
| | | 208.29 | | 1,631.11 |

J Loans and Advances : (Unsecured, considered good unless otherwise specified)

| As at 31st March | 2010 | | 2009 | |
|---|----------|-----------|---------|-----------|
| Advances recoverable in cash or in kind or for value to be received | | 5,048.64 | | 5,332.74 |
| Advances to Subsidiary | | - | | 1,322.53 |
| Staff Members & Corporates | | 4,975.35 | | 3,333.23 |
| Tender and Other Deposits | | 1,187.94 | | 1,515.20 |
| Income Tax / Wealth Tax / FBT Paid | 4,472.26 | | 3940.24 | |
| Less : Provision of Income Tax / Wealth Tax / FBT | 3,139.76 | 1,332.50 | 2763.83 | 1,176.41 |
| | | 12,544.43 | | 12,680.11 |

K Current Liabilities and Provisions :

| As at 31st March | 2010 | | 2009 | |
|--|------|-----------|------|-----------|
| A. CURRENT LIABILITIES: | | | | |
| Creditors : Dues to Micro and Small Enterprises | | 29.46 | | 3.46 |
| Other Creditors | | 18,652.39 | | 15,871.31 |
| Trade Deposits & Advances | | 1,257.79 | | 1,150.91 |
| Investor Education and Protection Fund shall be credited by: | | | | |
| Unclaimed Dividend | | 116.49 | | 114.59 |
| Unclaimed Matured Deposits | | 25.89 | | 9.80 |
| Unclaimed Interest on Matured Deposits | | 3.11 | | 3.79 |
| Interest accrued but not due | | 639.06 | | 617.62 |
| | | 20,724.19 | | 17,771.48 |
| B. PROVISIONS: | | | | |
| Provision for Gratuity | | 468.66 | | 265.74 |
| Provision for Leave Encashment | | 648.10 | | 515.76 |
| Proposed Dividend | | 667.58 | | 548.77 |
| Corporate Dividend Tax | | 113.46 | | 93.26 |
| | | 1,897.80 | | 1,423.53 |

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

L Sales and Income from Operations :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|-------------------------------|-----------|-------------|-----------|-------------|
| Sales : Domestic | 70,359.70 | | 67,831.36 | |
| Export | 31,710.96 | 1,02,070.66 | 43,241.00 | 1,11,072.36 |
| Export Incentives | | 1,134.68 | | 884.76 |
| | | 1,03,205.34 | | 1,11,957.12 |

M Other Income :

| For the year ended 31st March | 2010 | | 2009 | |
|--------------------------------------|--------|--------|--------|--------|
| a. Dividend : | | | | |
| Trade Investments | 12.94 | | - | |
| Others | 3.95 | 16.89 | 3.21 | 3.21 |
| b. Other Income : | | | | |
| Rent | 150.86 | | 91.80 | |
| Insurance Claims | 55.39 | | 92.35 | |
| Profit on sale of Fixed Assets (Net) | 29.51 | | 21.78 | |
| Profit on sale of Investment (Net) | - | | 1.41 | |
| Excess provision no longer required | - | | 7.37 | |
| Miscellaneous Income | 177.36 | 413.12 | 296.12 | 510.83 |
| | | 430.01 | | 514.04 |

N Raw Material & Packing Material Consumption :

| For the year ended 31st March | 2010 | | 2009 | |
|---|-----------|-----------|-----------|------------|
| Opening Stock | | 10,538.47 | | 10,278.41 |
| Add : Purchases | | 35,978.41 | | 43,575.79 |
| | | 46,516.88 | | 53,854.20 |
| Less : Closing Stock | | 11,362.71 | | 10,538.47 |
| | | 35,154.17 | | 43,315.73 |
| Less : Insurance claim received | | 103.16 | | 2.50 |
| | | 35,051.01 | | 43,313.23 |
| (Increase) / Decrease in Stock of Finished Goods and Material in Process : | | | | |
| Opening Stock : | | | | |
| Material in Process | 769.15 | | 1,222.43 | |
| Finished Goods | 11,966.03 | 12,735.18 | 8,440.06 | 9,662.49 |
| Less : Closing Stock : | | | | |
| Material in Process | 1,132.56 | | 769.15 | |
| Finished Goods | 11,381.64 | 12,514.20 | 11,966.03 | 12,735.18 |
| | | 220.98 | | (3,072.69) |

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

⊙ Manufacturing Expenses :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|--|------|----------|------|----------|
| Power and Fuel | | 3,398.12 | | 3,807.64 |
| Repairs and Maintenance of Machinery | | 684.72 | | 747.54 |
| Manufacturing and Labour Charges | | 1,366.72 | | 1,964.22 |
| Stores & Spares Consumption | | 1,497.22 | | 1,540.95 |
| Laboratory, Analytical and Technology Expenses | | 834.83 | | 965.15 |
| | | 7,781.61 | | 9,025.50 |

P Employees' Cost :

| For the year ended 31st March | 2010 | | 2009 | |
|---|------|-----------|------|-----------|
| Salaries, Wages, & Bonus | | 13,377.69 | | 11,998.94 |
| Contribution to Provident, Gratuity, E.S.I. and other Funds | | 896.07 | | 910.44 |
| Welfare Expenses | | 273.01 | | 259.82 |
| | | 14,546.77 | | 13,169.20 |

⊙ Research & Development Expenses :

| For the year ended 31st March | 2010 | | 2009 | |
|---|----------|----------|----------|----------|
| Material Consumption | | 823.93 | | 834.08 |
| Employees' Cost | | | | |
| Salaries, Wages, & Bonus | 1,728.30 | | 1,500.85 | |
| Contribution to Provident, Gratuity, E.S.I. and other Funds | 72.70 | 1,801.00 | 66.62 | 1,567.47 |
| Utilities - Power | | 161.54 | | 204.26 |
| Utilities - Others | | 114.02 | | 85.79 |
| Bio-Study Expense | | 597.22 | | 417.66 |
| Others | | 829.09 | | 920.74 |
| | | 4,326.80 | | 4,030.00 |

R Marketing & Selling Expenses :

| For the year ended 31st March | 2010 | | 2009 | |
|---|------|----------|------|----------|
| Marketing Expenses & Selling Commission | | 2,722.02 | | 2,527.84 |
| Publicity and Medical Literature | | 4,590.08 | | 4,299.67 |
| Freight and Forwarding Charges | | 1,903.97 | | 1,884.52 |
| | | 9,216.07 | | 8,712.03 |

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

S Other Expenses :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|-------------------------------------|--------|----------|--------|----------|
| Rent | | 191.41 | | 243.38 |
| Bank Charges and Brokerage | | 203.88 | | 215.11 |
| Rates and Taxes | | 389.06 | | 263.75 |
| Insurance | | 221.16 | | 234.87 |
| Communication Expenses | | 1,010.41 | | 989.31 |
| Professional Fees | | 947.27 | | 931.84 |
| Donations | | 117.23 | | 4.52 |
| Travelling | | 4,215.29 | | 3,520.91 |
| Repairs and Maintenance | | | | |
| Building and Roads | 202.27 | | 56.92 | |
| Others | 249.52 | 451.79 | 317.25 | 374.17 |
| Audit Fees and Expenses | | 43.18 | | 35.25 |
| Managerial Remuneration | | 644.18 | | 585.70 |
| Director Sitting Fees | | 5.70 | | 4.35 |
| Miscellaneous Expenses | | 529.67 | | 480.43 |
| Foreign Exchange Difference (Net) | | 51.36 | | - |
| Bad Debts Written off | 572.71 | | | - |
| Less : Bad Debts Provision Utilised | 435.21 | 137.50 | | - |
| Provision for Doubtful Debts | | 315.00 | | 345.00 |
| | | 9,474.09 | | 8,228.59 |

T Notes Forming Part of Accounts**I. SIGNIFICANT ACCOUNTING POLICIES:****A. Basis of Accounting**

The accounts are prepared as per historical cost convention and on accrual basis and are in conformity with mandatory Accounting Standards and relevant provisions of the Companies Act, 1956.

B. Fixed Assets

Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use, but excluding Cenvat/Service tax/Value Added Tax credit availed

Borrowing Cost directly attributable to acquisition / construction of fixed asset which necessarily take a substantial period of time to get ready for their intended use are capitalised.

C. Depreciation / Amortisation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956

Leasehold Land is amortized over the period of Lease. Depreciation on Research and Development Equipments. Acquired upto 31.03.2003 @ 100% Acquired from 01.04.2003 on Straight Line Method at the rate prescribed in schedule XIV of the Companies Act, 1956.

D. Investments

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair market value. Long Term Investments are stated at cost less provision, if any, for decline other than temporary in their value.

Investment in Subsidiary company are stated at cost of acquisition.

E. Inventories

All Inventories are valued at lower of cost and net realisable value.

Raw Materials, Stores and Spares & Packing Material are valued at lower of cost determined on weighted average basis and net realisable value.

Work in process is valued at lower of cost and net realisable value.

Finished Goods is valued at lower of cost including excise payable thereon and net realisable value.

Slow moving, Raw Materials, Stores & Spares are valued at estimated net realizable value.

F. Sales and Income from Operations

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales are inclusive of excise duty, but net of sales return, Service Tax, CST & Value Added Tax.

Export sales are recognized on the date of bill of lading / Airway bill.

Income from operations includes revenue earned, as per the terms agreed with the customers, from development of products and assignment of patent rights of Alembic IP.

G. R & D Expenses

All revenue expenses related to R & D including expenses in relation to development of product/ processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) are charged to the Profit & Loss Account in the year in which it is incurred.

H. Foreign Exchange Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates.

The difference in translation of monetary assets & liabilities and realized gains & losses on foreign exchange transaction are recognized in the Profit and Loss Account.

In respect of transactions covered by forward contracts, the difference between the contract rate and the rate on the date of the transactions is charged to Profit and Loss Account over the contract period.

T Notes to Accounts - Contd.**I. Employee benefits**

The gratuity liability is funded through the scheme administered by the Life Insurance Corporation of India, and the amounts paid / provided under the scheme are charged to Profit and Loss account.

Superannuation payable as per superannuation scheme is provided by payment to superannuation trust fund, administered by the ICICI Prudential Life Insurance Co.Ltd.

Accumulated leave liability as at the year end is provided as per actuarial valuation.

J. Deferred tax

Deferred Tax asset & liabilities are recognised as per Accounting Standard -22 on accounting for Taxes on Income, issued by Institute of Chartered Accountant of India.

K. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

(Rs. in Lacs)

| As at 31st March, | 2010 | 2009 |
|--|---------------|---------------|
| 2. Estimated amount of contracts remaining to be executed on capital accounts | 953.08 | 798.83 |
| 3. Contingent liabilities not provided for: | | |
| i Wage revision and reinstatement of employees and other demands | Unascertained | Unascertained |
| ii Letter of credit, Guarantees and counter guarantees | 4,412.35 | 1,582.81 |
| iii Liabilities Disputed in appeals: | | |
| Excise duty | 1,015.22 | 956.31 |
| Sales Tax | 446.14 | 452.81 |
| iv Claims against the company not acknowledged as debt | 114.10 | 94.35 |
| v Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import. | 34.93 | 34.93 |
| vi Income tax | 757.22 | 20.24 |
| vii Non fulfilment of export obligation against advance licence | 250.95 | 66.05 |
| viii Contingent liability in respect of US\$ 2 million being receipts against transfer of IP rights of a product developed by Company pending relevant approvals from the USFDA | 898.40 | - |

4. The Company has invested in Incozen Therapeutics Pvt. Ltd. an Indian Company promoted by and eminent scientist, engaged in Research & Development in pharmaceutical field. The Company has an equity investment of 50%; however, there being no 'significant influence' on that Company as envisaged in AS-23 issued by ICAI, the investment has been accounted for in terms of AS-13 "Accounting for Investments"

T Notes to Accounts - Contd.

5. (Rs. in Lacs)

| Defined benefit plans / compensated absences - As per actuarial valuation on 31st March | 2010 | 2009 | 2008 |
|---|------------------------|----------|----------|
| | Gratuity Funded | | |
| Expense recognised in the Statement of Profit & Loss Account for the year ended 31st March | | | |
| Current Service Cost | 156.55 | 150.00 | 121.54 |
| Interest Cost | 110.23 | 77.18 | 76.79 |
| Employer Contributions | - | - | 273.10 |
| Expected return on plan assets | (88.58) | (99.47) | (91.18) |
| Net Actuarial (Gains) / Losses | 24.72 | 175.55 | 77.90 |
| Past Service Cost | - | - | - |
| Settlement Cost | - | - | - |
| Total expense | 202.92 | 303.27 | 185.05 |
| Net Asset / (Liability) recognised in the Balance Sheet as at 31st March | | | |
| Present value of Defined Benefit Obligation | 1,462.01 | 1,336.07 | 1,102.59 |
| Fair value of plan assets | 993.35 | 1,070.33 | 1,140.12 |
| Funded status [Surplus / (Deficit)] | (468.66) | (265.74) | 37.53 |
| Net asset / (liability) | (468.66) | (265.74) | 37.53 |
| Change in Obligation during the year ended 31st March | | | |
| Present value of Defined Benefit Obligation at beginning of the year | 1,336.07 | 1,102.59 | 959.94 |
| Current Service Cost | 156.55 | 150.00 | 121.54 |
| Interest Cost | 110.23 | 77.18 | 76.79 |
| Settlement Cost | - | - | - |
| Past Service Cost | - | - | - |
| Employer Contributions | - | - | 273.10 |
| Actuarial (Gains) / Losses | 31.41 | 177.45 | 75.31 |
| Benefits Payments | (172.25) | (171.15) | (130.99) |
| Present value of Defined Benefit Obligation at the end of the year | 1,462.01 | 1,336.07 | 1,102.59 |
| Change in Assets during the year ended 31st March | | | |
| Plan assets at the beginning of the year | 1,070.33 | 1,140.12 | 909.41 |
| Assets acquired in amalgamation in previous year | - | - | - |
| Settlements | - | - | - |
| Expected return on plan assets | 88.58 | 99.47 | 91.18 |
| Contributions by Employer | - | - | 273.10 |
| Actual benefits paid | (172.25) | (171.15) | (130.99) |
| Actuarial (Gains) / Losses | 6.70 | 1.90 | (2.59) |
| Plan assets at the end of the year | 993.35 | 1,070.33 | 1,140.12 |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| | 2010 | 2009 | 2008 |
|---|-------------------------|-------------|-------------|
| | Gratuity Funded | | |
| Actuarial Assumptions: | | | |
| Discount Rate | 8.25% | 7.00% | 8.00% |
| Expected rate of return on plan assets | 9.00% | 9.00% | 9.30% |
| Mortality pre retirement | *LIC Rates | *LIC Rates | *LIC Rates |
| Mortality post retirement | NA | NA | NA |
| Turnover rate | 5% to 1% | 3% to 1% | 5% to 1% |
| Medical premium inflation | NA | NA | NA |
| Rate of escalation in salary (p.a.) | 4.75% | 4.00% | 5.00% |
| * LIC (1994-96) Published table of rates. | | | |
| Expense recognised in the Statement of Profit & Loss Account For the year ended 31st March | 2010 | 2009 | 2008 |
| | Leave Encashment | | |
| Current Service Cost | 104.77 | 95.74 | 83.21 |
| Interest Cost | 42.55 | 31.72 | 21.33 |
| Employer Contributions | - | - | - |
| Expected return on plan assets | - | - | - |
| Net Actuarial (Gains) / Losses | 80.39 | 72.02 | 175.34 |
| Past Service Cost | - | - | - |
| Settlement Cost | - | - | - |
| Total expense | 227.72 | 199.48 | 279.88 |
| Net Asset / (Liability) recognised in the Balance Sheet as at 31st March | | | |
| Present value of Defined Benefit Obligation | 575.72 | 515.76 | 453.10 |
| Fair value of plan assets | - | - | - |
| Funded status [Surplus / (Deficit)] | (575.72) | (515.76) | (453.10) |
| Net asset / (liability) | 575.72 | (515.76) | (453.10) |
| Change in Obligation during the year ended 31st March | | | |
| Present value of Defined Benefit Obligation at beginning of the year | 515.76 | 453.10 | 266.65 |
| Current Service Cost | 104.77 | 95.74 | 83.21 |
| Interest Cost | 42.55 | 31.72 | 21.33 |
| Settlement Cost | - | - | - |
| Past Service Cost | - | - | - |
| Employer Contributions | - | - | - |
| Actuarial (Gains) / Losses | 80.39 | 72.02 | 175.34 |
| Benefits Payments | (167.75) | (136.83) | (93.42) |
| Present value of Defined Benefit Obligation at the end of the year | 575.72 | 515.76 | 453.11 |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| | | |
|---|-----------------|-----------------|
| 6. Sundry Debtors are shown net of provision for doubtful debts Rs.2,305.87 lacs (Previous year Rs.2,426.08 lacs) | | |
| 7. Interest | 2010 | 2009 |
| Interest paid | | |
| Interest and Discounting Charges | 451.74 | 855.15 |
| Interest on Fixed Loans | 2,028.86 | 3,325.72 |
| Interest on Debentures | 1,113.34 | 810.00 |
| Less: Interest received {T.D.S.Rs. 31.40 Lacs PY Rs.139.89 Lacs } | 588.61 | 984.74 |
| | (Net) | 3,005.33 |
| | | 4,006.13 |
| 8. a. The Company enters into Currency Swaps to hedge against fluctuation in changes in exchange rate and interest rates as on 31st March, 2010 | | |
| No. of Contracts | | 1 |
| Notional Principal (1 Contract) | USD 2.50 | Million |
| b. The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are as follows: | | |
| 1. Amount receivable in foreign currency on account of the following | | |
| - Export of Goods and Services | USD 18.00 | Million |
| | GBP 0.76 | Million |
| | EUR 1.60 | Million |
| - Advance to Suppliers | USD 0.19 | Million |
| | EUR 0.02 | Million |
| | CHF 0.002 | Million |
| - Investments Receivables | | NIL |
| 2. Amount payable in foreign currency on account of the following | | |
| - Purchase of Goods and Services | USD 6.96 | Million |
| | EUR 0.25 | Million |
| | JPY 0.03 | Million |
| - Advance from Customers | USD 0.91 | Million |
| | EUR 0.01 | Million |
| | GBP 0.0001 | Million |
| - Loans payable | USD 10.50 | Million |
| - Interest payable on Loans | USD 0.06 | Million |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| 9. Based on information / documents available with the Company, Sundry Creditors include: | | |
|---|-----------------------------------|--------------------------------|
| a) Amounts due to small scale undertakings (Total Amount) | | 29.46 |
| b) Amount overdue on account of principal and / or interest | | 14.19 |
| c) Amount outstanding together with interest for more than 45 days | | 9.99 |
| As per requirement of Section 22 of Micro, small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable | | |
| (a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year | | 29.46 |
| (ii) The interest due on above | | 0.58 |
| Total of (i) and (ii) above | | 30.04 |
| (b) Amount of interest paid by the buyer in terms of section 18 of the Act | | - |
| (c) The amounts of payment made to the supplier beyond the due date | | - |
| (d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act. | | - |
| 10. Break up of deferred tax assets / liabilities are as under. | | |
| As at 31st March, | 2010 | 2009 |
| Deferred Tax Assets | | |
| Provision for Diminution in value of Investment | 259.47 | 259.47 |
| Provision for Doubtful debts | 783.77 | 824.62 |
| Deferred Revenue Expenses | 53.18 | 106.36 |
| Intangible Asset | 2,535.62 | 3,380.99 |
| Others | 588.33 | 340.64 |
| | 4,220.37 | 4,912.08 |
| Deferred Tax Liabilities | | |
| Depreciation | 5,604.42 | 5,553.15 |
| | 5,604.42 | 5,553.15 |
| Total | 1,384.05 | 641.07 |
| 11. Segment Reporting | | |
| Primary Segment | | |
| The Company has identified "Pharmaceuticals" as the only primary reportable segment. | | |
| In view of the inter-woven/inter-mixed nature of business and manufacturing facility, other secondary segmental information is not ascertainable. | | |
| 12. Disclosures in respect of Related Parties pursuant to Accounting Standard - AS 18 - issued by the Institute of Chartered Accountants of India are as follows. | | |
| List of Related Parties with whom the Company has entered into transactions during the year. | | |
| (a) Controlling Companies: There is no controlling Company | | |
| (b) Subsidiary and Fellow Subsidiary: There is one Subsidiary Company called Alembic Global Holding SA. | | |
| (c) Associate Companies: | | |
| 1. Purak Vinimay Ltd. | 2. Sierra Investment Ltd. | 3. Paushak Ltd. |
| 4. Aavaran Ltd. | 5. Light Publications Ltd. | 6. Alembic Exports Ltd. |
| 7. Nirayu Pvt. Ltd. | 8. Viramya Packlight Ltd. | 9. Whitefield Chemtech P. Ltd. |
| 10. Shreno Ltd | 11. Incozen Therapeutics Pvt Ltd. | 12. Quick Flight Limited |
| 13. Rizen Pharmaceuticals | 14. Sierra Health Care | |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

(d) Key Management personnel

| | | |
|---|-------------------|---|
| 1 | Shri C .R. Amin | Chairman and Managing Director |
| 2 | Smt M.C. Amin | Whole-time Director |
| 3 | Shri R. K. Baheti | Director, President-Finance & Company Secretary |
| 4 | Shri Pranav Amin | Director & President-International Business |

(e) Relatives of Key Management Personnel :

| | | | |
|---|----------------------|----|----------------------|
| 1 | Shri S.C.Amin | 6 | Ms. Shreya Mukherjee |
| 2 | Shri U.C.Amin | 7 | Ms. Yera Amin |
| 3 | Ms. Jyoti Patel | 8 | Mrs. Barkha P Amin |
| 4 | Ms.Ninochaka Kothari | 9 | Ms.Samira Amin |
| 5 | Shri Anup Kothari | 10 | Shri Babubhai Patel |

During the year, the following transactions were carried out with related parties and relative of Key Management Personnel in the ordinary course of the business

| For the year ended on 31st March, | Associates | | Key Management Personnel | |
|-----------------------------------|------------|----------|--------------------------|--------|
| | 2010 | 2009 | 2010 | 2009 |
| i) Purchase of Goods/DEPB | | | | |
| Individually more than 10% | 424.87 | 415.89 | - | - |
| Others | 47.79 | - | - | - |
| ii) Sale of Goods/DEPB | | | | |
| Individually more than 10% | 57.93 | 16.67 | - | - |
| Others | - | - | - | - |
| iii) Purchase of Fixed Assets | | | | |
| Individually more than 10% | 259.53 | 835.97 | - | - |
| Others | - | - | - | - |
| iv) Rendering of services | | | | |
| Individually more than 10% | 586.41 | 586.89 | - | - |
| Others | 0.53 | 0.06 | - | - |
| v) Receiving of services | | | | |
| Individually more than 10% | 986.06 | 743.67 | - | - |
| Others | 56.37 | 31.07 | - | - |
| vi) Rent Paid | | | | |
| Individually more than 10% | 42.33 | 31.10 | - | - |
| Others | - | - | - | - |
| vii) Rent Received | | | | |
| Individually more than 10% | 4.51 | 4.07 | - | - |
| Others | 0.55 | 0.27 | - | - |
| viii) Interest Paid | | | | |
| Individually more than 10% | - | 11.87 | - | - |
| Others | - | - | - | - |
| ix) Interest Received | | | | |
| Individually more than 10% | 470.07 | 409.41 | - | - |
| Others | 56.89 | 97.75 | - | - |
| x) Dividend Paid | | | | |
| Individually more than 10% | 267.63 | 1,044.90 | 33.22 | 124.57 |
| Others | 4.78 | 2.87 | - | - |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| For the year ended on 31st March, | Associates | | Key Management Personnel | |
|---|------------|--------------|---------------------------------------|--------|
| | 2010 | 2009 | 2010 | 2009 |
| x) Dividend Received | | | | |
| Individually more than 10% | 12.94 | - | - | - |
| Others | - | - | - | - |
| xii) Loans Given | | | | |
| Individually more than 10% | 5,908.00 | 12,649.00 | - | - |
| Others | 10.00 | 70.00 | - | - |
| xiii) Loans Received | | | | |
| Individually more than 10% | - | 430.00 | - | - |
| Others | - | - | - | - |
| xiv) Managerial Remuneration | | | | |
| Salary | - | - | 545.38 | 497.70 |
| Provident fund and others | - | - | 52.10 | 47.22 |
| Superannuation | - | - | 46.70 | 40.78 |
| Commission | - | - | - | - |
| xv) Invest in Share capital | | | | |
| Individually more than 10% | - | 300.00 | - | - |
| Others | - | - | - | - |
| xvi) Outstanding balance as at 31st March, | | | | |
| Advances | 89.84 | 95.93 | - | - |
| Creditors | 254.47 | 39.36 | - | - |
| Loans Given | 4,806.00 | 3,220.00 | - | - |
| Deposit Given | 760.00 | 1,110.00 | - | - |
| Loan Received | - | - | - | - |
| Investment | 793.50 | 788.94 | - | - |
| Year ended on 31st March | | | Relatives of Key Managerial Personnel | |
| | | | 2010 | 2009 |
| i) Dividend Paid | | | 20.45 | 76.68 |
| ii) Salary Paid | | | 73.25 | 62.20 |
| 13. Earning Per Share (EPS) | | | | |
| Year ended on 31st March | | 2010 | 2009 | |
| a) Profit after tax but before Non -Recurring Items available for equity shareholders. | | 2,068.41 | 1,480.33 | |
| b) Profit after Tax available for equity shareholders | | 2,068.41 | 728.25 | |
| c) Weighted Average number of equity shares | | 13,49,58,149 | 13,83,39,838 | |
| d) Basic and Diluted Earnings per share before Non-Recurring Items. (Face value per share Rs.2/- each) | | 1.53 | 1.07 | |
| e) Basic and Diluted Earnings per share after Non-Recurring Items. (Face value per share Rs.2/- each) | | 1.53 | 0.53 | |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| 14. Auditors Fees and Expenses include remuneration to: | | | | |
|---|----------|-----------------|----------|----------|
| Year ended on 31st March | | 2010 | | 2009 |
| (a) Statutory Auditors:- | | | | |
| As Auditors | | 18.00 | | 15.00 |
| In Other Capacity:- | | | | |
| (i) Other Services | | 20.38 | | 16.00 |
| (ii) Reimbursement of expenses | | 1.18 | | 0.96 |
| (b) Cost Auditors :- | | | | |
| (i) As Cost Auditors | | 1.25 | | 1.25 |
| (ii) Other Services | | 0.58 | | 0.39 |
| (c) Tax Auditor : | | | | |
| (i) Tax Audit Fee | | 1.65 | | 1.65 |
| (ii) Other Services | | 0.15 | | - |
| | | 43.18 | | 35.25 |
| 15. Managerial Remuneration: | | | | |
| Salary and Allowances | | 545.38 | | 497.70 |
| Contribution to Provident and other Funds | | 52.10 | | 47.22 |
| Contribution to Superannuation Fund | | 46.70 | | 40.78 |
| Commission | | - | | - |
| Computation of net profit under section 198 read with section 309 of the Companies Act, 1956. | | | | |
| | 2010 | | 2009 | |
| | Rs. | Rs. | Rs. | Rs. |
| Net Profit for the year as per Profit and Loss Account | | 2,068.41 | | 728.25 |
| Add : | | | | |
| Provision for Income Tax | 389.25 | | 270.00 | |
| Short provision of Income tax | - | | 76.54 | |
| Depreciation | 4,301.90 | | 3,830.56 | |
| Managerial Remuneration | 644.18 | | 585.70 | |
| Diminution in value of Investments | - | | 752.08 | |
| Directors Sitting Fees | 5.70 | 5,341.03 | 4.35 | 5,519.23 |
| | | 7,409.44 | | 6,247.48 |
| Less : | | | | |
| Deffered Tax | 102.23 | | 3.11 | |
| Excess provision of Income Tax w/back | - | | 512.37 | |
| Excess provision of Income tax no longer required | - | | 7.37 | |
| Depreciation as per Section 350 of the Companies Act, 1956 | 4,301.90 | | 3,830.56 | |
| Profit on sale of assets | 6.54 | 4,410.67 | - | 4,353.41 |
| Net Profit * | | 2,998.77 | | 1,894.07 |
| 10% of the Net Profit i.e.maximum remuneration payable to Managerial Personnel. | | 299.88 | | 189.40 |
| * The remuneration paid to Managerial Personnel is in excess of the remuneration based on computation of net profit under Section 198 read with Section 309 of the Companies Act, 1956 .by Rs. 344.30 Lacs The Company is in process of seeking an approval from the Central Government for the excess remuneration paid. | | | | |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| 16. Additional information required under Schedule VI to the Companies Act, 1956 (as certified by Director). | | | | | | | |
|---|----------------|-----------------------------------|------------------------------------|--------------------|---------------------|--------------------|---------------------|
| (A) Material Consumption: | | | | | | | |
| | | For the year ended on 31st March, | | | | | |
| | | 2010 | | 2009 | | | |
| Name of Materials | Unit | Quantity | Amount Rs. | Quantity | Amount Rs. | | |
| a) Basic | | | | | | | |
| Antibiotics | B.U. | 92,921 | | 86,833 | | | |
| | Kg | 6,73,618 | 10,988.76 | 8,06,704 | | 19,371.18 | |
| Chemical and Other Drugs | Kg. | 3,56,04,582 | | 33,344,756 | | | |
| | Ltrs. | 61,28,357 | 17,540.48 | 5,375,232 | | 18,361.38 | |
| b) Packing Material | - | | 4,678.00 | - | | 4,345.00 | |
| c) Others (Which in value individually account for less than 10% of the total Value of Raw Materials Consumed) | - | | 1,843.77 | - | | 1,235.67 | |
| Total | | | 35,051.01 | | | 43,313.23 | |
| (B) Installed capacities, Actual production, Opening Stock and Closing Stock of Finished Products produced and purchased. | | | | | | | |
| Class of Goods | Unit | Annual installed Capacity | *Actual production during the Year | Opening Stock Qty. | Opening Stock Value | Closing Stock Qty. | Closing Stock Value |
| Bulk Drugs and Chemical and Intermediates | MMU/ | # | 2,925.792 | 101.770 | 5,716.24 | 132.889 | 5,624.00 |
| | MT | (#) | (2,857.969) | (69.954) | (3,346.47) | (101.770) | (5,716.24) |
| Formulations : | | | | | | | |
| a) Tablets and capsules | Million | 4,653.000 | 2,680.765 | 251.073 | 2,405.01 | 267.133 | 1,972.46 |
| | Nos. | (4,653.000) | (2,411.449) | (290.719) | (2,062.91) | (251.073) | (2,405.01) |
| b) Injectables | Million | - * * * | 76.227 | 13.502 | 1,119.36 | 8.509 | 751.17 |
| | Nos. | - * * * | (75.473) | (17.848) | (1,010.56) | (13.502) | (1,119.36) |
| c) Oral Preparation and Ointments | M.T | 10,182.616 | 8,400.505 | 1,424.792 | 1,730.07 | 1,184.295 | 1,330.88 |
| | | (10,182.616) | (8,289.300) | (1,285.935) | (1,378.18) | (1,424.792) | (1,730.07) |
| d) Others | | - | - | | 1,764.50 | | 2,835.69 |
| | | - | - | | (1,864.36) | | (1,764.50) |
| Others: | | | | | | | |
| Electric Power Generation | | | | | | | |
| Wind Mill | | 5.00 | | | | | |
| @ Co-Generation Plant | | 12.60 | | | | | |
| | M.W | 17.60 | ** | - | - | - | - |
| | | (17.60) | (**) | - | - | - | - |
| Total | | | | 1,791.137 | 12,735.18 | 1,592.826 | 12,514.20 |
| | | | | (1,664.456) | (9,662.48) | (1,791.137) | (12,735.18) |
| * Including production on loan licence basis, captive consumption, samples and purchases of finished products. | | | | | | | |
| ** Entire generation of electricity is for captive consumption only. | | | | | | | |
| # Installed Capacity : The Installed capacity is flexible as the plant is versatile, enabling the Company to produce in different capacity and therefore, it varies depending upon the product programme. | | | | | | | |
| @ The Company has filed necessary Memorandum with Secretariate of Industrial Approval for generating electricity | | | | | | | |
| *** Entire production is on loan license basis. | | | | | | | |

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

| (C) Purchase of Finished Goods : | | | | | |
|--|--------------------|-----------|--------------------|-----------|--------------------|
| For the year ended on 31st March | | 2010 | | 2009 | |
| Class of Goods | Unit | Quantity | Amount Rs. | Quantity | Amount Rs. |
| Pharmaceutical Preparations | Million Nos. /M.T. | 4,931.851 | 11,736.58 | 5,012.536 | 13,861.45 |
| (D) Turnover: | | | | | |
| Bulk Drugs, Chemicals and Intermediates | MMU/ M.T. | - | - | - | - |
| Formulations : | | | | | |
| Tablets and Capsules | Million Nos. | 2,379.120 | 46,183.75 | 2,325.595 | 41,268.34 |
| Injectables | Million Nos. | 69.744 | 9,306.59 | 59.313 | 8,539.27 |
| Oral Preparation and Ointments | M.T | 7,272.378 | 17,776.03 | 8,114.195 | 17,724.74 |
| Total (Gross Rs.) | | | 1,02,070.66 | | 1,11,072.36 |
| (E) Income / Expenditure in Foreign Currency | | | | | |
| Year ended on 31st March, | | | 2010 | 2009 | |
| Income | | | | | |
| Export (FOB basis) | | | 31,255.37 | 42,725.53 | |
| Expenditure | | | | | |
| Raw Materials (CIF basis) | | | 10,241.88 | 17,631.94 | |
| Packing Material ,Components and Spare parts (CIF basis) | | | 252.53 | 325.36 | |
| Capital Goods (CIF basis) | | | 59.12 | 176.67 | |
| Know How | | | - | 4.48 | |
| Professional and Consultancy Fees | | | 251.65 | 202.10 | |
| Interest | | | 302.52 | 548.54 | |
| Foreign travelling | | | 136.80 | 143.31 | |
| Commission on Export | | | 637.03 | 757.70 | |
| Subscription, Publicity and other matters | | | 667.19 | 621.64 | |
| Salary | | | 518.70 | 518.48 | |
| Rent | | | 45.97 | 44.04 | |
| F) Break up of Imported /Indigenous Material | | | | | |
| (a) Value of imported raw materials, spares parts and components consumed | | | 8,945.09 | 16,963.35 | |
| (b) Value of indigenous raw materials, spare parts and components consumed | | | 27,603.14 | 27,890.83 | |
| (c) Percentage of above to total consumption: | | | | | |
| (i) Imported raw materials, spare parts and components consumed | | | 24% | 38% | |
| (ii) Indigenous raw materials, spare parts and components consumed | | | 76% | 62% | |
| 17. Figure shown in brackets are corresponding figure of previous year. | | | | | |
| 18. Previous Year's figures have been regrouped/re-arranged wherever necessary. | | | | | |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN

Chartered Accountants Chairman & Managing Director

MALIKA C. AMIN

Whole-time Director

PRANAV AMIN

Director

DR. B.R. PATEL

Director

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Firm Registration No. 100186W

Mumbai : 6th May, 2010

PARESH SARAIYA

Director

MILIN MEHTA

Director

R.K. BAHETIDirector, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Cash Flow

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES

(Rs. in Lacs)

| For the Year ended 31st March | 2010 | | 2009 | |
|--|----------|-------------------|------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Net Profit before tax and non-recurring items: | | 2,355.43 | | 1,311.39 |
| Add: | | | | |
| 1. Depreciation | 4,301.90 | | 3,830.56 | |
| 2. Interest Paid | 3,593.94 | | 4,990.87 | |
| 3. Year End Foreign exchange Conversion (Net) | 51.36 | 7,947.20 | 3,507.17 | 12,328.60 |
| Less: | | | | |
| 1. Interest Received | 588.61 | | 984.74 | |
| 2. Dividend Received | 16.89 | | 3.21 | |
| 3. Profit on sale of Fixed Assets (Net) | 29.51 | | 21.78 | |
| 4. Profit on sale of Investments (Net) | - | 635.01 | 1.41 | 1,011.14 |
| Operating profit before change in working capital | | 9,667.62 | | 12628.85 |
| Changes in Working Capital | | | | |
| Add / (Less) : | | | | |
| 1. Inventories | (656.04) | | (3,557.69) | |
| 2. Trade payable | 3,585.69 | | 1,693.25 | |
| 3. Trade receivables | 233.77 | | 5,174.68 | |
| 4. Loans and Advances | 172.48 | 3,335.90 | (3,345.13) | (34.89) |
| Cash generated from operation | | 13,003.52 | | 12,593.96 |
| Add / (Less) : | | | | |
| 1. Income Tax (Net) | | (261.66) | | (313.25) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES (A) | | 12,741.86 | | 12,280.71 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| 1. Sale of Fixed Assets | 41.57 | | 25.19 | |
| 2. Interest Received | 424.22 | | 766.64 | |
| 3. Dividend Received | 16.89 | 482.68 | 3.21 | 795.04 |
| Less: | | | | |
| 1. Purchase of Fixed Assets | 2,827.99 | | 6,170.53 | |
| 2. Purchase of Investments (Net) | 4.56 | 2,832.55 | 189.49 | 6,360.02 |
| NET CASH UTILISED IN INVESTING ACTIVITIES (B) | | (2,349.87) | | (5,564.98) |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES: | | | | |
| Inflow : | | | | |
| 1. Proceeds from borrowings (Net) | - | | 465.50 | |
| | | - | | 465.50 |

Cash Flow

STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES

Contd.

(Rs. in Lacs)

| For the Year ended 31st March | 2010 | | 2009 | |
|---|----------|--------------------|----------|-------------------|
| Outflow: | | | | |
| Less: | | | | |
| 1. Proceeds of Shares Buy Back | 1,575.26 | | 396.76 | |
| 2. Reduction in borrowings (Net) | 6,033.61 | | - | |
| 3. Interest paid | 3,573.18 | | 4,618.41 | |
| 4. Dividend Paid | 540.57 | | 2,047.63 | |
| 5. Corporate Dividend Tax Paid | 92.19 | 11,814.81 | 352.96 | 7,415.76 |
| NET CASH GENERATED IN FINANCIAL ACTIVITIES (C) | | (11,814.81) | | (6,950.26) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | (1,422.82) | | (234.53) |
| Cash and Cash Equivalents as at 31/03/2009 | | 1,631.11 | | 1,865.64 |
| Cash and Cash Equivalents as at 31/03/2010 | | 208.29 | | 1,631.11 |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN
Chartered Accountants Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV AMIN
Director

DR. B.R. PATEL
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. 100186W
Mumbai : 6th May, 2010

PARESH SARAIYA
Director

MILIN MEHTA
Director

R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Balance Sheet Abstract

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's Business Profile

(Rs. in Lacs)

| For the Year ended 31st March | 2010 | 2009 |
|---|-------------|-------------|
| 1 Registration Details: | | |
| Registration No. 04-0033 | | |
| State code No. 4 | | |
| Balance sheet date 31.03.2010 | | |
| 2 Capital raised during the year : | | |
| Public Issue | Nil | Nil |
| Right Issue | Nil | Nil |
| Bonus Issue | Nil | Nil |
| Private Placement | | |
| a) Equity Shares | Nil | Nil |
| b) Preference Shares | Nil | Nil |
| Preference Shares Application Money | Nil | Nil |
| Equity shares issued without payment being received in cash | Nil | Nil |
| 3 Position of mobilisation and deployment of funds: | | |
| Total liability | 96,416.94 | 1,00,079.22 |
| Total Assets | 96,416.94 | 1,00,079.22 |
| Paid up capital | 2670.40 | 2,743.93 |
| Reserve & Surplus | 28,902.93 | 29,955.13 |
| Deferred Tax Liability | 1,384.05 | 641.07 |
| Secured Loans | 24,931.30 | 21,576.34 |
| Unsecured Loans | 15,906.27 | 25,967.74 |
| Net Fixed Assets | 39,318.46 | 40,477.95 |
| Capital Work in Progress | 389.72 | 716.29 |
| Deferred Tax Asset | - | - |
| Investments | 849.18 | 844.62 |
| Net current Assets | 33,237.59 | 38,845.35 |
| Accumulated Losses | Nil | Nil |
| 4 Performance of Company: | | |
| Turnover and Export incentives | 1,02,151.29 | 1,10,196.56 |
| Total Expenditure | 1,00,225.87 | 1,09,399.21 |
| Profit Before Tax | 2,355.43 | 559.31 |
| Profit After Tax | 2,068.41 | 728.25 |
| Earning Per Share | 1.53 | 0.53 |
| Dividend rate % | 25% | 20% |

Balance Sheet Abstract

ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

Balance Sheet Abstract - Contd.

(Rs. in Lacs)

| For the Year ended 31st March | | | 2010 | 2009 |
|-------------------------------|---|--|------|------|
| 5 | Generic names of three principal products of Company: | | | |
| | Item Code No. (ITC Code) | Product Description | | |
| | 300420 | 03 Erythromycin Formulations | | |
| | 300410 | 00 Penicillin & Combination Formulations | | |
| | 300420 | 03 Roxithromycin Formulations | | |
| | | | | |
| | | | | |

As per our report of even date

For K. S. AIYAR & CO.

Chartered Accountants

CHIRAYU R. AMIN

Chairman & Managing Director

MALIKA C. AMIN

Whole-time Director

PRANAV AMIN

Director

DR. B.R. PATEL

Director

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Firm Registration No. 100186W

Mumbai : 6th May, 2010

PARESH SARAIYA

Director

MILIN MEHTA

Director

R.K. BAHETI

Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

STATEMENT PURSUANT TO SECTION 212 OF
THE COMPANIES ACT, 1956

(Rs. in Lacs)

| Name of the Subsidiary | ALEMBIC GLOBAL HOLDING SA |
|---|----------------------------------|
| 1 Accounting year of the Subsidiary ended on | 31.12.2009 |
| 2 Share of the Subsidiary held by the Company on above date. | |
| (a) Number | 100,000 |
| (b) Extent of holding | 100% |
| 3 Net aggregate amount of profit of the subsidiary for above accounting period, of the subsidiary so far as they concern the members of company: | |
| (a) dealt with in account of the Company for the year ended on 31.03.2010 | - |
| (b) not dealt with in account of the Company for the year ended on 31.03.2010 | 1,885.37 |
| 4 Net aggregate amount of profit of the subsidiary for previous financial year of the subsidiary since it becomes a Subsidiary so far as they concern the members of company: | |
| (a) dealt with in account of the Company for the year ended on 31.03.2009 | - |
| (b) not dealt with in account of the Company for the year ended on 31.03.2009 | - |

CHIRAYU R. AMIN
Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV AMIN
Director

DR. B.R. PATEL
Director

PARESH SARAIYA
Director

MILIN MEHTA
Director

R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Directors' Report

To
The Members,

Your Directors present the 2nd Annual Report on the working of the Company with the Audited Accounts, simulation (without provisions) for the year ended on 31st December, 2009.

1. Financial Results:

The company achieved profit before taxation of CHF 4.9 Million during the year ended on 31st December, 2009 against the loss of CHF 0.028 Million in previous year. The Company achieved a net profit of CHF 4.6 Million during the year ended on 31st December, 2009.

2. Dividend

No dividend was paid during the year under review.

3. Principal Activities:

Alembic Global Holding SA, Neuchatel, Switzerland is wholly owned subsidiary of Alembic Limited, India. The company was incorporated with objective of purchase, sale, packaging, manufacturing, research and development of pharmaceutical products, intermediates and raw materials as well as acquisition and management of intellectual property.

4. Operations:

The Company achieved total sales of CHF 27.14 Million for the year under review. The profit before depreciation was CHF 5.36 Million against a loss of CHF 0.028 Million in previous year.

5. Directors:

Mr. Chirayu R. Amin and Mr. Charles Buhlmann are the Directors of the Company.

6. Auditors:

M/s. Fiduciaire Barrelet SA are the statutory auditors of the Company. They have audited the annual accounts for the year ended 31st December, 2009 and given their report. The report was approved by the Board.

7. Directors' Responsibility Statement:

The Directors state that:

- i) In preparation of the Financial Statements for the year, the applicable Accounting Standards have been followed.
- ii) Suitable accounting policies have been selected and consistently applied and reasonable and prudent judgments have been made so as to give true and fair view of the state of affairs of the Company as on 31st December, 2009 and profit of the Company for the year ended on that date.
- iii) Proper and sufficient care for maintenance of adequate accounting records has been taken so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- iv) The Annual Accounts have been prepared on going concern basis.

Date: March 29, 2010

Charles Buhlmann
Director

Auditors' Report

Report of the statutory auditors on the limited statutory examination to the general meeting of Alembic Global Holding SA, La Chaux-de-Fonds

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Alembic Global Holding SA for the year ended December 31, 2009.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operation all processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Neuchâtel, March 29, 2010

Fiduciaire Barrelet SA
Agnès Barrelet
Auditor in charge

Balance Sheet

Profit And Loss Account

| Balance Sheet as of December 31, 2009 | 2009 | 2008 |
|---|----------------------|------------------|
| | CHF | CHF |
| ASSETS | | |
| Current assets | | |
| Liquid Assets | 1,650,413.72 | 21,590.97 |
| Trade accounts receivable | 3,440,591.06 | - |
| Creditors - Prepaid expenses | | |
| - Group Companies | 4,222,622.11 | - |
| Current account group companies | 992,328.94 | - |
| | 10,305,955.83 | 21,590.97 |
| Fixed assets | | |
| Financial fixed assets | | |
| Investments | 50,000.00 | 50,000.00 |
| Intangible fixed assets | | |
| Incorporation costs | 2,100.00 | 2,800.00 |
| | 52,100.00 | 52,800.00 |
| TOTAL ASSETS | 10,358,055.83 | 74,390.97 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Trade accounts payable | 5,376,528.94 | 1,653.90 |
| Accrued liabilities, exchange risk | 4,728.00 | 1,500.00 |
| Shareholder account | 301,928.65 | - |
| | 5,683,185.59 | 3,153.90 |
| Shareholders' equity | | |
| Share capital | 100,000.00 | 100,000.00 |
| Profit carry forward | (28,762.93) | - |
| Profit/Loss (-) for the period | 4,603,633.17 | (28,762.93) |
| | 4,674,870.24 | 71,237.07 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 10,358,055.83 | 74,390.97 |

| Profit And Loss Account | 2009 | 2008 |
|--------------------------------------|---------------|-------------|
| For The Year Ended December 31, | CHF | CHF |
| Sales | 27,138,772.09 | - |
| Total Sales | 27,138,772.09 | - |
| Material Purchase | 21,747,678.30 | - |
| Total Material | 21,747,678.30 | - |
| Gross Margin | 5,391,093.79 | - |
| Expenses | | |
| Rights and taxes | - | 1,375.00 |
| Administration fees | 8,264.56 | 3,153.90 |
| Consulting fees | 17,247.00 | 18,137.90 |
| Director fees | 4,304.00 | 5,380.00 |
| Bank charges | 729.65 | 16.13 |
| | 30,545.21 | 28,062.93 |
| Profit / (loss) before depreciation | 5,360,548.58 | (28,062.93) |
| Depreciation | 700.00 | 700.00 |
| Currency gain (-) / loss | 453,616.06 | - |
| Profit / (loss) before income taxes | 4,906,232.52 | (28,762.93) |
| Accrual Taxes | 302,599.35 | - |
| Net Profit / loss (-) for the period | 4,603,633.17 | (28,762.93) |

Notes To The Financial Statements 2009

(in Swiss Francs)

Investments

| Company | Share capital | Interest in capital in % |
|---------------------------|---------------|--------------------------|
| Rhizen Pharmaceuticals SA | 100000 | 50 |

Auditors' Report

To

The Board of Directors of Alembic Limited

We have examined the attached Consolidated Balance Sheet of Alembic Limited ('the Company') and its Subsidiary as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate unaudited financial statements of the Subsidiary Company included in the consolidated financial statements.

The financial statement of the Subsidiary reflecting total assets of Rs.3,252.63 Lacs, Company's share in Revenue of Rs 1,663.04 Lacs, in Profit of Rs.1,885.37 Lacs and cash inflows of Rs.2,167.35 Lacs in the consolidated financial statement are audited by other auditors for the Calendar year 2009 and increase in total assets of Rs.440.92 Lacs Company's share in Revenue of Rs.917.32 Lacs, in Profit of Rs.64.52 Lacs and cash inflows of Rs.1,411.69 Lacs for the quarter ended on 31st March, 2010 in the consolidated financial statement are unaudited and we have relied upon the unaudited financial statements as provided by the Company's Management for the purpose of our examination of Consolidated financial statements of the Group.

On the basis of the information and explanation given to us and on the consideration of the separate audit report of the company and unaudited financial statement of aforesaid Subsidiary read together with our remark above, we are of the opinion that:

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company as at 31st March, 2010;
- b) The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of the Company for the year then ended; and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company for the year then ended.

Place: Mumbai
Dated: 6th May, 2010

For **K. S. Aiyar & Co.**
Chartered Accountants
Raghuvir M. Aiyar
Partner
Membership No. 38128
Firm Registration No. 100186W

Balance Sheet

(Rs. in Lacs)

| As at 31st March | Schedules | 2010 | | 2009 | |
|---|-----------|------------------|------------------|-----------|-----------|
| I. SOURCES OF FUNDS : | | | | | |
| I. Shareholders' Funds : | | | | | |
| a. Capital | A | 2,670.40 | | 2,743.93 | |
| b. Reserves and Surplus | B | 31,141.75 | 33,812.15 | 30,308.58 | 33,052.51 |
| 2. Foreign Currency Translation Reserve | | | (83.53) | | 48.19 |
| 3. Loan Funds : | | | | | |
| a. Secured Loans | C | 24,931.30 | | 21,576.34 | |
| b. Unsecured Loans | D | 15,906.27 | 40,837.57 | 25,967.74 | 47,544.08 |
| 4. Deferred Tax Liability | | | 1,384.05 | | 641.07 |
| | | | 75,950.24 | | 81,285.85 |
| II. APPLICATION OF FUNDS : | | | | | |
| I. Fixed Assets : | | | | | |
| a. Gross Block | E | 71,235.35 | | 68,179.48 | |
| b. Less : Depreciation | | 31,915.89 | | 27,700.28 | |
| c. Net Block | | | 39,319.46 | | 40,479.20 |
| d. Capital work in progress | | | 389.72 | | 716.29 |
| 2. Investments : | F | | 836.77 | | 833.28 |
| 3. Current Assets, Loans and Advances : | | | | | |
| a. Inventories | G | 24,494.93 | | 23,838.89 | |
| b. Sundry Debtors | H | 19,286.72 | | 21,300.35 | |
| c. Cash and Bank Balances | I | 2,385.11 | | 1,640.58 | |
| d. Loans and Advances | J | 12,956.86 | 59,123.62 | 12,716.73 | 59,496.55 |
| Less : Current Liabilities and Provisions : | K | | | | |
| a. Liabilities | | 21,821.53 | | 18,815.94 | |
| b. Provisions | | 1,897.80 | 23,719.33 | 1,423.53 | 20,239.47 |
| Net Current Assets | | | 35,404.29 | | 39,257.08 |
| | | | 75,950.24 | | 81,285.85 |
| Notes Forming Part of Accounts | T | | | | |
| The schedules referred to above form an integral part of Balance Sheet | | | | | |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN
Chartered Accountants Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV AMIN
Director

DR. B.R. PATEL
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. 100186W
Mumbai : 6th May, 2010

PARESH SARAIYA
Director

MILIN MEHTA
Director

R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Profit and Loss Account

(Rs. in Lacs)

| For the Year ended 31st March | Schedules | 2010 | | 2009 | |
|---|-----------|-------------|-------------|-------------|-------------|
| INCOME : | | | | | |
| Sales and Income from Operation | L | 1,14,868.38 | | 1,13,367.23 | |
| Less : Excise Duty | | 1,054.05 | 1,13,814.33 | 1,760.56 | 1,11,606.67 |
| Other Income | M | | 430.01 | | 514.04 |
| | | | 1,14,244.34 | | 1,12,120.71 |
| EXPENDITURE : | | | | | |
| Material Consumption | N | | 35,051.01 | | 43,313.23 |
| Purchase of Finished Goods | | | 21,264.56 | | 14,876.23 |
| Excise Duty | | | 564.73 | | 788.04 |
| Manufacturing Expenses | O | | 7,781.61 | | 9,025.50 |
| Employee's Expenses | P | | 14,546.77 | | 13,169.20 |
| Research & Development Expenses | Q | | 4,326.80 | | 4,030.00 |
| Marketing & Distribution Expenses | R | | 9,216.07 | | 8,712.03 |
| Others | S | | 9,583.18 | | 8,241.15 |
| | | | 1,02,334.73 | | 1,02,155.38 |
| ADD/(LESS) : Decrease/(Increase) in stock of Finished Goods and Work in Process | N | | 220.98 | | (3,072.69) |
| | | | 1,02,555.71 | | 99,082.69 |
| OPERATING PROFIT | | | 11,688.63 | | 13,038.02 |
| Interest (Net) | | | 3,005.33 | | 4,006.13 |
| Depreciation | | | 4,302.22 | | 3,830.87 |
| Foreign Exchange Difference (Net) | | | - | | 3,536.18 |
| PROFIT BEFORE NON-RECURRING ITEMS AND TAXES | | | 4,381.08 | | 1,664.84 |
| Less : Provision for Diminution in Investment | | | - | | 752.08 |
| PROFIT BEFORE TAXES | | | 4,381.08 | | 912.76 |
| Less/(Add) : Provision for Deferred Tax | | | (102.23) | | (3.11) |
| Less/(Add) : Provision for Current Tax | | | 516.53 | | 50.00 |
| Less/(Add) : Provision for Fringe Benefit Tax & Wealth Tax | | | 13.00 | | 220.00 |
| Less/(Add) : Excess provision of Income Tax no longer required (Net) | | | - | | (435.83) |
| PROFIT AFTER TAX | | | 3,953.78 | | 1,081.70 |
| ADD/LESS : | | | | | |
| Balance brought forward from last year | | | 7,589.60 | | 7,972.76 |
| BALANCE AVAILABLE FOR APPROPRIATION | | | 11,543.38 | | 9,054.46 |
| APPROPRIATIONS : | | | | | |
| Debenture Redemption Reserve | | | 791.70 | | 750.00 |
| Dividend - Equity Shares | | | 667.58 | | 548.77 |
| Corporate Dividend Tax - Equity Shares | | | 113.46 | | 93.26 |
| Excess Provision of Dividend Earlier Years | | | 6.30 | | |
| Excess Provision of Corporate Dividend Tax Earlier Years | | | 1.07 | | |
| General Reserve | | | 206.84 | | 72.83 |
| SURPLUS CARRIED TO BALANCE SHEET | | | 9,771.17 | | 7,589.60 |
| | | | 11,543.38 | | 9,054.46 |
| Earning per Share (Basic & Diluted) (In Rs.) | | | | | |
| - Before Non-Recurring Items | | | 2.93 | | 1.33 |
| - After Non-Recurring Items | | | 2.93 | | 0.78 |
| Notes Forming Part of Accounts | T | | | | |
| The schedules referred to above form an integral part of Profit and Loss Account | | | | | |

As per our report of even date

For K. S. AIYAR & CO. CHIRAYU R. AMIN
Chartered Accountants Chairman & Managing Director

RAGHUVIR M. AIYAR
Partner

Membership No. 38128
Firm Registration No. 100186W
Mumbai : 6th May, 2010

MALIKA C. AMIN
Whole-time Director
PARESH SARAIYA
Director

PRANAV AMIN
Director
MILIN MEHTA
Director

DR. B.R. PATEL
Director
R.K. BAHETI
Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

A Share Capital

(Rs. in Lacs)

| As at 31st March | | 2010 | 2009 |
|-----------------------------|--|-----------------|----------|
| AUTHORISED | | | |
| 22,50,00,000 | Equity Shares of Rs. 2/- each (Previous Year 22,50,00,000 Equity Shares of Rs.2/- each) | 4,500.00 | 4,500.00 |
| 5,00,000 | Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 5,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each) | 500.00 | 500.00 |
| | | 5,000.00 | 5,000.00 |
| ISSUED, SUBSCRIBED : | | | |
| 13,84,64,270 | Equity Shares of Rs. 2/- each (Previous Year 13,84,64,270 Equity Shares of Rs.2/- each) | 2,769.29 | 2,769.29 |
| | | 2,769.29 | 2,769.29 |
| PAID UP : | | | |
| 13,35,15,914 | Fully paid up Equity Shares of Rs. 2/- each (Previous Year 13,71,92,061 Equity Shares of Rs.2/- each) | 2,670.31 | 2,743.84 |
| | Add : 9,365 Forfeited Equity Shares of Rs. 2/- each (Previous Year 9,365 Equity Shares of Rs.2/- each) (Amount originally paid up) | 0.09 | 0.09 |
| | | 2,670.40 | 2,743.93 |
| Of the above : | | | |
| (1) 6,39,300 | Equity Shares of Rs.2/- each (Previous Year 6,39,300 Equity Shares of Rs.2/- each) have been allotted as fully paid up pursuant to contract without payment being received in cash. | | |
| (2) 9,20,36,620 | Equity Shares of Rs. 2/- each (Previous Year 9,20,36,620 Equity Shares of Rs.2/- each) have been allotted as fully paid up Bonus Shares by Capitalisation of Rs.7,00,000/- from Share Premium Account, Rs.16,83,50,000/- from Capital Redemption Reserve and Rs.1,50,23,240/- from General Reserve. | | |
| (3) 33,45,450 & 7,24,240 | Equity shares of Rs. 2/- each (Previous Year 33,45,450 & 7,24,240 of Rs.2/- each) fully paid, were allotted to the Shareholders of erstwhile Neomer Ltd., & Darshak Ltd., respectively, pursuant to the Scheme of amalgamation / merger without payment being received in cash. | | |
| (4) | <p>In terms of decision of the Board of Directors dated November 14, 2008 the Company offered to buy back its equity shares of face value of Rs.2/- each, upto a maximum amount of Rs.3300 lacs at a maximum price of Rs.55/- per share through the methodology of "Open market purchases through stock exchanges" using the electronic trading facilities of the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). After completion of regulatory formalities, the Company commenced the buy back on December 8, 2008.</p> <p>Till 13/11/2009 (Completion date of buy back programme), the Company bought back 49,38,991 equity shares (about 82% of targeted buyback of 60,00,000 shares) at an average price of Rs.39.93 for a total consideration of Rs.1972.02 lacs which is about 60% of the total buy-back size of Rs.3300 lacs. In terms of provisions of Section 77A of the Companies Act, 1956 and SEBI (Buy-back of Securities) Regulations, 1998. The Company has extinguished all the bought back shares. All the necessary formalities for completion of buy-back programme have been complied with.</p> | | |

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

B Reserves and Surplus :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|---|-----------|-----------|-----------|-----------|
| CAPITAL RESERVE : | | | | |
| As per last Balance Sheet | | 65.00 | | 65.00 |
| CAPITAL REDEMPTION RESERVE : | | | | |
| As per last Balance Sheet | 25.26 | | - | |
| Add: Transfer from General Reserve for Buy back | 73.53 | | 25.26 | |
| | | 98.79 | | 25.26 |
| DEBENTURE REDEMPTION RESERVE : | | | | |
| As per last Balance Sheet | 750.00 | | - | |
| Add: Transferred from Profit & Loss Account | 791.70 | | 750.00 | |
| | | 1,541.70 | | 750.00 |
| SHARE PREMIUM ACCOUNT : | | | | |
| As per last Balance Sheet | | 4,057.47 | | 4,057.47 |
| GENERAL RESERVE : | | | | |
| As per last Balance Sheet | 17,821.25 | | 19,272.12 | |
| Less : Utilised for Equity Shares Buy Back | 1,575.26 | | 396.76 | |
| Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court | 845.21 | | 1,126.94 | |
| Add: Transferred from Profit & Loss Account | 206.84 | 15,607.62 | 72.83 | 17,821.25 |
| PROFIT AND LOSS ACCOUNT : | | | | |
| Surplus as per Profit & Loss Account | | 9,771.17 | | 7,589.60 |
| | | 31,141.75 | | 30,308.58 |

C Secured Loans :

| As at 31st March | 2010 | | 2009 | |
|--|------|-----------|------|-----------|
| A. From Financial Institutions, Banks and NBFC : | | | | |
| 1. 10.80% Non Convertible Debentures | | 7,500.00 | | 7,500.00 |
| (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| (Redeemable in three equal instalments commencing from June 2010) | | | | |
| 2. 9.25% Non Convertible Debentures | | 5,000.00 | | |
| (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| (Redeemable at the end of third year in July 2012 and September 2012) | | | | |
| 3. Foreign Currency Loans : | | 4,425.81 | | 7,053.11 |
| External Commercial Borrowing (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) | | | | |
| [Due within one year Rs. 1,475.27 lacs (P. Y. Rs. 2,182.16 lacs)] | | | | |
| | | 16,925.81 | | 14,553.11 |
| B. From Banks for Working Capital : | | 8,005.49 | | 7,023.23 |
| Against first hypothecation charge on stocks and book-debts ranking pari-passu with other lenders | | | | |
| | | 24,931.30 | | 21,576.34 |

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

D Unsecured Loans :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|---|-----------------|------------------|-----------|-----------|
| Fixed Deposits From : | | | | |
| Public | 4,914.09 | | 3,345.03 | |
| Shareholders | 30.00 | 4,944.09 | 45.85 | 3,390.88 |
| (Due within one year Rs. 1,431.99 lacs (P. Y. Rs. 1,012.50 lacs) | | | | |
| Short Term Loans From : | | | | |
| Banks | 1450.78 | | 14,062.61 | |
| (Due within one year Rs. 1,450.78 lacs (P. Y. Rs. 2,700 lacs) | | | | |
| Others | 11.40 | 1,462.18 | 14.25 | 14,076.86 |
| (Due within one year Rs. 2.85 lacs (P. Y. Rs. 2.85 lacs) | | | | |
| Commercial Paper (Maximum outstanding during the year Rs. 20,000 lacs. (P. Y. Rs. 15,000 lacs) | | 9,500.00 | | 8,500.00 |
| | | 15,906.27 | | 25,967.74 |

E Fixed Assets

| Assets | Gross Block | | | | Depreciation Block | | | | Net Block | |
|------------------------|----------------------------|------------------|-----------------------------------|----------------------------|----------------------------|-----------------------------------|---|----------------------------|----------------------------|----------------------------|
| | As on 01.04.2009 Rs. | Additions Rs. | Deductions/ Adjustments Rs. | As on 31.03.2010 Rs. | As on 01.04.2009 Rs. | Deductions/ Adjustments Rs. | Total Depreciation for the period ended 31.03.2010 Rs. | As on 31.03.2010 Rs. | As on 31.03.2010 Rs. | As on 31.03.2009 Rs. |
| Freehold Land | 251.43 | - | - | 251.43 | - | - | - | - | 251.43 | 251.43 |
| Leasehold Land | 1,634.78 | - | - | 1,634.78 | 13.68 | - | 16.61 | 30.29 | 1,604.49 | 1,621.10 |
| Buildings | 9,286.50 | 343.03 | 0.51 | 9,629.02 | 1357.10 | 0.23 | 291.25 | 1,648.12 | 7,980.90 | 7,929.40 |
| Employees Quarters | 89.38 | - | - | 89.38 | 58.70 | - | 1.17 | 59.87 | 29.51 | 30.68 |
| Plant and Machinery | 48,844.69 | 2,118.47 | 48.21 | 50,914.95 | 22,248.00 | 39.31 | 3,379.57 | 25,588.27 | 25,326.68 | 26,596.69 |
| R & D Equipment | 6,217.04 | 576.67 | - | 6,793.71 | 3,262.24 | - | 470.04 | 3,732.28 | 3,061.43 | 2,954.80 |
| Furniture & Fixtures | 774.42 | 38.14 | - | 812.56 | 339.30 | - | 38.64 | 377.94 | 434.62 | 435.12 |
| Office Machinery | 555.62 | 63.25 | 41.56 | 577.31 | 158.38 | 40.68 | 60.58 | 178.28 | 399.03 | 397.24 |
| Vehicles | 524.06 | 14.92 | 8.40 | 530.58 | 262.57 | 6.40 | 44.04 | 300.21 | 230.37 | 261.49 |
| Pre-Operative Expenses | 1.56 | 0.07 | - | 1.63 | 0.31 | - | 0.32 | 0.63 | 1.00 | 1.25 |
| Total | 68,179.48 | 3,154.55 | 98.68 | 71,235.35 | 27,700.28 | 86.62 | 4,302.22 | 31,915.89 | 39,319.46 | 40,479.20 |
| | (60,549.89) | (7651.36) | (21.77) | (68,179.48) | (23,887.79) | (18.36) | (3,830.87) | (27,700.28) | (40,479.20) | |

Notes:

1. Sales proceeds are deducted from gross cost where cost is unascertainable
2. Buildings : Include Rs.2,500/- (Rs.2,500/-) being cost of bonds of Morning Star Co.- Op. Housing Society Ltd.
3. No Depreciation has been claimed on assets to the extent of Cenvat claimed

* Figures brackets are in respect of the previous year

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

F Investments (at cost)

(Rs. in Lacs)

| As at 31st March | Nos. | Face Value Rs. | 2010 | 2009 |
|---|-----------|----------------|----------|----------|
| LONG TERM INVESTMENTS | | | | |
| I. In Shares, Debentures and Bonds : | | | | |
| 1. Quoted : | | | | |
| a. Bonds | | | | |
| 12% Industrial Finance Corporation of India (Maturity date 13.01.2012) (Face Value Rs. 12,77,500/-) | 1,277 | 1,000 | 13.03 | 13.03 |
| | | | 13.03 | 13.03 |
| b. Equity Shares (Fully paid up) : | | | | |
| Jyoti Ltd. | 84,900 | 10 | 1.43 | 1.43 |
| Panasonic Battery India Ltd. | 72,824 | 10 | 14.12 | 14.12 |
| Paushak Ltd. (11,517 shares acquired during the year) | 6,10,615 | 10 | 280.08 | 275.52 |
| Purak Vinimay Ltd. | 1,09,000 | 10 | 10.90 | 10.90 |
| Less:- Provision for diminution in value of Investment | | | (10.90) | (10.90) |
| Krebs Biochemicals Ltd | 100 | 10 | 0.15 | 0.15 |
| Xechem International Inc., USA | 91,42,857 | | 289.73 | 289.73 |
| Less : Provision for diminution in value of investment | | | (289.73) | (289.73) |
| (Aggregate Market Value of Quoted Investments Rs. 471.33 Lacs Previous Year Rs. 303.74 Lacs) | | | 295.78 | 291.22 |
| 2. Unquoted : | | | | |
| a. Equity Shares (Fully paid up) : | | | | |
| Shreno Ltd. | 2,54,171 | 100 | 200.26 | 200.26 |
| Alembic Export Ltd | 22,500 | 10 | 2.25 | 2.25 |
| Incozen Therapeutics Pvt Ltd. | 10,00,000 | 10 | 300.00 | 300.00 |
| Sierra Invesments Ltd. | 100 | 10 | 0.01 | 0.01 |
| | | | 502.52 | 502.52 |
| b. Preference shares (Fully paid up) : | | | | |
| 5% Non Cumulative Redeemable Preference Share of Pran Agro Services Pvt. Ltd. | 500 | 100 | 0.50 | 0.50 |
| c. Others : | | | | |
| Equity Shares (Fully paid up) : | | | | |
| Alembic Employees Co-op. Supply Society Ltd. | 100 | 10 | 0.01 | 0.01 |
| Algen Ltd | 4,007 | 10 | 0.40 | 0.40 |
| Less:- Provision for diminution in value of Investment | | | (0.40) | (0.40) |
| Co- Operative Bank of Baroda Ltd. | 100 | 25 | 0.03 | 0.03 |
| Rhizen Pharmaceuticals SA | 50,000 | CHF 1 | 21.21 | 22.28 |
| Gujarat Export Corporation Ltd. | 407 | 100 | 1.14 | 1.14 |
| Pran Agro Services Pvt. Ltd. (Rs.170/- Previous Year: Rs.170/-) | 17 | 10 | - | - |
| Pragati Sahakari Bank Ltd. | 500 | 10 | 0.05 | 0.05 |
| Swaminarayan Co-op Bank Ltd. | 2,505 | 25 | 0.63 | 0.63 |
| Shivalik Solid Waste Management Ltd. | 18,000 | 10 | 1.80 | 1.80 |
| | | | 24.87 | 25.94 |

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

F Investments (at cost) - Contd.

(Rs. in Lacs)

| As at 31st March | Nos. | Face Value Rs. | 2010 | | 2009 | |
|--|---------------------|----------------|----------|------|----------|--------|
| II. In Properties : | | | | | | |
| Equity Shares (Fully paid up) : | | | | | | |
| Baroda Industrial Development Corporation Ltd. | 6 | 1,000 | 0.06 | | 0.06 | |
| Ganesh Co-op. Housing Society Ltd. (Rs.100/- Previous Year. Rs.100/-) | 2 | 50 | - | | - | |
| Gujarat Urban Housing Company | 10 | 100 | 0.01 | | 0.01 | |
| Morning Star Co-op. Housing Society Ltd. (Rs.50/- Previous Year. Rs.50/-) | 1 | 50 | - | 0.07 | - | 0.07 |
| III. Others : | | | | | | |
| 8% Optionally Convertible Note of XE Chem International Inc. U.S.A. | | | 462.35 | | 462.35 | |
| Less : Provision for diminution in value of investment | | | (462.35) | - | (462.35) | - |
| | | | 836.77 | | | 833.28 |
| Details of Purchase and Sales of Units During the Year : | | | | | | |
| Particulars | No. of Units | | | | | |
| HSBC Ultra Short Term Bond Fund | 1,62,41,071 | | | | | |
| Reliance Money Manager Fund | 2,94,878 | | | | | |
| HDFC Liquid Fund | 61,34,241 | | | | | |
| HDFC Cash Management Fund | 17,44,989 | | | | | |

G Inventories :

| As at 31st March | 2010 | | 2009 | |
|-------------------------|-----------|-----------|-----------|-----------|
| Stores & Spares | 618.02 | | 565.24 | |
| Packing Material | 1,124.01 | | 1,082.57 | |
| Raw Materials | 10,238.70 | 11,980.73 | 9,455.90 | 11,103.71 |
| Stock in Trade : | | | | |
| Finished Goods | 11,381.64 | | 11,966.03 | |
| Material in Process | 1,132.56 | 12,514.20 | 769.15 | 12,735.18 |
| | | 24,494.93 | | 23,838.89 |

H Sundry Debtors : (Unsecured considered good)

| As at 31st March | 2010 | | 2009 | |
|-----------------------|------|-----------|------|-----------|
| Over Six Months (Net) | | 1,127.09 | | 1,659.26 |
| Others | | 18,159.63 | | 19,641.09 |
| | | 19,286.72 | | 21,300.35 |

Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

I Cash and Bank Balances :

(Rs. in Lacs)

| As at 31st March | 2010 | | 2009 | |
|--|----------|----------|----------|----------|
| Cash on hand | | 33.38 | | 39.02 |
| Bank Balances : | | | | |
| With Scheduled Banks | | | | |
| In Current Accounts | 2,230.86 | | 1,475.37 | |
| In Unpaid Dividend Accounts | 116.48 | | 114.58 | |
| In Deposit Accounts | 2.53 | 2,349.87 | 2.35 | 1,592.30 |
| With Other Banks | | | | |
| Pragati Sahakari Bank Ltd. | | | | |
| In Current Accounts | | 1.86 | | 9.26 |
| (Maximum balance during the year Rs.16.10 Lacs P.Y.Rs.15.65 Lacs) | | | | |
| | | 2,385.11 | | 1,640.58 |

J Loans and Advances : (Unsecured, considered good unless otherwise specified)

| As at 31st March | 2010 | | 2009 | |
|---|----------|-----------|----------|-----------|
| Advances recoverable in cash or in kind or for value to be received | | 5,589.15 | | 6,691.89 |
| Staff Members & Corporates | | 4,975.35 | | 3,333.23 |
| Tender and Other Deposits | | 1,187.94 | | 1,515.20 |
| Income Tax / Wealth Tax / FBT Paid | 4,472.26 | | 3,940.24 | |
| Less : Provision of Income Tax / Wealth Tax / FBT | 3,267.84 | 1,204.42 | 2,763.83 | 1,176.41 |
| | | 12,956.86 | | 12,716.73 |

K Current Liabilities and Provisions :

| As at 31st March | 2010 | | 2009 | |
|---|------|-----------|------|-----------|
| A. CURRENT LIABILITIES | | | | |
| Creditors : Dues to Micro and Small Enterprises | | 29.46 | | 3.46 |
| Other Creditors | | 19,749.73 | | 16,915.77 |
| Trade Deposits & Advances | | 1,257.79 | | 1,150.91 |
| Investor Education and Protection Fund shall be credited by : | | | | |
| Unclaimed Dividend | | 116.49 | | 114.59 |
| Unclaimed Matured Deposits | | 25.89 | | 9.80 |
| Unclaimed Interest on Matured Deposits | | 3.11 | | 3.79 |
| Interest accrued but not due | | 639.06 | | 617.62 |
| | | 21,821.53 | | 18,815.94 |
| B. PROVISIONS: | | | | |
| Provision for Gratuity | | 468.66 | | 265.74 |
| Provision for Leave encashment | | 648.10 | | 515.76 |
| Proposed Dividend | | 667.58 | | 548.77 |
| Corporate Dividend Tax | | 113.46 | | 93.26 |
| | | 1,897.80 | | 1,423.53 |

Schedules

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

L Sales and Income from Operations :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|-------------------------------|-----------|-------------|-----------|-------------|
| Sales: Domestic | 70,359.70 | | 67,831.36 | |
| Export | 43,374.00 | 1,13,733.70 | 44,651.11 | 1,12,482.47 |
| Export Incentives | | 1,134.68 | | 884.76 |
| | | 1,14,868.38 | | 1,13,367.23 |

M Other Income :

| For the year ended 31st March | 2010 | | 2009 | |
|--------------------------------------|--------|--------|--------|--------|
| (a) Dividend : | | | | |
| Trade Investments | 12.94 | | - | |
| Others | 3.95 | 16.89 | 3.21 | 3.21 |
| (b) Other Income : | | | | |
| Rent | 150.86 | | 91.80 | |
| Insurance Claims | 55.39 | | 92.35 | |
| Profit on sale of Fixed Assets (Net) | 29.51 | | 21.78 | |
| Profit on sale of Investment (Net) | - | | 1.41 | |
| Excess provision no longer required | - | | 7.37 | |
| Miscellaneous Income | 177.36 | 413.12 | 296.12 | 510.83 |
| | | 430.01 | | 514.04 |

N Raw Material & Packing Material Consumption :

| For the year ended 31st March | 2010 | | 2009 | |
|---|-----------|-----------|-----------|------------|
| Opening Stock | | 10,538.47 | | 10,278.41 |
| Add : Purchases | | 35,978.41 | | 43,575.79 |
| | | 46,516.88 | | 53,854.20 |
| Less : Closing Stock | | 11,362.71 | | 10,538.47 |
| | | 35,154.17 | | 43,315.73 |
| Less : Insurance claim received | | 103.16 | | 2.50 |
| | | 35,051.01 | | 43,313.23 |
| (Increase)/Decrease in Stock of Finished Goods and Material in Process : | | | | |
| Opening Stock : | | | | |
| Material in Process | 769.15 | | 1,222.43 | |
| Finished Goods | 11,966.03 | 12,735.18 | 8,440.06 | 9,662.49 |
| Less : Closing Stock : | | | | |
| Material in Process | 1,132.56 | | 769.15 | |
| Finished Goods | 11,381.64 | 12,514.20 | 11,966.03 | 12,735.18 |
| | | 220.98 | | (3,072.69) |

Schedules

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

⊙ Manufacturing Expenses :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|--|------|----------|------|----------|
| Power and Fuel | | 3,398.12 | | 3,807.64 |
| Repairs and Maintenance of Machinery | | 684.72 | | 747.54 |
| Manufacturing and Labour Charges | | 1,366.72 | | 1,964.22 |
| Stores & Spares Consumption | | 1,497.22 | | 1,540.95 |
| Laboratory, Analytical and Technology Expenses | | 834.83 | | 965.15 |
| | | 7,781.61 | | 9,025.50 |

Ⓟ Employees' Cost :

| For the year ended 31st March | 2010 | | 2009 | |
|---|------|-----------|------|-----------|
| Salaries, Wages, & Bonus | | 13,377.69 | | 11,998.94 |
| Contribution to Provident, Gratuity, E.S.I. and other Funds | | 896.07 | | 910.44 |
| Welfare Expenses | | 273.01 | | 259.82 |
| | | 14,546.77 | | 13,169.20 |

Ⓞ Research & Development Expenses :

| For the year ended 31st March | 2010 | | 2009 | |
|---|----------|----------|----------|----------|
| Material Consumption | | 823.93 | | 834.08 |
| Employees' Cost | | | | |
| Salaries, Wages, & Bonus | 1,728.30 | | 1,500.85 | |
| Contribution to Provident, Gratuity, E.S.I. and other Funds | 72.70 | 1,801.00 | 66.62 | 1,567.47 |
| Utilities - Power | | 161.54 | | 204.26 |
| Utilities - Others | | 114.02 | | 85.79 |
| Bio-Study Expense | | 597.22 | | 417.66 |
| Others | | 829.09 | | 920.74 |
| | | 4,326.80 | | 4,030.00 |

Ⓡ Marketing & Selling Expenses :

| For the year ended 31st March | 2010 | | 2009 | |
|---|------|----------|------|----------|
| Marketing Expenses & Selling Commission | | 2,722.02 | | 2,527.84 |
| Publicity and Medical Literature | | 4,590.08 | | 4,299.67 |
| Freight and Forwarding Charges | | 1,903.97 | | 1,884.52 |
| | | 9,216.07 | | 8,712.03 |

Schedules

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

S Other Expenses :

(Rs. in Lacs)

| For the year ended 31st March | 2010 | | 2009 | |
|-------------------------------------|--------|----------|--------|----------|
| Rent | | 191.41 | | 243.38 |
| Bank Charges and Brokerage | | 204.24 | | 215.17 |
| Rates and Taxes | | 389.06 | | 264.36 |
| Insurance | | 221.16 | | 234.87 |
| Communication Expenses | | 1010.41 | | 989.31 |
| Professional Fees | | 958.95 | | 940.88 |
| Donations | | 117.23 | | 4.52 |
| Travelling | | 4,215.29 | | 3,520.91 |
| Repairs and Maintenance | | | | |
| Building and Roads | 202.27 | | 56.92 | |
| Others | 249.52 | 451.79 | 317.25 | 374.17 |
| Audit Fees and Expenses | | 43.64 | | 35.70 |
| Managerial Remuneration | | 644.18 | | 585.70 |
| Director Sitting Fees | | 7.61 | | 6.75 |
| Miscellaneous Expenses | | 529.67 | | 480.43 |
| Foreign Exchange Difference (Net) | | 146.04 | | - |
| Bad Debts Written off | 572.71 | | | - |
| Less : Bad Debts Provision Utilised | 435.21 | 137.50 | | - |
| Provision for Doubtful Debts | | 315.00 | | 345.00 |
| | | 9,583.18 | | 8,241.15 |

Schedules

FORMING PART OF THE CONSOLIDATED ACCOUNTS

T Notes Forming Part of Consolidated Financial Statements:

1. BASIS OF PREPARATION :

The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard 21 (AS) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

2. PRINCIPLES OF CONSOLIDATION :

A) The CFS comprise the financial statement of Alembic Limited (The Holding Company) and its Subsidiary. The Financial Statements of both companies are in line with generally accepted accounting principles in India.

B) Inter company transactions have been eliminated on consolidation.

3. COMPANIES INCLUDE IN CONSOLIDATION :

| SUBSIDIARY | COUNTRY OF INCORPORATION | PROPORTION OF OWNERSHIP INTEREST AS ON 31.03.2010 |
|---------------------------|--------------------------|---|
| Alembic Global Holding SA | Switzerland | 100% |

4. ACCOUNTING POLICIES:

The accounting policies of the Holding company and that of its subsidiary are similar and as per generally accepted accounting principles in India.

5. TRANSLATION OF ACCOUNTS:

In Consolidated Accounts, the Accounts of subsidiary company have been translated into INR considering as non-integral operations of the company as prescribed under AS-11 "foreign currency transaction"

6. EPS:

(Rs in Lacs)

| | Year ended 31.03.2010 | Year ended 31.03.2009 |
|---|--------------------------|--------------------------|
| Profit after tax but before Non Recurring Items available for equity shareholders | 3,953.78 | 1,833.78 |
| Profit after tax available for equity shareholders | 3,953.78 | 1,081.70 |
| Weighted average numbers of equity shares | 1,34,958,149 | 13,83,39,838 |
| Basic and diluted Earnings per share before Non-Recurring Items (Face Value per share Rs 2/- each) | 2.93 | 1.33 |
| Basic and diluted Earnings per share after Non-Recurring Items (Face Value per share Rs 2/- each) | 2.93 | 0.78 |

As per our report of even date

For K. S. AIYAR & CO.

Chartered Accountants

CHIRAYU R. AMIN

Chairman & Managing Director

MALIKA C. AMIN

Whole-time Director

PRANAV AMIN

Director

DR. B.R. PATEL

Director

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 6th May, 2010

PARESH SARAIYA

Director

MILIN MEHTA

Director

R.K. BAHETI

Director, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

Cash Flow

CONSOLIDATED STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES

(Rs. in Lacs)

| For the Year ended 31st March | 2010 | | 2009 | |
|--|-----------------|-------------------|------------|------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Net Profit before tax and non-recurring items: | | 4,381.08 | | 1,664.84 |
| Add: | | | | |
| 1. Depreciation | 4,302.22 | | 3,830.87 | |
| 2. Interest Paid | 3,593.94 | | 4,990.87 | |
| 3. Year End Foreign Exchange Conversion (Net) | 146.04 | | 3,536.18 | |
| 4. Foreign Currency Translation Reserve | (93.39) | 7,948.81 | 48.19 | 12,406.11 |
| Less: | | | | |
| 1. Interest Received | 588.61 | | 984.74 | |
| 2. Dividend Received | 16.89 | | 3.21 | |
| 3. Profit on sale of Fixed Assets (Net) | 29.51 | | 21.78 | |
| 4. Profit on sale of Investments (Net) | - | 635.01 | 1.41 | 1011.14 |
| Operating profit before change in working capital | | 11,694.88 | | 13,059.81 |
| Changes in Working Capital | | | | |
| Add / (Less) : | | | | |
| 1. Inventories | (656.04) | | (3,557.69) | |
| 2. Trade payable | 2,184.10 | | 2,737.71 | |
| 3. Trade receivables | 969.08 | | 3,764.58 | |
| 4. Loans and Advances | 1,119.20 | 3,616.34 | (3,381.75) | (437.15) |
| Cash generated from operation | | 15,311.22 | | 12,622.66 |
| Add / (Less) : | | | | |
| 1. Income Tax (Net) | | (401.94) | | (313.25) |
| NET CASH INFLOW FROM OPERATING ACTIVITIES (A) | | 14,909.28 | | 12,309.41 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| 1. Sale of Fixed Assets | 41.57 | | 25.19 | |
| 2. Interest Received | 424.22 | | 766.64 | |
| 3. Dividend Received | 16.89 | 482.68 | 3.21 | 795.04 |
| Less: | | | | |
| 1. Purchase of Fixed Assets | 2,828.06 | | 6,172.09 | |
| 2. Purchase of Investments (Net) | 4.56 | 2,832.62 | 178.15 | 6,350.24 |
| NET CASH UTILISED IN INVESTING ACTIVITIES (B) | | (2,349.94) | | (5,555.20) |

Cash Flow

CONSOLIDATED STATEMENT OF CASH FLOW PREPARED PURSUANT TO THE LISTING AGREEMENT WITH STOCK EXCHANGES

Contd.

(Rs. in Lacs)

| For the Year ended 31st March | 2010 | | 2009 | |
|---|----------|--------------------|----------|-------------------|
| C. CASH FLOW FROM FINANCIAL ACTIVITIES: | | | | |
| Inflow : | | | | |
| 1. Proceeds from borrowings (Net) | - | | 436.49 | |
| Outflow : | | - | | 436.49 |
| Less: | | | | |
| 1. Proceeds of Shares Buy Back | 1,575.26 | | 396.76 | |
| 2. Reduction in borrowings (Net) | 6,033.61 | | - | |
| 3. Interest paid | 3,573.18 | | 4,618.41 | |
| 4. Dividend Paid | 540.57 | | 2,047.63 | |
| 5. Corporate Dividend Tax Paid | 92.19 | 11,814.81 | 352.96 | 7,415.76 |
| NET CASH GENERATED IN FINANCIAL ACTIVITIES (C) | | (11,814.81) | | (6,979.27) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 744.53 | | (225.06) |
| Cash and Cash Equivalents as at 31/03/2009 | | 1,640.58 | | 1,865.64 |
| Cash and Cash Equivalents as at 31/03/2010 | | 2,385.11 | | 1,640.58 |

As per our report of even date

For K. S. AIYAR & CO.

Chartered Accountants

CHIRAYU R. AMIN

Chairman & Managing Director

MALIKA C. AMIN

Whole-time Director

PRANAV AMIN

Director

DR. B.R. PATEL

Director

RAGHUVIR M. AIYAR

Partner

Membership No. 38128

Firm Registration No. 100186W

Mumbai : 6th May, 2010

PARESH SARAIYA

Director

MILIN MEHTA

Director

R.K. BAHETIDirector, President-Finance
& Company Secretary

Vadodara : 5th May, 2010

