



ANNUAL REPORT 2011-12

ALEMBIC PHARMACEUTICALS LIMITED

Board of Directors

Mr. Chirayu R. Amin
Chairman & Managing Director

Mr. K.G. Ramanathan
Director

Mr. Paresh Saraiya
Director

Mr. Pranav N. Parikh
Director

Mr. Milin Mehta
Director

Mr. Pranav Amin
Director & President-International Business

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

Regd. Office

Alembic Road, Vadodara - 390 003
Tel: (0265) 2280550, 2280880
Fax: (0265) 2282506
Email: 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, Gujarat

Statutory Auditors

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

Bankers

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

Registrar & Transfer Agents

Link Intime India Pvt. Limited
B-102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta,
Akota, Vadodara 390 020.
Tel:(0265) 2356573, 2356794
Fax:(0265) 2356791
Email: vadodara@linkintime.co.in

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



Notice

ALEMBIC PHARMACEUTICALS LIMITED, Alembic Road, Vadodara - 390 003.

Notice is hereby given that the 2nd Annual General Meeting of the Members of Alembic Pharmaceuticals Limited will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara - 390 003, on Thursday, the 9th August, 2012 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet and Statement of Profit & Loss of the Company for the year ended on 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. R. K. Baheti, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. G. Ramanathan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

To transact the following business as special business:

6. **To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, Article 181 of the Articles of Association of the Company be and is hereby altered and replaced with following:

'181. The Seal, its custody and use

The Directors shall provide a Common Seal for the purpose of the Company and shall have the power from time to time to destroy the same and substitute a new seal in lieu thereof and shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of Directors or committee of Directors previously given. Every Deed or other instrument to which the seal of the Company is required to be affixed, shall unless the same is executed by duly constituted attorney of the Company, be signed by anyone of the officials authorised by the Board for the purpose, provided nevertheless that the certificates of shares or debentures may be sealed and signed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and their statutory modifications for the time being in force.' "

7. **To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 314 and any other applicable provisions of the Companies Act, 1956 read with Companies Director's Relatives (Office or Place of Profit) Rules, 2003 and subject to such approvals including the approval of Central Government, as may be required, the consent of the Company be and is hereby accorded to revise the remuneration of Mr. Shaunak Amin, and for holding an office or place of profit under the Company as President-Formulations in the Company, with effect from 1st April, 2012 or such other date as may be approved by Central Government, on the remuneration and on such terms and conditions as recommended by the Board of Directors at its meeting held on 25th April, 2012 and set out hereinbelow with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration from time to time.

- Basic Salary: Upto maximum of ₹ 7,25,000/- per month.
- HRA, Kit Allowance, Transport Allowance upto a maximum of ₹ 4,02,710/- per month as per the rules and policy of the Company from time to time.
- Contribution to Provident fund, Superannuation fund and payment of gratuity as per the rules of the Company.
- Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- Over and above, he will also be entitled to variable pay, linked with the performance, not exceeding 12 month's basic salary, as may be decided by the Board.
- Reimbursement of business expenses, including expenses relating to telephone at residence and mobile, incurred by him for the purpose of business of the Company.

The total remuneration payable to Mr. Shaunak Amin on Cost To Company (CTC) basis shall not exceed ₹ 250 lacs per annum.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to consider and sanction increment and / or promotion of Mr. Shaunak Amin as it may deem fit and proper.

Notice

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to agree to such modification and/or variation as may be suggested by Central Government while granting its approval.”

8. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 314 and any other applicable provisions of the Companies Act, 1956 read with Companies Director’s Relatives (Office or Place of Profit) Rules, 2003 and subject to such approvals including the approval of Central Government, as may be required, the consent of the Company be and is hereby accorded to revise the remuneration of Mr. Udit Amin, and for holding an office or place of profit under the Company as Chief Business Development Officer in the Company, with effect from 1st April, 2012 or such other date as may be approved by Central Government, on the remuneration and on such terms and conditions as recommended by the Board of Directors at its meeting held on 25th April, 2012 and set out hereinbelow with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration from time to time.

- Basic Salary : Upto maximum of ₹ 6,50,000/- per month
- HRA, Kit Allowance, Transport Allowance upto a maximum of ₹ 3,68,235/- per month as per the rules and policy of the Company from time to time.
- Contribution to Provident fund, Superannuation fund and payment of gratuity as per the rules of the Company.
- Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- Over and above, he will also be entitled to variable pay, linked with the performance, not exceeding 12 month’s basic salary, as may be decided by the Board.
- Reimbursement of business expenses, including expenses relating to telephone at residence and mobile, incurred by him for the purpose of business of the Company.

The total remuneration payable to Mr. Udit Amin on Cost To Company (CTC) basis shall not exceed ₹ 225 lacs per annum.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to consider and sanction increment and / or promotion of Mr. Udit Amin as it may deem fit and proper.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to agree to such modification and/or variation as may be suggested by Central Government while granting its approval.”

9. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

“**RESOLVED THAT** in conformity with the provisions of Article 139 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such statutory approvals as may be necessary, authority be and is hereby accorded to the payment of commission to the Non-Executive Independent Directors of the Company (other than the Managing Director and/or Whole-Time Directors or Executive Director) to be determined by the Board of Directors for each Non-Executive Independent Director for each financial year over a period of 5 (five) years commencing from the financial year ending on 31st March, 2012 up to and including financial year of the Company ending as on 31st March, 2016, to be calculated in accordance with the provisions of Sections 198, 349 and 350 and other provisions, if any, of the Companies Act, 1956 and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the maximum limit of 0.50% (half percent) of net profits of the Company, in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings of the Company.

NOTES :

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain closed from **Thursday, the 2nd August, 2012 to Thursday, the 9th August, 2012 (both days inclusive)**, for the purpose of payment of dividend.
4. The dividend when sanctioned will be made payable on or after 14th August, 2012, to those members whose names stand on the Register of Members of the Company on 2nd August, 2012 in case of Physical shares and to those members as per the beneficiary position to be given by NSDL and CDSL. Members are requested to notify promptly any change in their registered addresses.
5. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturdays and holidays up to the date of Annual General Meeting.

Notice

6. Shareholders who have not encashed their dividend warrants for the financial year ended on 31st March, 2011 are requested to approach the Company or the R & T Agents of the Company.
7. All the work related to share registry in terms of both - physical and electronic - are being conducted by Company's R & T Agents - M/s. Link Intime India Pvt. Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara 390 020. Tel: (0265) 2356573, 2356794 Fax: (0265) 2356791 Email: vadodara@linkintime.co.in. The Shareholders are requested to send their communication to the aforesaid address in future.

Registered Office:
Alembic Road,
Vadodara - 390 003.
Date : 25th April, 2012

By Order of the Board,
R.K. Baheti
Director-Finance &
Company Secretary

Explanatory Statement as required under Section 173 of the Companies Act, 1956

Item No. 6

The present clause for Common Seal in the Articles of Association of the Company requires that the Common Seal be affixed in the presence of at least one Director and Secretary or any other authorised person who shall sign the same. Considering the growth of the Company's business and number of documents that require Common Seal to be affixed, it becomes very difficult to ensure availability of one of the Directors of the Company, every time the Documents are to be executed. Therefore, it is proposed to amend the said article suitably so that the Common Seal can be affixed in the presence of the person authorised by the Board for the purpose.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is deemed to be concerned or interested in the said Resolution.

Item No. 7

The Members of the Company at the Annual General Meeting held on 29th August, 2011 approved the revision in remuneration of Mr. Shaunak Amin President-Formulation of the Company with effect from 1st April, 2011 on the following terms and conditions which is the same as presently proposed and mentioned hereunder:

- Basic Salary: Upto maximum of ₹ 7,25,000/- per month.
- HRA, Kit Allowance, Transport Allowance upto a maximum of ₹ 4,02,710/- per month as per the rules and policy of the Company from time to time.
- Contribution to Provident fund, Superannuation fund and payment of gratuity as per the rules of the Company.
- Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- Over and above, he will also be entitled to variable pay, linked with the performance, not exceeding 12 month's basic salary, as may be decided by the Board.
- Reimbursement of business expenses, including expenses relating to telephone at residence and mobile, incurred by him for the purpose of business of the Company.

The total remuneration payable to Mr. Shaunak Amin on Cost To Company (CTC) basis shall not exceed ₹ 250 lacs per annum.

However, the Central Government vide letter No. SRNo. B16445579/2/2011-CL.VII dated 26th December, 2011 approved the total remuneration payable to Mr. Shaunak Amin of only ₹ 92.40 lacs per annum.

Mr. Shaunak Amin studied Economics at University of Massachusetts, USA. He has worked with Merrill Lynch where he has got exposure of managing client portfolios and analyzing equity options & its impact on evaluation of financial securities. He has also worked at Hongkong & Shanghai Banking Corporation in UK in its Credit support function. He has extensive & varied experience in sales & marketing. Mr. Shaunak Amin is working as President-Formulation. The Strategic Business Unit which is headed by Mr. Shaunak Amin employs more than 3000 employees. Mr. Shaunak Amin has given significant contribution for development of Formulation Business of the Company. His current salary is not commensurate with the role and responsibility carried out by him as President-Formulations. Accordingly, the Board of Directors in their meeting held on 25th April, 2012 unanimously approved the revision in the remuneration package of Mr. Shaunak Amin, President-Formulations as mentioned above.

Your Directors recommend the resolution for your approval.

Mr. C.R. Amin and Mr. Pranav Amin are deemed to be concerned or interested in the said Resolution as relatives of Mr. Shaunak Amin.

None of the other Directors of the Company is deemed to be concerned or interested in the said Resolution.

Notice

Item No. 8

The Members of the Company at the Annual General Meeting held on 29th August, 2011 approved the revision in remuneration of Mr. Udit Amin, Chief Business Development Officer of the Company with effect from 1st April, 2011 on the following terms and conditions which is the same as presently proposed and as mentioned hereunder:

- Basic Salary : Upto maximum of ₹ 6,50,000/- per month
- HRA, Kit Allowance, Transport Allowance upto a maximum of ₹ 3,68,235/- per month as per the rules and policy of the Company from time to time.
- Contribution to Provident fund, Superannuation fund and payment of gratuity as per the rules of the Company.
- Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- Over and above, he will also be entitled to variable pay, linked with the performance, not exceeding 12 month's basic salary, as may be decided by the Board.
- Reimbursement of business expenses, including expenses relating to telephone at residence and mobile, incurred by him for the purpose of business of the Company.

The total remuneration payable to Mr. Udit Amin on Cost To Company (CTC) basis shall not exceed ₹ 225 lacs per annum.

However, the Central Government vide letter No. SRNo. B16446023/2/2011-CL.VII dated 26th December, 2011 approved the total remuneration payable to Mr. Udit Amin of only ₹ 83.16 lacs per annum.

Mr. Udit Amin studied Economics with a focus on International trade at University of Michigan, USA. He has worked in regulatory department at Ivax, UK. His job role at Ivax included, helping management choose filing strategy for multiple countries within Europe. He worked extensively on turn around project of Paushak Limited. Mr. Udit Amin has been working with this Company as Chief Business Development Officer since 1st September, 2005. The Central Projects Cell is headed by Mr. Udit Amin. Mr. Udit Amin has given significant contribution for development of the Company. His current salary is not commensurate with the role and responsibility carried out by him as Chief Business Development Officer. Accordingly, the Board of Directors in their meeting held on 25th April, 2012 unanimously approved the revision in the remuneration package of Mr. Udit Amin, Chief Business Development Officer as mentioned above.

Your Directors recommend the resolution for your approval.

Mr. C.R. Amin and Mr. Pranav Amin are deemed to be concerned or interested in the said Resolution as relatives of Mr. Udit Amin.

None of the other Directors of the Company is deemed to be concerned or interested in the said Resolution.

Item No. 9

Section 309 of the Companies Act, 1956 provides that a Director who is neither in the whole-time employment of the Company nor a managing director may be paid remuneration by way of commission, if the Company by special resolution, authorizes such payment. The contribution from the Non-Executive and Independent Directors has been significant on various strategic decisions as well as operational issues. The Board of Directors are of the opinion that, in order to remunerate the Non-Executive and Independent Directors of the Company (other than the Managing Director and/or Whole-time Directors and Executive Directors), for the responsibilities entrusted upon them under the law particularly with the requirements of the Companies Act, 1956 and Corporate Governance norms, the current trends and commensurate with the time devoted and the contribution made by them, subject to such statutory approvals as may be necessary, commission in terms of Section 309 of the Companies Act, 1956, be paid to the Non-Executive and Independent Directors of the Company.

The Board of Directors of the Company have approved payment of commission to Non-Executive and Independent Directors of the Company, within the maximum limit of 0.50% percent of net profits of the Company, to be determined by the Board of Directors for each Non-Executive and Independent Director for each financial year, over a period of five years commencing from the financial year ended 31st March, 2012 up to 31st March, 2016.

In addition to the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is presently entitled to a fee of ₹ 20,000/- per attended meeting of the Board and Committees. Section 309 of the Companies Act, 1956 requires approval of members of the Company by passing a Special Resolution in General Meeting for payment of remuneration by way of commission to Non-Executive Directors of the Company.

Your Directors recommend the Resolution for your approval. All Non-Executive and Independent Directors of the Company namely, Mr. K. G. Ramanathan, Mr. Milin Mehta, Mr. Paresh Saraiya and Mr. Pranav Parikh are concerned or interested in the Resolution to the extent of the remuneration that may be received by them.

Registered Office:
Alembic Road,
Vadodara - 390 003.
Date : 25th April, 2012

By Order of the Board,
R.K. Baheti
Director-Finance &
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 2nd Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2012.

1 Financial Results :

(₹ in Lacs)

Stand Alone Basis		Particulars	Consolidated Basis	
2012	2011		2012	2011
		For the year ended 31st March		
21,001	15,581	Profit for the year before Interest, Depreciation and Tax	22,085	16,033
		Adjusting therefrom:		
2,621	2,389	Interest (net)	2,621	2,389
3,365	2,959	Depreciation	3,365	2,959
(38)	282	Provision for deferred tax liabilities or (assets)	(38)	282
3,000	1,801	Provision for current tax and wealth tax	3,123	1,864
12,054	8,150	Net Profit	13,013	8,539
		Adding thereto:		
-	-	Balance brought forward as per Scheme of Arrangement	-	1,519
2,168	-	Balance brought forward from previous year	4,076	-
14,222	8,150	Amount available	17,089	10,058
		Appropriating there from:		
792	792	Debenture Redemption Reserve	792	792
2,639	1,885	Provision for Dividend - Equity Shares	2,639	1,885
428	305	Provision for Corporate Dividend tax	428	305
5,000	3,000	Transfer to General Reserve	5,000	3,000
5,363	2,168	Balance carried forward to Balance Sheet	8,230	4,076

2 Dividend :

Your Directors recommend Dividend on Equity Shares at ₹ 1.40/- per share (i.e. 70 per cent) of face value of ₹ 2/- per share for the year ended on 31st March, 2012 as against ₹ 1 per share (i.e. 50 per cent) for the year ended 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 Operations :

The Company's Standalone revenue from operations were ₹ 1,375.28 Crores for the year ended 31st March, 2012 as compared to ₹ 1,164.93 Crores for the previous year.

The standalone Profit before Interest, Depreciation and Taxes was ₹ 210.01 Crores for the year under review as compared to ₹ 155.81 Crores for the previous year.

During the year, the interest and financing cost was ₹ 26.21 Crores as compared to ₹ 23.89 Crores in previous year.

The Company has registered a consolidated revenue from operations of ₹ 1,466.39 Crores for the year under review as compared to ₹ 1,202.05 Crores for the previous year.

The break-up of consolidated sales is as under:
(₹ in Crores)

Particulars	F.Y. 2011-12	F.Y. 2010-11
Domestic Formulation	782.61	693.44
Export Formulation	298.50	223.92
Domestic API	94.24	94.51
Export API	279.22	179.9
Total	1,454.57	1,191.77

The Consolidated Profit, before providing for Interest, Depreciation and Taxes, was ₹ 220.85 Crores for the year under review as compared to ₹ 160.32 Crores for the previous year. The Company has made a consolidated profit for the year of ₹ 130.13 Crores for the year under review as compared to ₹ 85.39 Crores for the previous year.

⑤ Listing of shares :

The Equity shares of the Company got listed on The Bombay Stock Exchange Limited (BSE) with scrip code No. 533573 and on National Stock Exchange of India Limited (NSE) with scrip code APLLTND and trading commenced w.e.f. 20th September, 2011. The Company is regular in paying listing fees to both the Stock Exchanges.

⑥ Fixed Deposits :

The Fixed Deposits including those from shareholders as on 31st March, 2012 was ₹ 47.03 Crores. Unclaimed Deposits of ₹ 36.05 lacs from 123 deposits holders 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 Investor' Education and Protection Fund in due course, as per the provisions of the Companies Act, 1956.

⑦ Directors :

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

The brief resumes of Mr. R. K. Baheti and Mr. K. G. Ramanathan are given in the Corporate Governance Report.

⑧ 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.

⑨ Particulars of Employees :

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure-C.

⑩ Corporate Governance :

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

A separate report on Corporate Governance is

DIRECTORS' REPORT

produced as a part of the Annual Report, along with the Auditor's Certificate on the compliance.

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

(11) Audit Committee :

The Audit Committee consists of 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 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.

(12) Auditors :

M/s. K. S. Aiyar & Co., Chartered Accountants, Statutory Auditors, (Firm Regn. No. 100186W) will retire at the conclusion of the ensuing Annual General meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and fix their remuneration.

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

(13) Cost Auditors :

As per the order No. 52/26/CAB/2010 dated 2nd May, 2011 of the Ministry of Corporate Affairs, the Company is required to get audited, the Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2012 by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board has appointed Mr. H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2012.

(14) 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.

(15) Directors' Responsibility Statement :

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and on the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

On behalf of the Board of Directors,
Chirayu R. Amin

Chairman & Managing Director
Vadodara, 25th April, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Perspective vis-à-vis Company

The Indian Pharmaceutical Industry is currently valued at \$20 billion and stands 13th in terms of value. Globally adjudged as the third largest in terms of volume, the sector is remarkably growing at 14% per year. The growth of the sector has been fuelled by exporting life-saving drugs to developing countries and supplying quality drugs to the developed nations at affordable prices. India is also emerging as a world leader in generic pharmaceuticals production, supplying 20% of the global market for generic medicines.

The year 2011-12 saw a lot of action and initiatives for the pharmaceutical industry from the Government. The Department of Pharmaceuticals had devised a draft National Pharmaceutical Pricing Policy, 2011 (NPPP-2011) based on the criteria of essentiality and requirements as stipulated by the Ministry of Health & Family Welfare and had circulated the same among the concerned Ministries/Stakeholders. The draft Policy envisages bringing the National List of Essential Medicines (NLEM) – 2011 and associated medicines under price control. The views/inputs received on the draft NPPP-2011 are being examined by the Ministry.

The recent takeovers of Indian companies by MNCs could increase the possibility of other takeovers of Indian companies which would have impact on the Indian health care scenario as well as on pricing and availability of medicines in India. The Department of Pharmaceuticals had requested the Department of Commerce to conduct a study on the recent takeovers of Indian Companies by the MNCs. Department of Commerce has entrusted the task of this study to M/s Ernst & Young. Thereafter, the recommendation could be placed before the Economic Advisory Council to the Prime Minister and/or the Competent Authority.

The policy of Foreign Direct Investment (FDI) in existing Indian Pharmaceutical Companies

has also come in for public comments especially on the issue of takeover of existing Indian Pharmaceutical companies by multi-national companies. With a view to examine the issues involved in a broader perspectives, Planning Commission has with the approval of the Prime Minister constituted a High Level Committee (HLC) under the Chairpersonship of Shri Arun Maira, Member (Industry), Planning Commission to consider all the relevant aspects.

The Planning Commission in their document-“Faster, Sustainable and More Inclusive Growth: An Approach to the 12th Five Year Plan”, aims at raising the total public health expenditure to 2.5% of GDP by the end of the Twelfth Plan. The Government has taken several steps to increase public health expenditure. As per Economic Survey 2011-12, the health expenditure by General Government (Central and State Government combined) as percentage of the GDP is 1.30 in 2011-12.

This year, India also touched a milestone of being polio free for one whole year. There is a need to ensure that there is no case of polio infection for the next three consecutive years for India to celebrate eradication of poliomyelitis.

As per information furnished by Medical Council of India (MCI), the total number of doctors registered (allopathic) in the country till 31st July, 2011, is 8,56,065 out of which approximately six lac are presently active practitioners. The current doctor-population ratio has been worked out to be approximately 1:2000. A large number of steps have been taken to address shortage of doctors, specialists and faculty in the country.

The Government has also launched the National Urban Health Mission to encompass the primary healthcare needs of people in the urban areas.

Domestic Formulation Business

The Domestic formulations market, valued at ₹ 48,200 crore has grown steadily at CAGR of

ANNEXURE A

14-15% over the past five years. The strong growth has been driven by a confluence of factors including – a) rising household income levels leading to higher expenditure on healthcare, b) increasing prevalence of lifestyle related diseases, c) improving healthcare infrastructure/delivery systems and d) rising penetration in smaller towns and rural areas. As a result, majority of the growth in the Indian market has been driven by expansion in volumes and new product introductions as against prices increases.

The competitive pressure in the domestic formulations market has been rising steadily for some time now. While on one hand, this has been prompted by significant increase in investments by other domestic players in marketing efforts through expansion in field force, on the other hand, MNC have also renewed their focus on India.

The company continues to make investment in the domestic branded business, particularly with the newer specialty segments. Alembic continues to maintain its market share owing to its strong distribution reach, strong field force and product launches. Alembic's domestic formulations business registered a growth of 13% over the last year.

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 ₹ 241.80 crores and registered 39% growth over last year.

The Company has filed 7 Abbreviated New Drug Applications (ANDAs) and 9 Drug Master Files (DMFs) and received approvals for 19 ANDAs. The Company filed its first NDA application in February, 2012.

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. The Company has also had various opportunities of exploring opportunities with other large MNC through their in-licensing deals both for domestic as well as other emerging markets.

The Company has a robust product basket with export sales of ₹ 56.70 crores in 2011-12 in semi regulated market as compared to ₹ 50.15 crores in the previous year, registering a growth of 13% over the previous year. The Company's API export in 2011-12 was ₹ 279.22 crores as compared to ₹ 179.90 crores in the previous year, registering a growth of 55% over the previous year.

Finance

The Company has registered a standalone total revenue of ₹ 1,375.73 Crores for the year under review as compared to ₹ 1,165.01 Crores in the previous year. The standalone Profit, before providing for Interest, Depreciation and Taxes, was ₹ 210.01 Crores for the year under review as compared to ₹ 155.81 Crores in the previous year. The Company has made a standalone Profit for the year of ₹ 120.54 Crores for the year under review as compared to ₹ 81.51 Crores in the previous year.

The Company has registered a consolidated total revenue of ₹ 1,466.83 Crores for the year under review as compared to ₹ 1,202.13 Crores in the previous year. The consolidated Profit, before providing for Interest, Depreciation and Taxes, was ₹ 220.85 Crores for the year under review as compared to ₹ 160.32 Crores in the previous year. The Company has made a consolidated Profit for the year of ₹ 130.13 Crores for the year under review as compared to ₹ 85.39 Crores in the previous year.

Outlook

With increase in GDP and per capita income, more patients 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. Alembic has also started the consolidation process for its product line in the lifestyle illness segment and is registering decent growth.

The outlook for the Pharmaceutical Industry remains favourable benefitting from healthy growth in the domestic formulations business and steady growth expected in the U.S/Europe generics space on back of patent expiries.

With several drugs going off-patent and big pharma increasing exposure to cost efficient sourcing locations, opportunities remain favourable for Companies like Alembic to provide developmental services and subsequently graduate to commercial scale production.

However, the key challenges facing the industry are the potential implementation of the new pricing policy in India, increasing competitive pressure in the chronic segments, aggressive approach such as authorized generics by innovators in the US and healthcare reforms in European markets.

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

Internal Control Systems and Adequacy

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

Tannan, Chartered Accountants, as Internal Auditors.

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

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

Human Resource Intervention in 2011-12

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

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

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

The endeavor of placing the most appropriate talent at the right position has been successfully

ANNEXURE A

achieved as your Company has continued to attract the best talent in all areas. In coming years, the efforts will be having workforce architecture which will have the right mix of internal and lateral talents to take our company to newer heights.

Health, Safety, Security and Environment

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

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

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

- a. Basic safety training was imparted to all factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees and employees of contractors for safety critical jobs.
- b. Work place inspections were carried out by executives and managers at all levels. Senior management team members demonstrated leadership commitment through work place inspections.
- c. Reduced waste generation and improved waste management by collecting and disposing of all waste in an environmentally friendly manner.
- d. Tree plantation across premises and factories.
- e. Reduced level of sound pollution by providing acoustic enclosures on certain

set of machinery and DG / compressor sets.

Contribution to Society

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

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 Tab 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.
- 2) Savings of Electrical Energy by doing interlocking of Cooling Tower with Digital Temperature Controller.
- 3) Reutilization of Purified Water in cooling towers and Boilers. Liquid washing purified water collect and pumped back to feed cooling tower and boilers.
- 4) Reutilization of condensate of steam and feed back to boilers to increase the temperature of Boiled Feed Water.
- 5) Availed Cheaper power through power purchase from IEX. Upgradation of transformer, CTBT in line with the requirement.

(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 approx. 7 Litres/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 ₹ 467.96 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:
(₹ in Lacs)

For the year ended 31st March	2012	2011
Income		
Export (FOB basis)	46,795.60	36,048.49
Royalty	1,160.44	47.38
Expenditure		
Raw Materials (CIF basis)	18,631.48	17,882.18
Packing Material, Components and Spare Parts (CIF basis)	218.03	435.14
Professional and Consultancy fees	338.32	133.39
Interest	54.60	60.45
Others	3,502.28	2,252.42

FORM A

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

A. Power and Fuel Consumption:

For the year ended 31st March	2012	2011
1. Electricity :		
(a) Purchased Units (KwH)	3,13,18,888	2,72,98,285
Total Amount ₹	19,51,34,869	16,32,82,529
Rate (₹/Unit)	6.231	5.981
(b) Own Generation :		
(i) Through diesel generator :		
Units (KwH)	4,64,181	4,95,497
Units per litre of diesel oil	3.29	3.25
Cost (₹/Unit)	10.95	10.39
2. Furnace Oil Qty. (K.Ltrs.)	1,107.096	1,257.606
Total Amount ₹	4,08,77,288	3,45,98,222
Average Rate (₹/KL)	36,923	27,511
3. Bio Mass Briquettes:		
Quantity (Kgs)	5,950,448	53,19,484
Total Amount (₹)	3,25,08,469	2,34,94,963
Average Rate (₹/Kg)	5.46	4.42

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) Collaboration with National Universities and Institutes
- d) Formulation Development
- e) BE Studies
- g) Focussing on process design for improving operational efficiency.
- h) Supporting the manufacturing unit by trouble shooting at the production facilities.

Centre, scientists have focused on specific cost reduction projects for the molecules which are already generic in the regulated market and which has experienced a price erosion.

g) 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.

2. Benefits derived as a result of R&D

- a) The Company filed 7 ANDAs and 9 DMFs in this fiscal year. The cumulative ANDA filings stood at 45 and 19 approvals have been received till 31st March, 2012. The cumulative DMF filings stood at 62 till 31st March, 2012.
- b) The Company filed its first NDA application in February, 2012.
- c) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself making us a strongly research-driven Organisation.
- d) Till date 459 patents for Active Pharmaceutical Ingredients (APIs) and Intermediates as well as 223 patents for Formulations have been filed.
- e) 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.
- f) With increase in thrust on cost optimization, at Alembic Research

- h) The company has marked its presence in Europe by launching the drug products like Losartan, Losartan and Hydrochlortriastide and Pramipexole for various customers.
- i) High specialty Ophthalmic range has been introduced in Ophthalcare 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 number of DMFs filed will increase in the following years which will result in filing of more ANDAs.
- 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) 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 (₹ In lacs)

For the year ended 31st March		2012	2011
a)	Capital	507	185
b)	Recurring	5,858	4,713
c)	Total	6,365	4,898
d)	Total R&D expenditure as a percentage of total turnover	4.63	4.20

Adaptation and Innovation
1) Efforts made towards technology absorption, adaptation and innovation

This year the emphasis was on developing technically complex molecules and exclusive, unique first-to-file filings. The objective was to build a robust and high barrier products based R&D pipeline.

Our Research and Development activities are directed at the development of complex yet non-infringing process for APIs, product formulations, process validation, bioequivalence testing and other data needed to develop the drugs that are equivalent to brand name products for sale in the emerging markets or whose patents and regulatory exclusivity periods have expired or are nearing expiry in the regulated markets viz. United States, Europe and Japan.

Technological innovation has become increasingly critical for firms as they struggle to achieve and maintain competitive advantage. Trends such as short product-cycle times, greater competition/product commoditization and technology fusion have only added importance for innovation. Thus, innovation provides platform to stay longer in the market. Hence, it is not

surprising that 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 high barrier products which offer high value advantage and also enable us to stay competitive in the market. Further, we have a special technology transfer team which has helped us in smooth transfer of the technology from lab to pilot plant and then to production plant. This is reflecting in the good number of dossier filing for the financial year.

Our Research and Development activities also support our custom pharmaceutical line of business, where we continue to leverage the strength of our process chemistry and finished dosage development expertise to target innovator as well as emerging pharmaceutical companies.

2) Benefits derived

The benefits derived from technology improvement division are Product quality improvements, cost reduction, product development, import substitution, etc.

The continuous up-gradation and adaptation of new technology has benefited the Company in the form of better production process, better yields of the end product and cost reduction. The efficiency of the technology has indirect bearing on the nature and amount of effluents generated as well.

3) Information regarding technology imported during last five years.

Nil.

ANNEXURE C

Information as per Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended on 31st March, 2012

Sr. No.	Name	Designation	Remuneration (₹ In Lac)	Qualification	Experience (Years)	Date of Joining	Age (Years)	Previous Employment
(a) Employed for whole of the year under review and were in receipt of remuneration at a rate which in aggregate, was not less than ₹ 60,00,000/- per annum.								
1	Mr. Chirayu Amin	Chairman & Managing Director	809.98	B.Sc. MBA	29	01-05-1983	65	-
2	Mr. Pranav Amin	Director & President- International Business	210.00	MBA	12	01-09-2005	37	Nirayu Private Limited
3	Mr. Rajkumar Baheti	Director-Finance & Company Secretary	157.53	B.com (Hons), FCA, FCS	31	18-01-2003	53	Sr. Vice-President – Finance & Company Secretary, Sun Pharmaceutical Industries Ltd
4	Mr. Shaunak Amin	President-Formulation	92.00	B.A.	9	01-09-2005	34	Whole Time Director – Alembic Glass Industries Ltd
5	Mr. Udit Amin	Chief Business Development Officer	83.00	B.A.	8	01-09-2005	32	Whole-Time Director-Paushak Limited
6	Dr. J. Venkat Raman	Chief Scientific Officer	84.12	M.S. Phd.	16	03-02-2010	54	Vice President – Contract Research, Reliance Life Sciences Ltd
7	Dr. Vinay Nayak	President	159.46	M.Sc. Phd.	28	03-09-2010	54	President –Formulations, Watson Pharma Pvt Ltd.
8	Mr. Gautam Chatterjee	Sr. Vice President	81.18	B.Sc	32	1-8-2002	51	General Manager – Sales & Marketing Wockhardt Ltd.
9	Ms. Megha Dhargalkar	Sr. Vice President	108.81	B.Pharm, M.M.S.	22	13-07-2009	44	Sr. 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 ₹ 5,00,000/- per month.								
1	Mr. Nithyanandam Goralla	Associate Vice President	8.44	B.A. B.Ed., M.B.A.	34	14-8-1993	60	Senior Manager, Royal Coughion
Note : 1. Gross remuneration received as shown in the statement includes Salary, Commission, Allowances, Employer's contribution to Provident Fund and superannuation Scheme.								
2. The agreements with Managing Director is for a period of 5 years. Mr. Chirayu R. Amin, Mr. Pranav Amin, Mr. Shaunak Amin and Mr. Udit Amin are relatives of each other.								

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 understanding of the structure, activities and policies of the organization and enhances the trust and confidence of the stakeholders.

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

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

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

Alembic endeavors 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**

The Board of Directors has optimum combination of Executive and Non-Executive & Independent Directors. The Board meets the requirement of having at least 50% of the Board strength consisting of Independent Directors as 4 out of 7 Directors are Non-Executive Independent Directors (57% of the Board Strength).

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

Five (5) Board Meetings were held during the year ended 31st March, 2012 on 2nd May, 2011, 26th July, 2011, 30th August, 2011, 19th October, 2011 and 8th February, 2012.

- **Attendance of the Director at the Board Meetings and at the last AGM and Number of other Public Limited Companies in which the Director is a Director / Committee Member**

Name of Director	Category	No. of Board Meetings held & attended during the Financial Year	Attendance at the last AGM	No. of other Directorships (excluding Directorships in foreign & Private Companies)	No. of Committees Chairmanship / Membership	
					As Chairman	As Member
Mr. C. R. Amin Chairman & Managing Director	Promoter Executive	5 of 5	Yes	11	1	2
Mr. Pranav Amin Director & President - International Business	Promoter Executive	5 of 5	Yes	4	-	2
Mr. R. K. Baheti Director-Finance & Company Secretary	Professional Executive	5 of 5	Yes	3	-	-
Mr. K. G. Ramanathan	NED (I)*	4 of 5	Yes	-	-	-
Mr. Pranav Parikh	NED (I)*	0 of 5	No	1	-	-
Mr. Paresh Saraiya	NED (I)*	5 of 5	Yes	4	2	1
Mr. Milin Mehta	NED (I)*	5 of 5	Yes	1	2	-

*NED(I) means Non-Executive-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, none of the Directors hold Directorship in more than 15 Public Companies, membership of Board Committees (Audit & Shareholders' / Investors' Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5.

None of the non-executive Directors has any pecuniary relationship or transactions with the company and its associates except Mr. Milin Mehta where the company and its associates have paid ₹ 14.15 lacs to M/s. K. C. Mehta & Co. Chartered Accountants as fees for professional services provided by the firm to the company and its associates. Mr. Milin Mehta, a Director of the Company is partner of the said firm. The Board does not consider the firm's association with the company and its associates to be of a material nature so as to affect independence of judgment of Mr. Milin Mehta as a Director of the Company.

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)

CEO/CFO Certificate

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director & the Director-Finance of the Company has certified to the Board the financial statements for the year ended 31st March, 2012.

3 Audit Committee

• Composition & Terms of Reference

The Audit Committee comprises 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. Mr. Paresh Saraiya, Chairman of Audit Committee was present at the last Annual General Meeting held on 29th August, 2011.

• Meetings and the attendance during the year

There were Five (5) meetings of the Audit Committee during the year held on 2nd May, 2011, 10th June, 2011, 26th July, 2011, 19th October, 2011 and 8th February, 2012.

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

Name of Director	Category of Director	No. of Meetings Attended
Mr. Paresh Saraiya	Non-Executive - Independent	5
Mr. Milin Mehta	Non-Executive - Independent	5
Mr. Pranav Parikh	Non-Executive - Independent	-

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.

Meetings and the attendance during the year

A meeting of remuneration committee was held on 2nd May, 2011 to approve and recommend the remuneration of executive directors. Mr. K.G. Ramanathan, Mr. Milin Mehta and Mr. Paresh Saraiya remained present in the said meeting.

Report on Corporate Governance

4 Remuneration Committee - Contd.

• 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:

(₹ in Lacs)

Name & Designation of Executive Director	Salary & Perquisites	Commission	Total
Mr. Chirayu Amin, Managing Director	269.84	540.14	809.98
Mr. R. K. Baheti, Director, President-Finance & Company Secretary	157.53	-	157.53
Mr. Pranav Amin, Director & President-International Business	210.00	-	210.00
Total	637.37	540.14	1,177.51

Notes :

- Mr. C. R. Amin, Chairman & Managing Director: Appointed for a period of 5 years w.e.f. 1st April, 2011.
- Mr. R.K. Baheti, Director - Finance & Company Secretary: Appointed for a 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 provision for payment of severance fees.
- The Company does not have any Stock Options Scheme.

b. Non-Executive Directors

Non Executive Directors are paid sitting fees of ₹20,000/- for attending Board and Committee Meetings. The Details of sitting fees paid to the Non Executive Directors during the Financial Year 2011-2012 are as under:

Name of Director	Sitting Fees for Board Meetings (₹)	Sitting Fees for Committee Meetings (₹)	Total Fees Paid (₹)
Mr. K.G. Ramanathan	80,000	20,000	1,00,000
Mr. Paresh Saraiya	1,00,000	3,00,000	4,00,000
Mr. Milin Mehta	1,00,000	1,20,000	2,20,000
Mr. P. N. Parikh	Nil	Nil	Nil

The Board has also proposed the following commission to Non-Executive Independent Directors for the year 2011-12 which shall be paid subject to and within the limit approved by the members of the Company at the ensuing Annual General Meeting.

(Amt. in ₹)

Name of Director	Commission
Mr. K. G. Ramanathan	1,50,000
Mr. Paresh Saraiya	1,50,000
Mr. Milin Mehta	1,50,000
Total	4,50,000

Report on Corporate Governance

5 Shareholders' / Investors' Committee

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

Nine (9) meetings of Shareholders'/Investors' Committee were held during the year ended 31st March, 2012.

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

Name of Director	Category of Director	No. of Meetings Attended
Mr. Paresh Saraiya	Non-Executive - Independent	9
Mr. Pranav Amin	Executive Non Independent	9
Mr. Pranav Parikh	Non-Executive - Independent	-

6 General Body Meetings

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

The Company has been incorporated on 16th June, 2010 and only one AGM is held since its incorporation. No Extra Ordinary General Meeting held during the year.

Year	Location	Date	Time	No. of Special Resolutions passed
2010-11	"Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara 390 003.	29th August, 2011	3.30 p.m.	4

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

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

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. R. K. Baheti and Mr. K. G. Ramanathan retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

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. Mr. R. K. Baheti also holds Directorships in Alembic Exports Limited, Sierra Healthcare Limited and Sierra Investments Limited. He does not hold any shares in the Company.

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. He does not hold any other Directorships.

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. Z 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), The Economic Times(Gujarati)
- Any web-site where displayed : www.alembic-india.com
- Whether Shareholder information forms part of Annual Report : Yes

10 Shareholders' Information

1.	Annual General Meeting Date, Time and Venue	9th August, 2012 at 4.00 p.m. "Sanskruiti", 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, 2012	by 14th August, 2012
	Quarter ending Sept.30, 2012	by 14th November, 2012
	Quarter ending Dec. 31, 2012	by 14th February, 2013
	Quarter / Year ending 31st March, 2013	By 15th/30th May, 2013
	Annual General Meeting for the year ended 31st March, 2013	August-September, 2013
3.	Date of Book Closure	2nd August, 2012 (Thursday) to 9th August, 2012 (Thursday), both days inclusive
4.	Dividend Payment Date	On or after 14th August, 2012
5.	Registered Office	Alembic Road, Vadodara -390 003. Phone: (91-265) 2280550, 2280880 Fax: (91-265) 2282506 E-mail: apl.investors@alembic.co.in Web: www.alembic-india.com
6.	Listing Details	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001. (Security Code: 533573) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai -400 051. (Security Code: APL LTD)

Report on Corporate Governance

10 Shareholders' Information - Contd.

7. Stock Market Data

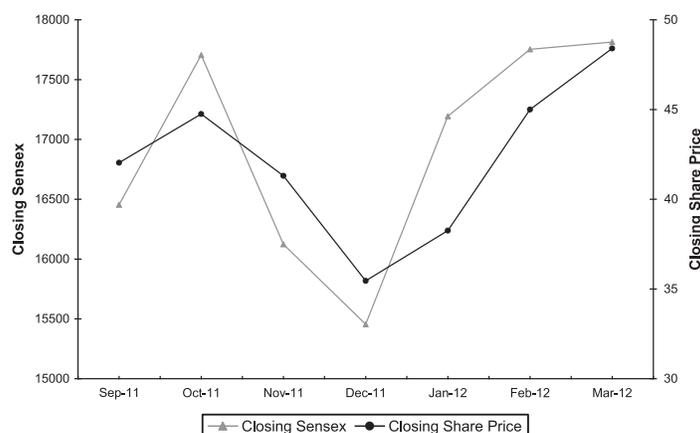
(in ₹)

Month	Bombay Stock Exchange		National Stock Exchange	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Sep-2011	51.00	40.00	52.80	40.20
Oct-2011	47.05	39.15	47.25	38.00
Nov-2011	49.95	38.00	49.00	38.20
Dec-2011	43.00	35.30	44.00	31.00
Jan-2012	42.70	34.00	42.80	33.75
Feb-2012	48.90	38.00	49.25	37.60
Mar-2012	50.30	41.65	50.15	41.70

Trading in the equity shares of the company commenced w.e.f. 20th September, 2011.

As on 30th March, 2012, the last trading day of the Financial year 2011-12, the closing price of the shares of the Company on BSE was ₹ 48.40 and on NSE was ₹ 48.90.

Share Performance of the Company in comparison to BSE Sensex



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@intimespectrum.com
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. The Shareholders/Investors Committee will meet every month and transfers are also approved by Company Secretary generally at the interval of Fifteen days time. The total number of shares transferred in the physical form during the year were 80,390 (previous year N.A.).

Distribution of Shareholding

The Distribution of Shareholdings as on 31st March, 2012 is given as under:

Number of Share of Face Value	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shares
1 - 5,000	46,295	96.04	2,88,70,336	7.66
5,001 - 10,000	1,029	2.13	74,33,722	1.97
10,001 - 20,000	499	1.04	70,44,876	1.87
20,001 - 30,000	126	0.26	31,30,998	0.83
30,001 - 40,000	66	0.14	22,75,430	0.60
40,001 - 50,000	46	0.10	20,87,074	0.55
50,001 - 1,00,000	61	0.13	45,29,696	1.20
1,00,001 & above	80	0.17	32,16,59,696	85.31
Total	48,202	100.00	37,70,31,828	100.00

Report on Corporate Governance

10 Shareholders' Information - Contd.

Shareholding pattern as on 31st March, 2012

Sr. No.	Category	No. of Shares Held	% of Voting Strength
1.	Promoters & Associates	13,97,52,825	74.13
2.	Mutual Funds & UTI	1,06,156	0.06
3.	Banks, Financial Institutions & Insurance Companies	12,94,359	0.69
4.	Foreign Institutional Investors	1,34,22,320	7.12
5.	Private Corporate Bodies	30,66,079	1.63
6.	Indian Public	2,98,21,501	15.82
7.	NRIs / OCBs	10,52,674	0.56
	Total	18,85,15,914	100.00

10.	Dematerialisation of Shares and Liquidity	As on 31st March, 2012, 18,29,78,117 shares (97.06%) are held in dematerialised form by the shareholders.
11.	Outstanding GDR/Warrants	Not applicable
12.	Plant Location	a. Panelav, Tal. Halol, Dist. Panchmahal -389 350, Gujarat. b. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil -Nalagarh, Dist. Solan, Himachal Pradesh. c. Village Karakhadi, Tal. Padra, Dist. Vadodara, Gujarat.
13.	Investor Correspondence	1. Alembic Pharmaceuticals Limited Alembic Road, Vadodara-390003 2. Link Intime India Private Ltd B-102/103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Radha Krishna Char Rasta, Akota, Vadodara-390 020

Auditor's Certificate on Corporate Governance

The Members of Alembic Pharmaceuticals Limited, Vadodara - 390 003.

We have examined the compliance of conditions of Corporate Governance by Alembic Pharmaceuticals Limited, for the year ended 31st March, 2012 as stipulated in clause 49 of the Listing Agreement as prescribed by the stock exchange(s).

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

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

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

For K. S. AIYAR & CO.

Chartered Accountants;
FRN:100186W

RAGHUVIR M. AIYAR

Partner
Membership No.38128

Mumbai
Date: 26th April, 2012

Auditors' Report

To the members of Alembic Pharmaceuticals Limited

We have audited the attached Balance Sheet of Alembic Pharmaceuticals Limited as at 31st March, 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended 31st March, 2012 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report)(Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account maintained.;
- (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, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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, 2012;
 - b) in case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

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

RAGHUVIR M. AIYAR
Partner
Membership No.38128

Mumbai
Date : 26th April, 2012

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 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 any 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 three companies covered in the register maintained under section 301 of the Companies Act, 1956 wherein the balance recoverable as at the year end is ₹6300 Lacs (Maximum balance during the year ₹11850 Lacs).
- (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 ₹5,00,000 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.

Annexure to the Auditors' Report

- (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 ₹	Forum where dispute is pending	Period
Sales Tax Act	4,82,244	Joint Commissioner Appeals	2008-09
Sales Tax, interest and penalty.			
	13,12,295	High Court	1999-2000
	1,63,84,603	Asst. Commissioner Demand	2003-04
	44,830	Additional Commissioner	2004-05
	276,334	Sr. Joint Commissioner	2006-07
	17,49,933	Joint Commissioner Appeals	2009-10
	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
	53,89,411	Additional Commissioner	2008-09
Central Sales Tax Act	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
	26,302	Additional Commissioner	2008-09
The Central Excise Act	2,13,95,574	CESTAT, Comm. (A)	2005-06
Excise Duty, Interest & Penalty.	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	2005-06
	1,20,99,486	High Court	2005-06
	1,01,19,859	Deputy Commissioner	2001-02
	50,11,283	Deputy Commissioner	2006-07
	17,03,220	Deputy Commissioner	1996-97
	1,15,584	Deputy Commissioner	2001-02
	11,316	Deputy Commissioner	2007-08
	1,138	Deputy Commissioner	2009-10
	25,153	Deputy Commissioner	2008-09
	1,18,111	Deputy Commissioner	2008-09
	55,306	Deputy Commissioner	2008-09
	25,183	Deputy Commissioner	2009-10
	47,936	Deputy Commissioner	2009-10
	1,12,061	Deputy Commissioner	2009-10
	21,688	Deputy Commissioner	2010-11
	34,268	Deputy Commissioner	2010-11
	13,588	Deputy Commissioner	2011-12
	1,21,276	Deputy Commissioner	2010-11
	47,151	Deputy Commissioner	2010-11
	1,01,81,463	Commissioner	2006-11
The Bombay Stamp Act.	5,01,18,535	The Hon'ble Chief Controlling Revenue Authority, Gandhinagar	2011-12

Annexure to the Auditors' Report

- (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.
- (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.

Mumbai
DATE: 26th April, 2012

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

RAGHUVIR M. AIYAR
Partner
Membership No.38128

Balance Sheet

(₹ in Lacs)

As at 31st March	Notes	2012		2011	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	32,315.92	36,086.24	23,850.64	27,620.96
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	9,485.67		12,848.37	
(b) Deferred Tax Liabilities (Net)	D	952.90		537.46	
(c) Other Long Term Liabilities	E	1,229.07		1,184.17	
(d) Long Term Provisions	F	539.04	12,206.69	510.16	15,080.16
(3) Current Liabilities					
(a) Short-Term Borrowings	G	13,945.77		14,627.68	
(b) Trade Payables	H	18,192.75		13,175.41	
(c) Other Current Liabilities	I	15,057.24		8,490.05	
(d) Short-Term Provisions	J	3,566.34	50,762.10	2,590.85	38,883.99
			99,055.02		81,585.11
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	26,781.86		27,198.54	
(ii) Capital Work-In-Progress		5,823.97		2,650.30	
(b) Non-Current Investments	L	335.42		335.42	
(c) Long Term Loans and Advances	M	3,499.13	36,440.38	654.47	30,838.73
(2) Current Assets					
(a) Inventories	N	25,874.15		21,923.19	
(b) Trade Receivables	O	18,683.28		20,197.39	
(c) Cash and Bank Balances	P	2,572.47		128.80	
(d) Short-Term Loans and Advances	Q	15,484.75	62,614.65	8,497.00	50,746.38
			99,055.02		81,585.11
Significant Accounting Policies and other explanatory notes and information	Y				

Note : The notes referred to above form an integral part of the Balance Sheet
As per our report of even date

For K. S. AIYAR & CO. Chirayu R. Amin
Chartered Accountants 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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

Profit and Loss Account

(₹ in Lacs)

For the Year Ended 31st March	Notes	2012		2011	
I. Revenue from Operations	R	1,38,082.43		1,17,258.58	
Less : Excise Duty		554.00	1,37,528.43	766.00	1,16,492.58
II. Other Income	S		44.07		8.33
III. Total Revenue (I +II)			1,37,572.50		1,16,500.91
IV. Expenses :					
Cost of materials consumed	T		52,823.76		43,494.43
Purchase of Finished Goods			16,779.29		12,857.31
Changes in inventories of Finished Goods and Work in process	T		(6,443.98)		(472.19)
Employee Benefit Expenses	U		16,845.82		14,921.43
Research and Development Expenses	V		5,858.22		4,713.18
Other expenses	W		30,708.35		25,405.73
Total Expenses			1,16,571.45		1,00,919.89
V. Profit before Interest, Depreciation and Tax			21,001.05		15,581.02
Finance costs	X		2,621.34		2,388.87
Depreciation			3,364.58		2,958.83
VI. Profit before tax			15,015.13		10,233.32
VII. Tax expense					
Current tax			3,000.00		1,800.52
Deferred tax			(38.38)		282.09
VIII. Profit for the Year			12,053.51		8,150.71
IX. Earning per equity share (FV ₹ 2/- per share)					
Basic & Diluted (in ₹)			6.39		4.32
Significant Accounting Policies and other explanatory notes and information	Y				

Note : The notes referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For K. S. AIYAR & CO. **Chirayu R. Amin**
Chartered Accountants 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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

Cash Flow Statement

(₹ in Lacs)

For the Year Ended 31st March	2012	2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax	15,015.13	10,233.32
Add :		
1. Depreciation	3,364.58	2,958.83
2. Interest charged	3,754.84	2,758.65
3. Unrealised Foreign Exchange Loss / (Gain)	770.44	(91.01)
4. General Reserve Utilised for Expenses as per the Scheme of Arrangement	67.06	-
5. (Gain)/Loss on sale of fixed assets	(0.53)	23.56
	7,956.39	5,650.03
Less:		
1. Interest Income	1,133.50	369.78
2. Dividend Income	0.35	8.33
3. Expenses on account of Scheme of Arrangement debited to reserves	67.06	-
	1,200.92	378.11
Operating Profit before change in working capital	21,770.61	15,505.24
Working capital changes :		
Add / (Less):		
1. (Increase) / Decrease in inventories	(3,950.96)	(628.68)
2. (Increase) / Decrease in trade receivables	1,788.80	(5,526.25)
3. (Increase) / Decrease in short-term loans and advances	(6,248.43)	816.33
4. (Increase) / Decrease in long-term loans and advances	(2,844.66)	118.50
5. Increase / (Decrease) in trade payables	4,980.57	(167.62)
6. Increase / (Decrease) in other current liabilities	(121.74)	2,054.76
7. Increase / (Decrease) in short term provisions	182.97	16.06
8. Increase / (Decrease) in long term provisions	28.88	(14.80)
	(6,184.56)	(3,331.70)
Cash generated from operations	15,586.05	12,173.54
Add / (Less):		
Direct taxes paid (Net of refunds)	(3,147.44)	(1,716.65)
Net Cash inflow from Operating Activities (A)	12,438.61	10,456.89
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Add:		
1. Proceeds from sale of fixed assets	4.55	18.58
2. Increase in restrictive bank balances	26.49	-
3. Interest received	455.27	544.73
4. Dividend received	0.35	8.33
	486.67	571.64
Less:		
1. Purchase of tangible assets / increase in capital work-in-progress	6,125.63	6,253.77
	-	-
	6,125.63	6,253.77
Net Cash inflow from Investing Activities (B)	(5,638.96)	(5,682.13)

Cash Flow Statement

Contd.

(₹ in Lacs)

For the Period ended 31st March	2012		2011	
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Add:				
1. Proceeds from issue of share capital	-		1,100.00	
2. Proceeds from long-term borrowings	6,628.21		-	
3. Increase in other long term liabilities	44.90		5.86	
4. Proceeds from short-term borrowings	-	6,673.11	217.00	1,322.86
Less:				
1. Repayment of long-term borrowings	4,462.07		3,275.07	
2. Repayment of short-term borrowings	681.91		-	
3. Dividends paid (including distribution tax)	2,164.49		-	
4. Interest and other finance costs	3,720.61	11,029.09	2,742.71	6,017.78
Net Cash inflow from Financing Activities (C)		(4,355.98)		(4,694.92)
II. Net (decrease)/increase in cash and cash equivalents		2,443.67		79.84
III. Add: Cash and cash equivalents at the beginning of the period	128.80		48.96	
Add: Other Bank Balances	-	128.80	-	48.96
IV. Cash and cash equivalents at the end of the period	2,545.98		128.80	
Other Bank Balances	26.49	2,572.47	-	128.80

As per our report of even date

For K. S. AIYAR & CO. Chirayu R. Amin
Chartered Accountants 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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

A Share Capital :

(₹ in Lacs)

As at 31st March	2012	2011		
(a) Authorized				
20,00,00,000 Equity shares of ₹ 2/- each	4,000.00			
Previous Year				
6,00,00,000 Equity shares of ₹ 2/- each		1,200.00		
10,00,00,000 Equity shares of ₹ 2/- each transferred from Alembic Limited as per Scheme of Arrangement		2,000.00		
4,00,00,000 Equity shares of ₹ 2/- each Authorised Share Capital increased as per Scheme of Arrangement		800.00		
	4,000.00	4,000.00		
(b) Shares issued, subscribed and fully paid :				
18,85,15,914 Equity Shares of ₹ 2/- each,	3,770.32	1,100.00		
Out of above 13,35,15,914 equity shares of ₹ 2/- each were issued during the year to the share holders of Alembic Limited as per the Scheme of Arrangement and without payment being received in cash				
13,35,15,914 Share Suspense Account	-	2,670.32		
Equity Shares of ₹ 2/- each, have been issued on 15/4/11 to the share holders of Alembic Limited as per the Scheme of Arrangement				
	3,770.32	3,770.32		
(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;				
	31st March 2012		31st March 2011	
	Numbers	₹ in lacs	Numbers	₹ in lacs
At the beginning of the period	5,50,00,000	1,100.00	-	-
Issued during the period	13,35,15,914	2,670.32	5,50,00,000	1,100.00
Share Suspense Account	-	-	13,35,15,914	2,670.32
Outstanding at the end of the period	18,85,15,914	3,770.32	18,85,15,914	3,770.32
(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital;				
<p>The company is having only one class of shares i.e Equity carrying a nominal value of ₹ 2/- per share Every holder of the equity share of the Company is entitled to one vote per share held In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting During the year ended 31st March, 2012 an amount of ₹ 1.40 of dividend per equity share was proposed for the equity shareholders (P.Y ₹ 1/- per equity share)</p>				
(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;				
	31st March 2012		31st March 2011	
	Numbers	% held	Numbers	% held
1. Alembic Limited	5,50,00,000	29.18%	5,50,00,000	100.00%
2. Shreno Limited	1,83,68,780	9.74%		
3. Sierra Investments Limited	1,71,67,670	9.11%		
4. Whitefield Chemtech Limited	1,82,85,230	9.70%		
5. Nirayu Private Limited	1,62,13,755	8.60%		

B Reserves and Surplus :

(₹ in Lacs)

As at 31st March	2012		2011	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) Debenture Redemption Reserve				
Balance as per the last financial statements	2,333.40			
As per Scheme of Arrangement	-		1,541.70	
Add : Transferred from Statement of Profit and Loss	791.60	3,125.00	791.70	2,333.40
(c) General Reserve				
Balance as per the last financial statements	19,319.21			
As per Scheme of Arrangement	-		17,139.56	
Less : Utilised against provision for expenses on account of Scheme of Arrangement	67.04		100.00	
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	453.82		720.35	
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss	5,000.00	23,798.35	3,000.00	19,319.21
(d) Surplus / (deficit) in the statement of profit and loss				
Balance as per last financial statements		2,168.03		-
Profit for the year		12,053.51		8,150.71
Less: Appropriations				
Transfer to Debenture redemption reserve		791.60		791.70
Proposed final equity dividend (amount per share ₹ 1.40 (PY : ₹ 1/-))		2,639.22		1,885.16
Tax on proposed equity dividend		428.15		305.82
Transfer to General Reserve		5,000.00		3,000.00
Total Appropriations		8,858.97		5,982.68
Net Surplus in the statement of profit and loss		5,362.57		2,168.03
Total Reserves and Surplus		32,315.92		23,850.64

C Long-Term Borrowings :

As at 31st March	Non-Current		Current Maturities	
	2012	2011	2012	2011
(a) Non Convertible Debentures (Secured)				
₹ 5000 lacs (PY ₹ 5000 lacs)	-	5,000.00	5,000.00	-
9.25% Coupon of ₹ 1 lac each				
Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable equally in July-12 and Sept-12				
₹ 2500 lacs (PY ₹ 5000 lacs)	-	2,500.00	2,500.00	2,500.00
10.80% Coupon of ₹ 1 lac each				
Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in June-12				

C Long-Term Borrowings : (Contd.)

(₹ in Lacs)

As at 31st March	Non-Current		Current Maturities	
	2012	2011	2012	2011
(b) Term loans (Secured)				
Foreign Currency loan from Banks - @ Coupon of LIBOR plus 1.50% p.a. plus proportionate front end fees Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in 15 equal quarterly installments of USD 1 MN starting from May-13	7,632.00	-	-	-
Foreign Currency loan from Banks - @ varying rate of Interest Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in Apr-12 USD 1.67 MN and balance in June-12	-	1,467.27	1,624.27	1,467.27
(c) Deposits. (Unsecured)				
Deposits from Shareholders	159.30	23.62	174.50	-
Deposits from Public	1,691.52	3,851.78	2,641.30	1,344.59
- @ interest rate varying from 9% to 9.50% and maturity period is 12/24/36 mths				
(d) Others (Unsecured)	2.85	5.70	2.85	2.85
Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from Oct-2004 @ Interest rate of 3%				
	9,485.67	12,848.37	11,942.92	5,314.71
The above amount includes amount disclosed under the head Other Current Liabilities (Note I)	-	-	(11,942.92)	(5,314.71)
	9,485.67	12,848.37	-	-

D Deferred Tax Assets / Liabilities :

As at 31st March	2012		2011	
Deferred Tax Assets				
Provision for Doubtful debts	172.59		255.19	
Preliminary Expense and Demerger Expense	46.97		29.81	
Intangible Asset	1,361.45		1,815.27	
Others	367.59		338.47	
		1,948.60		2,438.74
Deferred Tax Liabilities				
Depreciation	2,901.50		2,976.20	
		2,901.50		2,976.20
Deferred Tax Liabilities		952.90		537.46

E Other Long Term Liabilities :

As at 31st March	2012		2011	
(a) Trade Deposits		1,229.07		1,184.17
		1,229.07		1,184.17

Notes

FORMING PART OF THE BALANCE SHEET

F Provisions :

(₹ in Lacs)

As at 31st March	Long Term		Short Term	
	2012	2011	2012	2011
(a) Provision for employee benefits				
Provision for gratuity	-	-	250.68	171.54
Provision for Leave benefits	539.04	510.16	248.29	144.46
	539.04	510.16	498.97	316.00
(b) Others				
Proposed equity dividend	-	-	2,639.22	1,885.16
Corporate tax on Proposed equity dividend	-	-	428.15	305.82
	-	-	3,067.37	2,190.98
Amount disclosed under the head Short term provisions (Note J)			(3,566.34)	(2,506.98)
	539.04	510.16	-	-

G Short-Term Borrowings :

As at 31st March	2012	2011
a From Banks		
i) Working Capital facilities (Secured) Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand	2,356.52	5,250.76
ii) Others (Unsecured) - @ varying Coupon repayable within 180 days with an option of roll over	9,089.25	9,376.92
b Commercial Paper (Unsecured) - @ Coupon of 10.20% repayable within 90 days	2,500.00	-
	13,945.77	14,627.68

H Trade Payable :

As at 31st March	2012	2011
Due to Micro, Small and Medium Enterprises	54.31	25.91
Other Trade Payables	18,138.44	13,149.50
	18,192.75	13,175.41

I Other Current Liabilities :

As at 31st March	2012	2011
(a) Current maturities of long-term debt (Note C)	11,942.92	5,314.71
(b) Interest accrued but not due on borrowings	675.52	640.40
(c) Unpaid dividends	26.49	-
(d) Unpaid / Unclaimed matured deposits and interest accrued thereon		
Unclaimed matured Deposits	36.05	21.24
Interest accrued thereon	1.66	2.55
(e) Other payables / liabilities		
- Statutory dues	765.31	711.83
- Others	1,609.29	1,799.32
	15,057.24	8,490.05

J Short-Term Provisions :

(₹ in Lacs)

As at 31st March	2012		2011	
(a) Provision for employee benefits (Note F)		498.97		316.00
(b) Others				
Others - Proposed Dividend and Tax thereon (Note F)		3,067.37		2,190.98
Provision for Income Tax	-		1,800.52	
Less : Income Tax paid	-	-	(1,716.65)	83.87
		3,566.34		2,590.85

K Tangible Assets :

Assets Description	Gross Block				Depreciation Block				Net Block		
	As on 01.04.2011	Addition	Deductions	As on 31.03.2012	As on 01.04.2011	Deductions	During the Year	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011	
Free Hold Land	192.44	-	-	192.44	-	-	-	-	192.44	192.44	
Lease Hold Land	1,634.78	-	-	1,634.78	46.05	-	17.21	63.26	1,571.52	1,588.73	
Buildings	8,839.94	890.62	-	9,730.56	1,480.97	-	305.43	1,786.40	7,944.16	7,358.97	
Employees Quarters	28.30	-	-	28.30	6.59	-	-	6.59	21.71	21.71	
Plant & Equipments	22,834.13	1,244.76	2.15	24,076.74	10,304.90	0.28	2,301.90	12,606.52	11,470.22	12,529.23	
R&D Equipments	6,733.11	507.47	-	7,240.58	3,592.71	-	544.12	4,136.83	3,103.75	3,140.40	
Furniture & Fixtures	572.60	24.29	-	596.89	226.89	-	30.87	257.76	339.13	345.71	
Vehicles	2,112.76	283.84	11.62	2,384.98	387.41	10.17	146.97	524.21	1,860.77	1,725.35	
Office Equipments	404.03	0.94	0.85	404.12	108.03	0.15	18.08	125.96	278.16	296.00	
TOTAL	43,352.09	2,951.92	14.62	46,289.39	16,153.55	10.60	3,364.58	19,507.53	26,781.86	27,198.54	
Previous Year*	39,515.96	3,964.17	128.04	43,352.09	13,251.82	57.10	2,958.83	16,153.55	27,198.54		

* As per Scheme of Arrangement

Notes :

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

L Non-Current Investments (At Cost) :

As at 31st March	2012		2011	
Trade Investments :				
Unquoted equity instruments				
Investment in wholly owned subsidiary				
100,000 (PY: 100,000) equity shares of CHF 1 each fully paid up in Alembic Global Holding SA		33.62		33.62
Investment in Associates				
1,000,000 (PY: 1,000,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd towards seed funding for development activities in area of drug discovery and clinical development		300.00		300.00
Non - trade Investments :				
Unquoted equity instruments				
18,000 (PY : 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.		1.80		1.80
		335.42		335.42

M Long-Term Loans and Advances (Unsecured, considered good) :

As at 31st March	2012		2011	
(a) Capital Advances		395.26		347.61
(b) Security Deposits		3,103.87		306.86
		3,499.13		654.47

Notes

FORMING PART OF THE BALANCE SHEET

N Inventories (Refer Note Y (e) of Accounting Policies for Basis of Valuation) : (₹ in Lacs)

As at 31st March	2012		2011	
(a) Raw materials				
- API, Chemicals and Intermediates	2,474.10		2,277.70	
- Excipients	2,993.40		2,365.96	
- Solvents & Catalyst	492.79	5,960.29	3,555.04	8,198.70
(b) Packing materials		1,509.03		1,569.92
(c) Work-in-process		994.08		934.20
(d) Finished goods				
- API, Chemicals and Intermediates	9,992.97		4,804.48	
- Formulations - Tablets and Capsules	1,587.71		1,194.02	
- Formulations - Injectables	591.32		320.56	
- Formulations - Oral Preparation and Ointments	807.64		457.14	
- Others	1,352.43	14,332.07	2,205.54	8,981.74
(e) Stock-in-trade				
- Formulations - Tablets and Capsules	1,567.40		995.44	
- Formulations - Injectables	360.95		276.41	
- Formulations - Oral Preparation and Ointments	870.06		492.79	
		2,798.41		1,764.64
(f) Stores and spares		280.26		473.99
		25,874.15		21,923.19

O Trade Receivables (Unsecured) :

As at 31st March	2012		2011	
(a) Over Six months from the due date				
Considered good	122.74		135.37	
Considered doubtful	531.96		786.54	
Less : Provision for doubtful debts	531.96	122.74	786.54	135.37
(b) Others Considered good		18,560.55		20,062.02
		18,683.28		20,197.39

P Cash and Bank Balances :

As at 31st March	2012		2011	
Cash and cash equivalents				
(a) Balances with banks		212.33		102.70
(b) Cash on hand		29.05		22.55
(c) Bank deposits with less than 3 months maturity from the origin date		2,304.60		3.55
Other Bank Balances				
(a) Unpaid Dividend Account		26.49		-
		2,572.47		128.80

O Short-term loans and advances (Unsecured, considered good) :

As at 31st March	2012		2011	
(a) Loans and advances to related parties				
Inter Corporate Deposits		6,300.00		2,640.00
(b) Others				
1) Advance against Expenses - Employees		290.05		130.92
2) Advance recoverable in cash or in kind		8,833.60		5,726.08
3) Income Tax paid	4,864.09		-	-
Less : Provision for Income Tax	(4,803.00)	61.09	-	-
		15,484.75		8,497.00

Notes

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

R Revenue from Operations :

(₹ in Lacs)

For the Year Ended 31st March	2012		2011	
a. Sale of products				
- Domestic	87,717.89		78,805.46	
- Exports	47,501.68		36,622.62	
		1,35,219.57		1,15,428.08
Export Incentives		1,298.85		1,476.98
Royalty		1,160.44		47.38
b. Other Operating Revenues				
- Insurance Claims	98.00		78.80	
- Others	305.57		227.34	
		403.57		306.14
		1,38,082.43		1,17,258.58
Sale of Products - Broad head wise				
API, Chemicals and Intermediates		28,235.57		23,740.50
Formulations - Tablets and Capsules		72,288.02		59,194.38
Formulations - Injectables		11,393.63		10,842.38
Formulations - Oral Preparation and Ointments		23,302.35		21,650.82
		1,35,219.57		1,15,428.08

S Other Income :

For the Year Ended 31st March	2012		2011	
Dividend	0.35		8.33	
Rent	43.72		-	
		44.07		8.33
		44.07		8.33

T Cost of Material Consumed :

For the Year Ended 31st March	2012		2011	
Inventory at the beginning of the year		9,768.62		9,802.95
Add : Purchases		50,524.46		43,460.10
		60,293.08		53,263.05
Less : Inventory at the end of the year		7,469.32		9,768.62
		52,823.76		43,494.43
Details of Material Consumed				
API and Drug intermediates		24,366.90		24,384.22
Excipients		9,202.41		7,211.65
Solvents & Catalyst		5,802.39		4,082.37
Packing Material		7,561.89		6,296.78
Others		5,890.17		1,519.41
		52,823.76		43,494.43
Changes in inventories of Finished Goods, Work in process :				
Inventory at the end of the year				
Work in Process	994.08		934.20	
Finished Goods	17,130.48		10,746.38	
		18,124.56		11,680.58
Inventory at the beginning of the year				
Work in Process	934.20		911.05	
Finished Goods	10,746.38		10,297.34	
		11,680.58		11,208.39
		(6,443.98)		(472.19)

Notes

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

U Employee Benefits Expenses :

(₹ in Lacs)

For the Year Ended 31st March	2012		2011	
Salaries and Wages		15,617.14		13,413.01
Contribution / Provisions for Provident and other funds		903.64		1,294.04
Staff welfare expense		325.04		214.38
		16,845.82		14,921.43

V Research & Development Expenses :

For the Year Ended 31st March	2012		2011	
Material Consumption		874.95		831.80
Employees' Cost				
Salaries and Wages	2,098.15		1,797.52	
Contribution / Provisions for Provident and other funds	85.65	2,183.80	78.30	1,875.82
Utilities				
Power		203.62		167.92
Others		145.66		40.15
Bio-Study Expense & Filing Fees		969.88		906.54
Others		1,480.31		890.95
		5,858.22		4,713.18

W Other Expenses :

For the Year Ended 31st March	2012		2011	
Consumption of Stores, spares, Laboratory Material and Analytical Expense		1,989.33		1,574.95
Power and Fuel		2,957.42		2,457.87
Manufacturing and Labour Charges		1,976.97		1,196.07
Repairs and Maintenance				
Machinery	518.95		367.12	
Buildings	190.07		179.30	
Others	286.87	995.89	205.56	751.98
Freight and Forwarding Charges		2,172.59		2,130.91
Marketing and Publicity Expense and Selling Commission		10,820.75		9,234.10
Excise Duty		508.84		663.64
Rent		187.16		130.49
Rates and Taxes		472.25		367.95
Insurance		205.35		182.20
Travelling Expense		5,179.98		4,038.95
Communication Expenses		973.56		854.72
Legal & Professional Fees		923.34		633.89
Payment to Auditor		50.07		47.75
Exchange Difference (net)		300.34		40.05
Bad Debts written off	355.83		1,722.70	
Less : Bad Debts Provision Utilised	355.83	-	1,722.70	-
Provision for Doubtful Debts		306.02		422.12
Miscellaneous Expenses		688.47		678.09
		30,708.35		25,405.73

X Finance Costs :

For the Year Ended 31st March	2012		2011	
Interest Expense		3,754.84		2,758.65
Less : Interest Income		1,133.50		369.78
		2,621.34		2,388.87

Y 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 have been recorded at a value transferred as per the Scheme of Arrangement. Other 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.

d) Investments

Long Term investments are classified as non current and are valued at cost or net realisable value whichever is lower.

Investment in Subsidiary company are stated at a value transferred as per the Scheme of Arrangement

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.

Traded Goods is valued at lower of Purchase price and net realisable value.

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

f) Revenue 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.

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 converted at year end exchange rates.

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

In respect of forward cover contracts for future probable transactions, the mark to market loss / profit as at the year end is charged to Profit and Loss Account.

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.

Y I. Significant Accounting Policies: (Contd.)

Superannuation payable as per Company's 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 pursuant to the Companies (Accounting Standards) Rules 2006 by the Central Government.

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.

l) Measurement of EBITDA

The Company has elected to present earning before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of the profit and loss.

Y 2. Other Explanatory Notes and Information :

(₹ in Lacs)

As at 31st March,		2012	2011
I.	Estimated amount of contracts net of advances remaining to be executed on capital accounts	1,675.64	1,729.89
II.	Contingent liabilities not provided for		
	i. Letter of credit, Guarantees and counter guarantees	1,334.25	8,396.96
	ii. Liabilities Disputed in appeals		
	- Excise duty	745.22	641.03
	- Sales Tax	324.52	1,112.31
	- Stamp Duty	501.19	-
	iii. Claims against the company not acknowledged as debt	356.64	48.10
	iv. Non fulfilment of export obligation against advance licence	145.00	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	34.93
III.	Defined benefit plans / compensated absences as per actuarial valuation	31.03.2012	31.03.2011
		Gratuity Funded	Gratuity Funded
	Expense recognised in the Statement of Profit & Loss Account		
	Current Service Cost	161.46	145.50
	Interest Cost	75.24	65.95
	Employer Contributions	-	-
	Expected return on plan assets	(66.94)	-
	Net Acturial (Gains) / Losses	(90.62)	(70.28)
	Past Service Cost	-	-
	Settlement Cost	-	-
	Total expense	79.14	141.17
	Net Asset / (Liability) recognised		
	Present value of Defined Benefit Obligation as at March 31, 2012	1,036.11	940.54
	Fair value of plan assets as at March 31, 2012	785.43	769.00
	Funded status [Surplus / (Deficit)]	(250.68)	(171.54)
	Net asset / (liability) as at March 31, 2012	(250.68)	(171.54)
	Change in Obligation		
	Present value of Defined Benefit Obligation at beginning of the year	940.54	799.37
	Current Service Cost	161.46	145.50
	Interest Cost	75.24	65.95
	Settlement Cost	-	-
	Past Service Cost	-	-
	Employer Contributions	-	-
	Acturial (Gains) / Losses	(90.62)	(70.28)
	Benefits Payments	(50.51)	-
	Present value of Defined Benefit Obligation at the end of the year	1,036.11	940.54
	Change in Assets		
	Plan assets at the beginning of the year	769.00	-
	Assets acquired in amalgamation in previous year	-	-
	Settlements	-	-
	Expected return on plan assets	66.94	-
	Funds to be transfer as per the Scheme of Arrangement	-	769.00

Y 2. Other Explanatory Notes and Information : (Contd.) (₹ in Lacs)

	31.03.2012	31.03.2011
	Gratuity Funded	Gratuity Funded
Actual benefits paid	(50.51)	-
Actuarial (Gains) / Losses	-	-
Plan assets at the end of the year	785.43	769.00
Actuarial Assumptions :		
Discount Rate	8.50%	8.00%
Expected rate of return on plan assets	9.00%	9.00%
Mortality pre retirement	*LIC Rates	*LIC Rates
Mortality post retirement	NA	NA
Turnover rate	5% to 1%	5% to 1%
Medical premium inflation	NA	NA
Rate of escalation in salary (p.a.)	4.75%	4.75%
* LIC (1994-96) Published table of rates.		
	31.03.2012	31.03.2011
	Leave Encashment	Leave Encashment
Expense recognised in the Statement of Profit & Loss Account		
Current Service Cost	105.84	100.39
Interest Cost	44.59	34.84
Employer Contributions	-	-
Expected return on plan assets	-	-
Net Actuarial (Gains) / Losses	41.00	133.87
Past Service Cost	-	-
Settlement Cost	-	-
Total expense	191.43	269.10
Net Asset / (Liability) recognised in the Balance Sheet		
Present value of Defined Benefit Obligation as at March 31, 2012	580.81	557.35
Fair value of plan assets as at March 31, 2012	-	-
Funded status [Surplus / (Deficit)]	(580.81)	(557.35)
Net asset / (liability) as at March 31, 2012	(580.81)	(557.35)
Change in Obligation		
Present value of Defined Benefit Obligation at beginning of the year	557.35	435.52
Current Service Cost	105.84	100.39
Interest Cost	44.59	34.84
Settlement Cost	-	-
Past Service Cost	-	-
Employer Contributions	-	-
Actuarial (Gains) / Losses	41.00	133.87
Benefits Payments	(167.97)	(147.27)
Present value of Defined Benefit Obligation at the end of the year	580.81	557.35

Y 2. Other Explanatory Notes and Information : (Contd.) (₹ in Lacs)

iv	a)	The Company enters into Currency Swaps to hedge against fluctuation in changes in exchange rate and interest rates as on 31st March 2012		
		No. of Contracts		1
		Notional Principal (1 Contract)	USD	8.33
		1. Amount receivable in foreign currency on account of the following		
		- Export of Goods and Services	USD	180.60
			GBP	9.62
			EUR	23.04
		Advance to Suppliers	USD	33.04
			EUR	1.79
			GBP	0.16
			CHF	0.10
		- Investments Receivables		NIL
		2. Amount payable in foreign currency on account of the following		
		- Purchase of Goods and Services	USD	58.91
			EUR	2.28
			GBP	0.08
			JPY	0.12
		Advance from Customers	USD	5.91
			EUR	0.67
		- Loans payable	USD	253.36
		- Interest payable on Loans		NIL

v.	Based on information / documents available with the Company, Sundry Creditors include:		
	a)	Amounts due to small scale undertakings (Total Amount)	54.31
	b)	Amount overdue on account of principal and / or interest	37.67
	c)	Amount outstanding together with interest for more than 45 days	30.46
	However, the credit terms extended by the party are more than 45 days and the company makes payment on due date and hence no interest provision is made.		
	As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable		
	(a)	(i) The principal amount remaining unpaid to any supplier at the end of accounting year	54.31
		(ii) The interest due on above	0.49
		Total of (i) and (ii) above	54.80
	(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.	-

vi.	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.

Y 2. Other Explanatory Notes and Information : (Contd.) (₹ in Lacs)

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

For the year ended on 31st March,		Associates		Key Management Personnel	
		2012	2011	2012	2011
i)	Purchase of Goods/DEPB				
	-Individually more than 10%	6,704.98	7,103.26	-	-
	-Others	325.47	333.65	-	-
ii)	Sale of Goods/DEPB				
	-Individually more than 10%	334.37	95.60	-	-
	-Others	43.95	-	-	-
iii)	Purchase of Fixed Assets				
	-Individually more than 10%	1,282.10	3,530.48	-	-
	-Others	1.11	-	-	-
iv)	Rendering of services				
	-Individually more than 10%	276.63	237.76	-	-
	-Others	0.01	0.47	-	-
v)	Receiving of services				
	-Individually more than 10%	716.71	309.23	-	-
	-Others	64.54	2.02	-	-
vi)	Rent Paid				
	-Individually more than 10%	68.21	-	-	-
	-Others	7.06	-	-	-
vii)	Deposit Given				
	-Individually more than 10%	2,749.67	-	-	-
	-Others	-	-	-	-
viii)	Interest Received				
	-Individually more than 10%	944.83	351.15	-	-
	-Others	2.76	15.34	-	-
ix)	Dividend Paid				
	-Individually more than 10%	1,250.35	-	75.75	-
	-Others	0.02	-	-	-
x)	Loans Given				
	-Individually more than 10%	10,193.00	3,070.00	-	-
	-Others	700.00	100.00	-	-
xi)	Managerial Remuneration				
	Salary	-	-	702.58	489.06
	Provident Fund and others	-	-	58.02	50.08
	Superannuation	-	-	51.77	30.80
	Commission	-	-	540.13	317.65
xii)	Issuing of Share Capital				
	-Individually more than 10%	-	1,100.00	-	-
	-Others	-	-	-	-
xiii)	Outstanding balance as at 31st March,	2012	2011	2012	2011
	- Advances	373.70	1,257.37	-	-
	- Creditors	364.53	113.50	-	-
	- Loans Given	6,300.00	2,640.00	-	-
	- Deposit Given	2,749.67	-	-	-
	- Investment	300.00	300.00	-	-
		Relatives of Key Managerial Personnel			
For the year ended on 31st March,		2012		2011	
		Dividend Paid		56.37	
				-	

Y 2. Other Explanatory Notes and Information : (Contd.) (₹ in Lacs)

viii	Listing Agreement clause 32 disclosure		
	Disclosures as required under clause 32 of listing agreement have not been given as there are no such transactions with any such party / Employee.		
ix	Earning Per Share (EPS)		
	For the year ended on 31st March,	2012	2011
	(a) Profit after tax but before Non -Recurring Items available for equity shareholders.	12,053.51	8,150.71
	(b) Profit after Tax available for equity shareholders	12,053.51	8,150.71
	(c) Weighted Average number of equity shares	188,515,914	188,515,914
	(d) Basic and Diluted Earnings per share before Non-Recurring Items. (Face value per share ₹ 2/- each)	6.39	4.32
	(e) Basic and Diluted Earnings per share after Non-Recurring Items. (Face value per share ₹ 2/- each)	6.39	4.32
x	Auditors Fees and Expenses include remuneration to:		
	For the year ended on 31st March,	2012	2011
	(a) Statutory Auditors:-		
	As Auditors	21.00	18.00
	In Other Capacity :-		
	(i) Other Services		
	a Demerger related work	-	5.00
	b Limited Review	19.50	15.00
	c Others	4.82	4.50
	(ii) Reimbursement of expenses	1.50	2.00
	(b) Cost Auditors :-		
	As Cost Auditors	1.25	1.25
	(c) Tax Auditor :		
	Tax Audit Fee	2.00	2.00
		50.07	47.75
xi	Income in Foreign Currency		
	For the Year ended on 31st March,	2012	2011
	- Export (FOB basis)	46,795.60	36,048.49
	- Royalty	1,160.44	47.38
		47,956.04	36,095.87
xii	Expenditure in Foreign Currency		
	For the Year ended on 31st March,	2012	2011
	- Raw Materials (CIF basis)	18,631.48	17,882.18
	- Packing Material , Components and Spare parts (CIF basis)	218.03	435.14
	- Professional and Consultancy Fees	338.32	133.39
	- Interest	54.60	60.45
	- Others	3,502.28	2,252.42
		22,744.71	20,763.58
xiii	Break up of Imported /Indigenous Material		
	For the Year ended on 31st March,	2012	2011
	(a) Value of imported raw materials, spares parts and components consumed	13,831.59	14,107.13
	(b) Value of indigenous raw materials, spare parts and components consumed	40,208.89	30,255.81
	(c) Percentage of above to total consumption:		
	(i) Imported raw materials, spare parts and components consumed	26%	32%
	(ii) Indigenous raw materials, spare parts and components consumed	74%	68%

Y 2. Other Explanatory Notes and Information : (Contd.) (₹ in Lacs)

xiv	During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statement. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year. In view of this reclassification certain figures of current year are not strictly comparable with those of the previous year.
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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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

STATEMENT PURSUANT TO SECTION 212 OF
THE COMPANIES ACT, 1956

(₹ in Lacs)

Name of the Subsidiary	ALEMBIC GLOBAL HOLDING SA
1. Accounting year of the Subsidiary ended on	31.03.2012
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 31.03.2012	-
(b) not dealt with in account of the Company for the year ended on 31.03.2012	959.75
4. Net aggregate amount of profit of the subsidiary for previous financial years 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 31.03.2011	-
(b) not dealt with in account of the Company for the year ended on 31.03.2011	388.05

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 : 25th April, 2012

INFORMATION ON THE FINANCIALS OF
THE SUBSIDIARY COMPANY

FOR THE YEAR ENDED ON 31st MARCH

(₹ in Lacs)

Name of the Subsidiary Company	Alembic Global Holding SA	
	2012	2011
Capital	56.38	48.75
Reserves	3,390.85	2,037.37
Total Liabilities	2,721.78	727.21
Total Assets	6,140.82	2,788.96
Investment (Other than in subsidiaries)	28.19	24.37
Turnover (Net)	9,110.31	3,712.31
Profit / (Loss) before tax	1,083.11	451.01
Provision for Tax	123.36	62.96
Profit / (Loss) after tax	959.75	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, 2012, the consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended 31st March, 2012 annexed thereto.

These Financial Statements comprise of (a) Alembic Pharmaceuticals Limited (standalone) and (b) wholly owned Subsidiary of the Company Alembic Global Holding SA. 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 have been prepared 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 ₹6169.01 Lacs and Company's share in Revenue of ₹ 9110.31 Lacs and in Profit for the year of ₹959.75 Lacs and net cash inflows of ₹ 1635.46 Lacs are included in the consolidated financial statements which are audited by other auditors for the year ended 31st March, 2012.

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, 2012;
- b) The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of the Company for the year then ended; and
- c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Company for the year then ended.

Place: Mumbai
Dated: 26th April, 2012

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

Balance Sheet

(₹ in Lacs)

As at 31st March	Notes	2012		2011	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
(a) Share Capital	A	3,770.32		3,770.32	
(b) Reserves and Surplus	B	35,183.09		25,758.06	
(c) Foreign Currency Translation Reserve		546.43	39,499.84	145.08	29,673.46
(2) Non-Current Liabilities					
(a) Long-Term Borrowings	C	9,485.67		12,848.37	
(b) Deferred Tax Liabilities (Net)	D	952.90		537.46	
(c) Other Long Term Liabilities	E	1,229.07		1,184.17	
(d) Long Term Provisions	F	539.04	12,206.69	510.16	15,080.16
(3) Current Liabilities					
(a) Short-Term Borrowings	G	13,945.77		14,627.68	
(b) Trade Payables	H	20,914.53		13,856.70	
(c) Other Current Liabilities	I	15,057.24		8,490.05	
(d) Short-Term Provisions	J	3,566.34	53,483.88	2,636.76	39,611.20
			105,190.41		84,364.82
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	K	26,782.19		27,199.27	
(ii) Capital Work-In-Progress		5,823.97		2,650.30	
(b) Non-Current Investments	L	329.99		326.17	
(c) Long Term Loans and Advances	M	3,499.13	36,435.28	654.47	30,830.21
(2) Current Assets					
(a) Inventories	N	25,874.15		21,923.19	
(b) Trade Receivables	O	19,933.11		20,197.39	
(c) Cash and Bank Balances	P	4,708.05		628.93	
(d) Short-Term Loans and Advances	Q	18,239.82	68,755.13	10,785.10	53,534.61
			105,190.41		84,364.82
Significant Accounting Policies and other explanatory notes and information	Y				

Note : The notes referred to above form an integral part of the Consolidated Balance Sheet

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 : 26th April, 2012

Milin Mehta
 Director

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

Vadodara : 25th April, 2012

Profit & Loss Account

(₹ in Lacs)

For the Year Ended on 31st March,	Notes	2012		2011	
I. Revenue from Operations	R	1,47,192.74		1,20,970.89	
Less : Excise Duty		554.00	1,46,638.74	766.00	1,20,204.89
II. Other Income	S		44.07		8.33
III. Total Revenue (I + II)			1,46,682.81		1,20,213.22
IV. Expenses:					
Cost of materials consumed	T		52,823.76		43,494.43
Purchase of Finished Goods			24,412.24		16,018.54
Changes in inventories of Finished Goods and Work in process	T		(6,443.98)		(472.19)
Employee Benefit Expenses	U		16,845.82		14,921.43
Research and Development Expenses	V		5,858.22		4,713.18
Other expenses	W		31,102.19		25,505.45
Total Expenses			1,24,598.25		1,04,180.84
V. Profit before Interest, Depreciation and Tax			22,084.56		16,032.37
Finance costs	X		2,621.34		2,388.87
Depreciation			3,364.98		2,959.17
VI. Profit before tax			16,098.24		10,684.33
VII. Tax expense					
Current tax			3,123.36		1,863.48
Deferred tax			(38.38)		282.09
VIII. Profit for the year			13,013.26		8,538.76
IX. Earning per equity share (FV ₹ 2/- per share)					
Basic & Diluted (In ₹)			6.90		4.53
Significant Accounting Policies and other explanatory notes and information	Y				

Note : The notes referred to above form an integral part of the Consolidated Profit and Loss Account

As per our report of even date

For K. S. AIYAR & CO. **Chirayu R. Amin**
Chartered Accountants 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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

Cash Flow Statement

(₹ in Lacs)

For the Year Ended 31st March	2012		2011	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax		16,098.24		10,684.33
Add:				
1. Depreciation	3,364.98		2,959.17	
2. Interest charged	3,754.84		2,758.65	
3. Unrealised Foreign Exchange Loss / (Gain)	1,125.94		(37.60)	
4. Foreign Currency Translation Reserve	397.53		145.08	
5. General Reserve Utilised for Expenses as per the Scheme of Arrangement	67.06		-	
6. (Gain)/Loss on sale of fixed assets	(0.53)	8,709.82	23.56	5,848.86
Less:				
1. Interest Income	1,133.50		369.78	
2. Dividend Income	0.35		8.33	
3. Expenses on account of Scheme of Arrangement debited to reserves	67.06	1,200.92	-	378.11
Operating Profit before change in working capital		23,607.15		16,155.09
Working capital changes:				
Add / (Less):				
1. (Increase) / Decrease in inventories	(3,950.96)		(628.68)	
2. (Increase) / Decrease in trade receivables	538.97		(4,851.46)	
3. (Increase) / Decrease in short-term loans and advances	(6,715.41)		(1,013.43)	
4. (Increase) / Decrease in long-term loans and advances	(2,844.66)		118.50	
5. Increase / (Decrease) in trade payables	6,619.64		(556.78)	
6. Increase / (Decrease) in other current liabilities	(121.74)		2,054.76	
7. Increase / (Decrease) in short term provisions	182.97		16.06	
8. Increase / (Decrease) in long term provisions	28.88	(6,262.29)	(14.80)	(4,875.83)
Cash generated from operations		17,344.86		11,279.26
Add / (Less):				
Direct taxes paid (Net of refunds)		(3,270.80)		(1,779.61)
Net Cash inflow from Operating Activities (A)		14,074.06		9,499.65
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Add:				
1. Proceeds from sale of fixed assets	4.55		18.58	
2. Increase in restrictive bank balances	26.49		-	
3. Interest received	455.27		544.73	
4. Dividend received	0.35		8.33	
Less:		486.67		571.64
1. Purchase of tangible assets / increase in capital work-in-progress	6,125.63		6,253.77	
	-		-	
		6,125.63		6,253.77
Net Cash inflow from Investing Activities (B)		(5,638.96)		(5,682.13)

Cash Flow Statement

Contd.

(₹ in Lacs)

For the Period ended 31st March	2012		2011	
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Add:				
1. Proceeds from issue of share capital	-		1,100.00	
2. Proceeds from long-term borrowings	6,628.21		-	
3. Increase in other long term liabilities	44.90		5.86	
4. Proceeds from short-term borrowings	-	6,673.11	217.00	1,322.86
Less:				
1. Repayment of long-term borrowings	4,462.07		3,275.07	
2. Repayment of short-term borrowings	681.91		-	
3. Dividends paid (including distribution tax)	2,164.49		-	
4. Interest and other finance costs	3,720.61	11,029.09	2,742.71	6,017.78
Net Cash inflow from Financing Activities (C)		(4,355.98)		(4,694.92)
II. Net (decrease)/increase in cash and cash equivalents		4,079.12		(877.40)
III. Add: Cash and cash equivalents at the beginning of the period	628.93		1,506.33	
Add: Other Bank Balances	-	628.93	-	1,506.33
IV. Cash and cash equivalents at the end of the period	4,681.57		628.93	
Other Bank Balances	26.49	4,708.05		628.93

As per our report of even date

For K. S. AIYAR & CO. Chirayu R. Amin
Chartered Accountants 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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

A Share Capital :

(₹ in Lacs)

As at 31st March		2012	2011		
(a) Authorized					
20,00,00,000	Equity shares of ₹ 2/- each	4,000.00			
Previous Year					
6,00,00,000	Equity shares of ₹ 2/- each		1,200.00		
10,00,00,000	Equity shares of ₹ 2/- each transferred from Alembic Limited as per Scheme of Arrangement		2,000.00		
4,00,00,000	Equity shares of ₹ 2/- each Authorised Share Capital increased as per Scheme of Arrangement		800.00		
		4,000.00	4,000.00		
(b) Shares issued, subscribed and fully paid :					
18,85,15,914	Equity Shares of ₹ 2/- each,	3,770.32	1,100.00		
Out of above 13,35,15,914 equity shares of ₹ 2/- each were issued during the year to the share holders of Alembic Limited as per the Scheme of Arrangement and without payment being received in cash					
13,35,15,914	Share Suspense Account	-	2,670.32		
Equity Shares of ₹ 2/- each, have been issued on 15/4/11 to the share holders of Alembic Limited as per the Scheme of Arrangement					
		3,770.32	3,770.32		
(c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period ;					
		31st March 2012		31st March 2011	
		Numbers	₹ in lacs	Numbers	₹ in lacs
At the beginning of the period		5,50,00,000	1,100.00	-	-
Issued during the period		13,35,15,914	2,670.32	5,50,00,000	1,100.00
Share Suspense Account		-	-	13,35,15,914	2,670.32
Outstanding at the end of the period		18,85,15,914	3,770.32	18,85,15,914	3,770.32
(d) The rights, preferences and restrictions including restrictions on the distribution of dividends and the repayment of capital;					
<p>The company is having only one class of shares i.e Equity carrying a nominal value of ₹ 2/- per share</p> <p>Every holder of the equity share of the Company is entitled to one vote per share held</p> <p>In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after the distribution / repayment of all creditors. The distribution to the equity shareholders will be in proportion of the number of shares held by each shareholder</p> <p>The Company declares and pays dividend on the equity shares in Indian Rupees. Dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting</p> <p>During the year ended 31st March, 2012 an amount of ₹ 1.40 of dividend per equity share was proposed for the equity shareholders (P.Y ₹ 1/- per equity share)</p>					
(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held;					
		31st March 2012		31st March 2011	
		Numbers	% held	Numbers	% held
1.	Alembic Limited	5,50,00,000	29.18%	5,50,00,000	100.00%
2.	Shreno Limited	1,83,68,780	9.74%		
3.	Sierra Investments Limited	1,71,67,670	9.11%		
4.	Whitefield Chemtech Limited	1,82,85,230	9.70%		
5.	Nirayyu Private Limited	1,62,13,755	8.60%		

B Reserves and Surplus :

(₹ in Lacs)

As at 31st March,	2012		2011	
(a) Capital Reserve				
Balance as per the last financial statements		30.00		30.00
(b) Debenture Redemption Reserve				
Balance as per the last financial statements	2,333.40		-	
As per Scheme of Arrangement	-		1,541.70	
Add : Transferred from Statement of Profit and Loss	791.60	3,125.00	791.70	2,333.40
(c) General Reserve				
Balance as per the last financial statements	19,319.21			
As per Scheme of Arrangement	-		17,139.56	
Less : Utilised against provision for expenses on account of Scheme of Arrangement	67.04		100.00	
Less : Reversal of Deferred Tax Asset on account of Intangible assets pursuant to the order of Hon'ble Gujarat High Court	453.82		720.35	
Add : Amount transferred from Surplus Balance in the Statement of Profit & Loss	5,000.00	23,798.35	3,000.00	19,319.21
(d) Surplus / (deficit) in the statement of profit and loss				
Balance as per last financial statements		4,075.45		1,519.37
Profit for the year		13,013.26		8,538.76
Less: Appropriations				
Transfer to Debenture redemption reserve		791.60		791.70
Proposed final equity dividend (amount per share ₹ 1.40 (PY : ₹ 1/-))		2,639.22		1,885.16
Tax on proposed equity dividend		428.15		305.82
Transfer to General Reserve		5,000.00		3,000.00
Total Appropriations		8,858.97		5,982.68
Net Surplus in the statement of profit and loss		8,229.74		4,075.45
Total Reserves and Surplus		35,183.09		25,758.06

C Long-Term Borrowings :

As at 31st March,	Non-Current		Current Maturities	
	2012	2011	2012	2011
(a) Non Convertible Debentures (Secured)				
₹ 5000 lacs (PY ₹ 5000 lacs)	-	5,000.00	5,000.00	-
9.25% Coupon of ₹ 1 lac each				
Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable equally in July-12 and Sept-12				
₹ 2500 lacs (PY ₹ 5000 lacs)	-	2,500.00	2,500.00	2,500.00
10.80% Coupon of ₹ 1 lac each				
Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders Redeemable in June-12				

Ⓒ Long-Term Borrowings : (Contd.)

(₹ in Lacs)

As at 31st March,	Non-Current		Current Maturities	
	2012	2011	2012	2011
(b) Term loans (Secured)				
Foreign Currency loan from Banks - @ Coupon of LIBOR plus 1.50% p.a. plus proportionate front end fees. Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders. Redeemable in 15 equal quarterly installments of USD 1 MN starting from May-13	7,632.00	-	-	-
Foreign Currency loan from Banks - @ varying rate of Interest. Secured against first hypothecation charge on all movable plant and machinery ranking pari passu with other lenders. Redeemable in Apr-12 USD 1.67 MN and balance in June-12	-	1,467.27	1,624.27	1,467.27
(c) Deposits. (Unsecured)				
Deposits from Shareholders	159.30	23.62	174.50	-
Deposits from Public	1,691.52	3,851.78	2,641.30	1,344.59
- @ interest rate varying from 9% to 9.50% and maturity period is 12/24/36 mths				
(d) Others (Unsecured)	2.85	5.70	2.85	2.85
Repayable in 10 equal yearly installments of ₹ 2.85 lacs each commencing from Oct-2004 @ Interest rate of 3%				
	9,485.67	12,848.37	11,942.92	5,314.71
The above amount includes amount disclosed under the head Other Current Liabilities (Note I)	-	-	(11,942.92)	(5,314.71)
	9,485.67	12,848.37	-	-

Ⓓ Deferred Tax Assets / Liabilities :

As at 31st March	2012	2011
Deferred Tax Assets		
Provision for Doubtful debts	172.59	255.19
Preliminary Expense and Demerger Expense	46.97	29.81
Intangible Asset	1,361.45	1,815.27
Others	367.59	338.47
	1,948.60	2,438.74
Deferred Tax Liabilities		
Depreciation	2,901.50	2,976.20
	2,901.50	2,976.20
Deferred Tax Liabilities	952.90	537.46

Ⓔ Other Long Term Liabilities :

As at 31st March,	2012	2011
(a) Trade Deposits	1,229.07	1,184.17
	1,229.07	1,184.17

F Provisions :

(₹ in Lacs)

As at 31st March,	Long Term		Short Term	
	2012	2011	2012	2011
(a) Provision for employee benefits				
Provision for gratuity	-	-	250.68	171.54
Provision for Leave benefits	539.04	510.16	248.29	144.46
	539.04	510.16	498.97	316.00
(b) Others				
Proposed equity dividend	-	-	2,639.22	1,885.16
Provision of tax on Proposed equity dividend	-	-	428.15	305.82
	-	-	3,067.37	2,190.98
Amount disclosed under the head Short term provisions (Note J)			(3,566.34)	(2,506.98)
	539.04	510.16	-	-

G Short-Term Borrowings :

As at 31st March,	2012	2011
a From Banks		
i) Working Capital facilities (Secured)	2,356.52	5,250.76
Secured against first hypothecation on Stocks and Book Debts ranking pari passu - @ varying Coupon repayable on demand		
ii) Others (Unsecured)	9,089.25	9,376.92
- @ varying Coupon repayable within 180 days with an option of roll over		
b Commercial Paper (Unsecured)	2,500.00	-
- @ Coupon of 10.20% repayable within 90 days		
	13,945.77	14,627.68

H Trade Payable :

As at 31st March,	2012	2011
Due to Micro, Small and Medium Enterprises	54.31	25.91
Other Trade Payables	20,860.22	13,830.79
	20,914.53	13,856.70

I Other Current Liabilities :

As at 31st March,	2012	2011
(a) Current maturities of long-term debt (Note C)	11,942.92	5,314.71
(b) Interest accrued but not due on borrowings	675.52	640.40
(c) Unpaid dividends	26.49	-
(d) Unpaid / Unclaimed matured deposits and interest accrued thereon		
Unclaimed matured Deposits	36.05	21.24
Interest accrued thereon	1.66	2.55
(e) Other payables / liabilities		
- Statutory	765.31	711.83
- Others	1,609.29	1,799.32
	15,057.24	8,490.05

J Short-Term Provisions :

(₹ in Lacs)

As at 31st March,	2012	2011
(a) Provision for employee benefits. (Note F)	498.97	316.00
(b) Others		
Others - Proposed Dividend and Tax thereon (Note F)	3,067.37	2,190.98
Provision for Income Tax	-	1,846.43
Less : Income Tax paid	-	(1,716.65)
	3,566.34	2,636.76

K Tangible Assets :

Assets Description	Gross Block			Depreciation Block			Net Block			
	As on 01.04.2011	Addition	Deductions	As on 31.03.2012	As on 01.04.2011	Deductions	During the Year	As on 31.03.2012	As on 31.03.2012	As on 31.03.2011
Free Hold Land	192.44	-	-	192.44	-	-	-	-	192.44	192.44
Lease Hold Land	1,634.78	-	-	1,634.78	46.05	-	17.21	63.26	1,571.52	1,588.73
Buildings	8,839.94	890.62	-	9,730.56	1,480.97	-	305.43	1,786.40	7,944.16	7,358.97
Employees Quarters	28.30	-	-	28.30	6.59	-	-	6.59	21.71	21.71
Plant & Equipments	22,834.13	1,244.76	2.15	24,076.74	10,304.90	0.28	2,301.90	12,606.52	11,470.22	12,529.23
R&D Equipments	6,733.11	507.47	-	7,240.58	3,592.71	-	544.12	4,136.83	3,103.75	3,140.40
Furniture & Fixtures	572.60	24.29	-	596.89	226.89	-	30.87	257.76	339.13	345.71
Vehicles	2,112.76	283.84	11.62	2,384.98	387.41	10.17	146.97	524.21	1,860.77	1,725.35
Office Equipments	404.03	0.94	0.85	404.12	108.03	0.15	18.08	125.96	278.16	296.00
Pre-operative Expense	1.71	-	-	1.71	0.98	-	0.40	1.38	0.33	0.73
TOTAL	43,353.80	2,951.92	14.62	46,291.10	16,154.53	10.60	3,364.98	19,508.91	26,782.19	27,199.27
Previous Year *	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	

* As per Scheme of Arrangement

Notes:

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

L Non-Current Investments (At Cost) :

As at 31st March,	2012	2011
Trade Investments :		
Unquoted equity instruments		
Investment in Associates		
1,000,000 (PY: 1,000,000) equity shares of ₹ 10 each at a premium of ₹ 20 each fully paid up in Incozen Therapeutics Pvt. Ltd towards seed funding for development activities in area of drug discovery and clinical development	300.00	300.00
Investment in Others		
50,000 (PY: 50,000) equity shares of CHF 1 each fully paid up in Rhizen Pharmaceuticals SA	28.19	24.37
Non - trade Investments :		
Unquoted equity instruments		
18,000 (PY: 18,000) equity shares of ₹ 1 each fully paid up in Shivalik Solid Waste Management Ltd.	1.80	1.80
	329.99	326.17

M Long-Term Loans and Advances (Unsecured, considered good) :

As at 31st March,	2012	2011
(a) Capital Advances	395.26	347.61
(b) Security Deposits	3,103.87	306.86
	3,499.13	654.47

N Inventories (Refer Note Y (e) of Accounting Policies for Basis of Valuation) : (₹ in Lacs)

As at 31st March,	2012		2011	
(a) Raw materials				
- API, Chemicals and Intermediates	2,474.10		2,277.70	
- Excipients	2,993.40		2,365.96	
- Solvents & Catalyst	492.79	5,960.29	3,555.04	8,198.70
(b) Packing materials		1,509.03		1,569.92
(c) Work-in-process		994.08		934.20
(d) Finished goods				
- API, Chemicals and Intermediates	9,992.97		4,804.48	
- Formulations - Tablets and Capsules	1,587.71		1,194.02	
- Formulations - Injectables	591.32		320.56	
- Formulations - Oral Preparation and Ointments	807.64		457.14	
- Others	1,352.43	14,332.07	2,205.54	8,981.74
(e) Stock-in-trade				
- Formulations - Tablets and Capsules	1,567.40		995.44	
- Formulations - Injectables	360.95		276.41	
- Formulations - Oral Preparation and Ointments	870.06		492.79	
		2,798.41		1,764.64
(f) Stores and spares		280.26		473.99
		25,874.15		21,923.19

O Trade Receivables (Unsecured) :

As at 31st March,	2012		2011	
(a) Over Six months from the due date				
Considered good	122.74		135.37	
Considered doubtful	531.96		786.54	
Less : Provision for doubtful debts	531.96	122.74	786.54	135.37
(b) Others Considered good		19,810.37		20,062.02
		19,933.11		20,197.39

P Cash and Bank Balances :

As at 31st March,	2012		2011	
Cash and cash equivalents				
(a) Balances with banks		2,347.91		602.83
(b) Cash on hand		29.05		22.55
(c) Bank deposits with less than 3 months maturity from the origin date		2,304.60		3.55
Other Bank Balances				
(a) Unpaid Dividend Account		26.49		-
		4,708.05		628.93

O Short-Term Loans and Advances (Unsecured, considered good) :

As at 31st March,	2012		2011	
(a) Loans and advances to related parties				
Inter Corporate Deposits		6,300.00		2,640.00
(b) Others				
1) Advance against Expenses - Employees		290.05		130.92
2) Advance recoverable in cash or in kind		11,614.32		8,014.17
3) Income Tax paid	4,864.09		-	-
Less : Provision for Income Tax	(4,828.65)	35.44	-	-
		18,239.82		10,785.09

Notes

FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

R Revenue from Operations :

(₹ in Lacs)

For the Year Ended 31st March,	2012		2011	
a Sale of products				
- Domestic	87,717.89		78,805.46	
- Exports	56,611.99		40,334.93	
		1,44,329.88		1,19,140.39
Export Incentives		1,298.85		1,476.98
Royalty		1,160.44		47.38
b Other Operating Revenues				
- Insurance Claims	98.00		78.80	
- Others	305.57		227.34	
		403.57		306.14
		1,47,192.74		1,20,970.89
Sale of Products - Broad head wise				
API, Chemicals and Intermediates		37,345.88		27,452.81
Formulations - Tablets and Capsules		72,288.02		59,194.38
Formulations - Injectables		11,393.63		10,842.38
Formulations - Oral Preparation and Ointments		23,302.35		21,650.82
		1,44,329.88		1,19,140.39

S Other Income :

For the Year Ended 31st March,	2012		2011	
Dividend	0.35		8.33	
Rent	43.72		-	
		44.07		8.33
		44.07		8.33

T Cost of Material Consumed :

For the Year Ended 31st March,	2012		2011	
Inventory at the beginning of the year		9,768.62		9,802.95
Add : Purchases		50,524.46		43,460.10
		60,293.08		53,263.05
Less : Inventory at the end of the year		7,469.32		9,768.62
		52,823.76		43,494.43
Details of Material Consumed				
API and Drug intermediates		24,366.90		24,384.22
Excipients		9,202.41		7,211.65
Solvents & Catalyst		5,802.39		4,082.37
Packing Material		7,561.89		6,296.78
Others		5,890.17		1,519.41
		52,823.76		43,494.43
Changes in inventories of Finished Goods, Work in process :				
Inventory at the end of the year				
Work in Process	994.08		934.20	
Finished Goods	17,130.48		10,746.38	
		18,124.56		11,680.58
Inventory at the beginning of the year				
Work in Process	934.20		911.05	
Finished Goods	10,746.38		10,297.34	
		11,680.58		11,208.39
		(6,443.98)		(472.19)

U Employee Benefits Expenses :

(₹ in Lacs)

For the Year Ended 31st March,	2012		2011	
Salaries and Wages		15,617.14		13,413.01
Contribution / Provisions for Provident and other funds		903.64		1,294.04
Staff welfare expense		325.04		214.38
		16,845.82		14,921.43

V Research & Development Expenses :

For the Year Ended 31st March,	2012		2011	
Material Consumption		874.95		831.80
Employees' Cost				
Salaries and Wages	2,098.15		1,797.52	
Contribution / Provisions for Provident and other funds	85.65	2,183.80	78.30	1,875.82
Utilities				
Power		203.62		167.92
Others		145.66		40.15
Bio-Study Expense & Filing Fees		969.88		906.54
Others		1,480.31		890.95
		5,858.22		4,713.18

W Other Expenses :

For the Year Ended 31st March,	2012		2011	
Consumption of Stores, spares, Laboratory Material and Analytical Expense		1,989.33		1,574.95
Power and Fuel		2,957.42		2,457.87
Manufacturing and Labour Charges		1,976.97		1,196.07
Repairs and Maintenance				
Machinery	518.95		367.12	
Buildings	190.07		179.30	
Others	287.45	996.46	206.57	752.99
Freight and Forwarding Charges		2,172.59		2,130.91
Marketing and Publicity Expense and Selling Commission		10,820.75		9,234.10
Excise Duty		508.84		663.64
Rent		206.03		155.77
Rates and Taxes		472.38		370.19
Insurance		207.39		185.47
Travelling Expense		5,179.98		4,038.95
Communication Expenses		973.56		854.72
Legal & Professional Fees		935.75		646.82
Payment to Auditor		51.69		49.16
Exchange Difference (net)		655.84		93.47
Bad Debts written off	355.83	-	1,722.70	-
Less : Bad Debts Provision Utilised	355.83	-	1,722.70	-
Provision for Doubtful Debts		306.02		422.12
Miscellaneous Expenses		691.20		678.26
		31,102.19		25,505.45

X Finance Costs :

For the Year Ended 31st March,	2012		2011	
Interest Expense		3,754.84		2,758.65
Less : Interest Income		1,133.50		369.78
		2,621.34		2,388.87

Y Notes Forming Part of Consolidated Financial Statements: (₹ in Lacs)

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 31.03.2012
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:

(₹ in Lacs)

	Year ended 31.03.2012
Profit after tax but before Non Recurring Items available for equity shareholders	13,013.26
Profit after tax available for equity shareholders	13,013.26
Weighted average numbers of equity shares	18,85,15,914
Basic and diluted Earnings per share before Non – Recurring Items (Face Value per share ₹ 2/- each)	6.90
Basic and diluted Earnings per share after Non – Recurring Items (Face Value per share ₹ 2/- each)	6.90

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 : 26th April, 2012

Milin Mehta
Director

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

Vadodara : 25th April, 2012

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 Thursday, the 9th August, 2012 at 4.00 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 Thursday, the 9th August, 2012 and at any adjournment thereof.

Signed this _____ Day of _____ 2012.

- 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,

