



ALEMBIC PHARMACEUTICALS LIMITED



ANNUAL REPORT 2010-11

## Board of Directors

Mr. Chirayu R. Amin  
*Chairman & Managing Director*

Mr. Pranav N. Parikh  
*Director*

Mr. K.G. Ramanathan  
*Director*

Mr. Paresh Saraiya  
*Director*

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

Mr. Milin Mehta  
*Director*

Mr. Pranav Amin  
*Director & President-International Business*

## Regd. Office

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

## Manufacturing Facilities

Panelav, Tal. Halol,  
Dist. Panchmahal - 389 350. Gujarat

Plot No. 21, 22, EPIP - Phase I  
Jharmajri, Baddi, Tehsil - Nalagarh  
Dist. Solan, Himachal Pradesh

Village Karakhadi, Taluka Padra  
District Vadodara

## Statutory Auditors

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

## Bankers

The Royal Bank of Scotland N.V.  
AXIS Bank Limited  
Bank of Baroda  
HDFC Bank Limited  
IDBI Bank Limited  
Standard Chartered Bank

## 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](mailto: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 1st Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2011.

### ① Financial Results :

(Rs. in Lacs)

Stand Alone Basis		Consolidated Basis
2011	For the period ended 31st March	2011
15,581	Profit for the year before Interest, depreciation and Tax	16033
	<b>Adjusting therefrom :</b>	
2,389	Interest (net)	2,389
2,959	Depreciation	2,959
282	Provision for deferred tax liabilities or assets	282
1,801	Provision for current tax and wealth tax	1,864
8,150	Net Profit	8,539
	<b>Adding thereto :</b>	
-	Balance brought forward as per Scheme of Arrangement	1,519
8,150	The amount available is	10,058
	<b>Appropriating there from :</b>	
1,885	Provision for Dividend - Equity Shares	1,885
305	Provision for Corporate Dividend tax	305
3,000	General Reserve	3,000
792	Debenture Redemption Reserve	792
2,168	Balance carried forward to next year's accounts	4,076

The Pharmaceutical Undertaking of Alembic Limited has been transferred to the Company w.e.f. appointed date i.e. 1st April, 2010, however, this being a first year of the Company, the previous years figures are not given.

### ② Dividend :

Your Directors recommend Dividend on Equity Shares at Re. 1 per share (i.e. 50 per cent) of face value of Rs. 2/- per share for the year ended on 31st March, 2011.

### 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 Alembic Limited has been demerged and the same is transferred to the Company 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, certified true copy of which was received by the Company on 21st March, 2011. The Company has 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 the Company. The Company has issued and allotted 13,35,15,914 equity shares of face value of Rs.2/- each to the shareholders of Alembic Limited on 15th April, 2011 in ratio of 1:1. As per the scheme of arrangement, the Company 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).

## ⑤ Operations :

The Company's Gross Sales including export incentives on standalone basis were Rs. 1169.52 Crores for the year ended 31st March, 2011.

The Profit before Interest, Depreciation and Taxes was Rs. 155.81 Crores for the year under review.

During the year, the interest and financing cost was Rs. 23.89 Crores.

The Company has registered a standalone total income of Rs. 1165 Crores for the year under review. The standalone Profit, before providing for Interest, Depreciation and Taxes, was Rs. 155.81 Crores for the year under review. The Company has made a standalone profit after tax of Rs. 81.50 Crores for the year under review.

The Company has registered a consolidated total income of Rs. 1202.13 Crores for the year under review. The consolidated Profit, before providing for Interest, Depreciation and Taxes,

was Rs. 160.33 Crores for the year under review. The Company has made a consolidated profit after tax of Rs. 85.39 Crores for the year under review.

The break-up of consolidated sales is as under :

Particulars	Financial period 31/3/2011
Domestic Formulation	693.44
Export Formulation	223.92
Domestic API	94.51
Export API	179.90
<b>Total</b>	<b>1,191.77</b>

## ⑥ Listing of shares :

The Company has made applications to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for listing of equity shares.

## ⑦ Fixed Deposits :

As per the scheme of arrangement, all the fixed deposits accepted by Alembic Limited are transferred to the Company. The Company published statement of Advertisement on 25th April, 2011 for acceptance of fresh deposits. The fixed deposits including from shareholders as on 31st March, 2011 amounted to Rs. 52.41 Crores. Unclaimed deposits of Rs. 21.24 Lacs from 97 depositors have been transferred to current liabilities, out of this, no deposits have since been repaid or renewed at the option of depositors and no instruction have been received so far and if not claimed in future, it shall be deposited in the 'Investors Education & Protection Fund' in due course, as per the provisions of the Companies Act, 1956.

## ⑧ Directors :

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

On transfer of their services from Alembic Limited to the Company, the Company has appointed Mr. Chirayu Amin as Managing

## DIRECTORS' REPORT

Director, Mr. R. K. Baheti as Director-Finance & Company Secretary and Mr. Pranav Amin as Director & President-International Business of the Company. Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta have been appointed as additional Directors of the Company w.e.f. 31st March, 2011.

Mrs. Malika Amin has resigned as Director of the Company w.e.f. 31st March, 2011. The Board places on record the valuable contributions made by her during her tenure.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Mr. Chirayu Amin, Mr. R.K. Baheti, Mr. Pranav Amin, Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta Directors of the Company will retire at the ensuing Annual General Meeting who are eligible for re-appointment. Mr. Chirayu Amin being Managing Director will be appointed as non-rotational Director and other Directors will be appointed as Directors liable to retire by rotation.

The brief resumes of Mr. Chirayu Amin, Mr. R.K. Baheti, Mr. Pranav Amin, Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta 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 :

During 2010-11 the company was unlisted and therefore provisions of corporate governance where not applicable. Consequent upon demerger, the company has applied for listing of shares to BSE and NSE and has also complied with provisions of corporate governance.

A separate report on Corporate Governance is produced as a part of the Annual Report.

As required vide clause 49 of the listing agreement on Corporate Governance, the board has laid down a code of conduct for all members and senior management team of the Company. The said code of conduct has been posted on the website of the Company – [www.alembic-india.com](http://www.alembic-india.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. Paresh Saraiya, Mr. Milin Mehta and Mr. Pranav Parikh. Mr. Paresh Saraiya is Chairman of the Audit Committee. All the Directors in Audit Committee are Non-Executive Independent Directors. The Committee, in its meeting held on 2nd May, 2011, 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.

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

### ⑭ **Cost Auditors :**

The Central Government had directed to Alembic Limited that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2011 be conducted by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Consequent upon demerger, the bulk drugs and formulations manufacturing units are transferred to the company. 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 profit of the Company for the accounting year ended on that date;

- iii) That proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provision of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) That the annual accounts have been prepared on a 'going concern' basis.

On behalf of the Board of Directors,

**Chirayu R. Amin**  
*Chairman & Managing Director*

Vadodara, 2nd May, 2011

## ANNEXURE A

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry Perspective vis-à-vis Company

The Indian Pharmaceutical Industry has been largely resilient to the economic challenges. The Global Pharmaceutical Market is expected to grow between 5 & 7% in 2011. Indian Pharmaceutical industry grew at healthy 18% in last year and is likely to sustain current growth momentum (14-15% versus historical run-rate of 10-12% over FY09-10).

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

The current spending on healthcare [public and private] is estimated at 6% of GDP and expected to increase to 10% of GDP by 2016. The market remains dominated by acute therapies; however chronic segments such as Cardio Vascular, Diabetes, Central Nervous System and specialty segments like Oncology are growing faster at 18-19% versus the current industry growth of 15% (MAT March 2011).

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

The Global pharmaceutical Industry is witnessing a growing importance of generics. The Pharmaceutical Industry continues to remain fragmented and competitive especially due to increased genericisation. Global pharmaceutical market intelligence company IMS Health believes the Indian generic manufacturers will grow at a faster clip as drugs worth approximately \$170 billion will go off patent in 2015. In fact, with nearly \$105 billion worth of patent-protected drugs to go off-patent (including 30 of the best selling US patent-protected drugs) by 2012, Indian generic manufacturers are positioning

themselves to offer generic versions of these drugs. With drugs going off patent each year, generics represent a major outsourcing opportunity for pharmaceutical producers in India. The global pharmaceutical outsourcing market is rapidly growing.

#### DOMESTIC FORMULATION BUSINESS :

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

The company continues to make investment in the domestic branded business, particularly with the newer specialty segments. The Company has also renewed its focus on penetrating rural segment which we believe will be the next growth driver for us. The positive impact of the restructuring undertaken in the recent years is evident from the fact that company registered 19% growth in primary numbers in FY 10-11.

#### INTERNATIONAL BUSINESS :

Alembic's export formulation business to regulatory markets of US, Canada and Europe recorded a stellar performance during the year to reach turnover of Rs. 174 crores and registered 70% growth over last year. During the year Company launched 3 ANDA's in USA market. The Company has filed 38 Abbreviated New Drug Applications (ANDAs) and 53 Drug Master Files (DMFs) and received approvals for 15 ANDA's. Alembic's strategy in International Generics is to partner with International Generic companies and leverage on their marketing and sales capabilities. Alembic typically shares the investment and return with the marketing partners and this helps de-risk its ANDA programme and reduces the upfront investment in the development stage.

#### FINANCE :

The Company has registered a standalone total income of Rs. 1164.92 Crores for the year

under review. The standalone Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was Rs.155.73 Crores for the year under review. The Company has made a standalone profit after tax of Rs.81.50 Crores for the year under review.

The Company has registered a consolidated total income of Rs.1202.04 Crores for the year under review. The consolidated Profit, before providing for Interest, Depreciation, Non-recurring Income, expenses and Taxes, was Rs.160.25 Crores for the year under review. The Company has made a consolidated profit after tax of Rs.85.39 Crores for the year under review.

## OUTLOOK :

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

With India becoming a hub for manufacturing and research operations, Alembic looks to get significant growth from this area as well. Our manufacturing facilities have passed successful inspections from regulatory bodies from all over the world and testimony to that is USFDA status being confirmed to both API and Solid Dosage facilities. Our research labs are well equipped to develop new products and formulations. Low cost of products and strong Intellectual Property are going to be the two most important drivers in the International Generics Markets. Timely and accelerated quality filling ANDAs / DMF's will be key to Alembic's success in these advanced markets. Alembic has strived to show excellence in

both these areas in development as well as manufacturing. It is a focused approach on these two which will give Alembic's Future plans a fillip.

## INTERNAL CONTROL SYSTEMS AND ADEQUACY :

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

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

## HUMAN RESOURCE INTERVENTION IN 2010-11 :

Success of a growing organization is the resultant endeavor of a dedicated team setting stretch targets to push prospects for advancement. The potential and ability to deliver consistently is evident from the consistent growth of your company.

Your directors appreciate the valuable contribution of its employees towards the progress we report every year. This year, amongst other initiatives, a newly designed talent screening workshop greatly helped recognize internal talent more systematically, as also a competency grid administered jointly with line functions strengthening selection processes. Conscious investment on training and development continue to enhance competency levels to foster a performance driven culture. As always, performance orientation, innovation and meritocracy remain high priority areas, and your company continues to afford an enabling work environment and opportunities for career advancement. Industrial relations at Alembic too continue to be harmonious.



## ANNEXURE A

### **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. ETP upgradation was done with a capital investment of around Rs. 125 lacs.

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 Company has a

rural development society started in 1980. This is located near Panelav in the foothills of Pawagadh. The Objective is to provide self-employment opportunities through vocational training and education for adults and children in 50 villages in the vicinity.

## 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) Installed Transformer with on Load tap changer (17 Tap position) by replacing off load tap changing Transformer (5 Tap position) to increase the voltage level in summer seasons and to reduce DG Set Diesel consumption in case low voltage supplied by State Electricity Board. Apx. Cost saving Rs. 4.52 Lacs/year.
- 2) Installed around 80 nos. CFLs in stores area of rating 100 Watt each by replacing 250 Watt high Pressure Lamp.
- 3) Savings of Electrical Energy by doing interlocking of Cooling Tower with Digital Temperature Controller.
- 4) Reutilization of Purified Water in cooling towers and Boiler. Liquid washing Purified Water collect and pumped back to feed cooling tower and Boilers.
- 5) Reutilization of Condensate of steam and feed back to boilers to increase the F temperature of Boiler Feed Water.
- 6) Avail cheap power through power trading from IEX. Upgradation of transformer, CTBT in line with requirement of power trading corporation.
- 7) Started using 50 HP pump in place of 60 HP pump at SR tower.

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

- 1) Upgradation of -5 brine chilling compressor system for saving energy.
- 2) Switching over efficient thermax machine to induced cooling tower

from existing natural cooling tower resulting in pumping power and improvement in performance.

- 3) Thermography of electrical distribution network to improve the power system reliability.

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

- 1) Reduction in use of DM water in Cooling Tower and Boiler.
- 2) Saving of Chemicals used for treatment of water.
- 3) Reduction in HSD consumption by 6-7 Liters/Hr.
- 4) Effluent Treatment Plant load reduced by reutilization of Purified Water and Steam condensate.
- 5) Saving in power cost.

Efforts made in technology absorption:

#### **Form B enclosed.**

1. The Export sales were Rs. 360.48 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)

For the Period ended on 31st March,	2011
Income	36,048.49
Export (FOB basis )	
Expenditure	
Raw Materials (CIF basis)	17,882.18
Packing Material ,Components and Spare parts (CIF basis)	435.14
Professional and Consultancy Fees	133.39
Interest	60.45
Foreign travelling	102.22
Commission on Export	860.48
Subscription, Publicity and other matters	811.02
Salary	444.15
Rent	34.55

## FORM A

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

### A. Power and Fuel Consumption:

For the period ended 31st March	2010-11
<b>1. Electricity :</b>	
<b>(a) Purchased Units (KwH)</b>	<b>2,72,98,285</b>
Total Amount Rs.	<b>16,32,82,529</b>
Rate (Rs./Unit)	<b>5.981</b>
<b>(b) Own Generation :</b>	
(i) Through diesel generator :	
Units (KwH)	<b>4,95,497</b>
Units per litre of diesel oil	<b>3.25</b>
Cost (Rs./Unit)	<b>10.39</b>
(ii) Through Gas/steam Turbine/ Generator	
Units KwH)	<b>Nil</b>
Units per LTR/M3/M.T./LTR of Fuel	
Oil/Gas/Steam/HSD	<b>Nil</b>
Fuel Cost (Rs./ Unit)	<b>Nil</b>
<b>2. Furnace Oil Qty. (K.Ltrs.)</b>	<b>1257.606</b>
Total Amount Rs.	<b>3,45,98,222</b>
Average Rate (Rs./KL)	<b>27,511</b>
<b>3. Bio Mass Briquettes :</b>	
Quantity (Kgs.)	<b>53,19,484</b>
Total Amount(Rs.)	<b>2,34,94,963</b>
Average Rate (Rs./Kg)	<b>4.42</b>

### B) Consumption per unit of production

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

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

**A) Research and Development (R&D)**

**1. R&D's focus areas**

- a) Development of Generic Drugs
- b) Contract Manufacturing for MNCs
- c) Collaboration with National Universities and Institutes
- d) Formulation Development
- e) Microbial Research
- f) BE Studies
- g) Focussing on process design for improving operational efficiency.
- h) Supporting the manufacturing unit by trouble shooting at the production facilities.

**2. Benefits derived as a result of R&D**

- a) The Company filed 12 ANDA's and 53 DMFs in this fiscal year. The cumulative ANDA filings stood at 38 and 15 approvals have been received till 31st March, 2011. Commercial launch of the drug products like Ropinirole Hydrochloride Tablets, Losartan Tablets, Pramipexole Tablets, Lamotrigine Tablets during the year.
- b) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- c) Till date 386 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 219 patents for formulations have been filed.
- d) The Company has developed the skill set to create a wide range of pharmaceuticals across the value chain from complex APIs to Formulations. These projects typically work with a lead time of a few years, and power our growth plans across the world. We have close to 300 scientists working across two development centers.
- e) With increase in thrust on cost optimization, at Alembic Research Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market, which has experienced a price erosion.
- f) Technology for new products have been developed at the lab scale and also on the synthetic front; scale-up and commercial production of Donepezil, Duloxetine, Aripiprazole, Memantine, Fenofibrate

Choline Salt and Quetiapine have been completed during the year.

- g) The company has marked its presence in Europe by launching the drug products like Losartan, Losartan and Hydrochloriazide and Pramipexole for the various customers.
- h) High specialty Ophthalmic range has been introduced in Ophthalmcare Division in the domestic market. We have been leveraging the R & D strength as a strong player in the domestic formulations.

**3. Future plan of action**

- a) The no. of DMFs filed will increase in the following years which will result in filing of more ANDAs, eight ANDAs already having been filed this year.
- b) The Company will extensively upgrade with latest technologies thus strengthening its R&D product pipelines for USA, Europe and other regulated and semi regulated markets across the globe, more emphasis shall be laid on sustained and modified release dosage forms
- c) Contract Manufacturing with Multi-National Companies (MNCs) will continue and future contract for other molecules would be explored.
- d) The finished dosage forms cover a wide range of therapeutic categories reflecting on the very active research pursuits of our dedicated and skilled professionals. The aim here is to emphasize innovation and quality which is at the heart of Alembic's Research efforts.

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

a)	Capital	185
b)	Recurring	4,713
c)	Total	4,898
d)	Total R&D expenditure as a percentage of total turnover	4.06

**Adaptation and Innovation**

- 1) Efforts made towards technology absorption, adaptation and innovation

Technological innovation has become increasingly critical for firms as they struggle to achieve and maintain competitive advantage. Trends such as fast product-cycle times, greater competition/product commoditization and technology fusion have only added importance for innovation. The foundation of competitive advantage in

## FORM B

the pharmaceutical industry lies in successful innovation. The pharmaceutical industry spends more as a percentage of sales on Research and Development than any other industry

We at Alembic have chosen to develop some the techno sensitive niche products which offer high value advantage. Further, we have a special technology transfer team which has helped us in smooth transfer of the technology from lab to plant for which is reflecting in the highest number of DMF filing for the year.

New processes developed using innovative technologies in products such as (i) Ivabradine (ii) Fesoterodine, (iii) Amorphous Warfarin Sodium and certain cost reduction processes such as Azithromycin Dihydrate and Pramipexole testify to the intensive pursuit of technological excellence at Alembic.

### 2) Benefits derived

1. Reduction in cost of production for some of the revenue driven molecules such as Azithromycin, Clarithromycin, Roxythromycin, Ropinirole, Pramipexole, Leflunomide etc.
2. A radically new process which enabled multiple fold increase in yield of Fesoterodine – A process which has been filed patent for.
3. Increasing the production efficiency and consistency in the manufacturing cycle.

### 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 period 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
(a) Employed for whole of the year under review and were in receipt of remuneration at a rate which in the aggregate, was not less than Rs. 60,00,000/-								
1	Mr. Chirayu R. Amin	Chairman & Managing Director	232.66	B.Sc. M.B.A.	28	01/05/1983	64	-
2	Mr. Pranav Amin	Director	65.68	M.B.A.	11	01/09/2005	36	Whole time Director, Nirayu Pvt. Ltd
3	Mr. Shaunak C. Amin	President	66.58	B.A.	8	01/09/2005	33	Whole time Director, Alembic Glass Ind. Ltd
4	Mr. R. K. Baheti	Director & President - Finance & Secretary	156.70	B. Com. (Hon.), FCA and FCS	30	18/01/2003	52	Sr. Vice President - Finance & Company Secretary, Sun Pharmaceutical Industries Limited
5	Dr. J. Venkat Raman	Chief Scientific Officer	62.99	M. S., Ph.D.	14	03/02/2010	53	Vice President - Contract Research, Reliance Life Sciences
6	Mrs. Megha Dhargalkar	Senior Vice President	95.50	B. Pharm, M.M. S.	21	13/07/2009	44	Senior Vice President, Reliance Life Sciences
(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/-								
7	Dr. Vinay G. Nayak	President	84.19	M.Sc., Ph. D.	27	03/09/2010	54	President - Formulations, Watson Pharma Pvt. Ltd
<p>Note : 1. Gross remuneration received as shown in the statement includes Salary, Commission, Allowances, Employer's contribution to Provident Fund and superannuation Scheme.</p> <p>2. The agreements with Managing Director is for a period of 5 years. Mr. Chirayu R. Amin, Mr. Pranav Amin and Mr. Shaunak Amin are relatives of each other.</p>								

# 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.

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

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

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

## 2 Board of Directors

- Composition of the Board

It is well recognized that there should be optimum combination of executive and Non-Executive Directors. As on 31st March, 2011, the Company's Board meets this requirement as it is consisting of 4 Non-Executive independent Directors (57% of the Board Strength).

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

Nine (9) Board Meetings were held during the year ended 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 & Managing Director	Promoter Executive	11	1 (as Chairman) 1 (as Member)	9 of 9	N.A.
Mr. K.G. Ramanathan	NED(I)*	Nil	Nil	1 of 1	N.A.
Mr. Pranav Parikh	NED(I)*	2	Nil	0 of 1	N.A.
Mr. Paresh Saraiya	NED(I)*	2	Nil	0 of 1	N.A.
Mr. R.K. Baheti	NED(NI)	3	Nil	9 of 9	N.A.
Mr. Milin Mehta	NED(I)*	1	1 (as Member)	1 of 1	N.A.
Mr. Pranav Amin	Promoter Executive	1	Nil	1 of 1	N.A.

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

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

# Report on Corporate Governance

## 2 Board of Directors - Contd.

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

### Code of Conduct

The Board has adopted code of conduct for all Board Members and Senior Management of the Company vide resolution dated 31st March, 2011 and the said code of conduct is posted on the web site of the Company ([www.alembic-india.com](http://www.alembic-india.com))

### CEO/CFO Certificate

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director and Director - Finance of the Company have certified to the Board the financial statements for the year ended 31st March, 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. Paresh Saraiya, Mr. Pranav Parikh and Mr. Milin Mehta. Mr. Paresh Saraiya is Chairman of the Audit Committee. All the Directors in Audit Committee are Non-Executive Independent Directors. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements. The Statutory Auditors, Internal Auditors, Cost Auditors, Chairman 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.

## 4 Remuneration Committee

The Board of Directors in its meeting held on 31st March, 2011, has constituted Remuneration Committee of Directors consisting of Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya and Mr. Milin Mehta to fix and finalize the remuneration of Managerial Personnel. Mr. K. G. Ramanathan is Chairman of the Remuneration Committee.

The remuneration committee has approved the remuneration payable to the managerial personnel in its meeting held on 31st March, 2011 and 2nd May, 2011.

### Meetings and the attendance during the year

A meeting of remuneration committee was held on 31st March, 2011 to approve and recommend the terms of appointment of executive directors. Mr. K.G. Ramanathan and Mr. Milin Mehta remained present in the said meeting.

### • 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	Commission	Total
Mr. Chirayu Amin Managing Director	232.66	317.65	550.31
Mr. R.K. Baheti Director, President -Finance & Company Secretary	156.70	0	156.70
Mr. Pranav Amin Director & President-International Business	65.68	0	65.68
<b>Total</b>	<b>455.04</b>	<b>317.65</b>	<b>772.69</b>



# Report on Corporate Governance

## 4 Remuneration Committee - Contd.

### Notes:

- Mr. C.R. Amin, Chairman & Managing Director: Board approved in its meeting held on 31st March, 2011 appointment as Managing Director w.e.f. 1st April, 2011. The agreement with the Managing Director is for a period of 5 years.
- Mr. R.K. Baheti, Director– Finance & Company Secretary: Appointed for period of 5 years w.e.f. 1st April, 2011.
- Mr. Pranav Amin, Director & President-International Business: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- There is no separate provision for payment of severance fees.
- The Company does not have any Stock Options Scheme.

### b. Non-Executive Directors

The Board of Directors, in their meeting held on 31st March, 2011 have decided to pay sitting fees of Rs.20,000/- for attending Board Meetings or Committee Meetings. A sitting fee of Rs.5,000/- was paid for attending committee meetings by non-executive directors.

Name of Director	Sitting Fees for Board Meetings (Rs.)	Sitting Fees for Committee Meetings (Rs.)	Total Fees Paid (Rs.)
Mr. P. N. Parikh	Nil	Nil	Nil
Mr. K.G. Ramanathan	Nil	5,000	5,000
Mr. Paresh Saraiya	Nil	Nil	Nil
Mr. Milin Mehta	Nil	5,000	5,000

## 5 Shareholders' / Investors' Committee

The Board of Directors in their meeting held on 31st March, 2011, constituted the Shareholders'/Investors' Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. Pranav Parikh and Mr. Pranav Amin. Mr. Paresh Saraiya is Chairman of the Shareholders/Investors Committee.

### • Meetings and the attendance during the year

No meeting of Shareholders/Investors Committee was held during the year ended 31st March, 2011.

## 6 General Body Meetings

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

\* Whether special resolution was put through postal ballot last year? N.A.

\* Are polls proposed to be conducted through postal ballot this year? N.A.

### 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 Mr. R.K. Baheti, being the first directors of the Company will hold office upto the ensuing Annual General Meeting. They are eligible for re-appointment. Mr. Chirayu Amin being Managing Director will be appointed as non-rotational Director. Mr. R.K. Baheti will be appointed as Director liable to retire by rotation. Mr. K.G. Ramanathan, Mr. Pranav Parikh, Mr. Paresh Saraiya, Mr. Milin Mehta and Mr. Pranav Amin were appointed as additional Directors in the Board Meeting held on 31st March, 2011. They are being additional Directors will hold office upto the ensuing Annual General Meeting. They 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

# Report on Corporate Governance

## 6 General Body Meetings - Contd.

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 is also holding Directorships in Alembic Limited, Shreno Limited, Elecon Engineering Co. Ltd., Pashak 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.

Mr. R.K. Baheti is commerce graduate and a fellow member of Institute of Chartered Accountants of India. He is also a fellow member of Institute of Company Secretaries of India. He is having a wide and varied experience in finance, accounts, taxation and management function. Mr. R.K. Baheti is Director-Finance and Company Secretary of the Company. He is also holding Directorships in Alembic Exports Limited, Sierra Investments Limited, Sierra Healthcare Limited and Alembic Europe Pvt. Limited, UK.

Mr. Pranav Amin has done Bachelors of Science in Economics/Industrial Management from the Carnegie Mellon University in Pittsburgh, USA. He worked as a Jr. Financial Analyst at Dendrite Inc. in New Jersey, USA. Dendrite focuses on Customer Relationship Management software catering mainly to Pharmaceutical Companies. He pursued his M.B.A in International Management from Thunderbird, The American Graduate School of International Management. He is Director & President - International Business. He is also holding Directorships in Gujarat Flying Club, Quick Flight Limited and Incozen Therapeutics Pvt. Limited.

Mr. K.G. Ramanathan is a postgraduate in Physics from University of Madras and is a Retd. IAS Officer. He has worked in senior administrative positions in the State of Gujarat and also in Government of India. He has wide industrial experience particularly in the fields of fertilizers, chemicals and petrochemicals. Before his retirement from Government service, he was the Chairman and Managing Director of erstwhile Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India. Mr. Ramanathan is the Chairman of Chemical and Petrochemical Manufacturers Association of India. He is also the founder President of Indian Centre for Plastics in the Environment (ICPE). He is also associated with several trade and industry associations and social organisations.

Mr. Pranav Parikh is a Commerce Graduate and has done Business Administration Program at Harvard University, USA. He is an Industrialist and is Chairman of TechNova and Lemuir Group of companies. He has vast experience as an industrialist and has been an active participant in various industrial fora and organisations. He is also holding Directorships in Technova Imaging Systems Pvt. Ltd., Technova Graphics Pvt. Ltd., Technova Imaging Systems Inc. USA, Lee & Muirhead Pvt. Ltd., Lemuir Containers Pvt. Ltd., AI Movers Pvt. Ltd., LEFA freight Pvt. Ltd., DHL Lemuir Logistics Pvt. Ltd., AI records Management Pvt. Ltd, Lemuir Packers Pvt. Ltd. and Shree Laxmi Wollen Mills Estate Ltd.

Mr. Paresb Saraiya, is a Graduate in Mechanical Engineering with Distinction from the M.S. University of Vadodara. He is the Managing Director of Transpek-Silox Industry Limited, a joint venture Company between Silox S.A., Belgium and the Excel/Transpek Group. He has a vast experience in technical, management and corporate functions. He is also holding Directorships in Transpek-silox Industry Ltd., Parul Chemicals Ltd., Shroffs Engineering Ltd. and Excel Generics Limited.

Mr. Milin Mehta is a Senior Partner of M/s. K. C. Mehta & Co., a reputed Chartered Accountants' Firm, since more than 2 decades. He is a fellow member of the Institute of Chartered Accountants of India. He is also a Law Graduate and holds a Masters Degree in Commerce. He has also co-authored a book on "Minimum Alternate Tax" published by The Bombay Chartered Accountants' Society. He is also active in social service and is presently heading a reputed educational institution involved in providing school education in Baroda. He is also holding Directorships in Alembic Limited, Startronic Investment Consultant Pvt. Ltd. and Gujarat Life Sciences Pvt. Ltd.

### Shareholding of Non-Executive Directors:

None of the Non-executive Directors hold 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 Note No. 13 of schedule 'T' 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 will be Published in newspapers having wide coverage and also put on the website of the Company.
- Quarterly Results : The results will be published in newspapers having wide coverage
- Which Newspapers normally published in : Will be published normally in -  
The Economic Times (English),  
Business Standard (English)  
Lok Satta (Gujarati)  
The Economic Times (Gujarati)
- Any web-site where displayed : [www.alembic-india.com](http://www.alembic-india.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 3.30 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 15th 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	On or after 3rd September, 2011
5.	Registered Office	Alembic Road, Vadodara -390 003. Phone: (91-265) 2280550, Fax: (91-265) 2282506 E-mail: <a href="mailto:alembic@alembic.co.in">alembic@alembic.co.in</a> Web: <a href="http://www.alembic-india.com">www.alembic-india.com</a>
6.	Listing Details	The listing applications are submitted in following stock exchanges: Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051.
7.	Stock Market Data	Not Applicable

# Report on Corporate Governance

## 10 Shareholders' Information - Contd.

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 will be registered and returned generally within a period of Fifteen days from the date of receipt, if documents are accurate in all respects.

### Distribution of Shareholding

The Distribution of Shareholdings as on 15th April, 2011 i.e. after allotment of shares pursuant to scheme of arrangement is given as under:

SHARE OR DEBENTURE HOLDING OF NOMINAL VALUE OF		SHARE/DEBENTURE HOLDERS		SHARE/DEBENTURE AMOUNT	
Rs.	Rs.	Number	% to Total	In Rs.	% to Total
Upto -	5,000	46,765	96.06	2,92,73,256	7.7640
5,001 -	10,000	1,032	2.1200	74,25,886	1.9700
10,001 -	20,000	490	1.0070	69,64,010	1.8470
20,001 -	30,000	144	0.2960	35,88,260	0.9520
30,001 -	40,000	68	0.1400	23,61,060	0.6260
40,001 -	50,000	43	0.0880	19,43,836	0.5160
50,001 -	1,00,000	62	0.1270	44,48,432	1.1800
1,00,001 and above		78	0.1620	32,10,27,088	85.1460
<b>Total</b>		<b>48,682</b>	<b>100.0000</b>	<b>37,70,31,828</b>	<b>100.0000</b>

Shareholding pattern as on 15th April, 2011 i.e. after allotment of shares pursuant to scheme of arrangement:

Sr. No.	Category	No. of Shares Held	% of Voting Strength
1.	Promoters & Associates	13,97,52,825	74.13
2.	Mutual Funds & UTI	4,37,798	0.23
3.	Banks, Financial Institutions & Insurance Companies	12,90,759	0.69
4.	Foreign Institutional Investors	1,29,26,249	6.86
5.	Private Corporate Bodies	30,17,161	1.60
6.	Indian Public	3,01,86,252	16.01
7.	NRIs / OCBs	9,04,870	0.48
	<b>Total</b>	<b>18,85,15,914</b>	<b>100.00</b>

10.	Dematerialisation of Shares and Liquidity	As on 15th April, 2011 i.e. after allotment, 12,77,64,842 shares (67.77%) are held in dematerialised form by the shareholders. The said shares are frozen as per SEBI circular dated 3rd September, 2009 till the time trading permission is granted by the stock exchanges.
11.	Outstanding GDR/Warrants	Not applicable

# Report on Corporate Governance

## 10 Shareholders' Information - Contd.

12.	Plant Location	<p>a. Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat.</p> <p>b. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil -Nalagarh, Dist. Solan, Himachal Pradesh.</p> <p>c. Village Karakhadi, Tal. Padra, Dist. Vadodara.</p>
13.	Investor Correspondence	<p>1. Alembic Pharmaceuticals Limited, Alembic Road, Vadodara -390 003.</p> <p>2. Link Intime India Pvt. Limited B-102 &amp; 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</p>

# Auditors' Report

## To the members of, Alembic Pharmaceuticals Limited

We have audited the attached Balance Sheet of Alembic Pharmaceuticals Limited as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the period from date of incorporation i.e. 16th June, 2010 to 31st March, 2011 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We state that the 'Pharmaceutical undertaking' of Alembic Limited got demerged and transferred to the Company pursuant to the Scheme of Arrangement as approved by the Hon'ble Gujarat High Court. Accordingly these financial statements include the Financial Statements of the said 'Pharmaceutical undertaking' of Alembic Limited for the period from the Appointed date i.e. 01-04-2010 to 31-03-2011.

We further state that these Financial Statements pertaining to the said Pharmaceutical undertaking have been extracted from the books of account and records maintained by Alembic Limited jointly with its Vadodara undertaking in its SAP ERP system. This extraction and compilation of Financial Statements of the said Pharmaceutical undertaking is as envisaged in the Scheme and is based on various allocations made by the management on reasonable bases as detailed in Note No. 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 maintained as disclosed at Para 3 above;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- (v) On the basis of written representations received from the Directors, as on 31st March, 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 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 Profit for the period ended on that date; and
  - c) in the case of Cash Flow Statement of the cash flows for the period ended on that date.

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

Chartered Accountants;

FRN:100186W

**RAGHUVIR M. AIYAR**

Partner

Membership No.38128

Mumbai

DATE: 2nd May, 2011

# Annexure to the Auditors' Report

## Re : Alembic Pharmaceuticals 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 Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loans to five companies covered in the register maintained under section 301 of the Companies Act, 1956 wherein the balance recoverable as at the period end is Rs.26,40,00,000/- (Maximum balance during the year Rs.80,96,00,000/-).
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (c) In respect of the above loans granted, receipt/renewal of the principal amount and interest were regular, as stipulated.
- (d) There is no overdue amount of more than rupees one lakh of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (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

# Annexure to the Auditors' Report

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.

Statute & Nature of dues.	Amount not deposited Rs.	Forum where dispute is pending.	Period
<b>Sales Tax Act.</b> Sales Tax, interest and penalty.	4,82,244	Joint Commissioner Appeals	2008-09
	13,12,295	High Court	1999-2000
	1,63,84,603	Asst. Commissioner Demand	2003-04
	44,830	Additional Commissioner	2004-05
	3,99,262	Sr. Joint Commissioner	2006-07
	17,49,933	Joint Commissioner Appeals	2009-10
	7,38,67,430	Additional Commissioner (Appeals)	2007-08
	1,84,321	Additional Commissioner	01-04-2006 to 30-11-2008
	24,654	Additional Commissioner	01-12-2008 to 31-10-2009
	34,11,482	Additional Commissioner	2007-08
<b>Central Sales Tax</b>	1,00,00,000	Additional Commissioner Appeals	2007-08
	5,20,052	Commissioner	2005-06
	1,51,971	Additional Commissioner	01-04-2006 to 30-11-2008
	75,612	Additional Commissioner	01-12-2008 to 31-10-2009
	2,46,931	Deputy Commissioner II	2003-04
	1,50,355	Joint Commissioner (Appeals)	2005-06
	10,93,955	Deputy Commissioner II	2006-07
	71,728	Sr. Joint Commissioner	2006-07
<b>The Central Excise Act.</b> Excise Duty, Interest & Penalty.	2,13,95,574	CESTAT, Comm. (A)	2005-06
	56,58,800	CESTAT, Comm. (A)	2007-08
	23,53,824	CESTAT, Comm. (A)	2001-02
	2,10,579	CESTAT, Comm. (A)	1998-99
	35,000	CESTAT, Comm. (A)	2009-10
	50,03,165	High Court	1995-96
	1,20,99,486	Supreme Court	1996-97

- (x) As the Company is registered for a period less than 5 years, the requirement of the Order of reporting on accumulated losses and cash losses is not applicable.
- (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.



# Annexure to the Auditors' Report

- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has created security in respect of debentures issued.
- (xx) The Company has not raised any money during the year by public issue.
- (xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K. S. AIYAR & CO.**  
Chartered Accountants;  
FRN: 100186W

**RAGHUVIR M. AIYAR**  
Partner  
Membership No.38128

Mumbai  
DATE: 2nd May, 2011

# Balance Sheet

(Rs. in Lacs)

As at 31st March	Schedules	2011	
<b>I. SOURCES OF FUNDS :</b>			
<b>1. Shareholders' Funds :</b>			
a. Capital	<b>A</b>	<b>3,770.32</b>	
b. Reserves and Surplus	<b>B</b>	<b>23,850.64</b>	<b>27,620.96</b>
<b>2. Loan Funds :</b>			
a. Secured Loans	<b>C</b>	<b>18,185.30</b>	
b. Unsecured Loans	<b>D</b>	<b>14,605.46</b>	<b>32,790.76</b>
<b>3. Deferred Tax Liability</b>			<b>537.46</b>
			<b>60,949.18</b>
<b>II. APPLICATION OF FUNDS :</b>			
<b>1. Fixed Assets :</b>			
a. Gross Block	<b>E</b>	<b>43,352.09</b>	
b. Less : Depreciation		<b>16,153.55</b>	
c. Net Block			<b>27,198.54</b>
d. Capital work in progress			<b>2,650.30</b>
<b>2. Investments :</b>	<b>F</b>		<b>335.42</b>
<b>3. Current Assets, Loans and Advances :</b>			
a. Inventories	<b>G</b>	<b>21,923.19</b>	
b. Sundry Debtors	<b>H</b>	<b>20,197.39</b>	
c. Cash and Bank Balances	<b>I</b>	<b>128.80</b>	
d. Loan and Advances	<b>J</b>	<b>9,151.47</b>	<b>51,400.85</b>
<b>Less : Current Liabilities and Provisions :</b>	<b>K</b>		
a. Liabilities		<b>17,534.92</b>	
b. Provisions		<b>3,101.01</b>	<b>20,635.93</b>
<b>Net Current Assets</b>			<b>30,764.92</b>
			<b>60,949.18</b>
<b>Notes Forming Part of Accounts</b>	<b>T</b>		
<b>The schedules referred to above form an integral part of Balance Sheet</b>			

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

# Profit and Loss Account

(Rs. in Lacs)

For the period ended 31st March	Schedules	2011	
<b>INCOME :</b>			
Sales and Income from Operation	L	1,16,952.44	
Less : Excise Duty		766.00	1,16,186.44
Other Income	M		314.47
			1,16,500.91
<b>EXPENDITURE :</b>			
Material Consumption	N		43,494.43
Purchase of Finished Goods			12,857.31
Excise Duty			663.64
Manufacturing Expenses	O		5,531.39
Employee's Expenses	P		14,148.74
Research & Development Expenses	Q		4,713.18
Marketing & Distribution Expenses	R		11,365.01
Others	S		8,618.38
			1,01,392.08
<b>ADD/(LESS) :</b> Decrease/(Increase) in stock of Finished Goods and Work in Process	N		(472.19)
			1,00,919.89
<b>PROFIT BEFORE INTEREST, DEPRECIATION AND TAX</b>			15,581.02
Interest (Net)			2,388.87
Depreciation			2,958.83
<b>PROFIT BEFORE TAX</b>			10,233.32
Less/(Add) : Provision for Deferred Tax			282.09
Less/(Add) : Provision for Current Tax			1,800.00
Less/(Add) : Provision for Wealth Tax			0.52
<b>PROFIT AFTER TAX</b>			8,150.71
<b>ADD/LESS :</b>			
Balance brought forward from last year			-
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			8,150.71
<b>APPROPRIATIONS :</b>			
Debtenture Redemption Reserve			791.70
Dividend - Equity Shares			1,885.16
Corporate Dividend Tax - Equity Shares			305.82
General Reserve			3,000.00
<b>SURPLUS CARRIED TO BALANCE SHEET</b>			2,168.03
			8,150.71
<b>Earning per Share (Basic &amp; Diluted) (In Rs.)</b>			4.32
<b>Notes Forming Part of Accounts</b>	T		
<b>The schedules referred to above form an integral part of Profit and Loss Account</b>			

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

# Schedules

FORMING PART OF THE BALANCE SHEET

## A Share Capital

(Rs. in Lacs)

As at 31st March	2011
<b>AUTHORISED</b>	
60,00,00,00 Equity Shares of Rs. 2/- each	1,200.00
10,00,00,000 Equity Shares of Rs. 2/- each transferred from Alembic Limited as per Scheme of Arrangement	2,000.00
40,00,00,00 Equity Shares of Rs. 2/- each Authorised Share Capital increased as per Scheme of Arrangement	800.00
	4,000.00
<b>ISSUED, SUBSCRIBED :</b>	
5,50,00,000 Fully paid up Equity Shares of Rs. 2/- each, issued during the period	1,100.00
	1,100.00
<b>PAID UP :</b>	
5,50,00,000 Fully paid up Equity Shares of Rs. 2/- each	1,100.00
13,35,15,914 Share Suspense Account	2,670.32
Fully paid up Equity Shares of Rs. 2/- each have been issued on 15/04/11 to the share holders of Alembic Limited as per the Scheme of Arrangement	
	3,770.32

## B Reserves and Surplus :

As at 31st March	2011
<b>CAPITAL RESERVE :</b>	
Transferred as per Scheme of Arrangement	30.00
<b>DEBENTURE REDEMPTION RESERVE :</b>	
Transferred as per Scheme of Arrangement	1,541.70
Add: Transferred from Profit and Loss Account	791.70
	2,333.40
<b>GENERAL RESERVE :</b>	
Transferred as per Scheme of Arrangement	17,139.56
Less : Utilised against provision for expenses on account of Scheme of Arrangement	100.00
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	720.35
Add: Transferred from Profit & Loss Account	3,000.00
	19,319.21
<b>PROFIT AND LOSS ACCOUNT :</b>	
Surplus as per Profit & Loss Account	2,168.03
	23,850.64

# Schedules

FORMING PART OF THE BALANCE SHEET

## C Secured Loans :

(Rs. in Lacs)

As at 31st March	2011	
<b>(A) From Financial Institutions, Banks and NBFC :</b>		
<b>(1) 10.80% Non Convertible Debentures</b>		<b>5,000.00</b>
(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)		
<b>(2) 9.25% Non Convertible Debentures</b>		<b>5,000.00</b>
(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)		
<b>(3) Foreign Currency Loans :</b>		<b>2,934.54</b>
External Commercial Borrowing ( Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.)		
(Due within one year Rs. 1,467.27 lacs)		
		<b>12,934.54</b>
<b>(B) From Banks for Working Capital :</b>		
Against first hypothecation charge on stocks and book-debts ranking pari- passu with other lenders		<b>5,250.76</b>
		<b>18,185.30</b>

## D Unsecured Loans :

As at 31st March	2011	
<b>Fixed Deposits From :</b>		
Public	<b>5,196.99</b>	
Shareholders	<b>23.00</b>	<b>5,219.99</b>
(Due within one year Rs 1,365.83 lacs)		
<b>Short Term Loans From :</b>		
Banks	<b>9,376.92</b>	
(Due within one year Rs 9,376.92 lacs)		
Others	<b>8.55</b>	<b>9,385.47</b>
(Due within one year Rs 2.85 lacs)		
Commercial Paper (Maximum outstanding during the year Rs. 165 Crores.)		-
		<b>14,605.46</b>

# Schedules

FORMING PART OF THE BALANCE SHEET

## E Fixed Assets

(Rs. in Lacs)

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/ Amortisation For The Period Ended 31.03.2011	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Freehold Land	-	192.44	-	-	192.44	-	-	-	-	-	192.44	-
Leasehold Land	-	1,634.78	-	-	1,634.78	-	29.44	-	16.61	46.05	1,588.72	-
Buildings	-	8,052.26	787.68	-	8,839.94	-	1,211.86	-	269.11	1,480.97	7,358.97	-
Employees Quarters	-	28.30	-	-	28.30	-	6.13	-	0.46	6.59	21.71	-
Plant and Machinery	-	21,673.50	1,258.31	97.68	22,834.13	-	7,849.02	39.16	2,495.04	10,304.90	12,529.24	-
R & D Equipment	-	6,566.50	185.02	18.41	6,733.11	-	3,603.15	12.32	1.88	3,592.71	3,140.40	-
Furniture & Fixtures	-	530.53	43.31	1.24	572.60	-	197.52	0.23	29.60	226.89	345.71	-
Office Machinery	-	342.56	61.99	0.52	404.03	-	81.80	0.20	26.43	108.03	296.00	-
Vehicles	-	495.09	1,627.86	10.19	2,112.76	-	272.90	5.19	119.70	387.41	1,725.35	-
<b>Total</b>	-	<b>39,515.96</b>	<b>3,964.17</b>	<b>128.04</b>	<b>43,352.09</b>	-	<b>13,251.82</b>	<b>57.10</b>	<b>2,958.83</b>	<b>16,153.55</b>	<b>27,198.54</b>	-

### Notes :

1. Sales proceeds are deducted from gross cost where cost is unascertainable
2. No Depreciation has been claimed on assets to the extent of Cenvat claimed

## F Investments (at cost)

As at 31st March	Nos.	Face Value Rs.	2011
<b>LONG TERM INVESTMENTS</b>			
<b>TRADE INVESTMENTS</b>			
<b>I. In Shares, Debentures and Bonds :</b>			
<b>I. Unquoted :</b>			
<b>a. Equity Shares (Fully paid up) :</b>			
Incozen Therapeutics Pvt Ltd.	10,00,000	10	300.00
<b>b. In Subsidiary Company :</b>			
Alembic Global Holding SA	1,00,000	CHF 1	33.62
<b>OTHER INVESTMENTS</b>			
<b>I. Unquoted :</b>			
Equity Shares (Fully paid up) :			
Shivalik Solid Waste Management Ltd.	18,000	10	1.80
			335.42
<b>Details of Purchase and Sales of Units During the Year :</b>	<b>No. of Units</b>		
HDFC Mutual Fund	1,91,89,433		
RELIANCE Mutual Fund	4,09,45,490		

# Schedules

FORMING PART OF THE BALANCE SHEET

## **G Inventories :** (Refer to Note No.I(e) pertaining to Accounting Policy) (As certified and valued by Management) (Rs. in Lacs)

As at 31st March	2011	
Stores & Spares	473.99	
Packing Material	1,569.92	
Raw Materials	8,198.70	10,242.61
<b>Stock in Trade :</b>		
Finished goods	10,746.38	
Material in process	934.20	11,680.58
		21,923.19

## **H Sundry Debtors :**

As at 31st March	2011	
Over Six Months		
- Considered Good	266.67	
- Considered Doubtful	786.54	
	1,053.21	
Less: Provision for Doubtful Debt	786.54	266.67
Others		19,930.72
		20,197.39

## **I Cash and Bank Balance :**

As at 31st March	2011	
Cash on hand		22.55
Bank Balances :		
With Scheduled Banks		
In Current Accounts	93.62	
In Deposit Accounts	3.55	97.17
With Other Banks		
Pragati Sahakari Bank Ltd.		
In Current Accounts		9.08
(Maximum balance during the year Rs.18.69 Lacs)		
		128.80

# Schedules

FORMING PART OF THE BALANCE SHEET

## **J Loans and Advances :** (Unsecured, considered good unless otherwise specified) (Rs. in Lacs)

As at 31st March	2011
Advances recoverable in cash or in kind or for value to be received	6,073.69
Staff Members and Corporates	2,770.92
Tender and Other Deposits	306.86
	9,151.47

## **K Current Liabilities and Provisions :**

As at 31st March	2011
<b>A. CURRENT LIABILITIES :</b>	
Creditors : Dues to Micro and Small Enterprises	25.91
Other Creditors	15,660.65
Trade Deposits and Advances	1,184.17
Investor Education and Protection Fund shall be credited by :	
Unclaimed Matured Deposits	21.24
Unclaimed Interest on Matured Deposits	2.55
Interest accrued but not due	640.40
	17,534.92
<b>B. PROVISIONS:</b>	
Provision for Gratuity	171.54
Provision for Leave encashment	654.62
Proposed Dividend	1,885.16
Corporate Dividend Tax	305.82
Provision of Income Tax / Wealth Tax	1,800.52
Less :Income Tax / Wealth Tax	1,716.65
	83.87
	3,101.01



# Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

## L Sales and Income from Operations :

(Rs. in Lacs)

For the period ended 31st March	2011	
Sales - Domestic	78,805.46	
Export	36,622.62	1,15,428.08
Royalty		47.38
Export Incentives		1,476.98
		1,16,952.44

## M Other Income :

For the period ended 31st March	2011	
a. Dividend :		
Others	8.33	8.33
b. Other Income :		
Insurance Claims	78.80	
Miscellaneous Income	227.34	306.14
		314.47

## N Raw Material & Packing Material Consumption :

For the period ended 31st March	2011	
Opening Stock		9,802.95
Add : Purchases		43,460.10
		53,263.05
Less : Closing Stock		9,768.62
		43,494.43
(Increase)/Decrease in Stock of Finished Goods and Material in Process :		
Opening Stock :		
Material in Process	911.05	
Finished Goods	10,297.34	11,208.39
Less : Closing Stock :		
Material in Process	934.20	
Finished Goods	10,746.38	11,680.58
		(472.19)

## O Manufacturing Expenses :

For the period ended 31st March	2011	
Power and Fuel		2,457.87
Repairs and Maintenance of Machinery		367.12
Manufacturing and Labour Charges		1,131.45
Stores & Spares Consumption		868.51
Laboratory, Analytical and Technology Expenses		706.44
		5,531.39

## P Employees' Cost :

For the period ended 31st March	2011	
Salaries, Wages & Bonus		12,729.13
Contribution to Provident, Gratuity, E.S.I. and other Funds		1,205.23
Welfare Expenses		214.38
		14,148.74

# Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

## Research & Development Expenses :

(Rs. in Lacs)

For the period ended 31st March	2011	
Material Consumption		831.80
Employees' Cost		
Salaries, Wages, & Bonus	1,797.52	
Contribution to Provident, Gratuity, E.S.I. and other Funds	78.30	1,875.82
Utilities - Power		167.92
Utilities - Others		40.15
Bio-Study Expense		906.54
Others		890.95
		4,713.18

## Marketing & Selling Expenses :

For the period ended 31st March	2011	
Marketing Expenses & Selling Commission		4,172.52
Publicity and Medical Literature		5,061.58
Freight and Forwarding Charges		2,130.91
		11,365.01

## Other Expenses :

For the period ended 31st March	2011	
Rent		130.49
Bank Charges and Brokerage		166.54
Rates and Taxes		432.57
Insurance		182.20
Communication Expenses		854.72
Professional Fees		633.89
Donations		2.07
Travelling		4,038.95
Repairs and Maintenance		
Building and Roads	179.30	
Others	205.56	384.86
Audit Fees and Expenses		47.75
Managerial Remuneration		772.69
Director Sitting Fees		0.10
Miscellaneous Expenses		485.82
Loss on Fixed Assets (Net)		23.56
Foreign Exchange Gain/Loss (Net)		40.05
Bad Debts Written off	1,722.70	
Less : Bad Debts Provision Utilised	1,722.70	-
Provision for Doubtful Debts		422.12
		8,618.38

## **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 transferred upon the Scheme of Arrangement have been recorded at Net Book Value as appearing in the Demerged Company. 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.

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

#### **c. Depreciation / Amortisation**

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

Leasehold Land is amortized over the period of Lease. Depreciation on Research and Development Equipments acquired upto 31.03.2003 @ 100% 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 / or as appearing in the Demerged Company.

#### **e. Inventories**

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

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

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

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

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

#### **f. Sales and Income from Operations**

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales are inclusive of excise duty, but net of sales return, Service Tax & 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, from development of products and assignment of patent rights. Income from royalty is recognised on an accrual basis in accordance with the terms of the relevant agreement

#### **g. R & D Expenses**

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

#### **h. Foreign Exchange Transactions**

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

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

## **T Notes to Accounts - Contd.**

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. Upon the Scheme of Arrangement the said LIC Policy and the accumulated funds therein are in process of being transferred to the Trust created for the purpose.

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 Hon'ble Gujarat High Court has approved, as on 24 January 2011, a Scheme of Arrangement containing demerger of 'pharmaceutical undertaking' into wholly owned subsidiary company viz. Alembic Pharmaceuticals Limited – the resulting company, which ceased to be a subsidiary consequent to the allotment of further shares as per the said Scheme on 15th April 2011, and is now an associate of Alembic Limited.

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 above. Accordingly, these financial statements 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 pertaining to the said Pharmaceutical undertaking have been extracted from the books of account and records maintained by Alembic Limited jointly with its Vadodara undertaking i.e. Demerged 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

# Schedules

FORMING PART OF THE ACCOUNTS

## 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.

(Rs. in Lacs)

As at 31st March,	2011
3. Estimated amount of contracts net of advances remaining to be executed on capital accounts	1,729.89
4. Contingent liabilities not provided for.	
i Letter of credit, Guarantees and counter guarantees	8,396.96
ii Liabilities Disputed in appeals	
- Excise duty	641.03
- Sales Tax	1,112.31
iii Claims against the company not acknowledged as debt	48.10
iv Non fulfilment of export obligation against advance licence	65.53
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

5. Investment in Incozen Therapeutics Private Limited, a Company incorporated in India and engaged in development activities in area of 'drug discovery and clinical development'. Company has invested Rs 3 Crore as the seed round of funding of which Rs 1 Crore is towards capital and Rs 2 Crore towards share premium amount.

# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

(Rs. in Lacs)

6. Defined benefit plans / compensated absences - As per actuarial valuation	31.03.2011 Gratuity Funded
<b>Expense recognised in the Statement of Profit &amp; Loss Account</b>	
Current Service Cost	145.50
Interest Cost	65.95
Employer Contributions	-
Expected return on plan assets	-
Net Actuarial (Gains) / Losses	(70.28)
Past Service Cost	-
Settlement Cost	-
Total expense	141.17
<b>Net Asset / (Liability) recognised</b>	
Present value of Defined Benefit Obligation as at March 31, 2011	940.54
Fair value of plan assets as at March 31, 2011	769.00
Funded status [Surplus / (Deficit)]	(171.54)
Net asset / (liability) as at March 31, 2011	(171.54)
<b>Change in Obligation</b>	
Present value of Defined Benefit Obligation at beginning of the year	799.37
Current Service Cost	145.50
Interest Cost	65.95
Settlement Cost	-
Past Service Cost	-
Employer Contributions	-
Actuarial (Gains) / Losses	(70.28)
Benefits Payments	-
Present value of Defined Benefit Obligation at the end of the year	940.54
<b>Change in Assets</b>	
Plan assets at the beginning of the year	-
Assets acquired in amalgamation in previous year	-
Settlements	-
Expected return on plan assets	-
Funds to be transfer as per the Scheme of Arrangement	769.00
Actual benefits paid	-
Actuarial (Gains) / Losses	-
Plan assets at the end of the year	769.00
<b>Actuarial Assumptions:</b>	
Discount Rate	8.00%
Expected rate of return on plan assets	9.00%
Mortality pre retirement	*LIC Rates
Mortality post retirement	NA
Turnover rate	5% to 1%
Medical premium inflation	NA
Rate of escalation in salary (p.a.)	4.75%
* LIC ( 1994-96) Published table of rates.	

# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

(Rs. in Lacs)	
	31.03.2011
<b>Expense recognised in the Statement of Profit &amp; Loss Account</b>	<b>Leave Encashment</b>
Current Service Cost	100.39
Interest Cost	34.84
Employer Contributions	-
Expected return on plan assets	-
Net Acturial (Gains) / Losses	133.87
Past Service Cost	-
Settlement Cost	-
Total expense	269.10
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>	
Present value of Defined Benefit Obligation as at March 31, 2011	557.35
Fair value of plan assets as at March 31, 2011	-
Funded status [Surplus / (Deficit)]	(557.35)
Net asset / (liability) as at March 31, 2011	(557.35)
<b>Change in Obligation</b>	
Present value of Defined Benefit Obligation at beginning of the year	435.52
Current Service Cost	100.39
Interest Cost	34.84
Settlement Cost	-
Past Service Cost	-
Employer Contributions	-
Acturial (Gains) / Losses	133.86
Benefits Payments	(147.26)
Present value of Defined Benefit Obligation at the end of the year	557.35
<i>Upon the Scheme of Arrangement the said LIC Policy and the accumulated funds therein are in process of being transferred to the Trust created for the purpose.</i>	
<b>7. Provision for Current Tax includes Provision for Wealth Tax of Rs. 0.52 Lacs</b>	
<b>8. For the period ended on 31st March,</b>	<b>2011</b>
<b>a. INTEREST</b>	
Interest paid	
Interest and Discounting Charges	190.94
Interest on Fixed Loans	1,502.96
Interest on Debentures	1,066.12
Less: Interest received {T.D.S.Rs. 32.38 Lacs}	371.15
(Net)	2,388.87
<b>b. FOREIGN EXCHANGE</b>	
Exchange Loss	1,558.74
Exchange Gain	1,518.69
(Net)	40.05
<b>c. SALE OF FIXED ASSETS</b>	
Loss on Sale of Fixed Asset	33.48
Profit on Sale of Fixed Asset	9.92
(Net)	23.56

# T Notes to Accounts - Contd.

9. a. The Company enters into Currency Swaps to hedge against fluctuation in changes in exchange rate and interest rates as on 31st March 2011

No. of Contracts	I
Notional Principal (1 Contract)	USD 1.67 Million

- b. The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are as follows:

1. Amount receivable in foreign currency on account of the following

- Export of Goods and Services	USD	25.56 Million
	GBP	0.64 Million
	EUR	3.22 Million
- Advance to Suppliers	USD	2.66 Million
	EUR	0.17 Million
	JPY	2.92 Million
	CHF	0.001 Million

- Investments Receivables

NIL

2. Amount payable in foreign currency on account of the following

- Purchase of Goods and Services	USD	9.72 Million
	EUR	0.06 Million
	JPY	1.17 Million
- Advance from Customers	USD	3.32 Million
	GBP	0.01 Million
	EUR	0.12 Million
- Loans payable	USD	9.98 Million
	EUR	2.50 Million

- Interest payable on Loans

NIL

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

Rs. In lacs

a.	Amounts due to small scale undertakings (Total Amount)	25.91
b.	Amount overdue on account of principal and / or interest	10.28
c.	Amount outstanding together with interest for more than 45 days	8.68

As per requirement of Section 22 of Micro, small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable

	Rs. In lacs
a. i. The principal amount remaining unpaid to any supplier at the end of accounting year	25.91
ii. The interest due on above	0.13
Total of (i) and (ii) above	26.04
b. Amount of interest paid by the buyer in terms of section 18 of the Act	-
c. The amounts of payment made to the supplier beyond the due date	-
d. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-



# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

### 11. Break up of deferred tax assets / liabilities are as under.

Rs in Lacs

As at 31st March,	2011
<b>Deferred Tax Assets</b>	
Provision for Doubtful debts	255.19
Preliminary Expense and Demerger Expense	29.81
Intangible Asset	1,815.27
Others	338.47
	2,438.74
<b>Deferred Tax Liabilities</b>	
Depreciation	2,976.20
	2,976.20
<b>Total</b>	<b>537.46</b>

### 12. 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.

### 13. 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.

- Controlling Companies: Alembic Limited was holding 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 by Alembic Pharmaceuticals Limited, Alembic Limited ceased to be the holding Company.
- Subsidiary and Fellow Subsidiary: There is one Subsidiary Company called Alembic Global Holding SA.
- Associate Companies:
  - Alembic Ltd.
  - Sierra Healthcare Ltd.
  - Nirayu Pvt. Ltd.
  - Quick Flight Ltd.
  - Shreno Ltd.
  - Paushak Ltd.
  - Alembic Export Ltd.
  - Viramya Packlight Ltd
  - Incozen Therapeutics Pvt. Ltd.
  - Rhizen Pharmaceuticals
  - Sierra Investments Ltd.
  - Whitefield Chemtech Pvt. Ltd.
- Key Management personnel
  - Shri C .R. Amin Chairman and Managing Director
  - Shri R. K. Baheti Director- Finance & Company Secretary
  - Shri Pranav Amin Director, President-International Business
  - Shri Shaunak Amin President - Formulations
  - Shri Udit Amin Chief Business Development Officer
- Relatives of Key Management Personnel :
  - Smt. Malika Amin
  - Ms. Yera Amin
  - Ms. Jyoti Patel
  - Ms. Ninochaka Kothari
  - Ms. Shreya Mukherjee
  - Mrs. Barkha P Amin
  - Mrs. Krupa S. Amin
  - Mrs.Tishya U. Amin
  - Ms. Samira Amin
  - Master Ranvir Amin
  - Ms. Nayantara Amin
  - Ms. Santosh Baheti
  - Mr. Saurabh Baheti

# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

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 period ended on 31st March,	Associates	Key Management Personnel
	2011	2011
i. Purchase of Goods/DEPB		
-Individually more than 10%	7,103.26	-
-Others	333.65	-
ii. Sale of Goods/DEPB		
-Individually more than 10%	95.60	-
-Others	-	-
iii. Purchase of Fixed Assets		
-Individually more than 10%	3,530.48	-
-Others	-	-
iv. Rendering of services		
-Individually more than 10%	237.76	-
-Others	0.47	-
v. Receiving of services		
-Individually more than 10%	309.23	-
-Others	2.02	-
vi. Interest Received		
-Individually more than 10%	351.15	-
-Others	15.34	-
vii. Loans Given		
-Individually more than 10%	3,070.00	-
-Others	100.00	-
viii. Managerial Remuneration		
Salary	-	489.06
Provident Fund and others	-	50.08
Superannuation	-	30.80
Commission	-	317.65
ix. Issuing of Share Capital		
-Individually more than 10%	1,100.00	-
-Others	-	-
x. Outstanding balance as at 31st March,	2011	2011
- Advances	1,257.37	-
- Creditors	113.50	-
- Loans Given	2,640.00	-
- Investment	300.00	-
	Relatives of Key Managerial Personnel	
For the period ended on 31st March,	2011	
i. Dividend Paid	-	
ii. Salary Paid	-	

# **T Notes to Accounts - Contd.**

## **14. Earning Per Share (EPS)**

(Rs. in Lacs)

For the period ended on 31st March,	2011
a. Profit after tax but before Non - Recurring Items available for equity shareholders.	8,150.71
b. Profit after Tax available for equity shareholders	8,150.71
c. Weighted Average number of equity shares	1,88,515,914
d. Basic and Diluted Earnings per share before Non-Recurring Items. (Face value per share Rs.2/- each)	4.32
e. Basic and Diluted Earnings per share after Non-Recurring Items. (Face value per share Rs.2/- each)	4.32

## **15. Auditors Fees and Expenses include remuneration to:**

For the period ended on 31st March,	2011
a. Statutory Auditors:-	
As Auditors	18.00
In Other Capacity:-	
i. Other Services	
a. Dmerger related work	5.00
b. Limited Review	15.00
c. Others	4.50
ii. Reimbursement of expenses	2.00
b. Cost Auditors :-	
i. As Cost Auditors	1.25
ii. Other Services	-
c. Tax Auditor :	
i Tax Audit Fee	2.00
ii. Other Services	-
<b>Total</b>	<b>47.75</b>

## **16. Managerial Remuneration :**

	2011
Salary and Allowances	380.48
Contribution to Provident and other Funds	43.76
Contribution to Superannuation Fund	30.80
Commission	317.65

# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

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

(Rs. in Lacs)

	2011	
	Rs.	Rs.
<b>Net Profit for the period as per Profit and Loss Account</b>		<b>8,150.71</b>
<b>Add :</b>		
- Provision for Income Tax	<b>1,800.52</b>	
- Provision for Deferred Tax	<b>282.09</b>	
- Depreciation	<b>2,958.83</b>	
- Managerial Remuneration	<b>772.69</b>	
- Directors Sitting Fees	<b>0.10</b>	<b>5,814.23</b>
<b>Less :</b>		<b>13,964.94</b>
- Depreciation as per Section 350 of the Companies Act, 1956	<b>2,958.83</b>	<b>2,958.83</b>
<b>Net Profit</b>		<b>11,006.11</b>
10% of the Net Profit i.e. maximum remuneration payable to Managerial Personnel.		<b>1,100.61</b>

### 17. Additional information required under Schedule VI to the Companies Act, 1956.

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

A. Material Consumption: -

For the period ended on 31st March,		2011	
Name of Materials	Unit	Quantity	Amount Rs.
<b>a. Basic</b>			
Antibiotics	B.U.	<b>95,632</b>	
	Kg	<b>8,07,284</b>	<b>24,384.22</b>
Chemical and Other Drugs	Kg.	<b>95,75,729</b>	
	Ltrs.	<b>38,96,369</b>	<b>11,294.01</b>
<b>b. Packing Material</b>		-	<b>6,296.78</b>
<b>c. Others</b>		-	<b>1,519.42</b>
(Which in value individually account for less than 10% of the total Value of Raw Materials Consumed)			
<b>Total</b>			<b>43,494.43</b>

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
<b>Bulk Drugs and Chemical and Intermediates</b>	<b>MMU/</b>	<b>#</b>	<b>673.454</b>	<b>66.227</b>	<b>4,539.68</b>	<b>63.582</b>	<b>4,804.48</b>
	<b>MT</b>						
<b>Formulations :</b>							
a. Tablets and capsules	Million Nos.	4,653.000	3,343.895	267.133	1,972.47	264.397	2,189.46
b. Injectables	Million Nos.	- * * *	84.747	8.509	751.17	7.828	596.97
c. Oral Preparation and Ointments	M.T	10,182.616	9,272.980	1,184.295	1,330.88	868.597	949.93
d. Others		-	-		2,614.19		3,139.74
<b>Total</b>				<b>1,526.164</b>	<b>11,208.39</b>	<b>1,204.404</b>	<b>11,680.58</b>

\* Including production on loan licence basis, captive consumption, samples and purchases of finished products.

# 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.

\*\*\* Entire production is on loan license basis.

# Schedules

FORMING PART OF THE ACCOUNTS

## T Notes to Accounts - Contd.

C. Purchase of Finished Goods :

(Rs. in Lacs)

For the period ended on 31st March,		2011	
Class of Goods	Unit	Quantity	Amount Rs.
Pharmaceutical	Million		
Preparations	Nos. /M.T.	5,353.246	12,857.31

D. Turnover :

Bulk Drugs, Chemicals and Intermediates	MMU/ M.T.	-	-
		299.999	23,740.50
Formulations :			
Tablets and Capsules	Million Nos.	3,080.166	59,194.38
Injectables	Million Nos.	81.172	10,842.38
Oral Preparation and Ointments	Million Nos.	8,576.757	21,650.82
<b>Total (Gross Rs.)</b>			<b>1,15,428.08</b>

E. Income / Expenditure in Foreign Currency

For the Period ended on 31st March,	2011
<b>Income</b>	<b>36,048.49</b>
Export (FOB basis )	
<b>Expenditure</b>	
Raw Materials (CIF basis)	17,882.18
Packing Material ,Components and Spare parts (CIF basis)	435.14
Professional and Consultancy Fees	133.39
Interest	60.45
Foreign travelling	102.22
Commission on Export	860.48
Subscription, Publicity and other matters	811.02
Salary	444.15
Rent	34.55

F. Break up of Imported /Indigeneous Material

a. Value of imported raw materials, spares parts and components consumed	14,107.13
b. Value of indigenous raw materials, spare parts and components consumed	30,255.81
c. Percentage of above to total consumption:	
i. Imported raw materials, spare parts and components consumed	32%
ii. Indigenous raw materials, spare parts and components consumed	68%

18. Since this is the first year of Company's operation, the previous year's figures have not been given.

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& 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 Period ended 31st March	2011	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items:		<b>10,233.32</b>
<b>Add:</b>		
1. Depreciation	<b>2,958.83</b>	
2. Interest Paid	<b>2,760.02</b>	
3. Year End Foreign Exchange Conversion (Net)	<b>40.05</b>	
4. Loss on sale of Assets (Net)	<b>23.56</b>	<b>5,782.46</b>
<b>Less:</b>		
1. Interest Received	<b>371.15</b>	
2. Dividend Received	<b>8.33</b>	
		<b>379.48</b>
<b>Operating profit before change in working capital</b>		<b>15,636.30</b>
<b>Changes in Working Capital</b>		
<b>Add / (Less) :</b>		
1. Inventories	<b>(628.68)</b>	
2. Trade Payable	<b>1,875.79</b>	
3. Trade Receivables	<b>(5,526.25)</b>	
4. Loans and Advances	<b>934.83</b>	<b>(3,344.31)</b>
<b>Cash generated from operation</b>		<b>12,291.99</b>
<b>Add / (Less) :</b>		
1. Income Tax (Net)		<b>(1,716.65)</b>
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>		<b>10,575.34</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
1. Sale of Fixed Assets	<b>18.58</b>	
2. Interest Received	<b>546.10</b>	
3. Dividend Received	<b>8.33</b>	<b>573.01</b>
<b>Less:</b>		
1. Purchase of Fixed Assets	<b>6,253.77</b>	
		<b>6,253.77</b>
<b>NET CASH UTILISED IN INVESTING ACTIVITIES (B)</b>		<b>(5,680.76)</b>

# Cash Flow

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

**Contd.**

(Rs. in Lacs)

For the Period ended 31st March	2011	
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES:</b>		
<b>Inflow :</b>		
1. Share Capital	<b>1,100.00</b>	
		<b>1,100.00</b>
<b>Outflow:</b>		
<b>Less:</b>		
1. Repayment of Loans/Others (Net)	<b>3,172.23</b>	
2. Interest paid	<b>2,742.51</b>	
		<b>5,914.74</b>
<b>NET CASH UTILISED IN FINANCIAL ACTIVITIES (C)</b>		<b>(4,814.74)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>79.84</b>
Cash and Cash Equivalents as at 31/03/2010		<b>48.96</b>
Cash and Cash Equivalents as at 31/03/2011		<b>128.80</b>

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& 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
1.	Registration Details:	
	Registration No. <b>04-061123</b>	
	State code No. <b>4</b>	
	Balance sheet date <b>31.03.2011</b>	
2.	Capital raised during the year :	
	Public Issue	<b>Nil</b>
	Right Issue	<b>Nil</b>
	Bonus Issue	<b>Nil</b>
	Equity as per Scheme of Arrangement	<b>1,100.00</b>
	Private Placement	
	a. Equity Shares	<b>Nil</b>
	b. Preference Shares	<b>Nil</b>
	Preference Shares Application Money	<b>Nil</b>
	Equity shares issued without payment being received in cash	<b>Nil</b>
3.	Position of mobilisation and deployment of funds:	
	Total liability	<b>81,585.11</b>
	Total Assets	<b>81,585.11</b>
	Paid up capital	<b>3,770.32</b>
	Reserve & Surplus	<b>23,850.64</b>
	Deferred Tax Liability	<b>537.46</b>
	Secured Loans	<b>18,185.30</b>
	Unsecured Loans	<b>14,605.46</b>
	Net Fixed Assets	<b>27,198.54</b>
	Capital Work in Progress	<b>2,650.30</b>
	Deferred Tax Asset	<b>-</b>
	Investments	<b>335.42</b>
	Net current Assets	<b>30,764.92</b>
	Accumulated Losses	<b>Nil</b>
4.	Performance of Company:	
	Turnover and Export incentives	<b>1,16,186.44</b>
	Total Expenditure	<b>1,06,267.59</b>
	Profit Before Tax	<b>10,233.32</b>
	Profit After Tax	<b>8,150.71</b>
	Earning Per Share	<b>4.32</b>
	Dividend rate %	<b>50%</b>
5.	Generic names of three principal products of Company:	
	Item Code No. (ITC Code)      Product Description	
	300420      61      Azithromycin Formulations	
	300420      61      Erythromycin Formulations	
	300420      62      Roxithromycin Formulations	

**Chirayu R. Amin**  
Chairman & Managing Director

**Pranav Amin**  
Director & President  
International Business

**K.G. Ramanathan**  
Director

**Paresh Saraiya**  
Director

**Milin Mehta**  
Director

**R. K. Baheti**  
Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011



STATEMENT PURSUANT TO SECTION 212 OF  
THE COMPANIES ACT, 1956

(Rs. in Lacs)

<b>Name of the Subsidiary</b>	<b>ALEMBIC GLOBAL HOLDING SA</b>
1. Accounting year of the Subsidiary ended on	31.03.2011
2. Share of the Subsidiary held by the Company on above date.	
a. Number	100,000
b. Extent of holding	100%
3. Net aggregate amount of profit of the subsidiary for above accounting period, of the subsidiary so far as they concern the members of company:	
a. dealt with in account of the Company for the year ended on 31.03.2011	-
b. not dealt with in account of the Company for the year ended on 31.03.2011	388.05
4. Net aggregate amount of profit of the subsidiary for previous financial year of the subsidiary since it becomes a Subsidiary so far as they concern the members of company:	
a. dealt with in account of the Company for the year ended on 31.03.2010	-
b. not dealt with in account of the Company for the year ended on 31.03.2010	-

**Chirayu R. Amin**  
Chairman & Managing Director

**Pranav Amin**  
Director & President  
International Business

**K.G. Ramanathan**  
Director

**Paresh Saraiya**  
Director

**Milin Mehta**  
Director

**R. K. Baheti**  
Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

INFORMATION ON THE FINANCIALS OF  
THE SUBSIDIARY COMPANY

FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in Lacs)

<b>Name of the Subsidiary Company</b>	<b>ALEMBIC GLOBAL HOLDING SA</b>
Capital	48.75
Reserves	2,037.37
Total Liabilities	727.21
Total Assets	2,788.96
Investment (other than in subsidiaries)	24.37
Turnover (Net)	3,712.31
Profit/(Loss) before Tax	451.01
Provision for Tax	62.96
Profit/(Loss) after Tax	388.05
Proposed Dividend	-

**Note :**

Any Shareholder interested in obtaining particulars of Subsidiary, may obtain by writing to the Company Secretary of the Company.

# Auditors' Report

To the Board of Directors,

Alembic Pharmaceuticals Limited

We have audited the attached Consolidated Balance Sheet of Alembic Pharmaceuticals Limited (the Company) as at 31st March, 2011, the consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the period from date of incorporation i.e. 16th June, 2010 to 31st March, 2011 annexed thereto.

These Financial Statements comprise of (a) Alembic Pharmaceuticals Limited (standalone) and (b) Alembic Global Holding SA that became a wholly owned Subsidiary of the Company pursuant to the Scheme of Arrangement as approved by the Hon'ble Gujarat High Court with effect from 01-04-2010 (Appointed Date). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 Consolidated Financial Statements as prescribed by the Central Government vide Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements duly audited by another Auditor of the Subsidiary Company and as produced to us.

The financial statement of the Subsidiary is reflecting total assets of Rs. 2,813.33 Lacs and Company's share in Revenue of Rs.3,712.31 Lacs, in Profit for the year of Rs.388.05 Lacs and Cash outflows of Rs.1,676.69 Lacs are included in the consolidated financial statement which are audited by other auditors for the period ended on 31-03-2011.

Based on the information and explanation given to us and on the consideration of the separate audit report of the Subsidiary company read together with our remarks above, we are of the opinion that:

- a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company as at 31st March, 2011;
- b) The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of the Company for the period then ended; and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company for the period then ended.

For **K. S. Aiyar & Co.**  
Chartered Accountants  
**Raghuvir M. Aiyar**  
Partner  
Membership No. 38128  
Firm Registration No. I00186W

Place: Mumbai  
Dated: 2nd May, 2011

# Balance Sheet

(Rs. in Lacs)

As at 31st March	Schedules	2011	
<b>I. SOURCES OF FUNDS :</b>			
<b>I. Shareholders' Funds :</b>			
a. Capital	<b>A</b>	<b>3,770.32</b>	
b. Reserves and Surplus	<b>B</b>	<b>25,758.06</b>	<b>29,528.38</b>
<b>2. Foreign Currency Translation Reserve</b>			<b>145.08</b>
<b>3. Loan Funds :</b>			
a. Secured Loans	<b>C</b>	<b>18,185.30</b>	
b. Unsecured Loans	<b>D</b>	<b>14,605.46</b>	<b>32,790.76</b>
<b>4. Deferred Tax Liability</b>			<b>537.46</b>
			<b>63,001.68</b>
<b>II. APPLICATION OF FUNDS :</b>			
<b>I. Fixed Assets :</b>			
a. Gross Block	<b>E</b>	<b>43,353.80</b>	
b. Less : Depreciation		<b>16,154.53</b>	
c. Net Block			<b>27,199.27</b>
d. Capital work in progress			<b>2,650.30</b>
<b>2. Investments :</b>	<b>F</b>		<b>326.17</b>
<b>3. Current Assets, Loans and Advances :</b>			
a. Inventories	<b>G</b>	<b>21,923.19</b>	
b. Sundry Debtors	<b>H</b>	<b>20,197.39</b>	
c. Cash and Bank Balances	<b>I</b>	<b>628.93</b>	
d. Loan and Advances	<b>J</b>	<b>11,439.57</b>	<b>54,189.08</b>
<b>Less : Current Liabilities and Provisions :</b>	<b>K</b>		
a. Liabilities		<b>18,216.22</b>	
b. Provisions		<b>3,146.92</b>	<b>21,363.14</b>
<b>Net Current Assets</b>			<b>32,825.94</b>
			<b>63,001.68</b>
<b>Notes Forming Part of Accounts</b>	<b>T</b>		
<b>The schedules referred to above form an integral part of Balance Sheet</b>			

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

# Profit & Loss Account

(Rs. in Lacs)

For the period ended 31st March	Schedules	2011	
<b>INCOME :</b>			
Sales and Income from Operation	<b>L</b>	<b>1,20,664.75</b>	
Less : Excise Duty		<b>766.00</b>	<b>1,19,898.75</b>
Other Income	<b>M</b>		<b>314.47</b>
			<b>1,20,213.22</b>
<b>EXPENDITURE :</b>			
Material Consumption	<b>N</b>		<b>43,494.43</b>
Purchase of Finished Goods			<b>16,018.54</b>
Excise Duty			<b>663.64</b>
Manufacturing Expenses	<b>O</b>		<b>5,531.39</b>
Employee's Expenses	<b>P</b>		<b>14,148.74</b>
Research & Development Expenses	<b>Q</b>		<b>4,713.18</b>
Marketing & Distribution Expenses	<b>R</b>		<b>11,365.01</b>
Others	<b>S</b>		<b>8,718.11</b>
			<b>1,04,653.04</b>
<b>ADD/(LESS) : Decrease/(Increase) in stock of Finished Goods and Work in Process</b>	<b>N</b>		<b>(472.19)</b>
			<b>1,04,180.85</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION AND TAX</b>			<b>16,032.37</b>
Interest (Net)			<b>2,388.87</b>
Depreciation			<b>2,959.17</b>
<b>PROFIT BEFORE TAX</b>			<b>10,684.33</b>
Less/(Add) : Provision for Deferred Tax			<b>282.09</b>
Less/(Add) : Provision for Current Tax			<b>1,862.96</b>
Less/(Add) : Provision for Wealth Tax			<b>0.52</b>
<b>PROFIT AFTER TAX</b>			<b>8,538.76</b>
<b>ADD/LESS :</b>			
Balance brought forward from last year			<b>-</b>
Add: Balance brought forward as per Scheme of Arrangement			<b>1,519.37</b>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			<b>10,058.13</b>
<b>APPROPRIATIONS :</b>			
Debenture Redemption Reserve			<b>791.70</b>
Dividend - Equity Shares			<b>1,885.16</b>
Corporate Dividend Tax - Equity Shares			<b>305.82</b>
General Reserve			<b>3,000.00</b>
<b>SURPLUS CARRIED TO BALANCE SHEET</b>			<b>4,075.45</b>
			<b>10,058.13</b>
<b>Earning per Share ( Basic &amp; Diluted) (In Rs.)</b>			<b>4.53</b>
<b>Notes Forming Part of Accounts</b>	<b>T</b>		
<b>The schedules referred to above form an integral part of Profit and Loss Account</b>			

As per our report of even date

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

**Chirayu R. Amin**  
Chairman & Managing Director

**Pranav Amin**  
Director & President  
International Business

**K.G. Ramanathan**  
Director

**Paresh Saraiya**  
Director

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

**Milin Mehta**  
Director

**R. K. Baheti**  
Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

# Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## A Share Capital

(Rs. in Lacs)

As at 31st March	2011
<b>AUTHORISED</b>	
60,00,00,00 Equity Shares of Rs. 2/- each	<b>1,200.00</b>
10,00,00,000 Equity Shares of Rs. 2/- each transferred from Alembic Limited as per Scheme of Arrangement	<b>2,000.00</b>
40,00,00,00 Equity Shares of Rs. 2/- each Authorised Share Capital increased as per Scheme of Arrangement	<b>800.00</b>
	<b>4,000.00</b>
<b>ISSUED, SUBSCRIBED :</b>	
5,50,00,000 Fully paid up Equity Shares of Rs. 2/- each, issued during the period	<b>1,100.00</b>
	<b>1,100.00</b>
<b>PAID UP :</b>	
5,50,00,000 Fully paid up Equity Shares of Rs. 2/- each	<b>1,100.00</b>
13,35,15,914 Share Suspense Account	<b>2,670.32</b>
Fully paid up Equity Shares of Rs. 2/- each have been issued on 15/04/11 to the share holders of Alembic Limited as per the Scheme of Arrangement	
	<b>3,770.32</b>

## B Reserves and Surplus :

As at 31st March	2011
<b>CAPITAL RESERVE :</b>	
Transferred as per Scheme of Arrangement	<b>30.00</b>
<b>DEBENTURE REDEMPTION RESERVE :</b>	
Transferred as per Scheme of Arrangement	<b>1,541.70</b>
Add: Transferred from Profit and Loss Account	<b>791.70</b>
	<b>2,333.40</b>
<b>GENERAL RESERVE :</b>	
Transferred as per Scheme of Arrangement	<b>17,139.56</b>
Less : Utilised against provision for expenses on account of Scheme of Arrangement	<b>100.00</b>
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	<b>720.35</b>
Add : Transferred from Profit & Loss Account	<b>3,000.00</b>
	<b>19,319.21</b>
<b>PROFIT AND LOSS ACCOUNT :</b>	
Surplus as per Profit & Loss Account	<b>4,075.45</b>
	<b>25,758.06</b>

# Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## C Secured Loans

(Rs. in Lacs)

As at 31st March	2011	
<b>A. From Financial Institutions, Banks and NBFC :</b>		
<b>1. 10.80% Non Convertible Debentures</b>		<b>5,000.00</b>
(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)		
<b>2. 9.25% Non Convertible Debentures</b>		<b>5,000.00</b>
(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)		
<b>3. Foreign Currency Loans :</b>		
External Commercial Borrowing ( Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.) (Due within one year Rs. 1,467.27 lacs)		<b>2,934.54</b>
		<b>12,934.54</b>
<b>B. From Banks for Working Capital :</b>		
Against first hypothecation charge on stocks and book-debts ranking pari- passu with other lenders		<b>5,250.76</b>
		<b>18,185.30</b>

## D Unsecured Loans

As at 31st March	2011	
<b>Fixed Deposits From :</b>		
Public	<b>5,196.99</b>	
Shareholders	<b>23.00</b>	<b>5,219.99</b>
(Due within one year Rs 1,365.83 lacs)		
<b>Short Term Loans From :</b>		
Banks	<b>9,376.92</b>	
(Due within one year Rs 9,376.92 lacs)		
Associates	-	
Others	<b>8.55</b>	<b>9,385.47</b>
(Due within one year Rs 2.85 lacs)		
Commercial Paper (Maximum outstanding during the year Rs. 165 Crores.)		-
		<b>14,605.46</b>

# Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## E Fixed Assets

(Rs. in Lacs)

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/ Amortisation For The Period Ended 31.03.2011	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Freehold Land	-	192.44	-	-	192.44	-	-	-	-	0.00	192.44	-
Leasehold Land	-	1,634.78	-	-	1,634.78	-	29.44	-	16.61	46.05	1,588.72	-
Buildings	-	8,052.26	787.68	-	8,839.94	-	1,211.86	-	269.11	1,480.97	7,358.97	-
Employees Quarters	-	28.30	-	-	28.30	-	6.13	-	0.46	6.59	21.71	-
Plant and Machinery	-	21,673.5	1,258.31	97.68	22,834.13	-	7,849.02	39.16	2,495.04	10,304.90	12,529.24	-
R & D Equipment	-	6,566.5	185.02	18.41	6,733.11	-	3,603.15	12.32	1.88	3,592.71	3,140.40	-
Furniture & Fixtures	-	530.53	43.31	1.24	572.6	-	197.52	0.23	29.60	226.89	345.71	-
Office Machinery	-	342.56	61.99	0.52	404.03	-	81.80	0.20	26.43	108.03	296.00	-
Vehicles	-	495.09	1,627.86	10.19	2,112.76	-	272.90	5.19	119.70	387.41	1,725.35	-
Pre-Operative Expenses	-	1.71	-	-	1.71	-	0.64	-	0.34	0.98	0.73	-
<b>Total</b>	-	39,517.67	3,964.17	128.04	43,353.80	-	13,252.46	57.10	2,959.17	16,154.53	27,199.27	-

### Notes :

1. Sales proceeds are deducted from gross cost where cost is unascertainable
2. No Depreciation has been claimed on assets to the extent of Cenvat claimed

## F Investments (at cost)

As at 31st March	Nos.	Face Value Rs.	2011
<b>LONG TERM INVESTMENTS</b>			
<b>TRADE INVESTMENTS</b>			
<b>I. In Shares, Debentures and Bonds :</b>			
<b>I. Unquoted :</b>			
<b>a. Equity Shares (Fully paid up) :</b>			
Incozen Therapeutics Pvt Ltd.	10,00,000	10	300.00
<b>b. Others :</b>			
Rhizen Pharmaceuticals SA	50,000	CHF 1	24.37
<b>OTHER INVESTMENTS</b>			
<b>I. Unquoted :</b>			
Equity Shares (Fully paid up) :			
Shivalik Solid Waste Management Ltd.	18,000	10	1.80
			326.17
<b>Details of Purchase and Sales of Units During the Year :</b>	<b>No. of Units</b>		
HDFC Mutual Fund	1,91,89,433		
RELIANCE Mutual Fund	4,09,45,490		



# Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## **G Inventories :** (Refer to Note No. I (e) pertaining to Accounting Policy) (As certified and valued by Management) (Rs. in Lacs)

As at 31st March	2011	
Stores & Spares	473.99	
Packing Material	1569.92	
Raw Materials	8,198.70	10,242.61
<b>Stock in Trade :</b>		
Finished goods	10,746.38	
Material in process	934.20	11,680.58
		21,923.19

## **H Sundry Debtors :**

As at 31st March	2011	
Over Six Months		
- Considered Good	266.67	
- Considered Doubtful	786.54	
	1,053.21	
Less: Provision for Doubtful Debt	786.54	266.67
Others		19,930.72
		20,197.39

## **I Cash and Bank Balances :**

As at 31st March	2011	
Cash on hand		22.55
Bank Balances :		
With Scheduled Banks		
In Current Accounts	593.75	
In Deposit Accounts	3.55	597.30
With Other Banks		
Pragati Sahakari Bank Ltd.		
In Current Accounts		9.08
(Maximum balance during the year Rs. 18.69 Lacs)		
		628.93

# Schedules

FORMING PART OF THE CONSOLIDATED BALANCE SHEET

## **J Loans and Advances :** (Unsecured, considered good unless otherwise specified) (Rs. in Lacs)

As at 31st March	2011
Advances recoverable in cash or in kind or for value to be received	8,361.79
Staff Members and Corporates	2,770.92
Tender and Other Deposits	306.86
	11,439.57

## **K Current Liabilities and Provisions :**

As at 31st March	2011
<b>A. CURRENT LIABILITIES</b>	
Creditors : Dues to Micro and Small Enterprises	25.91
Other Creditors	16,341.95
Trade Deposits and Advances	1,184.17
Investor Education and Protection Fund shall be credited by	
Unclaimed Matured Deposits	21.24
Unclaimed Interest on Matured Deposits	2.55
Interest accrued but not due	640.40
	18,216.22
<b>B. PROVISIONS</b>	
Provision for Gratuity	171.54
Provision for Leave encashment	654.62
Proposed Dividend	1,885.16
Corporate Dividend Tax	305.82
Provision of Income Tax / Wealth Tax	1,846.43
Less :Income Tax / Wealth Tax	1,716.65
	129.78
	3,146.92

# Schedules

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## **L Sales and Income from Operations :**

(Rs. in Lacs)

For the period ended 31st March	2011	
Sales - Domestic	78,805.46	
Export	40,334.93	1,19,140.39
Royalty		47.38
Export Incentives		1,476.98
		1,20,664.75

## **M Other Income :**

For the period ended 31st March	2011	
a. Dividend :		
Others	8.33	8.33
b. Other Income :		
Insurance Claims	78.80	
Miscellaneous Income	227.34	306.14
		314.47

## **N Raw Material & Packing Material Consumption :**

For the period ended 31st March	2011	
Opening Stock		9,802.95
Add : Purchases		43,460.10
		53,263.05
Less : Closing Stock		9,768.62
		43,494.43
<b>(Increase)/Decrease in Stock of Finished Goods and Material in Process :</b>		
Opening Stock :		
Material in Process	911.05	
Finished Goods	10,297.34	11,208.39
Less : Closing Stock :		
Material in Process	934.20	
Finished Goods	10,746.38	11,680.58
		(472.19)

## **O Manufacturing Expenses :**

For the period ended 31st March	2011	
Power and Fuel		2,457.87
Repairs and Maintenance of Machinery		367.12
Manufacturing and Labour Charges		1,131.45
Stores & Spares Consumption		868.51
Laboratory, Analytical and Technology Expenses		706.44
		5,531.39

## **P Employees' Cost :**

For the period ended 31st March	2011	
Salaries, Wages, & Bonus		12,729.13
Contribution to Provident, Gratuity, E.S.I. and other Funds		1,205.23
Welfare Expenses		214.38
		14,148.74

# Schedules

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## Research & Development Expenses :

(Rs. in Lacs)

For the period ended 31st March	2011	
Material Consumption		831.80
Employees' Cost		
Salaries, Wages, & Bonus	1,797.52	
Contribution to Provident, Gratuity, E.S.I. and other Funds	78.30	1,875.82
Utilities - Power		167.92
Utilities - Others		40.15
Bio-Study Expense		906.54
Others		890.95
		4,713.18

## Marketing & Selling Expenses :

For the period ended 31st March	2011	
Marketing Expenses and Selling Commission		4,172.52
Publicity and Medical Literature		5,061.58
Freight and Forwarding Charges		2,130.91
		11,365.01

## Other Expenses :

For the period ended 31st March	2011	
Rent		130.50
Bank Charges and Brokerage		191.99
Rates and Taxes		434.81
Insurance		185.47
Communication Expenses		854.72
Professional Fees		646.82
Donations		2.07
Travelling		4,038.95
Repairs and Maintenance		
Building and Roads	179.30	
Others	206.57	385.87
Audit Fees and Expenses		49.16
Managerial Remuneration		772.69
Director Sitting Fees		0.10
Miscellaneous Expenses		485.82
Loss on Fixed Assets (Net)		23.56
Foreign Exchange Gain/Loss (Net)		93.46
Bad Debts Written off	1722.70	
Less : Bad Debts Provision Utilised	1722.70	-
Provision for Doubtful Debts		422.12
		8,718.11

# T Notes Forming Part of Consolidated Financial Statements:

## 1. BASIS OF PREPARATION :

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

## 2. PRINCIPLES OF CONSOLIDATION :

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

B) Inter company transactions have been eliminated on consolidation.

## 3. COMPANIES INCLUDE IN CONSOLIDATION :

SUBSIDIARY	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST AS ON 31.03.2011
Alembic Global Holding SA	Switzerland	100%

## 4. ACCOUNTING POLICIES :

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

## 5. TRANSLATION OF ACCOUNTS :

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

## 6. EPS:

(Rs in Lacs)

	Period ended 31.03.2011
Profit after tax but before Non Recurring Items available for equity shareholders	8,538.76
Profit after tax available for equity shareholders	8,538.76
Weighted average numbers of equity shares	18,85,15,914
Basic and diluted Earnings per share before Non – Recurring Items (Face Value per share Rs 2/- each)	4.53
Basic and diluted Earnings per share after Non – Recurring Items (Face Value per share Rs 2/- each)	4.53

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011

# Cash Flow

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

(Rs. in Lacs)

For the period ended 31st March	2011	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and non-recurring items:		<b>10,684.33</b>
<b>Add:</b>		
1) Depreciation	<b>2,959.17</b>	
2) Interest Paid	<b>2,760.02</b>	
3) Year End Foreign Exchange Conversion ( Net )	<b>93.46</b>	
4) Foreign Currency Translation Reserve	<b>145.08</b>	
5) Loss on Sale of Assets (Net)	<b>23.56</b>	<b>5,981.29</b>
<b>Less:</b>		
1) Interest Received	<b>371.15</b>	
2) Dividend Received	<b>8.33</b>	<b>379.48</b>
<b>Operating profit before change in working capital</b>		<b>16,286.14</b>
<b>Changes in Working Capital</b>		
<b>Add / (Less) :</b>		
1) Inventories	<b>(628.68)</b>	
2) Trade Payable	<b>1,532.55</b>	
3) Trade Receivables	<b>(4,851.46)</b>	
4) Loans and Advances	<b>(940.84)</b>	<b>(4,888.43)</b>
<b>Cash generated from operation</b>		<b>11,397.71</b>
<b>Add / (Less) :</b>		
1) Income Tax (Net)		<b>(1,779.61)</b>
<b>Cash flow before Non-Recurring Items</b>		<b>9,618.10</b>
<b>Add :</b>		
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>		<b>9,618.10</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>		
1) Sale of Fixed Assets	<b>18.58</b>	
2) Interest Received	<b>546.10</b>	
3) Dividend Received	<b>8.33</b>	<b>573.01</b>
<b>Less:</b>		
1) Purchase of Fixed Assets	<b>6,253.77</b>	
		<b>6,253.77</b>
<b>NET CASH UTILISED IN INVESTING ACTIVITIES (B)</b>		<b>(5,680.76)</b>

# Cash Flow

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

**Contd.**

(Rs. in Lacs)

<b>C</b>	<b>CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
	<b>Inflow :</b>		
	1) Share Capital	1,100.00	
			1,100.00
	<b>Outflow:</b>		
	<b>Less:</b>		
	1) Repayment of Loans/Others (Net)	3,172.23	
	2) Interest paid	2,742.51	
			5,914.74
	<b>NET CASH UTILISED IN FINANCIAL ACTIVITIES (C)</b>		(4,814.74)
	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		(877.40)
	Cash and Cash Equivalents as at 31/03/2010		1,506.33
	Cash and Cash Equivalents as at 31/03/2011		628.93

As per our report of even date

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

Chartered Accountants

**Chirayu R. Amin**

Chairman & Managing Director

**Pranav Amin**

Director & President  
International Business

**K.G. Ramanathan**

Director

**Paresh Saraiya**

Director

**RAGHUVIR M. AIYAR**

Partner

Membership No. 38128

Firm Registration No.100186W

Mumbai : 2nd May, 2011

**Milin Mehta**

Director

**R. K. Baheti**

Director, President-Finance  
& Company Secretary

Vadodara : 2nd May, 2011





**A T T E N D A N C E   S L I P**

**To be handed over at the entrance of the Meeting Hall**

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of Shares Held
LF No.	DPID	CLIENT ID	

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003 on Monday, the 29th August, 2011 at 3.30 p.m.

NAME OF THE MEMBER / JOINT MEMBER / JOINT MEMBER(S) (IN BLOCK CAPITALS):

- Notes:
1. Shareholder / Proxy-holder must bring the Attendance Slip to the meeting and hand it over duly signed at the entrance of the meeting hall.
  2. Joint Shareholders may obtain additional Attendance Slip/s by prior intimation to Office.
  3. Please strike off whichever is not applicable.

SIGNATURE OF THE MEMBER/  
JOINT MEMBER(S) / PROXY



**P R O X Y   F O R M**

For Physical Holding	For Electronic Form (Demat) NSDL / CDSL		No. of Shares Held
LF No.	DPID	CLIENT ID	

I/We \_\_\_\_\_

of \_\_\_\_\_

being Member (s) of ALEMBIC PHARMACEUTICALS LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_

of failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy

to attend and vote for me / us and on my / our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Monday, the 29th August, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2011.

- Notes:
1. Proxy form must reach the Company's Registered office not less than 48 hours before the Meeting.
  2. The form should be signed across the stamp as per specimen signature registered with the Company
  3. Please strike off whichever is not applicable.

I Rupee  
Revenue  
Stamp





To,

