

ALEMBIC LIMITED



ANNUAL REPORT 2010-11

Board of Directors

Mr. Chirayu R. Amin
Chairman

Mrs. Malika Amin
Whole-time Director

Dr. B. R. Patel
Director

Mr. Milin Mehta
Director

Mr. R. M. Kapadia
Director
(w.e.f. 25.04.2011)

Mr. Sanjay Bhatt
Director & Company Secretary
(w.e.f. 31.03.2011 to 28.07.2011)

Regd. Office

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

Manufacturing Facility

Alembic Road, Vadodara 390 003. Gujarat

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

Bank of Baroda
AXIS Bank
HDFC Bank Limited

Registrar & Transfer Agents

LINK-INTIME INDIA PVT. LIMITED,
B-102 & 103, SHANGRILA COMPLEX,
FIRST FLOOR, OPP. HDFC BANK,
NEAR RADHAKRISHNA CHAR RASTA,
AKOTA, VADODARA 390020
Tel:(0265) 2356573, 2356794
Fax:(0265) 2356791
Email: vadodara@intimespectrum.com.

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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 104th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2011.

1 Financial Results :

(Rs. in Lacs)

For the year ended 31st March	2011	2010
Profit for the year before Interest, depreciation, Non-recurring Income or expenses and Tax	563	9,662
Adjusting therefrom:		
Interest (net)	(240)	(3,005)
Depreciation	(1,007)	(4,302)
Non-recurring Income or expenses i.e. Expenses on Voluntary Retirement Scheme	(422)	--
Provision for deferred tax liabilities or assets	105	102
Provision for current tax / wealth tax	(13)	(389)
Provision of Income Tax of earlier years written back (Net)	(276)	--
Net (Loss) / Profit	(1,290)	2,068
Adding thereto:		
Balance brought forward from last year	7,532	7,236
Less: Appropriated as per Scheme of Arrangement	(145)	--
The amount available is	6,097	9,304
Appropriating there from:		
Debenture Redemption Reserve	--	792
Provision for Dividend - Equity Shares	--	667
Provision for Corporate Dividend tax	--	113
Reversal of Corporate Dividend tax	3	--
Reversal of the Provision for Dividend due to buy-back	--	6
Reversal of the Provision for Corporate Dividend tax due to buy-back	--	1
General Reserve	--	207
Balance carried forward to next year's accounts	6,100	7,532

2 Dividend :

In view of loss for the current year, your Directors do not recommend Dividend on Equity Shares.

3 Management's 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 Demerger of Pharmaceutical Undertaking

The "Pharmaceutical Undertaking" of the Company has been demerged and the same is transferred to Alembic Pharmaceuticals Limited with effect from appointed date i.e. 1st April, 2010. The Hon'ble High Court of Gujarat has sanctioned the scheme of arrangement vide order dated 24th January, 2011, a certified true copy of which was received by the Company on 21st March, 2011. The Company filed the said order with the Registrar of Companies, Gujarat on 1st April, 2011. Alembic Limited was holding 5,50,00,000 equity shares of face value of Rs.2/- each in Alembic Pharmaceuticals Limited (APL). APL has issued and allotted 13,35,15,914 equity shares of face value of Rs.2/- each to the shareholders of the Company on 15th April, 2011 in ratio of 1:1. As per the scheme of arrangement, APL has submitted applications for listing of 18,85,15,914 equity shares of face value of Rs.2/- each to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

Consequent upon demerger, becoming effective from 1st April, 2010, the figures of current year are not comparable with previous year. The figures of previous year have been regrouped wherever necessary.

5 Operations:

Consequent upon demerger, the Company's operations will include (i) manufacture of predominantly fermentation and chemistry based bulk drugs (APIs) at its Vadodara Undertaking and (ii) power generation through its co-generation power plant and through wind mills (the Power Business). (iii) The Company also has some real estate in Vadodara which can be potentially developed. The Company has plans to commence its real estate business and accordingly a part of the land has been converted as stock in trade for the said business. The Company will launch its maiden residential project in this financial year after obtaining approval from all the concerned authorities.

The Company's Gross Sales including export incentives was Rs.216.91 Crores for the year ended 31st March, 2011 as compared to Rs.1032.06 Crores for the previous year.

The profit before Interest, Depreciation, Non-recurring Income and expenses and Taxes was Rs.5.63 Crores for the year under review as compared to Rs.96.62 Crores for the previous year.

During the year, the interest and financing cost was Rs.2.40 Crores as compared to Rs. 30.05 Crores in previous year.

6 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).

7 Fixed Deposits:

As per the scheme of arrangement, the entire fixed deposits accepted by the Company is transferred to Alembic Pharmaceuticals Limited. Therefore, as on the last date of the financial year i.e. 31st March, 2011, there is no fixed deposits on the records of the Company. The Company does not plan to accept any deposits hereafter.

8 Directors:

Consequent upon demerger of Pharmaceutical Undertaking, the Board of Directors of the Company is reconstituted w.e.f. 31st March, 2011.

Mr. Chirayu Amin has resigned as Managing Director of the Company. However, he will continue as Chairman of the Company. Mr. R.K. Baheti has resigned as Director-Finance & Company Secretary. Mr. Pranav Amin has resigned as Director & President-International Business of the Company. The services of Mr. Chirayu Amin, Mr. R.K. Baheti and Mr. Pranav Amin have been transferred to Alembic Pharmaceuticals Limited. Mr. K.G. Ramanathan, Mr. Pranav Parikh and Mr. Paresh Saraiya have resigned as Directors of the Company w.e.f. 31st March, 2011.

The Board places on record the valuable contributions made by them for the growth and development of the Company during their tenure.

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

DIRECTORS' REPORT

The Board appointed Mr. Sanjay Bhatt as additional Director w.e.f. 31st March, 2011. Mr. Sanjay Bhatt has resigned from service of the company and also as Director of the Company. Board places its appreciation for the valuable services and contribution provided by Mr. Sanjay Bhatt during his tenure.

The Board appointed Mr. R.M. Kapadia as additional Director w.e.f. 25th April, 2011. The terms of office of Mr. R.M. Kapadia will expire at the ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956. The Company has received notices 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. Chirayu Amin, Dr. B. R. Patel and Mr. R.M. Kapadia are given in the Corporate Governance Report.

9 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.

10 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.

11 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.alembiclimited.com. All Board members and senior management personnel of the company have affirmed the requirements of the said code of conduct.

12 Audit Committee:

Consequent upon reconstitution of Board, the Audit Committee was also reconstituted. The Board of Directors in their meeting held on 31st March, 2011, reconstituted the Audit Committee comprising of 3 Directors viz. Mr. Milin Mehta, Dr. B.R. Patel and Mr. Sanjay Bhatt. Mr. Milin Mehta is Chairman of the Audit Committee. The Board of Directors of the Company in its meeting held on 2nd May, 2011 again reconstituted Audit Committee and appointed Mr. R.M. Kapadia as Member of Audit Committee in place of Mr. Sanjay Bhatt. All the Directors in Audit Committee are Non-Executive Independent Directors. 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.

13 Auditors:

M/s. K.S. Aiyar & Co., (Firm Registration No.100186W) 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.

14 Cost Auditors:

The Central Government has directed that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs for the year ended on 31st March, 2011 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, 2011.

15 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. Your Company has created people practices which enables it to attract and retain potential talents. Employee relations in your Company continues to be cordial and harmonious.

16 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 preparation of the Annual Accounts, 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, 2011 and of the loss 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
Vadodara, July 1, 2011

ANNEXURE A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Perspective vis-à-vis Company

Consequent upon demerger and transfer of Pharmaceutical Undertaking to Alembic Pharmaceuticals Limited, the Company will be operating Vadodara Undertaking.

The Vadodara Undertaking of the Company is engaged in the business of manufacture of predominantly fermentation and chemistry based bulk drugs (APIs) and is currently going through many challenges. The Vadodara Undertaking was established many decades ago and hence, some of its plant, machineries and other equipments are very old. Further, being an old facility, it is not designed in line with present regulatory and business requirements.

The Company is operating cogeneration power plant and wind mills.

The Company owns some land area at Vadodara which can be potentially used for real estate development in future. The Company is having a "Business Park" wherein the space is being rented on lease basis to various tenants.

FINANCE:

The Company has registered a total income of Rs. 201.93 Crores for the year under review as compared to Rs. 1024.14 Crores for the previous year ended on 31st March, 2011. The Company incurred a net loss of Rs. 12.90 Crores compared to net profit of Rs.20.68 Crores for the previous year ended on 31st March, 2011.

OUTLOOK:

The business is facing stiff price competition from Chinese manufacturers. The Company together with other manufacturers had applied for levy of anti dumping duty on such imports, which has not been favourably considered by the Government of India. The Company has also filed a writ petition in the Hon'ble Gujarat High Court in this respect. In view of this situation the Vadodara Undertaking needs to be reorganized and right sized to enable it to survive the competitive pressures. The activities of the Vadodara Undertaking will also need greater focus and other restructuring measures to make it cost efficient and competitive.

The Company has plans to commence its real estate business and accordingly a part of the land has been converted as stock in trade for the said business. The Company will launch its maiden residential project in this financial year after obtaining approval from all the authorities concerned. The Company is also exploring various options for development of other real estate projects.

Similarly the Power Business also has good opportunity for growth and consolidation.

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. S.H. Bathia & Associates, 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.

HUMAN RESOURCE INTERVENTION

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 loosing the "human sensitivity" have been the challenge which has been successfully navigated through during the period.

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.

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. Tree plantation across premises and factories.
- d. Safety Infrastructure enhanced by addition of auto control systems.
- e. Conducted employee motivation and participation programme for EHS.
- f. Efforts continued for reduction / recycle / reuse of waste.
- g. Energy conservation measures taken.

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 Alembic Group 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.

ANNEXURE B

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

(a) Energy Conservation measures during the year under review

- 1) Air system energy saving by process air pressure optimization for fermentation & down stream recoveries.
- 2) Nitrogen system energy saving by
 - Plant performance improvement with reduction in specific power consumption by revamping of plant.
 - Plant consumption optimization.
- 3) Steam consumption optimization in fermentation plant.
- 4) Pumping power optimization in following areas,
 - Chilled water system energy saving in factory supply pump
 - Brine-5 degree system energy saving in factory supply pump.
 - Cooling water system energy saving in
 - Nitrogen & Instrument air compressors.
 - Compressors of fermentation plant.
 - Solvent recovery cooling water system.

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

- 1) Installation of variable frequency drive in instrument and process air compressors.
- 2) Detailed thermal audit of steam and condensate network of entire plant.

(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.

Efforts made in technology absorption:

Form B enclosed.

1. The Export sales were Rs. 21.24 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 :
(Rs. in Lacs)

Year ended on 31st March,	2011	2010
Income		
- Export (FOB basis)	2,124.06	31,255.37
Expenditure		
- Raw Materials (CIF basis)	1,237.13	10,241.88
- Packing Material, Components and Spare parts (CIF basis)	31.88	252.53
- Capital Goods (CIF basis)	1.94	59.12
- Professional and Consultancy Fees	4.56	251.65
- Interest	-	302.52
- Foreign travelling	8.95	136.80
- Commission on Export	67.27	637.03
- Subscription, Publicity and other matters	8.80	667.19
- Salary	-	518.70
- Rent	-	45.97

FORM A

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

A. Power and Fuel Consumption:

For the year ended 31st March	2010-11	2009-10
1. Electricity :		
(a) Purchased Units (KwH)	13,11,810	1,72,26,017
Total Amount Rs.	2,45,25,426	13,77,39,840
Rate (Rs./Unit)	18.70	7.99
(b) Own Generation :		
(i) Through diesel generator :		
Units (KwH)	12,712	4,98,867
Units per litre of diesel oil	2.32	3.19
Cost (Rs./Unit)	14.52	9.46
(ii) Through Gas steam Turbine/ Generator		
Units (KwH)	6,30,60,680	6,54,59,890
Units per LTR/M3/M.T./LTR of Fuel		
Oil/Gas/Steam/HSD	2.656	2.688
Fuel Cost (Rs./ Unit)	3.065	2.331
2. Bio Mass Briquettes :		
Quantity (Kgs.)	Nil	54,08,337
Total Amount(Rs.)	Nil	2,11,76,733
Average Rate (Rs./Kg)	Nil	3.92
3. Furnace Oil Qty. (K.Ltrs.)	Nil	914.958
Total Amount Rs.	Nil	2,14,70,036
Average Rate (Rs./K. Ltrs)	Nil	23,465
4. Other / Internal generation :		
(a) Natural Gas & RNLG Gas		
Qty. (CubicMeter)	1,54,25,553	1,61,30,218
Amount (Rs.)	13,05,11,839	10,76,75,621
Rate/Unit (Rs. /M3)	8.461	6.675
(b) Steam (Purchase) :		
Qty. (MT)	64,326	56,362
Amount (Rs.)	7,75,91,150	5,22,15,190
Rate/Unit (Rs./M.T)	1206.22	926.43
5. Wind Farm Generation:		
Units (KwH)	88,92,992	90,83,303

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

Increasing yields of fermentation products

Exploring possibilities to manufacture value added chemistry based APIs at Vadodara.

2. Benefits derived as a result of R&D

a. Increased activities of Pen-G from 21000 to 24000 BU per batch.

b. Reduced power and eliminated use of Soya Oil in Pen-G thus giving saving in cost.

3. Future plan of action

a. Increasing activities of TIOC from present level of 6 gm / lit.

b. Introduction of new product GCLE from Pen-G.

4. Expenditure on R&D (Rs. In lacs)

a)	Capital	NIL
b)	Recurring	184.84
c)	Total	184.84
d)	Total R&D expenditure as a percentage of total turnover	0.90%

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.

ANNEXURE C

Information as per Section 217 (2A) (b) (ii) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended on 31st March, 2011

Sr. No.	Name	Designation	Remuneration (Rs. In Lac)	Qualification	Experience (Years)	Date of Joining	Age (Years)	Details of Previous Employment
1	Mrs. M.C. Amin	Whole-time Director	172.76	M.A.	26	2nd July, 1988	56	Managing Director, Aavaran Ltd, Vadodara
(b) Employed for a part of the year under review and were in receipt of remuneration at a rate which in the aggregate, was not less than Rs. 5,00,000/-								
Nii								
Note : 1. Gross remuneration received as shown in the statement includes Salary, Commission, Allowances, Employer's contribution to Provident Fund and superannuation Scheme.								
2. The agreement with Whole-time Director is for a period of 5 years.								

Report on Corporate Governance

1 Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization 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 enhance the trust and confidence of the stakeholders.

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

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, 2011, the Company's Board meets this requirement as it is consisting of 4 Non-Executive Directors (80% of the Board Strength). However, there are 2 independent Directors on the Board as on 31st March, 2011 since the Board was reconstituted due to demerger of Pharmaceutical Undertaking of the Company. The Board of Directors, vide circular resolution dated 25th April, 2011, appointed one more independent director. Therefore, the independent directors now consists 50% of total strength. Mr. K.G. Ramanathan, Mr. Paresh Saraiya, Mr. Pranav Parikh, Mr. R.K. Baheti and Mr. Pranav Amin ceased as Directors of the Company w.e.f. 31st March, 2011 and therefore information relating to them in respect of attendance of Board Meeting/Committee Meetings are not provided. However, payment of sitting fees made to them has been disclosed.

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

Six (6) Board Meetings were held during the year ended 31st March, 2011. The dates on which the said meetings were held are as follows:

5th May, 2010, 29th June, 2010, 30th July, 2010, 19th October, 2010, 25th January, 2011 and 31st March, 2011.

- 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. C. R. Amin Chairman	Promoter Non-Executive	11	1 (as Chairman) 1 (as Member)	6 of 6	YES
Mrs. M. C. Amin	Promoter Executive	4	2 (as Member)	6 of 6	YES
Dr. B.R. Patel	NED(I)*	Nil	Nil	6 of 6	YES
Mr. Milin Mehta	NED(I)*	1	1 (as Member)	6 of 6	YES
Mr. Sanjay Bhatt w.e.f.31st March, 2011	NED(NI)*	Nil	Nil	N.A.	N.A.

*NED(I) means Non-Executive-Independent Director

*NED(NI) means Non-Executive-Non-Independent Director

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.

Report on Corporate Governance

2 Board of Directors - Contd.

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.alembiclimited.com)

CEO/CFO Certificate

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Whole-time Director of the Company has certified to the Board the financial statements for the year ended 31st March, 2011.

3 Audit Committee

- Composition & Terms of Reference

Consequent upon reconstitution of Board, the Audit Committee was also reconstituted. The Board of Directors in their meeting held on 31st March, 2011, reconstituted the Audit Committee comprising of 3 Directors viz. Mr. Milin Mehta, Dr. B.R. Patel and Mr. Sanjay Bhatt. Mr. Milin Mehta is Chairman of the Audit Committee. The Board of Directors of the Company in its meeting held on 31st March, 2011, reconstituted Audit Committee consequent upon reconstitution of Board of Directors of the Company. All the Directors in Audit Committee are Non-Executive & 2 Directors viz. Mr. Milin Mehta & Dr. B.R. Patel are Independent Directors. Since the Company is required to appoint one more independent Director on the Board, the said independent Director will also be appointed as member of Audit Committee. 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 and other relevant persons of Finance Department are invited to attend the Meetings of Audit Committee. The Company Secretary acts as Secretary to the Committee.

Mr. Milin Mehta was present at the last Annual General Meeting held on 30th July, 2010.

- Meetings and the attendance during the year

There were Four (4) meetings of the Audit Committee during the year held on 5th May, 2010, 30th July, 2010, 19th October, 2010 and 25th January, 2011.

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

Name of Director	Category of Director	No. of Meetings Attended
Mr. Milin Mehta	Non-Executive - Independent	4
Dr. B.R. Patel	Non-Executive - Independent	4
Mr. Sanjay Bhatt	Non-Executive - Non-Independent	N.A.

4 Remuneration Committee

The Board of Directors in its meeting held on 31st March, 2011, has reconstituted Remuneration Committee of Directors consisting of Mr. Milin Mehta and Dr. B.R. Patel to fix and finalize the remuneration of Managerial Personnel. Mr. Milin Mehta 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 was (1) meeting of the Remuneration Committee during the year held on 5th May, 2010.

Report on Corporate Governance

4 Remuneration Committee - Contd.

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

Name of Director	Category of Director	No. of Meetings Attended
Mr. Milin Mehta	Non-Executive- Independent	N.A.
Dr. B.R. Patel	Non-Executive- Independent	1

- 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:
(Rs. in Lacs)

Name of Director	Salary & Perquisites
Mrs. Malika Amin Whole-time Director	172.76

Notes:

- Mrs. M.C. Amin, Whole-time Director: Board approved in its meeting held on 25th April, 2008 renewal w.e.f. 2nd July, 2008
The agreement with the Whole-time Director is for a period of 5 years.
 - There is no separate provision for payment of severance fees.
 - 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. From 1st April, 2011, the sitting fees for attending Committee Meetings is raised from Rs.5,000/- to Rs.20,000/-.

Name of Director	Sitting Fees for Board Meetings (Rs.)	Sitting Fees for Committee Meetings (Rs.)	Total Fees Paid (Rs.)
Dr. B.R. Patel	1,20,000	85,000	2,05,000
Mr. P. N. Parikh*	Nil	Nil	Nil
Mr. K.G. Ramanathan*	1,00,000	Nil	1,00,000
Mr. Paresh Saraiya*	1,00,000	75,000	1,75,000
Mr. Milin Mehta	1,20,000	20,000	1,40,000
Mr. Sanjay Bhatt	N.A.	N.A.	N.A.

*Ceased as Directors of the Company w.e.f. 31st March, 2011. The sitting fees have been paid during 1st April, 2010 to 31st March, 2011.

5 Shareholders' / Investors' Committee

Presently, the Shareholders'/Investors' Committee comprises of 3 Directors viz. Dr. B.R. Patel, Mr. Milin Mehta and Mrs. Malika Amin. Dr. B. R. Patel is Chairman of the Shareholders/Investors Committee. The Board of Directors of the Company in its meeting held on 31st March, 2011, reconstituted Shareholders/Investors Committee consequent upon reconstitution of Board of Directors of the Company.

Report on Corporate Governance

5 Shareholders' / Investors' Committee - Contd.

- 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. Milin Mehta*	Non-Executive -Independent	N.A.
Mrs. Malika Amin*	Whole-time Director	N.A.

*Appointed as member of Shareholders/Investors Committee w.e.f. 31st March, 2011.

Mr. Sanjay Bhatt, Director & 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 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 16 complaints from shareholders. All the complaints have been resolved and as on 31st March, 2011 no complaint from shareholder is pending. At the end of the year, no requests for shares transfers were pending for registration.

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
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
2009-10	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	30th July, 2010	4.00 p.m.	4

* Whether special resolution was put through postal ballot last year? No

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

Report on Corporate Governance

6 General Body Meetings - Contd.

Details of Court convened meeting for approval of the Scheme of arrangement by the members:

Year	Location	Date	Time	No. of Special Resolutions passed
2009-10	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	16th September, 2010	12.00 noon	1 (resolution with required majority as per sections 391-394 of the Companies Act, 1956)

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. Chirayu Amin and Dr. B.R. Patel, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for re-appointment.

Mr. Chirayu R. Amin is Chairman and Managing Director of the Company. He is M.B.A. from U.S.A. Mr. Chirayu Amin is the Chairman of Alembic Limited, a century old group in India, pioneer in Healthcare / Pharmaceutical Industry. Mr. Chirayu Amin is former President of FICCI. He is Vice President of Board of Control of Cricket in India (BCCI) and President of Baroda Cricket Association (BCA). Besides, he is also trustee in hospital and schools of Alembic Group. His presence on the Board has been immensely beneficial to the Company. He was working with the Company as Managing Director since 1983. Mr. Chirayu Amin was non-rotational Director as he was Managing Director of the Company. However, consequent upon demerger of Pharmaceutical Undertaking, he has ceased as Managing Director of the Company and therefore, he will be liable to retire by rotation. He is also holding Directorships in Alembic Pharmaceuticals Limited, Shreno Limited, Elecon Engineering Co. Ltd., Paushak Limited, AGI Developers Limited, United Phosphorus Limited, Quick Flight Limited, Gujarat Flying Club, Sierra Investments Limited, Sierra Healthcare Limited, Nirayu Private Limited, Alembic Europe Pvt. Ltd. UK, Alembic Global Holding, SA and Panasonic Energy India Co. Limited.

Dr. B. R. Patel is an eminent Physician & Cardiologist with experience of over 48 years. His qualifications are M. B., MRCP Edin (Cardiology). He has been a Director of the Company for the past 35 years and his presence on the Board has helped immensely because of his vast and varied experience in the field of medicine. He is member of the Audit Committee and Shareholders / Investors Committees of the Company. He is not holding directorships in any other company.

Shareholding of Non-Executive Directors:

Dr. B.R. Patel holds 14,205 equity shares and Mr. R.M. Kapadia holds 9000 equity shares of the Company. No other Non-executive Director holds any shares in the Company.

7 Disclosure

Related Party Transactions

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 Schedule T Note No. 15 of the Notes forming part of Accounts.

Report on Corporate Governance

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 (English)
Business Standard (English)
Lok Satta (Gujarati)
The Economic Times(Gujarati) |
| • Any web-site where displayed | : | www.alembiclimited.com |
| • Whether Shareholder information forms part of Annual Report | : | Yes |

10 Shareholders' Information

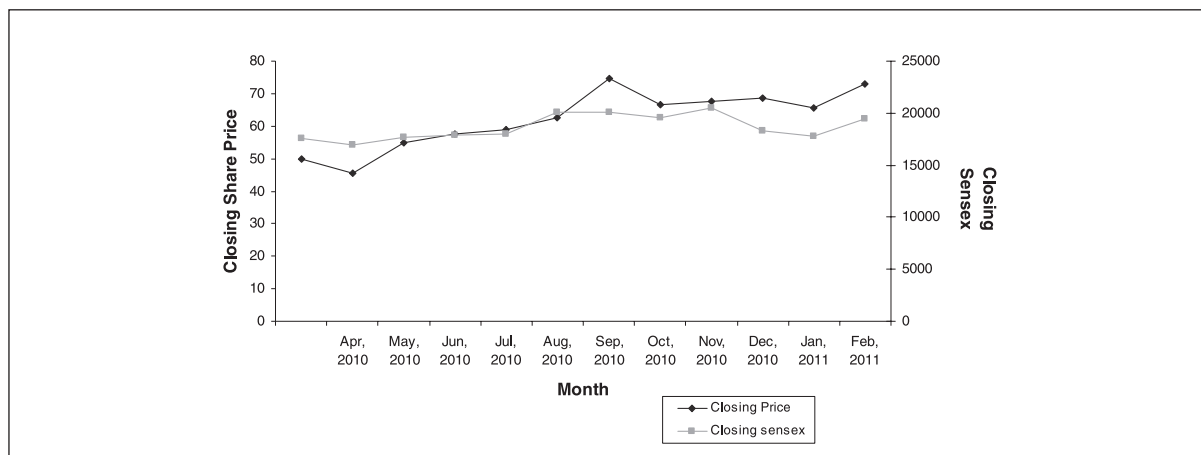
1.	Annual General Meeting Date and Time Venue	29th August, 2011 at 4.30 p.m. "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.
2.	Financial Calendar	Adoption of Results for the quarter:
	Quarter ending June 30, 2011	by 15th August, 2011
	Quarter ending Sept.30, 2011	by 15 November, 2011
	Quarter ending Dec. 31, 2011	by 15th February, 2012
	Quarter ending March 31, 2012	by June, 2012
	Annual General Meeting for the year ended 31st March, 2012	August -September, 2012
3.	Date of Book Closure	From Thursday, 18th August, 2011 to Monday, 29th August, 2011 (both days inclusive)
4.	Dividend Payment Date	N.A.
5.	Registered Office	Alembic Road, Vadodara-390 003. Phone: (91-265) 2280550, Fax: (91-265) 2282506 E-mail: alembic@alembic.co.in Web: www.alembiclimited.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				
Month	Bombay Stock Exchange		National Stock Exchange	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2010	54.90	48.00	55.00	46.35
May, 2010	52.60	43.00	52.50	44.20
June, 2010	58.40	43.60	58.40	43.30
July, 2010	63.95	52.10	58.40	43.30
August, 2010	62.75	56.00	62.90	55.95
Sept., 2010	65.80	54.00	65.80	58.50
Oct., 2010	75.95	60.70	76.00	58.80
Nov., 2010	77.25	53.50	77.45	53.10
Dec., 2010	70.85	61.00	70.90	60.25
Jan., 2011	72.90	66.00	72.00	65.10
Feb., 2011	70.40	58.00	70.50	58.75
March, 2011	75.70	61.05	77.90	58.10

As on 31st March, 2011, the last day of the financial year 2010-11, the closing price of the shares of the Company on BSE was Rs.73.05 and on NSE was Rs.73.75.



8.	Registrar and Share transfer Agents	Link Intime India Pvt. Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020 Tel:(0265) 2356573, 2356794 Fax:(0265) 2356791 Email: vadodara@linkintime.co.in
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 Company Secretary generally at the interval of Fifteen days time. The total number of shares transferred in the physical form during the year were 86275 (previous year 2,95,835).

Report on Corporate Governance

10 Shareholders' Information - Contd.

No. of Shares (of face value)	No. of Shareholders	% of Shareholders	No. of Shares held	% of total shares
Up to 5,000	47,502	98.18	1,81,36,652	13.58
5,001 - 10,000	479	0.99	33,99,124	2.55
10,001 - 20,000	214	0.44	30,53,073	2.29
20,001 - 30,000	57	0.12	14,00,172	1.05
30,001 - 40,000	30	0.06	10,48,085	0.78
40,001 - 50,000	17	0.04	7,43,595	0.56
50,001 - 1,00,000	29	0.06	20,87,832	1.56
1,00,001 & above	51	0.11	10,36,47,381	77.63
Total	48,379	100.00	13,35,15,914	100.00

Shareholding pattern as on 31st March, 2011:

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	1.12
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 12,77,59,052 shares (95.69%) 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.	Plant Location	a. Alembic Road, Vadodara -390 003. b. Wind Mills at village Ukharla/Trambak, Tal-Ghoga, Dist. Bhavnagar, Gujarat.
13.	Investor Correspondence	1. Alembic Limited, Alembic Road, Vadodara -390 003. 2. Link Intime India Pvt. Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020 Tel:(0265) 2356573, 2356794 Fax:(0265) 2356791 Email: vadodara@linkintime.co.in

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, 2011 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 of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied 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 : 2nd May, 2011

Auditor's Report

To the members of, Alembic Limited

We have audited the attached Balance Sheet of **Alembic Limited (the Company)** as at 31st March, 2011, 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.

The 'Pharmaceutical Undertaking' of the Company got demerged and transferred to the Company pursuant to the Scheme of Arrangement as approved by the Hon'ble Gujarat High Court with effect from appointed date i.e.01-04-2010. These Financial Statements pertaining to the Company have been extracted from the books of account and records maintained by the Company jointly with its Pharmaceutical Undertaking in its S.A.P. ERP system. This extraction and compilation of Financial Statements is as envisaged in the Scheme of Arrangement and is based on various allocations made by the management on reasonable bases as detailed in Note 2 of Schedule T to the Financial Statements and have been relied upon by us.

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. We draw attention to note No.4 in terms of section 211(3B) regarding the accounting treatment given of the net increase in net book value of assets on revaluation of the assets of the Vadodara undertaking of the Company which is different from that prescribed by Accounting Standard 10 i.e. Accounting for Fixed Assets, upon giving effect to the High Court Order confirming the Scheme of Arrangement.
- (v) On the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (vi) In view of the inadequate profits as detailed in note no.18, 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.130.76 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, 2011;
 - b) in case of the Profit and Loss Account, of the Loss 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
Firm Registration No.100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai : 2nd May, 2011

Annexure to the Auditor's 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 1982 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 Pharmaceutical undertaking of the Company got demerged as per the Scheme of Arrangement and accordingly a substantial part of its fixed assets have been transferred. However, this has not affected the Going Concern status of the Company.
- (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 not granted any unsecured loans the parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the requirements of clause (b, c, d and e) are not applicable.
- (e) 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 exceeding Rs.5,00,000 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 Auditor's 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	Joint Commissioner-Appeals	2000-01
	15,48,517	Joint Commissioner-(Appeals)	2002-03
The Central Excise Act Excise Duty, Interest & Penalty	11,60,818	CESTAT, Comm. (A)	1999-2000
	5,00,000	CESTAT, Comm. (A)	2001-2002
	1,58,414	CESTAT, Comm. (A)	2004 to 2009
	59,77,921	Supreme Court	1995-96
	21,10,720	Supreme Court	1996-97
	35,21,786	Supreme Court	2003-04

- (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 incurred the cash losses during the financial year covered by our audit but did not incur any cash losses in 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 Rs.960.97 Lacs of funds raised on short-term basis have been used for long term investment/applications.
- (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
Firm Registration No.100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai : 2nd May, 2011

Balance Sheet

(Rs. in Lacs)

As at 31st March	Schedules	2011		2010	
I. SOURCES OF FUNDS :					
I Shareholders' Funds :					
(a) Capital	A	2,670.40		2,670.40	
(b) Reserves and Surplus	B	18,266.20	20,936.60	28,902.93	31,573.33
2 Loan Funds :					
(a) Secured Loans	C	1,559.59		24,931.30	
(b) Unsecured Loans	D	5,239.95	6,799.54	15,906.27	40,837.57
3 Deferred Tax Liability			-		1,384.05
			27,736.14		73,794.95
II. APPLICATION OF FUNDS :					
I. Fixed Assets :					
a. Gross Block	E	39,877.84		71,233.72	
b. Less : Depreciation		19,670.21		31,915.26	
c. Net Block			20,207.63		39,318.46
d. Capital work in progress			9.94		389.72
2. Investments :	F		1,623.76		849.18
3. Deferred Tax Asset			56.24		-
4. Current Assets, Loans and Advances :					
a. Inventories	G	6,226.40		24,494.93	
b. Sundry Debtors	H	4,714.78		18,611.93	
c. Cash and Bank Balances	I	126.21		208.29	
d. Loan and Advances	J	892.47	11,959.86	12,544.43	55,859.58
Less : Current Liabilities and Provisions :	K				
a. Liabilities		5,549.16		20,724.19	
b. Provisions		572.13	6,121.29	1,897.80	22,621.99
Net Current Assets			5,838.57		33,237.59
			27,736.14		73,794.95
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

Malika Amin R. M. Kapadia
Whole-time Director Director

Milin Mehta
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No. I00186W
Mumbai : 2nd May, 2011

Sanjay Bhatt
Director
& Company Secretary

Vadodara : 2nd May, 2011

Profit and Loss Account

(Rs. in Lacs)

As at 31st March	Schedules	2011		2010	
INCOME :					
Sales and Income from Operation	L	21,691.17		1,03,205.34	
Less : Excise Duty		1,612.75	20,078.42	1,054.05	1,02,151.29
Other Income	M		376.94		430.01
			20,455.36		1,02,581.30
EXPENDITURE :					
Material Consumption	N		12,639.47		35,051.01
Purchase of Finished Goods			70.08		11,736.58
Excise Duty			(20.94)		564.73
Manufacturing Expenses	O		3,037.39		7,781.61
Employee's Expenses	P		2,692.34		14,546.77
Research & Development Expenses	Q		184.84		4,326.80
Marketing & Distribution Expenses	R		189.69		9,216.07
Others	S		731.26		9,474.09
			19,524.13		92,697.66
ADD/(LESS) : Decrease/(Increase) in stock of Finished Goods and Work in Process	N		368.55		220.98
			19,892.68		92,918.64
PROFIT BEFORE INTEREST, DEPRECIATION, NON-RECURRING ITEMS AND TAX			562.68		9,662.66
Interest (Net)			239.88		3,005.33
Depreciation			1,006.77		4,301.90
PROFIT/(LOSS) BEFORE NON-RECURRING ITEMS AND TAX			(683.97)		2,355.43
Expenses under Voluntary Retirement Scheme			422.32		-
PROFIT/(LOSS) BEFORE TAX			(1,106.29)		2,355.43
Less/(Add) : Provision for Deferred Tax			(105.45)		(102.23)
Less/(Add) : Provision for Current Tax			-		376.25
Less/(Add) : Provision for Wealth Tax			13.00		13.00
Less/(Add) : Excess provision of Income Tax no longer required (Net)			276.35		-
PROFIT/(LOSS) AFTER TAX			(1,290.19)		2,068.41
ADD/LESS :					
Balance brought forward from last year			7,532.35		7,236.15
Less : Appropriated as per Scheme of Arrangement			(144.79)		-
BALANCE AVAILABLE FOR APPROPRIATION			6,097.37		9,304.56
APPROPRIATIONS :					
Debenture Redemption Reserve			-		791.70
Dividend - Equity Shares			-		667.58
Corporate Dividend Tax - Equity Shares			-		113.46
Reversal of Corporate Dividend Tax - Equity Shares			2.58		-
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
SURPLUS CARRIED TO BALANCE SHEET			6,099.95		7,532.35
			6,097.37		9,304.56
Earning per Share (Basic & Diluted) (In Rs.)					
- Before Non-Recurring Items			(0.65)		1.53
- After Non-Recurring Items			(0.97)		1.53
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

Malika Amin R. M. Kapadia
Whole-time Director Director

Milin Mehta
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No.100186W
Mumbai : 2nd May, 2011

Sanjay Bhatt
Director
& Company Secretary

Vadodara : 2nd May, 2011

Schedules

FORMING PART OF THE BALANCE SHEET

A Share Capital

(Rs. in Lacs)

As at 31st March		2011	2010
AUTHORISED			
15,00,00,000	Equity Shares of Rs. 2/- each (Previous Year 22,50,00,000 Equity Shares of Rs.2/- each)	3,000.00	4,500.00
NIL	Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each) Reclassified and reduced as per Scheme of Arrangement	-	500.00
		3,000.00	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 13,35,15,914 Equity Shares of Rs.2/- each)	2,670.31	2,670.31
	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	2,670.40
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.		

Schedules

FORMING PART OF THE BALANCE SHEET

B Reserves and Surplus :

(Rs. in Lacs)

As at 31st March	2011		2010	
CAPITAL RESERVE :				
As per last Balance Sheet	65.00		65.00	
Less: Transferred as per Scheme of Arrangement	30.00	35.00	-	65.00
CAPITAL REDEMPTION RESERVE :				
As per last Balance Sheet	98.79		25.26	
Add: Transfer from General Reserve for Buy back	-	98.79	73.53	98.79
DEBENTURE REDEMPTION RESERVE :				
As per last Balance Sheet	1,541.70		750.00	
Less/Add: Transferred as per Scheme of Arrangement	1,541.70	-	791.70	1,541.70
SECURITY PREMIUM ACCOUNT :				
As per last Balance Sheet	4,057.47		4,057.47	
Less: Appropriated as per Scheme of Arrangement	4,057.47	-	-	4,057.47
BUSINESS RESTRUCTURING RESERVE				
Reserve created on revaluation	7,124.16		-	
Reversal of Deferred Tax Liability on account of above revaluation	1,799.82	8,923.98	-	-
REVALUATION RESERVE (See Note No. 3)		3,108.48		
GENERAL RESERVE :				
As per last Balance Sheet	15,607.62		17,821.25	
Less: Transferred as per Scheme of Arrangement	15,607.62		-	
Less : Utilised for Equity Shares Buy Back	-		1,575.26	
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	-		845.21	
Add : Transferred from Profit & Loss Account	-	-	206.84	15,607.62
PROFIT AND LOSS ACCOUNT :				
Surplus as per Profit & Loss Account		6,099.95		7,532.35
		18,266.20		28,902.93

C Secured Loans :

As at 31st March	2011	2010
(A) From Financial Institutions, Banks and NBFC :		
(1) 10.80% Non Convertible Debentures (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)	-	7,500.00
(2) 9.25% Non Convertible Debentures (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) (Redeemable at the end of three year in July 2012 and September 2012)	-	5,000.00
(3) Foreign Currency Loans : External Commercial Borrowing (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) (Due within one year Rs. NIL lacs (PY. 1,475.27 lacs)) All the above are transferred as per Scheme of Arrangement	-	4,425.81
(B) From Banks for Working Capital : Against first hypothecation charge on stocks and book-debts ranking pari- passu with other lenders	1,559.59	8,005.49
	1,559.59	24,931.30

Schedules

FORMING PART OF THE BALANCE SHEET

D Unsecured Loans :

(Rs. in Lacs)

As at 31st March	2011		2010	
Fixed Deposits From :				
Public	-		4,914.09	
Shareholders	-	-	30.00	4,944.09
(Due within one year Rs NIL lacs (P.Y. Rs 1,431.99 lacs))				
Transferred as per Scheme of Arrangement				
Short Term Loans From :				
Banks	5,239.95		1,450.78	
(Due within one year Rs 5,239.95 lacs (P.Y. Rs 1,450.78 lacs))				
Others	-	5,239.95	11.40	1,462.18
(Due within one year Rs NIL lacs (P.Y. Rs 2.85 lacs))				
Commercial Paper (Maximum outstanding during the year Rs. NIL Crores. (Previous year Rs. 200 Crores))	-	-		9,500.00
Transferred as per Scheme of Arrangement				
		5,239.95		15,906.27

E Fixed Assets :

ASSETS	GROSS BLOCK					DEPRECIATION BLOCK					NET BLOCK			
	As on 01.04.2010	Transfer as per Scheme of Arrangement	Additions	Deductions / Adjustments	As on 31.03.2011	As on 01.04.2010	Transfer as per Scheme of Arrangement	Deductions / Adjustments	Total depreciation For the year Ended 31.03.2011	As on 31.03.2011	Net Cost 31.03.2011	Net Value Added on Revaluation	Revalued Net Cost	As on 31.03.2010
Freehold Land	251.43	192.44	119.06	1.16	176.89	-	-	-	-	-	176.89	12,301.00	12,477.89	251.43
Leasehold Land	1,634.78	1,634.78	-	-	-	30.29	30.29	-	-	-	-	-	-	1,604.49
Buildings	9,629.02	8,052.26	24.30	-	1,601.06	1,648.12	1,211.01	-	35.39	472.50	1,128.56	98.07	1,226.63	7,980.90
Employees Quarters	89.38	28.30	-	-	61.08	59.87	6.13	-	0.64	54.38	6.70	-	6.70	29.51
Plant and Machinery	57,708.66	28,240.00	845.11	-	30,313.77	29,320.55	11,452.17	-	945.38	18,813.76	11,500.01	(5,268.14)	6,231.87	28,388.11
Furniture & Fixtures	812.56	530.53	23.45	-	305.48	377.94	197.52	-	9.88	190.30	115.18	(0.67)	114.51	434.62
Office Machinery	577.31	342.56	20.01	-	254.76	178.28	81.80	-	13.58	110.06	144.70	(5.19)	139.51	399.03
Vehicles	530.58	495.09	5.15	-	40.64	300.21	272.90	-	1.90	29.21	11.43	(0.91)	10.52	230.37
Total	71,233.72	39,515.96	1,037.08	1.16	32,753.68	31,915.26	13,251.82	-	1,006.77	19,670.21	13,083.47	7,124.16	20,207.63	39,318.46
	(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)	

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
- The Company has converted a part of the land as stock in trade with a view to exploit it as a part of its Real Estate business. The conversion has been done at a fair market value of Rs. 3,109.64 lacs for the land based on report from approved valuers. The revaluation surplus has been credited to the revaluation reserve. Accordingly, the said land has been reclassified as stock in trade and shown as reduction from the fixed assets

* Figures in 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.	2011		2010	
LONG TERM INVESTMENTS						
I. In Shares, Debentures and Bonds :						
I. Quoted :						
a. Bonds						
12% Industrial Finance Corporation of India (Maturity date 13.01.2012) (Face Value Rs. 22,77,500/-) (Purchase during the year 1000 bonds)	2,277	1,000	23.03	-	13.03	
				23.03		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.	6,10,615	10	280.08	-	280.08	
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. 572.69 Lacs Previous Year Rs. 471.33 Lacs)				295.78		295.78
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. (Transferred as per Scheme of Arrangement)	10,00,000	10	-		300.00	
Sierra Invesments Ltd.	100	10	0.01	202.52	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 (Transferred as per Scheme of Arrangement)	1,00,000	CHF 1		-		33.62
Alembic Pharmaceuticals Ltd (Ceased to be a subsidiary w.e.f 15.04.11 as per Scheme of Arrangement)	5,50,00,000	2		1,100.00		
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. (Including Bonus shares of 8140)	12,210	10	1.14		1.14	
Pran Agro Services Pvt. Ltd. (Rs. 170/- Previous Year: Rs. 170/-)	18	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. (Transferred as per Scheme of Arrangement)	18,000	10	-		1.80	
				1.86		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.	2011		2010	
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 Morning Star Co-op. Housing Society Ltd. (Rs.50/- Previous Year. Rs.50/-)	10 1	100 50	0.01 -	-	0.01 -	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)	-
				1,623.76		849.18
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. I (e) pertaining to Accounting Policy) (As certified and valued by Management)

As at 31st March	2011		2010	
Stores & Spares	292.90		618.02	
Packing Material	37.16		1,124.01	
Raw Materials	1,741.18	2,071.24	10,238.70	11,980.73
Stock in Trade : Manufacturing				
Finished goods	865.80		11,381.64	
Material in process	71.47	937.27	1,132.56	12,514.20
Stock in Trade : Real Estate				
Land	3,109.64			
Construction Project Work In Progress	108.25	3,217.89		-
		6,226.40		24,494.93

H Sundry Debtors :

As at 31st March	2011		2010	
Over Six Months				
- Considered Good	77.92		1,127.09	
- Considered Doubtful	218.75		2,305.87	
	296.67		3,432.96	
Less: Provision for Doubtful Debt	218.75	77.92	2,305.87	1,127.09
Others		4,636.86		17,484.84
		4,714.78		18,611.93

Schedules

FORMING PART OF THE BALANCE SHEET

I Cash and Bank Balances :

(Rs. in Lacs)

As at 31st March	2011		2010	
Cash on hand		5.11		33.38
Bank Balances :				
With Scheduled Banks				
In Current Accounts	-		54.04	
In Unpaid Dividend Accounts	121.10		116.48	
In Deposit Accounts	-	121.10	2.53	173.05
With Other Banks				
Pragati Sahakari Bank Ltd.				
In Current Accounts		-		1.86
(Maximum balance during the year Rs.1.86 Lacs P.Y. Rs. 16.10 Lacs)				
		126.21		208.29

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

As at 31st March	2011		2010	
Advances recoverable in cash or in kind or for value to be received		696.24		5,048.64
Staff Members and Corporates		0.72		4,975.35
Tender and Other Deposits		195.51		1,187.94
Income Tax / Wealth Tax / FBT Paid	-		4,472.26	
Less : Provision of Income Tax / Wealth Tax / FBT	-	-	3,139.76	1,332.50
		892.47		12,544.43

K Current Liabilities and Provisions :

As at 31st March	2011		2010	
A. CURRENT LIABILITIES :				
Creditors : Dues to Micro and Small Enterprises		-		29.46
Other Creditors		5,352.27		18,652.39
Trade Deposits and Advances		75.74		1,257.79
Investor Education and Protection Fund shall be credited by:				
Unclaimed Dividend		121.15		116.49
Unclaimed Matured Deposits (Transferred as per Scheme of Arrangement)		-		25.89
Unclaimed Interest on Matured Deposits (Transferred as per Scheme of Arrangement)		-		3.11
Interest accrued but not due (Transferred as per Scheme of Arrangement)		-		639.06
		5,549.16		20,724.19
B. PROVISIONS :				
Provision for Gratuity		195.89		468.66
Provision for Leave encashment		237.13		648.10
Proposed Dividend		-		667.58
Corporate Dividend Tax		-		113.46
Provision of Income Tax / Wealth Tax / FBT		3,416.86		
Less : Income Tax / Wealth Tax / FBT Paid		3,277.75	139.11	
		572.13		1,897.80

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

L Sales and Income from Operations :

(Rs. in Lacs)

For the year ended 31st March	2011		2010	
Sales - Domestic	19,442.89		70,359.70	
Export	2,141.23	21,584.12	31,710.96	1,02,070.66
Export Incentives		107.05		1,134.68
		21,691.17		1,03,205.34

M Other Income :

For the year ended 31st March	2011		2010	
a. Dividend :				
Trade Investments	13.06		12.94	
Others	1.53	14.59	3.95	16.89
b. Other Income :				
Rent	247.74		150.86	
Insurance Claims	12.58		55.39	
Profit on sale of Fixed Assets (Net)	-		29.51	
Miscellaneous Income	102.03	362.35	177.36	413.12
		376.94		430.01

N Raw Material & Packing Material Consumption : :

For the year ended 31st March	2011		2010	
Opening Stock		1,559.75		10,538.47
Add : Purchases		12,858.06		35,978.41
		14,417.81		46,516.88
Less : Closing Stock		1,778.34		11,362.71
		12,639.47		35,154.17
Less : Insurance claim received		-		103.16
		12,639.47		35,051.01
(Increase)/Decrease in Stock of Finished Goods and Material in Process :				
Opening Stock :				
Material in Process	221.51		769.15	
Finished Goods	1,084.31	1,305.82	11,966.03	12,735.18
Less : Closing Stock :				
Material in Process	71.47		1,132.56	
Finished Goods	865.80	937.27	11,381.64	12,514.20
		368.55		220.98

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

⊙ Manufacturing Expenses :

(Rs. in Lacs)

For the year ended 31st March	2011		2010	
Power and Fuel		1,863.55		3,398.12
Repairs and Maintenance of Machinery		453.16		684.72
Manufacturing and Labour Charges		35.20		1,366.72
Stores & Spares Consumption		584.87		1,497.22
Laboratory, Analytical and Technology Expenses		100.61		834.83
		3,037.39		7,781.61

Ⓟ Employees' Cost :

For the year ended 31st March	2011		2010	
Salaries, Wages, & Bonus		2,586.35		13,377.69
Contribution to Provident, Gratuity, E.S.I. and other Funds		8.29		896.07
Welfare Expenses		97.70		273.01
		2,692.34		14,546.77

⊙ Research & Development Expenses :

For the year ended 31st March	2011		2010	
Material Consumption		40.38		823.93
Employees' Cost				
Salaries, Wages, & Bonus	98.98		1,728.30	
Contribution to Provident, Gratuity, E.S.I. and other Funds	4.34	103.32	72.70	1,801.00
Utilities - Power		-		161.54
Utilities - Others		37.00		114.02
Bio-Study Expense		-		597.22
Others		4.14		829.09
		184.84		4,326.80

Ⓟ Marketing & Selling Expenses :

For the year ended 31st March	2011		2010	
Marketing Expenses & Selling Commission		136.98		2,722.02
Publicity and Medical Literature		7.31		4,590.08
Freight and Forwarding Charges		45.40		1,903.97
		189.69		9,216.07

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

S Other Expenses :

(Rs. in Lacs)

For the year ended 31st March	2011		2010	
Rent		35.85		191.41
Bank Charges and Brokerage		17.05		203.88
Rates and Taxes		117.24		389.06
Insurance		46.80		221.16
Communication Expenses		63.30		1,010.41
Professional Fees		71.53		947.27
Donations		0.41		117.23
Travelling		83.05		4,215.29
Repairs and Maintenance				
Building and Roads	40.05		202.27	
Others	41.39	81.44	249.52	451.79
Audit Fees and Expenses		5.70		43.18
Managerial Remuneration		172.76		644.18
Director Sitting Fees		6.20		5.70
Miscellaneous Expenses		23.51		529.67
Foreign Exchange Gain / Loss (Net)		6.42		51.36
Bad Debts Written off	-		572.71	
Less : Bad Debts Provision Utilised	-	-	435.21	137.50
Provision for Doubtful Debts		-		315.00
		731.26		9,474.09

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 net of Cenvat, Service Tax and Value Added Tax and any attributable cost of bringing the assets to its working condition for its intended use.

Fixed Assets of the Vadodara undertaking of the Company have been revalued during the year and have been restated at a net book value including the net increase / decrease in the original net value of the assets as per the approved Scheme of Arrangement

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 except for the assets of the Vadodara undertaking that have been revalued and restated. Depreciation on these assets has been provided on the net restated book value prospectively over the remaining original specified life.

Leasehold Land is amortized over the period of Lease. Depreciation on Research and Development Equipments :. Acquired upto 31.03.2003 @ 100% and 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.

Land converted into Stock in Trade for the real estate business of the Company has been valued at fair market value as on 10th January, 2011 duly certified by approved valuer.

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 & Value Added Tax & CST.

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.

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 are charged to the profit & loss account in the year in which it is incurred.

T Notes to Accounts - Contd.**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.

i) Employee benefits

The gratuity liability is funded through the scheme administered by the Life Insurance Corporation of India (LIC), 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) Taxes on Income

Income tax expense comprises current tax (i.e amount of tax for the year determined in accordance with the Income tax law).

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.

2 Basis of Preparation of Accounts

The 'Pharmaceutical undertaking' of Alembic Limited got demerged and transferred to Alembic Pharmaceuticals Limited with effect from 01.04.2010 (the appointed date) in pursuance to the Scheme of Arrangement as approved by the Hon'ble Gujarat High Court. Accordingly these financial statements do not include the Financial Statement of the said 'Pharmaceutical undertaking' of Alembic Limited for the period from 01-04-2010 to 31-03-2011.

Further, these Financial Statements have been extracted from the books of account and records maintained by Alembic Limited jointly with its Pharmaceutical undertaking i.e. Resulting Company in the SAP ERP system. This extraction and compilation is as envisaged by the scheme and on the basis of various allocation made as under:

Profit and Loss Account

- i) All the direct and specifically identifiable revenue and expense items such as Sales, Material Consumption, Manufacturing Cost, Employee Cost, Research and Development Expenses etc. have been taken at actual based on SAP profit center/cost center data.
- ii) All Corporate Overheads (not restricted to or pertaining to any specific business) have been allocated on total turnover ratio.
- iii) All API marketing expenses have been allocated on API turnover ratio except freight charges and foreign travel expenses which have been allocated on API export turnover ratio.
- iv) Interest Expense / Income identifiable have been allocated at actual and common interest cost was allocated as under
 - a) Interest on short term loan has been allocated based on asset ratio
 - b) Interest on PCFC has been allocated based on total export turnover ratio

T Notes to Accounts - Contd.**Balance Sheet**

- i) All direct and specifically identifiable assets such as Fixed Assets, Investments, Current Assets, Debtors, Inventories and others have been considered at actual as per SAP records.
 - ii) Common Secured & Unsecured loans were allocated on the basis of Asset taken over ratio. Within the total allocated amount, Fixed Deposits and Commercial Papers were allocated to Resulting Company as the same are to be serviced by Resulting Company and the balancing figures were retained for short term loans.
 - iii) Bank Account for dividend warrant considered for Demerged Company, rest have been allocated based on Asset Ratio. FD pledged with Banks has been considered for Resulting Company.
 - iv) Loans & Advances
 - a) Advance Tax and Provision for Taxation up to 31st March, 2010 was retained in Demerged Company as per the Scheme. Current year advance tax and provision was identified based on taxable income and therefore was allocated to Resulting Company.
 - b) TDS receivable of the current year was identified and allocated to companies where the relevant income was booked.
 - c) Inter company deposits given were considered for Resulting Company only.
 - v) Current liabilities which were identifiable have been considered at actual as per SAP records. Others have been taken in rationally allocated manner.
 - vi) All direct and specific identifiable Reserves have been considered at Actual and others as per Scheme of arrangement.
- 3** The Company has converted a part of the land as stock in trade with a view to exploit it as a part of its Real Estate business. The conversion has been done at a fair market value of Rs. 3,109.64 lacs for the land based on report from approved valuers. The revaluation surplus has been credited to the revaluation reserve.
- 4** As per Scheme of Arrangement duly approved by the Honourable High Court of Gujarat, as on the appointed date i.e. 1.4.2010, the Company has revalued assets of its Vadodara undertaking and the net increase in net book value of the assets including out of the revaluation of Land appurtenant thereto has firstly been credited to 'Revaluation Reserve' and thereafter has been renamed as 'Business Restructuring Reserve' and such Reserve shall be available to meet the costs, expenses and losses, including on account of impairment of or write down of assets of the Vadodara undertaking which may be suffered by the Company pursuant to this Scheme or otherwise in course of its business or in carrying out such re-organization of Vadodara undertaking or any of its subsidiaries as the Company considers necessary or appropriate. Such Reserve shall be arising out of the Scheme and shall not be considered as a reserve created by the Company.
- The said accounting treatment of crediting the net increase in the net book value of the assets to the Revaluation Reserve has been as approved in the Scheme but it is different from the one that is prescribed under Accounting Standard 10 i.e. "Accounting of Fixed Assets". As prescribed in AS-10, the downward revaluation has to be charged off to Profit and Loss Account and the upward revaluation has to be credited to Revaluation Reserve.
- The above treatment has resulted in to a lower charges of Rs. 52.75 Crores to the Profit and Loss Account and the Revaluation Reserve / Business Restructuring Reserve is shown lower by a like amount.
- Depreciation, hereafter will be charged on the revalued amount of the assets.
- 5** In pursuance of Honourable Gujarat High Court's Order, the Pharmaceutical Undertaking of the Company is demerged and transferred to Alembic Pharmaceuticals Limited w.e.f. appointed date 1st April 2010. Accordingly, above results do not include results of said pharmaceutical undertaking. As a result of such transfer of business, current year's figures are not comparable with the previous year.
- 6** Alembic Pharmaceuticals Limited (APL) was wholly owned subsidiary of the Company as on 31/3/2011. Consequent upon allotment of 13,35,15,914 equity shares of Rs.2/- each to the shareholders of Alembic Limited on 15/4/2011, as per the Scheme of Arrangement, the shareholding of the Company in APL has reduced from 100% to 29.18%. Since the Scheme of Arrangement is effective from the appointed date i.e. 01/04/2010 pursuant to the order of the Hon'ble High Court, the results of APL have not been consolidated with the Company's results.

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs in Lacs)

As at 31st March,	2011	2010
7 Estimated amount of contracts remaining to be executed on capital accounts	69.06	953.08
8 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	329.98	4,412.35
iii Liabilities Disputed in appeals		
- Excise duty	385.25	1,015.22
- Sales Tax	242.21	446.14
iv Claims against the company not acknowledged as debt	3.00	114.10
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
vi Income tax	669.20	757.22
vii Non fulfilment of export obligation against advance licence	104.26	250.95
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

9	31.03.2011	31.03.2010	31.03.2009
Defined benefit plans / compensated absences - As per actuarial valuation			
	Gratuity Funded		
Expense recognised in the Statement of Profit & Loss Account			
Current Service Cost	37.76	156.55	150.00
Interest Cost	54.67	110.23	77.18
Employer Contributions	-	-	-
Expected return on plan assets	(66.38)	(88.58)	(99.47)
Net Acturial (Gains) / Losses	231.57	24.72	175.55
Past Service Cost	-	-	-
Settlement Cost	-	-	-
Total expense	257.62	202.92	303.27
Net Asset / (Liability) recognised			
Present value of Defined Benefit Obligation as at March 31, 2011	768.89	1,462.01	1,336.07
Fair value of plan assets as at March 31, 2011	573.00	993.35	1,070.33
Funded status [Surplus / (Deficit)]	(195.89)	(468.66)	(265.74)
Net asset / (liability) as at March 31, 2011	(195.89)	(468.66)	(265.74)
Change in Obligation			
Present value of Defined Benefit Obligation at beginning of the year	662.64	1,336.07	1,102.59
Current Service Cost	37.76	156.55	150.00
Interest Cost	54.67	110.23	77.18
Settlement Cost	-	-	-
Past Service Cost	-	-	-

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

	31.03.2011	31.03.2010	31.03.2009
	Gratuity Funded		
Employer Contributions	-	-	-
Actuarial (Gains) / Losses	256.22	31.41	177.45
Benefits Payments	(242.40)	(172.25)	(171.15)
Present value of Defined Benefit Obligation at the end of the year	768.89	1,462.01	1,336.07
Change in Assets			
Plan assets at the beginning of the year	993.35	1,070.33	1,140.12
Funds to be transfer as per the Scheme of Arrangement	(769.00)	-	-
Assets acquired in amalgamation in previous year	-	-	-
Settlements	-	-	-
Expected return on plan assets	66.39	88.58	99.47
Contributions by Employer	500.00	-	-
Actual benefits paid	(242.40)	(172.25)	(171.15)
Actuarial (Gains) / Losses	24.66	6.70	1.90
Plan assets at the end of the year	573.00	993.35	1,070.33
Actuarial Assumptions:			
Discount Rate	8.00%	8.25%	7.00%
Expected rate of return on plan assets	9.00%	9.00%	9.00%
Mortality pre retirement	*LIC Rates	*LIC Rates	*LIC Rates
Mortality post retirement	NA	NA	NA
Turnover rate	5% to 1%	5% to 1%	3% to 1%
Medical premium inflation	NA	NA	NA
Rate of escalation in salary (p.a.)	4.75%	4.75%	4.00%

* LIC (1994-96) Published table of rates.

	31.03.2011	31.03.2010	31.03.2009
	Leave Encashment		
Expense recognised in the Statement of Profit & Loss Account			
Current Service Cost	25.30	104.77	95.74
Interest Cost	11.22	42.55	31.72
Employer Contributions	-	-	-
Expected return on plan assets	-	-	-
Net Actuarial (Gains) / Losses	35.74	80.39	72.02
Past Service Cost	-	-	-
Settlement Cost	-	-	-
Total expense	72.26	227.72	199.48

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

	31.03.2011	31.03.2010	31.03.2009
	Leave Encashment		
Net Asset / (Liability) recognised in the Balance Sheet			
Present value of Defined Benefit Obligation as at March 31, 2011	177.02	575.72	515.76
Fair value of plan assets as at March 31, 2011	-	-	-
Funded status [Surplus / (Deficit)]	(177.02)	(575.72)	(515.76)
Net asset / (liability) as at March 31, 2011	(177.02)	575.72	(515.76)
Change in Obligation			
Present value of Defined Benefit Obligation at beginning of the year	140.21	515.76	453.10
Current Service Cost	25.30	104.77	95.74
Interest Cost	11.22	42.55	31.72
Settlement Cost	-	-	-
Past Service Cost	-	-	-
Employer Contributions	-	-	-
Acturial (Gains) / Losses	35.74	80.39	72.02
Benefits Payments	(35.45)	(167.75)	(136.83)
Present value of Defined Benefit Obligation at the end of the year	177.02	575.72	515.76

10 For the year ended on 31st March, 2011	2011	2010
a INTEREST		
Interest paid		
Interest and Discounting Charges	53.62	451.74
Interest on Fixed Loans	380.78	2,028.86
Interest on Debentures	-	1,113.34
Less: Interest received {T.D.S. Rs.47.05 Lacs (P.Y Rs. 31.40 Lacs)}	194.52	588.61
(Net)	239.88	3,005.33
b FOREIGN EXCHANGE		
Exchange Loss	69.05	-
Exchange Gain	62.63	-
(Net)	6.42	-

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FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

11 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 1.85 Million
	- Advance to Suppliers	USD 0.04 Million
		EUR 0.03 Million
		JPY 1.13 Million
	- Investments Receivables	NIL
2.	Amount payable in foreign currency on account of the following	
	- Purchase of Goods and Services	USD 0.33 Million
		EUR 0.02 Million
		JPY 0.86 Million
	- Advance from Customers	USD 0.22 Million
	- Loans payable	NIL
	- Interest payable on Loans	NIL

12 Based on information / documents available with the Company, Sundry Creditors include:

a)	Amounts due to small scale undertakings (Total Amount)	-
b)	Amount overdue on account of principal and / or interest	-
c)	Amount outstanding together with interest for more than 45 days	-

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	-
	(ii)	The interest due on above	-
		Total of (i) and (ii) above	-
(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.	-

13 Break up of deferred tax assets / liabilities are as under

As at 31st March,	2011	2010
Deferred Tax Assets		
Provision for Diminution in value of Investment	247.68	259.47
Provision for Doubtful debts	70.97	783.77
Deferred Revenue Exp.	109.62	53.18
Intangible Asset	-	2,535.62
Others	327.03	588.33
	755.30	4,220.37
Deferred Tax Liabilities		
Depreciation	699.06	5,604.42
	699.06	5,604.42
Total	(56.24)	1,384.05

T Notes to Accounts - Contd.

(Rs. in Lacs)

14 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.

15 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: Alembic Pharmaceuticals Limited was a subsidiary of the Company as on 31st March, 2011 and consequent to the allotment of further shares as per the approved Scheme of Arrangement on 15th April, 2011, it ceased to be the subsidiary of the Company
- (c) Associate Companies :
- | | | |
|--------------------------------|----------------------------------|----------------------------------|
| 1 Alembic Pharmaceuticals Ltd. | 6 Paushak Ltd. | 11 Sierra Investments Ltd. |
| 2 Sierra Healthcare Ltd. | 7 Alembic Export Ltd. | 12 Whitefield Chemtech Pvt. Ltd. |
| 3 Nirayu Pvt. Ltd. | 8 Viramya Packlight Ltd | |
| 4 Quick Flight Ltd. | 9 Incozen Therapeutics Pvt. Ltd. | |
| 5 Shreno Ltd. | 10 Rhizen Pharmaceuticals | |
- (d) Key Management personnel :
- | | |
|---------------------|------------------------------|
| 1 Shri C .R. Amin | Chairman |
| 2 Smt M.C. Amin | Whole-time Director |
| 3 Shri Sanjay Bhatt | Director & Company Secretary |
- (e) Relatives of Key Management Personnel :
- | | |
|---------------------|------------------------|
| 1 Shri Pranav Amin | 6 Ms.Ninochaka Kothari |
| 2 Shri Shaunak Amin | 7 Ms. Shreya Mukherjee |
| 3 Shri Udit Amin | 8 Mrs. Rajashri Bhatt |
| 4 Ms. Yera Amin | 9 Mr. Bhargav Bhatt |
| 5 Ms. Jyoti Patel | 10 Mr. Pranav Bhatt |

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	
	2011	2010	2011	2010
i) Purchase of Goods/DEPB				
-Individually more than 10%	31.55	424.87	-	-
-Others	3.39	47.79	-	-
ii) Sale of Goods/DEPB				
-Individually more than 10%	6,318.89	57.93	-	-
-Others	6.94	-	-	-
iii) Purchase of Fixed Assets				
-Individually more than 10%	74.12	259.53	-	-
-Others	-	-	-	-

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FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

For the year ended on 31st March,	Associates		Key Management Personnel	
	2011	2010	2011	2010
iv) Rendering of services				
-Individually more than 10%	273.32	586.41	-	-
-Others	-	0.53	-	-
v) Receiving of services				
-Individually more than 10%	814.71	986.06	-	-
- Others	0.20	56.37	-	-
vi) Rent Paid				
-Individually more than 10%	52.35	42.33	-	-
-Others	-	-	-	-
vii) Rent Received				
-Individually more than 10%	6.68	4.51	-	-
-Others	1.09	0.55	-	-
viii) Interest Received				
-Individually more than 10%	12.39	470.07	-	-
-Others	-	56.89	-	-
ix) Dividend Paid				
-Individually more than 10%	350.18	267.63	37.94	33.22
-Others	0.01	4.78	-	-
x) Dividend Received				
-Individually more than 10%	12.21	12.94	-	-
-Others	-	-	-	-
xi) Loans Given				
-Individually more than 10%	-	5,908.00	-	-
-Others	-	10.00	-	-
xii) Managerial Remuneration				
Salary	-	-	150.90	545.38
Provident Fund and others	-	-	19.49	52.10
Superannuation	-	-	16.49	46.70
Commission	-	-	-	-
xiii) Invest in Share capital				
-Individually more than 10%	1,100.00	-	-	-
-Others	-	-	-	-
xiv) Outstanding balance as at 31st March,	2011	2010	2011	2010
- Advances	0.67	89.84	-	-
- Creditors	1,208.11	254.47	-	-
- Loans Given	-	4,806.00	-	-
- Deposit Given	10.00	760.00	-	-
- Investment	1,582.60	793.50	-	-
			Relatives of Key Managerial Personnel	
For the year ended on 31st March,			2011	2010
i) Dividend Paid			27.83	20.45
ii) Salary Paid			-	73.25

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FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

16 Earning Per Share (EPS)

Year ended on 31st March,	2011	2010
a) Profit after tax but before Non -Recurring Items available for equity shareholders.	(867.87)	2,068.41
b) Profit after Tax available for equity shareholders	(1,290.19)	2,068.41
c) Weighted Average number of equity shares	13,35,15,914	13,49,58,149
d) Basic and Diluted Earnings per share before Non-Recurring Items. (Face value per share Rs.2/- each)	(0.65)	1.53
e) Basic and Diluted Earnings per share after Non-Recurring Items. (Face value per share Rs.2/- each)	(0.97)	1.53

17 Auditors Fees and Expenses include remuneration to:

Year ended on 31st March,	2011	2010
(a) Statutory Auditors:- As Auditors	3.50	18.00
In Other Capacity:- (i) Other Services	2.00	20.38
(ii) Reimbursement of expenses	-	1.18
(b) Cost Auditors :- (i) As Cost Auditors	0.10	1.25
(ii) Other Services	-	0.58
(c) Tax Auditor : (i) Tax Audit Fee	0.10	1.65
(ii) Other Services	-	0.15
	5.70	43.18

18 Managerial Remuneration :

Year ended on 31st March,	2011	2010
Salary and Allowances	137.80	545.38
Contribution to Provident and other Funds	18.47	52.10
Contribution to Superannuation Fund	16.49	46.70
Commission	-	-

Computation of net profit under section 198 read with section 309 of the Companies Act, 1956.

	2011		2010	
	Rs.	Rs.	Rs.	Rs.
Net Profit/(Loss) for the year as per Profit and Loss Account		(1,290.19)		2,068.41
Add :				
- Provision for Income Tax / Wealth Tax	13.00		389.25	
- Short provision of Income tax	276.35		-	
- Depreciation	1,006.77		4,301.90	
- Managerial Remuneration	172.76		644.18	
- VRS	422.32		-	
- Directors Sitting Fees	6.20	1,897.40	5.70	5,341.03
		607.21		7,409.44
Less :				
- Deffered Tax	105.45		102.23	
- Depreciation as per Section 350 of the Companies Act, 1956	1,006.77		4,301.90	
- Profit on sale of assets		1,112.22	6.54	4,410.67
Net Profit *		(505.01)		2,998.77
10% of the Net Profit i.e.maximum remuneration payable to Managerial Personnel.		-		299.88

The remuneration paid to Managerial / Whole Time Director is in excess of the remuneration prescribed under schedule XIII to the Companies Act, 1956 .The Company is in process of making an application for the necessary approval from the Central Government for the excess paid remuneration in the prescribed limits.

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FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

Rs in Lacs

19 Additional information required under Schedule VI to the Companies Act, 1956

(As certified by the management and accepted by the auditors) (As certified by the management and accepted by the auditors)

(A) Material Consumption: -

Name of Materials	Unit	For the year ended on 31st March,			
		Quantity	Amount Rs.	Quantity	Amount Rs.
a) Basic					
Antibiotics	B.U.	-		92,921	
	Kg	81,984	3,224.59	673,618	10,988.76
Chemical and Other Drugs	Kg.	2,75,95,916		3,56,04,582	
	Ltrs.	26,55,095	8,316.70	61,28,357	17,540.48
b) Packing Material	-	-	169.65	-	4,678.00
c) Others	-	-	928.53	-	1,843.77
(Which in value individually account for less than 10% of the total Value of Raw Materials Consumed)					
Total			12,639.47		35,051.01

(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/	#	2,522.393	66.662	1,084.31	15.101	865.80
	MT	(#)	(2,925.792)	(101.770)	(5,716.24)	(132.889)	(5624.00)
Formulations :							
a) Tablets and capsules	Mil-lion	-	-	-	-	-	-
	Nos.	(4,653.000)	(2,680.765)	(251.073)	(2,405.01)	(267.133)	(1,972.46)
b) Injectables	Mil-lion	- * * *	-	-	-	-	-
	Nos.	- * * *	(76.227)	(13.502)	(1,119.36)	(8.509)	(751.17)
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)
d) Others		-	-		221.51		71.47
		-	-		(1,764.50)		(2,835.69)
Others:							
Electric Power Generation							
Wind Mill		5.00					
@ - Co-Generation Plant		12.60					
	M.W	17.60	**	-	-	-	-
		(17.60)	(**)	-	-	-	-
Total				66.662	1,305.82	15.101	937.27
				(1,791.137)	(12,735.18)	(1,592.826)	(12,514.20)

* Including production on 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

T Notes to Accounts - Contd.

Rs in Lacs

(C) Purchase of Finished Goods :

For the year ended on 31st March,		2011		2010	
Class of Goods	Unit	Quantity	Amount Rs.	Quantity	Amount Rs.
Pharmaceutical Preparations	M.T.	8.950	70.08	4,931.851	11,736.58

(D) Turnover:

Bulk Drugs, Chemicals and Intermediates	MMU/ M.T.	-	-	-	-
Formulations :					
Tablets and Capsules	Million Nos.	-	-	2,379.120	46,183.75
Injectables	Million Nos.	-	-	69.744	9,306.59
Oral Preparation and Ointments	Million Nos.	-	-	7,272.378	17,776.03
Total (Gross Rs.)			21,584.12		102,070.66

(E) Income / Expenditure in Foreign Currency :

Year ended on 31st March,	2011	2010
Income		
- Export (FOB basis)	2,124.06	31,255.37
Expenditure		
- Raw Materials (CIF basis)	1,237.13	10,241.88
- Packing Material ,Components and Spare parts (CIF basis)	31.88	252.53
- Capital Goods (CIF basis)	1.94	59.12
- Professional and Consultancy Fees	4.56	251.65
- Interest	-	302.52
- Foreign travelling	8.95	136.80
- Commission on Export	67.27	637.03
- Subscription, Publicity and other matters	8.80	667.19
- Salary	-	518.70
- Rent	-	45.97

(F) Break up of Imported /Indigenous Material :

(a) Value of imported raw materials, spares parts and components consumed	3,250.52	8,945.09
(b) Value of indigenous raw materials, spare parts and components consumed	9,973.82	27,603.14
(c) Percentage of above to total consumption:		
(i) Imported raw materials, spare parts and components consumed	25%	24%
(ii) Indigenous raw materials, spare parts and components consumed	75%	76%

20 Figure shown in brackets are corresponding figure of previous year.

21 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 ChairmanMalika Amin R. M. Kapadia
Whole-time Director DirectorMilin Mehta
DirectorRAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No.100186W
Mumbai : 2nd May, 2011Sanjay Bhatt
Director
& Company Secretary

Vadodara : 2nd May, 2011

Cash Flow

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

(Rs. in Lacs)

For the Year ended 31st March	2011		2010	
A CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) before tax and non-recurring items:		(683.97)		2,355.43
Add :				
1) Depreciation	1,006.77		4,301.90	
2) Interest Paid	335.34		3,593.94	
3) Year End Foreign exchange Conversion (Net)	6.42		51.36	
		1,348.53	-	7,947.20
Less :				
1) Interest Received	95.46		588.61	
2) Dividend Received	14.59		16.89	
3) Profit on sale of Fixed Assets (Net)	-		29.51	
		110.05	-	635.01
Operating profit before change in working capital		554.51		9,667.62
Changes in Working Capital				
Add / (Less) :				
1) Inventories	191.90		(656.04)	
2) Trade payable	540.47		3,585.69	
3) Trade receivables	(773.99)		233.77	
4) Loans and Advances	73.62	32.00	172.48	3,335.90
Cash generated from operation		586.51		13,003.52
Add / (Less) :				
1) Income Tax (Net)		1,182.26		(261.66)
Cash flow before Non-Recurring Items		1,768.77		12,741.86
Less:				
1) Expenses under Voluntary Retirement Scheme		422.32		
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)		1,346.45		12,741.86
B CASH FLOW FROM INVESTING ACTIVITIES :				
1) Sale of Fixed Assets	1.16		41.57	
2) Interest Received	80.05		424.22	
3) Dividend Received	14.59	95.80	16.89	482.68
Less:				
1) Purchase of Fixed Assets	1,017.99		2,827.99	
2) Purchase of Investments (Net)	1,110.00	2,127.99	4.56	2,832.55
NET CASH UTILISED IN INVESTING ACTIVITIES (B)		(2,032.19)		(2,349.87)

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	2011		2010	
C CASH FLOW FROM FINANCIAL ACTIVITIES :				
Inflow :				
1) Proceeds from borrowings (Net)	1,778.49		-	
		1778.49		-
Outflow:				
Less:				
1) Proceeds of Shares Buy Back	-		1,575.26	
2) Reduction in borrowings (Net)	-		6,033.61	
3) Interest paid	352.07		3,573.18	
4) Dividend Paid	662.92		540.57	
5) Corporate Dividend Tax Paid	110.88	1,125.87	92.19	11,814.81
NET CASH GENERATED IN FINANCIAL ACTIVITIES (C)		652.62		(11,814.81)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(33.12)		(1,422.82)
Cash and Cash Equivalents as at 31/03/2010		159.33		1,631.11
Cash and Cash Equivalents as at 31/03/2011		126.21		208.29

As per our report of even date

For K. S. AIYAR & CO. Chirayu R. Amin
Chartered Accountants Chairman

Malika Amin R. M. Kapadia
Whole-time Director Director

Milin Mehta
Director

RAGHUVIR M. AIYAR
Partner
Membership No. 38128
Firm Registration No.100186W
Mumbai : 2nd May, 2011

Sanjay Bhatt
Director
& Company Secretary

Vadodara : 2nd May, 2011

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 period ended 31st March		2011	2010
Balance Sheet abstract and Company's business profile.			
1	Registration Details:		
	Registration No. 04-0033		
	State code No. 4		
	Balance sheet date 31.03.2011		
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	33,857.43	96,416.94
	Total Assets	33,857.43	96,416.94
	Paid up capital	2,670.40	2,670.40
	Reserve & Surplus	18,266.20	28,902.93
	Deferred Tax Liability	0.00	1,384.05
	Secured Loans	1,559.59	24,931.30
	Unsecured Loans	5,239.95	15,906.27
	Net Fixed Assets	20,207.63	39,318.46
	Capital Work in Progress	9.94	389.72
	Deferred Tax Asset	56.24	
	Investments	1,623.76	849.18
	Net current Assets	5,838.57	33,237.59
	Accumulated Losses	Nil	Nil
4	Performance of Company:		
	Turnover and Export incentives	20,078.42	1,02,151.29
	Total Expenditure	21,139.33	1,00,225.87
	Profit Before Tax	(1,106.29)	2,355.43
	Profit After Tax	(1,290.19)	2,068.41
	Earning Per Share	(0.97)	1.53
	Dividend rate %	0%	25%
5	Generic names of three principal products of Company:		
	Item Code No. (ITC Code) Product Description		
	294110 10 Penicillin & 6APA		
	294150 00 Erythromycin Thiocynate		
	294150 00 Roxithromycin		

Chirayu R. Amin
Chairman

Malika Amin
Whole-time Director

R. M. Kapadia
Director

Milin Mehta
Director

Sanjay Bhatt
Director
& Company Secretary

Vadodara : 2nd May, 2011

To,



www.alembiclimited.com