Creating Value

J. B. Chemicals & Pharmaceuticals Ltd.

ANNUAL REPORT 2010-11

J. B. Chemicals & Pharmaceuticals Limited (JBCPL), one of India's leading pharmaceutical companies, manufactures & markets a diverse range of pharmaceutical formulations, herbal remedies and APIs. JBCPL exports to many countries worldwide with a strong presence in South Africa, other South African countries and South-East Asian countries. The company continues to focus on growing its share in the regulated markets of US, Europe, Australia and Brazil. JBCPL has a strong R&D set-up for development of NDDS & formulations and sound regulatory capabilities for filing of DMFs, ANDAs and similar product registration documents. Its state-of-the-art manufacturing facilities are approved by renowned international regulatory authorities.

FORWARD LOOKING STATEMENT

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

At J. B. Chemicals, we are cognizant of the fact that a responsible corporate creates long-term value for all stakeholders and builds a robust and sustainable organization.

One that is visionary in its outlook and value-driven in its approach.

One that is dedicated to growth but committed to success.

One that is committed to brands but focused on excellence.

One that is steadfast to performance but flexible to harness new opportunities.

That's just the kind of company we embarked on building decades ago. And just the kind of company stakeholders trust and respect.

The biggest development in the history of J. B. Chemicals till date is a living testament of this strategic thinking and an endorsement of our prudent approach.

We are proud to state that the sale of our Russia - CIS OTC business unfurls a new chapter of value creation and epitomizes the inherent strengths of the company.

Going forward, we are excited to explore new avenues for creating value and enhance the potential to deliver value for all our stakeholders – value through presence in the right markets, value through execution of right strategies, value through focus on the right therapy areas, value through the launch of the right products and value by entering into win-win partnerships.

We call it our commitment to Create Value.

Contents

Chairman's Statement

Mr. J. B. Mody, *Chairman and Managing Director*

> "The consolidated income at Rs. 891 crores and consolidated profit after tax at Rs. 139 crores registered growth of 18% and 17% respectively over the previous year."

PERFORMANCE

The year gone by witnessed all business units of the company achieving good growth. It was growth in sales coupled with better control over expenses despite inflationary pressures that helped end the year on a pleasant note.

During 2010-11, your company recorded total income of Rs. 807 crores, representing 18% growth over the previous year, while profit before tax at Rs. 141 crores and profit after tax at Rs. 118 crores each registered growth of 17% over the previous year. The consolidated income at Rs. 891 crores and consolidated profit after tax at Rs. 139 crores registered growth of 18% and 17% respectively over the previous year.

SALE OF RUSSIA-CIS OTC BUSINESS

We have received a number of questions as to why the company decided to sell the Russia-CIS OTC business, which has brands such as Doktor Mom and Rinza. I will take this opportunity to clarify this for you to understand the perspective. The OTC brands would have required enormous amount of investment in sales promotion over longer period to take them to the next level. In view of the stiff competition in the region and higher investments needed to sustain value of these brands, and above all, keeping in mind to protect and enhance the shareholders' value, your board decided to sell this business. I wish to add that the decision to sell Russia-CIS OTC business to Cilag GmbH International ("Cilag"), a wholly owned subsidiary of Johnson & Johnson, for consideration of Rs. 9385.10 million, was truly a historical event for your company.

Some of you may also want to know the use of the sale proceeds when received. I wish to assure you that the company will use the proceeds for the growth of existing Pharma business, while keeping the doors open for any inorganic opportunity. The board of directors may also consider rewarding you the shareholders at the appropriate time.

It may be of interest for you to know that Cilag has also entered into a long term supply agreement with the company for supply of the acquired products, which speaks volumes of our manufacturing facilities and is endorsement of our quality and manufacturing excellence. This deal is a win-win situation for both the parties and would help the company establish a long term relationship with one more multinational company of very high repute.

We strongly believe that the decision of the board of directors to sell Russia-CIS OTC business is in the larger interest of the company and its shareholders. I am sure you would endorse this decision taken by the company. I also want to state that, even after completion of this transaction, your company would continue to remain focused on value creation for the shareholders.

DOMESTIC MARKET

I am encouraged by the performance of the domestic formulations business in the last two years and am very optimistic about the growth plans that the company has for this market. This business, in particular, registered growth of 15% in 2010-11. What is more satisfying is the higher growth of 17% registered by focus products. It is important that marketing strategy for focus products is working well and is in the right direction. The brands in cardiac, antacid and iron supplement segments particularly performed well along with the company's leading brands such as Rantac and Metrogyl.

I am pleased to inform you that the company has recently launched a new division especially to cater to high potential gynecology and dental segment. The company is further planning to enter growth oriented new therapeutic segments in near future.

The company is therefore fully focused on growth of domestic formulations business as this market has huge growth potential for medium to long term. In order to increase market coverage, the company, in last 18 months, has increased the strength of medical representatives and plans to increase the strength to about 1500. In other words, the company is further concentrating on higher penetration into metros, large cities and rural markets to expand the base. This together with expanding product basket backed by effective sales training and promotion is expected to deliver the desired growth. The company would make all the necessary investments to achieve growth objectives for this market.

EXPORTS

During the year under review, the exports of the company registered overall growth of 17%, while the exports to rest of the world (RoW), other than Russia-CIS, increased by 24%.

In RoW, the company has identified South Africa, Australia, US, EU and Latin American markets as future growth drivers and the company is taking new initiatives to grow these markets. Lozenges supply, branded generics, CRAMS and contract manufacturing are some of the areas the company is focused on to grow this business. We are evaluating several strategic options to establish our presence in Latin American region and thereby also cater to surrounding potential market. We are aware that we have yet to exploit our full potential in development and supply of Lozenges. We aim to be a globally recognized supplier of Lozenges and let me add that the good beginning has already been made. During the year, the company added one more CRAMS contract from South African Pharma major for supply of eye drops & injectables, which is expected to operationalize this year.

The company is steadily growing its presence in US. The company already sells four products in that market. Further, due to the success achieved by the company's R&D, the company plans to submit three ANDAs during the current year.

Our South African joint venture namely, Biotech Laboratories (Pty.) Ltd. ("Biotech ") performed exceedingly well in last financial year. Last year, Biotech acquired over 50 products dossiers, the manufacturing of most of which will be outsourced to your company. This initiative will not only help Biotech grow but will also add to the business of your company.

RESEARCH & DEVELOPMENT

R&D division of your company continues to play a pivotal role, with current focus on new formulations development for ANDAs and other submissions and new drug delivery systems. R&D division has also successfully operationalised and scaled up various CRAMS and site transfer projects. The approval of your company's manufacturing facilities by international regulatory agencies such as US FDA, UK MHRA, TGA Australia, etc. backed by team of the company's highly experienced R&D professionals would play important role in achieving growth targets.

CURRENT YEAR OUTLOOK & CHALLENGES AHEAD

During the current year, we are optimistic about better performance as we expect not only all our existing business units to continue to do well but also expect our new initiatives to add to our performance.

However, we recognize that, post closure of sale of Russia-CIS OTC business, the challenge before us is how soon we can reach the existing level of sales and profits. I would like to assure you that we will use every resource efficiently and are determined and confident to deliver good results year after year. Our aggressive approach for domestic formulations business and RoW exports together with investment in new opportunities will surely help us grow faster in sales and profits. On the other hand, we are reviewing our costs afresh and are committed to improvement in efficiencies across the organization to support the bottom line.

STAKEHOLDERS' SUPPORT

I take this opportunity to thank medical profession, trade, institutions, government & semi-government hospitals, customers and you shareholders for continued trust and support. On behalf of the management of JBCPL, I would also like to thank all the employees of the company for their deep commitment for achievement of your company's objectives.

J. B. Mody
Chairman & Managing Director

Domestic Formulations

Mr. Pranabh Mody, *President & Whole time Director (Operations)*

• The consolidation process which started two years before has seamlessly moved into growth path and success of the marketing strategies in the last two years has made the management and the business team more confident and optimistic about the next level growth plans for this business. During the year gone by, the company registered overall growth of 15%, however, focus products group not only achieved higher growth of 17% but its contribution to total sales also moved up. ORG-IMS has placed the company among high growth category companies.

• The company maintained its 37th rank, (ORG-IMS) but the management is determined to move several notches up in this ranking in the next few years. "Rantac" (anti-peptic ulcerant), "Metrogyl" (anaerobicide) and "Nicardia" (anti-hypertensive) continued to grow and remain part of top 300 brands (ORG-IMS).

• A few years back, the company identified focus products group with high growth potential to boost the top line as well as the bottom line. This strategy has been paying rich dividend, as a cardiac, antacid and iron supplement formulation achieved growth of 140%, 85% and 68% respectively during 2010-11. In the calcium channel blockers market, the company has jumped rank and has now become one of top 3 companies (MAT March 2011 period). An antacid formulation has become the fastest growing product and improved its rank in the market and is slated to be amongst the top 5 Antacids during 2011-12.

• The company continues to remain focused on the domestic formulations market as it has potential to offer good sustainable growth in the medium to long term. As a part of the growth plan, the company expanded its reach in the metros, large cities and

rural markets and would continue to pursue this with planned increase in strength of medical representatives to 1500 as against current strength of 850. The territorial expansion coupled with high promotion with scientific orientation, improved relationship with key opinion leaders and training to field personnel to enhance marketing effectiveness aided good performance during the year. The company is fully focused on domestic market for stable long term growth and would make necessary investments in this regard.

• The company introduced six new products in antibiotics, anti-ulcer and cardiac segment during the year and all of them have performed reasonably well. The company plans to launch 6 more products in the current year in antibiotic, NSAID, cardiology, iron supplement and osteoporosis segment.

• The company has launched a new 'Femident Division' with 15 products catering to gynecology and dental therapeutic segments. The company is also in the process of chalking out plans to enter new therapeutic segments.

• The contrast media division too fared well during the year with growth of 10%. During the year, the company in-licensed 'Definity', an ultrasound contrast imaging agent, under exclusive multi year marketing arrangement with Lantheus Medical Imaging, Inc. US, a worldwide leader in diagnostic medical imaging. This product is for use in patients with suboptimal cardiograms as well as for use in patients to improve the characterization of focal lesions of the liver and kidney. This product has high growth potential and is expected to boost performance of this division.

Formulations Exports

Mr. Nirav Mody,
Vice President-Strategic Marketing &
Business Development

Mr. Jay Mehta, *Vice President*
-International Division

• The exports to rest of the world markets (RoW) registered good growth of 24% during 2010-11. The company would focus on branded generics, contract manufacturing and CRAMS business in this business unit and plans entering new Latin American markets for sustainable growth. The company is looking for building a base in Latin American market to tap opportunities in growing market of Brazil and surrounding Latin American countries.

• During the year, the company received US FDA approval to its ANDA for 25 mg. and 50 mg. delayed release tablets of Diclofenac Sodium (Non-Steroidal Anti-inflammatory Drug) and commenced its sales. The company already markets 75 mg. delayed release tablets of Diclofenac Sodium in US market. The company now has full range of Diclofenac Sodium formulations to offer in US market.

Team - PACK Pharma along with Mr. P. K. Singh (first from right), *Sr. Vice President-International* & Mr. Nirav Mody (third from left)

- The company has partnered with PACK Pharmaceuticals, LLC, USA ("PACK Pharma") and THINQ CRO Pharma Pvt. Ltd., Singapore to grow its business in US. PACK Pharma is a pharmaceutical marketing, sales and product development company owned and operated by richly experienced Pharma executives Mr. Chris Dungan, Mr. Dushyant Chipalkatty and Mr. Bryan Aschenbrand. The company already markets four products in US and a basket of 6 ANDAs are under co-development.

- During the current year, the company plans to submit 3 ANDAs, one each in anti-diabetic, anti-inflammatory and anti-psychotic segment.

- During the year, the company signed contract with a South African Pharma major for supply of a range of eye drops/injectable. The company also signed contract with a leading Australian Pharma company and a leading UK super market chain for supply of lozenges.

- The company's joint venture Biotech Laboratories (Pty.) Ltd., South Africa, ('Biotech') performed very well in the previous year and is aggressively looking for new growth opportunities. In its last financial year, Biotech's sales increased by 20% while its profit after tax increased by 68%. Biotech, during 2010, acquired 56 product dossiers from South African affiliate of a leading Canadian pharmaceutical company. This acquisition will benefit the company as Biotech would outsource manufacturing of these products to the company. Biotech has also finalized arrangement with a South African company for acquisition of veterinary business. Biotech during the current year also declared maiden dividend that reflects their management's confidence in their performance and growth plans.

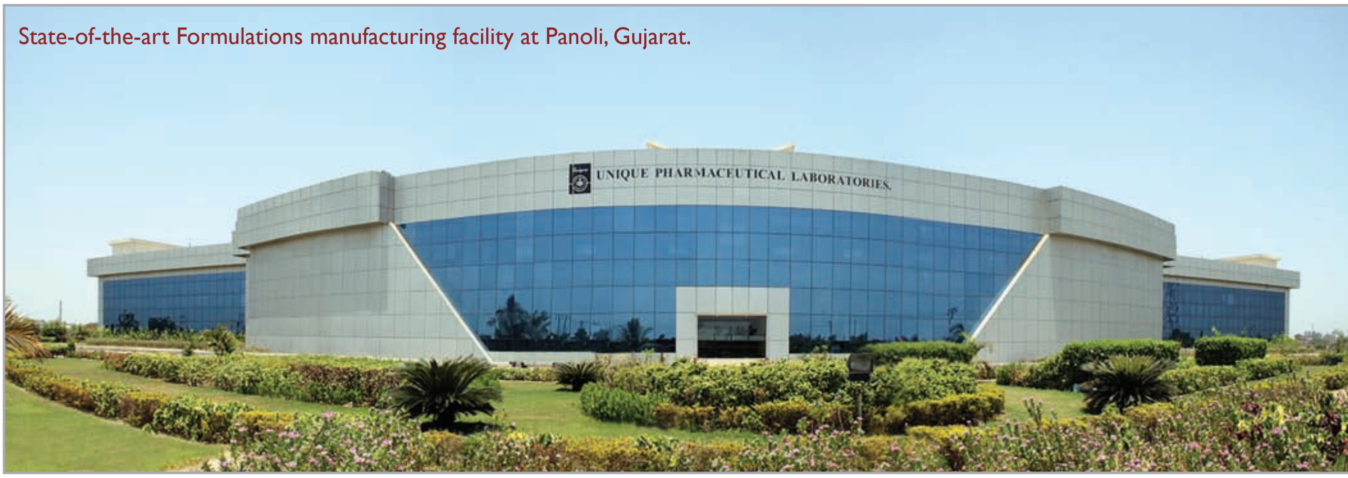
Mr. Shad Mapetla, *CEO, Biotech Laboratories (Pty.) Ltd.*

- The company launched two new products during the year and plans to launch three new products during the current year. During the year, the company applied for registration of 64 products and plans submission for registration of 115 products during the current year.

- The approval of the company's manufacturing facilities by health authorities of the regulated markets is expected to facilitate faster execution of core business plans for RoW markets.

Our Facilities

State-of-the-art Formulations manufacturing facility at Panoli, Gujarat.



State-of-the-art Lozenges & Oral Formulations manufacturing facilities at Kadaiya, Daman.

NAME OF AUTHORITY	FACILITY APPROVED
US FDA	Tablets, APIs
MHRA, UK	Tablets, Lozenges
EU GMP	Tablets
MCC, South Africa	Tablets, Injections, Lozenges
TGA, Australia	Tablets, Lozenges
ANVISA, Brazil	Injections

Mr. Bharat P. Mehta, *Whole time Director-Planning & Development*

State-of-the-art Tablets manufacturing facility at Panoli, Gujarat.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is much more than an idea, activity or project at J. B. Chemicals. CSR is deeply embedded in our value system and is a living embodiment of our beyond business approach which helps us uplift, elevate and improve the lives of people around us. Encouraging and establishing institutions that serves larger social cause and directly reaching out to needy sections of the society is a philosophy that guides and helps us respond to social calls and in fact, we believe this is giving back.

Central to our business operations, healthcare is a key thrust area as part of our overall CSR initiative. The company has been regularly donating medicines to trusts and non-governmental organizations to support needy patients.

Some of the key initiatives embarked in the fiscal under review include the following:

- JBCPL has set up a 100 bed Smt. Jayaben Mody Hospital in Ankleshwar, Gujarat, to serve not only the community in Ankleshwar and Bharuch but also the surrounding tribal belt of South Gujarat. Equipped with modern facilities, the hospital was further expanded during the year with financial support of Rs. 50 lakhs.

- Appreciating the company's commitment to transform the lives of people, the Indian Drug Manufacturers' Association (IDMA), in honour of the leadership of Shri J. B. Mody, Chairman & Managing Director and the company's funding of projects and programs benefiting the Indian Pharmaceutical sector and humanity at large, conferred him with honour of "IDMA Philanthropist of the Year Award" in the year 2010.

- The company contributed to enhance the corpus of Poor Patient's Fund that financially supports Below Poverty Line (BPL) families in Ankleshwar and Bharuch district.

- The company contributed Rs. 30 lakhs to Indian Drug Manufacturers' Association (IDMA) to institute an award for 1st ranked B. Pharm students of various universities. This is aimed at encouraging pharmacy students across the country.

- The company organized Blood Donation Camp at its factory at Kadaiya, Daman, with the help of Rotary Club for donation of blood to Nukem Blood Bank. A blood donation camp was also organized along with other industries for government hospitals at Daman and Rakta Dan Kendra at Nani Daman at the request of Director Medical & Health Services, Daman.

- The company also organized free health and eye check up camps with the help of Rotary Club for the benefit of students of Govt. Primary School, Nani Daman.

Some of the key change-centric projects which the company has been associated with in the past are as follows:

- The company contributed financially to the Government of Gujarat for setting up the B. K. Mody Government Pharmacy College in Rajkot.

- The company undertook the Rehabilitation Construction Project, under United Nations Development Programme, for the earthquake-affected victims in Gujarat, titled "Reconstruction of Vavania, Rajkot, Gujarat", which entailed setting up of 126 dwelling units at a cost of Rs. 125 lakhs.

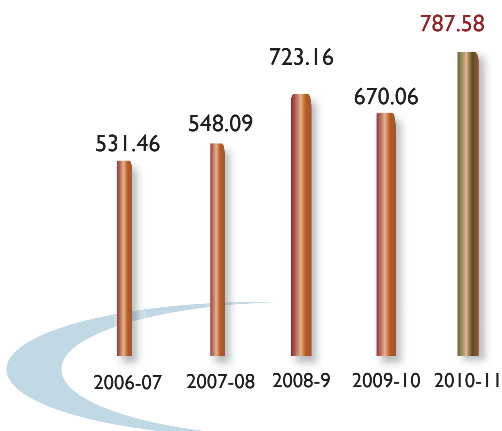
- The company regularly contributes financially to the running of the Sardar Vallabhbhai Patel Rotary General Hospital, Bharuch, which provides free medical aid to families Below the Poverty Line.

- The company developed three Aanganwadis in villages of Bharuch/Ankleshwar Taluka for the development of children in those villages.

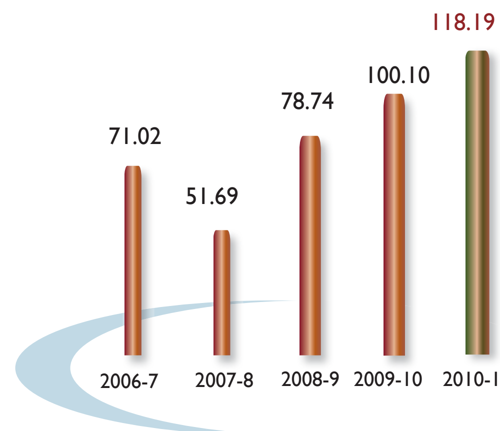
- The company contributed Rs. 15 lakhs to the Pharmaceutical Education & Research Development, Ahmedabad, an organization committed to conducting research and clinical trials for small and medium industries.

Financial Highlights

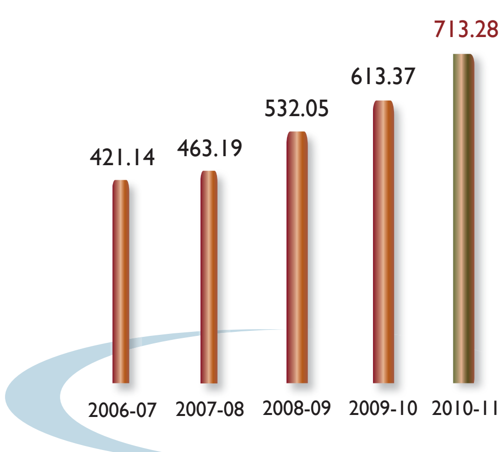
NET SALES (Rs. in crores)



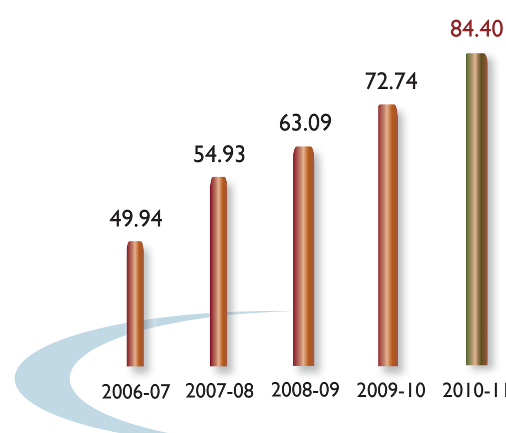
PROFIT AFTER TAX (Rs. in crores)



NET WORTH (Rs. in crores)

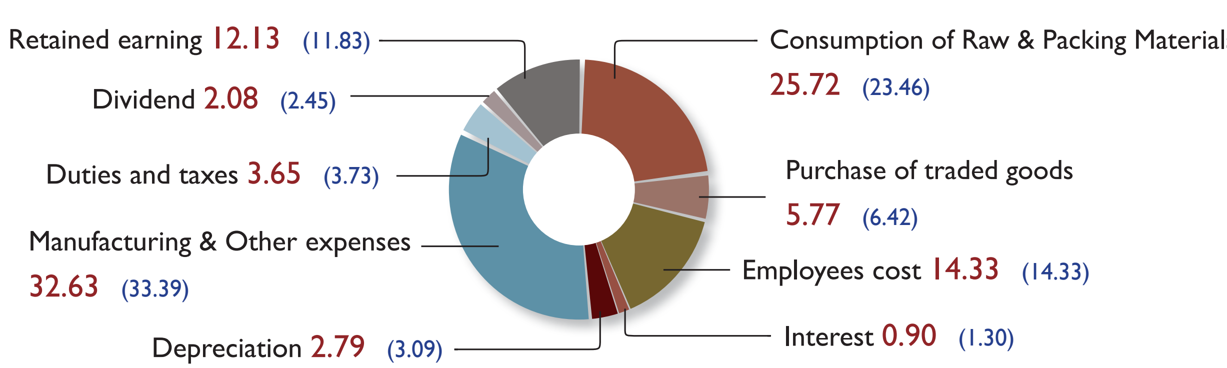


BOOK VALUE (in Rs.)



** Graphs not to scale*

DISTRIBUTION OF REVENUE 2010-11 (in %)**



***Figures in bracket are 2009-10 numbers.*

Board of Directors

Jyotindra B. Mody
Chairman & Managing Director

Dinesh B. Mody
Whole time Director
(Administration)

Shirish B. Mody
Whole time Director
(Marketing)

Bansidhar S. Mehta

Durga Dass Chopra

Bharat P. Mehta
Whole time Director
(Planning & Development)

Pranabh Mody
President & Whole time
Director (Operations)

Dr. Rajen D. Shah

Rajiv C. Mody

Kamlesh L. Udani
Executive Director
(Technical & Production)

Dr. Satyanarain Agarwala

Dr. Niranjan N. Maniar

Mahesh K. Shroff

Rohan P. Shah

CORPORATE INFORMATION

AUDIT COMMITTEE

Bansidhar S. Mehta (Chairman)

Dinesh B. Mody

Durga Dass Chopra

Mahesh K. Shroff

Dr. Niranjan N. Maniar

Dr. Satyanarain Agarwala

COMPANY SECRETARY

M. C. Mehta

BANKERS

Bank of India

BNP Paribas

Standard Chartered Bank

AUDITORS

J. K. Shah & Co.

Chartered Accountants

Mumbai

COST AUDITORS

N. I. Mehta & Co.

Mumbai

REGISTERED OFFICE

'Neelam Centre', 'B' Wing,

4th Floor, Hind Cycle Road,

Worli, Mumbai 400 030.

Tel No. (022) 3045 1200/3045 1500

Fax No. (022) 2493 0534/2493 9633

REGISTRARS & TRANSFER AGENT

Datamatics Financial Services Ltd.

Plot No.B-5, Part-B, M.I.D.C.,

Cross Lane, Marol,

Andheri (East), Mumbai 400 093

Tel No. (022) 66712151-56

Fax No.(022) 2832 0382

R & D CENTRES

Plot no.A-154/155, Wagle Industrial Estate,

Thane (West) 400 604.

Plot No.128/1, GIDC Industrial Area,

Ankleshwar 393 002.

Plot No.5, Phase IV, GIDC Industiral Area,

Panoli 394 116.

Plot No. 218/219, GIDC Industrial Area,

Panoli 394 116.

FACTORIES

Plot Nos.215 to 219, 304 to 310 and

Plot No.4 & 5, Phase IV,

GIDC Industrial Area, Panoli 394 116.

Plot No.128/1, 128/1/1, 128/2, 129/1& 129/B1,

GIDC Industrial Area, Ankleshwar 393 002.

Survey No. 101/2 & 102/1,

Daman Industrial Estate,

Airport Road, Kadaiya,

Daman 396 210.

Plot No.P-10,

Shiv Mahape, P.O. Gansoli,

Thane-Belapur Road,

Navi Mumbai 400 701.

DIRECTORS' REPORT

Your directors are pleased to present the thirty fifth report and audited statement of accounts of the company for the year ended on March 31, 2011.

1. FINANCIAL RESULTS

The following is the summary of financial performance of the company during the year under review.

(Rs. in lakhs)

	2010-11	2009-10
Net Sales	**78,757.94**	67,006.45
Other Income	**2,499.40**	1,725.34
Total Income	**81,257.34**	68,731.79
Profit before depreciation, interest and tax	**17,107.72**	15,111.18
Less: Interest	**737.30**	894.51
Less: Depreciation	**2,265.08**	2,122.25
Profit for the year before tax	**14,105.34**	12,094.42
Provision for tax:		
Current Tax	**2,800.00**	2,057.00
Earlier Year's income tax	**6.25**	(151.79)
Deferred tax	**19.63**	79.48
Wealth tax	**10.00**	10.00
MAT Credit	**(550.00)**	–
Profit for the year after tax	**11,819.46**	10,099.73
Balance brought forward from previous year	**15,221.82**	8,099.68
Amount available for appropriation	**27,041.28**	18,199.41
Appropriations:		
Proposed dividend	**1,691.78**	1,687.38
Tax on proposed dividend	**274.45**	280.24
Transfer to General Reserve	**1,181.95**	1,009.97
Balance carried forward to balance sheet	**23,893.10**	15,221.82
Total	**27,041.28**	18,199.41

2. DIVIDEND

Your directors recommend a dividend of Rs. 2 (100%) (Rs. 2 in the previous year) per equity share of face value of Rs. 2.

3. OPERATIONS

The net sales for the year under review increased to Rs. 787.58 crores, an increase of 18% over the previous year, while the total income for the year stood at Rs. 812.57 crores as against Rs. 687.31 crores in the previous year. The profit before tax at Rs. 141.05 crores increased by 17% over the previous year due to good growth in exports and domestic sales, while the profit after tax at Rs. 118.19 crores too was higher by 17% over the previous year.

The domestic formulations business registered growth of 15% and is poised for growth as the company has placed increased focus on this business. The company continues to focus on domestic market and would make the necessary investments for growth. The exports to rest of the world markets achieved good growth of 24%. The rest of the world exports are expected to perform better during the year due to new initiatives taken by the company. The sales of bulk drugs achieved growth of 46%, however, the activities in this business remain scaled down.

4. SALE OF RUSSIA-CIS OTC BUSINESS

Subsequent to the year under review, the board of directors has, subject to consent of the members, approved the sale of Russia-CIS over the counter products (OTC) business to Cilag GmbH International (Cilag), a wholly owned subsidiary of Johnson & Johnson, for a consideration of Rs. 9385.10 million subject to provisions of the agreement entered into with Cilag. The sale would involve transfer of trademarks, product registrations, patents, copyrights, account receivables as agreed and certain movable assets relating to the said business. The company's leading brands such as Doktor Mom, Rinza, Metrogyl Denta and Fitovit are part of the scope of the transaction. As the OTC brands would have required enormous amount of investment in sales promotion to achieve next level of growth, your board of directors thought fit to divest this business in order to protect and further enhance shareholder value. In addition, the board has also approved world wide sale of three brands namely Doktor Mom, Rinza and Fitovit to Cilag for additional consideration of Rs. 60.67 million. This transaction is subject to fulfilment of certain conditions precedent including approval of members of the company pursuant to section 293(1)(a) of the Companies Act, 1956. This approval is being sought through postal ballot. Cilag has also entered into a long term supply agreement with the company for supply of the acquired OTC products for Russia-CIS market.

5. RESPONSIBILITY STATEMENT

The directors confirm:

i. That in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;

ii. That they have selected appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year 2010-11 and of profit of the company for that period;

iii. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance

DIRECTORS' REPORT (CONTD.)

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 they have prepared the annual accounts for the year ended on March 31, 2011 on a going concern basis.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under 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 are given in Annexure A to this report.

7. PARTICULARS OF EMPLOYEES

The particulars of employees of the company, in terms of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended are given in annexure B to this report.

8. SUBSIDIARY COMPANIES

The accounts, reports of the directors and auditors and other statement(s) as set out in section 212 of the Companies Act, 1956, in respect of the company's subsidiaries viz. OOO Unique Pharmaceutical Laboratories, Unique Pharmaceutical Laboratories S.R.L., J. B. Healthcare Pvt. Ltd. and J. B. Chemicals & Pharmaceuticals Pvt. Ltd. are not attached pursuant to the general exemption granted by the Central Government vide general circular dated February 8, 2011. The particulars of performance of the subsidiaries for and its financial positions as on March 2011 is given in the annual report as required in terms of the said general exemption. The members are informed that annual accounts of the said subsidiaries and the related detailed information will be made available on request. The accounts of the said subsidiaries are also open for inspection by the members at the registered office of the company. J. B. Life Science Overseas Ltd. ceased to be subsidiary during the year.

9. EMPLOYEE STOCK OPTION PLAN

The disclosures in respect of the company's Employee Stock Option Plan, as required under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in annexure C to this report.

10. CORPORATE GOVERNANCE

A certificate from auditors of the company on compliance of conditions of corporate governance is annexed to this report. The management discussion and analysis report and compliance report on corporate governance as required by clause 49 of the listing agreement form part of this annual report.

11. PUBLIC DEPOSITS

During the year under review, the company repaid deposits of Rs. 126.23 lakhs. As on the year end, total unmatured deposits stood at Rs. 1892.65 lakhs, while deposits amounting to Rs. 3.32 lakhs remained unclaimed.

12. HEALTH AND SAFETY

The company continues to accord high priority to health and safety of employees at all manufacturing locations. During the year under review, the company conducted various programmes and workshops with the help of Ankleshwar Industries Association & Panoli Industries Association for increasing disaster preparedness awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants. The comprehensive health check up of the employees was also carried out at all the plants.

13. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Mahesh K. Shroff, Dr. Rajen D. Shah and Mr. Rohan P. Shah retire by rotation at the ensuing annual general meeting. Mr. Mahesh K. Shroff, Dr. Rajen D. Shah and Mr. Rohan P. Shah, being eligible, have offered themselves for re-appointment.

Dr. Satyanarain Agarwala was appointed as an additional director on July 24, 2010. As per section 260 of the Companies Act, 1956 read with Article 126 of the Articles of Association of the company, Dr. Agarwala holds office only up to the date of ensuing annual general meeting. A notice has been received from a member pursuant to section 257 of the Companies Act, 1956, proposing candidature of Dr. Agarwala to the office of director of the company. The resolution for the appointment of Dr. Agarwala as a director of the company is being placed at the ensuing annual general meeting for your consideration.

The board of directors at its meeting held on May 23, 2011, has re-appointed Mr. Bharat P. Mehta as Whole time director (Planning & Development), Mr. Pranabh Mody as President & Whole time director (Operations) and Mr. Kamlesh L. Udani as Executive director (Technical & Production) for a further period of five years from July 1, 2011. The necessary resolution for your approval of appointment of and payment of remuneration to them is being placed at the ensuing annual general meeting.

DIRECTORS' REPORT (CONTD.)

14. AUDITORS

M/s J.K. Shah & Co., Chartered Accountants, auditors of the company, hold office until the conclusion of the ensuing annual general meeting. M/s J.K. Shah & Co., being eligible, have offered themselves for re-appointment and have confirmed that their appointment, if made, would be within the limit prescribed under section 224 (1B) of the Companies Act, 1956. M/s J.K. Shah & Co has also furnished a copy of certificate issued to them by Peer Review Board of the Institute of Chartered Accountants of India.

15. COST AUDITORS

The board of directors has appointed N. I. Mehta & Co., Cost Accountants, as cost auditors to audit the cost accounts relating to formulations and bulk drugs activities for the year ending on March 31, 2012, which appointments have been approved by the Central Government.

The cost audit report in respect of formulations and bulk drug activities of the company for the financial year ended on March 31, 2010 was filed by N. I. Mehta & Co. with the Central Government on September 14, 2010 which was within the due date i.e. September 27, 2010 for filing the said report.

16. INCREASE IN PAID UP SHARE CAPITAL

During the year, the Compensation Committee of the board of directors has allotted 1,90,475 equity shares of Rs. 2 each against exercise of options by several employees under the Employees Stock Option Scheme of the company, as a result of which the share capital of the company has increased from Rs.16,86,52,700 divided into 8,43,26,350 equity shares of Rs.2 each to Rs.16,90,33,650 divided into 8,45,16,825 equity shares of Rs.2 each.

Subsequent to the year end, the Compensation Committee of the board of directors has allotted 72,250 equity shares of Rs. 2 each against exercise of options by several employees under Employees Stock Option Scheme of the company. The share capital of the company has consequently increased to Rs.16,91,78,150 divided into 8,45,89,075 equity shares of Rs.2 each.

17. APPRECIATION

Your directors record their sincere gratitude to the banks for their assistance and shareholders, business associates, medical professionals, customers and fixed deposit holders for their continued support and faith in the company and to employees of UNIQUE FAMILY for their valuable services and commitment.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 23, 2011

J. B. Mody
Chairman & Managing Director

ANNEXURE A TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken during the year:

During the year, a host of energy conservation measures were taken across all manufacturing locations. The various measures taken during the year include replacement of vapour absorption chiller with screw chiller, replacement of HPSV lamps with T5 lamps for street lighting, monitoring of power factor, installation of waste heat recovery boiler to use hot gases in steam generation and conducting of energy audit to optimise energy consumption.

(b) Proposals being implemented for reduction of consumption of energy:

The proposals being considered for energy conservation include installation of screw chillers, high speed machines and upgradation of HVAC system.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The energy conservation measures undertaken during the year has resulted in marginal reduction in power consumption and has thereby contributed in controlling the cost of production.

(d) Total energy consumption and energy consumption per unit as per Form A

A	Power & Fuel Consumption	Current Year	Previous Year
1	**Electricity**		
	(a) Purchased		
	Units (in 000 KWHs)	**16,409**	12,925
	Total amount (Rs.in lakhs)	**805.32**	669.90
	Rate / Unit (Rs.)	**4.91**	5.18
	(b) Own Generation		
	(i) Through Diesel		
	Generator (Unit in '000)	**428**	365
	Units per litre of diesel oil (Kwh/Ltr.)	**3.90**	3.42
	Total amount (Rs. In lakhs)	**44.90**	38.03
	Cost per unit (Rs.)	**10.50**	10.41
	(ii) Gas used for power generation		
	Gas (Units in '000)	**7,874**	8,122
	Units per gas (M3)	**3.39**	3.31
	Total amount (Rs. in lakhs)	**446.29**	373.33
	Average per unit (Rs.)	**5.67**	4.60
2	**Furnace Oil**		
	Quantity (kilo litres)	**586.24**	444.06
	Total amount (Rs. in lakhs)	**240.49**	159.37
	Average Rate (Rs./ kilo litre)	**41,022**	35,889
3	**Gas used for manufacturing**		
	Gas; Quantity (SM3)	**3,976.90**	3,218.52
	Total Cost (Rs. in lakhs)	**706.97**	460.45
	Average Rate per 1000 SM3 (Rs.)	**17,777**	14,306

B	Consumption per unit of production	
		Std. if any Current year
	Products, Unit Electricity Furnace Oil Coal Others	From the records and other books maintained by the company, in accordance with the provisions of the Companies Act, 1956, the company is not in a position to give the information required as per this format.

B. TECHNOLOGY ABSORPTION:

Research and Development (R&D)

1 Specific areas in which R & D has been carried out by the company

(a) Improvement of existing products and processes for cost reduction.

(b) Development of anti-microbial suspension for US market.

(c) Development of Novel drug delivery systems for anti-hypertensive formulation.

(d) Development of paediatric formulation.

(e) Development of anti-infective ointment topical gel.

2 Benefits derived as a result of above R & D

(a) ANDA approval for several products;

(b) Improvement in existing formulations for better yield and productivity, and achievement of cost reduction in formulation development.

(c) Successful scale-up of formulation validation and technology transfer for commercial batches.

(d) Improvement in technology to minimize environmental hazards.

ANNEXURE A TO THE DIRECTORS' REPORT (CONTD.)

3 Future plan of action

(a) To continue development of drugs for filing ANDAs.

(b) Process development and commercialization of new APIs.

(c) Pharmaceutical research in dosage forms.

(d) Development of green technology for manufacturing of APIs.

(e) To improve productivity by import substitution of raw materials and exceipients.

4 Expenditure on R & D

(Rs. in '000)

(a) Capital	10,016.82
(b) Recurring	103,637.42
(c) Total	113,654.24
(d) Total R & D expenditure as a percentage of total turnover	1.44%

Technology absorption, adaptation and innovation

1 Efforts, in brief, made towards technology absorption, adaptation and innovation:

(a) Development of patent non-infringing formulations and new drug delivery systems.

(b) Development of indigenous technology.

(c) Development of alternate drug delivery systems.

2 Benefits derived as a result of the above efforts

(a) Development of indigenous technology significantly improved productivity quality and reduced the cost of production.

(b) Upgradation of technology resulted in eco friendly processes.

(c) Increased import substitution.

3 Information with respect to imported technology

The requirement to furnish specified information on imported technology is not applicable as the company has not imported any technology during the last five financial years.

C FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Activities related to exports, initiative taken to increase exports, development of new export markets for products:

The company's thrust is to increase the exports. The various initiatives taken to increase exports and development of export market include mass media promotion in case of OTC products supplemented by aggressive below the line promotional activities with doctors, distributors and pharmacies, application for registration of products with regulatory authority, development of new alliances for site variation manufacturing projects, participation in health exhibitions, trade shows and international meets of the industry, and development of new products with export potential.

(b) Total foreign exchange used and earned:

During the year under review, the company earned foreign exchange amounting to Rs. 48,922.78 lakhs, while the outgo in foreign exchange amounted to Rs. 22,711.32 lakhs.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 23, 2011

J. B. Mody
Chairman & Managing Director

ANNEXURE B TO THE DIRECTORS' REPORT

Information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and forming part of the directors' report for the year ended on March 31, 2011.

(a) Name & age (years) (b) Designation/nature of duties (c) Gross remuneration received (Rs.) (d) Qualification(s) & experience (years) (e) Date of commencement of employment (f) Last employment & Post held

(a) Joshi M.D. (Dr.) (47) (b) President-Global Regulatory Management (c) 64,32,165 (d) M.Sc. Ph.D. (25) (e) 07.12.1989 (f) Adonis Labs Pvt. Ltd.-Executive-Quality Assurance (a) Mehta B.P. (63) (b) Whole time director (Planning & Development) (c) 1,20,40,080 (d) B.Sc. (40) (e) 01.01.1977 (f) Unique Pharma Labs.-Production Manager (a) Mehta J.B. (33) (b) Vice President-(International Division) (c) 65,13,942 (d) B.Sc.(Chem. Engg.) (6) (e) 01.10.2004 (f) Allergan Pharmaceuticals-Research Project-In charge (a) Mody D.B. (75) (b) Whole time director (Administration) (c) 3,97,64,000 (d) Exp. in Admn. (56) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Whole time director (Administration) (a) Mody J.B. (82) (b) Managing Director (c) 3,97,64,000 (d) Inter Sc. (60) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.-Managing Director (a) Mody N.S. (30) (b) Vice President-Strategic Marketing & Business Development (c) 65,12,553 (d) B.Sc. in Business Admn. (6) (e) 13.07.2004 (f) Rodman & Renshaw-Equity Research Analyst (a) Mody P.D. (48) (b) President & Whole time director (Operations) (c) 1,20,73,602 (d) B.Pharm, M.B.A. (USA) (24) (e) 25.06.1987 (f) First employment (a) Mody S.B. (70) (b) Whole time director (Marketing) (c) 3,97,64,000 (d) B.Sc. (Tech.) (51) (e) 01.01.1977 (f) J.B. Chemicals & Pharmaceuticals Pvt. Ltd.- Director-Technical (a) Udani K.L. (57) (b) Executive Director (Technical & Production) (c) 71,73,334 (d) B.E. (Elect.), M.B.A. (32) (e) 01.02.2001 (f) Unique Pharmaceutical Laboratories Ltd.-Managing Director.

Notes:

(1) The nature of employment of the above employees is contractual in nature. The other terms and conditions of each of the above are as per the contract/letter of appointment and rules of the company. (2) Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody are related to each other as brothers. Mr. P.D. Mody is son of Mr. D. B. Mody. Mr. N.S. Mody is son of Mr. S. B. Mody. Mr. B.P. Mehta is son-in-law of Mr. J.B. Mody and Mr. J.B. Mehta is son of Mr. B.P. Mehta and grand-son of Mr. J.B. Mody. (3) The remuneration received by Mr. J.B. Mody, Mr. D.B. Mody and Mr. S.B. Mody during 2010-11 includes commission paid for the year 2009-10.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 23, 2011

J. B. Mody
Chairman & Managing Director

ANNEXURE C TO THE DIRECTORS' REPORT

Disclosures pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on March 31, 2011.

The information pertaining to options granted under the Employee Stock Option Scheme formulated pursuant to the special resolution passed by the shareholders on March 18, 2004 is as under:

		Year of Grant		
		2004	2005	2006
(a)	Options granted	4,75,000	5,63,240	5,47,000
(b)	Options vested	1,25,400	2,93,125	3,72,000
(c)	Options exercised	2,24,950	91,875	5,000
(d)	The total number of shares arising as a result of exercise of option	2,24,950	91,875	5,000
(e)	Options lapsed	1,24,650	1,78,240	1,70,000
(f)	Money realised by exercise of option (Rs.)	1,41,71,850	77,17,500	4,75,000
(g)	Total number of options in force	1,25,400	2,93,125	3,72,000
(h)	Weighted-average exercise price of options whose:			
	(a) Exercise price equals market price	Rs.63	–	–
	(b) Exercise price is greater than market price	–	–	Rs.95
	(c) Exercise price is less than market price	–	Rs.84	–
	Weighted-average fair value of options whose:			
	(a) Exercise price equals market price	Rs.20	–	–
	(b) Exercise price is greater than market price	–	–	Rs.26
	(c) Exercise price is less than market price	–	Rs.35	–
(i)	The pricing formula	An amount equal to ninety five percent of the average daily closing price of the shares of the company quoted on the National Stock Exchange of India Ltd. during the period of twelve weeks preceding the date of grant.		
(j)	Variation in terms of options	There has been no variation in the terms of options.		
(k)	Employee-wise details of options granted	(i) The options granted to senior managerial person are as under. The number in bracket represents the total number of options granted. Dr. M.D. Joshi (34,000), Mr. B.S. Avari (34,000), Mr. P.K. Singh (33,000), Mr. A.P. Mehta (34,000), Mr. N.Balasubramanian (34,000), Mr. Ashok Patel (34,000) and Mr. Madhav K. Karve (23,000). (ii) No employee has received a grant in any one year of option amounting to 5% or more of option granted during that year. (iii) No employee has been granted options equal to or exceeding 1% of the issued capital of the company in any year		
(l)	Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with AS-20.	Rs. 13.96		

ANNEXURE C TO THE DIRECTORS' REPORT (CONTD.)

(m)	Difference in employee compensation cost calculated using intrinsic value of options and fair value of options. Its impact on profits and EPS.	The company has calculated employee compensation cost using the intrinsic value of the options. The employee compensation cost would have been higher by Rs. 1.94 lakhs, if it was calculated based on fair value of options. Consequently, the profit after tax for the financial year ended on March 31, 2011 would have been lower by Rs. 1.94 lakhs. This difference in employee compensation cost has very marginal impact on earning per share.
(n)	Description of the method and significant assumptions used to estimate the fair value of options.	As there was no further grant of option during the year 2010-11, the fair value estimated in the previous year is considered for calculating the impact on earning per share. A description of significant assumptions used during the previous year to estimate the fair value of options using the Black Scholes Option Pricing model including relevant weighted average information is as under: (i) risk- free interest rate : 6.85% (ii) expected life (years) : 5 (iii) expected volatility : 36.96% (iv) expected dividends : 3.19% (v) the price of the underlying share in market at the time of option grant : Grant-2004 – Rs. 63 Grant-2005 – Rs. 95.20 Grant-2006 – Rs. 88.85

For and on behalf of the Board of Directors

Place: Mumbai **J. B. Mody**

Date: May 23, 2011 **Chairman & Managing Director**

Persons constituting group coming within the definition of "Group" for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include (1) Unique Pharmaceutical Laboratories Ltd. (2) Ifiunik Pharmaceuticals Ltd. (3) Lekar Pharma Ltd. (4) Synit Drugs Pvt. Ltd. (5) Jyotindra Mody Holdings Pvt. Ltd. (6) Ansuya Mody Securities Pvt. Ltd. (7) Dinesh Mody Securities Pvt. Ltd. (8) Kumud Mody Securities Pvt. Ltd. (9) Shirish B. Mody Investments Pvt. Ltd. (10) Bharati S. Mody Investments Pvt. Ltd. (11) Mody Brothers (12) Mody Trading Co. (13) J.B. Mody & Brothers (14) Jyotindra Ansuya & Co. (15) Dinesh Kumud & Co. (16) Shirish Bharati & Co. (17) Jyotindra Family Trust (18) Ansuya Jyotindra Family Trust (19) Dinesh Family Trust (20) Kumud Mody Family Foundation (21) Shirish Family Trust (22) Bharati Mody Family Foundation (23) Pranabh Family Trust, and (24) Pallavi Bharat Mehta Family Foundation.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY DEVELOPMENTS

The domestic formulations industry continued to grow in double digit during 2010-11. The rising GDP growth on one hand and increased penetration into new markets, rising affordability, higher healthcare spending by government, widening healthcare insurance base, increase in healthcare infrastructure and increase in population base are some of the indicators to suggest that domestic market has great potential for growth. Indian Pharmaceutical market is poised to grow to US $ 55 billion by 2020, according to McKinsey & Co. report on India Pharma 2020.

OPPORTUNITIES & THREATS

International Business:

With increasing lifestyle-related ailments, improvement in life expectancy rate and increased preference to low cost and quality generic products present a positive growth opportunity to Indian companies. As your company operates in domestic formulations business as well as also undertakes CRAMS projects for multinational companies, your company has potential to benefit from the current domestic and international business scenario.

Post completion of transaction of sale of Russia-CIS OTC business to Cilag GmbH International ("Cilag"), your company is bound by non-compete clause for a period of five years. This non-compete applies to sale of similar products in the region. Cilag has also entered into a long term supply agreement with the company to supply the acquired products for Russia-CIS market.

Your management is committed to grow existing pharmaceutical business and develop new markets to grow top line and bottom line consistently. Your company's exports to rest of the world markets have been consistently growing and it registered growth of 24% in the year 2010-11. The company's some of the products like Metrogyl, Dicloran, Zecuf, Ificipro and Nicardia have built sound foundation for the business to grow further. The company's presence and its distributor network in Asia, Africa, US, EU, Canada and Australia, its niche products portfolio and high acceptance of the company's products in the existing markets coupled with the company's focus on high growth Latin American, South African, Australian and US/EU market offer good growth opportunity for the company's exports.

Further, your company's strategic investment in Biotech Laboratories (Pty.) Ltd., a marketing and distribution company in South Africa, has helped grow your company's business in South Africa. This joint venture has turned around and is on the growth path. Biotech has recently acquired over 50 dossiers, the most of which products Biotech will outsource to the company for long term supply. This further brightens the company's South African business.

Apart from the market, the company's unique herbal formulations, wide range of lozenges manufacturing capability, contrast media products and products with new drug delivery systems backed by state-of-the-art manufacturing facilities and its recognition by regulatory agencies of regulated and less-regulated market also offer good growth opportunity.

Though competitive price erosion in international market could be regarded as threat, this may not affect your company significantly due to your company's proven ability to create brands through quality products.

Domestic Business:

The domestic formulations business continues to remain thurst area. In view of robust growth opportunities and good long term growth prospects, your company has started investing in this business. In addition to the growth enablers discussed above and the company's niche product portfolio, strong brand equity and strong marketing network adds to the growth optimism of the company. Towards this objective, the company aims to have medical representative strength of 1500. As of March 2011, the company had medical representative strength of 700 up from 557 a year before.

The company's domestic formulations business registered growth of 15%. The company launched six new products and all of which have been received well by the medical fraternity. The company's domestic formulations business has been growing well for last two years, which gives confidence in the plans the company has for this business. The company continues to remain focused on focus products, which registered growth of 17% during the year. These products are niche and have good growth potential. The products in cardiology, antacid and iron supplement group have done exceedingly well and are shaping up into forceful brands for the company.

The company's current focus includes expansion of field force, entering into untapped metro and rural market and regular launch of new products to achieve desired growth. The company would make necessary investments to achieve the growth objective.

Your company's contrast media division performed well with growth of 10%. During the year, the company launched Definity®, an ultrasound imaging agent, under exclusive marketing arrangement with Lantheus Medical Imaging, Inc. of US. This product has high growth potential and is expected to boost the contrast media sales of the company.

The major threat in the long term appears to be from the regulatory price control and government's unclear stand on product coverage under price control.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

SEGMENT WISE PERFORMANCE

The company is engaged in one segment viz. pharmaceuticals. During the year under review, all business units achieved good growth.

Russia-CIS business achieved reasonable growth, while the rest of the world exports achieved 24% growth in sales. The increased focus on key areas of rest of the world exports and improvement in performance and prospects of the company's South African joint venture augurs well for this business unit. On domestic formulations side, the improvement in performance continued with satisfactory growth of 15%. The aggressive marketing plans, coverage of more therapeutic segments with launch of new division catering to gynecology and dental products, plan to enter new therapy areas and commitment to invest in this business is all expected to significantly help in achieving growth targets.

Though activities on bulk drugs front remain scaled down, this business too fared well with 46% growth.

OUTLOOK

In view of opportunities available both in international and domestic market, your company's balanced products portfolio with high growth brands, wide range of manufacturing capabilities and strong marketing capability present good outlook for the company's business.

RISKS AND CONCERNS

Your company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk and other commercial and business related risks.

INTERNAL CONTROL SYSTEMS

Your company has an adequate system of internal controls, which ensures that its assets are protected from loss and unauthorized use as well as business affairs are carried out in accordance with established internal controls. These systems of internal controls also ensures that transactions are carried out based on authority and are recorded and reported in line with generally accepted accounting principles. The company also has a system of regular internal audit carried out by competent professional retained by the company. The internal audit programme is approved by the audit committee, and findings of the internal auditor are placed before the audit committee, and the management implements the suggestions on weaknesses, if any, observed during the course of the internal audit. The company's implementation of SAP as ERP platform has also helped in establishing checks and exercise of timely controls.

FINANCIAL PERFORMANCE

For the year 2010-11, the total income at Rs. 812.57 crores was 18% higher over the previous year at standalone level, while consolidated income at Rs. 896.95 crores was 16.32% higher over the previous year. The standalone profit before tax at Rs. 141.05 crores was 17% higher over the previous year, while profit after tax at Rs. 118.19 crores grew by 17% over the previous year. The consolidated profit before tax and consolidated profit after tax stood at Rs.165.34 crores and Rs.139.32 crores respectively. The interest cost at Rs. 7.37 crores was 18% lower compared to the previous year. The financial performance of your company during 2010-11 on major parameters was as under:

Parameter	**2010-11**	2009-10
Profit before depreciation, interest & tax (as % to net sales)	**21.72%**	22.55%
Return on capital employed	**19.40%**	20.16%
Return on net worth	**16.57%**	16.47%
Earning per share (FV Rs. 2) (Rs.)(Basic)	**14.00**	11.98
Earning per share (FV Rs. 2) (Rs.)(Diluted)	**13.96**	11.98
Book value (Rs.)	**84.40**	72.74

HUMAN RESOURCE

The relationship with employees and workers continued to be cordial at all levels. As on March 2011, employee strength in India was 2708.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company's philosophy on code of governance is aimed at assisting the management and the board of directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. These practices endeavour to attain balance among enhancement of stakeholder value, achievement of financial objective and corporate social responsibility.

2. BOARD OF DIRECTORS

The strength of the board of directors of the company as on year end was fourteen. Six directors, including Mr. Jyotindra B. Mody, Chairman & Managing Director, are executive directors, while eight directors are non-executive, of which seven are independent directors.

5 meetings of the board of directors were held during the year ended on March 31, 2011. These meetings were held on May 5, 2010, July 29, 2010, September 27, 2010, October 26, 2010 and January 13, 2011.

The information on composition and category of directors as well as attendance of each director at the meeting of the board of directors held during the year ended on March 31, 2011, last annual general meeting and their directorships/committee membership in other public companies as of year end is as under:

Name of director	Category	No. of board meetings attended	Attendance at last AGM	No. of other directorship(s)	Other committee position	
					Member	Chairman
Mr. Jyotindra B. Mody	Executive (Promoter)	5	Yes	4	–	–
Mr. Dinesh B. Mody	Executive (Promoter)	5	Yes	3	–	–
Mr. Shirish B. Mody	Executive (Promoter)	5	Yes	3	–	–
Mr. Bharat P. Mehta	Executive (Promoter Group)	4	Yes	2	–	–
Mr. Pranabh Mody	Executive (Promoter Group)	5	Yes	3	1	–
Mr. Kamlesh L. Udani	Executive	4	Yes	6	–	–
Dr. Rajen D. Shah	Non-executive (Promoter Group)	4	Yes	3	–	–
Mr. Bansidhar S. Mehta	Non-Executive & Independent	5	Yes	14	5	4
Mr. Durga Dass Chopra	Non-Executive & Independent	5	Yes	1	–	–
Mr. Vishnu D. Patel (retired by rotation on 23/07/2010)	Non-Executive & Independent	–	–	–	–	–
Dr. Satyanarain Agarwala (Appointed as additional director w.e.f. 24/07/2010)	Non-Executive & Independent	4	–	1	–	–
Dr. Niranjan N. Maniar	Non-Executive & Independent	5	Yes	–	–	–
Mr. Mahesh K. Shroff	Non-Executive & Independent	1	–	–	–	–
Mr. Rajiv C. Mody	Non-Executive & Independent	1	–	4	1	–
Mr. Rohan P. Shah	Non-Executive & Independent	1	–	5	–	–

Notes:

(1) The directorships exclude alternate directorships, directorships of private limited companies, bodies corporate incorporated outside India and those held in associations.

(2) The committee positions pertain to position held on Audit Committee and Shareholders'/Investors Grievance Committee of public limited companies.

CORPORATE GOVERNANCE REPORT (CONTD.)

3. AUDIT COMMITTEE

The terms of reference of the audit committee are those prescribed under clause 49 of the listing agreement as well as under section 292A of the Companies Act, 1956.

The composition of the audit committee complies with the requirement laid down in clause 49 of the listing agreement. Mr. Bansidhar S. Mehta, Chartered Accountant, is Chairman of the audit committee, while Mr. D.D. Chopra, Mr. Mahesh K. Shroff, Dr. S. Agarwala, Dr. N.N. Maniar and Mr. Dinesh B. Mody are the other members of the audit committee. M.C. Mehta, Company Secretary, acts as secretary to the audit committee.

4 meetings of the committee were held during the year ended on March 31, 2011. These meetings were held on May 5, 2010, July 29, 2010, October 26, 2010 and January 13, 2011. The information with regard to attendance of the members is as under:

Name	Position held	Category	No. of meetings attended
Mr. Bansidhar S. Mehta	Chairman	Non-executive & independent director	4
Mr. Durga Dass Chopra	Member	Non-executive & independent director	4
Mr. Mahesh K. Shroff	Member	Non-executive & independent director	1
Dr. Satyanarain Agarwala	Member	Non-executive & independent director	3
Dr. Niranjan N. Maniar	Member	Non-executive & independent director	4
Mr. Dinesh B. Mody	Member	Executive director (Promoter)	4

The Chairman & Managing Director, President & Whole time director (Operations), finance head, statutory auditor and internal auditor have been regular invitees to the audit committee meetings.

4. REMUNERATION COMMITTEE AND DETAILS OF REMUNERATION

The company has set up a Remuneration Committee, which comprises of three Non-executive and independent directors namely Mr. Mahesh. K. Shroff, Chairman, and Mr. D. D. Chopra and Dr. Niranjan. N. Maniar, members. The terms of reference of the committee are to decide the remuneration of the executive directors. One meeting of the committee was held during the year, which was attended by all the members of the committee.

(i) Remuneration and shareholding of Non-executive directors

The non-executive directors at present are only paid sitting fees for attending meetings of the board and committee(s) thereof. Keeping in view industry practices being the criteria relied upon by the board, the board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the company. The sitting fees presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the non-executive directors for attending meetings of the board and committee(s) thereof held during the year ended on March 31, 2011 and the number of equity shares held by them in the company as of March 31, 2011 is as under:

Name	Sitting Fees (Rs.)	No. of shares held
Mr. Bansidhar S. Mehta	1,75,000	11,700
Mr. Durga Dass Chopra	1,92,000	2,96,930
Dr. Satyanarain Agarwala	1,35,000	1,000
Dr. Niranjan N. Maniar	1,98,000	15,000
Mr. Mahesh K. Shroff	44,000	54,505
Mr. Rajiv C. Mody	20,000	–
Dr. Rajen D. Shah	80,000	10,000
Mr. Rohan P. Shah	20,000	–

During the year under report, the non-executive directors neither had any other pecuniary relationship nor entered into any other transaction vis-à-vis the company. None of the non-executive directors, other than as stated above, hold any shares in the company.

CORPORATE GOVERNANCE REPORT (CONTD.)

(ii) Remuneration of Executive directors

The remuneration paid/payable to executive directors of the company for the year ended on March 31, 2011 summarized under major elements is as under:

(Rs. in lakhs)

Name	Salary & Allowances	Perquisites	Retiral benefits	Commission	Total
Mr. Jyotindra B. Mody	239.32	1.43	28.89	145.00	414.64
Mr. Dinesh B. Mody	233.91	6.84	28.89	145.00	414.64
Mr. Shirish B. Mody	232.26	8.49	28.89	145.00	414.64
Mr. Bharat P. Mehta	97.53	8.55	14.32	–	120.40
Mr. Pranabh Mody	100.19	5.89	14.66	–	120.74
Mr. Kamlesh L. Udani	61.35	1.20	9.18	–	71.73

Notes:

(1) All the above remuneration components except commission are fixed in nature. The payment of commission is considered and approved by the remuneration committee and the board of directors, based on internal norms for assessing the performance of executive directors that includes the company's strategic business plans, current market trends and contribution of the executive directors in achieving the objectives of the company. In respect of the commission, provision has been made in the accounts for the year ended on March 31, 2011.

(2) As per the company's Employee Stock Option Scheme, a director in employment of the company is not eligible to receive options under the Scheme.

(3) The appointment of each executive director is for a period of five years from the respective date of appointment.

(4) The company has entered into contract with each executive director setting out terms and conditions of appointment, which contract can be terminated by either party by giving three months notice to the other. The contract so entered into does not provide for payment of severance fees.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance committee comprises of Mr. Mahesh K. Shroff, who is chairman of the committee, and Mr. Durga Dass Chopra, Mr. Jyotindra B. Mody and Mr. Dinesh B. Mody are the other members of the committee. M. C. Mehta, Company Secretary acts as the secretary to the committee, and is the compliance officer.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Investors Grievance Committee generally on quarterly basis. During the year ended on March 31, 2011, the company received 41 investor complaints, all of which have been attended to before the end of the year, and believed to have been resolved to the satisfaction of the investors.

The board of directors, in order to expedite share transfers, has delegated the power of share transfer to committee of directors, which meets every fortnight to consider and approve the transfer of shares in physical form. During the year ended on March 31, 2011, the company received 28 share transfer requests for transfer of 34,815 shares held in physical form. All these share transfers have been timely processed. No share transfer request received during the year was pending as on the year end.

CORPORATE GOVERNANCE REPORT (CONTD.)

6. GENERAL BODY MEETINGS

The information relating to the location and time of last three annual general meetings and the special resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any special resolution passed
2007-08	Patkar Hall, New Marine Lines, Mumbai - 400 020	July 18, 2008	3.30 p.m.	Yes. Seven special resolutions passed.
2008-09	Patkar Hall, New Marine Lines, Mumbai - 400 020	July 13, 2009	3.30 p.m.	None.
2009-10	Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	July 23, 2010	3.00 p.m.	Yes. Six special resolutions passed.

The company has not passed any special resolution through postal ballot during 2010-11.

7. DISCLOSURES

- The company has not entered into any materially significant related party transactions with its promoters, directors or management or their relatives etc. that may have potential conflict with the interest of the company at large.
- To the best of the company's knowledge, there has been no incidence of non-compliance with requirement of stock exchange, SEBI or other statutory authority, on matters relating to capital markets during last three years. During the last three years, no penalty or stricture has been imposed on the company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- The board of directors has laid down the code of conduct for directors and senior management personnel including all functional heads, which they are bound to observe in the course of conduct of business of the company. This code of conduct has been posted on the website of the company. Each director of the company and senior management personnel including all functional heads, to whom the code has been made applicable, have affirmed their compliance with the code. A declaration by Mr. Jyotindra B. Mody, Chairman & Managing Director, to this effect forms part of this report.
- The company has not established formal whistle blower policy mechanism. However, no personnel of the company have been denied any access to the audit committee.
- Mr. Jyotindra Mody, Mr. Dinesh Mody and Mr. Shirish Mody are related to each other as brothers. Mr. Bharat Mehta is related to Mr. Jyotindra Mody as son-in-law. Mr. Pranabh Mody is son of Mr. Dinesh Mody. Dr. Rajen D. Shah is related to Mr. Shirish Mody as son-in-law.
- The company is in compliance with all the mandatory requirements of clause 49 of the listing agreement. The status on adoption of non-mandatory requirement is set out in this report.

8. MEANS OF COMMUNICATION

The quarterly results are generally published in Business Standard and Sakal, and also displayed on the company's website www.jbcpl.com. The official news releases are also displayed on the company's website. During the year, the company has made one presentation to analysts on July 14, 2010.

CORPORATE GOVERNANCE REPORT (CONTD.)

9. GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	July 25, 2011 at 3.00 p.m. at Patkar Hall, 1, Nathibai Thackersey Road (Queens Road), New Marine Lines, Mumbai - 400 020.
Date of Book Closure	July 18, 2011 to July 25, 2011 (both days inclusive).
Dividend Payment Date	August 3, 2011.
Financial year	April to March
Listing on Stock Exchanges	-Bombay Stock Exchange Limited -National Stock Exchange of India Limited The company has paid the annual listing fees for the period 1st April, 2011 to 31st March, 2012 to both the stock exchanges.
Stock Code	BSE : 506943 NSE : JBCHEPHARM
ISIN	The ISIN no. for dematerialization of the company's shares with NSDL and CDSL is INE572A01028
Market Price Data	Annexure A
Performance in comparison to BSE Sensex	Annexure B
Registrar and Transfer Agents	Datamatics Financial Services Ltd. Plot No.B-5, Part-B, M.I.D.C., Cross Lane, Marol, Andheri (East), Mumbai 400 093 Tel No. (022) 66712151-56 Fax No.(022) 2832 0382 Email: corpequity@dfssl.com

Share Transfer System	The share transfer committee comprising of four members of the board meets on fortnight basis to consider and approve transfer of shares.
Distribution of Shareholding as on 31-03-2011.	Annexure C.
Shareholding pattern	Annexure D.
Dematerialization of shares	Annexure E.
Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion date and impact on equity.	The company has not issued any GDRs/ADRs/warrants or any other convertible instrument.
Plant Locations	Plot No. 215 to 219, 304 to 310 and 4 & 5, Phase IV, GIDC Industrial Area, Panoli 394 116, Gujarat. Plot No.128/1, 128/1/1, 128/2, 129/1 & 129/B1, GIDC Industrial Area, Ankleshwar 393 002, Gujarat. Survey No. 101/2 & 102/1, Daman Industrial Estate, Airport Road, Kadaiya, Daman 396 210. Plot No.P-10, Shiv Mahape P.O. Gansoli, Thane Belapur Road, Navi Mumbai 400 701.
Address for correspondence	+ The investors may register their grievance on investorelations@ jbcpl.com, an exclusive e-mail ID for registration of complaints by the investors.

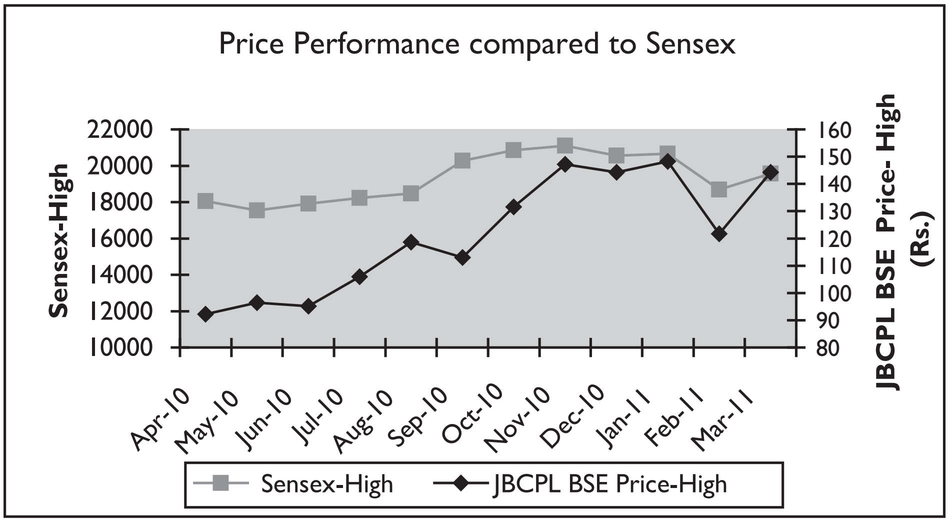
CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure A

The high and low prices of the company's equity shares (of face value of Rs. 2 each) on Bombay Stock Exchange Limited (BSE) and on National Stock Exchange of India Ltd. (NSE) during the financial year 2010-11 were as under:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	92.20	71.90	92.35	72.00
May, 2010	96.40	75.10	96.45	72.15
June, 2010	95.15	75.55	95.30	75.05
July, 2010	105.95	91.00	106.15	89.00
August, 2010	118.65	96.60	118.80	96.15
September, 2010	113.00	101.50	113.05	101.00
October, 2010	131.60	101.05	131.70	101.20
November, 2010	147.20	112.85	147.40	113.00
December, 2010	144.25	111.00	121.90	111.00
January, 2011	148.45	113.10	148.60	114.00
February, 2011	121.70	96.00	121.30	95.85
March, 2011	144.25	111.05	144.00	111.25

Annexure B



CORPORATE GOVERNANCE REPORT (CONTD.)

Annexure C

Distribution of shareholding as on March 31, 2011 is as under.

Range of equity shares held	No. of holders	% of shareholders	No. of equity shares held	% of capital
Upto 500	21838	74.70	3538863	4.19
501 – 1000	2982	10.20	2510069	2.97
1001 – 2000	2222	7.60	3514871	4.16
2001 – 3000	987	3.38	2548740	3.02
3001 – 4000	342	1.17	1232436	1.46
4001 – 5000	226	0.77	1065661	1.26
5001 – 10000	347	1.19	2512619	2.97
10000 – 50000	210	0.72	4366931	5.17
50001 and above	80	0.27	63226635	74.80
Total	**29234**	**100.00**	**84516825**	**100.00**

Annexure D

Shareholding pattern as on March 31, 2011 is as under:

Category	No. of shares	% holding
Promoters & Promoters Group	46853090	55.44
Other Directors & their relatives	451165	0.53
Mutual Funds, Banks & Insurance Companies	2169148	2.57
Foreign Institutional Investors (FII's)/OCB	3814723	4.51
NRIs	1365293	1.61
Domestic Companies	4039131	4.78
Resident individuals	25824275	30.56
Total	**84516825**	**100.00**

Annexure E

Dematerialization of shares:

Category	No. of shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	82447024	97.55	27528	94.16
Physical Form	2069801	2.45	1706	5.84
Total	**84516825**	**100.00**	**29234**	**100.00**

CORPORATE GOVERNANCE REPORT (CONTD.)

NON-MANDATORY REQUIREMENTS

- **The Board**

  The chairman of the company is executive and hence the provision with regard to maintenance of chairman's office as contained in the non-mandatory requirement is not relevant. All independent directors significantly contribute to the deliberation of the board and direction of the company irrespective of duration of their tenure. The non-mandatory condition that independent directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the board of a company will be considered when deemed fit by the board of the company. The board takes into account qualification and experience of independent director, which would be of use to the company and which would enable him to contribute to the company in his capacity as independent director.

- **Remuneration Committee**

  The company has set up Remuneration Committee comprising of three independent directors, which determines remuneration payable to the executive directors of the company.

- **Shareholders rights**

  The half yearly financial results are published in the news papers as mentioned above as well as posted on the company's website. The significant events, if any, too are posted on the company's website and in view of this, summary of such events is not separately sent to the shareholders.

- **Training and Evaluation**

  The training of board members and evaluation of performance of non-executive directors as envisaged under clause 49 of the listing agreement will be considered as and when such need arises.

- **Whistle Blower Policy**

  The company at present has not established formal whistle blower policy mechanism. However, no personnel of the company have been denied any access to the audit committee.

DECLARATION

I hereby declare that the directors and senior management personnel including all functional heads of the company have affirmed compliance with the code of conduct for the year ended on March 31, 2011.

For and on behalf of the Board of Directors

Place : Mumbai

Dare : May 23, 2011

J. B. Mody

Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of

J. B. Chemicals & Pharmaceuticals Ltd.

We have examined the compliance of conditions of corporate governance by J. B. Chemicals & Pharmaceuticals Ltd., for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

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

For **J. K. SHAH & Co.**
Chartered Accountants
Firm Registration No: 109606W

J. K. SHAH
Partner
Membership No. 3662

Place: Mumbai
Date: May 23, 2011

AUDITORS' REPORT

TO,
THE MEMBERS OF
J. B. CHEMICALS & PHARMACEUTICALS LTD.

1. We have audited the attached Balance Sheet of J. B. Chemicals & Pharmaceuticals Ltd. as at 31st March, 2011, the Profit and Loss account and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the accounting 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comment in the Annexure referred to above, we report that:

   a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. 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;

   c. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   d. 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 to the extent applicable;

   e. On the basis of written representation received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with notes thereon, 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:

      i. In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2011;

      ii. in the case of the profit and loss account, of the profit for the year ended on that date; and

      iii. in the case of cash flow statement, of the cash flow for the year ended on that date.

For **J. K. SHAH & CO.**
Chartered Accountants
Firm Registration No: 109606W

J. K. SHAH
Partner
Membership No. 3662

Place: Mumbai
Date: May 23, 2011

ANNEXURE TO THE AUDITORS' REPORT

(as referred to in paragraph 3 of our report of even date)

1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of assets. No material discrepancies have been noticed on such verification.

c) No disposal of a substantial part of fixed assets of the company has taken place during the year.

2) a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.

b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.

3) a) According to information and explanation given to us, the company has, during the year, not granted any loan secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable.

b) According to information and explanation given to us, the company had, taken unsecured loans from nine companies covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance is Rs. 1,919.50 lacs and the maximum amount involved at any time during the year is Rs. 1,920.50 lacs. The rate of interest and other terms and conditions are not prima-facie prejudicial to the interest of the company. The payment of principal amount and interest are also regular.

4) The company has adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and for sale of goods and services. We have not come across any major weakness in internal control.

5) a) To the best of our knowledge and belief, and according to information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.

b) The transaction of purchase of goods and material and sale of goods, material and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Act and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and rules framed there under, with regard to the deposits accepted from the public.

7) The company has appointed a firm of Chartered Accountants to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.

8) We have broadly reviewed the books of account maintained by the company, pursuant to the rules made by the Central Government for the maintenance of cost records, under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

9) a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2011 for a period of more than six months from the day they became payable.

ANNEXURE TO THE AUDITORS' REPORT (CONTD.)

(as referred to in paragraph 3 of our report of even date)

b) According to information and explanation given to us, details of disputed Sales Tax demand aggregating that have not been deposited on account of disputes are given below:

Name of Statute	Nature of Dues	Amount (Rs. in lacs)	Period to which amount relates	Forum where dispute pending
The UP Sales Tax Act	Sales Tax	0.25	1992-1993	Supreme Court of India
The UP Sales Tax Act	Sales Tax	272.98 330.84 21.88	2005-2006 2006-2007 2007-2008	Commissioner Appeals
Central Excise Act, 1944	Excise Duty Penalty	8.07 8.07	May 2001-Nov2001	CESTAT

10) The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

11) The company has not defaulted in repayment of dues to any Banks.

12) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

13) The provisions of any Special Statute applicable to Chit Funds, Nidhis or Mutual Benefit Funds / Societies are not applicable to the company.

14) The company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of paragraph 4(xiv) are not applicable to the company.

15) According to the information and explanation given to us, the company has not given any guarantee for loans taken by the others from the Banks and Financial Institutions.

16) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they have been obtained.

17) According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on an overall basis, funds raised on Short Term basis have, prima facie, not been used during the year for Long Term investment.

18) During the year, the company has not issued and allotted any shares to parties and companies covered in the register maintained u/s 301 of the Companies Act, 1956.

19) Since the company does not have any debentures, the question of creation of securities for debentures does not arise.

20) Since the company has not raised money by Public Issue, clause (xx) of the Order is not applicable.

21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **J. K. SHAH & CO.**
Chartered Accountants
Firm Registration No: 109606W

J. K. SHAH
Partner
Membership No. 3662

Place: Mumbai
Date: May 23, 2011

BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Schedule	Current Year		Previous Year	
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	I	**1,690.34**		1,686.53	
Reserves and Surplus	II	**69,637.93**		59,650.61	
			71,328.27		61,337.14
Loan Funds					
Secured Loans	III	**12,750.73**		9,849.14	
Unsecured Loans	IV	**4,105.59**		3,773.31	
			16,856.32		13,622.45
Deferred Tax Liability (Net)			**1,443.62**		1,423.99
Total			**89,628.21**		76,383.58
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block		**38,676.23**		35,770.80	
Less : Depreciation/Amortisation		**16,156.69**		13,970.97	
Net Block	V	**22,519.54**		21,799.83	
Realisable value of Impaired Assets		**8.02**		8.02	
Capital Work-In-Progress		**366.88**		–	
			22,894.44		21,807.85
Investments	VI		**12,328.84**		6,246.43
Current Assets, Loans and Advances	VII				
Inventories		**8,178.22**		5,640.84	
Sundry Debtors		**38,545.42**		40,727.14	
Cash and Bank Balances		**12,291.77**		7,056.63	
Loans and Advances		**6,488.05**		5,550.89	
		65,503.46		58,975.50	
Less : Current Liabilities and Provisions	VIII				
Current Liabilities		**7,688.67**		7,318.30	
Provisions		**3,409.86**		3,327.90	
		11,098.53		10,646.20	
Net Current Assets			**54,404.93**		48,329.30
Total			**89,628.21**		76,383.58
Significant Accounting Policies and Notes on Accounts	XVII				

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

Particulars	Schedule	Current Year		Previous Year	
INCOME :					
Sales (Gross) (Including Exchange Difference)		**79,373.79**		67,591.24	
Less: Excise Duty		**615.85**		584.79	
Sales (Net)			**78,757.94**		67,006.45
Other Operating Income	IX		**1,912.61**		1,532.87
Other Income	X		**586.79**		192.47
Total			**81,257.34**		68,731.79
EXPENDITURE :					
(Increase)/decrease in stock in trade	XI	**(1,286.13)**		(321.94)	
Consumption of raw and packing materials	XII	**20,900.33**		16,126.49	
Purchase of traded goods	XIII	**4,691.52**		4,410.23	
Employees cost	XIV	**11,642.70**		9,846.93	
Operating & Other Expenses	XV	**27,919.89**		23,323.11	
Interest and Finance Charges	XVI	**1,018.61**		1,130.30	
Depreciation / Amortisation	V	**2,265.08**		2,122.25	
Total			**67,152.00**		56,637.37
Profit Before Taxation			**14,105.34**		12,094.42
Less : Taxation					
Current Tax			**2,800.00**		2,057.00
Earlier years' Income Tax			**6.25**		(151.79)
Deferred Tax			**19.63**		79.48
Wealth Tax			**10.00**		10.00
MAT Credit			**(550.00)**		–
Profit After Taxation			**11,819.46**		10,099.73
Add : Balance brought forward from earlier years			**15,221.82**		8,099.68
Available for Appropriation			**27,041.28**		18,199.41
Appropriation:					
Proposed Dividend		**1,691.78**		1,687.38	
Tax on Proposed Dividend		**274.45**		280.24	
General Reserve		**1,181.95**		1,009.97	
			3,148.18		2,977.59
Balance carried forward to Balance Sheet			**23,893.10**		15,221.82
			27,041.28		18,199.41
Earning Per Share (Rs.)					
Basic EPS			**14.00**		11.98
Diluted EPS			**13.96**		11.98
Significant Accounting Policies and Notes on Accounts	XVII				

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

	Particulars	Current Year		Previous Year	
A.	**Cash Flow from Operating Activities**				
	Net Profit before Tax and Extraordinary items		**14,105.34**		12,094.42
	Adjustment For:				
	Depreciation	**2,265.08**		2,122.25	
	Foreign Exchange Fluctuation (Net)	**(372.06)**		(1,250.80)	
	Interest Paid	**1,018.61**		1,130.30	
	(Profit)/ Loss on Sale/Discard of Assets (Net)	**29.87**		21.33	
	(Profit)/ Loss on Sale of Investments (Net)	**(4.64)**		91.94	
	Bad Debts	**15.26**		131.75	
	Interest Received	**(293.93)**		(168.25)	
	Dividend Received	**(240.82)**		(26.35)	
	Reversal of Deferred Employee Compensation	**(11.05)**		(0.42)	
	Provision for Diminution in value of Investment	**(49.05)**	**2,357.27**	41.86	2,093.61
	Operating Profit Before Working Capital Changes		**16,462.61**		14,188.03
	Adjustment For:				
	Trade and Other Receivables	**2,233.80**		(2,840.82)	
	Inventories	**(2,537.38)**		(122.85)	
	Trade Payable	**465.17**	**161.59**	1,787.90	(1,175.77)
	Cash Generated From Operations		**16,624.20**		13,012.26
	Direct Taxes Paid (Net)		**(2,950.76)**		(2,097.62)
	Net Cash from Operating Activities		**13,673.44**		10,914.64
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	**(3,397.29)**		(1,234.61)	
	Sale of Fixed Assets	**15.75**		30.87	
	Purchase of Investment	**(45,798.13)**		(2,084.55)	
	Sale of Investments	**39,769.42**		263.76	
	Interest Received	**228.62**		63.15	
	Dividend Received	**240.82**		26.35	
	Net Cash used in Investing Activities		**(8,940.81)**		(2,935.03)
C.	**Cash Flow from Financing Activities**				
	Proceeds from issue of Shares under ESOP (including Securities Premium)	**148.95**		–	
	Proceeds/(Repayment) from/of Short Term Borrowing (Net)	**4,774.40**		(1,219.19)	
	Proceeds/(Repayment) from/of Long Term Borrowing (Net)	**(1,431.35)**		(1,690.67)	
	Interest Paid	**(1,024.09)**		(1,174.92)	
	Dividend Paid (Including Dividend Distribution Tax)	**(1,965.40)**		(983.65)	
	Net Cash Used in Financing Activities		**502.51**		(5,068.43)
	Net Increase in Cash and Cash Equivalents		**5,235.14**		2,911.18
	Cash and Cash Equivalents as at 01.04.10 (Refer Schedule No.VII)	**7,056.63**		4,145.45	
	Cash and Cash Equivalents as at 31.03.11 (Refer Schedule No.VII)	**12,291.77**	**5,235.14**	7,056.63	2,911.18

Notes :

1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
2) Balance with banks include Rs. 181.00 lakhs (Previous year Rs. Nil) being deposits under lien.
3) Previous year's figures are re-grouped / re-classified wherever necessary in order to conform to current year's groupings and classifications.

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-I		
SHARE CAPITAL		
Authorised :		
10,00,00,000 (Previous year 10,00,00,000) Equity Shares of Rs.2/- each		
	2,000.00	2,000.00
Issued, Subscribed and paid up :		
8,45,16,825 (Previous year 8,43,26,350) Equity Shares of Rs. 2/- each fully paid	**1,690.34**	1,686.53
of the above :		
a) 1,55,34,000 Equity Shares of Rs.2/- each have been issued for consideration other than cash.		
b) 4,64,02,500 Equity Shares of Rs.2/- each were allotted as fully paid up bonus shares by capitalization of Securities Premium, General Reserve and Export Profit Reserve.		
c) 3,21,825 (Previous year 1,31,350) Equity Shares of Rs. 2/- each have been issued pursuant to Employees Stock Options Scheme.		
	1,690.34	1,686.53
SCHEDULE-II		
RESERVES AND SURPLUS		
Capital Reserve (Reserves transferred from amalgamating company)		
Investment Allowance Reserve (utilised)	**34.86**	34.86
Capital Reserve	**63.53**	63.53
Cash Subsidy	**1.98**	1.98
	100.37	100.37
Capital Reserve	**4.21**	4.21
Cash Subsidy	**85.66**	85.66
Contingency Reserve	**520.00**	520.00
Securities Premium	**4,681.83**	4,536.69
General Reserve		
As per last Balance Sheet	**39,137.98**	38,128.01
Add: Transfer from Profit & Loss A/c	**1,181.95**	1,009.97
	40,319.93	39,137.98
Balance in Profit and Loss Account	**23,893.10**	15,221.82
Employee Stock Option		
Employee Stock Options Outstanding	**32.83**	43.88
Less: Deferred Employee Compensation	–	–
	32.83	43.88
	69,637.93	59,650.61

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-III		
SECURED LOANS		
(A) Term Loan - From Banks		
Long Term Foreign Currency Loan		
External Commercial Borrowing	**1,486.00**	2,993.33
Rupee Loan		
Vehicle Loan	**65.31**	–
(B) Working Capital Borrowings - From Banks		
Foreign Currency Loans	**10,476.30**	6,353.35
Rupee Loans	**723.12**	502.46
Notes :		
1) The External Commercial Borrowing is secured by exclusive charge by way of hypothecation of company's movable fixed assets (including movable plant and machinery both present and future) at new plant at Plot No. 4, GIDC Phase IV, Panoli, Gujarat.		
2) Vehicle loans are secured by hypothecation of vehicles.		
3) Working capital borrowings from the banks are secured by first charge on pari passu basis by way of hypothecation of company's current assets both present and future and by way of joint equitable mortgage of company's immovable properties situated at Thane and Belapur in the State of Maharashtra, Ankleshwar & Panoli (Except for movable fixed assets exclusively hypothecated towards External Commercial Borrowing) in the State of Gujarat and Daman in the Union Territory of Daman.		
4) Term Loan installments falling due within one year Rs.1,497.27 (Previous year Rs.1,507.33)		
	12,750.73	9,849.14
SCHEDULE-IV		
UNSECURED LOANS		
Directors	**1.50**	1.50
Fixed Deposit from Public & Shareholders	**1,895.97**	1,649.71
[Includes Rs.302.16 (Previous year Rs.178.16) received from Directors]		
(Due within one year Rs.803.40, Previous year Rs.377.77)		
Deposit from Distributors / Customers	**255.95**	275.25
Inter Corporate Deposits	**1,919.50**	1,781.50
Sales Tax Deferral	**32.67**	65.35
(Due within one year Rs.16.34, Previous year Rs.16.34)		
	4,105.59	3,773.31

SCHEDULE V

FIXED ASSETS

Sr. No	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Additions during the year	Deductions	**As at 31.03.2011**	As at 01.04.2010	For the year	On Deductions	**As at 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
A)	**Tangible :**										
1	Land (Freehold)	59.34	–	–	**59.34**	–	–	–	–	**59.34**	59.34
2	Land (Leasehold)	409.57	–	–	**409.57**	61.05	3.84	–	**64.89**	**344.68**	348.52
3	Factory Buildings	9,247.16	83.04	–	**9,330.20**	2,062.12	310.63	–	**2,372.75**	**6,957.45**	7,185.04
4	Buildings (Note 1)	672.01	–	–	**672.01**	121.90	10.95	–	**132.85**	**539.16**	550.11
5	Plant & Machinery	19,305.65	2,169.61	–	**21,475.26**	8,868.02	1,322.13	–	**10,190.15**	**11,285.11**	10,437.63
6	Office Equipments	1,474.35	93.68	2.00	**1,566.03**	863.89	143.00	0.99	**1,005.90**	**560.13**	610.46
7	Furniture & Fixtures	1,030.39	20.78	–	**1,051.17**	512.48	54.39	–	**566.87**	**484.30**	517.91
8	Airconditioners	1,633.26	146.15	–	**1,779.41**	671.83	133.28	–	**805.11**	**974.30**	961.43
9	Vehicles	1,564.90	479.89	122.98	**1,921.81**	570.61	164.71	78.37	**656.95**	**1,264.86**	994.29
B)	**Intangible :**										
1	Acquired Software	374.17	33.59	–	**407.76**	239.07	122.09	–	**361.16**	**46.60**	135.10
2	Trade Marks	–	3.67	–	**3.67**	–	0.06	–	**0.06**	**3.61**	–
	Current Year's Total	35,770.80	3,030.41	124.98	**38,676.23**	13,970.97	2,265.08	79.36	**16,156.69**	**22,519.54**	21,799.83
	Previous Year's Total	34,017.96	1,896.08	143.24	35,770.80	11,939.76	2,122.25	91.04	13,970.97	21,799.83	22,078.20

Notes :

1) Value of buildings includes a sum of Rs.3000/- being the cost of shares in the societies.

2) No depreciation has been claimed on assets to the extent of CENVAT claimed.

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-VI		
INVESTMENTS,		
Long Term (At Cost, Unless otherwise stated):		
i) In Government Securities:		
National Saving Certificates (Pledged with Government Authorities)	**0.66**	0.66
ii) In Fully Paid Equity Shares:		
Quoted - Trade:		
25,000 (Previous year 25,000) Ordinary Shares of Spectrum Pharmaceuticals Inc. of US $ 0.001 each (Market Value Rs.99.08, Previous year Rs.51.74)	**93.60**	93.60
Unquoted - Trade:		
In Subsidiary Companies :		
Investment in OOO Unique Pharmaceutical Laboratories - Russia (No. of shares are not denominated as per Law of Russian Federation)	**1,250.29**	1,250.29
52,03,600 (Previous year 51,78,600) Ordinary shares of US $ 1 each of J.B. Healthcare Pvt. Ltd.	**2,315.95**	2,304.60
1,55,479 (Previous year 1,55,479) Equity shares of RON 10 each of Unique Pharmaceutical Laboratories S.R.L., Romania	**264.25**	264.25
1,000 (Previous year Nil) Ordinary shares of US $ 1 each of J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore	**0.46**	–
Others:		
5,866 (Previous year 5,866) Equity Shares of Rs.10/- each of Bharuch Enviro Infrastructure Ltd.	**0.59**	0.59
6,12,032 (Previous year 6,12,032) Equity Shares of Rs.10/- each of Narmada Clean Tech Limited (Formerly known as Bharuch Eco-aqua Infrastructure Ltd.)	**61.20**	61.20
Unquoted - Non Trade :		
In Associate Company :		
48,036 (Previous year 1,20,000) Equity Shares of Rs 10/- each of J B Life Science Overseas Ltd. (Refer Note below)	**4.80**	12.00
Others:		
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of Rs.10/- each	**2.00**	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of Rs.10/-each	**6.00**	6.00
20,00,000 (Previous year 20,00,000) Equity Shares of Rs.10./- each of Asian Heart Institute & Research Centre Pvt. Ltd.	**200.00**	200.00
2,40,000 (Previous year 2,40,000) Equity Shares of Rs.10/- each of Raptim Research Ltd.	**24.00**	24.00
50,000 (Previous year 50,000) Equity Shares of Rs.10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	**5.00**	5.00
iii) In Fully Paid Bonds / Mutual Fund Units :		
Unquoted :		
126 (Previous year 126) Units of Rs.10/- each of Unit Trust of India	**0.01**	0.01
2,000 (Previous year 2,000) Bonds of Rural Electrification Corporation of Rs.10/- each	**0.20**	0.20
3,90,00,000 (Previous year Nil) Units of Rs.10.00 each of DSP Black Rock FMP 3M Series 27 Growth Maturity Date 07.04.2011.	**3,900.00**	–
2,80,16,688 (Previous year Nil) Units of Rs.10.00 each of DSP Black Rock FMP 3M Series 28 Growth Maturity Date 20.04.2011.	**2,801.67**	–
66,92,829.029 (Previous year Nil) Units of Rs.10.4740 each of P1304 ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Cumulative	**701.01**	–
56,92,410 (Previous year Nil) Units of Rs.12.3313 each of P1073 ICICI Prudential Interval Fund II Quarterly Interval Plan B Retail	**701.95**	–
Nil (Previous year 85,85,204.43) Units of Rs.10.0315 each of HDFC Cash Management Fund-Treasury Advantage Plan - Retail - Daily Dividend Option	–	861.22
Nil (Previous year 11,48,785.38) Units of Rs.105.7350 each of ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment	–	1,214.67
	12,333.64	6,300.29
Less : Provision for diminution in value of investments	**4.80**	53.86
	12,328.84	6,246.43
Aggregate value of Investments : (Net of provision for diminution)		
Quoted	**93.60**	51.74
Unquoted	**12,235.24**	6,194.69
	12,328.84	6,246.43
Aggregate market value of quoted investments	**99.08**	51.74

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

Notes :

1. During the year J. B. Lifescience Overseas Ltd. has ceased to be the subsidiary of the company.
2. Investments acquired and redeemed during the year:

Particulars	Face Value (Rs.)	Units (No. in lakhs)
HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Daily Dividend Option	10	1,131.92
ICICI Prudential Flexible Income Plan Premium-Daily Dividend Reinvestment	100	47.78
HDFC FMP 100D September 2010(4)	10	100.07
DSP Black Rock FMP-3M-Series-21	10	50.04
DSP Black Rock Money Manager Fund	1,000	7.30
HDFC High Interest Fund Short Term Plan-Dividend Reinvestment	10	554.49
ICICI Prudential MF Long Term Floating Rate Plan	10	143.66

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
SCHEDULE-VII		
CURRENT ASSETS, LOANS AND ADVANCES		
a) Inventories		
(As taken valued and certified by the Managing Director)		
Raw Material	**2,202.12**	1,357.47
Packing Material	**1,238.46**	1,089.43
Work in process	**708.32**	745.21
Finished Goods (Stock in Transit Rs.11.00, Previous year Rs.51.90)	**4,016.04**	2,433.76
Fuel	**13.28**	14.97
	8,178.22	5,640.84
b) Sundry Debtors		
(Unsecured, considered good unless stated otherwise)		
Debts outstanding for the period exceeding six months	**12,449.00**	15,887.53
Other	**26,096.42**	24,839.61
	38,545.42	40,727.14
Note : The above includes:		
1) Due from wholly owned subsidiaries Rs.17,249.46 (Previous year Rs.21,232.44) out of which outstanding over six months is Rs.6,142.80 (Previous year Rs.9,251.34).		
2) Due from Joint Venture Rs.518.90 (Previous year Rs.742.62) out of which outstanding over six months is Rs.Nil (Previous year Rs. Nil).		
c) Cash and Bank Balances		
i) Cash on Hand	**19.10**	12.02
ii) Balances with Scheduled Banks		
- In Current Accounts (Including unclaimed dividend Rs.47.99, Previous year Rs.45.77)	**3,995.29**	5,262.59
- In Fixed Deposit (Under lien Rs.181.00 , Previous year Rs. Nil)	**7,780.27**	1,362.77
Remittances in Transit	**258.96**	209.09
	12,034.52	6,834.45
iii) Balances with Non-Scheduled Banks in Current Account		
a) JSC VTB Bank, Moscow (Maximum balance outstanding during the year Rs.334.09, Previous year Rs. 636.89)	**190.35**	197.10
b) ICICI Bank Eurasia, LLC, Moscow (Maximum balance outstanding during the year Rs.435.46, Previous Year Rs. Nil)	**20.29**	–

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
c) Ukraine International Bank, Ukraine		
(Maximum balance outstanding during the year Rs.149.43, Previous year Rs. 117.52)	**0.91**	9.72
d) Uzbekistan International Bank, Uzbekistan		
(Maximum balance outstanding during the year Rs.33.38, Previous year Rs. 20.72)	**26.03**	2.77
	237.58	209.59
iv) Post Office Saving Account	**0.57**	0.57
	12,291.77	7,056.63
d) Loans and Advances		
(Unsecured, Considered good, unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received	**4,336.79**	4,123.09
ii) Loan to Subsidiary Companies	**76.74**	334.99
iii) Advance to Suppliers	**507.16**	260.93
iv) Loans to Employees	**185.30**	171.79
(Refer Note No.2.12(i) of Schedule XVII)		
v) Deposits	**440.68**	468.16
(Refer Note No.2.12(ii) of Schedule XVII)		
vi) Taxes paid (Net of Provisions)	**263.69**	129.19
vii) MAT Credit Entitlements	**598.53**	48.53
viii) Balance with Excise Authorities	**3.68**	4.04
ix) Accrued interest on Deposit and others	**75.48**	10.17
	6,488.05	5,550.89
	65,503.46	58,975.50
SCHEDULE-VIII		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
i) Sundry Creditors		
Due to Micro & Small Enterprises	**164.65**	178.21
(Refer Note No.2.4 of Schedule XVII)		
Others	**4,805.42**	4,397.32
ii) Advance from Customers	**20.24**	222.31
iii) Other Liabilities	**2,447.98**	2,266.82
iv) Unclaimed Dividend #	**47.99**	45.77
v) Interest accrued but not due	**202.29**	207.77
vi) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	**0.10**	0.10
# There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
	7,688.67	7,318.30
b) Provisions		
i) Proposed Dividend	**1,691.78**	1,687.38
ii) Tax on Proposed Dividend	**274.45**	280.24
iii) Employees' Benefits	**1,443.63**	1,360.28
	3,409.86	3,327.90
	11,098.53	10,646.20

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-IX		
OTHER OPERATING INCOME		
Export Incentives	**1,448.22**	1,136.47
Sale of scrap	**290.15**	224.96
Insurance Claims	**45.89**	43.79
Manufacturing Charges (Tax deducted at source Rs. 0.24, Previous year Rs. 0.53)	**11.98**	24.92
Others	**116.37**	102.73
	1,912.61	1,532.87
SCHEDULE-X		
OTHER INCOME		
Interest from Banks	**271.94**	19.01
[Tax deducted at source Rs.27.29, (Previous year Rs.3.38)]		
Interest from Others	**20.34**	147.11
[Tax deducted at source Rs.3.39, (Previous year Rs.1.47)]		
Profit on sale of Investment (Net)	**4.64**	–
Provision for diminution in value of investments written back	**49.05**	–
Dividend on investment		
-Trade	**0.06**	0.06
-Non-Trade	**240.76**	26.29
	586.79	192.47
SCHEDULE-XI		
(INCREASE)/DECREASE IN STOCK IN TRADE		
Opening Stock		
Work-in-process	**745.21**	551.39
Finished Goods	**2,040.88**	1,912.76
	2,786.09	2,464.15
Less: Closing Stock		
Work-in-process	**708.32**	745.21
Finished Goods	**3,363.90**	2,040.88
	4,072.22	2,786.09
	(1,286.13)	(321.94)

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-XII		
CONSUMPTION OF RAW & PACKING MATERIALS		
Opening Stock	**2,446.90**	2,303.49
Purchases	**21,894.01**	16,269.90
	24,340.91	18,573.39
Less: Closing Stock	**3,440.58**	2,446.90
	20,900.33	16,126.49
SCHEDULE-XIII		
PURCHASE OF TRADED GOODS		
Opening Stock	**392.88**	735.28
Purchases	**4,950.78**	4,067.83
	5,343.66	4,803.11
Less: Closing Stock (Including material for resale Rs. Nil, Previous year Rs. 3.52)	**652.14**	392.88
	4,691.52	4,410.23
SCHEDULE-XIV		
EMPLOYEES COST		
Salaries and Other Benefits	**10,096.80**	8,612.38
(Include Rs.345.55 for payment under Voluntary Retirement Scheme, Previous year Rs. 25.94)		
Contribution to Provident Fund and Other Funds	**1,003.20**	823.25
Gratuity	**346.45**	235.72
Staff Welfare	**196.25**	175.58
	11,642.70	9,846.93

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-XV		
OPERATING & OTHER EXPENSES		
Manufacturing charges	**895.25**	711.41
Stores and spares	**319.53**	237.24
Power and fuel	**2,334.17**	1,803.50
Excise duty	**306.60**	195.64
Compensation rent	**569.43**	559.72
Rates and taxes	**95.84**	91.39
Insurance	**179.88**	169.86
Freight and transport charges	**3,365.05**	2,583.38
Repairs to :-		
Building	**124.03**	86.55
Machinery	**322.10**	232.41
Others	**425.69**	297.25
Loss on sale of investments	**–**	91.94
Loss on sale/discard of assets (Net)	**29.87**	21.33
Sales promotion and publicity	**10,527.89**	8,752.12
Selling commission	**1,903.84**	2,039.74
Travelling and conveyance	**1,544.25**	1,282.21
Directors' fees	**8.64**	6.71
Royalty	**614.30**	210.15
Payment to Auditors		
Audit fees	**24.00**	24.00
Tax Audit fees	**7.50**	7.50
Other Taxation and Certification matters	**9.50**	9.50
Donations	**26.69**	1.30
Exchange difference others (Net)	**438.97**	265.40
Bad debts	**15.26**	131.75
Provision for diminution in value of investments	**–**	41.86
Miscellaneous expenses	**3,831.61**	3,469.25
	27,919.89	23,323.11
SCHEDULE-XVI **INTEREST AND FINANCE CHARGES**		
Interest on Working capital borrowings	**440.34**	565.00
Interest on Fixed Loans	**190.32**	172.22
Interest on External Commercial Borrowing	**106.64**	157.29
	737.30	894.51
Others	**281.31**	235.79
	1,018.61	1,130.30

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE – XVII

Significant Accounting Policies and Notes on Accounts forming part of accounts for the year ended March 31, 2011.

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1. BASIS OF ACCOUNTING

The Financial statements are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

1.2. REVENUE RECOGNITION

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

1.3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition and includes other direct / indirect and incidental expenses incurred to put them into use but excludes CENVAT availed on such assets.

All indirect expenses incurred during project implementation and on trial run are treated as incidental expenditure during construction and capitalized.

1.4. DEPRECIATION

Depreciation is provided on Straight Line Method at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956. Premium paid for leasehold land is amortized over the lease period.

1.5. INTANGIBLES

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

1.6. IMPAIRMENT OF ASSETS

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

1.7. PROVISIONS AND CONTINGENCIES

The company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

1.8. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Weighted Average method. The cost of work in progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour, other direct cost and related production overheads.

Stores are written off in the year of purchase.

1.9. INVESTMENTS

Investments, which are long term in nature are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

1.10. EMPLOYEES BENEFIT

1.10.1 Short Term Employee Benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

1.10.2 Long Term Employee Benefits:

a. Provident Fund, Family pension Fund & Employees' State Insurance Scheme

As per the Employees Provident Funds and Miscellaneous Provisions Act, 1952 all employees of the company are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the company are covered under Employees' State Insurance Scheme Act 1948, which are also defined contribution schemes recognized and administrated by Government of India.

The company's contributions to these schemes are recognized as expense in profit and loss account during the period in which the employee renders the related service.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

The company has no further obligation under these plans beyond its monthly contributions.

b. Superannuation Plan:

Some employees of the company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the Profit and loss account.

c. Leave Encashment:

The company provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

d. Gratuity:

The company provides for gratuity obligations through a defined benefits retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in Profit and Loss Account as and when determined.

The company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

1.11. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet. Exchange rate differences resulting from foreign exchange transactions settled during the period including year-end translation of assets and liabilities are recognized in the Profit and loss account.

In case of forward exchange contracts or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of contract.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense for the period.

1.12. LEASES

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the profit and loss account.

1.13. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development is charged to the profits of the year in which it is incurred.

Capital expenditure on Research and Development is treated as Fixed Assets.

1.14. BORROWING COST

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset upto the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

1.15. INCOME TAX

a. Tax expenses comprise of current and deferred tax.

b. Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.

c. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

d. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

1.16. EMPLOYEE STOCK OPTION PLAN

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the company, is amortized on straight line basis over the vesting

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

2. **NOTES ON ACCOUNTS**

2.1 In the opinion of the Board, current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and provisions for all the known liabilities and depreciation are adequate and not in excess of the amount reasonably necessary.

2.2 The contingent liabilities not provided for:

2.2.1 Letter of Credit opened by the banks Rs.728.52 lakhs (Previous year Rs. 1213.67 lakhs).

2.2.2 Guarantee issued by the bank on behalf of the company Rs.1192.61 lakhs (Previous year Rs. 1339.10 lakhs)

2.2.3 Central Excise Demand / Show Cause Notices of Rs.349.79 lakhs (Previous year Rs. 55.30 lakhs).

2.2.4 Sales Tax Demand of Rs. 635.95 lakhs (Previous year Rs.6.99 lakhs) being disputed in appeal (against which the company has made pre-deposit of Rs.10.00 lakhs).

2.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.1221.51 lakhs (Previous year Rs. 261.36 lakhs).

2.4 The following disclosures are made for the amounts due to the Micro , Small and Medium Enterprises:

(Rs. in lakhs)

Particulars			Current Year	Previous Year
(a)	The principal amount and the interest due thereon remaining unpaid to suppliers			
	i	Principal	–	–
	ii	Interest due thereon	–	–
(b)	i	The delayed payments of Principal amount paid beyond the appointed date during the entire accounting year	–	–
	ii	Interest actually paid under Section 16 of the due thereon Micro, Small and Medium Enterprises Development Act, 2006	–	–
(c)	i	Normal interest accrued during the year, for all the delayed payments, as per the agreed terms.	–	–
	ii	Normal interest payable for the period of delay in making payment as per agreed terms.	–	–
(d)	i	Total interest accrued during the year	–	–
	ii	Total interest accrued during the year and remaining unpaid	–	–

The above information regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

2.5 Traveling expenses of field personnel include expenses on stationery and printing, conveyance, postage, miscellaneous expenses, etc.

2.6 Adjustment relating to previous year amounted to Rs. 1.96 lakhs (Net Debit) (Previous year Rs. 54.06 lakhs Net Credit). The same has been debited/credited under respective heads of accounts.

2.7 The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL) which was acquired by the company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of Rs. 461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of Rs. 591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the company furnishing security as per the orders. The company has already furnished the bank guarantee as security. As per the legal advice received by the company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

2.8 Details of Research & Development Expenditure incurred during the year at the following R&D Centers:

	THANE		ANKLESHWAR		PANOLI API		PANOLI FORMULATION & DEVELOPMENT	
	2010-11	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
Revenue Expenditure:								
Staff Cost	**336.14**	281.87	**2.98**	2.83	**5.94**	–	**50.64**	33.53
Power & Fuel	**40.30**	30.29	**–**	–	**–**	–	**–**	–
Traveling & Conveyance	**15.88**	11.41	**–**	–	**–**	–	**–**	–
R & D Raw Materials	**116.05**	187.76	**–**	–	**–**	–	**0.04**	2.18
Legal & Professional Fees	**–**	0.10	**–**	–	**–**	–	**–**	–
Product Registration & Other Fees	**6.49**	3.45	**–**	–	**–**	–	**–**	–
Clinical Trial & Bioequivalent Studies	**309.11**	219.12	**–**	–	**–**	–	**–**	–
Laboratory Expenses	**54.75**	33.40	**0.03**	0.41	**0.79**	0.10	**26.08**	23.87
Others	**59.26**	45.28	**0.25**	0.07	**0.08**	–	**3.26**	2.83
Fees	**–**	4.50	**–**	–	**–**	–	**–**	–
Repairs & Maintenance-Bldg.	**7.84**	0.01	**–**	–	**–**	–	**0.46**	–
Total Revenue Expenditure	**945.82**	817.19	**3.26**	3.31	**6.81**	0.10	**80.48**	62.41
Capital:								
Buildings	**–**	–	**–**	–	**–**	–	**–**	29.41
Plant & Machinery	**–**	–	**–**	–	**–**	–	**16.57**	–
Electrical Equipments	**–**	–	**–**	–	**–**	–	**–**	5.34
R & D Equipments	**20.00**	–	**–**	–	**–**	–	**–**	6.39
Laboratory Equipments	**17.66**	–	**–**	–	**–**	–	**37.07**	37.42
EDP Equipments	**0.84**	0.48	**–**	–	**–**	–	**0.24**	0.51
Office Equipments	**1.79**	–	**–**	–	**–**	–	**–**	0.50
Furniture & Fixtures	**–**	–	**–**	–	**–**	–	**–**	9.14
Air Conditioners	**0.95**	–	**–**	–	**–**	–	**5.05**	1.78
Total Capital Expenditure	**41.24**	0.48	**–**	–	**–**	–	**58.93**	90.49
TOTAL	**987.06**	817.67	**3.26**	3.31	**6.81**	0.10	**139.41**	152.90

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

2.9 The amount of excise duty disclosed as deduction from turnover is the Excise duty for the year, except the excise duty related to the difference between the closing stock and opening stock and excise duty paid but not recovered, which has been disclosed in the (increase)/decrease in stock and other expenses respectively. (Increase)/decrease in stocks include excise duty on finished goods (net) Rs..4.23 lakhs (Previous year Rs. 2.45 lakhs).

2.10 EMPLOYEE BENEFITS:

The disclosures as required as per the revised AS 15 are as under:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

(Rs in lakhs)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund & Family Pension Fund	**864.80**	639.17
Employer's Contribution to Superannuation Fund	**116.23**	107.52
Employer's Contribution to Employees' State Insurance Scheme	**22.18**	17.18

b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation:

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non-Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit obligation at the beginning of the year	**1,772.55**	1,512.60	**279.18**	190.68
Current Service Cost	**107.37**	93.31	**24.62**	57.78
Interest Cost	**142.61**	122.66	**22.45**	18.10
Actuarial (gain)/loss	**145.02**	90.43	**(68.85)**	42.51
Benefits Paid	**(194.66)**	(46.45)	**(46.37)**	(29.89)
Defined Benefit obligation at year end	**1,972.89**	1,772.55	**211.03**	**279.18**

Reconciliation of opening and closing balances of fair value of plan Assets:

(Rs. in lakhs)

Particulars	Gratuity (Funded)	
	Current Year	Previous Year
Fair value of plan assets at the beginning of the year	**691.46**	587.54
Expected return on plan assets	**63.13**	51.52
Actuarial gain/(loss)	**(14.58)**	19.17
Employer contribution	**194.94**	79.68
Benefits Paid	**(194.66)**	(46.45)
Fair value of plan assets at the end of the year	**740.29**	691.46

Actual Return on Plan Assets:

(Rs. in lakhs)

Particulars	Gratuity (Funded)	
	Current Year	Previous Year
Expected return on plan assets	63.12	51.52
Actuarial gain/(loss) on plan assets	(14.58)	19.17
Actual return on plan assets	48.54	70.69

Reconciliation of fair value of plan assets and benefit obligations:

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non-Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of assets as at March 31, 2011	**740.29**	691.46	**–**	–
Present value of obligation as at March 31, 2011	**1,972.89**	1,772.55	**211.03**	279.18
Amount recognised in balance sheet	**1,232.60**	1,081.09	**211.03**	279.18

Expense recognised during the year (Under the head "Personnel Cost" -Refer Schedule XIV):

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non-Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	**107.37**	93.31	**24.62**	57.78
Interest Cost	**142.61**	122.66	**22.45**	18.10
Expected return on Plan Assets	**(63.13)**	(51.52)	**–**	–
Actuarial (gain)/loss	**159.60**	71.27	**(68.85)**	42.51
Expense Recognised in profit and loss account	**346.45**	235.72	**(21.78)**	118.39

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

Investment details:

The company made annual contributions to the LIC of an amount advised by the LIC. The company was not informed by LIC of the Investments made or the break-down of plan assets by investment type.

Actuarial Assumptions:

Particulars	**Gratuity (Funded)**		**Leave (Non-Funded)**	
	Current Year	Previous Year	**Current Year**	Previous Year
Discount Rate (per annum)	**8.25%**	8.00%	**8.25%**	8.00%
Expected Rate of Return on Plan Assets (per annum)	**8.25%**	8.00%	**–**	–
Salary Escalation (per annum)	**4.00%**	4.00%	**4.00%**	4.00%

2.11 SEGMENT REPORTING:

The company has one segment of activity namely 'Pharmaceuticals'.

2.12 (i) Loans to employees includes an amount of Rs.15.18 lakhs (Previous year Rs. 4.92 lakhs) due from a director on account of a housing loan. The maximum amount due during the year Rs.29.08 lakhs (Previous year Rs. 9.96 lakhs).

(ii) Deposits given by the company include Rs. 4.02 lakhs (Previous year Rs. 4.02 lakhs) being security deposit of Rs. 1.34 lakhs each given to Jyotindra Mody Holdings Pvt. Ltd., Dinesh Mody Securities Pvt. Ltd. and Shirish B. Mody Investments Pvt. Ltd.

(iii) The interest on fixed loans include Rs. 4.50 lakhs (Previous year Rs. 2.33 lakhs) credited to account of managing director on fixed deposit placed by him.

2.13 RELATED PARTY DISCLOSURE

Related party disclosure as required by AS – 18, 'Related Party Disclosures' notified by the Companies (Accounting Standard) Rules, 2006 are given below:

Names and Relationships of the Related Parties:

i) Subsidiary Companies:

a. J. B. Life Science Overseas Ltd. (upto 30-03-11)
b. OOO Unique Pharmaceutical Laboratories
c. J.B. Healthcare Pvt. Ltd.
d. Unique Pharmaceutical Laboratories S.R.L.
e. J.B. Chemicals & Pharmaceuticals Pvt. Ltd.

ii) Associate Concerns / Trusts / Companies / Joint Venture

a. Mody Trading Company
b. Mody Brothers
c. Jyotindra Family Trust
d. Dinesh Family Trust
e. Shirish Family Trust
f. Biotech Laboratories (Pty) Ltd.
g. J.B. SEZ Pvt. Ltd.
h. Jyotindra Mody Holdings Pvt. Ltd.
i. Ansuya Mody Securities Pvt. Ltd.
j. Dinesh Mody Securities Pvt. Ltd.
k. Shirish B Mody Investments Pvt. Ltd.
l. Bharati S Mody Investments Pvt. Ltd.
m. Synit Drugs Pvt. Ltd.
n. Unique Pharmaceutical Laboratories Ltd.
o. Ifiunik Pharmaceuticals Ltd.
p. Namplas Chemicals Pvt. Ltd.
q. Raptim Research Ltd.
r. Gemma Jewellery Pvt. Ltd.
s. Lekar Pharma Ltd.
t. J. B. Life Science Overseas Ltd. (from 31-03-11)

iii) Key Management Personnel:

a. Shri Jyotindra B. Mody
b. Shri Dinesh B. Mody
c. Shri Shirish B. Mody

iv) Relative of Key Management Personnel:

a. Mr. Pranabh D. Mody
b. Mrs. Ansuya J. Mody
c. Mrs. Kumud D. Mody
d. Mrs. Bharati S. Mody
e. Mrs. Pallavi B. Mehta
f. Mrs. Purvi U. Asher
g. Mrs. Priti R. Shah
h. Mrs. Deepali A. Jasani
i. Mr. Nirav S. Mody
j. Mrs. K.V. Gosalia
k. Mrs. N. R. Mehta
l. D. B. Mody – HUF
m. S. B. Mody – HUF

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

Transactions with the related parties during the year :

(Rs. in lakhs)

Transaction with Related Parties	Subsidiary Companies	Associated Concern / Trust/ Joint Venture	Key Management Personnel	Relative of Key Management Personnel
Income:				
Sale of Material / Goods / Others	**21,504.01**	**1,536.70**	**–**	**–**
	(19,512.20)	(1,643.93)	(–)	(–)
Miscellaneous Income	**–**	**11.98**	**–**	**–**
	(–)	(30.39)	(–)	(–)
Interest Income	**1.54**	**–**	**–**	**–**
	(5.65)	(–)	(–)	(–)
Expenditure:				
Purchases	**–**	**3,027.60**	**–**	**–**
	(–)	(2,661.18)	(–)	(–)
Processing Charges	**–**	**125.22**	**–**	**–**
	(–)	(106.67)	(–)	(–)
Equity Contribution	**11.80**	**–**	**–**	**–**
	(8.54)	(–)	(–)	(–)
Loan to Subsidiary	**11.25**	**–**	**–**	**–**
	(262.45)	(–)	(–)	(–)
Bio-Equivalence Study	**–**	**98.17**	**–**	**–**
	(–)	(18.31)	(–)	(–)
Selling Commission	**–**	**–**	**–**	**–**
	(–)	(8.65)	(–)	(–)
Rent	**–**	**227.83**	**–**	**59.97**
	(–)	(207.72)	(20.29)	(54.60)
Royalty	**–**	**614.30**	**–**	**–**
	(–)	(210.15)	(–)	(–)
Remuneration	**–**	**–**	**1,243.92**	**185.57**
	(–)	(–)	(1,064.40)	(158.53)
Interest on deposits	**–**	**185.29**	***9.65**	**121.36**
	(–)	**(179.45)**	**(6.99)**	**(99.08)**
Advance for Purchase of Land	**–**	**420.59**	**–**	**–**
	(–)	(–)	(–)	(–)
Purchase of Intellectual Property	**–**	**1.05**	**–**	**–**
	(–)	(–)	(–)	(–)
Sale of Investment	**–**	**0.72**	**–**	**–**
	(–)	(–)	(–)	(–)
O/S Payables as on March 31, 2011	**–**	**2,198.90**	***550.52**	**1,288.16**
	(–)	(1,913.94)	(459.87)	(1,050.54)
O/S Receivables as on March 31, 2011	**17,326.20**	**581.77**	**–**	**25.28**
	(21,567.43)	(784.73)	(–)	(25.28)

*The outstanding payables include deposit of Rs. 96.00 lakhs (Previous year Rs. 66.00 lakhs) placed under fixed deposit scheme of the company. The interest on these deposits is credited at the rate fixed under the fixed deposit scheme. The outstanding payable also includes an interest free advance of Rs. 1.50 lakhs (Previous year Rs. 1.50 lakhs) received.

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

2.14 The company has taken on operating lease certain assets. The total lease rent paid on the same amounting to Rs.569.43 lakhs (Previous year Rs. 486.95 lakhs) is included under the head compensation rent and rates and taxes. The minimum future lease rentals payable in respect thereof are as follows:

(Rs. in lakhs)

Particulars	Current Year	Previous Year
Not later than one year	**472.76**	385.46
Later than one year but not later than five years	**85.78**	457.83
Later than five years	**–**	–

2.15 EARNING PER SHARE:

Earning Per Share (EPS) is Calculated in accordance with Accounting Standard – 20 (AS-20) as under:

Particulars	Current Year	Previous Year
Net Profit attributable to Equity Shareholders (Rs. in lakhs)	**11,819.46**	10,099.73
Weighted Average No. of Equity shares (Nos.)		
Basic	**8,44,25,657**	8,43,26,350
Effect of Dilutive equity shares equivalent:		
Stock Options outstanding	**2,28,282**	–
Diluted	**8,46,53,939**	8,43,26,350
Nominal value of equity shares (Rs.)	**2.00**	2.00
Earning per share (Rs.)		
Basic	**14.00**	11.98
Diluted	**13.96**	11.98

2.16 The break-up of deferred tax assets and liabilities into major components of the year end is as follows:

(Rs. in lakhs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Retirement Benefits	**302.68**	332.52
Special provisions consequential to changes in the rate of exchange of currency (Sec. 43A)	**31.95**	70.55
Others	**120.63**	97.61
	455.26	500.68
Deferred Tax Liability:		
Depreciation	**1,354.50**	1,361.02
Timing Difference of Tax Holiday Units	**544.38**	563.65
	1,898.88	1,924.67
Net Deferred Tax Liabilities	**1,443.62**	1,423.99

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

2.17 FINANCIAL AND DERIVATIVE INSTRUMENTS:

a) Derivative Instruments:

The company has entered into forward contract to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian rupee. The counter party to such forward contract is a bank. These contracts are entered in to hedge the foreign currency risks. Details of forward contracts outstanding as at the year end:

Currency	**Exposure to buy/ sell**	**Current Year**		Previous Year	
		Foreign Currency	**(Rs. in lakhs)**	Foreign Currency	(Rs. in lakhs)
USD	Sell	**81,000,000**	**38,402.53**	106,500,000	47,818.50

b) Foreign currency exposure at the year end not hedged by derivative instruments:

Particulars	**Current Year**		Previous Year	
	Foreign Currency	**(Rs. in lakhs)**	Foreign Currency	(Rs. in lakhs)
Receivable against export of goods:				
Euro	**557,652.29**	**353.44**	670,171.60	405.72
AUD	**480,255.19**	**221.49**	5,548.24	2.29
STG	**6,033.60**	**4.33**	121,662.30	82.79
Payable against Secured Loans:				
US Dollars	**26,833,334.00**	**11,962.30**	20,816,667.00	9,346.68
Payable against Import of goods & services :				
US Dollars	**2,828,550.07**	**1,260.97**	1,736,276.54	779.59
Euro	**–**	**–**	5,492.59	3.33
AUD	**23,963.91**	**11.05**	–	–

2.18 A. Break-up of Managerial Remuneration:

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
Paid to Managing Director and Whole time Directors:		
Salaries	**964.55**	810.31
Contribution to Funds	**124.83**	107.81
Value of Perquisites	**32.41**	48.35
Commission	**435.00**	384.00
Total	**1,556.79**	1,350.47

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

B. Computation of Net Profit u/s 198 of the Companies Act, 1956 & commission payable to Managing Director & Whole time directors:

(Rs. in lakhs)

Profit Before Tax		**14,105.34**
Add: Directors Remuneration	**1,121.79**	
Provision for commission payable to the directors	**435.00**	
Directors Fees	**8.64**	
Loss on sale of investment	**8.25**	**1,573.68**
		15679.02
Less: Profit on sale of investments	**12.89**	
Profit on sale of trademark	**0.83**	
Reversal of provision for diminution in value of investment	**49.05**	**62.77**
Total		**15,616.25**
Maximum remuneration restricted to 10%		**1,561.63**
Less: Salary paid to executive directors		**1,121.79**
Total amount available for payment as commission		**439.84**
Commission payable to Managing Director & two Whole time directors @ 0.94%		**435.00**
Rate of commission (%) (total)		**2.82**

2.19 Loans and advances in the nature of loans given to subsidiaries :

(Rs. in lakhs)

Name of the Company	Nature of Relation	Nature of Transaction	As at March 31, 2011	Maximum Balance during the year
J. B. Healthcare Pvt. Ltd.	Subsidiary	Advance	65.49	65.49
J. B. Chemicals & Pharmaceuticals Pvt. Ltd.	Subsidiary	Loan	11.25	11.25

2.20 The Ministry of Corporate affairs, Government of India, vide General Circular No. 2 and 3 dated 08-02-2011 and 21-02-2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

2.21 The Ministry of Corporate affairs, Government of India, vide its General Notification No. S.O. 301(E) dated 08-02-2011 issued under Section 211(3) of the Companies Act, 1956, has exempted certain classes of companies from disclosing certain information in their profit

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

and loss account. The Company being an export oriented company is entitled to the exemption. Accordingly, disclosures mandated by paragraph 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided.

2.22 Additional Information pursuant to the provisions of paragraph 3, 4C & 4D of part II of Schedule VI

(a.) Installed capacity & production for the year ended 31st March, 2011:

(Figures in 000's)

Class of Goods	Units	**Installed	*Production	Captive Use	Net Production
Bulk Drugs	Kgs.	**3,259.00**	**1,138.50**	**769.85**	**368.66**
		(3,259.00)	(966.52)	(694.92)	(271.61)
Ointments	Kgs.	**492.00**	**373.58**	–	**373.58**
		(492.00)	(279.64)	–	(279.64)
Liquids	Ltrs.	**3,210.00**	**1,809.54**	–	**1,809.54**
		(3,210.00)	(1,823.16)	–	(1,823.16)
Cartridges	Nos.	**10,000.00**	–	–	–
		(10,000.00)	–	–	–
Capsules	Nos	**370,000.00**	**60,907.15**	–	**60,907.15**
		(370,000.00)	(65,354.54)	–	(65,354.54)
Tablets	Nos.	**3,940,000.00**	**4,664,264.29**	–	**4,664,264.29**
		(3,940,000.00)	(3,646,239.74)	–	(3,646,239.74)
Powder	Kgs.	**150.59**	**213.42**	–	**213.42**
		(150.59)	(206.90)	–	(206.90)
Injections/Vials	Nos.	**182,563.00**	**108,026.43**	–	**108,026.43**
		(182,563.00)	(90,605.61)	–	(90,605.61)

* Includes goods manufactured on loan licence basis by third parties on our behalf and excludes goods manufactured on behalf of third parties.

** Installed capacity is as per the certificate issued by the Executive Director (Technical & Production), not verified by the Auditor being a technical matter.

(b.) Value of consumption of directly imported and indigenously obtained raw materials & the percentage of each to the total

Sr. No	Particulars	Rs. in lakhs	Percentage %
1	Directly Imported	**2,017.94**	**15.57**
		(1,758.68)	(11.65)
2	Indigenously obtained	**10,942.65**	**84.43**
		(8,485.94)	(88.35)
	Total	**12,960.59**	**100.00**
		(10,244.62)	(100.00)

(c.) Value of Direct Imports (C. I. F. Value):

Sr. No	Particulars	Rs. in lakhs
1	Raw Materials & Packing Materials	**4,646.88**
		(2,292.78)
2	Component Stores & Spare parts	**38.64**
		(45.78)
3	Capital	**1,119.09**
		(288.24)
4	Others	**39.43**
		(–)

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2011

	Total	**5,844.05** (2,626.79)

(d.) Earnings in Foreign Exchange:

Sr. No	Particulars	Rs. in lakhs
1	Export of Goods (At F.O.B.)	**48,880.87** (41,895.83)
2	Other Receipts	**41.91** (28.90)

(e.) Expenditure in Foreign Currency:

Sr. No	Particulars	Rs. in lakhs
1	Travelling	**201.14** (185.99)
2	Interest	**63.25** (72.87)
3	Legal & Professional Fees	**66.01** (67.21)
4	Other Expenditure	**16,536.87** (14,153.56)

(f.) Amount remitted in foreign currencies on account of dividend.

Number of Non-Resident Shareholders	4 (4)
Dividend 2009-10	9.89 (4.95)
Number of Shares	494573

Dividend to Remaining 355 Non-Resident Shareholders is paid in India.

2.23 Figures of previous year have been re-grouped, re-arranged and recast, wherever considered necessary.

2.24 Figures in brackets indicate corresponding figures of the previous year.

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

BALANCE SHEET ABSTRACT

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

Balance Sheet Abstract and Company's General Business Profile

(Rs. in lakhs)

I	**Registration Details**			
	Registration No.	19380	State Code	11
	Balance Sheet Date	31.03.2011		
II	**Capital raised during the year**			
	Public issue	Nil	Right Issue	Nil
	Bonus issue	Nil	Private Placement	Nil
	Employee Stock Options	3.81		
III	**Position of Mobilisation and Deployment of Funds**			
	Total Liabilities	1,00,726.74*	Total Assets	1,00,726.74
	* Including deferred tax liability of Rs.1,443.62			
	Sources of Funds			
	Paid-up capital	1,690.34	Reserves & Surplus	69,637.93
	Secured Loans	12,750.73	Unsecured Loans	4,105.59
	Deferred Tax Liability	1,443.62		
	Application of Funds			
	Net Fixed Assets	22,894.44	Investments	12,328.84
	Net Current Assets	54,404.93	Misc.expenditure	Nil
	Accumulated Losses	Nil		
IV	**Performance of company**			
	Turnover	78,757.94	Total Expenditure	67,152.00
	Profit Before Tax	14,105.34	Profit After Tax	11,819.46
	Earning Per Share (Basic) (Rs.)	14.00	Dividend	Rs. 2/- per share
V	**Generic names of three principal products of company (as per monetary terms)**			
	Item Code (ITC code)	300490.22	Product Description	Metronidazole Preparation
	Item Code (ITC code)	300390.01	Product Description	Ayurvedic Preparation
	Item Code (ITC code)	300490.42	Product Description	Ranitidine Preparation

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF J.B. CHEMICALS & PHARMACEUTICALS LTD., ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

1. We have audited the attached consolidated balance sheet of J.B. Chemicals & Pharmaceuticals Ltd ("the Company"), its subsidiaries, associates and joint venture (collectively referred as "JBCPL Group") as at 31st March, 2011 and also related consolidated profit and loss account and consolidated cash flow statement for the year then ended on that date annexed thereto. These consolidated financial statements are the responsibility of the JBCPL Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. We did not audit the financial statements of certain Subsidiaries and a Joint venture whose financial statements reflect Group's share of total assets of Rs. 28,532.84 lakhs as at 31st March 2011, Group's share of total Revenue of Rs. 30,460.32 lakhs and net cash outflows amounting to Rs. 331.74 lakhs for the year ended on that date as considered in consolidated financial statements. We have relied upon unaudited financial statement as provided by the management of the above said Subsidiaries and Joint Venture entity for the purpose of our examination of consolidated financial statements.

4. We report that the consolidated financial statements have been prepared by the JBCPL Group's management in accordance with the requirements of Accounting Standard notified by Companies (Accounting Standard) Rule, 2006 viz. Accounting Standard 21 'Consolidated Financial Statements', Accounting Standard 23 'Investment in Associates' and Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' in Consolidated Financial Statements, the Accounting Standard Interpretations and amendments thereto, to the extent applicable for the year ended 31st March, 2011 and on the basis of the individual financial statements of J. B. Chemicals & Pharmaceuticals Ltd., its subsidiaries, associates and joint venture included in the aforesaid consolidation.

5. Subject to para 3 above and on the consideration of other financial information of the components, and to the best of our information and according to explanation given to us, we are of the opinion that the attached consolidated financial statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In case of the Consolidated Balance Sheet, of the State of Affairs of the JBCPL Group as at 31st March 2011;

b. In the case of the Consolidated Profit and Loss Account, of the Profit of the JBCPL Group for the year ended on that date; and

c. In the case of the Consolidated Cash Flow Statement, of the Cash Flow of the JBCPL Group for the year ended on that date.

For **J. K. SHAH & Co.**
Chartered Accountants
Firm Registration No: 109606W

J. K. SHAH
Partner
Membership No. 3662

Place: Mumbai
Date: May 23, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Schedule	Current Year		Previous Year	
SOURCES OF FUNDS :					
Shareholders' Funds					
Share Capital	I	**1,690.34**		1,686.53	
Reserves and Surplus	II	**67,463.91**		55,125.22	
			69,154.25		56,811.75
Loan Funds					
Secured Loans	III	**12,750.73**		9,849.14	
Unsecured Loans	IV	**4,155.20**		3,828.82	
			16,905.93		13,677.96
Deferred Tax Liability (Net)					
Deferred Tax Liability			**1,440.24**		1,426.92
Share of Joint Venture			**186.67**		158.53
Total			**87,687.09**		72,075.16
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block		**42,024.63**		38,666.82	
Less : Depreciation/Amortisation		**16,185.15**		13,989.24	
Net Block	V	**25,839.48**		24,677.58	
Realisable value of Impaired Assets		**8.02**		8.02	
Capital Work-In-Progress		**366.88**		–	
			26,214.38		24,685.60
Investments	VI		**8,498.27**		2,427.29
Current Assets, Loans and Advances	VII				
Inventories		**11,167.01**		8,347.15	
Sundry Debtors		**34,558.25**		34,482.38	
Cash and Bank Balances		**12,688.57**		7,786.19	
Loans and Advances		**6,811.48**		5,968.19	
		65,225.31		56,583.91	
Less : Current Liabilities and Provisions	VIII				
Current Liabilities		**8,825.97**		8,280.99	
Provisions		**3,424.90**		3,340.65	
		12,250.87		11,621.64	
Net Current Assets			**52,974.44**		44,962.27
Total			**87,687.09**		72,075.16
Significant Accounting Policies and Notes on Accounts	XVII				

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

Particulars	Schedule	Current Year		Previous Year	
INCOME :					
Sales (Gross) (Including Exchange Difference)		**84,163.37**		72,257.47	
Less: Excise Duty		**615.85**		584.79	
Add: Share of Joint Venture		**3,620.57**		2,424.79	
Sales (Net)			**87,168.09**		74,097.47
Other Operating Income	IX		**1,912.61**		1,590.92
Other Income	X		**614.63**		1,421.38
Total			**89,695.33**		77,109.77
EXPENDITURE :					
(Increase)/decrease in stock in trade	XI	**(1,286.13)**		(321.94)	
Consumption of raw and packing materials	XII	**20,900.33**		16,126.49	
Purchase of traded goods	XIII	**7,782.99**		7,753.01	
Employees cost	XIV	**12,493.30**		10,521.40	
Operating and Other Expenses	XV	**29,942.61**		24,910.14	
Interest and Finance charges	XVI	**1,049.46**		1,156.54	
Depreciation / Amortisation	V	**2,278.78**		2,156.86	
Total			**73,161.34**		62,302.50
Profit Before Taxation			**16,533.99**		14,807.27
Less : Taxation					
Current Tax		**3,256.09**		2,826.71	
Earlier years' Income Tax		**(97.38)**		(151.79)	
Deferred Tax		**(17.09)**		247.09	
Wealth Tax		**10.00**		10.00	
MAT Credit		**(550.00)**		–	
Profit After Taxation			**13,932.37**		11,875.26
Add : Balance brought forward from earlier years			**11,057.61**		2,159.94
Available for Appropriation			**24,989.98**		14,035.20
Appropriation:					
Proposed Dividend		**1,691.78**		1,687.38	
Tax on Proposed Dividend		**274.45**		280.24	
General Reserve		**1,181.95**		1,009.97	
			3,148.18		2,977.59
Balance carried forward to Balance Sheet			**21,841.80**		11,057.61
			24,989.98		14,035.20
Earning Per Share (Rs.)					
Basic EPS			**16.50**		14.08
Diluted EPS			**16.46**		14.08
Significant Accounting Policies and Notes on Accounts	XVII				

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

	Particulars	Current Year		Previous Year	
A.	**Cash Flow from Operating Activities**				
	Net Profit before Tax and Extraordinary items		**16,533.99**		14,807.27
	Adjustment For:				
	Depreciation	**2,278.78**		2,156.86	
	Foreign Exchange (Net)	**(1,101.91)**		(898.61)	
	Interest Paid	**1,049.46**		1,156.54	
	(Profit)/ Loss on Sale/Discard of Assets	**29.87**		23.69	
	(Profit)/ Loss on Sale of Investments (Net)	**(11.12)**		91.94	
	(Profit)/ Loss on Divestment of subsidiary	**(0.16)**		–	
	Bad Debt	**15.26**		131.75	
	Interest Received	**(315.87)**		(176.39)	
	Dividend Received	**(240.82)**		(26.35)	
	Reversal of Deferred Employee Compensation	**(11.05)**		(0.42)	
	Provision for Diminution in value of Investment	**(41.86)**	**1,650.58**	41.86	2,500.87
	Operating Profit Before Working Capital Changes		**18,184.57**		17,308.14
	Adjustment For:				
	Trade And Other Receivables	**678.71**		(4,139.03)	
	Inventories	**(2,819.87)**		(269.74)	
	Trade Payable	**554.27**	**(1,586.89)**	2,131.28	(2,277.48)
	Cash Generated From Operations		**16,597.68**		15,030.65
	Direct Taxes Paid (Net)		**(3,215.39)**		(2,833.31)
	Net Cash from Operating Activities		**13,382.29**		12,197.34
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	**(3,435.82)**		(1,263.17)	
	Sale/Discard of Fixed Assets	**16.61**		31.47	
	Purchase of Investment	**(45,786.70)**		(2,076.01)	
	Sale of Investments	**39,768.70**		263.76	
	Divestment of Investment in Subsidiary	**0.16**		–	
	Interest Received	**250.56**		71.29	
	Dividend Received	**240.82**		26.35	
	Net Cash used in Investing Activities		**(8,945.67)**		(2,946.31)
C.	**Cash Flow from Financing Activities**				
	Proceeds from issue of Shares under ESOP (including Securities Premium)	**148.95**		–	
	Proceeds from Short term Borrowings (Net)	**4,768.50**		(1,973.90)	
	Proceeds from Long term Borrowings (Net)	**(1,431.35)**		(1690.67)	
	Interest Paid	**(1,054.94)**		(1,201.16)	
	Dividend Paid (Including Dividend Tax)	**(1,965.40)**		(983.65)	
	Net Cash Used in Financing Activities		**465.76**		(5,849.38)
	Net Increase in Cash and Cash Equivalents		**4,902.38**		3,401.65
	Cash And Cash Equivalents as at 01.04.10	**7,786.19**		4,384.54	
	Cash And Cash Equivalents as at 31.03.11	**12,688.57**	**4,902.38**	7,786.19	3,401.65

Notes :

1) The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".
2) Balance with banks include Rs. 181.00 lakhs (Previous year Rs. Nil) being deposits under lien.
3) Previous year's figures are re-grouped/re-classified wherever necessary in order to conform to current year's groupings and classifications.

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

D. B. Mody
Whole time Director (Administration)

S. B. Mody
Whole time Director (Marketing)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-I		
SHARE CAPITAL		
Authorised :		
10,00,00,000 (Previous year 10,00,00,000) Equity Shares of Rs.2/- each		
	2,000.00	2,000.00
Issued, Subscribed and paid up :		
8,45,16,825 (Previous year 8,43,26,350) Equity Shares of Rs. 2/- each fully paid	**1,690.34**	1,686.53
of the above		
a) 1,55,34,000 Equity Shares of Rs. 2/- each have been issued for consideration other than cash.		
b) 4,64,02,500 Equity Shares of Rs. 2/- each were allotted as fully paid up bonus shares by capitalization of Securities Premium, General Reserve and Export Profit Reserve.		
c) 3,21,825 (Previous year 1,31,350) Equity Shares of Rs. 2/- each have been issued pursuant to Employees Stock Options Scheme.		
	1,690.34	1,686.53
SCHEDULE-II		
RESERVES AND SURPLUS		
Capital Reserve (Reserves transferred from amalgamating company)		
Investment Allowance Reserve (utilised)	**34.86**	34.86
Capital Reserve	**63.53**	63.53
Cash Subsidy	**1.98**	1.98
	100.37	100.37
Capital Reserve	**4.21**	4.21
Cash Subsidy	**85.66**	85.66
Contingency Reserve	**520.00**	520.00
Securities Premium	**5,397.96**	5,252.82
Revaluation Reserve (Net of Deferred Tax)	**780.99**	421.31
General Reserve		
As per last Balance Sheet	**37,817.18**	36,807.21
Add: Transfer from Profit & Loss A/c	**1,181.95**	1,009.97
	38,999.13	37,817.18
Balance in Profit and Loss Account	**21,841.80**	11,057.61
Foreign Currency Translation Reserve	**(299.04)**	(177.82)
Employee Stock Option		
Employee Stock Options Outstanding	**32.83**	43.88
Less : Deferred Emplolyee Compensation	–	–
	32.83	43.88
	67,463.91	55,125.22

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-III		
SECURED LOANS		
(A) Term Loan From Banks		
Long Term Foreign Currency Loan		
External Commercial Borrowing	**1,486.00**	2,993.33
Rupee Loan		
Vehicle Loan	**65.31**	–
(B) Working Capital Borrowings - From Banks		
Foreign Currency Loans	**10,476.30**	6,353.35
Rupee Loans	**723.12**	502.46
Notes :		
1) The External Commercial Borrowing is secured by exclusive charge by way of hypothecation of company's movable fixed assets (including movable plant and machinery both present and future) at new plant at Plot No. 4, GIDC Phase IV, Panoli, Gujarat.		
2) Vehicle Loans are secured by hypothecation of vehicles.		
3) Working capital borrowings from the banks are secured by first charge on pari passu basis by way of hypothecation of company's current assets both present and future and by way of joint equitable mortgage of company's immovable properties situated at Thane and Belapur in the State of Maharashtra, Ankleshwar & Panoli (Except for movable fixed assets exclusively hypothecated towards External Commercial Borrowing) in the State of Gujarat and Daman in the Union Territory of Daman.		
4) Term loan installments falling due within one year Rs.1,497.27 (Previous year Rs.1,507.33).		
	12,750.73	9,849.14

Particulars	Current Year	Previous Year
SCHEDULE-IV		
UNSECURED LOANS		
Directors	**1.50**	1.50
Fixed Deposit from Public & Shareholders	**1,895.97**	1,649.71
[Includes Rs.302.16 (Previous year Rs.178.16) received from Directors]		
(Due within one year Rs.803.40, Previous year Rs.377.77)		
Deposit from Distributors / Customers	**255.95**	275.25
Inter Corporate Deposits	**1,919.50**	1,781.50
Sales Tax Deferral	**32.67**	65.35
(Due within one year Rs.16.34, Previous year Rs.16.34)		
Share of Joint Venture	**49.61**	55.51
	4,155.20	3,828.82

SCHEDULE V
FIXED ASSETS

Sr. No	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Additions during the year	Deductions/ Adjustment	**As at 31.03.2011**	As at 01.04.2010	For the year	On Deductions/ Adjustment	**As at 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
A)	**Tangible :**										
1	Land (Freehold)	59.34	–	–	**59.34**	–	–	–	–	**59.34**	59.34
2	Land (Leasehold)	409.57	–	–	**409.57**	61.05	3.84	–	**64.89**	**344.68**	348.52
3	Factory Buildings	9,247.16	83.04	–	**9,330.20**	2,062.12	310.63	–	**2,372.75**	**6,957.45**	7,185.04
4	Buildings (Note 1)	672.01	–	–	**672.01**	121.90	10.95	–	**132.85**	**539.16**	550.11
5	Plant & Machinery	19,305.65	2,169.61	–	**21,475.26**	8,868.02	1,322.13	–	**10,190.15**	**11,285.11**	10,437.63
6	Office Equipments	1,482.14	97.53	2.00	**1,577.67**	867.99	145.30	0.99	**1,012.30**	**565.37**	614.15
7	Furniture & Fixtures	1,032.58	21.91	–	**1,054.49**	512.85	54.65	–	**567.50**	**486.99**	519.73
8	Airconditioners	1,633.26	146.15	–	**1,779.41**	671.83	133.28	–	**805.11**	**974.30**	961.43
9	Vehicles	1,564.90	479.89	122.98	**1,921.81**	570.61	164.71	78.37	**656.95**	**1,264.86**	994.29
10	Leasehold Improvements	25.75	16.81	2.59	**39.97**	4.50	7.86	1.73	**10.63**	**29.34**	21.25
B)	**Intangible :**										
1	Acquired Software	374.94	33.59	–	**408.53**	239.32	122.32	–	**361.64**	**46.89**	135.62
2	Goodwill	1,690.23	–	–	**1,690.23**	–	–	–	–	**1,690.23**	1,690.23
3	Trade Marks	–	3.67	–	**3.67**	–	0.06	–	**0.06**	**3.61**	–
C)	**Share of Joint Venture**	1,169.29	434.96	1.78	**1,602.47**	9.05	3.05	1.78	**10.32**	**1,592.15**	1,160.24
	Current Year's Total	38,666.82	3,487.16	129.35	**42,024.63**	13,989.24	2,278.78	82.87	**16,185.15**	**25,839.48**	24,677.58
	Previous Year's Total	36,656.80	2,218.47	208.45	38,666.82	11,985.67	2,156.86	153.29	13,989.24	24,677.58	24,671.13

Notes :
1) Value of buildings includes a sum of Rs.3000/- being the cost of shares in the societies.
2) No depreciation has been claimed on assets to the extent of CENVAT claimed.

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-VI		
INVESTMENTS		
Long Term (At Cost, Unless otherwise stated) :		
i) In Government Securities :		
National Saving Certificates	**0.66**	0.66
(Pledged with Government Authorities)		
ii) In Fully Paid Equity Shares :		
Quoted - Trade :		
25,000 (Previous year 25,000) Ordinary Shares of Spectrum Pharmaceuticals Inc. of US $ 0.001 each (Market Value Rs.99.08, Previous year Rs.51.74)	**93.60**	93.60
Unquoted - Trade :		
5,866 (Previous year 5,866) Equity Shares of Rs.10/- each of Bharuch Enviro Infrastructure Ltd.	**0.59**	0.59
6,12,032 (Previous year 6,12,032) Equity Shares of Rs.10/- each of Narmada Clean Tech Ltd. (Formerly known as Bharuch Eco-aqua Infrastructure Ltd.)	**61.20**	61.20
Unquoted - Non Trade :		
In Associate Company :		
48,036 (Previous year Nil) Equity Shares of Rs 10/- each of J B Life Science Overseas Ltd (Refer Note below)	**0.38**	–
Others :		
20,000 (Previous year 20,000) Equity Shares of Enviro Technology Ltd. of Rs.10/- each	**2.00**	2.00
60,000 (Previous year 60,000) Equity Shares of Panoli Enviro Technology Ltd. of Rs.10/- each	**6.00**	6.00
20,00,000 (Previous year 20,00,000) Equity Shares of Rs.10/- each of Asian Heart Institute & Research Centre Pvt. Ltd.	**200.00**	200.00
2,40,000 (Previous year 2,40,000) Equity Shares of Rs.10/- each of Raptim Research Ltd.	**24.00**	24.00
50,000 (Previous year Nil) Equity Shares of Rs.10/- each of Ankleshwar Research & Analytical Infrastructure Ltd.	**5.00**	5.00
iii) In Fully Paid Bonds / Mutual Fund Units / Others :		
Unquoted :		
126 (Previous year 126) Units of Rs.10/- each of Unit Trust of India	**0.01**	0.01
2,000 (Previous year 2,000) Bonds of Rural Electrification Corporation of Rs.10/- each	**0.20**	0.20
3,90,00,000 (Previous year Nil) Units of Rs.10 each of DSP Black Rock FMP 3M Series 27 Growth Maturity Date 07.04.2011	**3,900.00**	–
2,80,16,688 (Previous year Nil) Units of Rs.10 each of DSP Black Rock FMP 3M Series 28 Growth Maturity Date 20.04.2011	**2,801.67**	–
66,92,829.029 (Previous year Nil) Units of Rs.10.4740 each of P1304 ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Cumulative	**701.01**	–
56,92,410 (Previous year Nil) Units of Rs.12.3313 each of P1073 ICICI Prudential Interval Fund II Quarterly Interval Plan B Retail	**701.95**	–
Nil (Previous year 85,85,204.43) Units of Rs.10.0315 each of HDFC Cash Management Fund-Treasury Advantage Plan - Retail - Daily Dividend Option	**–**	861.22
Nil (Previous year 11,48,785.38) Units of Rs.105.7350 each of ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment	**–**	1,214.67
Membership Interest in Neo JB LLC	**–**	9.13
	8,498.27	2,478.28
Less : Provision for diminution in value of investments	**–**	50.99
	8,498.27	2,427.29
Aggregate value of Investments : (Net of provision for diminution)		
Quoted	**93.60**	51.74
Unquoted	**8,404.67**	2,375.55
	8,498.27	2,427.29
Aggregate market value of quoted investments	**99.08**	51.74

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Notes :

1. During the year J. B. Lifescience Overseas Ltd. has ceased to be the Subsidiary of the company.
2. Investments acquired and redeemed during the year:

Particulars	Face Value (Rs.)	Units (Nos. in lakhs)
HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Daily Dividend Option	10	1,131.92
ICICI Prudential Flexible Income Plan Premium-Daily Dividend Reinvestment	100	47.78
HDFC FMP 100D September 2010(4)	10	100.07
DSP Black Rock FMP-3M-Series-21	10	50.04
DSP Black Rock Money Manager Fund	1,000	7.30
HDFC High Interest Fund Short Term Plan-Div Reinvestment	10	554.49
ICICI Prudential MF Long Term Floating Rate Plan	10	143.66

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-VII		
CURRENT ASSETS, LOANS AND ADVANCES		
a) Inventories		
(As taken valued and certified by the Managing Director)		
Raw Material	**2,202.12**	1,357.47
Packing Material	**1,238.46**	1,089.43
Work in process	**708.32**	745.21
Finished Goods (Stock in Transit Rs.11.00, Previous year Rs.51.90)	**6,132.69**	4,524.85
Fuel	**13.28**	14.97
Share of Joint Venture (Net of Provision for Stock of Rs. Nil, Previous year Rs.25.19)	**872.14**	615.22
	11,167.01	8,347.15
b) Sundry Debtors		
(Unsecured, considered good unless stated otherwise)		
Debts outstanding for the period exceeding six months	**12,643.80**	17,279.77
Others	**21,222.79**	17,020.23
	33,866.59	34,300.00
Share of Joint Venture (Net of Provision for Doubtful Debts of Rs. Nil, Previous year Rs.8.17)	**691.66**	182.38
	34,558.25	34,482.38
c) Cash and Bank Balances		
i) Cash on Hand	**22.49**	16.53
ii) Balances with Scheduled Banks		
-In Current Accounts	**3,995.29**	5,263.61
(Including unclaimed dividend Rs.47.99, Previous year Rs.45.77)		
-In Fixed Deposit	**7,780.27**	1,362.77
(Under lien Rs.181.00, Previous year Rs. Nil)		
Remittances in Transit	**258.96**	209.09
	12,034.52	6,835.47

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
iii) Balances with Non-Scheduled Banks in Current Account		
a) JSC VTB Bank, Moscow		
(Maximum balance outstanding during the year Rs.334.09, Previous year Rs. 636.89)	**190.35**	197.10
b) ICICI Bank Eurasia, LLC, Moscow		
(Maximum balance outstanding during the year Rs.435.46, Previous year Rs. Nil)	**20.29**	–
c) Ukraine International Bank, Ukraine		
(Maximum balance outstanding during the year Rs.149.43, Previous year Rs. 117.52)	**0.91**	9.72
d) Uzbekistan International Bank, Uzbekistan		
(Maximum balance outstanding during the year Rs.33.38, Previous year Rs. 20.72)	**26.03**	2.77
e) Barclays Private Clients International Limited		
(Maximum balance outstanding during the year Rs.5.09, Previous year Rs. 3.48)	**0.34**	0.40
f) ICICI Bank Eurasia LLC, Moscow		
(Maximum balance outstanding during the year Rs.1,512.45, Previous year Rs. 666.76)	**213.18**	69.45
g) BNP Paribas, Moscow		
(Maximum balance outstanding during the year Rs.1,276.53, Previous year Rs.1960.83)	**68.47**	413.81
h) BCR (Banca Commerciala Romana), Romania		
(Maximum balance outstanding during the year Rs.442.92, Previous year Rs. 79.52)	**111.29**	53.23
	630.86	746.48
iv) Post Office Saving Account	**0.57**	0.57
v) Share of Joint Venture	**0.13**	187.14
	12,688.57	7,786.19
d) Loans and Advances		
(Unsecured, Considered good, unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received	**4,681.12**	4,822.63
ii) Advance to Suppliers	**507.16**	260.93
iii) Loan given to Joint Venture	**53.96**	50.50
iv) Loans to Employees	**185.64**	172.84
(Refer Note No.8(i) of Schedule XVII)		
v) Deposits	**440.68**	468.21
(Refer Note No.8(ii) of Schedule XVII)		
vi) Taxes paid (Net of Provisions)	**263.69**	129.19
vii) MAT Credit Entitlements	**598.53**	48.53
viii) Balance with Excise Authorities	**3.68**	4.04
ix) Accrued interest on Deposit & others	**75.48**	10.17
x) Share of Joint Venture	**1.54**	1.15
	6,811.48	5,968.19
	65,225.32	56,583.91

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

(Rs. in lakhs)

Particulars	Current Year	Previous Year
SCHEDULE-VIII		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
i) Sundry Creditors		
Due to Micro & Small Enterprises	**164.65**	178.21
Others	**4,853.58**	4,149.80
ii) Advance from Customers	**26.65**	222.31
iii) Other Liabilities	**2,540.05**	2,266.82
iv) Unclaimed Dividend #	**47.99**	45.77
v) Interest accrued but not due	**202.29**	207.77
vi) Outstanding Purchase Consideration (Undischarged liabilities of vendors)	**0.10**	0.10
vii) Share of Joint Venture	**990.66**	1,210.21
# There is no amount due and outstanding to be credited to Investor Education and Protection Fund		
	8,825.97	8,280.99
b) Provisions		
i) Proposed Dividend	**1,691.78**	1,687.38
ii) Tax on Proposed Dividend	**274.45**	280.24
iii) Employees' Benefits	**1,443.63**	1,360.28
iv) Share of Joint Venture	**15.04**	12.75
	3,424.90	3,340.65
	12,250.87	11,621.64

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

	Current Year	Previous Year
SCHEDULE-IX		
OTHER OPERATING INCOME		
Export Incentives	**1,448.22**	1,136.47
Sale of scrap	**290.15**	224.96
Insurance Claims	**45.89**	43.79
Manufacturing Charges (Tax deducted at source Rs. 0.24, Previous year Rs. 0.53)	**11.98**	24.92
Others	**116.37**	160.78
	1,912.61	1,590.92
SCHEDULE-X		
OTHER INCOME		
Interest from Banks	**290.82**	27.15
[Tax deducted at source Rs.27.29, (Previous year Rs.3.38)]		
Interest from Others	**23.40**	147.11
[Tax deducted at source Rs.3.39, (Previous year Rs.1.47)]		
Exchange Difference Others (Net)	**–**	1,220.77
Profit on sale of Divestment	**0.16**	–
Profit on sale of Investment (Net)	**11.12**	–
Provision for diminution in value of investments written back	**41.85**	–
Dividend on investment		
- Trade	**0.06**	0.06
- Non-trade	**240.76**	26.29
Share of Joint Venture	**6.46**	–
	614.63	1,421.38
SCHEDULE-XI		
(INCREASE)/DECREASE IN STOCK IN TRADE		
Opening Stock		
Work-in-process	**745.21**	551.39
Finished Goods	**2,040.88**	1,912.76
	2,786.09	2,464.15
Less: Closing Stock		
Work-in-process	**708.32**	745.21
Finished Goods	**3,363.90**	2,040.88
	4,072.22	2,786.09
	(1,286.13)	(321.94)

SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

	Current Year	Previous Year
SCHEDULE-XII		
CONSUMPTION OF RAW & PACKING MATERIALS		
Opening Stock	**2,446.90**	2,303.49
Purchases	**21,894.01**	16,269.90
	24,340.91	18,573.39
Less: Closing Stock	**3,440.58**	2,446.90
	20,900.33	16,126.49
SCHEDULE-XIII		
PURCHASE OF TRADED GOODS		
Opening Stock	**2,483.97**	2,728.11
Purchases	**6,589.27**	6,454.92
	9,073.24	9,183.03
Less: Closing Stock (Including material for resale Rs. Nil, Previous year Rs. 3.52)	**2,768.79**	2,483.97
	6304.45	6699.06
Share of Joint Venture	**1,478.54**	1,053.95
	7,782.99	7,753.01
SCHEDULE-XIV		
EMPLOYEES COST		
Salaries and Other Benefits	**10,383.96**	8,859.61
(Include Rs.345.55 for payment under Voluntary Retirement Scheme, Previous year Rs. 25.94)		
Contribution to Provident Fund and Other Funds	**1,054.33**	866.69
Gratuity	**346.45**	235.72
Staff Welfare	**197.57**	180.42
Share of Joint Venture	**510.99**	378.96
	12,493.30	10,521.40

SCHEDULES FORMING PART OF CONSOLIDATED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2011

(Rs. in lakhs)

	Current Year	Previous Year
SCHEDULE-XV		
OPERATING & OTHER EXPENSES		
Manufacturing charges	**895.25**	711.41
Stores and spares	**319.53**	237.24
Power and fuel	**2,334.17**	1,803.50
Excise duty	**306.60**	195.64
Compensation rent	**1,094.41**	1,203.57
Rates and taxes	**95.84**	91.39
Insurance	**218.90**	205.82
Freight and transport charges	**3,382.50**	2,613.79
Repairs to :-		
Building	**124.03**	86.55
Machinery	**322.10**	232.41
Others	**426.99**	300.52
Loss on sale of investments	**–**	91.94
Loss on sale/discard of assets (Net)	**29.87**	23.69
Sales promotion and publicity	**10,749.80**	8,963.00
Selling commission	**2,410.02**	2,039.74
Travelling and conveyance	**1,546.69**	1,284.33
Directors' fees	**10.45**	8.44
Royalty	**614.30**	210.15
Payment to Auditors:		
Audit fees	**31.98**	33.58
Tax Audit fees	**7.50**	7.50
Other Taxation and Certification matters	**9.51**	9.51
Donations	**26.69**	1.30
Exchange difference others (Net)	**116.59**	–
Bad debts	**15.26**	131.75
Provision for diminution in value of investments	**–**	41.86
Miscellaneous expenses	**4,058.33**	3,950.83
Share of Joint Venture	**795.30**	430.68
	29,942.61	24,910.14
SCHEDULE-XVI		
INTEREST AND FINANCE CHARGES		
Interest on Working capital borrowings	**440.34**	577.29
Interest on Fixed Loans	**190.32**	172.22
Interest on External Commercial Borrowing	**106.64**	157.29
	737.30	906.80
Others	**312.16**	249.74
	1,049.46	1,156.54

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

SCHEDULE XVII

NOTES ON ACCOUNTS

1. PRINCIPLES OF CONSOLIDATION :

   a. The consolidated financial statements have been prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" notified under sub-section (3C) of section 211 of the Companies Act, 1956, and other relevant provisions of the Companies Act, 1956. These relate to J. B. Chemicals and Pharmaceuticals Ltd. ("the Company"), its subsidiaries, its associates and its interest in joint ventures ("the Group"). The consolidated financial statements have been prepared on the following basis:

      i. The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS-21)- " Consolidated Financial Statements".

         The difference between the Company's cost of investments in the subsidiaries, over its portion of equity at the time of acquisition of shares is recognised in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

         In case of foreign subsidiaries, being non-integral foreign operations, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the "Foreign Currency Translation Reserve".

      ii. Investment in Associate Companies has been accounted under the equity method as per (AS 23) –"Accounting for Investments in Associates in Consolidated Financial Statements".

         The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

         The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

      iii. Interest in jointly controlled entities is accounted for using proportionate consolidation in accordance with Accounting Standard 27 on "Financial reporting of interests in Joint Ventures". The Company's share in each of the assets, liabilities, income and expenses of jointly controlled entities are reported as a separate item. The difference between costs of the Company's interest in jointly controlled entities over its share of net assets in the jointly controlled entities, at the date on which interest is acquired, is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

      iv. Goodwill recognized in the Consolidated Financial Statements is not amortized.

      v. The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

   b. No adjustments have been made to the financial statements of the Subsidiaries and Joint Venture Company on account of diverse accounting policies as the same, being incorporated in Russia, Jersey, Channel Island, Singapore and South Africa have been prepared under the laws and regulations applicable to their country of incorporation and hence not practicable to do so.

   c. Notes of these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the group. Recognizing this purpose, the company has disclosed only such Notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations made it desirable to exclude Notes to Financial Statements, which in the opinion of the management, could be better viewed, when referred from the individual financial statements of the Companies.

2. The subsidiary companies considered in the consolidated financial statements are :

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
J. B. Life Science Overseas Ltd.	India	100 %	31.03.2011#
J. B. Healthcare Pvt. Ltd.	Jersey, Channel Island	100 %	31.03.2011*
OOO Unique Pharmaceutical Laboratories	Russia	100%	31.12.2010*
Unique Pharmaceutical Laboratories S.R.L.	Romania	100%	31.12.2010*
J.B. Chemicals & Pharmaceuticals Pvt. Ltd	Singapore	100%	31.03.2011

Ceased to be a subsidiary w.e.f. 31-03-2011.

* Un-audited accounts of 31st March, 2011 are taken into consideration for consolidated financial statements.

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

3. The significant Associate / Joint Venture company considered in the consolidated financial statements are :

Name of the Company	Relationship	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
J. B. Life Science Overseas Ltd.	Associate	India	40.03%	31.03.2011
Biotech Laboratories (Pty) Ltd.*	Joint Venture	South Africa	49.00%	31.08.2010**

* Through J. B. Healthcare Pvt. Ltd., Jersey, Channel Island.

** Un-audited accounts of 31st March, 2011 are taken into consideration for consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES:

4.1. BASIS OF ACCOUNTING

The Financial statement are prepared on mercantile basis under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified under sub-section (3C) of section 211 of the Companies Act, 1956 and the other relevant provisions of the Companies Act, 1956.

4.2. REVENUE RECOGNITION

All revenue and expenses are accounted for on accrual basis. Revenue is recognized when no significant uncertainties exist in relation to the amount of eventual receipt.

4.3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition and includes other direct / indirect and incidental expenses incurred to put them into use but excludes CENVAT availed on such assets.

Incentives / Subsidies granted by any Government Authorities to encourage establishment of industries or expansion are considered as Capital Reserves and are not adjusted to the cost of fixed assets.

All indirect expenses incurred during project implementation and on trial run are treated as incidental expenditure during construction and capitalized.

4.4. DEPRECIATION

For Parent Company:

Depreciation is provided on Straight Line Method at the rates and on the basis specified in Schedule XIV to the Companies Act, 1956. Premium paid for leasehold land is amortized over the lease period.

For Subsidiary :- OOO Unique Pharmaceutical Laboratories:

Linear method of calculation of fixed assets depreciation is established for the period of useful application.

Revaluation of fixed assets is not performed.

For Joint Venture :- Biotech Laboratories (Pty) Ltd.:

Depreciation is calculated on the Straight Line Method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Plant and Equipment 15.00%
- Furniture and Fittings 16.67%
- Motor Vehicles 20.00%
- Computer related equipment 33.33%
- Computer Software 50.00%
- Leasehold Improvements 20.00%

4.5. INTANGIBLES

For Parent Company:

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 3 years.

For Joint Venture :- Biotech Laboratories (Pty) Ltd.:

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at fair value less accumulated impairment losses, if any. The following are the main categories of intangible assets:

i. Intangible assets with an indefinite useful life:

Intangible assets with an indefinite useful life comprise registrations and dossiers, the carrying value of which is assessed on an annual basis.

Registrations and dossiers are tested annually for impairment and carried at fair value less accumulated impairment losses. Registrations and dossiers are allocated to cash - generating unit for the purpose of impairment testing. The allocation is made to those products or company's products that the registrations and dossiers relate to.

ii. Intangible assets with a finite useful life:

Acquired computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software. Intangible assets with a finite useful life are amortized on a straight line basis over their estimated useful lives, which are reviewed annually as follows:

- Computer software at 50% per year.

4.6. IMPAIRMENT OF ASSETS

Where there is an indication that an asset is impaired, the recoverable amount, if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

4.7. PROVISIONS AND CONTINGENCIES

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

4.8. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is determined on the basis of Moving Weighted Average method. The cost of work in progress (other than those lying at third party manufacturing site which is valued at material cost) and finished goods comprise direct material, direct labour, other direct cost and related production overheads.

Stores are written off in the year of purchase.

4.9. INVESTMENTS

For Parent Company:

Investments, which are long term in nature are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

For Subsidiary: - J. B. Healthcare Pvt. Ltd.:

Listed investments, fixed interest securities, mutual funds and portfolio investments are carried at market value. Fair value is calculated by reference to stock exchange quoted mid-market price at close of the business on the balance sheet date. Gains and losses arising from change in the fair value of these financial instruments are accounted for through a revaluation reserve.

Unlisted investments are shown at fair values, unless their face value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

4.10. EMPLOYEES BENEFIT

For Parent Company:

i. Short Term Employee Benefits:

Short term employee benefits are recognized in the period during which the services have been rendered.

ii Long Term Employee Benefits:

a. Provident Fund, Family pension Fund & Employees' State Insurance Scheme.

As per the Employees Provident Funds and Miscellaneous Provisions Act, 1952 all employees of the Company are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the Company are covered under Employees' State Insurance Scheme Act 1948, which are also defined contribution schemes recognized and administrated by Government of India.

The Company's contributions to these schemes are recognized as expense in profit and loss account during the period in which the employee renders the related service. The Company has no further obligation under these plans beyond its monthly contributions.

b. Superannuation Plan:

Some employees of the Company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the profit and loss account.

c. Leave Encashment:

The Company has provided for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

d. Gratuity:

The Company provides for gratuity obligations through a defined benefits retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized in profit and loss account as and when determined.

The Company makes annual contribution to LIC for the gratuity plan in respect of all the employees.

For Subsidiary companies:

The company makes defined contribution to the government authority as a social security benefit, which is recognized in the profit and loss account on accrual basis.

For Joint Venture:

There are no long term employment benefits to the employees.

The cost of all short term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions is recognized during the period in which the employee renders the related service.

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

4.11. FOREIGN CURRENCY TRANSACTION

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the balance sheet date are translated at the exchange rate prevailing on the date of balance sheet. Exchange rate differences resulting from foreign exchange transactions settled during the period including year-end translation of assets and liabilities are recognized in the profit and loss account.

In case of forward exchange contracts or any other financial instruments that is in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of contract.

Gain/Loss on settlement of transaction arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

4.12. LEASES

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the profit and loss account.

4.13. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research and Development is charged to the profits of the year in which it is incurred.

Capital expenditure on Research and Development is treated as Fixed Assets.

4.14. BORROWING COST

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

4.15. INCOME TAX

For Parent Company :

a. Tax expenses comprise of current and deferred tax.

b. Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.

c. Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

d. Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

For Subsidiaries, Associate and Joint Venture Companies:

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries.

4.16. EMPLOYEE STOCK OPTION PLAN

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the Company is amortized on straight line basis over the vesting period as "Deferred Employees Compensation" in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

5. The Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd (UPLL) which was acquired by the Company on a going concern basis, has received demand notices from Dept. of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of Rs. 461.47 lakhs in respect of the bulk drug Metronidazole and a further sum of Rs. 591.05 lakhs in respect of the bulk drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the bulk drugs at alleged lower cost. UPLL has filed review petition against each of these claims disputing the jurisdiction, power and legal or rational basis for making such demands, particularly in view of the repeal of DPCO 79 and DPCO 87. The Company has filed writ petitions bearing No. 446 of 2008 in respect of demand for Oxyphenbutazone & writ petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These writ petitions have been admitted and the Hon'ble High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the writ petition on the Company furnishing security as per the orders. The Company has already furnished the bank guarantee as security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the accounts for these claims and demands

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

6. EMPLOYEES BENEFITS:

The disclosures as required as per the revised AS 15 are as under:

For Parent Company:

a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs. in lakhs)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund & Family Pension Fund	**864.80**	639.17
Employer's Contribution to Superannuation Fund	**116.23**	107.52
Employer's Contribution to Employees' State Insurance Scheme	**22.18**	17.18

b) Defined Benefit Plan

Reconciliation of opening and closing balances of Defined Benefit obligation:

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Defined Benefit obligation at the beginning of the year	**1,772.55**	1,512.60	**279.18**	190.68
Current Service Cost	**107.37**	93.31	**24.62**	57.78
Interest Cost	**142.61**	122.66	**22.45**	18.10
Actuarial (gain)/loss	**145.02**	90.43	**(68.85)**	42.51
Benefits paid	**(194.66)**	(46.45)	**(46.37)**	(29.89)
Defined Benefit obligation at year end	**1,972.89**	1,772.55	**211.03**	279.18

Reconciliation of opening and closing balances of fair value of plan Assets:

(Rss in lakhs)

Particulars	Gratuity (Funded)	
	Current Year	Previous Year
Fair value of plan assets at the beginning of the year	**691.46**	587.54
Expected return on plan assets	**63.13**	51.52
Actuarial gain/(loss)	**(14.58)**	19.17
Employer contribution	**194.94**	79.68
Benefits Paid	**(194.66)**	(46.45)
Fair value of plan assets at the end of the year	**740.29**	691.46

Actual Return on Plan Assets:

(Rs. in lakhs)

Particulars	Gratuity (Funded)	
	Current Year	Previous Year
Expected return on plan assets	**63.12**	51.52
Actuarial gain/(loss) on plan assets	**(14.58)**	19.17
Actual return on plan assets	**48.54**	70.69

Reconciliation of fair value of plan assets and benefit obligations:

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Fair value of assets as at 31st March, 2011	**740.29**	691.46	**–**	–
Present value of obligation as at 31st March, 2011	**1,972.89**	1,772.55	**211.03**	279.18
Amount recognised in Balance Sheet	**1,232.60**	1,081.09	**211.03**	279.18

Expense recognised during the year (Under the head " Personnel Cost "-Refer Schedule XIV):

(Rs. in lakhs)

Particulars	Gratuity (Funded)		Leave (Non Funded)	
	Current Year	Previous Year	Current Year	Previous Year
Current Service Cost	**107.37**	93.31	**24.62**	57.78
Interest Cost	**142.61**	122.66	**22.45**	18.10
Expected return on Plan Assets	**(63.13)**	(51.52)	**–**	–
Actuarial (gain)/loss	**159.60**	71.27	**(68.85)**	42.51
Expense recognised in profit and loss account	**346.45**	235.72	**(21.78)**	118.39

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

Investment details:

The Company made annual contributions to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the Investments made or the break-down of plan assets by investment type.

Actuarial Assumptions:

Particulars	**Gratuity (Funded)**		**Leave (Non-Funded)**	
	Current Year	Previous Year	**Current Year**	Previous Year
Discount Rate (per annum)	**8.25%**	8.00%	**8.25%**	8.00%
Expected Rate of Return on Plan Assets (per annum)	**8.25%**	8.00%	**–**	–
Salary Escalation (per annum)	**4.00%**	4.00%	**4.00%**	4.00%

For Subsidiary Companies:

(OOO Unique Pharmaceutical Laboratories and Unique Pharmaceutical Laboratories S.R.L.)

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
Employer's Contribution under various Government Schemes.	**51.13**	43.44

Payments have been made under various pension fund and insurance scheme of the Government. The company does not have any liability of making any payment to employee either on termination or retirement.

<u>For Joint Venture</u>:

Contribution to Defined Contribution Plan, recognized as expense for the year are as under:

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
Employer's Contribution under various Government Schemes.	**48.89**	35.65

7. SEGMENT REPORTING:

   The Group has one segment of activity namely 'Pharmaceuticals'.

8. i. Loans to employees includes an amount of Rs.15.18 lakhs (Previous year Rs. 4.92 lakhs) due from Director on account of a housing loan. The maximum amount due during the year Rs.29.08 lakhs (Previous year Rs. 9.96 lakhs).

   ii. Deposits given by the company include Rs. 4.02 lakhs (Previous year Rs. 4.02 lakhs) being security deposit of Rs. 1.34 lakhs each given to Jyotindra Mody Holdings Pvt. Ltd., Dinesh Mody Securities Pvt. Ltd. and Shirish B. Mody Investments Pvt. Ltd.

   iii. The interest paid / credited on fixed loans include an amount of interest of Rs.4.50 lakhs (Previous year Rs. 2.33 lakhs) credited to account of Managing Director on fixed deposit placed by him.

9. The Group has taken on operating lease certain assets. The total lease rent paid on the same amounting to Rs.1,094.41 lakhs (Previous year Rs. 1,203.57 lakhs) is included under the head compensation rent and rates and taxes. The minimum future lease rentals payable in respect thereof are as follows:

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
Not later than one year	**522.06**	429.97
Later than one year but not later than five years	**89.40**	457.83
Later than five years	**–**	–

10. The break-up of deferred tax assets and liabilities into major components at the year end is as follows:

(Rs. in lakhs)

Particulars	**Current Year**	Previous Year
Deferred Tax Assets		
Retirement Benefits	**302.68**	332.52
Special provisions consequential to changes in the rate of exchange of currency (Sec. 43A)	**31.95**	70.55
Others	**124.01**	94.68
	458.64	497.75
Deferred Tax Liability		
Depreciation	**1,354.50**	1,361.02
Timing Difference of Tax Holiday Units (Sec.10B)	**544.38**	563.65
Share of Joint Venture	**186.67**	158.53
	2,085.55	2,083.20
Net Deferred Tax Liabilities	**1,626.91**	1,585.45

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

11. EARNING PER SHARE:

Group Earning Per Share (EPS) is calculated in accordance with Accounting Standard – 20 (AS-20) as under:

Particulars	Current Year	Previous Year
Net Profit attributable to Equity Shareholders (Rs. in lakhs)	**13,932.37**	11,875.26
Weighted Average No. of Equity shares (Nos.)		
Basic	**8,44,25,657**	8,43,26,350
Effect of Dilutive equity shares equivalent:		
Stock Options outstanding	**2,28,282**	–
Diluted	**8,46,53,939**	8,43,26,350
Nominal value of equity shares (Rs.)	**2.00**	2.00
Earning per share (Rs.)		
Basic	**16.50**	14.08
Diluted	**16.46**	14.08

12. RELATED PARTY DISCLOSURE

For Parent Company:

Related party disclosure as required by AS – 18, 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are given below:

Names and Relationships of the Related Parties:

i) Associate Concerns / Trusts / Companies/Joint Venture

a. Mody Trading Company
b. Mody Brothers
c. Jyotindra Family Trust
d. Dinesh Family Trust
e. Shirish Family Trust
f. Biotech Laboratories (Pty.) Ltd.
g. J.B.SEZ Pvt. Ltd.
h. Jyotindra Mody Holdings Pvt. Ltd.
i. Ansuya Mody Securities Pvt. Ltd.
j. Dinesh Mody Securities Pvt. Ltd.
k. Shirish B. Mody Investments Pvt. Ltd.
l. Bharti S. Mody Investments Pvt. Ltd.
m. Synit Drugs Pvt. Ltd.
n. Unique Pharmaceutical Laboratories Ltd.
o. Ifiunik Pharmaceuticals Ltd.
p. Namplas Chemicals Pvt. Ltd.
q. Raptim Research Ltd.
r. Gemma Jewellery Pvt. Ltd.
s. Lekar Pharma Ltd.
t. Afrika Bio-Pharma Investments (Pty.) Ltd.
u. Afrika Bio-Pharma Manufacturing (Pty.) Ltd.

ii) Key Management Personnel:

a. Shri Jyotindra B. Mody
b. Shri Dinesh B. Mody
c. Shri Shirish B. Mody
d. Mr. Sandeep Nasa (in subsidiary company)

iii) Relative of Key Management Personnel:

a. Mr. Pranabh D. Mody
b. Mrs. Ansuya J. Mody
c. Mrs. Kumud D. Mody
d. Mrs. Bharati S. Mody
e. Mrs. Pallavi B. Mehta
f. Mrs. Purvi U. Asher
g. Mrs. Priti R. Shah
h. Mrs. Deepali A. Jasani
i. Mr. Nirav S. Mody
j. Mrs. K.V. Gosalia
k. Mrs. N. R. Mehta
l. D. B. Mody - HUF
m. S. B. Mody - HUF

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

Transactions with the related parties during the year:

(Rs. in lakhs)

Transaction with Related Parties	Associated Concern / Trust / Joint Venture	Key Management Personnel	Relative of Key Management Personnel
Income:			
Sale of Material / Goods / Others	**1,002.15** (1,000.86)	**–** (–)	**–** (–)
Miscellaneous Income	**11.98** (30.39)	**–** (–)	**–** (–)
Expenditure:			
Purchases	**3,016.00** (2,379.53)	**–** (–)	**–** (–)
Processing Charges	**134.52** (106.67)	**–** (–)	**–** (–)
Bio-Equivalence Study	**98.17** (18.31)	**–** (–)	**–** (–)
Selling Commission	**–** (8.65)	**–** (–)	**–** (–)
Rent	**227.83** (207.72)	**–** (20.29)	**59.97** (54.60)
Royalty	**614.30** (210.15)	**–** (–)	**–** (–)
Remuneration	**–** (–)	**1,268.26** (1,064.40)	**185.87** (158.53)
Interest on Deposits	**185.29** (179.45)	***9.65** (6.99)	**121.36** (99.74)
Advance For Purchase of Land	**420.59** (–)	**–** (–)	**–** (–)
Purchase of Intellectual Property	**1.05** (–)	**–** (–)	**–** (–)
Sale of Investment	**0.72** (–)	**–** (–)	**–** (–)
Repayment of Loan	**9.53** (–)	**–** (–)	**–** (–)
O/S Payables as on March 31, 2011	**2,240.87** (1,913.94)	***550.52** (459.87)	**1,288.16** (1,050.54)
O/S Receivables as on March 31, 2011	**327.51** (420.85)	**–** (–)	**25.28** (25.28)

* The outstanding payables include deposit of Rs. 96.00 lakhs (Previous year Rs. 66.00 lakhs) placed under the Fixed Deposit Scheme of the Company. The interest on these deposits is credited at the rate fixed under fixed deposit scheme. The outstanding payables also includes interest free advance of Rs.1.50 lakhs (Previous year Rs.1.50 lakhs) received.

SCHEDULES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2011

13. Foreign currency exposure at the year end not hedged by derivative instruments:

For Parent Company:

Particulars	Current Year		Previous Year	
	Foreign Currency	**Rs. in lakhs**	Foreign Currency	Rs. in lakhs
Receivable against export of goods:				
Euro	**557,652.29**	**353.44**	352,122.30	213.17
AUD	**480,255.19**	**221.49**	5,548.24	2.29
STG	**6,033.60**	**4.33**	121,662.30	82.79
Payable against Secured Loans:				
US Dollars	**26,833,334.00**	**11,962.30**	20,816,667.00	9,346.68
Payable against Import of goods & Services :				
US Dollars	**2,828,550.07**	**1,260.97**	1,736,276.54	779.59
Euro	**–**	**–**	5,492.59	3.33
AUD	**23,963.91**	**11.05**	–	–

For Joint Venture Company:

Particulars	Current Year		Previous Year	
	Foreign Currency	**Rs. in lakhs**	Foreign Currency	Rs. in lakhs
Payable against import of goods & services :				
US Dollars	**440,372.21**	**196.32**	782,633.34	366.73
EURO	**38,284.19**	**24.26**	20,669.67	13.71
GBP	**37,584.72**	**26.94**	114,542.38	84.38

14. Previous year's figures are re-grouped, re-arranged and recast, wherever considered necessary.

As per our report of even date

For J. K. Shah & Co.
Chartered Accountants
Firm Registration No. 109606W

J. K. Shah
Partner
Membership No. 3662

Place : Mumbai
Date : May 23, 2011

For and on behalf of the Board of Directors

J. B. Mody
Chairman & Managing Director

S. B. Mody
Whole time Director (Marketing)

D. B. Mody
Whole time Director (Administration)

M. C. Mehta
Company Secretary

Place : Mumbai
Date : May 23, 2011

INFORMATION PERTAINING TO SUBSIDIARY COMPANIES

(Rs. in lakhs)

		OOO Unique Pharmaceutical Laboratories, Russia.	**Unique Pharmaceutical Laboratories S.R.L., Romania.**	**J.B. Healthcare Pvt. Ltd., Jersey.**	**J. B. Chemicals & Pharmaceuticals Pvt. Ltd., Singapore.**
1	Share capital	1,216.89	237.57	2,319.76	0.45
2	Reserves	4,054.28	72.12	(113.24)	0.05
3	Total assets	22,629.71	354.53	2,282.81	12.67
4	Total liabilities	22,629.71	354.53	2,282.81	12.67
5	Turnover	26,739.96	88.19	–	–
6	Profit/(Loss) before taxation	1,651.82	(160.37)	(2.77)	(12.31)
7	Provision for taxation	277.26	(9.74)	-	-
8	Profit/(Loss) after taxation	1,374.56	(150.63)	(2.77)	(12.31)
9	Proposed dividend	–	–	–	–
10	Details of Investments				
	-2,107,990 Ordinary shares	–	–	2,176.66	–
	-175,591 Non-Redeemable Convertible "A" Preference Shares	–	–	0.01	–
11	Exchange rate as on March 31, 2011	1.57 (from Rouble to INR)	15.28 (from RON to INR)	44.58 (From US $ to INR)	44.58 (From US $ to INR)

Note: The above financial information of subsidiaries is as of twelve months ended on March 31, 2011.

TEN YEAR FINANCIAL SUMMARY

(Rs. in lakhs)

Particulars	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Sources of Funds										
Share Capital	1,605.90	1,605.90	1,605.90	1,605.90	1,607.36	1,686.53	1,686.53	1,686.53	1,686.53	**1,690.34**
Share Application money	-	-	-	-	-	1.02	-	-	-	**-**
Reserves and Surplus	17,431.48	21,005.32	23,290.23	27,012.68	31,701.29	40,426.27	44,632.06	51,518.92	59,650.61	**69,637.93**
Secured Loans	937.88	727.72	3,300.72	3,796.15	6,298.12	8,419.69	15,449.58	13,429.80	9,849.14	**12,750.73**
Unsecured Loans	819.88	907.16	1,008.23	2,708.24	3,264.45	8,971.74	4,102.42	3,639.01	3,773.31	**4,105.59**
Deferred Tax Liability (Net)	-	-	1,126.54	1,426.54	1,542.54	1,875.82	1,466.10	1,344.51	1,423.99	**1,443.62**
Total	20,795.14	24,246.10	30,331.62	36,549.51	44,413.76	61,381.07	67,336.69	71,618.77	76,383.58	**89,628.21**
Application of Funds										
Net Fixed Assets (Incl. Capital WIP)	8,229.29	9,567.20	12,812.41	13,474.90	14,730.33	22,233.17	23,352.95	22,747.69	21,807.85	**22,894.44**
Investments	255.97	265.14	282.19	297.87	298.02	3,353.74	4,290.55	4,559.44	6,246.43	**12,328.84**
Current Assets, Loans and Advances:										
Inventories	2,795.56	3,101.92	4,138.67	5,158.62	6,319.10	7,608.21	6,511.34	5,517.99	5,640.84	**8,178.22**
Sundry Debtors	11,586.28	13,580.27	15,806.34	18,887.32	25,258.30	31,762.72	32,804.08	37,449.92	40,727.14	**38,545.42**
Cash & Bank Balances	695.86	945.72	560.01	922.30	1,138.91	1,970.95	1,450.68	4,145.45	7,056.63	**12,291.77**
Loans and Advances	1,384.57	1,953.20	2,145.09	2,506.21	2,946.93	3,647.35	5,864.85	5,146.99	5,550.89	**6,488.05**
Total Currents Assets	16,462.27	19,581.11	22,650.11	27,474.45	35,663.24	44,989.23	46,630.95	52,260.35	58,975.50	**65,503.46**
Less: Current Liabilities and Provisions:										
Current Liabilities	3,349.44	3,601.20	4,113.76	3,283.22	4,678.79	7,545.76	5,432.94	5,846.39	7,318.30	**7,688.67**
Provisions	802.95	1,566.15	1,299.33	1,414.49	1,599.04	1,649.31	1,504.82	2,102.32	3,327.90	**3,409.86**
Net Current Assets	12,309.88	14,413.76	17,237.02	22,776.74	29,385.41	35,794.16	39,693.19	44,311.64	48,329.30	**54,404.93**
Total	20,795.14	24,246.10	30,331.62	36,549.51	44,413.76	61,381.07	67,336.69	71,618.77	76,383.58	**89,628.21**
Income										
Sales	27,601.76	29,177.37	30,075.32	35,809.04	46,600.07	53,145.92	54,809.43	72,315.53	67,006.45	**78,757.94**
Other income	1,142.76	974.27	1,201.08	1,302.66	1,155.18	1,069.78	1,380.19	1,496.57	1,725.34	**2,499.40**
Total	28,744.52	30,151.64	31,276.40	37,111.70	47,755.25	54,215.70	56,189.62	73,812.10	68,731.79	**81,257.34**
Expenditure										
(Increse)/decrease in stock in trade	(173.92)	(281.04)	(545.78)	(782.72)	(556.42)	(53.37)	839.09	585.00	(321.94)	**(1,286.13)**
Consumption of raw and packing materials	7,295.54	7,588.10	8,461.07	9,718.46	13,048.00	15,218.88	14,499.16	15,869.86	16,126.49	**20,900.33**
Purchase of traded goods	2,677.48	2,405.38	2,700.29	2,837.90	4,105.34	3,349.89	3,932.35	5,505.45	4,410.23	**4,691.52**
Employees cost	2,697.55	3,168.56	3,727.89	4,774.81	5,723.00	7,717.95	8,994.98	9,340.88	9,846.93	**11,642.70**
Operating and other expenses	10,306.62	10,299.84	9,468.73	12,810.93	16,030.45	1,8871.67	21,311.62	31,295.57	24,453.41	**28,938.50**
Depreciation/amortisation	590.67	733.21	944.92	1,048.92	1,073.07	1,133.39	1,701.66	2,037.26	2,122.25	**2,265.08**
Total	23,393.94	23,914.05	24,757.12	30,408.30	39,423.44	46,238.41	51,278.86	64,634.02	56,637.37	**67,152.00**
Profit before taxation	5,350.58	6,237.59	6,519.28	6,703.40	8,331.81	7,977.29	4,910.76	9,178.08	12,094.42	**14,105.34**
Less: Taxation	1,145.39	1,384.05	1,415.24	788.60	1,239.03	875.01	(258.37)	1,304.46	1,994.69	**2,285.88**
Profit after taxation	4,205.19	4,853.54	5,104.04	5,914.80	7,092.78	7,102.28	5,169.13	7,873.62	10,099.73	**11,819.46**
Ratios:										
Earning per share (Rs.)	26.19	30.22	31.78	36.83	#8.83	8.43	6.13	9.34	11.98	**14.00**
Book Value per share (Rs.)	118.55	140.80	155.03	178.21	#41.45	49.94	54.93	63.09	72.74	**84.40**
Debt Equity Ratio	0.92:1	0.07:1	0.17:1	0.23:1	0.29:1	0.41:1	0.42:1	0.32:1	0.22:1	**0.24:1**
Current Ratio	3.96:1	3.79:1	4.18:1	5.85:1	5.68:1	4.89:1	6.72:1	6.57:1	5.54:1	**5.90:1**
Dividend (%)	75	80	110	120	130	130	25	50	100	**100**

Per equity share of Rs. 2 each from 05-06 onwards. Figures of Previous year have been re-grouped, re-arranged and re-cast, wherever considered necessary

NOTES

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