

Annual Report 2008-09

Caring & Curing  
for over  
**Six Decades**

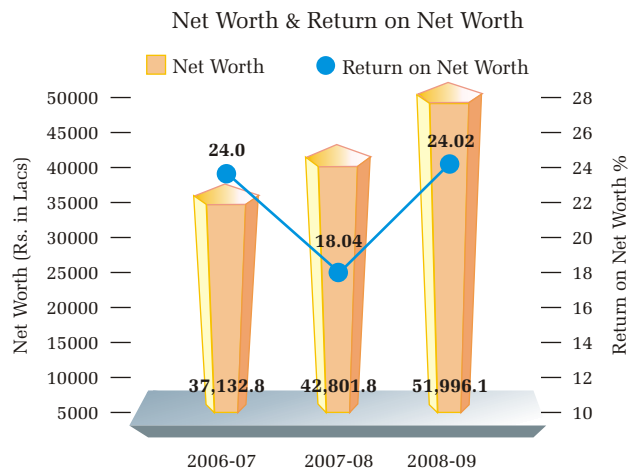
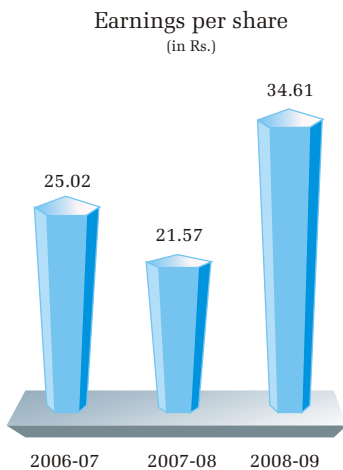
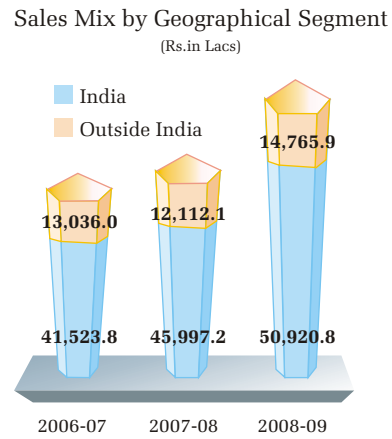
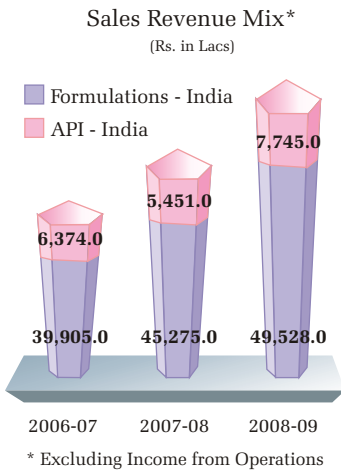
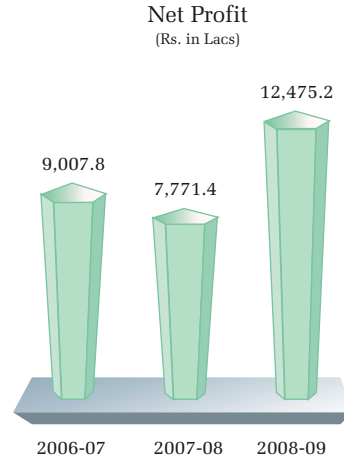
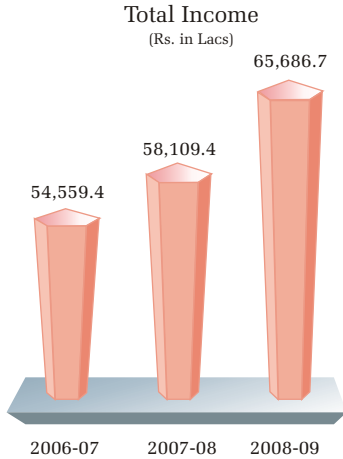
UNICHEM



**UNICHEM**  
LABORATORIES LTD.

# Financial Highlights

- ▶ Total Income up by 13% to Rs. 65,686.7 Lacs
- ▶ Exports up by 21.9% to Rs. 14,765.9 Lacs
- ▶ Recommendation of 100% Final Dividend of Rs. 5 on equity share of Rs. 5 each taking the total dividend declared for the year to Rs.8 (160%) per share including an interim dividend of Rs. 3 (60%) per share
- ▶ Net Profits up by 60.5% to Rs. 12,475.2 Lacs
- ▶ Revenues from Domestic business up by 10% to Rs.50,920.8 Lacs



## Board of Directors



**Dr. Prakash A. Mody**  
Chairman & Managing Director



**Prafull Anubhai**  
Non-Executive Director



**Ramdas M. Gandhi**  
Non-Executive Director



**Nasser Munjee**  
Non-Executive Director



**Prafull D. Sheth**  
Non-Executive Director



**Anand Mahajan**  
Non-Executive Director

# State of the art manufacturing plants

**Ghaziabad**



**Roha**



**Goa**



**Baddi**



**Pithampur**



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### Board Committees

<b>Audit Committee</b>	- Prafull Anubhai - Chairman Ramdas Gandhi Nasser Munjee
<b>Shareholders' Grievance Committee</b>	- Ramdas Gandhi - Chairman Dr. Prakash A. Mody
<b>Compensation Committee</b>	- Prafull D. Sheth - Chairman Prafull Anubhai Ramdas Gandhi

### Registered & Corporate Office

#### Unichem Laboratories Limited

Unichem Bhavan, Prabhat Estate, Off. S. V. Road,  
Jogeshwari (West), Mumbai - 400 102. Tel.: 022 66888333  
Fax: 022 26794089/26784391 • Website: www.unichemindia.com

### Company Secretary & Compliance Officer

**K. Subharaman**

### Plant Locations

#### Formulation Plants

GOA  
Plot No. 17 & 18,  
Pilerne Industrial Estate,  
Pilerne Bardez - 403 511,  
Goa

BADDI  
Bhatauli Kalan,  
District Solan, Baddi - 173 205,  
Himachal Pradesh

GHAZIABAD  
C 31-32, Industrial Area,  
Meerut Road, Ghaziabad - 201 003,  
Uttar Pradesh

#### API Plants

ROHA  
99, MIDC Area, Roha,  
District Raigad - 402 116,  
Maharashtra

PITHAMPUR  
Plot No. 197, Sector -I,  
Pithampur  
District Dhar - 454 775,  
Madhya Pradesh

### Registrar & Share Transfer Agents

#### Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai - 400 078.  
Tel.: 022 25963838 • Fax: 022 25946969

### Statutory Auditors

#### B. D. Jokhakar & Co.

Chartered Accountants  
8, Ambalal Doshi Marg, Fort, Mumbai - 400 001.



## Message from the Chairman

Dear Stakeholders,

The last financial year has seen Unichem achieve record performance in terms of turnover, profits and dividend. The Company earned EBIDTA of Rs.154.2 Crores as against Rs.104.7 Crores earned in the previous Financial Year despite adverse circumstances like economic downturn and recession throughout the world.

I would like to share with you some of the key financial performance highlights of the last financial year. These are:

- Sales and other income – grew by 13%
- EBIDTA – grew by 47.3%
- PAT – grew by 60.6%
- EPS went upto Rs.34.61 per share against Rs.21.57 per share
- Total dividend Rs.8/- i.e. 160%

We have followed 3 pronged strategy for the last few years. Those are:

- Domestic formulation penetration
- Contract Research and Manufacturing
- Developing global markets with speciality APIs and integrated formulations

In this regard, our strategy for the domestic market is to expand the product basket covering more therapeutic segments and deepen market penetration by expanding our reach to a larger number of customers. To this end we have created a new marketing division focusing on nephrology-cardiology segment. With diverse product launches across various therapeutic groups, we see enormous opportunities in the domestic market despite the challenges.

On the export front we achieved 22% growth and we closed with a turnover of Rs.147.7 Crores as against Rs.121.1 Crores in the previous year.

We have been continuously upgrading and expanding our manufacturing and research facilities at multiple locations to enrich our own product basket and to make products available in the regulated generic markets of the world and also to support our strategic positioning for contract manufacturing and research. The progress in this respect is heartening. Our manufacturing locations at Goa, Roha and Pithampur have undergone US FDA audit recently. Out of these, Goa and Roha Plants are already approved earlier by US FDA and are undergoing re-certifications. I am happy to inform you that judging from the feedback provided, these facilities meet the highest quality standards. We are now awaiting the approvals.

With regard to the global markets, our UK Subsidiary, Niche Generics Limited has begun to develop the European markets. Towards this end, development support is provided by our labs and

plants in India. Similarly, initial break-through has been made in the US, South American and some other markets. With more product approvals in the pipeline, we are optimistic that there would be significant improvements.

Our strategy of focusing on the API Business to enhance the overall growth of the company has already started paying dividends. Our API manufacturing facilities have been approved by the International Regulatory Authorities opening up export opportunities globally. Despite the global meltdown adversely effecting the business environment currently, our exports of APIs are expected to gather momentum in the coming years.

The objective of our API Business is to contribute to the business performance of the company through the marketing of APIs globally and to capture the Contract Manufacturing opportunities in the API – Drug Intermediate's business. In addition, our API Business also provides support to our global Dosage Form Business in terms of protecting margins while ensuring availability of quality APIs.

Our investment in R&D is primarily geared towards supporting our basic strategy outlined above. However, going beyond that, we have taken a long-term view and begun our journey on the learning curve for biotechnology. We have

focused on developing a few products in this field and we do believe that our prudent and forward-looking strategy will yield the desired results.

Our customers, business associates and shareholders have reposed their faith in us. I am grateful to them for their continued confidence in the management. I would also like to record my appreciation for the commitment of our employees for their contribution.

I firmly believe that with the solid foundation that has been laid and the large opportunities in front of us, we will continue to create superior value for all our stakeholders.

Warm Regards,

**Dr. Prakash A. Mody**

*Chairman and Managing Director*

# Top Brands



**LOSAR<sup>®</sup>**



**Ampoxin<sup>®</sup>**



**TG-tor**



**UNIENZYME<sup>®</sup>**



# Top Brands



**LORAM**



**Telsar**



**CORVADIL**



**Trika**

# Five-year Financial Highlights

## Balance Sheet

(Rupees in Lacs)

As at 31st, March	2005	2006	2007	2008	2009
<b>Sources of funds</b>					
Equity share capital	1,706.00	1,800.20	1,801.70	1,802.10	1,802.75
Reserve & surplus	16,556.20	28,260.90	35,331.10	40,999.79	50,193.27
Net worth	18,262.20	30,061.10	37,132.80	42,801.89	51,996.02
Secured Loans	2,583.10	1,046.70	896.30	553.30	674.78
Unsecured Loans	1,905.50	1,781.60	1628.10	1,783.00	1,878.41
Total Loans	4,488.60	2,828.30	2,524.40	2,336.30	2,553.19
<b>Total Liabilities</b>	<b>22,750.80</b>	<b>32,889.40</b>	<b>39,657.20</b>	<b>45,138.19</b>	<b>54,549.21</b>
<b>Application of funds</b>					
Gross block	19,774.95	24,366.93	27,006.90	31,235.60	38,511.22
Depreciation	5,572.30	6,561.90	7,421.20	8,805.50	10,500.07
Net block	14,202.65	17,805.03	19,585.70	22,430.10	28,011.15
Capital WIP	3,658.20	1,060.90	6,543.20	10,319.20	7,592.94
NB + CWIP	17,860.85	18,865.93	26,128.90	32,749.30	35,604.09
Investment	311.80	2,749.30	3,661.70	4,180.93	6,081.03
<b>Current Assets</b>					
Inventories	5,408.00	5,974.60	7,020.30	7,145.00	9,206.68
Debtors	7,114.50	9,565.60	12,530.50	12,358.05	13,620.87
Cash and bank balance	189.50	4,361.50	750.90	697.07	2,957.77
Loans & advances	1,899.10	2,138.00	2,926.50	2,703.24	3,438.75
<b>Total Current Assets</b>	<b>14,611.10</b>	<b>22,039.70</b>	<b>23,228.20</b>	<b>22,903.36</b>	<b>29,224.07</b>
<b>Current Liabilities</b>					
Creditors	5,344.70	4,743.80	8,216.20	7,991.80	9,507.17
Other current liabilities	879.40	728.60	1,005.60	576.60	693.15
Provisions	1,557.45	2,891.70	1,328.40	2,900.60	2,923.26
Total current liabilities	7,781.55	8,364.10	10,550.20	11,469.00	13,123.58
Deffered tax liability	2,251.40	2,401.43	2,811.40	3,226.40	3,236.40
Net current assets	4,578.15	11,274.17	9,866.60	8,207.96	12,864.09
<b>Total Assets</b>	<b>22,750.80</b>	<b>32,889.40</b>	<b>39,657.20</b>	<b>45,138.19</b>	<b>54,549.21</b>

# Five-year Financial Highlights

## Profit and Loss Account

(Rupees in Lacs)

For the year ended 31st March	2005	2006	2007	2008	2009
Sales and income from operations	42,456.10	47,770.60	56,241.30	59,391.15	66,384.31
Other Income	1,198.50	420.80	1,060.70	669.83	1,049.92
<b>Total Income</b>	<b>43,654.60</b>	<b>48,191.40</b>	<b>57,302.00</b>	<b>60,060.98</b>	<b>67,434.23</b>
Material consumption	10,455.30	11,831.40	14,433.70	14,500.95	15,303.30
Purchase of finished goods	7,417.50	7,962.90	9,236.90	10,109.13	10,563.77
Increase/ Decrease in stocks of semi- finished and finished goods	(375.70)	(272.70)	(301.00)	(330.08)	(1,641.14)
Research & Development Expenses	851.30	1,006.30	1,966.80	2,157.00	2,349.20
Stores and spares	246.70	333.30	462.90	290.00	394.16
Power and fuel	906.60	1,196.30	1,256.90	1,419.50	1,440.14
Staff costs ( Excluding R&D)	3,789.40	4,398.60	5,550.40	6,191.23	7,306.89
Excise	3,109.50	2,195.20	1,681.90	1,281.80	697.65
Selling expenses	4,007.00	4,341.10	4,901.30	5,996.00	6,078.74
Other expenses	5,818.70	5,675.00	6,147.70	7,308.25	8,476.20
<b>Total cost</b>	<b>36,226.30</b>	<b>38,667.40</b>	<b>45,337.50</b>	<b>48,923.78</b>	<b>50,968.91</b>
<b>PBDIT</b>	<b>7,428.30</b>	<b>9,524.00</b>	<b>11,964.50</b>	<b>11,137.20</b>	<b>16,465.32</b>
Interest	230.70	227.40	188.80	151.72	63.98
<b>PBDT</b>	<b>7,197.60</b>	<b>9,296.60</b>	<b>11,775.70</b>	<b>10,985.48</b>	<b>16,401.34</b>
Depreciation	931.30	1,141.90	1,201.20	1,537.20	1,992.38
<b>Profit before tax</b>	<b>6,266.30</b>	<b>8,154.70</b>	<b>10,574.50</b>	<b>9,448.28</b>	<b>14,408.96</b>
Exceptional & prior period items	1.20	(1,334.80)	(117.50)	2.29	-
Current tax	1,415.00	810.00	1,186.00	1,055.00	1,610.00
Fringe benefit tax	-	190.00	210.00	255.00	300.00
Profit after current tax	4,850.10	8,489.50	9,296.00	8,135.99	12,498.96
<b>Deferred tax</b>	<b>378.00</b>	<b>150.00</b>	<b>280.00</b>	<b>415.00</b>	<b>10.00</b>
Profit after tax	4,472.10	8,339.50	9,016.00	7,720.99	12,488.96
<b>Note:</b>					
Exports at FOB value	5,911.80	8,906.20	11,702.10	11,052.24	13,664.88
Equity dividend	1,194.20	1,800.17	1,801.70	1,802.10	2,884.17
Expenditure on R&D :					
-Capital	751.20	289.40	315.20	1,114.20	382.07
-Recurring	851.30	1,006.30	1,966.80	2,157.00	2,349.20
Total R & D expenditure	1,602.50	1,295.70	2,282.00	3,271.20	2,731.27

## Key Ratios

As at 31st, March	2005	2006	2007	2008	2009
ROCE (%)	27.90	27.80	27.68	21.14	27.27
RONW (%)	24.50	23.70	24.00	18.04	24.02
EVA (Rs. in lacs)	3,304.04	4,493.31	4,505.95	2,341.69	6,902.92
<b>Per share Data</b>					
EPS (Rs.)	13.22	23.84	25.02	21.57	34.61
Dividend (%)	70%	100%	100%	100%	160%
Dividend (in Rs.)	3.50	5.00	5.00	5.00	8.00
Book Value per Share (Rs.)	53.55	83.50	103.05	118.75	144.21

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 46<sup>th</sup> Annual Report on the business and operations of the Company for the financial year ended March 31, 2009.

## Financial Highlights

The table given below gives the financial highlights of the Company on Standalone basis for the year ended March 31, 2009 as compared to the previous financial year.

For the year ended March 31  
(Rupees in Lacs)

Particulars	2009	2008
Sales/ Income from operations (Net)	64,886.79	57,138.07
Other Operating Income	799.87	971.28
Total Income	65,686.66	58,109.35
Profit from Operations before other income, interest & exceptional items	13,423.02	8,930.17
Profit from ordinary activities before tax	14,408.96	9,448.28
Tax Expenses (Including deferred tax & Fringe Benefit tax)	1,920.00	1,725.00
Net profit from ordinary activities after tax but before Prior period items	12,488.96	7,723.28
Prior period Expenses	-	2.29
Excess/(Short) provision for taxation pertaining to earlier years	(13.81)	50.43
Net Profit for the period	12,475.15	7,771.42

Notes: Previous year's figures have been regrouped/reclassified wherever necessary.

## Review of Operations

During the year under review, Total Income increased to Rs. 65,686.66 Lacs in 2008-09 from Rs. 58109.35 Lacs in 2007-08, registering a growth of 13%. Net Profit after tax for the year stood at Rs. 12,475.15 Lacs compared to Rs. 7,771.42 Lacs recorded last year thus reflecting 60.5% growth. The Global Net Profit for the group for the year stood at Rs. 10,801.71 Lacs as compared to Rs 5,136.42 Lacs in the previous year registering a growth of 110%.

## Appropriations

Your Company has transferred Rs. 1,500 Lacs to the General Reserve during the year under review. An amount of Rs. 31,407.11 Lacs is proposed to be carried forward from the Profit & Loss Account.

## Dividend

Your Directors at their meeting held on October 23, 2008, had declared an Interim Dividend of Rs. 3/- (60%) per equity share of Rs. 5/- for the year 2008-09. The total interim dividend payout for year 2008-09 (including dividend distribution tax) was Rs. 1,265.11 Lacs.

Your Directors are pleased to recommend final dividend of Rs. 5/- (100%) per Equity Share of Rs. 5/- each for the

financial year 2008-09. The total final dividend payout for the financial year 2008-09 (including dividend distribution tax) would be Rs. 2,109.22 Lacs as against Rs. 2,108.40 Lacs for the previous financial year.

The register of members and share transfer books shall remain closed from July 13, 2009 to July 17, 2009, both days inclusive. The Annual General Meeting of the Company is scheduled for July 22, 2009.

## Employee Stock Options Scheme

During the year under review, 12,300 options were exercised and equivalent numbers of equity shares were allotted (on pari passu basis) under the Employees' Stock Option Scheme – 2004. The Employees' Stock Option Scheme – 2008 was approved by the Shareholders through Postal Ballot during the year. The Compensation Committee granted 50,000 options to Independent Directors during the year under review under the said Scheme.

Details of Employees' Stock Option Schemes, as required to be disclosed under Clause 12 of the SEBI (Employees Stock Option Scheme) Guidelines, 1999 are set out in **Annexure I** to this Report.

## Management's Discussion and Analysis

A detailed review on operations and performance of the Company and its business is given in the Management's Discussion and Analysis, which forms part of this Annual Report.

## Corporate Governance

A detailed report on Corporate Governance forms part of this Annual Report. Your Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the report on Corporate Governance.

## Information for Shareholders

Additional information pertaining to shareholders like Growth in Shareholders Fund, Shareholding pattern, Equity History of the Company, etc. is provided in this Annual Report.

## Consolidated Financial Statements

In accordance with the Accounting Standards AS – 21 on Consolidated Financial Statements, your Directors provide the audited Consolidated Financial Statements in the Annual Report.

## Notes on Subsidiaries

Your Company has 4 (four) subsidiaries as on March 31, 2009. Your Company had applied to the Government of India for an exemption from attaching the Financial Statements of its Subsidiaries, since the Audited Consolidated Financial Statements are presented in the Annual Report. Your Directors believe that the Consolidated Financial Statements present a full and fair view of the state of affairs of your Company as a whole. In terms of approval granted by the Central Government under Section 212(8) of Companies Act, 1956, financial statements pertaining to the subsidiaries have not been attached with the Balance Sheet of the Company. However, for the benefit of the members, we have published a summary of the financials of the subsidiaries in the Annual Report. The financial statements of subsidiaries, along-with related information and reports are available for inspection at the registered office of your Company.

## Review of Subsidiaries

### *Niche Generics Limited*

Niche Generics Limited is a wholly-owned subsidiary of your Company. It is engaged in manufacturing formulations, product development and dossier filing in

European markets. The subsidiary has its facility in Dublin, Ireland. It posted a turnover of GBP 114.61 Lacs during the current year as compared to GBP 116.12 Lacs during the previous year. It suffered a loss of GBP 13.11 Lacs for the current year as against a loss of GBP 21.50 Lacs during the previous year.

### *Unichem SA (Proprietary) Limited*

Unichem SA (Proprietary) Limited is a wholly owned subsidiary of your Company in South Africa. This subsidiary has been set-up for business development and to own product registrations. The subsidiary has suffered a loss of SA Rand 28 in the current year against loss of SA Rand 2229 during the previous year.

### *Unichem Farmaceutica Do Brasil Ltda.*

Unichem Farmaceutica Do Brasil Ltda., is a wholly owned subsidiary of your Company in Brazil. This subsidiary has been set-up to own product registrations, launch generic and branded generics products in the Brazilian market.

The subsidiary plans to have its own set-up for sales, marketing, warehousing and distribution. The entity incurred loss of Brazilian Reals 9.32 Lacs in the current year as against Brazilian Reals 9.26 Lacs during the previous year.

### *Unichem Pharmaceuticals (USA) Inc.*

Unichem Pharmaceuticals (USA) Inc., a wholly owned subsidiary of your Company in USA, has been set up for business development, filing of ANDA's and exploring opportunities for marketing alliances in North American markets. The subsidiary suffered a loss of US \$11.71 Lacs during the year as against US \$8.04 Lacs in the previous year.

## Directors' Responsibility Statement

In terms of section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

1. in preparation of annual accounts for the year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. they have selected such 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 the financial year 2008-09 and profit made by the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. they have prepared the annual accounts on a going concern basis.

#### Fixed Deposits

Your Company discontinued its fixed deposits scheme in financial year 2005. As on March 31, 2009, the total amount of fixed deposits was Rs. 74,000/-, which represents the unclaimed deposits that have matured.

#### Credit Rating

ICRA has reaffirmed the A1+ rating for short-term debt (including Commercial Paper) Programme of Rs.150 million. The rating indicates highest safety, the prospect of timely repayment of debt/obligation being the best.

#### Directors

Mr. B. K. Sharma's term of appointment as Whole-time Director has ended on 31<sup>st</sup> March 2009 and he expressed his unwillingness to opt for re-appointment due to superannuation and on health grounds. Consequently, he communicated his decision to step down as Director from the Board of Unichem. Mr. Sharma was associated with the Company for nearly 4 decades. The Company has immensely benefited by his insight, vision and tireless contribution, which has brought Unichem to a respectable position in the pharmaceutical industry. The Board has placed on record its appreciation of the valuable services rendered by Mr. B K. Sharma during his long tenure as Whole-time Director.

Mr. Ramdas Gandhi and Mr. Nasser Munjee, Directors of the Company, retire by rotation as per Article 141 of the Articles of Association and being eligible, offer themselves for re-appointment. Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting for seeking their approval for the aforesaid appointments. The information required under Clause 49 IV (G) of the Listing Agreement is given in the Notice of the Annual General Meeting.

#### Auditors

The Statutory Auditors of the Company, M/s. B. D. Jokhakar & Co., retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have given a certificate to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. They have confirmed their willingness to accept office, if reappointed.

The Board and Audit Committee recommends the re-appointment of M/s. B.D. Jokhakar & Co. as Statutory Auditors of your Company for the financial year 2009-10.

#### Cost Auditors

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company's Bulk Drugs and Formulations Division. The Cost Audit for the financial year 2008-09 is under process and the Company will submit the Cost Auditor's Report to the Central Government in due course.

The Board of Directors of your Company has reappointed Mr. Y. R. Doshi, Cost Accountant as the Cost Auditor to audit the cost accounts relating to "Bulk Drugs" and "Formulations" for the financial year ending 2009-10.

#### Energy, Research and Development, Technology Absorption, Foreign Exchange

The particulars as prescribed under Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 are set out in **Annexure II** to this Report.

#### Particulars of Employees

Particulars of employees, as required under 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this Report. However in pursuance of Section 219(1)(b)(iv) of the Act this report is being sent to all shareholders of the Company, excluding the aforesaid information and the said particulars are available at the Registered Office of the Company. The members interested in obtaining such particulars may write to the Secretarial Department at the Registered Office of the Company.

#### Employee Relations

Relations with employees across all the offices and units continued to be cordial throughout the year. Your Directors place on record, their sincere appreciation of the significant contribution made by the employees at all levels through their dedication, hard work and commitment.

#### Quality and Environment

ISO 9001 and ISO 14001 certificates for Quality and Environmental Management System enhance the credibility of your Company to increase process efficiencies, reduce consumption of energy and lower risk of environmental damage.

Your Company's mission envisages a strong sense of commitment to work towards being a caring pharmaceutical company, which will continuously strive to enhance health through quality products. Your Company aims to consistently provide products that meet customer as well as national and international regulatory requirements as may be applicable. It has been steadily raising the bar, setting higher goals for environmental performance and enlarging the scope of initiatives.

The environmental policy of your Company emphasizes at being a caring company, which shall protect and promote the environment by complying with applicable environmental regulations and preventing pollution in all its operations. Your Company continues to strive for energy saving and conservation of natural resources.

### **Corporate Social Responsibility**

Good governance demands adherence of social responsibility coupled with creation of value in the larger interest of the general public. Your Company and its dedicated employees continue to contribute towards several worthwhile causes. Your Company aims to enhance the quality of life of the community in general and has a strong sense of social responsibility. The range of our activities begins with organising fire fighting drills, blood donation camps in collaboration with Blood Banks, facilitating plantation of trees, extending educational and on-job training facilities and goes on to cover vocational guidance and supporting seminars in coordination with Universities, etc.

### **Health & Safety**

Your Company assiduously endeavours to act in a responsible manner to avoid causing any harm to the health and for safety of its employees, contract personnel

and visitors. Your Company takes pride in providing various forms of medical assistance to the families of its employees and also to all those living in surrounding villages. Periodic health checkups are carried out of all employees and regular training programmes are organised on safety and precautionary measures. Fire fighting training programs and first-aid training camps are organised regularly to educate the employees. Our API facility at Roha and Pithampur are accredited with OHSAS 18001:1999 and OHSAS 18001:2007 respectively which stands for Occupational Health and Safety Management System.

### **Acknowledgement**

Your Directors acknowledge the support and wise counsel extended to the Company by analysts, bankers, government agencies, shareholders, investors, suppliers, distributors, stockists and others associated with the Company as its trading partners. Your Directors also acknowledge the trust reposed in the Company by medical fraternity and patients.

We look forward to having the same support in our mission to enhance health through quality products.

On behalf of the Board of Directors,  
**For Unichem Laboratories Limited**

**Dr. Prakash A. Mody**  
*Chairman & Managing Director*

Mumbai,  
May 21, 2009

# Annexure I to Directors' Report

Statement pursuant to Clause 12 'Disclosure in the Director's Report of SEBI(Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999

The details of the Stock Options are given here below:

Particulars	ESOS - 2004	ESOS - 2008
a. Options granted	1,00,000 (in 2004-05) 2,00,000 (in 2005-06)	50,000 (in 2008-09)
b. The pricing formula	@ Rs. 110/- per share for grants prior to 2004	@ Rs. 115/- per share
c. Options vested	2,22,000	Nil
d. Options exercised	59,900	Nil
e. The total number of Shares arising as a result of exercise of Options	59,900	Nil
f. Options lapsed	27,500*	Nil
g. Variation of terms of Options	As per the notice of 43rd AGM.	Nil
h. Money realised by exercise of Options		Nil
i. Total number of Options in force	2,12,600	Nil
j. Employee wise detail of Options granted during the year:		
(i) Senior manager personnel	Nil	Grants to the Independent Directors: Mr. Prafull Anubhai - 10,000 Mr. Ramdas Gandhi - 10,000 Mr. Prafull D. Sheth - 10,000 Mr. Nasser Munjee - 10,000 Mr. Anand Mahajan - 10,000
(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted during the year.	Mr. B. K. Sharma	Nil
(iii) Identified employees who were granted options, during one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil
k. Diluted earnings per share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'.	Rs. 25	NA
l. Difference between employee compensation cost calculated as per intrinsic value of stock options and fair value of the options. Impact of the difference on profits and EPS.	The Company has calculated the employee compensation cost using fair value of the options.	NA
m. Weighted average exercise price and weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock:		
- Weighted average price (Rs.)	110.0	115.0
- Weighted average Fair value (Rs.)	138.7	68.1
- Closing price at NSE on date of grant (Rs.)	209.75	159.95
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:		
- Risk free interest rate	6.6%	6.3%
- Expected life	5 years	5 years
- Expected volatility	59.2%	41%
- Expected dividends and	1.4%	3.7%
- The price of the underlying share in the market at the time of option grant	Rs. 209.75	Rs. 159.95

\*Options granted to employees who are no longer associated with the Company.



## Annexure II to Directors' Report

Additional Information in terms of Section 217(1)(e) of the Companies Act, 1956, dealing with Conservation of Energy, Research & Development and Technology Absorption & Innovation.

### A. CONSERVATION OF ENERGY

#### 1. Measures taken

- a. Additional capacitor banks installed at sub-stations.
- b. Improved natural illumination done to reduce power consumption.
- c. Replacement of existing lamps with lower wattage power saver lamps in Circuit Breaker assembly area.
- d. Introduction of FRP blades on cooling towers.
- e. Use of Energy saving luminaries for Lighting.
- f. Introduction of timer for well water pump.
- g. Use of 14 W CFL instead of tube lights for night lamp
- h. Replacement of 36/40W conventional tube lights by 20W CFLs in office area
- i. Introduction of efficient power factor controller to maintain power factor within 0.99 lag.
- j. Reduce utilisation of compressor during shifts.

#### 2. Impact of Measures undertaken

- a. Optimisation of energy consumption
- b. Savings in energy and fuel cost
- c. Environment Protection

#### 3. Power and Fuel Consumption

For the year ended March 31,

Particulars	2009	2008
(a) ELECTRICITY		
(i) Purchased Units (Lacs)	206.47	207.07
Total Amount (Rs. in Lacs)	895.62	808.71
Rate / Unit (Rs.)	4.34	3.91
(ii) Own Generation		
Through Diesel Generator Units (Lacs)	17.46	25.94
Units per litre of Diesel Oil	3.23	3.33
Cost per unit (Rs.)	9.09	7.69
Through Steam Turbine / Generator	N.A.	N.A.
(b) COAL	N.A.	N.A.
(c) FURNACE OIL/HSD		
Quantity (Kilo Litres)	1095.79	1148.54
Total Amount (Rs. in Lacs)	290.60	270.16
Average Rate (Rs./Kilo Ltr.)	26.52	23.52
(d) OTHERS / INTERNAL GENERATION		
Steam Purchased (M.T.)	3260.49	3902.58
Total Amount (Rs. in Lacs)	66.84	62.42
Average Rate (Rs.per M.T.)	2049.92	1599.46

#### Consumption per unit of production

In view of the varied nature of the products and packs, the compilation of accurate consumption per unit of production is not feasible.

**B. RESEARCH & DEVELOPMENT****1. Specific areas in which R&D is carried out by the Company**

- a. Development of a cost effective process for Bulk Drugs and Intermediates.
- b. Development of innovative as well as patentable routes of synthesis for Bulk drugs and Intermediates.
- c. To undertake contract research with Generic & Research based pharmaceutical companies.
- d. Improvement in the quality & productivity
- e. To contain the cost of products by innovation and improving the efficiency of the processes.
- f. Formulation development of new dosage forms of generic API for domestic and international market.
- g. Modified release formulation for domestic & international market.
- h. Contract formulation development for NCEs for research based pharmaceutical companies.
- i. Developed biosimilar products by following DNA recombinant technique.

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

- a. The above research has resulted in launching of new products at the right time in international as well as domestic market in various therapeutic segments.
- b. Products developed for the international market will result into increased business to the Company in current and future years.
- c. During the year 8 patent applications were filed.

**3. Future Plan of action**

- a. Organization will continue to work on the therapeutic segments of
  - i. Anti-infective
  - ii. Cardiovascular
  - iii. Psychiatry and neurology
  - iv. Musculo-skeletal
  - v. Gastrointestinal
  - vi. Nutritional
  - vii. Anti -allergic
- b. Develop cost effective processes for the existing molecules.
- c. Development of new products for international business.
- d. Development of modified drug delivery systems.
- e. Undertake contract research work, in the area of synthesis of API and product dossiers.
- f. Develop products and delivery systems through Biotechnology.
- g. Improvements in quality of products and productivity.
- i. Undertake development of biosimilar products by using DNA recombinant technique.

**4. Expenditure on R&D**

For the year ended March 31,  
(Rupees in Lacs)

Particulars	2009	2008
a) Capital	382.07	1,114.20
b) Recurring		
- at units approved by Department of Scientific & Industrial Research	2,349.20	2,157.00
- at others	289.60	-
c) Total	3,020.87	3,271.20
d) Total R & D expenditure as a percentage of Turnover	4.56%	5.51%

**C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

The technologies developed by the research and development division of the Company has been commercialized and adopted by the manufacturing facilities of the Company.

**D. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of foreign exchange earnings and outgo are given in notes to accounts.

# Management's Discussion and Analysis

## Highlights of the Company's financial performance for the year 2008-09 are:

- Total Income for the year stood at Rs. 65,686.66 Lacs compared to Rs. 58,109.35 Lacs recorded last year, thus reflecting 13.03% growth.
- Net Profit after Tax for the year stood at Rs. 12,475.15 Lacs compared to Rs. 7,771.42 Lacs recorded last year thus, reflecting 60.5% growth.
- The global net profit for the group for the year stood at Rs. 10,801.71 Lacs as compared to Rs. 5,136.42 Lacs in the previous year registering a growth of 110%.
- Domestic Sales grew by 10% and stood at Rs. 50,920.80 Lacs.
- Exports grew by 21.9% and stood at Rs. 14,765.86 Lacs.
- Domestic Formulations Sales grew by 9.4% and stood at Rs. 49,527.62 Lacs.

The Company has been investing consistently in manufacturing facilities & R&D for Formulations & API business in the last few years. The Company's state-of-the-art formulation plants at Goa, Baddi & Ghaziabad have received certifications from international health authorities. Its manufacturing facilities at Goa, Roha and Pithampur have under gone US FDA audits and the Company expects to get US FDA certifications for the plants. Goa and Roha plants are re-certifications as these plants are already certified by US FDA earlier. The Company has entered into long-term supply and distribution arrangements in various countries. With these investments and arrangements, the Company is looking at international markets as a key driver for its growth in future. At the same time, on the domestic market front, the Company plans to consolidate by tapping new markets as well as introduce new products and broad base its product basket in order to cater to more therapeutic areas and lessen its dependence on older molecules.

## Highlights of the year 2008-09

- Launched new division focusing on nephrology-cardiology segment.
- Received approval from US FDA for Zaleplon Capsules, Hydrochlorothiazide tablets and Topiramate tablets.
- Received certificate from European Directorate for the Quality of Medicines & Healthcare for its Active Pharmaceutical Ingredients plant situated at Roha, Maharashtra.

- Received US FDA approval for its Formulations plant situated at Ghaziabad, Uttar Pradesh.

## GLOBAL PHARMA MARKET

For the year ended 2008, Global pharmaceutical sales grew by approx. 5% recording sales of \$773 billion. Factors influencing the market's slower growth in 2008 included higher demand for less-expensive generic drugs, lower new product sales, and reduced consumer demand due to the economic downturn. Asian and African markets grew by approx. 15% over the last year. USA with \$291 billion in sales grew at 1.3%. Despite the weakening economy and very few new product launches, the USA is still projected to generate \$292-\$302 Billion in 2009.

The annual forecast by IMS Health unveiled that the growth of worldwide pharmaceutical sales is expected to be stable in 2009, corresponding to a feeble growth of 1% to 2% recorded in the US, as a result of fewer new drug launches, generic competition and deepening global economic crisis. As per IMS Health Report it is forecasted that emerging markets of China, Brazil, Mexico, South Korea, Turkey, India and Russia will contribute more than half of global market growth in 2009 and contribute an average 40% of global sales through 2013. The global compound annual growth rate (CAGR) for pharmaceutical market growth is forecast to be 3 - 6 % through 2013.

The financial performances of top pharmaceutical companies has been quite poor for some years now as their sales and profits are declining because of tough generic competition and expiration of several patents. Despite huge spending on R&D, there has been dearth of new molecules. This is driving global pharma companies to major acquisitions of companies to maintain the market share and profitability.

While the pharmaceutical market is expected to rebound as the global economy recovers, an unprecedented level of potential patent expirations in 2011 and 2012 will curb sales growth.

## INDIA

India's pharmaceutical industry is poised for growth of 12-13 % in 2009, according to forecast of ORG IMSThe industry had grown at about 10% in the year 2008. As per the latest report of AC Neilson, Indian pharmaceutical

industry is estimated to touch \$30 billion by 2020. India is emerging as a competitive outsourcing hub and is playing a major role in the global pharmaceutical industry in manufacturing Active Pharmaceutical Ingredients (APIs) and intermediates for drug makers. Global pharmaceutical companies are establishing long-term relationships with Indian manufacturing companies and contract research providers in India. Generic drugs produced in India are increasingly being accepted worldwide.

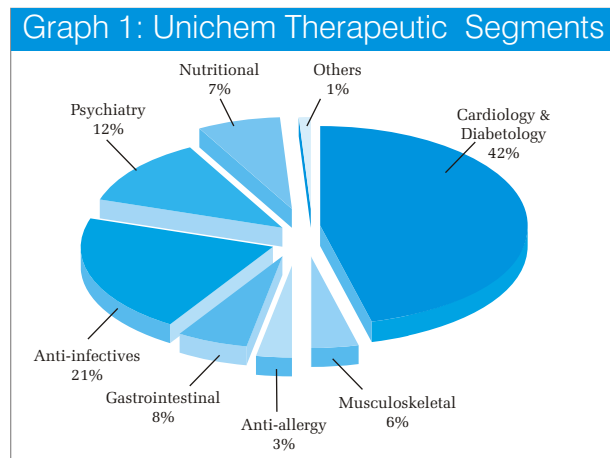
### UNICHEM'S PERFORMANCE

Sales & Income from Operations (Gross) for the year stood at Rs. 66,384.31 Lacs as compared to Rs. 59,391.15 recorded last year. Out of this, Formulations contributed around 89% with Active Pharmaceutical Ingredients (APIs) contributing approximately 11%.

### FORMULATIONS

Unichem manufactures a wide range of formulations. The key therapeutic areas addressed include cardiovascular, diabetes, psychiatry, neurology, gastrointestinal, anti-infective and women's health, among others. Formulations business continues to be a major contributor to the revenues of the Company.

Unichem's formulations are spread across various therapeutic classes as depicted in Graph 1. The segmental performance is given as percentage of formulations.



Cardiology continues to be the thrust segment for the Company and it contributed approx. 42% of the domestic formulations sales in the year 2008-09. The market for cardiovascular and diabetic ailments is still at the nascent stage in India and the segment is expected to double from the current level by the year 2015.

### New Product launches

The Company has launched 27 new products in various therapeutic segments and plans to focus more on high margin products like lifestyle drugs. Out of these new launches 4 products have been launched in dermatological segment and 5 focusing on neuropsychiatry segment. The new launches have contributed approx. 3% to the domestic formulations sales in the year under review. The Company is evaluating inorganic growth opportunities especially to add value to the existing product portfolio.

### Formulations Sales Internationally

The Company has presence in over 20 countries across the five continents. Unichem has four wholly owned subsidiaries in South Africa, Brazil, USA and UK. Apart from this, the Company has a network of distribution and marketing alliances in the CIS, Nepal, South-East Asian region, Europe and Latin America. The Company has 422 valid product registrations as on March 31, 2009.

### Power Brands

The Company is specifically focusing to build power brands as part of its marketing strategy. The Company is taking steps to grow its brands in the chronic segments at a rapid rate, leveraging on the brand equity that it has built through brands like Losar and Ampoxin. Our revenue growth is driven by appropriate product selection reinforced by a strong marketing team.

### ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Unichem's APIs and Intermediates are marketed both in the domestic as well as international regulated markets. In an increasingly competitive global scenario, the Company has made a distinct mark in International market through its superior technology, high quality products and outstanding service. Strong Infrastructure backed by technological expertise and experience to carry out contract manufacturing and custom synthesis is a hallmark of API Business. In 2008-09, API business contributed around 11% of Sales & Income from Operations (Gross).

### INTERNATIONAL BUSINESS

The increasing opportunities presented by products getting off patent in international markets offer sizeable revenue and margin-enhancing opportunities. Understanding the regulatory environment, scanning development horizons, establishing competitive positions and organizing production and distribution based on efficient outsourcing and manufacturing are some of the challenges being met by the Company.

Unichem has wholly-owned subsidiaries in UK, Brazil, South Africa and USA. The Company continues to focus on high value added branded generics with immediate focus on unbranded generics. In addition, the Company is pursuing strategic alliance with research-based companies abroad for in-licensing patented new drugs.

## **INFRASTRUCTURE**

Unichem leverages state-of-the-art manufacturing facilities to make quality products for customers at all times. At Unichem, this world-class standard has been derived from its ongoing compliance with international certifications and stringent GMP standards. Unichem has consistently maintained highest Quality standards which is evident from the certifications that it has received from various international agencies like MHRA, TGA, ANVISA, WHO-GMP etc.

Unichem's formulation facilities are located at Ghaziabad, Baddi and Goa. The technology employed in these plants is in-house and automated to a great extent.

The API facilities are located in Roha and Pithampur. The facility at Roha fulfills the stringent requirements of all major regulatory authorities and customers. The facility at Pithampur is upgraded to meet the domestic and international production requirements and regulatory approvals. Both these facilities have successfully faced US FDA audit during the year under review.

## **HUMAN RESOURCES**

Unichem employs over 2,900 employees who are vital to the growth of the Company. Several initiatives like Appreciation of Contributions & Excellence (ACE) whereby work or efforts of their superiors, peers or subordinates within or outside their departments is recognized and appreciated. Performance Enhancement & Development System (PEDs) is in place whereby the performance of the employees are appraised. As a part of our Talent Development & Retention strategy, Unichem Leadership Programme was evolved. The objective of the programme is to identify and develop key employees to occupy positions of higher roles and responsibilities.

Senior managerial personnel are sponsored for training programmes conducted by various reputed institutions. During the year under review around 559 manhours were spent for such training programmes. Several internal skill enhancing training programmes were conducted during the year under review.

The Company organized Unifest festival during the year that symbolizes cultural diversity of the country and celebrates various festivals with its employees. Unichem participated in Standard Chartered Mumbai Marathon for the year 2009 and the participants ran for Akanksha Foundation which is a non-profit organisation with a mission to impact the lives of less privileged children, enabling them to maximize their potential and change their lives.

## **EMPLOYEE STOCK OPTION SCHEME**

Unichem introduced the Employee Stock Option Scheme – 2004 mainly to incentivise performance towards creating better value for shareholders, building a very strong commitment amongst employees towards critical goals/milestone of the Company and offering substantial wealth creation opportunities for its employees. The Scheme is administered by the Compensation Committee of the Board of Directors and is applicable to the eligible employees and eligible Directors of the Company and its subsidiaries. During the year, 12,300 options were exercised by employees of the Company.

During the year, Employee Stock Option Scheme – 2008 was introduced and Independent Directors were granted 50,000 options. The options shall vest on graded basis over a period of 5 years.

For further details kindly refer to the disclosure made in the Directors' Report as required under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

## **RESEARCH AND DEVELOPMENT**

R&D continues to be the focus area in view of the generic market opportunities. The Company relies upon an energetic, resourceful and competent R&D function supporting existing products and focusing on the following:

- a) Development of a cost effective process for Bulk Drugs and Intermediates.
- b) Development of innovative as well as patentable routes of synthesis for Bulk drugs and Intermediates.
- c) To undertake contract research with Generic & Research based pharmaceutical companies.
- d) Improvement in the quality & productivity
- e) To contain the cost of products by innovation and improving the efficiency of the processes.

- f) Formulation development of new dosage forms of generics for domestic and international market.
- g) Modified release formulation for domestic & international market.
- h) Contract formulation development for NCEs for research based pharmaceutical companies.
- i) Developed biosimilar products by following DNA recombinant technique.

With more than 205 personnel engaged in the Chemical R&D, Analytical R&D and Product Technology Development Centres in Mumbai and Product Technology Development Centre and Bio Science Research Centre in Goa, all efforts are directed towards creating valuable Intellectual Property for the Company. Our R&D center at Mumbai is accredited ISO 9001-2000 and recognized by the Department of Science & Technology, Government of India. The Product Technology Development Centre in Mumbai has state of the art laboratory with capacity of developing novel drug delivery systems, platform therapeutic systems and other novel technologies. The Centre is already conducting contract research for generic product development for regulated markets such as US, Canada, Europe etc.

#### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company is committed to ensuring a comprehensive internal control structure across its operations and to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition. The Company has well defined independent procedures to execute financial transactions.

The Company has an Internal Audit Department to assist the management in effective discharge of its responsibilities by furnishing it with analysis, appraisals, recommendations and pertinent comments concerning the activities reviewed. The Company's system of internal control and accounting records enables safeguarding of assets, prevention and detection of frauds as well as other irregularities. These systems are reviewed, evaluated and updated on an ongoing basis.

#### RISKS & CONCERNS

The Company has a Risk Management Policy in force to review risk, mitigate risk and to safeguard its interest. Risk Management is basically a process applied in strategy setting across the enterprise, designed to identify risks that may affect the entity and manage risk within set tolerance limit. The Company has identified top 10 Risks faced by the Company and the same has been informed to the Board.

The Company has also identified the 'Risk Owner' who form a Committee to mitigate risks. The Committee will meet from time to time and review the action taken by 'Risk Owners' to mitigate risks.

#### OUTLOOK & THREATS

To sustain growth in this global slowdown, pharmaceutical companies need to stay ahead of the dynamics that are rebalancing the marketplace worldwide. This requires a sharper focus on realizing productivity gains from their sales, marketing and R&D to support opportunities in both emerging and mature markets, and a commitment to demonstrate better the value of their products to key stakeholders.

# Corporate Governance Report

## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,  
The Members  
Unichem Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Unichem Laboratories Limited (the Company) for the year ended 31st March 2009 as stipulated in revised Clause 49 of the Listing Agreement of the Company with the stock exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in revised Clause 49 of 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 B. D. Jokhakar & Co.  
Chartered Accountants

Mumbai  
May 21, 2009

Raman Jokhakar  
Partner  
Membership No. 103241

Compliance to the code of Corporate Governance forms an integral part of the Company's philosophy. Unichem firmly believes that any meaningful policy on Corporate Governance must provide empowerment to the management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the management are not misused and are exercised with care and responsibility to meet stakeholders' aspirations and societal expectations.

The core principles of Corporate Governance i.e. trusteeship, transparency, empowerment, accountability and control form the cornerstone of Unichem corporate governance philosophy.

The Company continues to focus its resources, strengths and strategies to achieve highest standards of Corporate Governance and endeavours to implement the code of Corporate Governance in its true spirit.

In accordance with Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 1956, a report on Corporate Governance is detailed below:

### Board Composition

As on March 31, 2009, Unichem's Board comprised of Seven Directors, viz., the Chairman & Managing Director, Executive Director and five Non-Executive and Independent Directors. Mr. B. K. Sharma's term of appointment as Whole-time Director ended on March 31, 2009 and he expressed his unwillingness to opt for re-appointment due to superannuation and on health grounds. He also communicated his decision to discontinue as a Director on the Board w.e.f. April 1, 2009. As on April 1, 2009 the Board comprised of six Directors, viz., the Chairman & Managing Director and five Non-Executive and Independent Directors.

Unichem's Board met 5 times during the year under review i.e. on May 12, 2008, July 17, 2008, October 23, 2008, January 22, 2009 and March 26, 2009. The intervening period between two Board Meetings was well within the time limit prescribed in the Companies Act, 1956 and Clause 49 of the Listing Agreement. The annual calendar of Board Meetings is agreed upon at the beginning of each year.

Table-1 gives details of the composition of the Board and the attendance record of the Directors during 2008-09, as well as at the last Annual General Meeting.

**Table-1: Composition of Unichem's Board & attendance record during the year 2008-09**

Name	Category	No. of Board Meetings during the year 2008-09		Whether attended last AGM held on July 17, 2008	No. of Directorships in other public companies**	No. of Committee positions in other public companies***	
		Held	Attended			Chairman	Member
Dr. Prakash A. Mody (Chairman & Managing Director)	Promoter Director, Executive	5	5	Yes	1	0	0
Mr. B. K. Sharma (Whole-time Director)	Executive Director @	5	5	Yes	1	0	0
Mr. Prafull Anubhai	Non-Executive, Independent	5	5	Yes	5	4	3
Mr. Ramdas Gandhi	Non-Executive, Independent	5	5	Yes	4	0	4
Mr. Prafull D. Sheth	Non-Executive, Independent	5	4*	Yes	1	0	1
Mr. Naseer Munjee	Non-Executive, Independent	5	3*	Yes	13	4	5
Mr. Anand Mahajan	Non-Executive, Independent	5	4*	Yes	8	3	2

\*Granted leave of absence on request.

\*\*Excludes Directorship in Unichem and Directorships in Indian Private Limited Companies, Foreign Companies (including Unichem's foreign subsidiaries), memberships of Managing Committees of various Chambers / bodies and Alternate Directorships.

\*\*\* Represents Memberships / Chairmanships of Audit Committee & Investors Grievance Committee excluding those held on Committees of Unichem.

@ Mr. B. K. Sharma retired as Executive Director as on March 31, 2009 and stepped down as Director w.e.f. April 1, 2009.



All Independent Directors meet the criteria of independence defined in sub-clause (iii) of Clause 49 IA of the Listing Agreement. As per Clause 49 IC of the Listing Agreement, none of the Directors on the Board of Unichem serve as Chairman in more than 5 Committees or have Memberships in more than 10 Committees. In compliance with Section 275 of the Companies Act, 1956, none of the Directors have directorships in more than 15 Companies including Unichem.

### Board Meetings

The Board of Directors of Unichem meet at least once in each quarter, interalia for consideration of audited/unaudited financial results. Apart from these meetings, the Board meets as and when the need arises.

### Information placed before the Board

The Company provides information pertaining to its business activities to the Board or the Committees of the Board as and when required. The purpose of such disclosure and transparency is to enable the Board/Committees to make informed decisions.

In addition to the items enumerated in Annexure – 1A of Clause 49 of the Listing Agreement and items that are required to be placed before the Board for its noting and/or approval under various other statutes or regulations, information is also provided for the periodic review/information on various significant items.

### Post- meeting Procedures

All the deliberations and the decisions occurring in every meeting of the Board & its Committees are recorded and minuted. The draft minutes are circulated to the

respective members for their comments and suggestions. The minutes are signed in the immediately succeeding Board or Committee meetings.

### Remuneration to Directors

Non-Executive Independent Directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making. Non-Executive Independent Directors are paid sitting fees of Rs. 20,000/- for attending Board and Audit Committee Meetings and Rs. 10,000/- for attending other Committee Meetings. The said fees are within the limits set out by the Central Government in GSR 580 (E) vide Rule 10B of the Companies (Central Government) General Rules & Forms, 1956, with effect from July 24, 2003.

The Company has entered into agreement with Managing Director of the Company, detailing terms of employment and remuneration, which is duly approved by the Board of Directors as well as the shareholders. This agreement is for the period of five years and is renewable on mutually acceptable terms and conditions.

### Service Contracts, Notice Period, Severance fees

The appointment of the Managing Director is governed by the Articles of Association of the Company, the Resolutions passed by the Board of Directors and the Members and the service contract entered into by the Company with the Managing Director. There is no provision for payment of severance fee.

The remuneration paid or payable to the Directors for the services rendered during 2008-09 is given in **Table-2**.

**Table-2: Remuneration paid or payable to the directors for 2008-09 (in Rs.)**

Name	Sitting fees	Commission payable for 2008-09@	Consolidated Salary#	Perquisites & Allowances#	Total Amount
Dr. Prakash A. Mody*	Nil	1,50,47,331	1,13,99,495	36,50,602	3,00,97,428
Mr. B. K. Sharma**	Nil	1,50,47,331	60,21,864	2,15,691	2,12,84,886
Mr. Prafull Anubhai	2,10,000	Nil	Nil	Nil	2,10,000
Mr. Ramdas Gandhi	2,60,000	Nil	Nil	Nil	2,60,000
Mr. Prafull D. Sheth	1,10,000	Nil	Nil	Nil	1,10,000
Mr. Nasser Munjee	80,000	Nil	Nil	Nil	80,000
Mr. Anand Mahajan	80,000	Nil	Nil	Nil	80,000
				Total	5,21,22,314

\*Eligible to receive commission @ 1% of the Net Profit of the Company computed under Section 198, 309 & 349.

\*\*Eligible to receive commission @ 1% of the Net Profit of the Company computed under Section 198, 309 & 349 for the year ended March 31, 2009.

#Fixed Component

@Variable depending upon performance of the Company and the Director.

In 2008-09, the Company did not advance any loans to any of the Executive and/or Non-Executive Directors. Besides dividend on Equity shares held, if any, by the Non - Executive Directors, no other payments have been made or transactions of a pecuniary nature entered into by the Company with the said Directors. There have been no materially significant related party transactions, pecuniary transactions between the Company and its Directors that may have potential conflict with the interests of the Company at large.

As a matter of good corporate governance, the Company has a practice of procuring declaration from the Non-Executive Directors regarding declaration of their independence during the year under review.

#### Shareholding in the Company:

Shareholding of the Directors as on March 31, 2009 is given in **Table-3** below.

#### Committees of the Board

In order to ensure that the functions of the Board are discharged effectively and information disclosed in the financial statements are in order besides ensuring stricter implementation of the Corporate Governance Code, the Board has formed several Committees. The Committees appointed by the Board focus on specific areas and make informed decisions within the limits of the authority delegated. The Committees also make specific recommendations to the Board on various matters from time to time.

All decisions and recommendations of the Committees are placed before the Board for information or for approval. There are four such Committees namely:

- Audit Committee;
- Compensation Committee;
- Shareholders Grievance Committee; and
- Management Committee.

#### a) Audit Committee

The Audit Committee of Unichem was constituted in the year 2000. Since then, the Company has been reviewing and making appropriate changes in the composition and working of the Committee from time to time to bring about greater effectiveness and to comply with various requirements under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Composition of the Audit Committee is in compliance with Clause 49 of Listing Agreement. All the Members are independent and financially literate. The Committee provides assistance to the Board of Directors in fulfilling its oversight responsibilities.

The terms of reference of this Committee cover the matters specified under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956 and are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;

**Table-3: Shares held by the Directors in the Company as on March 31, 2009**

Name	Number of shares held	% of total shareholding
Dr. Prakash A. Mody*	43,88,913	12.173
Mr. B. K. Sharma**	1,14,592	0.318
Mr. Prafull Anubhai	3,176	0.010
Mr. Ramdas Gandhi	10,000	0.030
Mr. Prafull D. Sheth	1,000	0.003
Mr. Nasser Munjee	0	0
Mr. Anand Mahajan	0	0

\*Dr. Prakash A. Mody holds 1,04,272 shares in his capacity as Trustee to various Family Trusts, which is included hereinabove.

\*\* Mr. B. K. Sharma has exercised 4,500 ESOPs during the year.

- d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  6. Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems;
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
  8. Discussion with internal auditors on any significant findings and follow up there on;
  9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
  12. To review the functioning of the Whistle Blower mechanism, in case the same is existing;
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the above, the Audit Committee also reviews the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control

- weaknesses issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

The composition of the Audit Committee and the details on the number of Audit Committee meetings held and attended by the Members during the financial year 2008-09 are given in **Table-4**. The Company Secretary is the Secretary to the Committee. The Vice President-Finance & Accounts, Chief Internal Auditor, Statutory Auditor and Cost Auditors are permanent invitees to Audit Committees meetings when it meets to review the quarterly, half yearly and annual results.

**b) Compensation Committee:**

The Compensation Committee was constituted in the year 2004 to administer and supervise the implementation of Employee Stock Option Scheme.

The Compensation Committee formulates the detailed terms and conditions of the Employee Stock Option Scheme/Plan including the following:

- (a) the quantum of option to be granted under an ESOS per employee and in aggregate.
- (b) the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- (c) the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- (d) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- (e) the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (f) the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and others.
- (g) the grant, vestment and exercise of option in case of employees who are on long leave; and

**Table-4: Audit Committee attendance during 2008-09**

Member Director	Position	Category	No. of Meetings attended (Total meetings held: 4)
Mr. Prafull Anubhai	Chairman	Independent Non-Executive	4
Mr. Ramdas Gandhi	Member	Independent Non-Executive	4
Mr. Nasser Munjee*	Member	Independent Non-Executive	1

\*Leave of absence was granted to Mr. Naseer Munjee.

Table-5: Compensation Committee Attendance during 2008-09

Member Director	Position	Category	No. of Meetings attended (Total meetings held: 3)
Mr. Prafull D. Sheth	Chairman	Independent Non-Executive	3
Mr. Prafull Anubhai	Member	Independent Non-Executive	3
Mr. Ramdas Gandhi	Member	Independent Non-Executive	3

(h) the procedure for cashless exercise of options.

The composition of the Compensation Committee and the details on the number of Compensation Committee meetings held and attended by the Members during the financial year 2008-09 are given in **Table-5**.

#### c) Shareholders' Grievance Committee

The Shareholders' Grievance Committee was constituted in 2001 to review the status of investors' services rendered in compliance with Clause 49 of the Listing Agreement. The Committee focuses on shareholders grievances and strengthening of investor relations.

The Committee noted that the Company promptly attends to all shareholders' and investors' queries / grievances through correspondence, fax, phone or E-mail. No query or complaint received during the year under review remained unattended or unresolved, except where the matters were sub-judice.

The composition of the Shareholders' Grievance Committee and the details on the number of meetings held and attended by the members during the financial year 2008-09 are given in **Table-6**. The Company Secretary is the Secretary to the Committee and the Compliance Officer. The Committee was reconstituted by the Board in its meeting held on May 21, 2009 and Dr. Prakash A. Mody, Chairman & Managing Director was appointed as a member in place of Mr. B. K. Sharma.

#### d) Management Committee

The Management Committee was constituted in the year

2004 for looking into day-to-day functioning of the Company. The Committee is empowered to undertake the following:

1. Authorise Executive Directors and officers of the Company to carry out day to day business operations viz. banking, treasury, insurance, excise, customs, administrative and dealing with other govt. / non govt. authorities;
2. Approve loans to subsidiaries or other entities/ persons within an overall limit of Rs. 15 crores;
3. Approve borrowings from any person within an overall limit of Rs. 10 crores;
4. Approve Business Contracts, Power of Attorneys and other related matters;
5. Approve application of common seal on any documents;
6. To review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The composition of the Management Committee during the financial year 2008-09 is given in **Table-7**. The Company Secretary is the Secretary to the Committee.

#### Prohibition of Insider Trading

In adherence with the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended in 2002, the Company implemented a policy prohibiting insider trading. This policy basically prohibits an insider from dealing in the shares and securities of the Company while in possession of unpublished price sensitive information in relation to the Company. The Company Secretary monitors the functioning of the Code.

Table-6: Shareholders Grievance Committee attendance during 2008-09

Member Director	Position	Category	No. of Meetings attended (Total meetings held : 5)
Mr. Ramdas Gandhi	Chairman	Independent Non-Executive	5
Mr. B. K. Sharma*	Member	Executive	5

\*Mr. B. K. Sharma retired as Executive Director from the Board on March 31, 2009 and stepped down as Director w.e.f April 1, 2009

Table-7: Composition of Management Committee during 2008-09

Member Director	Position	Category
Dr. Prakash A. Mody	Chairman	Executive
Mr. B. K. Sharma*	Member	Executive
Mr. Ramdas Gandhi	Member	Non-Executive

\*Mr. B. K. Sharma retired as Executive Director from the Board on March 31, 2009 and stepped down as Director w.e.f April 1, 2009

Till date, there have been no violations under SEBI (Prohibition of Insider Trading) Regulations, 1992.

### Internal Control and Audit

Unichem has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly in compliance with applicable laws and regulations.

The Internal Audit at Unichem is an independent, objective and assurance function responsible for evaluating and improving effectiveness of the internal controls and cost rationalization. The scope of the internal audit activities is broadly guided by the Annual Internal Audit plan prepared by the Internal Audit Department and approved by the Audit Committee. The Audit Committee monitors the performance of Internal Audit on a periodic basis through review of audit plans, and its audit findings.

### Review of Legal Compliance Reports

The Board periodically reviewed during the year the compliance reports in respect of the laws applicable to the Company as prepared and placed before the Board by the Company Secretary.

### Subsidiary Companies

The Company has four 100% Foreign Subsidiaries as on March 31, 2009. During the year under review, Ministry of Company Affairs granted an exemption from attaching the financial statements of its subsidiary companies vide its letter no. 47/59/2009 – CL -III dated March 13, 2009. Members may refer to the Statement under Section 212 of Companies Act, 1956 and the information on the financials of subsidiaries appended to the Statement. The financials of the Subsidiary Companies are available for inspection by the Members at the registered office of the Company during business hours on any working day from 10.00 am to 1.00 pm.

### Statutory Auditors

For the financial year 2008-09, M/s. B.D. Jokhakar & Co. audited the financial statements. While auditing the operations of the Company the external auditors recorded their observations and findings and forwarded the same to the management. These observations were then discussed at Audit Committee Meetings and corrective actions wherever required were carried out.

### Audit Fees

During the year, the Company paid Rs. 13.81 lacs to the Statutory Auditors of the Company as audit remuneration. Details of payment under other heads are discussed in Schedule 18 of the financial statements.

### Auditors' Certificate

The Company has obtained a Certificate from its Statutory Auditors regarding compliance with the provisions relating

to corporate governance laid down in Clause 49 of the Listing Agreement. This Certificate is annexed to this Report.

### General Body Meetings

#### a) Date, Time and Venue of AGM

Date – July 22, 2009

Time – 3.30 p.m.

Venue – Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

#### b) Details of last 3 Annual General Meetings

AGM	Period	Venue	Date	Time
45 <sup>th</sup>	2007-08	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 17, 2008	3.30 pm
44 <sup>th</sup>	2006-07	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 19, 2007	3.30 pm
43 <sup>rd</sup>	2005-06	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 27, 2006	3.30 pm

### Resolutions passed during the financial year 2008-09 through postal ballot

In financial year 2008-09, 2(two) resolutions were passed through postal ballot conducted by the Company, details of which are given in the table below. The procedure for conducting Postal Ballot was carried out as notified in the Companies (Passing of Resolution by Postal Ballot) rules, 2001 and general circulars in this regard issued by the Central Government. Mrs. Ragini Chokshi was appointed as Scrutinizer for conducting the postal ballot procedure, based on whose report the Company announced the results of the postal ballot at Registered Office at 3.00 p.m. on November 28, 2008. The extract of results of postal ballot, which were duly assented by requisite majority of the shareholders is shown in **Table-8** given below.

### Disclosure of information

The Company has a well-established system to disclose relevant information to stakeholders, including shareholders, analysts, suppliers, customers, employees and society at large. The primary sources of information regarding the operations of the Company are available on the corporate web site of the Company - [www.unichemindia.com](http://www.unichemindia.com). The Company has a separate dedicated section 'Investors Update' where shareholders information is available. Members are requested to access the section for updated information.

Table-8: Result of Postal Ballot

Particulars	In Favour			Against		
	Votes	No. of Shares	% of Total Paidup Equity Capital	Votes	No. of Shares	% of Total Paidup Equity Capital
Special Resolution No. 1: Approval of ESOS - 2008 and issue of equity shares under the same to Employees and Independent Director(s) of the Company.	591	1,79,22,633	49.73%	68	69,074	0.19%
Special Resolution No. 2: Issue of equity shares under the aforesaid ESOS - 2008 to Employees of the Subsidiaries of the Company.	555	1,78,87,711	49.63%	76	76,366	0.21%

The quarterly results and annual results of the Company are published in widely circulated national newspapers. These are also submitted to the Stock Exchange in accordance with Listing Agreement. The Results are also regularly posted on the Company's website [www.unichemindia.com](http://www.unichemindia.com). Apart from any official new releases, code of conduct, the website also provides shareholding pattern of the Company.

As per Clause 51 of the Listing Agreement, quarterly results, shareholding pattern, etc. pertaining to the Company are uploaded on the SEBI EDIFAR website maintained on-line by National Informatics Centre (NIC) as specified by SEBI and the members can have access to the same at the website [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

All data required to be filed electronically pursuant to clause 52 of the Listing Agreement with the Stock Exchanges, such as Quarterly Financial Results, Shareholding Pattern, Quarterly Report on Corporate Governance and Corporate Announcements are being regularly filed on Corporate Filing and Dissemination System (CFDS). Shareholders / Investors can view the information by visiting the website of CFDS [www.corpfiling.co.in](http://www.corpfiling.co.in).

The Company is registered on MCA website for filing relevant statutory forms under the provisions of Companies Act, 1956 via e-filing mode.

#### Code of Conduct

The Company has adopted a Code of Business Conduct & Ethics applicable to all Directors and employees of the Company. The Code of Business Conduct & Ethics is posted on the Company's website for information of the shareholders.

All Board members and senior management personnel have affirmed compliance with the code for the financial year ended 2008-09. A declaration to this effect signed by our Chairman & Managing Director is given below:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the financial year ended March 31, 2009.

#### Dr. Prakash A. Mody

*Chairman & Managing Director*

#### Related party transactions

The details of related party transactions are discussed in detail in note no. 19 of Schedule 18 to the financial statements of the Company.

#### CEO/CFO Certification under Clause 49 of the Listing Agreement

As required under Clause 49 of the Listing Agreement, certification from Dr. Prakash A. Mody, Chairman & Managing Director and Mr. Rakesh Parikh, Vice President – Finance was placed before the Board of Directors at its meeting held on May 21, 2009.

#### Disclosure regarding re-appointment of Directors

Pursuant to provisions of Companies Act, 1956, Mr. Ramdas Gandhi and Mr. Nasser Munjee, Non-Executive Directors, are liable to retire by rotation and offer themselves for re-appointment. Their brief profiles and particulars for re-appointment are given in the Notes to the Notice of 46<sup>th</sup> Annual General Meeting appended to this Annual Report.

# Information for Shareholders

## Financial Year

April 1 – March 31

## Financial Calendar (Tentative)

### Results for the Quarter Ending on

June 30, 2009

September 30, 2009

December 31, 2009

March 31, 2010

Annual General Meeting for the year ended March 31, 2010

Dividend Payment (if any) for the year ended March 31, 2010

### Tentative date of declaration

Third week of July 2009

Second week of October 2009

Second week of January 2010

Second week of May 2010

Second week of July 2010

Third week of July 2010

## Date of Book Closure

July 13, 2009 to July 17, 2009 (both days inclusive)

## Dividend Payment Date

July 28, 2009

## Stock Exchanges on which shares are listed

The Bombay Stock Exchange Limited (BSE)

Phiroz Jeejeebhoy Towers,

Dalal Street,

Mumbai – 400 001.

National Stock Exchange of India Limited (NSE)

Exchange Plaza, 5th Floor,

Plot No. C/1, G Block, Bandra-Kurla Complex,

Bandra (East), Mumbai – 400 051.

## Stock Codes

BSE 506690

NSE UNICHEMLAB

Reuters UNLB.BO

Bloomberg UL:IN

## International Securities Identification Number (ISIN) for NSDL & CDSL

ISIN is a unique identification number of traded scrip. The ISIN number of the equity shares of Unichem Laboratories Ltd. is INE351A01027. The investors holding shares of the Company in the electronic mode are requested to mention ISIN of the security in the Dematerialisation Request Form ("DRF") as well as in all debit/credit instructions to ensure that the correct security is demated/delivered.

## Listing Fees for the 2009-10

The Listing fees for the year 2009-10, has been paid for all the above Stock Exchanges. The Company has complied with all the applicable provisions of the Listing Agreement, SEBI regulations and guidelines and Companies Act, 1956 and there have been no strictures, penalties, fines, etc. levied on the Company during the financial year under review.

## Custodian Fees for the 2009-10

Pursuant to Securities and Exchange Board of India Circular No. MRD/DoP/SE/DEP/CIR – 4/2005 dated January 28, 2005 the Issuer companies are required to pay custodial fees to the depositories with effect from April 1, 2005. Accordingly, the Company has paid custodial fees for the year 2009-2010 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2009.

**Equity History of the Company**

Date	Particulars	No. of Shares Issued*	Cumulative
August 09, 1962	Taken by subscribers to Memorandum of Association	310	310
March 14, 1963	Issued to Public	22,190	22,500
June 29, 1963	Issued for consideration other than cash	22,500	45,000
April 25, 1969	Bonus Shares	9,000	54,000
July 29, 1972	Bonus Shares	9,000	63,000
December 12, 1975	Bonus Shares	9,000	72,000
August 16, 1980	Bonus Shares	18,000	90,000
July 16, 1986	Sub-division of Shares	9,00,000	9,00,000
July 16, 1986	Bonus Shares	4,50,000	13,50,000
October 20, 1993	Rights Issue	6,50,000	20,00,000
August 16, 1994	Bonus Shares	10,00,000	30,00,000
September 08, 1994	Private Placements	6,00,000	36,00,000
November 29, 1997	Issued to Shareholders of Unisearch Ltd. pursuant to Amalgamation	6,65,000	42,65,000
May 18, 2000	Bonus Shares	42,65,000	85,30,000
February 28, 2004	Sub-division of Shares	1,70,60,000	1,70,60,000
March 27, 2004	Bonus Shares	1,70,60,000	3,41,20,000
November 15, 2005	ESOP Scheme - 2004	7,000	3,41,27,000
January 18, 2006	ESOP Scheme - 2004	600	3,41,27,600
February 15, 2006	Preferential Allotment to M/s. New Vernon Pvt. Equity Ltd.	18,75,000	3,60,02,600
February 15, 2006	ESOP Scheme – 2004	700	3,60,03,300
July 27, 2006	ESOP Scheme – 2004	900	3,60,04,200
October 18, 2006	ESOP Scheme – 2004	1200	3,60,05,400
January 18, 2007	ESOP Scheme – 2004	12,200	3,60,17,600
March 13, 2007	ESOP Scheme – 2004	15,300	3,60,32,900
January 31, 2008	ESOP Scheme – 2004	4,300	3,60,37,200
March 20, 2008	ESOP Scheme – 2004	5,400	3,60,42,600
May 12, 2008	ESOP Scheme – 2004	400	3,60,43,000
July 17, 2008	ESOP Scheme – 2004	1800	3,60,44,800
January 22, 2009	ESOP Scheme – 2004	6100	3,60,50,900
March 26, 2009	ESOP Scheme – 2004	4000	3,60,54,900

\* All shares carry equal voting rights.

**Dividend Payment History**

Year	Share Capital (Rs. in Lacs)	Face Value per Share (Rs.)	Dividend per share (%)	Total Dividend (Rs. in Lacs)
2001-02	853.00	10	80	682.40
2002-03	853.00	10	80	682.40
2003-04	1706.00	5	60	1023.60
2004-05	1706.00	5	70	1194.21
2005-06	1800.17	5	100	1800.17
2006-07*	1801.65	5	100	1801.65
2007-08	1802.13	5	100	1802.13
2008-09*	1802.75	5	60	1081.34
2008-09**	1802.83	5	100	1802.83

\* Interim Dividend

\*\* Final Dividend if declared at 46<sup>th</sup> Annual General Meeting



**Unclaimed Dividend**

The Dividends for the following financial years remaining unclaimed for seven years, will be transferred to Investor Education and Protection Fund. The table given below gives the transfer dates. Shareholders who have not claimed the dividends are requested to do so before these are statutorily transferred. Shareholders who have not encashed their dividend warrants relating to the years given below are requested to immediately approach the Secretarial Department located at the Registered Office of the Company for issue of demand drafts.

Financial Year	Type of Dividend	Date of Declaration	Due for transfer on
2001-02	Final	04.07.2002	08.08.2009
2002-03	Final	22.09.2003	27.10.2010
2003-04	Final	22.07.2004	26.08.2011
2004-05	Final	11.08.2005	10.08.2012
2005-06	Final	27.07.2006	23.09.2013
2006-07	Interim	13.03.2007	11.03.2014
2007-08	Final	17.07.2008	16.07.2015
2008-09	Interim	23.10.2008	22.10.2015

**Intimation Letters to Investors**

The Company gives an opportunity to investors to claim their outstanding dividend amount that is due for transfer to Investor Education & Protection Fund, by sending individual intimation letters twice a year.

**Communication with Members**

The Company has a Board-level Shareholders Grievance Committee to examine and redress shareholders' complaints. Members can also E-mail their queries and suggestions at [shares@unichemindia.com](mailto:shares@unichemindia.com) or [investorrelations@unichemindia.com](mailto:investorrelations@unichemindia.com).

**EPS & BV per share**

Year	Earning per Share (Rs.)	Book Value per Share (Rs.)
2001-02	36.3	115.7
2002-03	31.8	138.5
2003-04*	13.0	44.3
2004-05	13.2	53.6
2005-06	23.8	83.5
2006-07	25.0	103.1
2007-08	21.6	118.8
2008-09	34.6	144.2

\* 1:1 Bonus shares issued during the year.

**Share Transfer System**

In pursuance to the relevant provisions of the Companies Act, 1956 and the Listing Agreement, Share transfers are registered and returned within a month from the date of receipt, if the documents are complete in all respect. Share certificates duly endorsed are issued or transferred to all those shareholders who opt for shares in physical mode.

The Company has delegated the authority to approve shares received for transfer, to its RTA M/s. Link Intime India Pvt. Ltd. Presently, the transfers of shares which are in physical form are completed by dispatching the certificates duly transferred within a period of 15 days from the date of receipt of documents provided such documents are valid and complete in all respects.

There are no legal proceedings pending against the Company before the Company Law Board in respect of dispute over title to shares in which the Company has been made a party.

**Investors Complaints**

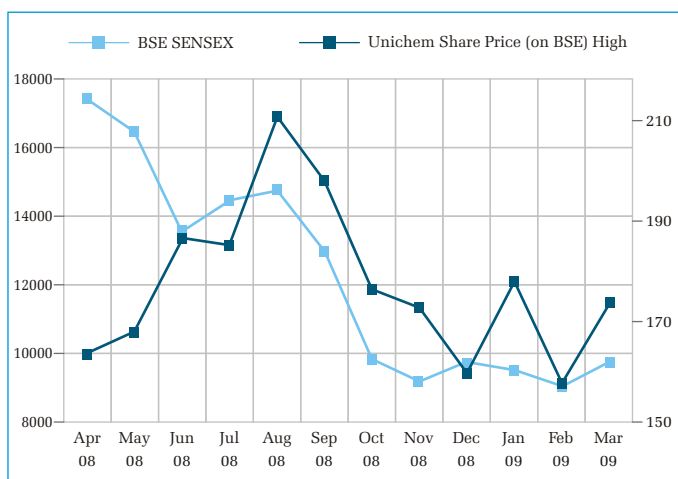
The Company has redressed all the complaints received from the investors and none were pending as on March 31, 2009. The Company has designated e-mail ID exclusively for the purpose of registering complaints of investors. The e-mail ID is shares@unichemindia.com. Shareholders/Investors can send their complaints/grievances to the above e-mail ID and the same will be attended to by the Secretarial Department.

**Statutory Compliance**

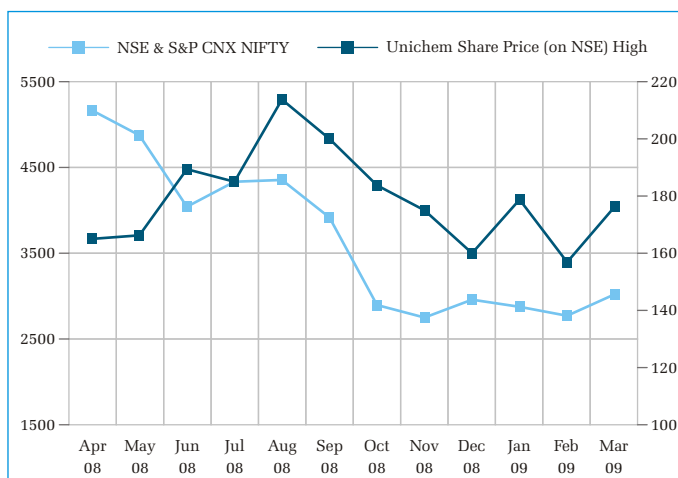
During the year under review, the Company has complied with all applicable provisions, filed all relevant returns or forms and furnished all the relevant particulars or information as required under the Companies Act, 1956 and allied acts, and rules, the regulations and guidelines issued by SEBI and the listing agreements. As regards the compliance of the provisions of Clause 49 of the Listing Agreements by the Company, a certificate issued by M/s. B D. Jokhakar & Co., Statutory Auditors of the Company, is annexed elsewhere in this Annual Report.

**Unichem Market Price Data (in Rs. per share) & Trading Volume**

Month	BSE – Sensex		
	High	Low	Volume
Apr-2008	164.9	125.1	3,56,672
May-2008	167.0	139.3	4,88,507
Jun-2008	186.8	132.6	5,88,305
Jul-2008	185.9	132.1	6,85,476
Aug-2008	213.0	170.1	4,99,304
Sep-2008	199.0	160.0	1,58,906
Oct-2008	177.0	132.0	2,42,475
Nov-2008	175.0	143.3	3,34,910
Dec-2008	160.0	142.1	2,98,751
Jan-2009	179.0	145.0	1,33,764
Feb-2009	157.3	140.1	54,859
Mar-2009	172.0	132.2	1,56,717



Month	NSE- S&P CNX Nifty		
	High	Low	Volume
Apr-2008	165.0	122.0	1,90,884
May-2008	166.5	140.5	18,02,484
Jun-2008	189.2	132.5	7,59,632
Jul-2008	185.0	137.0	7,93,712
Aug-2008	214.0	171.3	4,46,254
Sep-2008	200.0	160.3	87,090
Oct-2008	184.0	121.7	2,58,506
Nov-2008	174.9	143.5	1,85,534
Dec-2008	159.9	142.1	1,03,615
Jan-2009	178.9	145.8	1,69,699
Feb-2009	157.0	140.1	2,78,423
Mar-2009	176.0	131.0	1,69,219



## Distribution of Shareholding as on March 31, 2009

No. of Shares (Face Value of Rs. 5 each)	Shareholders		Shares	
	Number	% of Total Shares	Number	% of Total Shares
UPTO 500	15,946	87.881	31,43,563	8.72
500 - 1000	1,132	6.239	17,25,689	4.79
1000 - 2000	674	3.715	18,10,836	5.02
2000 - 3000	147	0.810	7,26,654	2.02
3000 - 4000	71	0.391	5,05,766	1.40
4000 - 5000	42	0.231	3,77,517	1.05
5000 - 10000	70	0.386	9,32,855	2.59
10000 & ABOVE	63	0.347	2,68,32,020	74.42
Grand-Total	18,145	100.00	3,60,54,900	100.00

### Dematerialisation of Shares and Liquidity

The securities of the Company form part of the Compulsory dematerialisation segment for all investors as on January 17, 2000. Securities Exchange Board of India (SEBI) has vide its circular No. MRD/Dop/SE/Dep/Cir-4/2005 dated January 28, 2005, announced that no custody charges would be levied on any investor with effect from April 01, 2005. As on March 31, 2009, 93% of the total shareholding is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

### Outstanding GDRs, ADRs, Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

### Address for correspondence

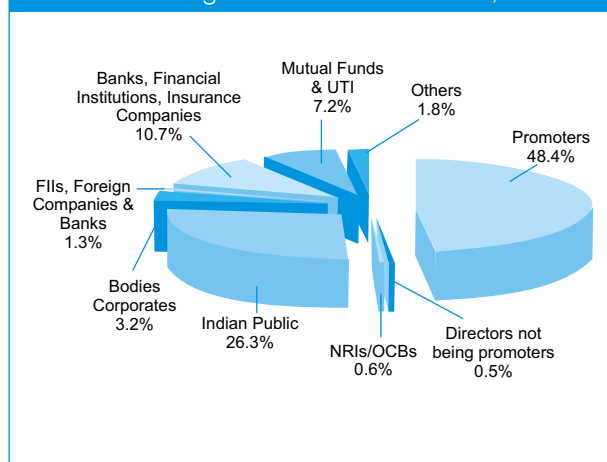
#### Registered & Corporate Office

Unichem Bhavan, Prabhat Estate, Off. S. V. Road,  
Jogeshwari (West), Mumbai – 400 102  
Tel: 022 66888333, Fax: 022 2679 4089  
Website: www.unichemindia.com

#### Retail Investors

Mr. Dilip Bhor / Ms. Radhika Shenoy  
Unichem Bhavan, Prabhat Estate, Off. S. V. Road,  
Jogeshwari (West), Mumbai – 400 102  
Tel: 022 66888439/478  
Email: dilip@unichemindia.com,  
radhikas@unichemindia.com

## Shareholding Pattern as on March 31, 2009



### Institutional Investors / Financial Analysts

Mr. K. Subharaman  
Unichem Bhavan, Prabhat Estate, Off S. V. Road,  
Jogeshwari (West), Mumbai – 400 102.  
Tel: 022 66888404  
Email: subharamank@unichemindia.com

### Registrar and Shares Transfer Agents (RTA)

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West), Mumbai - 400 078.  
Tel.: 022 25963838  
Fax: 022 25946969

**Plant Locations**

## Formulations Plant Locations

GOA  
Plot No. 17 & 18,  
Pilerne Industrial Estate,  
Pilerene Bardez - 403 511,  
Goa

BADDI  
Bhatauli Kalan,  
District Solan, Baddi - 173 205,  
Himachal Pradesh

GHAZIABAD  
C 31-32, Industrial Area,  
Meerut Road, Ghaziabad - 201 003,  
Uttar Pradesh

**Subsidiaries Locations**

Unichem S.A. (Pty) Ltd. (South Africa)  
Adrina Building, 1<sup>st</sup> Floor  
32-34, Klinkenberg Road,  
Van Der Hoff Park  
Potchefstroom  
P.O.Box - 20434  
Noordbrug  
TEL: (+2718)-2974055 / 0823361954  
FAX: (+2718)-2974059

Niche Generics Ltd. (U.K.)  
1, The Cam Centre  
Wilbury Way  
Hitchin Hertfordshire, England - SG4 0TW  
UK  
TEL: +44 [0] 1462 633804

**Representative Offices of the Company around the world**

Russia  
St. Bolshaya Yakimanka  
Hno. 31/18  
Moskow 119 180,  
Russia  
Tel.: 007-495-2302380  
Email: unichemindia@col.ru

Ukraine  
8, Strutinskogo, Apt No. 15,  
Kiev 01014  
Telefax: 00-380-44 5024550  
00-380-44 5024590, Cell: 00-380-67-2304247  
Country Business Manager - Dr. Rajith Puthen  
Email: unichem\_kiev@yahoo.com

## API Plant Locations

ROHA  
99, MIDC Area, Roha,  
District Raigad - 402 116,  
Maharashtra

PITHAMPUR  
Plot No. 197, Sector -I,  
Pithampur  
District Dhar - 454 775,  
Madhya Pradesh

Unichem Pharmaceuticals (USA), Inc.  
Sherbrooke Office Centre II  
201, West Passaic Street  
Suite C 301 A, Rochelle Park,  
New Jersey  
NJ 07662 USA

Tel: 001-201-2260240  
Fax: 001-201-2260241

Unichem Farmaceutica Do Brasil Ltda (Brazil)  
Rua Ramos Batista 152,  
Andar 12  
CEP - 04552020 Vila Olimpia  
Sao Paulo - Brasil

Kazakhstan  
ST. Cheikovskova 22-310  
City: Almaty,  
Kazakhstan  
Tel.: 007-3272-794997, Cell: 007-7771-510784  
Country Business Manager - Dr. Rahul Singh  
Email: drrahulsingh@gmail.com/ininfo@inbox.ru

Ghana  
P O Box 3368,  
Accra. Ghana.  
West Africa  
Tel.: 00-233-21-684183/665625(FAX)  
Cell-00-233-243-323349  
Country Business Executive - Mr. Narendra Kumar  
Email: narendra\_unichem@rediffmail.com

## General Information

### Requests to Members

1. Physical Shareholdings:
  - Members holding shares with multiple folios are requested to consolidate their folios into single folio and for this purpose, send the original share certificates along with a request to the Company/ RTA specifying the folio number under which they desire to hold the shares.
  - Members are requested to communicate the following information directly to the Registered Office/ RTA at the abovementioned address:
    - a. Any change in their address/ mandate/ bank details, etc.
    - b. Particulars of their bank account in which they wish their dividend to be credited, in case the same has not been furnished earlier.
    - c. Changing nomination in respect of their shareholding in the Company by submitting Nomination Form as per the provisions of Section 109A of the Companies Act, 1956
    - d. To avail facility of ECS, members are requested to send their details in ECS mandate form. The ECS mandate form has been sent to all shareholders of the Company.
2. Demat Shareholdings:
  - Members are requested to intimate all changes pertaining to their bank account details, ECS mandates, nominations, power of attorney, change of address/ name etc., only to their Depository Participant (DP) with whom their demat account is maintained and not to the Company or its RTA. Periodically, as instructed by the Company, the RTA will obtain details regarding Beneficial Owners including addresses from the National Securities Depository Limited or the Central Depository Services (India) Limited.
  - To prevent fraudulent encashment of dividend warrants, members should send their bank account details (if not provided earlier) to the DP for printing these on the dividend warrants.
3. General Requests:
  - In case shares are lost or misplaced, members should immediately lodge a complaint with the police and inform the Company enclosing the original or certified copy of the FIR or an acknowledged copy of the complaint.

- For expeditious transfer of shares, members should fill in complete and correct particulars in the transfer deed. Wherever applicable, the registration number of the power of attorney should also be quoted in the transfer deed at the appropriate place.
- Members should keep a record of their specimen signature provided to the Company/RTA and reconcile their signature with the same before lodging shares for transfer with the Company to prevent the possibility of a difference in signature at a later date.
- Members should quote their email addresses, telephone / fax numbers to get a prompt reply to their communications.

Members may give their valuable suggestions for improvement of our Investor Services.

### Nomination of shares

Section 109A of the Companies Act, 1956, extends a nomination facility to individuals holding shares in physical form in Companies. Shareholders, in particular those holding shares in a single name should, in their own interest, avail of this facility by giving the particulars of their nomination in the prescribed nomination form.

In case shares are held in a single name and the shareholder has expired, the following documents are required to be submitted by nominee(s):

- Original or certified copy of death certificate of the deceased holder
- A letter of request from the nominee(s) duly filled in and signed

It is possible to revoke / vary a nomination once made. If nomination is made by joint holders, and one of the joint holders dies, the remaining joint holder(s) can make a fresh nomination by revoking the existing nomination.

### Voting Rights

All the shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favour of a particular resolution, it is taken as passed, unless a poll is demanded. Since the fundamental voting principle in a Company is "One Share-One Vote", if demanded, voting takes place by a poll. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

**STANDALONE  
FINANCIAL  
STATEMENTS**

# Auditors' Report

## Auditors' Report to the Members of Unichem Laboratories Limited

1. We have audited the attached balance sheet of Unichem Laboratories Limited as at 31st March, 2009, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (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.
  - (e) On the basis of the written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2009 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 explanations given to us, the said Financial statements, read with the 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, 2009 ;
    - 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 flows for the year ended on that date.

For B. D. Jokhakar & Co.  
Chartered Accountants

Mumbai  
May 21, 2009

Raman Jokhakar  
Partner  
Membership No. 103241

**Annexure 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) As explained to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.  
(c) There was no substantial disposal of fixed assets during the year.
2. (a) As explained to us, the inventories of the Company except stocks in transits have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of the business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) The Company has granted an unsecured loan to a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 64,102,500/- and the year end balance was Rs. Nil.  
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.  
(c) We are informed that the party was regular in payment of interest and the principal amount was converted into investment during the year.  
(d) There being no overdue amount, this sub-clause is not applicable.  
(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses 4(iii)(e), 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
4. In our opinion, and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in such internal control systems.
5. To the best of our knowledge and belief and as explained to us the Company has not entered into any transactions required to be entered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, clause 4(v)(b) of the order is not applicable.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA or any relevant provisions of the Companies Act, 1956 and the rules framed there under and the directives issued by the Reserve Bank of India, where applicable, with regard to the deposits accepted from the public. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
7. In our opinion, the internal audit system is commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 relating to the manufacture of Bulk drugs and pharmaceutical specialties and are of the opinion that, *prima facie*, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
9. (a) The Company is regular in depositing undisputed statutory dues payable in respect of provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax,



custom duty, excise duty, cess and any other material statutory dues with the appropriate authorities during the year. There were no undisputed statutory dues as mentioned above in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable.

- (b) According to the information & explanations given to us, the dues in respect of excise duty and custom duty that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending as on 31st March, 2009 are as given below:

Name of the Statutes	Nature of the dues	Amount (Rs. in lacs)	Forum where dispute is pending	Period to which it relates
Central Excise Act, 1944	Penalty	11.61	Customs Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi	2003-04
Custom Act, 1962	Custom duty including interest and penalty	400.00	Jt. Director General of Foreign Trade, Bhopal	1997-98

10. The Company does not have any accumulated losses at the end of the financial year and it has not incurred any cash losses in the current or in the immediately preceding financial year.
11. According to the information and explanations given to us the Company has not defaulted in repayment of dues to banks and financial institutions.
12. According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the order are not applicable to the Company.
13. The Company is not a chit fund or a nidhi mutual benefit fund /society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.
14. As informed to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the order are not applicable to the Company.
15. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us the term loans have been applied for the purpose for which they were raised.
17. According to the cash flow statement and other records examined by us and the information and explanations 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 investments.
18. According to the information and explanations given to us no preferential allotment of shares has been made by the Company to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any secured debentures and accordingly the provisions of clause 4(xix) of the order are not applicable.
20. The company has not raised any money through a public issue during the year.
21. Based upon the audit procedures for the purpose of reporting the true and fair view of financial statements and as per the information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year.

For B. D. Jokhakar & Co.  
Chartered Accountants

Mumbai  
May 21, 2009

Raman Jokhakar  
Partner  
Membership No. 103241

# Balance Sheet

As at 31st March, 2009  
(Rupees in lacs)

Schedule		Current Year		Previous Year	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1	1,802.75		1,802.10	
Reserves and Surplus	2	50,193.27		40,999.79	
			51,996.02		42,801.89
<b>Loan Funds</b>					
Secured Loans	3	674.78		553.30	
Unsecured Loans	4	1,878.41		1,783.00	
			2,553.19		2,336.30
			3,236.40		3,226.40
<b>Deferred Tax Liability</b>					
<b>Total</b>			<b>57,785.61</b>		<b>48,364.59</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	5	38,511.22		31,235.60	
Less: Accumulated Depreciation		10,500.07		8,805.50	
Net Block		28,011.15		22,430.10	
Capital Work in Progress		7,592.94		10,319.20	
			35,604.09		32,749.30
<b>Investments</b>					
	6		6,081.03		4,180.93
<b>Current Assets, Loans and Advances</b>					
Inventories	7	9,206.68		7,145.00	
Sundry Debtors	8	13,620.87		12,358.05	
Cash and Bank Balances	9	2,957.77		697.07	
Loans and Advances	10	3,438.75		2,703.24	
			29,224.07		22,903.36
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	11	10,200.32		8,568.40	
Provisions	12	2,923.26		2,900.60	
			13,123.58		11,469.00
<b>Net Current Assets</b>					
			16,100.49		11,434.36
<b>Total</b>			<b>57,785.61</b>		<b>48,364.59</b>
<b>Significant Accounting Policies/Notes to Accounts</b>	18				

**Schedules 1 to 18 form an integral part of accounts.**

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Profit & Loss Account

For the year ended 31st March, 2009  
(Rupees in lacs)

	Schedule	Current Year	Previous Year
<b>INCOME</b>			
Sales / Income from operations (Gross)	13	66,384.31	59,391.15
Less: Excise duty		697.65	1,281.80
Sales / Income from operations (Net)		65,686.66	58,109.35
Other Income	14	1,049.92	669.83
Total		66,736.58	58,779.18
<b>EXPENDITURE</b>			
Manufacturing, selling and administrative expenses	15	47,922.06	45,484.98
Research & Development Expenses	16	2,349.20	2,157.00
Interest	17	63.98	151.72
Depreciation including Amortisation	5	1,992.38	1,537.20
		52,327.62	49,330.90
<b>PROFIT BEFORE TAX</b>		14,408.96	9,448.28
<b>PROVISION FOR TAXATION</b>			
Less: Current Tax (including Wealth tax)		1,610.00	1,055.00
Deferred Tax		10.00	415.00
Fringe Benefit Tax		300.00	255.00
<b>NET PROFIT AFTER TAX</b>		12,488.96	7,723.28
Less: Prior Period items		-	(2.29)
Less: Excess/(Short) provision for taxation pertaining to previous years		(13.81)	50.43
Add: Balance Brought Forward		23,806.29	19,643.27
Amount available for Appropriation		36,281.44	27,414.69
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,802.83	1,802.10
Interim Dividend paid		1,081.34	-
Tax on Proposed Dividend		306.39	306.30
Tax on Interim Dividend paid		183.77	-
Transfer to General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		31,407.11	23,806.29
Total		36,281.44	27,414.69
Basic Earnings per share of Rs 5/- (Pr Yr Rs 5/-) each (in Rs)		34.61	21.57
Diluted Earnings per share of Rs 5/- (Pr Yr Rs 5/-) each (in Rs)		34.59	21.56
<b>Significant Accounting Policies / Notes to Accounts</b>	18		

**Schedules 1 to 18 form an integral part of accounts.**

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Cash Flow Statement

For the year ended 31st March, 2009  
(Rupees in lacs)

	Current Year		Previous Year	
<b>A. Cash Flow from Operating Activities</b>				
<b>Net Profit before tax</b>		14,408.96		9,448.28
<b>Adjustment for :</b>				
Depreciation	1,992.38		1,537.20	
Loss/(Profit) on Sale of Assets (Net)	48.10		(0.50)	
Exchange difference	(308.13)		73.50	
Interest expenses	193.21		207.02	
Provision for doubtful debts, loans, advances & deposits for the year	619.00		346.50	
Employees compensation expenses (ESOS)	79.77		81.50	
Loss/(Profit) on Sale of Investments	(96.83)		(70.50)	
Interest income	(129.23)		(55.30)	
Excess provision for expenses written back	(106.96)		(332.20)	
Provision for Diminution in Investments	193.00		-	
Dividend Income	(0.09)		(0.20)	
		2,484.22		1,787.02
Operating Profit Before Working Capital Changes		16,893.18		11,235.30
<b>Adjusted for:</b>				
Trade & other receivables	(2,167.44)		(169.46)	
Inventories	(2,061.68)		(124.69)	
Current Liabilities	1,737.91	(2,491.21)	(895.55)	(1,189.70)
Cash Generated from Operations		14,401.97		10,045.60
Direct Taxes Paid (Net of refund & including Fringe benefit tax)		(2,029.80)		(1,113.60)
Net Cash Flow from Operating Activities		12,372.17		8,932.00
<b>B. Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets including Capital WIP		(5,054.32)		(8,202.61)
Sale of Fixed Assets including exceptional items		159.08		45.50
Investment in subsidiary		(1,998.64)		(519.30)
Investment in others (Net)		(94.46)		70.50
Loss/(Profit) on Sale of Investments		96.83		-
Interest Received		92.53		55.30
Dividend on Investments		0.09		0.20
Subsidy received		-		30.00
Net Cash used in Investing Activities		(6,798.89)		(8,520.41)
<b>C. Cash Flow from Financing Activities</b>				
Repayments of Borrowings		421.28		(11.06)
Proceeds from issue of Share capital & share premium		13.54		10.60
Receipt/(Payment) of short term borrowing (Security deposit)		96.11		177.10
Receipt/(Payment) of External commercial borrowings		(299.80)		(354.06)
Interest Paid		(193.21)		(207.00)
Dividend paid		(1,779.99)		(80.20)
Interim Dividend paid		(1,081.34)		-
Dividend distribution tax paid		(490.07)		-
Net Cash used in Financing Activities		(3,313.48)		(464.62)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		2,259.80		(53.03)
Opening Balance of Cash and Cash Equivalents		697.07		750.90
Closing Balance of Cash and Cash Equivalents		2,956.87		697.87
Closing balance of Cash & cash Equivalents as per Sch-9		2,957.77		697.07
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		(0.90)		0.80
Closing balance of Cash & cash Equivalents as per cash flow		2,956.87		697.87

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Schedules to Accounts

As at 31st March, 2009  
(Rupees in lacs)

Schedule 1	Current Year	Previous Year
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
70,000,000 Equity Shares of Rs. 5/- each	3,500.00	3,500.00
20,000,000 Unclassified Shares of Rs. 5/- each	1,000.00	1,000.00
5,000,000 Preference Shares of Rs. 10/- each	500.00	500.00
	<b>5,000.00</b>	<b>5,000.00</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
36,054,900 Equity Shares of Rs. 5/- each fully paid up (Previous year 36,042,600 Equity Shares of Rs. 5/- each fully paid up )	1,802.75	1,802.10
<b>Total</b>	<b>1,802.75</b>	<b>1,802.10</b>
<b>NOTE :</b>		
(1) i) 450,000 Equity Shares of Rs. 5/- each allotted as fully paid up pursuant to a contract without payment being received in cash.		
ii) 29,390,000 Equity Shares of Rs. 5/- each issued as bonus Shares by Capitalisation of General Reserve.		
iii) 1,330,000 Equity Shares of Rs. 5/- each allotted pursuant to the scheme of Amalgamation of Unisearch Ltd and Unichem Exports Ltd with the Company without payment being received in cash.		
(2) Outstanding Employees' stock option exercisable into 2,62,600 Equity shares; (Previous year 2,29,900 Equity shares) (Refer Note no. 11)		

As at 31st March, 2009  
(Rupees in lacs)

Schedule 2	Current Year		Previous Year	
<b>RESERVES AND SURPLUS</b>				
<b>SHARE PREMIUM</b>				
[Net of Premium on unpaid allotment money in arrears due from members other than directors]	7,415.80		7,339.60	
Add: Addition during the year	29.93		76.20	
		7,445.73		7,415.80
<b>CAPITAL RESERVE</b>				
Balance as per last Balance Sheet	62.50		32.50	
Add: Addition during the year	-		30.00	
		62.50		62.50
<b>GENERAL RESERVE</b>				
Balance as per last Balance Sheet	9,574.80		8,190.80	
Add: Transfer from Profit and Loss Account	1,500.00		1,500.00	
Less: Charged on account of transitional effect of AS 15- Employee Benefits	-		116.00	
		11,074.80		9,574.80
<b>EMPLOYEES' STOCK OPTIONS</b>				
Employees' stock options outstanding	356.60		431.40	
Add: Addition during the year	10.06		(74.80)	
	366.66		356.60	
Less: Deferred Employees' stock compensation during the year	(163.53)		(216.20)	
		203.13		140.40
<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>		31,407.11		23,806.29
Total		50,193.27		40,999.79

Schedule 3	Current Year	Previous Year
<b>SECURED LOANS</b>		
(Refer Note 4 of Schedule 18)		
Term loans from Banks	-	299.80
Loans from Banks for working capital	674.78	253.50
Total	674.78	553.30

Schedule 4	Current Year	Previous Year
<b>UNSECURED LOANS</b>		
<b>Fixed Deposits</b>		
Others	-	0.70
(Repayable within one year Rs. Nil, Previous year Rs.0.70 lacs)		
<b>Other Loans and Advances</b>		
Other than from Banks	1,878.41	1,782.30
Total	1,878.41	1,783.00

As at 31st March, 2009  
(Rupees in lacs)**Schedule 5****FIXED ASSETS**

Assets	Gross Block				Depreciation				Net Block		
	Cost As at 01/04/2008	Additions	Deductions	Cost As at 31/03/2009	Opening As at 01/04/2008	For the year	Deductions/Transfers*	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008	
<b>TANGIBLE ASSETS</b>											
<b>Land</b>											
Freehold	268.18	-	-	268.18	-	-	-	-	268.18	268.18	
Leasehold	858.44	938.41	-	1,796.85	30.64	9.58	49.99	90.21	1,706.64	827.80	
Buildings	9,288.88	2,302.66	-	11,591.54	1,490.00	362.88	-	1,852.88	9,738.66	7,798.88	
Plant and Machinery	18,935.44	4,163.66	(396.98)	22,702.12	6,111.48	1,451.59	(291.91)	7,271.16	15,430.96	12,823.96	
Furniture Fixtures and Equipments	1,363.61	252.18	(29.94)	1,585.85	834.00	111.77	(2.55)	943.22	642.63	529.61	
Cars and Vehicles	389.00	123.70	(78.07)	434.63	207.33	56.56	(53.34)	210.55	224.08	181.67	
<b>INTANGIBLE ASSETS</b>											
Patents and Trademarks	132.05	-	-	132.05	132.05	-	-	132.05	-	-	
<b>Total</b>	<b>31,235.60</b>	<b>7,780.61</b>	<b>(504.99)</b>	<b>38,511.22</b>	<b>8,805.50</b>	<b>1,992.38</b>	<b>(297.81)</b>	<b>10,500.07</b>	<b>28,011.15</b>	<b>22,430.10</b>	
Previous Year	27,006.90	4,426.70	(198.00)	31,235.60	7,421.20	1,537.20	(152.90)	8,805.50	22,430.10	-	
Capital Work in Progress including Capital Advances									7,592.94	10,319.20	

\* Transfer includes depreciation related to new projects under capitalisation allocated to Capital Work in-Progress.

Buildings include Three Flats and a Garage amounting to Rs. 147.19 lacs (Previous year Rs. 50.00 lacs ) where the co-operative society is yet to be formed.

Addition to Gross Block includes Rs.382.07 lacs (Previous year Rs. 1,114.20 lacs) being expenditure on Research and Development as under:-

Buildings	Rs.	Nil	(Previous year Rs. 676.20 lacs)
Plant & Machinery	Rs.	361.77 lacs	(Previous year Rs. 383.50 lacs)
Furniture Fixtures and Equipments	Rs.	20.29 lacs	(Previous year Rs. 54.50 lacs)

As at 31st March, 2009  
(Rupees in lacs)**Schedule 6****INVESTMENTS**

	No of Shares/Units		Face Value	Current Year	Previous Year
	Current Year	Previous Year			
<b>(A) LONG TERM - NON TRADE (at cost )</b>					
<b>(I) UNQUOTED</b>					
<b>(a) GOVERNMENT AND TRUST SECURITIES</b>					
National Saving Certificates and Others				0.08	0.08
6.75% Tax free bonds of Rs. 100 each of Unit Trust of India	-	5,545	Rs 100	-	5.54
				<b>0.08</b>	<b>5.62</b>
<b>(b) OTHER INVESTMENTS</b>					
Fully Paid Equity Shares of Mediklin Healthcare Limited (Earlier known as M/S Gravure Art and Healthcare Limited)	202,500	202,500	Rs 10	30.38	30.38
Fully Paid Equity Shares of Shivalik Solid Waste Management Limited	20,000	20,000	Rs 10	2.00	2.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				<b>2.00</b>	<b>2.00</b>
<b>(c) SUBSIDIARIES</b>					
Fully paid Equity Shares of Niche Generics Ltd (UK)	625,000	625,000	1 Pound	2,556.77	2,556.77
Unichem SA Pty Ltd	19,000	19,000	10 SA Rand	12.14	12.14
Unichem Farmaceutica Do Brasil Ltda	4,524,297	3,677,667	1 Brasil Real	963.20	758.40
Unichem Pharmaceuticals USA Inc.	3,331,955	1,961,955	1 US\$	1,475.05	846.00
12% Redeemable Preference Share Capital - Niche Generics Ltd (UK)	1,500,000	-	1 Pound	1,164.79	-
Less : Provision for diminution in value of investments				(193.00)	-
				<b>5,978.95</b>	<b>4,173.31</b>
<b>TOTAL LONG TERM UNQUOTED INVESTMENTS</b>				<b>5,981.03</b>	<b>4,180.93</b>
<b>(II) QUOTED</b>					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited Market value as on 31st March 2009 is Rs. 2.60 lacs (Previous year Rs. 2.00 lacs)	1,000	1,000	Rs. 10	-	-
<b>(B) CURRENT INVESTMENTS - TRADE</b>					
<b>(Lower of Cost or Market Value)</b>					
<b>(I) UNQUOTED MUTUAL FUNDS</b>					
Kotak Quarterly Interval Plan Series 2- Growth	869,875.35			100.00	-
			Sub Total	100.00	-
<b>Total</b>				<b>6,081.03</b>	<b>4,180.93</b>

Aggregate of Unquoted Investments - At Book Value

6,081.03 4,180.93

Aggregate of Quoted Investments - At Book Value

- -

- At Market Value

2.60 2.00



**Notes:****During the year the following investments were purchased and sold:**

Name of the Fund	No. of Units
HDFC Cash Management Fund - Savings Plan - Growth	6429895.36
HDFC Floating Rate Income Fund - Short Term Plan - Retail Option - Growth	657400.15
DSP Black Rock Liquidity Fund - Regular Plan - Growth	167203.31
SBI Premier Liquid Fund - Institutional - Growth	850493.40
SBI-SHF-Ultra Short Term Fund - Retail Plan - Growth	221078.51
Reliance Liquid Fund - Treasury Plan - Retail Option - Growth Plan	95782.69
Reliance Money Manager Fund - Institutional Option - Growth Option	33088.51
Reliance Money Manager Fund - Retail Option - Growth Plan	1706.60
Reliance Money Manager Fund - Retail Option - Growth Plan	2133.48
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	1719967.06
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	226732.34
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan	1128831.25
Kotak Floater Long Term - Growth	5503762.16
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	796649.15
Kotak Liquid (Institutional Premium) - Growth	15599316.49
LICMF Liquid Fund - Growth Plan	17213177.20
LICMF Income Plus Fund - Growth Plan	23781187.84
LICMF FMP Series 41 (3 months) - Growth plan	250000.00
LICMF Interval Fund - Series 1 - Monthly Growth Plan	1983861.36
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	2908760.17
IDFC Cash Fund - Inst Plan B - Growth	2093262.10
IDFC Liquid Plus Fund - Treasury Plan - Inst Plan B - Growth	1652033.48
Birla Sun Life Cash Manager - Institutional Plan - Growth	292303.65
Birla Sun Life Cash Plus - Instl. - Growth	650000.65
Birla Cash Plus - Instl. Prem. - Growth	3153441.63
Birla Sun Life Liquid Plus - Retail - Growth	1629024.72
Birla Sun Life Short Term Fund - Retail - Growth	1030671.53
HSBC Liquid Plus - Inst. - Growth	743304.14
HSBC Cash Fund - Institutional plan - Growth	612806.94
Religare Liquid Fund - Institutional Growth	830599.28
Religare Ultra Short Term Fund - Institutional Growth	831905.00
Fortis Overnight fund - institutional - Growth	2310624.44
Fortis Money Plus Institutional Growth	2357770.72
Prudential ICICI Flexible Income Plan - Growth	4117675.30
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth	6752778.53
Kotak Flexi Debt Scheme - Growth	6919062.91
Kotak Flexi Debt Scheme Institutional - Growth	9753022.86
Kotak FMP 1M Series 1 - Growth	4000000.00
JM High Liquidity Fund - Growth Plan (13)	797808.49
JM Money Manager Fund Super Plus Plan - Growth	1032946.98
DWS Insta Cash Plus Fund - Growth Option	365941.13
DWS Insta Cash Plus Fund - Institutional Plan - Growth	917727.20

**Notes:****During the year the following investments were purchased and sold:**

Name of the Fund	No. of Units
DWS Credit Opportunities Cash Fund - Regular Plan Growth	464101.00
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth	141656.70
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Growth	3493018.03
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	470707.36
DBS Chola Liquid Inst. Plus - Cumulative	526098.38
DBS Chola Freedom Income STP - Inst. - Cum - Org	377537.11
UTI Liquid Cash Plan Institutional - Growth Option	24433.42
UTI - Treasury Advantage Fund - Institutional Plan (Growth Option)	16252.26
Sundaram BNP Paribas Money Fund Institutional - Apprn	703505.68
Sundaram BNP Paribas Liquid Plus Retail Growth	1107075.60
Principal Cash Management Fund Liquid Option - Growth Plan	468085.90
Principal Liquid Plus Fund	715320.57
Principal Cash Management Fund Liquid Option - Instl. Plan - Growth Plan	747445.61
Principal Floating Rate Fund FMP Instl. Option - Growth Plan	781382.72
Tata Floater Fund - Growth	2650304.47
Tata Liquid High Investment Fund - Growth	42552.92
Templeton India Ultra Short Bond Fund Retail Plan - Growth	449891.23
Templeton India Treasury Mangement Account Regular Plan - Growth	13015.32
Templeton India Treasury Mangement Account Institutional Plan - Growth	11841.68
Templeton Floating Rate Income Fund Long Term Institutional Option - Growth	3033594.18
Canara Rebeco Treasury Advantage Institutional Growth Fund	557032.89
Canara Rebeco Liquid Fund - Institutional Growth	9225172.31
Canara Rebeco Treasury Advantage Super Institutional Growth Fund	4595227.70
JP Morgan India Treasury Fund - Super Inst. Growth Plan	455779.45
JP Morgan India Liquid Fund - Super Inst. Growth Plan	457182.26
AIG India Liquid Fund - Retail - Growth	2283.54
Bharati AXA Liquid Fund - Regular Plan - Growth	9554.49

As at 31st March, 2009  
(Rupees in lacs)

Schedule 7	Current Year		Previous Year	
<b>INVENTORIES (As certified by management)</b>				
Raw Materials (Include Rs.99.50 lacs in transit, (Previous year Rs. 44.20 lacs))		2,515.15		2,148.50
Packing Materials (Include Rs.0.10 lacs in transit, (Previous year Rs.2.20 lacs))		579.57		547.70
Semi- Finished Goods		1,183.72		889.50
Finished Goods (Include Rs. 193.73 lacs in transit, (Previous year Rs. 114.40 lacs))		4,676.52		3,329.60
Stores and Spares		251.72		229.70
Total		9,206.68		7,145.00
<b>Schedule 8</b>				
<b>SUNDRY DEBTORS (UNSECURED unless otherwise stated)</b> (Refer Note 15 of Schedule 18)				
Debts outstanding for period exceeding six months				
Considered good	563.78		1,454.40	
Considered doubtful	693.39		540.10	
	1,257.17		1,994.50	
Less: Provision for Doubtful Debts	693.39		540.10	
		563.78		1,454.40
Other debts - Considered Good		12,669.19		10,735.85
Debts Due from Subsidiary		387.90		167.80
Total		13,620.87		12,358.05
<b>Schedule 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand		8.39		9.20
Balance with Scheduled Banks				
In Current Accounts	551.23		600.67	
In Fixed Deposit Accounts	2,297.10		0.10	
In Unpaid Dividend Accounts	97.02		74.90	
		2,945.35		675.67
Balance with non Scheduled Banks outside India				
UKREXIMBANK (Maximum Balance during the year Rs.36.21 lacs (Previous year Rs. 24.70 lacs))		0.04		6.00
SG-SSB Bank - Ghana (Maximum Balance during the year Rs.7.69 lacs (Previous year Rs. 0.20 lacs))		1.40		0.20
Turan Alem Bank, Almaty, Kazakhstan (Maximum Balance during the year Rs.29.28 lacs (Previous year 26.90 lacs))		0.19		4.90
Uni credit Bank (Maximum Balance during the year Rs. 19.94 lacs (Previous year Rs.10.00 lacs))		2.40		1.10
Total		2,957.77		697.07

As at 31st March, 2009  
(Rupees in lacs)

Schedule 10	Current Year		Previous Year	
<b>LOANS AND ADVANCES (UNSECURED)</b>				
Considered good unless otherwise stated				
Advances recoverable in Cash or in kind or for value to be received				
Considered Good	2,383.60		1,978.95	
Considered Doubtful	45.57		61.90	
	2,429.17		2,040.85	
Less : Provision for Doubtful Advances	45.57		61.90	
		2,383.60		1,978.95
Deposits		406.76		289.99
Advance payment of Income Tax (Net of Provision for Taxation)	120.05		57.30	
Balance with Excise Department	528.34		377.00	
		648.39		434.30
Total		3,438.75		2,703.24
<b>Schedule 11</b>				
<b>CURRENT LIABILITIES</b>				
Due to Directors		300.95		197.90
<b>Sundry Creditors</b>				
Payable to Micro ,Small and Medium Enterprises (Refer note 5 of Schedule 18)	-		-	
Advance from Customers	4.20		21.50	
Payable to Other Sundry Creditors	9,103.51		7,696.00	
		9,107.71		7,717.50
<b>Investor education and protection fund</b>				
Unclaimed Dividend	97.02		74.90	
Unpaid matured deposits	1.49		1.50	
		98.51		76.40
Other Current Liabilities		693.15		576.60
Total		10,200.32		8,568.40
<b>Schedule 12</b>				
<b>PROVISIONS</b>				
Proposed Dividend		1,802.83		1,802.10
Tax on Dividend		306.39		306.30
Provision for Employees benefit schemes		814.04		792.20
Total		2,923.26		2,900.60

## Schedules to Accounts

**UNICHEM**

For the year ended 31st March, 2009  
(Rupees in lacs)

<b>Schedule 13</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>SALES / INCOME FROM OPERATIONS (GROSS)</b>				
Sales		65,584.44		58,419.85
Export benefits		567.00		536.20
Sundries		232.87		435.10
<b>Total</b>		<b>66,384.31</b>		<b>59,391.15</b>
<b>Schedule 14</b>				
<b>OTHER INCOME</b>				
Dividend received		0.09		0.20
Profit on sale of fixed assets		0.53		3.10
Profit on sale of current investments		96.83		70.50
Miscellaneous income		297.79		254.33
Discounting Charges		6.60		9.50
Provision for expenses written back		106.96		332.20
Exchange Gain (Net)		541.12		-
<b>Total</b>		<b>1,049.92</b>		<b>669.83</b>
<b>Schedule 15</b>				
<b>MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</b>				
Raw Materials Consumed		12,880.88		12,346.05
Packing materials, containers consumed		2,422.42		2,154.90
Stores and Spares consumed		394.16		290.00
Purchases of Finished goods		10,563.77		10,109.13
Manufacturing Charges		597.87		457.90
Personnel Cost :				
Salaries, wages, Ex-gratia bonus and commission	6,458.24		5,415.23	
Contribution to Provident and other funds	582.06		524.90	
Employees' Welfare Expenses	266.59		251.10	
(Include Rs. 79.77 lacs (Previous year Rs. 81.51 lacs) of Employees' compensation expenses under ESOS Schemes.)		7,306.89		6,191.23
Power and Fuel		1,440.14		1,419.50
Rent		110.31		97.40
Insurance		156.67		163.10
Repairs :				
Plant and Machinery		259.69		177.10
Buildings		88.54		97.50
Others		181.44		230.80
Rates and Taxes		213.96		322.50
Advertising and sales promotion		6,078.74		5,996.00
Travelling and Conveyance		2,104.75		1,800.00
Freight outward		823.91		741.20
Directors' Fees		7.40		9.00
Commission on sales		878.51		790.00
Loss on sale / scrapping of assets		48.63		2.70
Exchange loss (Net)		-		257.11
Bad debts, loans, advances and deposits written off	499.93		-	
Less adjusted out of provision for doubtful debts, loans, advances and deposits	487.13		-	
Provision for doubtful debts, loans, advances and deposits for the year		12.80		-
Establishment and Administrative Expenses		619.00		346.50
Provision for Diminution of Investments in Subsidiary		2,179.72		1,815.44
		193.00		-
<b>Total</b>		<b>49,563.20</b>		<b>45,815.06</b>

For the year ended 31st March, 2009  
(Rupees in lacs)

Schedule 15	Current Year		Previous Year	
<b><u>Increase/(Decrease) in stocks of semi finished &amp; finished goods</u></b>				
Stocks at commencement				
Semi-Finished Goods		889.50		1,024.72
Finished Goods		3,329.60		2,864.30
		4,219.10		3,889.02
Stocks at close				
Semi-Finished Goods		1,183.72		889.50
Finished Goods		4,676.52		3,329.60
		5,860.24		4,219.10
		(1,641.14)		(330.08)
Total		47,922.06		45,484.98
<b>Schedule 16</b>				
<b>RESEARCH &amp; DEVELOPMENT EXPENDITURE</b>				
(At units approved by Dept of Science & Industrial Research)				
Salaries, wages and Exgratia		788.80		644.10
Contribution to Provident fund and other Funds		44.40		34.40
Employee's welfare expenses		3.50		2.50
Rates and Taxes		22.50		22.10
Repairs:				
Plant and machinery		24.90		11.00
Buildings		1.20		0.40
Others		27.50		11.10
Power and fuel		90.30		88.80
Travelling and conveyance		33.90		41.90
Others		1,312.20		1,300.70
Total		2,349.20		2,157.00
<b>Schedule 17</b>				
<b>INTEREST</b>				
Paid on :				
Fixed Deposits (Including Rs.nil paid to Director)		-		1.60
(Previous year Rs 0.20 lacs)				
Other fixed loans		12.11		40.70
Banks and others		181.10		164.72
		193.21		207.02
Less : Interest earned (Refer note 10 of Schedule 18 )		129.23		55.30
(TDS deducted of Rs.17.23 lacs)				
(Previous year Rs. 0.10 lacs))				
Total		63.98		151.72

**Schedule 18**

## Statement of Significant Accounting Policies

**1 Basis of Accounting**

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the provisions of Companies Act, 1956 and the accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006.

**2 Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**3 Fixed Assets and Depreciation/Amortisation**

Fixed Assets are recorded at cost including any directly attributable expenses incurred (net of recoverable taxes) to bring the assets to working condition for their intended use. Depreciation is provided on Straight-Line Method on Buildings and Plant & Machinery and on Written Down Value Method on other fixed assets at rates specified in schedule XIV of Companies Act, 1956. Higher rates are considered based on useful lives of the assets determined by management as under;

Assets	Rates
Plant & Machinery (Lab Equipments)	4.75% to 20%
Computers and Softwares	16.21% to 25%

Leasehold Land is amortised over the period of lease. Intangible assets are amortised on straight line basis over the useful lives of the assets not exceeding 10 years.

Assets costing individually upto Rs. 5,000 are written off to revenue. Assets costing between Rs. 5,000 and Rs. 15,000 are depreciated fully in the year of purchase except when value of individual assets purchased in aggregate exceeds Rs. 1,00,000.

**4 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sales of goods is recognised when significant risks and rewards of ownership are transferred to the customers. Sales are inclusive of excise duty but net of sales tax, claims for date expired goods & breakage.

Revenue from Product development charges is recognised as and when services are rendered and related costs are incurred in accordance with the terms of the specific contracts.

Benefits on account of entitlement to import of goods free of duty under the 'Duty Entitlement Pass Book under Duty Exemption Scheme' and benefits on account of export promotion schemes is accounted when the right to receive is reasonably certain.

**5 Research and Development Expenses**

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

**6 Employee Benefits****Short Term Employee Benefits**

Short term employee benefits are recognised in the Profit and Loss Account as an expense at their undiscounted amount.

**Long Term Employee Benefits****(a) Defined Contribution Plans**

Employee benefits in the form of employees provident fund scheme, employee state insurance scheme, employee pension scheme and superannuation are recognized in the Profit and Loss Account on accrual basis.

**(b) Defined Benefit Plan**

Defined Benefit Plans in form of Gratuity and Compensated Absences are provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gain or loss is charged in Profit & Loss A/c for the year.

**Termination Benefits**

Compensation paid to employees under Voluntary Retirement Scheme is recognised as an expense when incurred.

**7 Investments**

Investments that are readily realisable and intended to be held not more than 12 months are classified as current investments. All other investments are classified as long-term investment. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost less diminution in value, if any. Provisions are recognized for any decline, other than temporary, in the carrying value of long term investment as determined by management.

**8 Inventories**

Inventories are valued after providing for obsolescences as under :

Stock of raw material is valued at lower of cost or net realisable value, cost of which includes duties and taxes except those subsequently recoverable from the government authorities and is arrived on weighted average basis. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Stock of Packing Materials and Stores and spares are valued at cost.

Stock of Finished products including traded goods and semi finished goods are valued at lower of cost or net realisable value. Cost includes material cost, labour, direct expenses, related production overheads and applicable taxes. Cost is determined on weighted average basis.

**9 Foreign Currency Transactions**

The transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of transaction. The exchange difference arising on actual settlement of foreign exchange transaction are recognized in the Profit and Loss Account of the year.

Monetary assets and liabilities in foreign exchange, which are outstanding as at the year end, are translated at the year end at the closing rate and the resultant exchange differences are recognised in the Profit and Loss Account.

Investments in foreign subsidiaries are recorded in Indian currency at the rate of exchange prevailing at the time when the original investments were made.

The premium or discounts arising at the inception of forward exchange contract is amortised as expense or income over the life of contract. Exchange differences on such contracts are recognised as gain / loss in the Profit and Loss account of the period.

**10 Employees Stock Compensation Costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost as excess of the fair value of the Company's stock on the stock option grant date over the exercise price. Compensation expense, if any, is amortized over the vesting period of the option on a straight line basis.



**11 Provisions, Contingent liabilities and Contingent assets**

Provision is recognized when the Company has a present obligation as a result of past events and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimates can be made.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an out flow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

**12 Taxation**

Current tax is measured at an amount payable for the period in accordance with the Income Tax Act, 1961.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise these assets. All other deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets. At each Balance Sheet date, the carrying value amount of deferred tax assets are reviewed to reassure realisation.

Fringe Benefits Tax is calculated in accordance with the provisions of the Income Tax Act, 1961 and Guidance Note on Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

**13 Impairment of Assets**

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

**14 Provision for Doubtful Debts**

A percentage based provision is made for debtors outstanding for more than one year based on ageing analysis thereof and a specific provision is made in cases where the collection of debt is uncertain.

**15 Earnings per share**

The basic earning per share ("EPS") is calculated by dividing the Profit/(Loss) after Tax by the weighted average number of Equity Shares outstanding. The diluted EPS is calculated after adjusting the weighted average number of Equity shares to give effect to the potential equity shares on the stock options outstanding.

**Schedule 18**

## NOTES TO ACCOUNTS

1 Previous year's figures have been regrouped, recast and restated wherever necessary.

## 2 Contingent Liabilities :

(Rupees in lacs)

	Current Year	Previous Year
(i) Claims not acknowledged as debts*.	599.78	250.01
(ii) In respect of the Guarantees given to Bank on behalf of :		
- Subsidiaries	1,352.60	-
- Others	185.33	134.25
(iii) Letters of Credit	441.70	47.29
Total	2,579.41	431.55

\* includes Rs 91.27 lacs (Previous Year Rs. 88.20 lacs) paid under protest/deposit pending adjudication.

(iv) Claims made by the employees whose services have been terminated are not acknowledged as debts, the exact liability, whereof is not ascertainable.

3 Estimated amount of Commitments (Net of Advances) on Capital Account, not provided for Rs. 1,225.96 lacs (Previous year Rs. 5,469.85 lacs)

4 (i) External commercial borrowings (ECB) of Rs.Nil lacs (Previous year Rs.299.80 lacs) from Co-operative Centrale Raiffeisen Boerenleenbank B.A., Singapore was secured by first pari-passu charge on Company's immovable properties at Goa and at Baddi Unit I.

(ii) Cash credit, Packing credit and Demand loans of Rs. 674.78 lacs (Previous year Rs. 253.50 lacs) from Bank of India and Bank of Baroda are secured against hypothecation of Inventories, Book debts and mortgage of immovable properties located at Jogeshwari, Roha, Ghaziabad on first pari passu charge and on immovable properties at Baddi Unit I and Goa on a second and subservient charge.

5 There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

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.

6 On internal assessment of long term investments made by the Company in its subsidiaries during the year, the management has determined an amount of Rs 193.00 lacs for diminution, which has been provided in the accounts.

7 Managerial Remuneration under Section 198 of the Companies Act, 1956 to Directors.

(Rupees in lacs)

Particulars	Current Year	Previous Year
Salary	138.82	89.33
Commission	300.94	198.00
Contribution to Provident Fund and other Funds	35.40	23.90
Perquisites in Cash or in Kind	38.66	36.57
Directors' fees	7.40	9.00
Total	521.22	356.80

(Exclusive of provision for future liabilities in respect of retirement benefits since these are based on actuarial valuation done on overall Company basis)

## 8 Computation of Net Profit as per Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956

(Rupees in lacs)

Particulars	Current Year	Previous Year
Profit Before Tax as per Profit and Loss Account	<b>14,408.96</b>	<b>9,445.99</b>
Add: Depreciation	1,992.38	1,537.19
Directors' Remuneration	513.91	347.70
Directors' Fees	7.40	9.00
Loss on sale of assets per books	48.63	2.70
Profit on sale of assets u/s 349	(0.53)	3.10
Provision for Doubtful Debts/Advances	619.00	346.50
Provision for diminution in investment in subsidiary	193.00	-
Sub-Total	<b>3,373.79</b>	<b>2,246.19</b>
Less: Depreciation as per Section 350	1,793.37	1,450.79
Fringe benefit tax	300.00	255.00
Wealth tax	10.00	10.00
Bad debts adjusted against provision for Doubtful Debts	487.13	-
Profit on sale of assets per books including extra ordinary gains	(0.53)	3.10
Profit on sale of current investment	96.83	70.50
Loss on sale of assets u/s 349	48.63	2.70
Sub-Total	<b>2,735.43</b>	<b>1,792.09</b>
Profit for Computation of Commission	<b>15,047.33</b>	<b>9,900.09</b>
Commission payable to Managing Director @ 1% of Rs. 15,047.33 lacs (Previous year @ 1% of Rs 9,900.09 lacs)	150.47	99.00
Commission payable to Executive Director @ 1% of Rs. 15,047.33 lacs (Previous year @ 1% of Rs 9,900.09 lacs)	150.47	99.00

## 9 Establishment and Administrative expenses include payment to

(Rupees in lacs)

Particulars	Current Year	Previous Year
Statutory Auditors		
Audit Fees	8.60	6.85
Tax Audit	2.50	2.25
Certification	2.24	2.63
Reimbursement of Expenses	0.47	0.58
Cost Auditors		
Audit Fees	2.30	2.30
Certification	0.31	0.40
Reimbursement of Expenses	0.37	0.21
Total	<b>16.79</b>	<b>15.22</b>

## 10 Interest income comprises of;

(Rupees in lacs)

Particulars	Current Year	Previous Year
Interest on loan to subsidiary	71.79	-
Interest on loan to others	9.05	-
Interest on others	48.39	55.30
Total	<b>129.23</b>	<b>55.30</b>

## 11 Employee share based payment plans

- i) During the period ended 31st March ,2009 the Company has two share based payment arrangements which are described below :

Type of arrangement	Senior management stock option scheme (ESOS 2004)		Independent Directors ( ESOS 2008 )
Date of Grant	23.12.2004	10.02.2006	26.03.2009
Number granted	100000	200000	50000
Contractual life	5 Years	5 Years	5 Years
Vesting condition	As decided by Board/ Compensation Committee based on various factors	As decided by Board/ Compensation Committee based on various factors	As decided by Board/ Compensation Committee based on various factors

- ii) The estimated fair value of each stock option granted in all the ESOS was calculated by Black & Scholes option pricing model. The following assumptions were used for calculation of fair value of grants:

Particulars	2008-2009		2007-2008	
	ESOS 2004	ESOS 2008	ESOS 2004	ESOS 2008
Risk free interest rate (%)	6.60	6.30	6.60	-
Expected life of options (years)	5.00	5.00	5.00	-
Expected Volatility (%)	36.90	41.00	36.90	-
Dividend Yield (%)	1.40	3.70	1.40	-

- iii) Further details of two stock option schemes are as follows

Particulars	ESOS 2004	
	2008-2009	2007-2008
Option outstanding at the beginning of the year	229,900	245,900
Granted during the year	-	-
Vested/ exercisable during the year	70,100	54,100
Exercised during the year	(59,900)	(47,600)
Lapsed during the year	(27,500)	(22,500)
Option outstanding at the end of the year	212,600	229,900
Weighted Average Exercise Price (Rs.)	212	212
Weighted Average Fair Value of Option (Rs.)	149	149

Particulars	ESOS 2008	
	2008-2009	2007-2008
Option outstanding at the beginning of the year	-	-
Granted during the year	50,000	-
Vested/ exercisable during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Option outstanding at the end of the year	50,000	-
Weighted Average Exercise Price (Rs.)	115	-
Weighted Average Fair Value of Option (Rs.)	68	-

- 12 Addition to Fixed Assets other than Land includes Rs.382.07 lacs (Previous year Rs. 1,112.83 lacs) being expenditure of capital nature on Research & Developments.
- 13 Establishment & Administrative expenses include political contribution to Nationalist Congress Party of Rs. 60.00 lacs (Previous Year Rs. Nil).
- 14 Expenditure relating to new projects have been shown under the head Capital work-in-progress as follows.

(Rupees in lacs)

Particulars	Current Year	Previous Year
i) Power & fuel	45.78	40.00
ii) Repairs & maintenance	11.17	2.15
iii) Payroll expenses	102.83	74.34
iv) Freight	0.93	0.67
v) Insurance	21.03	14.86
vi) Rent	38.02	31.31
vii) Travelling Expenses	7.06	17.52
viii) Rates & Taxes	7.35	4.78
ix) Administrative expenses	242.94	258.29
x) Depreciation / Amortisation	55.89	2.70
Total	533.00	446.62

15 Debtors are secured to the extent of Initial Advance of Rs.1,878.41 lacs (Previous Year Rs.1,782.30 lacs) received from Distributors and Consignment Agents.

16 The Company uses forward contracts to hedge its risk associated with foreign currency fluctuations relating to firm commitments and forecasted transactions. The Company does not enter into forward exchange contracts which are intended for speculative purposes.

The following are the outstanding forward contracts as at 31 st March ,2009.

(Value in lacs)

Currency	Buy/Sell	Foreign currency value	
		Current Year	Previous Year
EURO	Sell	16.15	24.00
USD	Sell	1.63	1.00

Foreign Currency exposure not hedged by forward contracts as at 31st March ,2009 are given below:

(Value in lacs)

Unhedged	Foreign currency value	
	Current Year	Previous Year
<b>A) Receivable</b>		
EURO	9.96	10.20
USD	45.46	83.00
GBP	0.20	0.50
CAD	0.82	0.30
<b>B) Payable</b>		
EURO	0.21	2.65
USD	11.11	16.78

#### 17 Employee Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The Company has a defined benefit unfunded obligation for Leave encashment. Generally the leave encashment is paid to employees in case of retirement , resignation or retirement under VRS except in some case the same is paid annually .

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for gratuity benefits.

#### Profit and Loss account

##### Net employee benefit expense (recognised in Employee Cost)

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	91.15	103.87	71.81	58.83
Interest cost on benefit obligation	51.21	49.70	21.76	24.41
Expected return on plan assets	(50.28)	(36.91)	-	-
Net actuarial( gain) / loss recognised in the year	64.85	43.37	146.74	(3.12)
Past service cost	-	-	-	-
Net benefit expense	156.93	160.03	240.31	80.12

**Balance sheet****Details of Provision for gratuity & leave encashment**

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation	875.06	731.59	454.55	310.80
Fair value of plan assets	718.13	427.07	-	-
	(156.93)	(304.52)	(454.55)	(310.80)
Less: Unrecognised past service cost	-	-	-	-
Plan asset / (liability)	(156.93)	(304.52)	(454.55)	(310.80)

**Changes in the present value of the defined benefit obligation are as follows.**

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Opening defined benefit obligation	731.59	621.27	310.81	305.15
Interest cost	51.21	49.70	21.76	24.41
Current service cost	91.15	103.87	71.81	58.83
Benefits paid	(71.53)	(88.95)	(96.57)	(74.46)
Actuarial (gains) / losses on obligation	72.64	45.70	146.74	(3.12)
Closing defined benefit obligation	875.06	731.59	454.55	310.81

**Changes in the fair value of plan assets are as follows:**

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Opening fair value of plan assets	427.07	410.27	-	-
Expected return	50.28	36.91	-	-
Contributions by employer	304.52	66.51	-	-
Benefits paid	(71.53)	(88.95)	-	-
Actuarial gains / (losses)	7.78	2.33	-	-
Closing fair value of plan assets	718.12	427.07	0.00	0.00

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Investment with Insurer	% 100	% 100	% -	% -

**The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:**

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Discount rate	% 7.00%	% 8.00%	% 7.00%	% 8.00%
Expected rate of return on Plan assets	*9.25%	*9.25%	-	-
Increase in Compensation plan cost	*6%	*7%	*6%	*7%

\* As per Actuary Certificate

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

Amounts for the current year and previous year are as follows :

(Rupees in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation	875.06	731.59	454.55	310.81
Plan assets	718.12	427.07	-	-
Surplus / (deficit)	(156.94)	(304.52)	(454.55)	(310.81)
Experience adjustments on Plan Liability	-	-	-	-
Experience adjustments on Plan Asset	-	-	-	-

#### 18 Segment Reporting :

##### Primary Segment

The Company has only one segment i.e 'Pharmaceuticals'.

##### Secondary Segment ( By Geographical Segment)

Year ended 31st March 09

(Rupees in lacs)

Sales and Operating Income	Current Year	Previous Year
India	51,618.45	47,279.01
Outside India	14,765.86	12,112.14
Total	66,384.31	59,391.15

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

#### 19 Related Party Disclosures

As per AS-18 issued by the Institute of Chartered Accountants of India, the Company's related parties are as under:

##### 1 Relationships

(i) Subsidiaries of the Company:	(ii)Enterprises under significant influence of key management personnel:	(iii) Key Management personnel and their relatives:
Niche Generics Limited Unichem SA Pty Ltd. Unichem Farmaceutica Do Brasil Ltda Unichem Pharmaceuticals (USA) Inc	Chevy capital services Pvt Ltd PM Capital services Pvt Ltd. AVM Capital services Pvt Ltd Pranit Trading Pvt. Ltd Rudra Pharma Distributors Ltd Viramrut Trading Pvt Ltd Niank Marketing Co.	Dr. Prakash A. Mody (Chairman and Managing Director) Mrs. Anita Mody Miss Shwetambari Mody Miss. Supriya Mody Mrs. Suparna Kacker Mr. B. K. Sharma (Executive Director) Mrs. Uma Sharma Mr. Ankur Sharma

2 (i) The following is a summary of significant related party transactions:

Particulars	Subsidiaries		Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2009	2008	2009	2008	2009	2008	2009	2008
Sales of goods, etc.,	1,286.29	972.63	-	-	3,994.96	3,522.69	5,281.25	4,495.32
Interest received	71.79	-	-	-	-	-	71.79	-
Rent & Maintenance paid	-	-	2.86	2.86	0.60	0.60	3.46	3.46
Managerial remuneration	-	-	212.88	149.79	-	-	212.88	149.79
Commission	-	-	300.94	198.00	-	-	300.94	198.00
Dividend paid	-	-	572.61	-	824.33	-	1,396.94	-
Interest paid	-	-	-	-	-	-	-	-
Purchases	-	-	-	-	18.59	4.70	18.59	4.70
Expenses Reimbursed	60.40	34.00	-	-	-	-	60.40	34.00
Investment made during the year*	1,998.60	519.33	-	-	-	-	1,998.60	519.33
Total	3,417.08	1,525.96	1,089.29	350.65	4,838.48	3,527.99	9,344.85	5,404.60

\* Includes loan given during the year and subsequently converted into redeemable Preference share capital.

(ii) The Company has the following amounts due from/to related parties

Particulars	Subsidiaries		Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2009	2008	2009	2008	2009	2008	2009	2008
<b>Outstanding Balances</b>								
Deposits given	-	-	100.29	100.29	-	-	100.29	100.29
Debtors outstanding	387.94	276.95	-	-	1,288.71	894.01	1,676.65	1,170.96
Guarantees given to bank on behalf of Subsidiaries	1,352.60						-	-
Total Investments	6,171.95	4,173.30	-	-	-	-	6,171.95	4,173.30
Due to Directors			300.94	198.00			300.94	198.00
Total	7,912.49	4,450.25	401.23	298.29	1,288.71	894.01	9,602.43	5,642.55

(Rupees in lacs)

Details of material transactions during the year	Current Year	Previous Year
a) Sale of finished goods (Net of returns)		
Niche Generics Ltd	1,286.29	972.63
Rudra Pharma Distributors Ltd.	3,994.96	3,522.69
b) Interest received on Loans given		
Niche Generics Ltd	71.79	-
c) Investments made		
Niche Generics Limited.	1,164.79	-
Unichem Farmaceutica Do Brasil Ltda	204.80	216.67
Unichem Pharmaceuticals (USA) Inc.	629.01	302.65
d) Guarantees given to Banks on behalf of Subsidiary Company		
Niche Generics Limited.	1,352.60	-
e) Rent Paid		
Mrs. Anita Mody	2.86	2.86
Pranit Trading Pvt. Ltd.	0.60	0.60
f) Managerial Remuneration		
Dr. P A Mody	150.50	98.00
Shri B K Sharma	62.38	51.80
g) Commission Paid		
Dr. P A Mody	150.47	99.00
Shri B K Sharma	150.47	99.00
h) Dividend Paid		
Pranit Trading Pvt Ltd	237.62	-
Chevy Capital Services Pvt Ltd	153.43	-
PM Capital Services Pvt Ltd	132.22	-
Viramrut Trading Pvt. Ltd.	160.20	-
Rudra Pharma Distributors Ltd.	0.08	-
AVM Capital Services Pvt Ltd.	132.44	-
Dr. Prakash A. Mody	374.77	-
Mrs Anita Mody	72.33	-
i) Purchases		
Niank Marketing Company	18.59	4.70
j) Expenses Re-imburement		
Niche Generics Limited.	20.07	11.57
Unichem SA (Pty) Ltd	3.49	4.05
Unichem Pharmaceuticals (USA) Inc.	36.84	18.38



## 20 Operating lease:

Premises and certain vehicles are obtained on operating lease and are renewable / cancellable at mutual consent. There are no restrictions imposed by lease arrangements. The lease term is based on individual agreements.

There are no sub-leases. The aggregate lease rentals payable, are charged as rent (Refer Schedule 15) in the Profit & Loss Account.

## 21 Earning Per Share has been computed as under:

Particulars	2009	2008
Profit after Taxation attributable to equity shareholders (A)(Rs. In lacs)	12,475.15	7,771.42
Weighted average number of Equity shares for Basic Earning per Share (B)	36,045,679	36,033,842
Weighted average number of Equity shares for Diluted Earning per Share (C)	36,062,886	36,045,625
Earning Per Share - Basic (A)/(B)	34.61	21.57
Diluted (A)/(C)	34.59	21.56
(Face value of Rs. 5/- per share)		

## 22 The deferred tax liability for the current year amounting to Rs. 10.00 lacs (Previous year Rs. 415.00 lacs) &amp; short provision for taxation of previous years accounted during the current year Rs. 13.81 lacs (previous year Rs. 50.43 lacs) is shown in the Profit and Loss Account under Provision for Taxation.

The deferred tax liability / (asset) comprises of

(Rupees in lacs)

Particulars	Current Year	Charge/(credit) for the year	Previous Year
<b>Deferred Tax Liability</b>			
on account of Depreciation	3,707.10	170.30	3,536.80
<b>Sub-Total</b>	<b>3,707.10</b>	<b>170.30</b>	<b>3,536.80</b>
<b>Deferred Tax Assets</b>			
Provision for Doubtful Debts,			
Advances and other disallowances u/s 43 B	405.10	(94.70)	310.40
Provision for Diminution in Investments	65.60	(65.60)	-
<b>Sub-Total</b>	<b>470.70</b>	<b>(160.30)</b>	<b>310.40</b>
Tax	3,236.40	10.00	3,226.40

Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 as certified by management.

## 23 Statement of Installed Capacities (as Certified by the Management) and Actual Production during the year.

Class of Goods	Installed Capacity			Production	
	Unit	Current Year	Previous Year	Current Year	Previous Year
Formulations					
Tablets/Capsules	No.in lacs	38,776	37,176	21,070	21,699
Syrups	Litres	960,000	960,000	62,902	66,562
Injections	Litres	90,000	90,000	4,800	3,627
Eyemides, Ointments & Dry and sterile powder.	Kilograms	196,800	196,800	60,423	63,018
Bulk Drugs & Chemicals	Kilograms	764,650	761,638	499,374	546,268

- Production Includes the Company's Products manufactured by others on Loan License basis, but does not include products manufactured by the Company on behalf of others
- The capacity mentioned above is annual capacity based on maximum utilisation of plant and machinery based on existing product mix. Installed capacity may vary due to change in product mix.
- Installed capacity as certified by management being a technical matter is relied upon by the auditor.

For the year ended 31st March, 2009  
(Rupees in lacs)

24 Opening and Closing Stock of Finished Goods Produced/Purchased by the Company.

Class of Goods	Unit	Closing Stock		Opening Stock		Opening Stock Previous Year	
		Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Formulations							
Tablets/Capsules	No.in lacs	4,043	2,642.57	3,404	2,038.85	2,301	1,870.80
Syrups	Litres	213,736	178.44	142,402	129.95	139,862	118.90
Injections	Litres	52,805	126.74	29,189	102.52	26,856	206.70
Eyemides, Ointments & Powder	Kilograms	102,675	781.32	61,838	377.92	48,255	414.80
Bulk Drugs & Chemicals	Kilograms	48,823	947.45	35,413	680.36	21,745	253.10
<b>Total</b>			<b>4,676.52</b>		<b>3,329.60</b>		<b>2,864.30</b>

25 Sale of Goods Produced/Purchased by the Company (Excluding Captive Consumption).

(Rupees in lacs)

Class of Goods	Current Year			Previous Year	
	Unit	Quantity	Value	Quantity	Value
Formulations					
Tablets/Capsules	No.in lacs	27,694	51,130.87	28,205	46,615.30
Syrups	Litres	945,033	1,398.15	900,505	1,156.56
Injections	Litres	176,174	1,208.97	153,983	1,054.86
Eyemides, Ointments & Powder	Kilograms	363,331	4,101.66	363,429	4,143.19
Bulk Drugs & Chemicals	Kilograms	465,690	7,744.79	508,514	5,449.94
Others					
<b>Total</b>			<b>65,584.44</b>		<b>58,419.85</b>

\* The sales quantities includes adjustments on account of free issues, shortages & obsolescences

26 Purchases of Finished Goods

(Rupees in lacs)

Class of Goods	Current Year			Previous Year	
	Unit	Quantity	Value	Quantity	Value
Formulations					
Tablets/Capsules	No.in lacs	7,262	7,588.23	7,610	7,367.06
Syrups	Litres	953,465	977.02	836,484	770.55
Injections	Litres	194,990	570.16	152,688	541.66
Eyemides, Ointments & Powders	Kilograms	343,745	1,428.36	313,993	1,429.86
<b>Total</b>			<b>10,563.77</b>		<b>10,109.13</b>

## Schedules to Accounts

UNICHEM

### 27 Value of Imports (CIF Value)

(Rupees in lacs)

Particulars	Current Year	Previous Year
Raw Materials	2,503.67	2,586.74
Packing Materials	78.89	91.35
Stores & Spare Parts	8.58	-
Capital Goods	406.95	118.25
<b>Total</b>	<b>2,998.09</b>	<b>2,796.34</b>

### 28 Expenditure in Foreign Currencies

(Rupees in lacs)

Particulars	Current Year	Previous Year
Salary Paid	378.44	332.49
Travelling expenses	163.15	114.57
Rent paid	27.29	24.19
Freight	0.72	-
Marketing expenses	147.35	297.51
Commission paid	111.64	76.02
Other Expenses	207.06	232.69
Interest paid	9.46	33.52
<b>Total</b>	<b>1,045.11</b>	<b>1,110.99</b>

### 29 Earnings in Foreign Exchange (Gross)

(Rupees in lacs)

Sales and Operating Income	Current Year	Previous Year
Export of Goods calculated on FOB basis, etc.,	13,664.88	11,052.24
Insurance, Freight and other charges recovered	352.38	574.90
<b>Total</b>	<b>14,017.26</b>	<b>11,627.14</b>

### 30 Consumption of Raw Materials, Packing Materials, Stores & Spares

(Rupees in lacs)

Particulars	Current Year		Previous Year	
	%	Value (Rs.)	%	Value (Rs.)
A. Raw Materials				
Indigenous (including canalised)	79	10,163.32	77	9,469.47
Imported (including duty and charges)	21	2,717.56	23	2,876.58
<b>Total</b>	<b>100</b>	<b>12,880.88</b>	<b>100</b>	<b>12,346.05</b>
B. Packing Materials, Stores and Spares				
Indigenous (including canalised)	97	2,743.09	95	2,330.10
Imported (including duty and charges)	3	73.49	5	114.80
<b>Total</b>	<b>100</b>	<b>2,816.58</b>	<b>100</b>	<b>2,444.90</b>

### 31 Break up of Raw Materials Consumed

(Rupees in lacs)

Particulars	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Ampicillin	Kilograms	82,923	1,826.81	72,693	1,958.04
Miscellaneous (none of which individually accounts for more than 10% of total consumption)			11,054.07	-	10,388.01
<b>Total</b>			<b>12,880.88</b>		<b>12,346.05</b>

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

(Amount Rs. in Thousands)

**Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

Registration No.

1 2 4 5 1 / T A

State Code

1 1

Balance Sheet Date

3 1 0 3 2 0 0 9

**II. Capital raised during the year**

ESOP

6 1 . 5 0

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

**III. Position of Mobilisation and Deployment of Funds**Total Liabilities  
(Excluding Capital and Reserves)

5 7 8 9 5 9

Total Assets (computed taking into account Fixed Assets, Investments,  
Net current assets and Miscellaneous expenditure)

5 7 7 8 5 6 1

**Sources of Funds**Paid-up  
Capital

1 8 0 2 7 5

Reserve and  
Surplus

5 0 1 9 3 2 7

Secured Loans

6 7 4 7 8

Unsecured Loans

1 8 7 8 4 1

**Application of Funds**Net Fixed Assets (Including  
Capital Works in progress)

3 5 6 0 4 0 9

Net Current Assets (Net  
of Deferred Tax Liability)

1 2 8 6 4 0 9

Investments

6 0 8 1 0 3

Miscellaneous Expenditure

N I L

**IV. Performance of Company**

Turnover

6 6 3 8 4 3 1

Total Expenditure

5 2 3 2 7 6 2

Earnings per share in Rs.

3 4 . 6 1

Profit before Tax  
(Net of exceptional  
items and prior  
period expenses)

1 4 4 0 8 9 6

Profit after Tax (After  
adjusting short provision  
for taxation pertaining to  
earlier year and  
exceptional items)

1 2 4 7 5 1 5

Diluted earning per share in Rs.

3 4 . 5 9

Dividend Rate.

1 6 0 %

**V. Generic Name of Three Principal Products**

- i. Item Code No. (ITC Code) : 300410.06 Product Description : Ampicillin and Cloxacillin in Capsules, Injections etc.  
 ii. Item Code No. (ITC Code) : 300490.05 Product Description : Losartan Potassium in Tablets.  
 iii. Item Code No. (ITC Code) : 300490.13 Product Description : Alprazolam in Tablets.

For and on behalf of the Board of Directors

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Consolidated Auditors' Report

## Auditors' Report on the Consolidated Financial Statements

The Board of Directors  
Unichem Laboratories Limited  
Mumbai

We have audited the attached Consolidated Balance Sheet of Unichem Laboratories Limited and its subsidiaries ('the Group') as at 31st March 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of

- i) Three subsidiary companies whose financial statements reflect total assets (net) of Rs. 2,454.41 lacs as at March 31, 2009, total revenues of Rs. 8,638.40 lacs and net cash inflow amounting to Rs. 171.19 lacs for the year ended, and
- ii) A subsidiary company whose financial statements reflect total assets (net) of Rs. 1.29 lacs as at February 28, 2009, total revenues of Rs. Nil and cash outflow of Rs. 0.43 lacs for the year ended.

These financial statements and other information of the subsidiaries were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standard 21 - 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard) Rules, 2006.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2009;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year then ended.

For B. D. Jokhakar & Co.  
Chartered Accountants

Mumbai  
May 21, 2009

Raman Jokhakar  
Partner  
Membership No. 103241

# Consolidated Balance Sheet

As at 31st March, 2009  
(Rupees in Lacs)

Schedule	Current Year		Previous Year	
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Fund</b>				
Share Capital	1	1,802.75	1,802.10	
Reserves and Surplus	2	46,641.95	39,350.00	
		48,444.70		41,152.10
<b>Loan Funds</b>				
Secured Loans	3	2,094.70	649.10	
Unsecured Loans	4	1,878.41	1,783.00	
		3,973.11		2,432.10
		3,236.40		3,226.40
<b>Deferred Tax Liability</b>				
<b>Total</b>		<b>55,654.21</b>		<b>46,810.60</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	41,412.70	33,301.50	
Less: Accumulated Depreciation		11,331.40	9,480.10	
Net Block		30,081.30	23,821.40	
Capital Work In Progress		7,592.94	10,319.20	
		37,674.24		34,140.60
		102.08		7.62
<b>Investments</b>				
<b>Current Assets, Loans and Advances</b>				
Inventories	7	10,338.81	8,327.60	
Sundry Debtors	8	15,158.97	13,992.58	
Cash and Bank Balances	9	3,436.96	1,005.50	
Loans and Advances	10	3,573.13	2,820.40	
		32,507.87		26,146.08
<b>Less: Current Liabilities and Provisions</b>				
Current Liabilities	11	11,706.72	10,583.10	
Provisions	12	2,923.26	2,900.60	
		14,629.98		13,483.70
Net Current Assets		17,877.89		12,662.38
<b>Total</b>		<b>55,654.21</b>		<b>46,810.60</b>
<b>Significant Accounting Policies /</b>	18			
<b>Notes to Accounts</b>				

Schedules 1 to 18 form an integral part of accounts.

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Consolidated Profit & Loss Account

For the year ended 31st March, 2009  
(Rupees in Lacs)

	Schedule	Current Year	Previous Year
<b>INCOME</b>			
Sales / Income from operations (Gross)	13	74,221.01	68,416.70
Less: Excise duty		697.65	1,281.80
		73,523.36	67,134.90
Other Income	14	947.60	669.83
Total		74,470.96	67,804.73
<b>EXPENDITURE</b>			
Manufacturing, selling and administrative expenditure	15	56,583.12	55,284.17
Research & Development expenditure	16	2,721.30	3,215.00
Interest	17	189.70	143.43
Depreciation including Amortisation		2,241.32	1,814.17
Total		61,735.44	60,456.77
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>		12,735.52	7,347.96
Add/(less): Exceptional items		-	(534.68)
<b>PROVISION FOR TAXATION</b>			
Current Tax (including Wealth tax)		1,610.00	1,055.00
Deferred Tax		10.00	415.00
Fringe Benefit Tax		300.00	255.00
<b>PROFIT AFTER TAX AND EXCEPTIONAL ITEMS</b>		10,815.52	5,088.28
Less: Prior Period items		-	(2.29)
Less: Excess/(Short) provision for Taxation pertaining to previous years		(13.81)	50.43
Add: Balance Brought Forward		20,965.80	19,437.78
Amount available for Appropriation		31,767.51	24,574.20
<b>APPROPRIATIONS</b>			
Proposed Dividend		1,802.83	1,802.10
Interim Dividend paid		1,081.34	-
Tax on Interim Dividend paid		183.77	-
Tax on Proposed Dividend		306.39	306.30
General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		26,893.18	20,965.80
Total		31,767.51	24,574.20
Basic Earnings per share of Rs 5/- (Pr Yr Rs 5/-) each (in Rs)		29.97	14.25
Diluted Earnings per share of Rs 5/- (Pr Yr Rs 5/-) each (in Rs)		29.95	14.25
<b>Significant Accounting Policies / Notes to Accounts</b>	18		

**Schedules 1 to 18 form an integral part of accounts.**

As per our report of even date attached  
For B. D. Jokhakar & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009

# Consolidated Cash Flow Statement

For the year ended 31st March, 2009  
(Rupees in Lacs)

	Current Year		Previous Year	
<b>A. Cash flow from operating activities</b>				
Net Profit before tax		12,735.52		6,813.28
Adjustment for :				
Depreciation	2,241.32		1,814.17	
Loss/(Profit) on sale of assets (Net)	51.03		27.60	
Exchange difference	(440.94)		412.50	
Interest expenses	255.50		219.53	
Provision for doubtful debts, loans advances & deposits for the year	619.00		346.50	
Employees compensation expenses (ESOS)	79.77		81.50	
Loss/(Profit) on Sale of Investments	(96.83)		(70.50)	
Interest income	(65.80)		(76.10)	
Excess provision for expenses written back	(106.96)		(332.20)	
Dividend income	(0.09)		(0.20)	
		2,536.00		2,422.80
Operating profit before working capital changes		15,271.52		9,236.08
Adjusted for:				
Trade & other receivables	(2,176.42)		(524.80)	
Inventories	(2,011.21)		118.50	
Current liabilities	1,230.42	(2,957.21)	(714.10)	(1,120.40)
Cash generated from operations		12,314.31		8,115.68
Direct taxes paid (Net of refund and including fringe benefit tax)		(2,037.27)		(1,112.00)
Net cash flow from Operating Activities		10,277.04		7,003.68
<b>B. Cash flow from Investing Activities</b>				
Purchase of fixed assets including Capital WIP	(5,929.82)		(8,430.00)	
Sale of fixed assets including exceptional items	103.81		28.00	
Investment in others (Net)	(94.46)		-	
Loss/(Profit) on Sale of Investments	96.83		70.50	
Interest received	29.20		76.10	
Dividend on Investments	0.09		0.20	
Subsidy received	-		30.00	
Net cash used in Investing Activities		(5,794.35)		(8,225.20)
<b>C. Cash flow from Financing Activities</b>				
Proceeds from borrowings	398.34		(24.80)	
Proceeds from issue of share capital & share premium	13.54		10.50	
Proceeds/(repayment) of short term borrowing (Security deposit)	96.11		177.20	
Receipt/(Payment) of loan of External commercial borrowings	1,046.76		(354.08)	
Interest paid	(255.50)		(219.50)	
Dividend paid	(1,779.97)		(80.10)	
Interim Dividend paid	(1,081.34)		-	
Dividend Distribution tax paid	(490.07)		-	
Net cash used in financing activities		(2,052.13)		(490.78)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)		2,430.56		(1,712.30)
Opening balance of cash and cash equivalents		1,005.50		2,718.60
Closing balance of cash and cash equivalents		3,436.06		1,006.30
Closing balance of Cash & cash Equivalents as per Sch-9		3,436.96		1,005.50
Unrealised Translation (Gain ) / Loss on Foreign Currency Cash		(0.90)		0.80
Closing balance of Cash & cash Equivalents as per cash flow		3,436.06		1,006.30

As per our report of even date attached  
**For B. D. Jokhakar & Co.**  
Chartered Accountants

**Raman Jokhakar**  
Partner

**Rakesh Parikh**  
Vice President  
Finance

**K. Subharaman**  
Head - Legal &  
Company Secretary

For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
Chairman &  
Managing Director

**Prafull Anubhai**  
Director

Mumbai  
May 21, 2009



## Schedules to Consolidated Accounts

As at 31st March, 2009  
(Rupees in Lacs)

Schedule 1		Current Year	Previous Year
<b>SHARE CAPITAL</b>			
AUTHORISED			
70,000,000	Equity Shares of Rs. 5/- each	3,500.00	3,500.00
20,000,000	Unclassified Shares of Rs. 5/- each	1,000.00	1,000.00
5,000,000	Preference Shares of Rs. 10/- each	500.00	500.00
		<b>5,000.00</b>	<b>5,000.00</b>
ISSUED, SUBSCRIBED AND PAID UP			
36,054,900	Equity Shares of Rs. 5/- each fully paid up (Previous year 36,042,600 Equity Shares of Rs. 5/- each fully paid up)	1,802.75	1,802.10
Total		<b>1,802.75</b>	<b>1,802.10</b>

NOTE :

- (1) i) 450,000 Equity Shares of Rs. 5/- each allotted as fully paid up pursuant to a contract without payment being received in cash.  
 ii) 29,390,000 Equity Shares of Rs. 5/- each issued as bonus Shares by Capitalisation of General Reserve.  
 iii) 1,330,000 Equity Shares of Rs. 5/- each allotted pursuant to the scheme of Amalgamation of Unisearch Ltd and Unichem Exports Ltd with the Company without payment being received in cash.
- (2) Outstanding Employees' stock option exercisable into 2,62,600 Equity shares; (Previous year 2,29,900).

As at 31st March, 2009  
(Rupees in Lacs)

Schedule 2	Current Year		Previous Year	
<b>RESERVES AND SURPLUS</b>				
<b>SHARE PREMIUM</b>				
[Net of Premium on unpaid allotment money in arrears due from members other than directors]	7,415.80		7,339.60	
Add: Addition during the year	29.93		76.20	
		7,445.73		7,415.80
<b>CAPITAL RESERVE</b>				
Balance as per last balance sheet	62.50		32.50	
Add: addition during the year	-		30.00	
		62.50		62.50
<b>CAPITAL REDEMPTION RESERVE</b>				
Redemption of Preference Shares		834.00		834.00
<b>GENERAL RESERVE</b>				
Balance as per last Balance Sheet	9,574.80		8,190.80	
Add: Transfer from Profit and Loss Account	1,500.00		1,500.00	
Less: Charged on account of transitional effect of AS-15 Employees' Benefits	-		116.00	
		11,074.80		9,574.80
Foreign Currency translation reserve		128.61		356.70
<b>EMPLOYEES' STOCK OPTION</b>				
Employees' stock options outstanding	356.60		356.60	
Add: Addition during the year	10.06		-	
	366.66		356.60	
Less: Deferred Employees' stock compensation during the year	(163.53)		(216.20)	
	203.13		140.40	
		203.13		140.40
<b>BALANCE IN PROFIT AND LOSS ACCOUNT</b>		26,893.18		20,965.80
Total		46,641.95		39,350.00
<b>Schedule 3</b>				
<b>SECURED LOANS</b>				
Term loans from Banks		1,346.50		299.80
Loans from Banks for working capital		748.20		349.30
Total		2,094.70		649.10
<b>Schedule 4</b>				
<b>UNSECURED LOANS</b>				
<b>Fixed Deposits</b>				
Others	-		0.70	
(Repayable within one year Rs.Nil, (Previous year Rs.0.70 lacs)		-		0.70
<b>Other Loans &amp; Advances</b>				
Other than from Banks		1,878.41		1,782.30
Total		1,878.41		1,783.00

As at 31st March, 2009  
(Rupees in Lacs)**SCHEDULE 5****FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION	NET BLOCK	
	Cost As at 01/04/2008	Additions	Deductions	Cost As at 31/3/2009	As at 31/3/2009	As at 31/3/2009	As at 31/3/2008
Goodwill	154.50	-	-	154.50	-	154.50	154.50
Land							
Freehold	268.20	-	-	268.20	-	268.20	268.20
Leasehold	858.80	938.05	-	1,796.85	90.20	1,706.65	827.90
Buildings	10,019.30	2,828.82	-	12,848.12	1,949.05	10,899.07	8,463.20
Plant and Machinery	19,976.50	4,507.49	(435.18)	24,048.81	7,920.62	16,128.19	13,308.00
Furniture Fixtures & Equipments	1,490.60	256.15	(31.50)	1,715.25	1,019.21	696.04	605.40
Cars and Vehicles	400.00	125.47	(78.10)	447.37	220.22	227.15	192.70
Patents and Trademarks	133.60	-	-	133.60	132.10	1.50	1.50
<b>Total</b>	<b>33,301.50</b>	<b>8,655.98</b>	<b>(544.78)</b>	<b>41,412.70</b>	<b>11,331.40</b>	<b>30,081.30</b>	<b>23,821.40</b>
Previous Year	29,003.70	4,667.70	(369.90)	33,301.50	9,480.10	23,821.40	-
Capital Work in Progress including Capital Advances						7,592.94	10,319.20

Building include Three Flats and a Garage amounting to Rs.147.19 lacs (Previous year Rs. 50.00 lacs ) where the co-operative society is yet to be formed

Addition to Gross Block include Rs.382.07 lacs (Previous year Rs. 1,114.20 lacs) being expenditure on Research and Development as under:-

Buildings	Rs.	Nil	(Previous year Rs. 676.20 lacs)
Plant & Machinery	Rs.	361.77 lacs	(Previous year Rs. 383.50 lacs)
Furniture Fixtures and Equipments	Rs.	20.29 lacs	(Previous year Rs. 54.50 lacs)

As at 31st March, 2009  
(Rupees in Lacs)**Schedule 6****INVESTMENTS**

	No of Shares/Units		Face Value	Current Year	Previous Year
	Current Year	Previous Year			
(A) LONG TERM - NON TRADE ( at cost )					
(I) UNQUOTED					
(a) GOVERNMENT AND TRUST SECURITIES					
National Saving Certificates and Others				0.08	0.08
6.75% Tax free bonds of Rs. 100 each of Unit Trust of India	-	5,545	Rs 100	-	5.54
(b) OTHER INVESTMENTS					
Fully paid Equity Shares of Mediklin Healthcare Limited (Earlier known as M/S Gravure Art and Healthcare Limited)	202,500	202,500	Rs 10	30.38	30.38
Shivalik Solid Waste Management Limited	20,000	20,000	Rs 10	2.00	2.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				<b>2.00</b>	<b>2.00</b>
<b>TOTAL LONG TERM UNQUOTED INVESTMENTS</b>				<b>2.08</b>	<b>7.62</b>
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited (Market value as on 31st March 2009 is Rs. 2.60 lacs (Previous year Rs.2.00 lacs)	1,000	1,000	Rs. 10	-	-
(B) CURRENT INVESTMENTS- TRADE (Lower of cost or Market Value)					
MUTUAL FUNDS					
Kotak Quarterly Interval Plan Series 2 - Growth	869,875.35	-	-	100.00	-
			Sub Total	100.00	-
Total				102.08	7.62

**Notes:****During the year the following investments were purchased and sold:**

Name of the Fund	No. of Units
HDFC Cash Management Fund - Savings Plan - Growth	6429895.36
HDFC Floating Rate Income Fund - Short Term Plan - Retail Option - Growth	657400.15
DSP Black Rock Liquidity Fund - Regular Plan - Growth	167203.31
SBI Premier Liquid Fund - Institutional - Growth	850493.40
SBI-SHF-Ultra Short Term Fund - Retail Plan - Growth	221078.51
Reliance Liquid Fund - Treasury Plan - Retail Option - Growth Plan	95782.69
Reliance Money Manager Fund - Institutional Option - Growth Option	33088.51
Reliance Money Manager Fund - Retail Option - Growth Plan	1706.60
Reliance Money Manager Fund - Retail Option - Growth Plan	2133.48
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	1719967.06
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	226732.34
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan	1128831.25

**Notes:****During the year the following investments were purchased and sold:**

Name of the Fund	No. of Units
Kotak Floater Long Term - Growth	5503762.16
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	796649.15
Kotak Liquid (Institutional Premium) - Growth	15599316.49
LICMF Liquid Fund - Growth Plan	17213177.20
LICMF Income Plus Fund - Growth Plan	23781187.84
LICMF FMP Series 41 (3 months) - Growth plan	250000.00
LICMF Interval Fund - Series 1 - Monthly Growth Plan	1983861.36
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	2908760.17
IDFC Cash Fund - Inst Plan B - Growth	2093262.10
IDFC Liquid Plus Fund - Treasury Plan - Inst Plan B - Growth	1652033.48
Birla Sun Life Cash Manager - Institutional Plan - Growth	292303.65
Birla Sun Life Cash Plus - Instl. - Growth	650000.65
Birla Cash Plus - Instl. Prem. - Growth	3153441.63
Birla Sun Life Liquid Plus - Retail - Growth	1629024.72
Birla Sun Life Short Term Fund - Retail - Growth	1030671.53
HSBC Liquid Plus - Inst. - Growth	743304.14
HSBC Cash Fund - Institutional plan - Growth	612806.94
Religare Liquid Fund - Institutional Growth	830599.28
Religare Ultra Short Term Fund - Institutional Growth	831905.00
Fortis Overnight fund - institutional - Growth	2310624.44
Fortis Money Plus Insitutional Growth	2357770.72
Prudential ICICI Flexible Income Plan - Growth	4117675.30
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth	6752778.53
Kotak Flexi Debt Scheme - Growth	6919062.91
Kotak Flexi Debt Scheme Institutional - Growth	9753022.86
Kotak FMP 1M Series 1 - Growth	4000000.00
JM High Liquidity Fund - Growth Plan (13)	797808.49
JM Money Manager Fund Super Plus Plan - Growth	1032946.98
DWS Insta Cash Plus Fund - Growth Option	365941.13
DWS Insta Cash Plus Fund - Institutional Plan - Growth	917727.20
DWS Credit Opportunities Cash Fund - Regular Plan Growth	464101.00
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth	141656.70
HDFC Cash Management Fund - Savings Plus Plan - Wholesale - Growth	3493018.03
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	470707.36
DBS chola Liquid Inst. Plus - Cumulative	526098.38
DBS Chola Freedom Income STP - Inst. - Cum - Org	377537.11
UTI Liquid Cash Plan Institutional - Growth Option	24433.42
UTI - Treasury Advantage Fund - Institutional Plan (Growth Option)	16252.26
Sundaram BNP Paribas Money Fund Institutional - Apprn	703505.68
Sundaram BNP Paribas Liquid Plus Retail Growth	1107075.60
Principal Cash Management Fund Liquid Option - Growth Plan	468085.90
Principal Liquid Plus Fund	715320.57
Principal Cash Management Fund Liquid Option - Instl. Plan - Growth Plan	747445.61
Principal Floating Rate Fund FMP Instl. Option - Growth Plan	781382.72
Tata Floater Fund - Growth	2650304.47
Tata Liquid High Investment Fund - Growth	42552.92
Templeton India Ultra Short Bond Fund Retail Plan - Growth	449891.23
Templeton India Treasury Management Account Regular Plan - Growth	13015.32
Templeton India Treasury Management Account Institutional Plan - Growth	11841.68
Templeton Floating Rate Income Fund Long Term Institutional Option - Growth	3033594.18
Canara Rebeco Treasury Advantage Institutional Growth Fund	557032.89
Canara Rebeco Liquid Fund - Institutional Growth	9225172.31
Canara Rebeco Treasury Advantage Super Institutional Growth Fund	4595227.70
JP Morgan India Treasury Fund - Super Inst. Growth Plan	455779.45
JP Morgan India Liquid Fund - Super Inst. Growth Plan	457182.26
AIG India Liquid Fund - Retail - Growth	2283.54
Bharati AXA Liquid Fund - Regular Plan - Growth	9554.49

As at 31st March, 2009

(Rupees in Lacs)

Schedule 7	Current Year		Previous Year	
<b>INVENTORIES (As certified by management)</b>				
Raw Materials (Include Rs.99.50 lacs in transit, (Previous year Rs. 44.20 lacs))		2,515.15		2,148.50
Packing Materials (Include Rs.0.10 lacs in transit, (Previous year Rs. 2.20 lacs))		579.57		547.70
Semi- Finished Goods		1,198.95		913.90
Finished Goods (Include Rs. 193.73 lacs in transit, (Previous year Rs. 114.40 lacs))		5,793.42		4,487.80
Stores and Spares		251.72		229.70
Total		10,338.81		8,327.60
<b>Schedule 8</b>				
<b>SUNDRY DEBTORS (UNSECURED)</b>				
Debts outstanding for period exceeding six months Considered good	563.81		1,454.40	
Considered doubtful	693.39		540.10	
	1,257.20		1,994.50	
Less: Provision for Doubtful Debts (693.39)			(540.10)	
		563.81		1,454.40
Other debts - Considered Good		14,595.16		12,538.18
Total		15,158.97		13,992.58
<b>Schedule 9</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on Hand		8.58		9.20
Balance with Scheduled Banks				
In Current Accounts	551.23		600.67	
In Fixed Deposit Accounts	2,438.03		0.10	
In Unpaid Dividend Accounts	97.02		74.90	
		3,086.28		675.67
Balance with non Scheduled Banks outsided India				
Balance with Foreign Banks		338.07		308.43
UKREXIMBANK (Maximum Balance during the year Rs.36.21 lacs (Previous year Rs. 24.70 lacs))		0.04		6.00
SG-SSB Bank - Ghana (Maximum Balance during the year Rs.7.69 lacs (Previous Year Rs. 0.20 lacs))		1.40		0.20
Turan Alem Bank, Almaty, Kazakhstan (Maximum Balance during the year Rs.29.20 lacs (Previous year Rs.26.90 lacs))		0.19		4.90
Uni credit Bank (Maximum Balance during the year Rs. 19.94 lacs (Previous year Rs. 10.00 lacs))		2.40		1.10
Total		3,436.96		1,005.50

## Schedules to Consolidated Accounts

**UNICHEM**

As at 31st March, 2009  
(Rupees in Lacs)

<b>Schedule 10</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>LOANS AND ADVANCES (UNSECURED)</b>				
Considered good unless otherwise stated				
Advances recoverable in Cash or in kind or for value to be received				
Considered Good	2,508.33		2,094.01	
Considered Doubtful	45.57		61.90	
	2,553.90		2,155.91	
Less: Provision for Doubtful Advances	45.57		61.90	
		2,508.33		2,094.01
Deposits		406.76		289.99
Advance payment of Income Tax ( Net of provision for taxation )	129.70		59.40	
Balance with Excise Department	528.34		377.00	
		658.04		436.40
Total		3,573.13		2,820.40
<b>Schedule 11</b>				
<b>CURRENT LIABILITIES</b>				
Due to Directors		300.95		197.90
Sundry Creditors				
Payable to Micro, Small and Medium Enterprises	-		-	
Advance from Customers	4.20		21.50	
Payable to other sundry creditors	10,129.93		9,446.69	
		10,134.13		9,468.19
Investor education & protection fund				
Unclaimed Dividend	97.02		74.89	
Unpaid matured deposits	1.49		3.00	
		98.51		77.89
Other Current Liabilities		1,173.13		839.12
Total		11,706.72		10,583.10
<b>Schedule 12</b>				
<b>PROVISIONS</b>				
Provision for Employees benefit scheme		814.04		792.20
Proposed Dividend		1,802.83		1,802.10
Tax on Dividend		306.39		306.30
Total		2,923.26		2,900.60

## Schedules to Consolidated Accounts

For the year ended 31st March, 2009  
(Rupees in Lacs)

Schedule 13	Current Year		Previous Year	
<b>SALES / INCOME FROM OPERATIONS (GROSS)</b>				
Sales		73,421.14		67,445.31
Export benefits		567.00		536.20
Sundries		232.87		435.19
Total		74,221.01		68,416.70
<b>Schedule 14</b>				
<b>OTHER INCOME</b>				
Dividend received		0.09		0.20
Profit on sale of fixed assets		0.53		3.10
Miscellaneous Income		297.79		254.33
Discounting Charges		6.60		9.50
Profit on sale of current investments		96.83		70.50
Excess Provision for expenses written back		106.96		332.20
Exchange Gain (Net)		438.80		-
Total		947.60		669.83
<b>Schedule 15</b>				
<b>MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</b>				
Raw Materials Consumed		14,049.73		14,434.40
Packing materials, containers consumed		3,365.06		3,158.00
Stores and Spares consumed		509.75		428.10
Purchases of Finished goods		11,781.38		11,628.96
Manufacturing Charges		597.87		1,515.99
Personnel cost:				
Payments to and provision for employees Salaries, wages, Ex-gratia, bonus and commission	9,447.22		8,587.95	
Contribution to Provident and Other funds	582.06		524.99	
Employees' Welfare Expenses	301.64		373.10	
(Include Rs. 79.77 lacs (Previous year Rs. 81.51 lacs) of Employees' compensation expenses under ESOS 2004 Scheme.)		10,330.92		9,486.04
Power and Fuel		1,499.74		1,464.40
Rent		132.73		97.40
Insurance		270.68		252.20
Repairs :				
Plant and Machinery		259.69		177.10
Buildings		88.54		97.50
Others		343.95		333.10
Rates and Taxes		501.00		565.70
Advertising and sales promotion		6,167.80		6,029.10
Travelling and Conveyance		2,293.21		1,993.70
Freight outward		823.91		741.20
Directors' Fees		7.40		9.00
Commission on sales		878.51		790.00
Loss on sale / scrapping of assets		51.56		3.80
Exchange loss (Net)		-		412.50
Bad debts, loans, advances and deposits written off	499.93		-	
Less adjusted out of provision for doubtful debts, loans, advances and deposits	487.13		-	
		12.80		-



## Schedules to Consolidated Accounts

**UNICHEM**

For the year ended 31st March, 2009  
(Rupees in Lacs)

	Current Year		Previous Year	
Provision for doubtful debts, loans, advances and deposits for the year		619.00		346.50
Establishment and Administrative Expenses		3,415.74		1,725.37
		58,000.97		55,690.06
Increase / (Decrease) in stocks of Semi finished and Finished Goods		(1,417.85)		(405.89)
Total		56,583.12		55,284.17
<b>Schedule 16</b>				
<b>RESEARCH &amp; DEVELOPMENT EXPENDITURE</b>				
(At units approved by Dept of Science & Industrial Research)				
Salaries, wages & Ex gratia		788.80		644.10
Contribution to Provident & other Funds		44.40		34.40
Employees' welfare expenses		3.50		2.50
Rates & Taxes		22.50		22.10
Repairs:				
Plant & machinery		24.90		11.00
Buildings		1.20		0.40
Others		27.50		87.20
Power & fuel		90.30		88.80
Travelling & conveyance		33.90		46.80
Others		1,684.30		2,277.70
Total		2,721.30		3,215.00
<b>Schedule 17</b>				
<b>INTEREST</b>				
Paid on :				
Fixed Deposits (Including Rs. Nil paid to Director Previous year Rs 1.60 lacs)		-		1.60
Debentures & other fixed loans		167.19		190.20
Banks and others		88.31		27.73
		255.50		219.53
Less: Interest earned (TDS deducted of Rs.3.20 lacs (Previous year Rs. 4.30 lacs))		65.80		76.10
Total		189.70		143.43

**Schedule 18****SIGNIFICANT ACCOUNTING POLICIES/ NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009****1 Basis of Accounting**

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the provisions of Companies Act, 1956 and the accounting principles generally accepted in India and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006.

**2 Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**3 Principles of Consolidation:**

The consolidated financial statements relate to Unichem Laboratories Limited ("The Company") and its subsidiaries Niche Generics Limited (100%) incorporated in United Kingdom and Unichem S. A. Proprietary (100%) incorporated in South Africa, Unichem Farmaceutica do Brasil Ltda (100%) incorporated in Brazil, and Unichem Pharmaceuticals (USA) Inc. (100%) incorporated in USA.

- a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income & Expenses after fully eliminating intra-group investments.
- b) The consolidated financial statements have been prepared using 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.
- c) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.
- d) Financial statements of foreign subsidiaries considered as non integral in terms of AS 11 are transacted as under:
  - i) Assets and Liabilities at the rate prevailing at the end of the year
  - ii) Revenues & expenses at yearly average exchange rates.
  - iii) Any Exchange Differences are transferred to Foreign Currency Translation Reserve.
- e) Financial statements of foreign subsidiaries which are considered as integral operation are translated as if the transactions of foreign subsidiaries have been those of company itself.
- f) Unichem S. A. Proprietary (100%) Subsidiary Company incorporated in South Africa has different date of 28/02/2009 as a date of reporting than that of the parent Company.

**4 The 'Manufacturing and Other Expenses' includes :**

(Rupees in Lacs)

	Current Year	Previous Year
<b>Niche Generics Ltd Product Development</b>	<b>372.15</b>	<b>1,058.02</b>

**5 Related Party Disclosures**

As per AS-18 issued by the Institute of Chartered Accountants of India, the Company's related parties are as under:

**1 Relationships****(i) Enterprises under significant influence of key management personnel:**

Chevy capital services Pvt Ltd  
PM Capital services Pvt Ltd.  
AVM Capital services Pvt Ltd  
Pranit Trading Pvt. Ltd  
Rudra Pharma Distributors Ltd  
Viramrut Trading Pvt Ltd  
Niank Marketing co.

**(ii) Key Management personnel and their relatives:**

Dr. Prakash A. Mody (Chairman and Managing Director)  
Mrs. Anita Mody  
Miss Shwetambari Mody  
Miss. Supriya Mody  
Mrs Suparna Kacker  
Mr. B. K. Sharma (Executive Director)  
Mrs. Uma Sharma  
Mr. Ankur Sharma  
Mr. G. M. Cole  
Mr. C. Moss

## Schedules to Consolidated Accounts

UNICHEM

2 (i) The following is a summary of significant related party transactions:

(Rupees in Lacs)

Particulars	Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2009	2008	2009	2008	2009	2008
Sales of goods, etc.,	-	-	3,994.96	3,522.69	3,994.96	3,522.69
Rent & Maintenance paid	2.86	2.86	0.60	0.60	3.46	3.46
Managerial remuneration	477.30	360.70	-	-	477.30	360.70
Commission	300.94	198.00	-	-	300.94	198.00
Dividend paid	572.61	-	824.33	-	1,396.94	-
Total	1,353.71	561.56	4,819.89	3,523.29	6,173.60	4,084.85

(ii) The Company has the following amounts due from/to related parties

(Rupees in Lacs)

Particulars	Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2009	2008	2009	2008	2009	2008
Deposits given	100.29	100.29	-	-	100.29	100.29
Debtors	-	-	1,288.71	894.01	1,288.71	894.01
Due to Directors	300.94	198.00	-	-	300.94	198.00
Total	401.23	298.29	1,288.71	894.01	1,689.94	1,192.30

(Rupees in lacs)

Details of material transactions during the year		Current Year	Previous Year
a)	Sale of finished goods (Net of returns) Rudra Pharma Distributors Ltd.	3,994.96	3,522.69
b)	Rent Paid Mrs. Anita Mody Pranit Trading Pvt. Ltd.	2.86 0.60	2.86 0.60
c)	Managerial Remuneration Dr. P A Mody Shri B K Sharma	150.50 62.38	98.00 51.80
d)	Commission Paid Dr. P A Mody Shri B K Sharma	150.47 150.47	99.00 99.00
e)	Dividend Paid Pranit Trading Pvt Ltd Chevy Capital Services Pvt Ltd PM Capital Services Pvt Ltd Viramrut Trading Pvt. Ltd. Rudra Pharma Distributors Ltd. AVM Capital Services Pvt Ltd. Dr. Prakash A. Mody Mrs Anita Mody	237.62 153.43 132.22 160.20 0.08 132.44 374.77 72.33	- - - - - - - -
f)	Purchases Niank Marketing Company	18.59	4.70

### 6 Segment Reporting :

#### Primary Segment

The Company has only one segment i.e 'Pharmaceuticals'.

#### Secondary Segment ( By Geographical Segment)

(Rupees in Lacs)

	Current Year	Previous Year
<b>Sales and Operating Income</b>		
India	51,618.45	47,279.01
Outside India	22,602.56	21,137.69
Total	<b>74,221.01</b>	<b>68,416.70</b>

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

**7 Operating lease:**

Premises and certain vehicles are obtained on operating lease and are renewable/cancellable at mutual consent. There are no restrictions imposed by lease arrangements. The lease term is based on individual agreements. There are no sub-leases. The aggregate lease rentals payable, are charged as rent ( Refer Schedule 15 ) in the Profit & Loss Account.

**8 Earning Per Share has been computed as under:**

	2008-2009	2007-2008
Profit after Taxation attributable to equity shareholders (A) (Rs. In lacs)	10,801.71	5,136.42
Weighted average number of Equity shares for Basic Earning per Share (B)	36,045,679	36,033,842
Weighted average number of Equity shares for Diluted Earning per Share (C)	36,062,886	36,045,625
Earning Per Share - Basic (A)/(B)	29.97	14.25
Diluted (A)/(C)	29.95	14.25
(Face value of Rs. 5/- per share)		

- 9 The deferred tax liability for the current year amounting to Rs.10.00 lacs (Previous year Rs.415.00 lacs) & short /excess provision for previous years accounted during the current year Rs.13.81 lacs (Previous Year Rs.50.43 lacs) is shown in the Profit and Loss Account under Provision for Taxation

**The deferred tax liability / (asset) comprises of**

(Rupees in lacs)

	Current Year	Charge/(credit) for the year	Previous Year
<b>Deferred Tax Liability</b> on account of Depreciation	3,707.10	170.30	3,536.80
<b>Deferred Tax Assets</b> Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	470.70	(160.30)	310.40
Tax	3,236.40	10.00	3,226.40

**10 Exceptional items shown in Profit & Loss Accounts includes the following amounts.**

(Rupees in lacs)

Particulars	Current Year	Previous Year
Restructring costs	-	534.68
Total	-	534.68

- 11 Other significant Accounting Policies and notes have been set out in the notes to the Accounts of the Company as the same have been applied to the Accounts of the Company and it's subsidiaries except in respect of depreciation and taxation which has been provided by the foreign subsidiaries on the methods and at the rates required/permissible by the Local laws. Additional information not impacted by consolidation is also set out in the notes to the Accounts of the Company.

As per our report of even date attached  
**For B. D. Jokhakar & Co.**  
 Chartered Accountants

**Raman Jokhakar**  
 Partner

**Rakesh Parikh**  
 Vice President  
 Finance

**K. Subharaman**  
 Head - Legal &  
 Company Secretary

For and on behalf of the Board of Directors

**Dr. Prakash A. Mody**  
 Chairman &  
 Managing Director

**Prafull Anubhai**  
 Director

Mumbai  
 May 21, 2009

## Statement Pursuant to Section 212

Statement Pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Niche Generics Limited	Unichem Farmaceutica do Brasil Ltda	Unichem S.A (Proprietary) Limited	Unichem Pharmaceuticals (USA), Inc
Financial year ending of the subsidiary	31st March, 2009	31st March, 2009	28th February, 2009	31st March, 2009
Shares in the Subsidiary held by the Holding Company as at the above date				
i) Number of Shares	625,000 shares of GBP 1 each fully paid -up	45,24,297 Shares R\$ 1 each fully paid - up	19,000 shares of South African Rand 10/- each fully paid-up	33,31,955 shares of US\$ 1 each fully paid
ii) Extent of Holding	100 %	100 %	100 %	100%
Net aggregate amount of Profit / (Loss) of the Subsidiary Company so far as they concern the members of the Holding Company and				
A) Not dealt with in the Holding Company's accounts for the year ended 31st March 2009				
i) For the Subsidiary's financial year ended as aforesaid	GBP (13,11,230)	R\$ (9,31,633)	SAR (28)	US\$ (11,71,485)
ii) For the Previous financial years of the Subsidiary since it became Holding Company's Subsidiary.	GBP 6,91,150	R\$ (34,06,295)	SAR (1,65,812)	US\$ (18,53,415)
B) Dealt with in the Holding Company's accounts for the year ended 31st March 2009				
i) For the Subsidiary's financial year ended as aforesaid	Nil	Nil	Nil	Nil
ii) For the Previous financial years of the Subsidiary since it became Holding Company's Subsidiary.	GBP 6,86,481	Nil	Nil	Nil

## Summary of Financials of Subsidiaries

Information on the financials of the Subsidiary Companies  
(as per the exemption letter of the Ministry of Company Affairs, Government of India)

(Rupees in lacs)

Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investments	Revenue	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Niche Generics Limited	1,624.12	641.24	3,685.57	1,419.92	-	8,632.15	(1,000.11)	-	(1,000.11)	-
Unichem S.A. (Proprietary) Ltd.	12.14	(10.86)	1.29	-	-	-	0.11	-	0.11	-
Unichem Farmaceutica Do Brasil Ltda	963.20	(921.53)	41.67	-	-	5.48	(225.90)	-	(225.90)	-
Unichem Pharmaceuticals USA Inc.	1,475.05	(1,327.96)	147.09	-	-	0.77	(525.31)	-	(525.31)	-

### Notes:

- The Ministry of Company Affairs vide its letter no.47/59/2009/CLIII dated March 13, 2009 granted approval to the Company for not attaching the financials of subsidiary companies to the financials of the Company for the financial year 2008-09.
- The Members can obtain a copy of the financials of the subsidiary companies from the registered office of the Company. The financials of the subsidiary companies are also available for inspection during business hours on any working day from 10.00 am to 1.00 p.m.
- The Financials are given in Indian Rupees.

## Notice

NOTICE is hereby given that the 46<sup>th</sup> Annual General Meeting of the members of UNICHEM LABORATORIES LIMITED will be held on Wednesday, July 22, 2009 at 3.30 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and Audited Profit and Loss Account for the year ended on that date along with the Reports of the Board of Directors and Auditors thereon.
2. To confirm Interim Dividend of Rs. 3/- per Equity Share of Rs. 5/- each already paid for the year ended March 31, 2009.
3. To declare Final Dividend for the year ended March 31, 2009.
4. To appoint a Director in place of Mr. Ramdas Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nasser Munjee, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. B. D. Jokhakar & Co., as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution, as Special Resolution:

“RESOLVED THAT pursuant to the provisions of sub-section (1B) of section 314 and other applicable provisions of the Companies Act, 1956 for the time being in force and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded to the appointment of Ms. Supriya Mody, daughter of Dr. Prakash A. Mody, Chairman & Managing Director of the Company, to hold office of profit in the Company as Management Trainee for a period of one year or for such other shorter or longer term as may be decided by the Board or a Committee thereof with effect from January 23, 2009 at a monthly stipend of Rs.

45,000/- (Rupees Forty Five Thousand only) plus leave benefits and other perquisites as applicable to Management Trainees appointed by the Company;

RESOLVED FURTHER THAT on successful completion of her training, Ms. Supriya Mody will be absorbed in the Management Cadre of the Company with designation as may be decided by the Board or Committee thereof and at such remuneration, perquisites, allowances and benefits including staff superannuation fund, retiring gratuity and provident fund benefits applicable to other employees occupying similar posts entitling her to a remuneration payable by the Company aggregating to Rs. 50,000/- or more with such increments as she may be entitled as the Board or a Committee thereof may decide and approve from time to time subject to prior approval of the Central Government;

RESOLVED FURTHER THAT Dr. Prakash A. Mody, Chairman & Managing Director and Mr. K. Subharaman, Head - Legal & Company Secretary, be and are hereby severally authorized to make necessary applications to the Central Government or any other statutory authorities as per provisions of Companies Act, 1956 or any other act, rules or regulations and to file necessary forms with the Ministry of Company Affairs relating to appointment of Ms. Supriya Mody;

RESOLVED LASTLY THAT Mr. K. Subharaman, Head – Legal & Company Secretary, be and is hereby authorised to file necessary forms with the Ministry of Company Affairs relating to appointment of Ms. Supriya Mody.”

By order of the Board of Directors,  
**For Unichem Laboratories Limited**

**Mr. K. Subharaman**  
*Head – Legal & Company Secretary*

Mumbai  
May 21, 2009

## NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item under Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON POLL TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A blank form of proxy is enclosed and if intended to be used, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
4. Members are requested to bring their copy of the Annual Report for the meeting. For the convenience of the members and for the proper conduct of the meeting, entry to the place of meeting will be regulated by attendance slip. The Company reserves the right to take any action as may be deemed necessary to restrict non-members from attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 13, 2009 to July 17, 2009 (both days inclusive).
6. The final dividend for the year ended March 31, 2009 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear in the Company's Register of Members on July 17, 2009.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the Interim Dividend for the financial year ended March 31, 2002 have been transferred to Investor Education Protection Fund ('IEPF') of the Central Government. Members who have not encashed the dividend warrant(s) so far for subsequent financial year(s) are requested to make their claim to the Share Department at Unichem Bhavan, Prabhat Estate, Off. S. V. Road, Jogeshwari (West), Mumbai – 400102. It may also be noted that the dividend once transferred to Investor Education and Protection Fund cannot be claimed.
8. As required under Clause 49 IV(G) of the Listing Agreement, the relevant information in respect of the Director seeking re-appointment at the Annual General Meeting is given below:  
At the ensuing 46<sup>th</sup> Annual General Meeting, Mr. Ramdas Gandhi and Mr. Nasser Munjee retire by rotation and being eligible, offer themselves for reappointment. The following are their respective profiles.  
  
*Mr. Ramdas Gandhi* is an advocate and solicitor by profession. He holds a Masters degree in law from University of Bombay. He was enrolled as an attorney at law in the High Court of Mumbai in 1956. He also served as partner in leading law firms in India viz M/s. Bhaishanker Kanga & Girdharlal, and of M/s. Manilal Kher Ambalal & Co. He presently serves as Director in Pidilite Industries Limited, Aarti Industries Limited, Vinyl Chemicals (India) Limited and Aarti Drugs Limited. He has served on the Board of Unichem since 1985. He is the Chairman of the Shareholders Grievance Committee and member of Audit Committee, Compensation Committee and Management Committee of Unichem. Mr. Ramdas Gandhi held 10,000 shares in the Company as on March 31, 2009. Mr. Ramdas Gandhi has been granted 10,000 options under ESOP - 2008 during the year under review.  
  
*Mr. Nasser Munjee* holds a Bachelors degree from the University of Chicago and a Masters degree from the London School of Economics, U.K. Prior to joining Development Credit Bank (DCB) as its Chairman, he was with the Infrastructure Development Finance Company Limited, India (IDFC Ltd.) as its Managing Director and CEO. His journey in creating financial institutions began with the Housing Development Finance Corporation Limited (HDFC Ltd.), whom he has been assisting since its inception in February 1978. In March 1993, he joined the Board of HDFC Ltd. as Executive Director with primary responsibility for resource mobilization, research, publications, training, communication and managing the Center for Housing Finance. He continues to be on the Board of HDFC Ltd. along with fourteen other companies and several other institutions as Chairman, Member of the Board or as a Trustee. Mr. Nasser Munjee did not hold any shares in the Company as on March 31, 2009. Mr. Nasser Munjee has been granted 10,000 options under ESOP - 2008 during the year under review.

## Annexure to Notice

### Explanatory Statement under Section 173(2) of the Companies Act, 1956

#### Item No. 7

Ms. Supriya Mody, who has been selected by your Board of Directors to hold the position of Management Trainee of the Company inter alia at a stipend of Rs. 45000/- per month, is daughter of Dr. Prakash A. Mody, who is Chairman & Managing Director of the Company. Section 314(1B) of the Companies Act, 1956, provides that no relative of a Director should either hold or continue to hold any office or place of profit in the Company, which carries a total monthly remuneration of more than Rs. 10,000/- and less than Rs. 50,000/-, except with the consent of the Company by a Special Resolution and further prior approval of shareholders and Central Government will be required if the remuneration payable exceeds Rs. 50,000/- per month.

Ms. Supriya Mody holds the MBA degree from London Business School and the Bachelors degree in Business Administration from Ross School of Business, USA. She also holds the Post Graduation Certificate in National Cash and Financial Markets Module and Association of Mutual Funds of India Advisor Certificate. She has a rich and successful career behind her having worked in organizations like Merrill Lynch, Tower Capital & Securities Pvt Ltd., and ASK Raymond James Securities (I) Pvt. Ltd.

On successful completion of her training, she will be absorbed in the Management Cadre of the Company with designation as may be decided by the Board or Committee thereof and at such remuneration, perquisites, allowances and benefits including staff superannuation fund, retiring gratuity and provident fund benefits applicable to other employees occupying similar posts as approved by the Board. In the event Ms. Supriya Mody gets absorbed in the Management Cadre of the Company the total remuneration payable to her would exceed Rs. 50,000/- per month and may continue to exceed Rs. 50,000/- per month with increments and remuneration provided to her from time to time and this will require prior approval of Central Government. This is an enabling resolution seeking one time approval of the members.

None of the Directors, except Dr. Prakash A. Mody, is directly or indirectly interested in the aforesaid resolution and the Board recommends your acceptance thereof in the interest of the Company.

By order of the Board of Directors,  
**For Unichem Laboratories Limited**

**Mr. K. Subharaman**  
*Head – Legal & Company Secretary*

Mumbai  
May 21, 2009





**UNICHEM  
LABORATORIES LTD.**

Regd. Office: Unichem Bhavan, Prabhat Estate, Off S. V. Road, Jogeshwari (West), Mumbai - 400 102.

**ATTENDANCE SLIP**

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the 46<sup>th</sup> Annual General Meeting of the Company on Wednesday, July 22, 2009 at 3.30 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Folio No. / D.P.No. & Client I.D. No. ....

Name of the Member / Proxy / Representative: .....

Signature of the Member/Proxy/Representative: .....

(Only members/proxies/representative are allowed to attend the Meeting)



**UNICHEM  
LABORATORIES LTD.**

Regd. Office: Unichem Bhavan, Prabhat Estate, Off S. V. Road, Jogeshwari (West), Mumbai - 400 102.

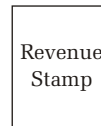
**PROXY FORM**

I/We ..... of ..... being a member(s) of UNICHEM LABORATORIES LTD. hereby appoint..... of..... or failing whom ..... of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the **46<sup>th</sup> Annual General Meeting of the Members of UNICHEM LABORATORIES LIMITED to be held on Wednesday, July 22, 2009 at 3.30 pm at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018** and at any adjournment thereof.

Folio No. / D.P.No. & Client I.D. No. ....

No of Shares held: .....

Signed this ..... day of .....2009



Signature across Revenue Stamp

Note: The Proxy Form duly completed and signed should be deposited at the Registered Office at the Company shown above, not later than 48 hours before the time of the meeting.



# Notes

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## Glossary

API	Active Pharmaceutical Ingredient - Any component that is intended to furnish pharmacological activity or other direct effect in diagnosis, cure, mitigation, treatment or prevention of disease, or to affect the structure or any function of humans. The term includes those components that may undergo chemical change in the manufacture of the drug product and that may be present in the product in a modified form intended to furnish the specified activity or effect.
ANVISA	National Sanitary Surveillance Agency of Brazil.
CIS	Commonwealth of Independent States
CAGR	Compound Annual Growth Rate
GBP	Great Britain Pound
GMP	Good Manufacturing Practice. The part of the Quality Assurance which is aimed at ensuring that the products are consistently manufactured to a quality appropriate to their intended use.
FOB	Free on Board
MHRA	UK Medicines and Healthcare Products Regulatory Agency
TGA	Therapeutic Goods Administration Regulatory from Australia
USFDA	United States Food and Drug Administration
WHO-GMP	World Health Organization - Good Manufacturing Practices

## 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 managements' plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future of performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievements of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown results or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.





Book - Post

If undelivered, please return to:



**UNICHEM**  
LABORATORIES LTD.

Unichem Bhavan, Prabhat Estate, S. V. Road, Jogeshwari (W), Mumbai - 400102  
Tel.: 91-22-66888333 • Fax: 91-22-26794089 • Website at [www.unichemindia.com](http://www.unichemindia.com)