

Annual Report 2009-10

A close-up photograph of a hand holding a magnifying glass. The magnifying glass is positioned over a single pill, which is orange and white. The text 'Caring & Curing for over Six Decades' is centered within the circular frame of the magnifying glass. The background is a plain, light color.

Caring & Curing
for over
Six Decades

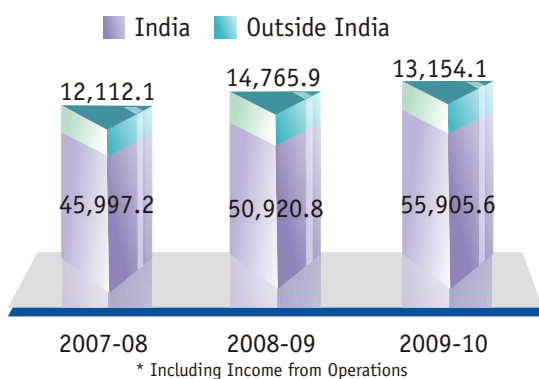


UNICHEM
LABORATORIES LTD.

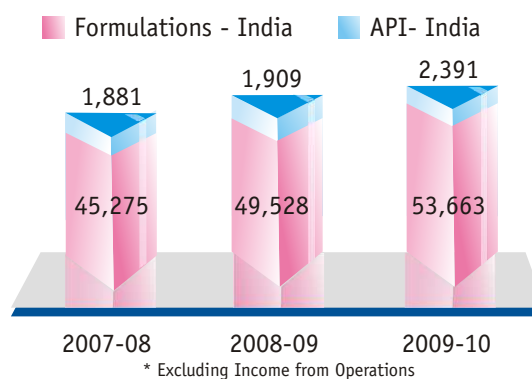
Financial Highlights

- Total Income for the year stood at ₹ 69,059.7 lacs, reflecting 5.14% growth
- Net Profit after Tax for the year stood at ₹ 13,394.4 lacs, reflecting 7.37% growth
- The consolidated net profit for the group grew by 13.98% and stood at ₹ 12,312.3 lacs
- Payment of 200% Interim Dividend during the year

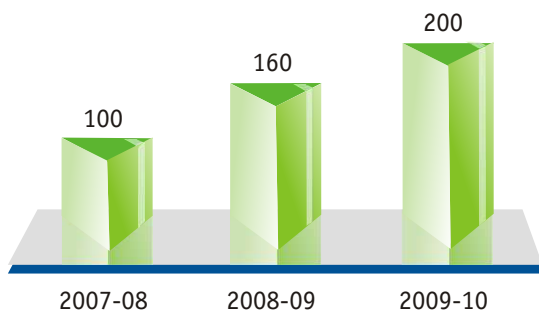
Sales Mix by Geographical Segment*
(₹ in lacs)



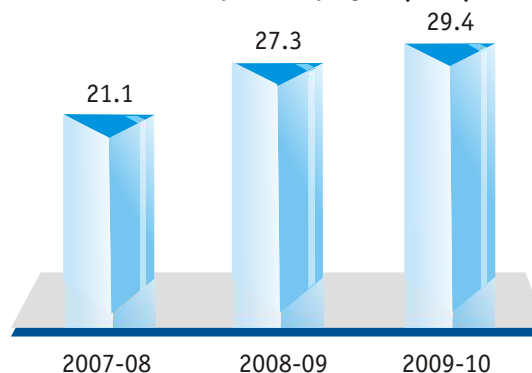
Sales Revenue Mix*
(₹ in lacs)



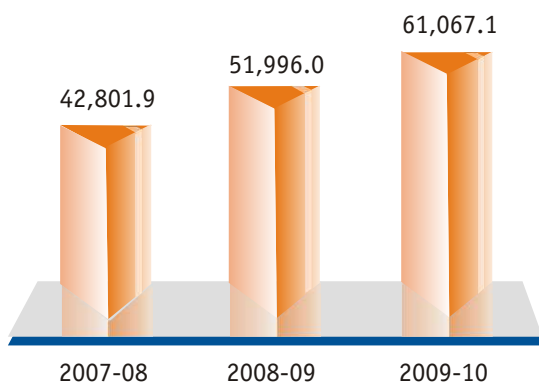
Dividend (in %)



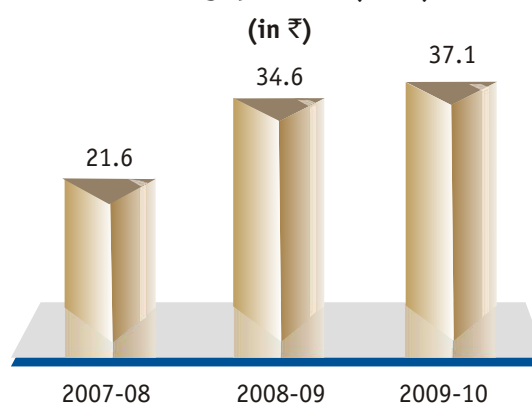
Return on Capital Employed (in %)



Net Worth (₹ in lacs)



Earnings per share (Basic)

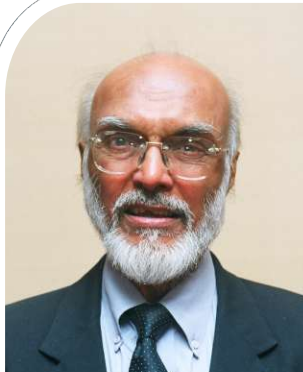




Board of Directors



Dr. Prakash A. Mody
Chairman & Managing Director



Prafull Anubhai
Independent Director



Ramdas M. Gandhi
Independent Director



Nasser Munjee
Independent Director



Prafull D. Sheth
Independent Director



Anand Mahajan
Independent Director



State of the art manufacturing plants

Ghaziabad



Roha



Goa



Pithampur



Baddi



Sikkim





Corporate Information

Board Committees

Audit Committee	- Prafull Anubhai - Chairman Ramdas Gandhi Nasser Munjee
Shareholders' Grievance Committee	- Ramdas Gandhi - Chairman Dr. Prakash A. Mody
Compensation Committee	- 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.unichemlabs.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

SIKKIM

NH- 31A, Bagheykhola,
Majithar,
Rangpo, East Sikkim - 737 138.

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 25946970 • Fax: 022 25946969

Statutory Auditors

B. D. Jokhakar & Co.

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

Contents

Message from the Chairman	4
Five-year Financial Highlights	8
Directors' Report & Annexures	10
Management's Discussion & Analysis	17
Auditors' Certificate on Corporate Governance	21
Corporate Governance Report	22
Information for Shareholders	29
Auditors' Report on Standalone Financial Statements	37
Standalone Financial Statements	40
Consolidated Auditors' Report	67
Consolidated Financial Statements	68
Statement Pursuant to Section 212 & Summary of Subsidiary Financials	84
Notice	85
Glossary	93



Message from the Chairman

Dear Stakeholders,

Last financial year was a good year for the Company in terms of turnover, profit and dividend. The Company earned PBIDTA of ₹ 179.45 Crores as against ₹ 154.15 Crores earned in the previous financial year despite difficult environment throughout the world. Though the turnover grew modestly by 5.39%, at ₹ 683.84 Crores, the Company earned decent profits which enabled it to declare two interim dividends aggregating to ₹ 10/- per equity share of ₹ 5/- [200%]. This is the biggest payout in the history of Unichem.

Over 73% of our turnover is contributed by the Domestic formulation market where Unichem enjoys an enviable reputation built over six decades. Therefore, one of our key strategies is to consolidate our presence in the domestic market. We can achieve this through expanding our product basket covering more therapeutic segments, by deeper market penetration

and expanding our reach to larger number of customers. The growth potential for Unichem is enormous considering the opportunity that exists in unrepresented therapeutic segments.

Towards this end, we have aligned product portfolios of our domestic formulation business into 8 therapy based Divisions which includes the two Divisions called Integra and Unikare launched in the last two years. All these Divisions are doing well and its products are well received by the medical fraternity. We also intend to add 500 more field personnel across these Divisions in order to cover more medical professionals. We had launched 19 new products last Financial Year and we intend to launch many more in the current Financial Year which will expand our product basket across various therapies.

We have been continuously upgrading and expanding our manufacturing and research facilities at multiple locations to enrich our own product basket, 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 are certified by USFDA. Out of these, Goa and Roha Plants were already approved earlier by USFDA and received re-certifications. Our Sikkim Plant is commissioned and production has started in this formulation plant. Plant No. 1 at Baddi is undergoing extensive modernization programme and this plant is expected to be ready for commercial production by October this year. Construction work for a formulation plant at SEZ, Pithampur, Madhya Pradesh is under progress and substantial construction work will be completed by the end of the current financial year.

We have made significant investments in manufacturing and research facilities over the last few years catering to both domestic and international market which makes Unichem the ideal partner for collaborative business. To make this happen, we have started leveraging our manufacturing, development



and marketing strengths with key business partners and we are sure that these efforts will add long term value to our stakeholders.

With regard to the global markets, our UK Subsidiary, Niche Generics Limited has commissioned its new packing facility in Baldoyle, Ireland and this will reduce manufacturing costs and release much needed funds for developing the markets. Already, development support is provided by our labs and plants in India. Similarly, regular shipments to US and South America have commenced. With more product approvals in the pipeline, the foundation for substantial ramp up in sales has been laid.

Our focus on the API business continues to form an integral part of our strategy to drive the growth of the Company both in APIs and in Dosage Form business. Even though our exports of APIs did suffer during the year due to the adverse effect of the global meltdown particularly in Europe, we were able to gain the momentum by the end of the year. We are confident of maintaining this surge during the next year and beyond.

With our Dosage Form business in the US slated for a take off, the focus on our API business of support to the international business has started giving the desired results. In addition, new initiatives to expand our API business to a number of new geographical markets are in the pipeline which should drive growth in the coming years.

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 sincere appreciation for the commitment of our employees for their contribution.

I firmly believe that having made substantial investments in plants, products and market development and with 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 & Managing Director



Top Brands





Top Brands



METRIDE[®] 1



Telsar[®]



CORVADIL[®]



Trika[®]

Five-year Financial Highlights

Balance Sheet

(₹ in lacs)

As at 31st, March	2006	2007	2008	2009	2010
SOURCES OF FUNDS					
Equity share capital	1,800.20	1,801.70	1,802.10	1,802.75	1,803.15
Share Application Money	-	-	-	-	2.64
Reserve & surplus	28,260.90	35,331.10	40,999.79	50,193.27	59,261.29
Net worth	30,061.10	37,132.80	42,801.89	51,996.02	61,067.08
Secured Loans	1,046.70	896.30	553.30	674.78	248.08
Unsecured Loans	1,781.60	1,628.10	1,783.00	1,878.41	2,048.35
Total Loans	2,828.30	2,524.40	2,336.30	2,553.19	2,296.43
Total Liabilities	32,889.40	39,657.20	45,138.19	54,549.21	63,363.51
APPLICATION OF FUNDS					
Gross block	24,366.93	27,006.90	31,235.60	38,511.22	43,738.82
Depreciation	6,561.90	7,421.20	8,805.50	10,500.07	12,246.75
Net block	17,805.03	19,585.70	22,430.10	28,011.15	31,492.07
Capital WIP	1,060.90	6,543.20	10,319.20	7,592.94	6,363.08
NB + CWIP	18,865.93	26,128.90	32,749.30	35,604.09	37,855.15
Investment	2,749.30	3,661.70	4,180.93	6,081.03	12,831.44
CURRENT ASSETS					
Inventories	5,974.60	7,020.30	7,145.00	9,206.68	9,764.13
Debtors	9,565.60	12,530.50	12,358.05	13,620.87	16,243.44
Cash and bank balance	4,361.50	750.90	697.07	2,957.77	1,906.40
Loans & advances	2,138.00	2,926.50	2,703.24	3,438.78	4,269.68
Total current assets	22,039.70	23,228.20	22,903.36	29,224.10	32,183.65
CURRENT LIABILITIES					
Creditors	4,743.80	8,216.20	7,991.80	9,507.17	11,633.72
Other current liabilities	728.60	1,005.60	576.60	693.15	840.69
Provisions	2,891.70	1,328.40	2,900.60	2,923.26	3,563.89
Total current liabilities	8,364.10	10,550.20	11,469.00	13,123.58	16,038.30
Deffered tax liability	2,401.43	2,811.40	3,226.40	3,236.43	3,468.43
Net current assets	11,274.17	9,866.60	8,207.96	12,864.09	12,676.92
Total Assets	32,889.40	39,657.20	45,138.19	54,549.21	63,363.51



Five-year Financial Highlights

Profit and Loss Account

(₹ in lacs)

For the year ended 31st, March	2006	2007	2008	2009	2010
Sales and income from operations	47,770.60	56,241.30	59,391.15	66,384.31	69,351.32
Other Income	420.80	1,060.70	669.83	1,049.92	658.36
Total Income	48,191.40	57,302.00	60,060.98	67,434.23	70,009.68
Material consumption	11,831.40	14,433.70	14,500.95	15,303.30	12,913.80
Purchase of finished goods	7,962.90	9,236.90	10,109.13	10,563.77	10,167.05
Increase/ Decrease in stocks of semi- finished and finished goods	(272.70)	(301.00)	(330.08)	(1,641.14)	256.65
Research & Development Expenses	1,006.30	1,966.80	2,157.00	2,349.20	2,678.02
Stores and spares	333.30	462.90	290.00	394.16	376.78
Power and fuel	1,196.30	1,256.90	1,419.50	1,440.14	1,563.35
Staff costs (Excluding R&D)	4,398.60	5,550.40	6,191.23	7,085.39	7,585.40
Excise	2,195.20	1,681.90	1,281.80	697.65	291.65
Selling expenses	4,341.10	4,901.30	5,996.00	6,300.24	6,131.94
Other expenses	5,675.00	6,147.70	7,308.25	8,476.20	9,441.56
Total Cost	38,667.40	45,337.50	48,923.78	50,968.91	51,406.20
PBDIT	9,524.00	11,964.50	11,137.20	16,465.32	18,603.48
Interest	227.40	188.80	151.72	63.98	50.97
PBDT	9,296.60	11,775.70	10,985.48	16,401.34	18,552.51
Depreciation	1,141.90	1,201.20	1,537.20	1,992.38	2,146.85
Profit before tax	8,154.70	10,574.50	9,448.28	14,408.96	16,405.66
Exceptional & prior period items	(1,334.80)	(117.50)	2.29	-	-
Current tax	810.00	1,186.00	1,055.00	1,610.00	2,811.00
Fringe benefit tax	190.00	210.00	255.00	300.00	-
Profit after current tax	8,489.50	9,296.00	8,135.99	12,498.96	13,594.66
Deferred tax	150.00	280.00	415.00	10.00	232.00
Profit after tax	8,339.50	9,016.00	7,720.99	12,488.96	13,362.66
Note:					
Exports at FOB value	8,906.20	11,702.10	11,052.24	13,664.88	12,318.23
Equity dividend	1,800.17	1,801.70	1,802.10	2,884.17	3,606.65
Expenditure on R&D :					
-Capital	289.40	315.20	1,114.20	382.07	202.82
-Recurring	1,006.30	1,966.80	2,157.00	2,349.20	2,678.02
Total R & D expenditure	1,295.70	2,282.00	3,271.20	2,731.27	2,880.84

Key Ratios

As at 31st, March	2006	2007	2008	2009	2010
ROCE (%)	27.80	27.68	21.14	27.27	26.41
RONW (%)	23.70	24.00	18.04	24.02	21.88
EVA (₹ In lacs)	4,493.31	4,505.95	2,341.69	6,902.92	6,214.72
Per share Data					
EPS (₹)	23.84	25.02	21.57	34.61	37.14
Dividend (%)	100%	100%	100%	160%	200%
Dividend (in ₹) per Share	5.00	5.00	5.00	8.00	10.00
Book Value per Share (₹)	83.50	103.05	118.75	144.21	169.33

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 47th Annual Report on the business and operations of the Company for the financial year ended March 31, 2010.

Financial Highlights

The table given below gives the financial highlights of the Company on Standalone basis for the year ended March 31, 2010 as compared to the previous financial year.

For the year ended March 31
(₹ in lacs)

Particulars	2010	2009
Sales/ Income from operations (Net)	68,383.54	64,886.79
Other Operating Income	676.13	799.87
Total Income	69,059.67	65,686.66
Profit from Operations before other income, interest & exceptional items	15,798.27	13,423.02
Profit from ordinary activities before tax	16,405.66	14,408.96
Tax Expenses (Including deferred tax & Fringe Benefit tax)	3,043.00	1,920.00
Net profit from ordinary activities after tax but before Prior period items	13,362.66	12,488.96
Prior period Expenses	0.86	-
Excess/(Short) provision for taxation pertaining to earlier years	32.63	(13.81)
Net Profit for the period	13,394.43	12,475.15

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

Review of Operations

During the year under review, Total Income increased to ₹ 69,059.67 lacs in 2009-10 from ₹ 65,686.66 lacs in 2008-09, registering a growth of 5.14%. Net Profit after tax for the year stood at ₹ 13,394.43 lacs compared to ₹ 12,475.15 lacs recorded last year, thus reflecting 7.37% growth. The Global Net Profit for the group for the year stood at ₹ 12,312.27 lacs as compared to ₹ 10,801.71 lacs in the previous year registering a growth of 13.98%.

Appropriations

Your Company has transferred ₹ 1,500.00 lacs to the General Reserve during the year under review. An amount of ₹ 39,091.69 lacs is proposed to be carried forward from the Profit & Loss Account.

Dividend

Your Directors at their meeting held on October 22, 2009, declared 1st Interim Dividend of ₹ 3/- (60%) per equity share of ₹ 5/- each. Subsequently, 2nd Interim Dividend of ₹ 7/- (140%) per equity share of ₹ 5/- each fully paid up was declared at the meeting held on May 10, 2010, taking the total interim dividend declared for the year to ₹ 10/- (200%) per share (previous year : total dividend declared ₹ 8/- (160%) per share). The total interim dividend payout for year 2009-10 (including dividend distribution tax) was ₹ 4,209.85 lacs. The above Interim Dividends declared and paid are to be confirmed by the Members at the ensuing Annual General Meeting. The Board at their meeting held on July 22, 2010, has decided to

consider the said interim dividends as final.

The register of members and share transfer books shall remain closed from September 13, 2010 to September 15, 2010, both days inclusive. The Annual General Meeting of the Company is scheduled for September 16, 2010.

Sub-division of Face value of Equity shares

The Board of Directors is pleased to recommend the sub-division of face value of equity shares of Rs.5/- into face value of Rs.2/- each, subject to approval of shareholders at the forthcoming Annual General Meeting.

Employee Stock Options Scheme

During the year under review, 8,100 options were exercised and equivalent numbers of equity shares were allotted (on pari passu basis) under the Employees Stock Option Scheme – 2004.

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 the **Annexure I** to this Report.

Information Systems

Your Company has successfully implemented SAP ERP 6.0 thereby enabling proper planning and company wide efficiency. The modules have been implemented and stabilized and the system is fully integrated with BaaN system.



Directors' 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 Standard 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, 2010. 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. It recorded sales of GBP 104.1 lacs for the year ended March 31, 2010 as compared to GBP 114.7 lacs for the previous year ended March 31, 2009. During the year, there is a considerable improvement in the working of the company and accordingly the loss for the

year ended March 31, 2010 stood at GBP 1.9 lacs compared to the loss of GBP 13.1 lacs for the year ended March 31, 2009.

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 the opportunities for marketing alliances in North American markets. The subsidiary recorded sales of USD 7.5 lacs for the year ended March 31, 2010 and incurred loss of USD 12.4 lacs for the same period compared to the loss of USD 11.7 lacs for the year ended March 31, 2009.

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 generic products in the Brazilian market.

The subsidiary plans to have its own set-up for sales, marketing, warehousing and distribution. The entity suffered a loss of Brazilian Reals 12.6 lacs in the current year as against Brazilian Reals 9.32 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 registered profit of SA Rand 197 in the current year against loss of SA Rand 28 during 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, 2010, 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 2009-10 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, 2010, the total amount of fixed deposits was ₹ 39,000/-, 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 ₹ 1500 lacs. The rating indicates highest safety, the prospect of timely repayment of debt/obligation being the best.

Directors

By virtue of Section 255 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Prafull D. Sheth and Mr. Anand Mahajan retire by rotation at the ensuing Annual General Meeting. Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting for seeking their approval for their re-appointment. 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 re-appointment. Your Company has received intimation to the effect that, proposed re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956. They have confirmed their willingness to accept office, if re-appointed. The Board and Audit Committee recommend the re-appointment of M/s. B. D. Jokhakar & Co. as Statutory Auditors of your Company for the financial year 2010-11.

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 Board of Directors of your Company have re-appointed 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 2010-11.

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.

To conserve water, the Company has devised various water savings methods which are monitored on day-to-day basis. In this direction, the Company has devised rain-harvesting system at its Ghaziabad manufacturing unit. 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 organizing fire fighting drills, blood



Directors' Report

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 co-ordination with Universities, arranging spiritual upliftment programmes, etc. The aim of these seminars and lectures is to increase the intellectual wealth of employees, who in turn are expected to go back and spread the knowledge to build a happy, peaceful and strong nation.

To create awareness about the pollution generated by motor vehicles, Unichem is rolling out a mandatory check of Pollution Under Control (PUC) certificates of all vehicles entering Company premises at Goa manufacturing unit. As a part of Unichem's Environmental Awareness Drive, various programmes by eminent environmentalists are organized on a regular basis for the benefit of the industrial community in association with Goa University, Inspectorate of Factories & Boilers, Government of Goa and Green Triangle Society.

Besides the aforesaid, your Company has taken two key initiatives in the fields of healthcare for the under privileged and education in the fond memory of our founder Mr. Amrut Mody, who was the pioneer of Indian Pharma industry and a visionary Technocrat and who was instrumental in supporting the needy and also contributing via endowments to educational institutions during his lifetime. Firstly, your Company has undertaken a project for Primary Health Centre in Village Tanki-Pathar, Shahpur Taluka, Dist. Thane in the name of Mr. Amrut Mody, founder of the Company. This Health Centre shall cater to the basic medical needs of the tribals in the vicinity. Secondly, your Company has volunteered to be the chief donor to Ahmedabad University School of Management which is promoted by Ahmedabad Education Society.

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. Health and Safety issues are addressed systematically, effectively and proactively

as per requirements of ISO standards/ OHSAS guidelines. Mock drills are conducted regularly for different emergency situations for enhancing effectiveness of response plan.

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 business 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,

July 22, 2010

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 as on March 31, 2010 are given 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) 2,97,500 (in 2009-10)	
b. The pricing formula	@ ₹ 110/- per share for grants prior to 2004 @ ₹ 263.55 per share for grant made in 2005-06		@ ₹ 115/- per share	
c. Options vested	72,500		5,000	
d. Options exercised	68,000		Nil	
e. The total number of Shares arising as a result of exercise of Options	68,000		Nil	
f. Options lapsed	2,27,500*		12,500*	
g. Variation of terms of Options	As per the notice of 43rd AGM.		Nil	
h. Money realised by exercise of Options	₹ 8,91,000		Nil	
i. Total number of Options in force	4,500		3,35,000	
j. Employee wise detail of Options granted during the year 2009-10:				
(i) Senior manager personnel	Nil		2,97,500	
(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.	Nil		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'.	₹ 36.92		₹ 36.92	
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 (₹)	110.0	263.6	115.0	115.0
- Weighted average Fair value (₹)	138.7	154.9	68.1	102.05
- Closing price at NSE on date of grant (₹)	209.75	310.05	159.95	211.50
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%	6.6%	6.3%	6.3%
- Expected life	5 years	5 years	5 years	5 years
- Expected volatility	59.2%	36.9%	41%	41.2%
- Expected dividends and	1.4%	1.1%	3.7%	3.8%
- The price of the underlying share in the market at the time of option grant	₹ 209.75	₹ 310.05	₹ 159.95	₹ 211.50

*Options granted due 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	2010	2009
(a) ELECTRICITY		
(i) Purchased Units (lacs)	187.53	206.47
Total Amount (₹ in lacs)	915.05	895.62
Rate / Unit (in ₹)	4.88	4.34
(ii) Own Generation		
Through Diesel Generator Units (lacs)	27.74	17.46
Units per litre of Diesel Oil	3.29	3.23
Cost per unit (in ₹)	7.81	9.09
Through Steam Turbine / Generator	N.A.	N.A.
(b) COAL	N.A.	N.A.
(c) FURNACE OIL/HSD		
Quantity (Kilo Litres)	1,429.45	1,095.79
Total Amount (₹ in lacs)	343.17	290.60
Average Rate (₹/Kilo Ltr.)	24.01	26.52
(d) OTHERS / INTERNAL GENERATION		
Steam Purchased (M.T.)	5,860.86	3,260.49
Total Amount (₹ in lacs)	101.67	66.84
Average Rate (₹ per M.T.)	1,734.67	2,049.92

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.

Annexure II to Directors' Report

B. RESEARCH & DEVELOPMENT

1. Specific areas in which R&D is carried out by the Company

- a. To undertake contract research with Generic & Research based pharmaceutical companies to develop API's and formulations.
- b. Development of innovative as well as patentable routes of synthesis for API and Intermediates.
- c. Development of a cost effective process for API's and Intermediates.
- 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. Develop biosimilar products by following DNA recombinant technique and initiated work on fermentation process for making API.

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 11 patent applications were filed.

3. Future Plan of action

- a. Undertake development of biosimilar products by using Recombinant DNA technique and monoclonal antibodies.
- b. Work has been initiated to synthesise polypeptides.
- c. Fermentation development work to make small molecule API.
- d. 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
- e. Develop cost effective processes for the existing molecules.
- f. Development of new products for international business.
- g. Development of modified drug delivery systems.
- h. Undertake contract research work, in the area of synthesis of API and product dossiers.
- i. Develop products and delivery systems through Biotechnology.
- j. Improvements in quality of products and productivity.

4. Expenditure on R&D

For the year ended March 31,
(₹ in lacs)

Particulars	2010	2009
a) Capital	202.82	382.07
b) Recurring		
- at units approved by Department of Scientific & Industrial Research	2,678.02	2,349.20
- at others	296.52	289.60
c) Total	3,177.36	3,020.87
d) Total R&D expenditure as a percentage of Turnover	4.58%	4.56%

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

GLOBAL PHARMA MARKET

For the year ended 2009, Global pharmaceutical market grew 7% to US\$837 billion, compared with a 4.8% growth rate in 2008.

As per IMS Health forecast, the size of the global market for pharmaceuticals is expected to grow nearly US\$300 billion over the next five years, reaching US\$1.1 trillion in 2014. The 5 – 8% compounded annual growth rate (CAGR) during this period reflects the impact of leading products losing patent protection in developed markets, as well as strong overall growth in the world's emerging countries.

As per the study, developing countries in aggregate are forecasted to grow by US\$90 billion during the period 2009-2013 and contribute 48% of annual market growth in the year 2013 that was upto 37% last year. Significant changes in the global economic and healthcare landscape – including rising levels of healthcare access, funding and the changing mix of generic and innovative products have contributed to the ongoing market realignment.

Factors driving growth in emerging markets include a large and growing population, higher disposable income, high degree of 'out of pocket' medical expenditure and a fragmented market (providing an opportunity for consolidation). India, with its rapidly growing domestic formulations business and other strategic advantages forms a crucial part of the emerging market strategy of international large pharma companies.

The IMS study also cites key dynamics that continue to contribute to lower sales growth in mature pharmaceutical markets, including high rates of patent expiration, increased market penetration of generics, under-funding of the biotech industry, tighter government restrictions around product safety and spending, as well as macroeconomic conditions.

INDIA

The Indian pharmaceutical industry currently values about ₹ 1,00,611 crore, as the industry sector growth is back on track following revival of the economy, according to the Economic Survey report of the year 2009-10. The country now ranks 3rd in terms of volume of production (10% of global share) and 14th by value. Exports of pharmaceuticals have consistently outstripped imports. India currently exports drug intermediates, active pharmaceutical ingredients (APIs), finished dosage formulations, bio- pharmaceuticals and clinical services. The top five destinations of Indian pharmaceutical products are USA, Germany, Russia, UK and China. The domestic pharma sector has also expanded in recent years.

The strong growth registered by the Indian economy has helped drive its pharmaceutical market and industry. India's expanding

middle class, with growing affordability and greater access to healthcare are the main drivers for the current growth of the industry and economy. In branded generics, the highly-competitive market in India continues to be dominated by Indian pharmaceutical companies, but remains fragmented.

According to Indian Pharma 2015 – McKinsey Report, Indian retail pharmaceutical market is projected to grow three times in size to reach US\$ 20 billion by 2015. It is stated that generics products will continue to dominate the market even in 2015, with patented products expected to account for 10% of the market. It is projected that high growth would be seen in Specialty therapies (CNS, Diabetology, CV, Oncology, among others).

UNICHEM'S PERFORMANCE

Financial Highlights

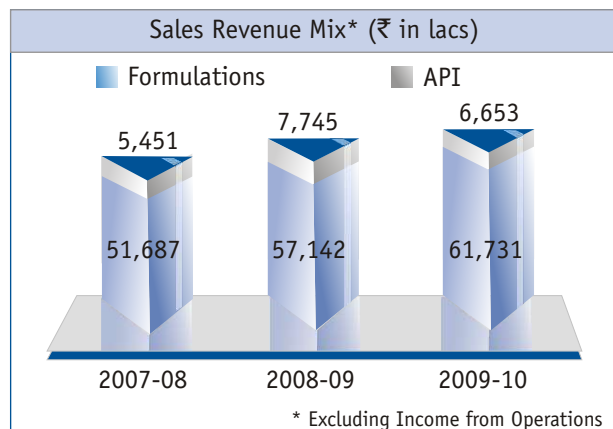
- Total Income for the year stood at ₹ 69,059.67 lacs compared to ₹ 65,686.66 lacs recorded last year, thus reflecting 5.14 % growth.
- Net Profit after Tax for the year stood at ₹ 13,394.43 lacs compared to ₹ 12,475.15 lacs recorded last year thus, reflecting 7.37 % growth.
- The consolidated net profit for the group for the year stood at ₹ 12,312.27 lacs as compared to ₹ 10,801.71 lacs in the previous year registering a growth of 13.98 %.
- Domestic Sales grew by 8.98% and stood at ₹ 56,054 lacs.
- Domestic Formulations Sales grew by 8.34 % and stood at ₹ 53,663 lacs.

Other Highlights

- Received EU GMP certificate from Irish Medicines Board for 12 APIs v.i.z., Amlodipine Besilate, Amlodipine Maleate, Bendroflumethiazide, Bisoprolol Fumarate, Brimonidine Tartarate, Bupremorphine Hydrochloride, Clonidine Hydrochloride, Donepezil Hydrochloride, Metronidazole, Hydrochlorothiazide, Tizanidine Hydrochloride and Meloxicam manufactured at our plant situated at Roha, Maharashtra.
- Received USFDA approval for API plant situated at Pithampur, Indore.
- Received USFDA re-certification for Goa formulation plant and Roha API plant.
- ANDA approval received from USFDA for Bisoprolol Fumarate Tablets, Clonidine Hydrochloride Tablets & Hydrochlorothiazide Capsules.
- Commissioned new formulation plant at Sikkim, which is a solid oral dosage form facility.
- Setting up Formulation facility at Indore SEZ, basically to cater to export markets.
- Commissioned a new unit at Baddi for manufacturing all dosage forms of Cephalosporin.

Management's Discussion and Analysis

Sales & Income from Operations (Gross) for the year stood at ₹ 69,351.32 lacs as compared to ₹ 66,384.31 lacs recorded last year. Out of this, Formulations contributed around 90.31% with Active Pharmaceutical Ingredients (APIs) contributing approximately 9.69%.



During FY10, the Company embarked on a series of restructuring initiatives to restore momentum to its core business of domestic formulations. These include improving the penetration of the existing portfolio, strengthening a second tier of power brands and expanding and reorganizing the sales force.

At the same time, 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 one of the key drivers for its growth in future.

Unichem has ambitious growth plans, and has adopted some aggressive routes for growth:

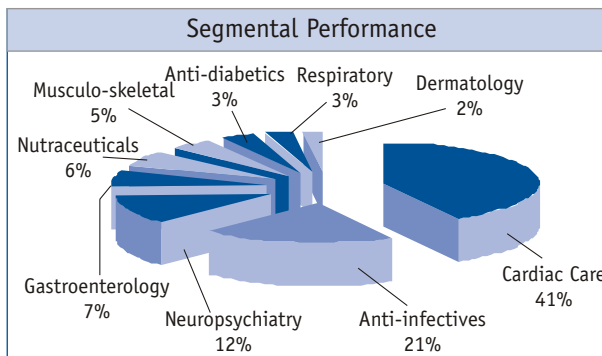
- Expanding global presence of the company's generics
- Strategic alliances with global players for CRAMS & Development
- Engaging in chemical synthesis, process development and value-added research
- In-licensing of registered or under-development molecules or formulations in various therapeutic segments

FORMULATIONS

Unichem manufactures a wide range of formulations. Formulations business continues to be a major contributor to the revenues of the Company. The key therapeutic areas addressed include Cardiac care, Anti-diabetics, Neuro-psychiatry, Gastroenterologicals, Anti-infectives, Dermatology and Nutraceuticals, amongst others. Unichem holds leadership positions in India in as many as 17 therapeutic sub-groups and is also among the top 5 in 69 of such therapeutic sub-groups.

Unichem's formulations are spread across various therapeutic

classes as depicted in Graph 1. The segmental performance is given as percentage of total sales IMS MAT – March 2010.



Cardiac care continues to be the thrust segment for the Company and it has contributed approx. 41% of the domestic formulations sales in the year 2009-10. 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 19 new products in various therapeutic segments. 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 UK, USA, Brazil and South Africa. 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 484 valid product registrations as on March 31, 2010.

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



Management's Discussion and Analysis

synthesis is a hallmark of API Business. In 2009-10, API business contributed around 9.69 % of Sales & Income from Operations (Gross).

INTERNATIONAL BUSINESS

In addition to consolidating its business in developing countries, the Company is working towards creating a global footprint by entering mature markets like North America and Europe.

To this end, the Company has made significant investments in infrastructure to support international business. As a result, the Company has made 484 valid product registrations across the world and more than 300 regulatory filings such as DMFs, EDMFs etc. It has filed 15 US ANDAs of which 8 have been approved with many more still in the pipeline. By leveraging its competencies in R&D, manufacturing and business development, Unichem seeks to take advantage of attractive opportunities in the generic segment in developed markets.

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

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:

- To undertake contract research with Generic & Research based pharmaceutical companies to develop APIs and formulations.
- Development of innovative as well as patentable routes of synthesis for API and Intermediates.
- Development of a cost effective process for APIs and Intermediates.
- Improvement in the quality & productivity
- To contain the cost of products by innovation and improving the efficiency of the processes.
- Formulation development of new dosage forms of generic API for domestic and international market.
- Modified release formulation for domestic & international market.
- Contract formulation development for NCEs for research based pharmaceutical companies.
- Develop biosimilar products by following DNA recombinant technique and initiated work on fermentation process for making API.

With more than 219 personnel engaged in the Chemical R&D, Analytical R&D and Product Technology Development Centres (PTDC) in Mumbai & Goa and Bio Science Research Centre in Goa, all efforts are directed towards creating valuable Intellectual Property for the Company.

The PTDC facility has a team of highly result-oriented scientists leading the research efforts with expertise in a wide range of areas including NCEs. It is a self-contained product development laboratory that meets current Good Manufacturing Practice (cGMP) requirements. It is fully equipped to conduct pre-formulation studies, prototype development, scale-up & optimization and technology transfer of oral solid dosage forms. In addition, the PTDC has the capability to develop a platform technology whereby different molecules can be processed for their controlled rate of release. With an ideal synergy of high-end technology and superior expertise, PTDC is set to play a pivotal role in Unichem's R&D efforts.

Our R&D center at Mumbai is accredited ISO 9001-2008 & ISO 14001:2004 and recognized by the Department of Science & Technology, Government of India.

The PTDC 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.

INFRASTRUCTURE

Over the years, the Company has undertaken expansion plans and its fixed assets have doubled over the last five years. The Gross Block of the Company has grown by 13.6% over the last year. Some of the assets Unichem has created, over the years, are its world-class drug manufacturing facilities, situated across India. The Company's pharmaceutical bulk drug manufacturing plants have been accredited by highly respected international regulatory bodies like the USFDA, ISO, UK MHRA (earlier MCA), MCC (South Africa), WHO (Geneva), TGA (Australia) and ANVISA (Brazil).

Unichem's formulation facilities are located at Ghaziabad, Baddi, Goa and Sikkim. The technology employed in these plants is in-house and automated to a great extent. Formulations form the core of Unichem's pharma products business and are recognized for their high quality and effectiveness. During the year under review, the facility at Sikkim commenced commercial production. The Company's formulation facility at SEZ, Pithampur, Madhya Pradesh is under construction and the facility is expected to be commissioned by the end of the current financial year.



Management's Discussion and Analysis

The API facilities are located in Roha and Pithampur. The Company's facilities are designed to meet the highest global standards for API development with a focus on complex APIs, controlled substances and APIs for regulated markets, all of which are key to achieving the Unichem's strategic goals.

INVESTMENTS

During the year under review, the Company infused additional capital of ₹ 641.86 lacs in its US subsidiary & ₹ 361.61 lacs in its Brazil subsidiary. The investments made by your Company in all the subsidiaries are of long term need-based and of strategic nature and your management is confident of turning around the subsidiaries.

HUMAN RESOURCES

Unichem employs over 3,500 employees who are vital to the growth of the Company. Several HR initiatives encompassing development and engagement of employees have been conducted in the past year. Performance Enhancement & Development System (**PEDs**) is in place whereby the performance of the employees is appraised. As a part of our Talent Development strategy, we have conducted Development Centres for the senior management team. We have also conducted Management Development workshops for all our Regional Managers under the aegis of **UniLeap**.

Communication to employees across locations and field has been a focus through channels like **Unichem.com** – our corporate magazine. **Unifest**, the brand under which various employee engagement initiatives are conducted, has received acclaim from all employees.

Employees across levels are sponsored for training programmes conducted by various reputed institutions. During the year under review around 4,200 manhours were spent for conducting several internal skill enhancing training programmes.

Unichem participated in Standard Chartered Mumbai Marathon

for the second consecutive year with a 73 member strong contingent. 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.

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.

OUTLOOK & THREATS

To sustain growth, 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. The Company is confident to create value by launching new products across therapeutic segments and making them power brands of the Company in their respective segments. Looking forward, companies with strong product pipeline, diversified business model and least compliance issues are likely to emerge as winners in the long run.



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 2010 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
Firm Registration No. 104345W

Raman Jokhakar
Partner
Membership No. 103241

Mumbai
July 22, 2010

Corporate Governance Report

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 that ensure 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, 2010, Unichem's 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 21, 2009, June 25, 2009, July 22, 2009, October 22, 2009 and January 19, 2010. 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 2009-10, as well as at the last Annual General Meeting.

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

Table-1: Composition of Unichem's Board & attendance record during the year 2009-10

Name	Category of Directorship	No. of Board Meetings during the year 2009-10		Whether attended last AGM held on July 22, 2009	No. of Directorships in other public Companies**	No. of Committee positions in other public Companies***	
		Held	Attended			Member	Chairman
Dr. Prakash A. Mody (Chairman & Managing Director)	Promoter Director, Executive	5	5	Yes	1	0	0
Mr. Prafull Anubhai	Non-Executive, Independent	5	4*	Yes	4	4	2
Mr. Ramdas Gandhi	Non-Executive, Independent	5	5	Yes	4	1	4
Mr. Prafull D. Sheth	Non-Executive, Independent	5	4*	Yes	1	1	0
Mr. Naseer Munjee	Non-Executive, Independent	5	4*	No	14	4	4
Mr. Anand Mahajan	Non-Executive, Independent	5	4*	Yes	8	2	3

* 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.



Corporate Governance Report

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 Annueuxure – 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 taken 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/Committee meetings.

Remuneration to Directors and other terms of appointment

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 ₹ 20,000/- for attending Board and Audit Committee Meetings

and ₹ 10,000/- for attending other Committee Meetings.

The Company has entered into an agreement with its Managing Director, enunciating 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. There is no separate provision for payment of severance fee. The remuneration of Managing Director has two components: fixed pay and variable pay.

The remuneration paid or payable to the Directors for the services rendered during 2009-10 is given in **Table-2**.

In 2009-10, the Company did not advance any loans to any of the 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 of the Directors

Shareholding of the Directors as on March 31, 2010 is given in **Table – 3**. During the financial year 2008-09, Independent Non-executive Directors were granted 10,000 options under Employee Stock Option Scheme – 2008. Details of the scheme are elaborated in **Annexure I** to Directors Report.

Table-2: Remuneration paid or payable to the directors for 2009-10 (in ₹)

Name	Sitting fees	Commission payable for 2009-10@	Consolidated Salary#	Perquisites & Allowances#	Total Amount
Dr. Prakash A. Mody*	Nil	1,65,71,357	1,73,01,330	49,70,377	3,88,43,064
Mr. Prafull Anubhai	1,90,000	Nil	Nil	Nil	1,90,000
Mr. Ramdas Gandhi	2,50,000	Nil	Nil	Nil	2,50,000
Mr. Prafull D. Sheth	90,000	Nil	Nil	Nil	90,000
Mr. Nasser Munjee	1,60,000	Nil	Nil	Nil	1,60,000
Mr. Anand Mahajan	80,000	Nil	Nil	Nil	80,000
				Total	3,96,13,064

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

Fixed Component

@ Variable Component

Corporate Governance Report

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. The Vice President - Finance, Chief Internal Auditor and Statutory Auditor are permanent invitees to Audit Committee meetings when it meets to review the quarterly, half yearly and annual results.

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

- Audit Committee;
- Compensation Committee and
- Shareholders' Grievance 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 possess financial/accounting expertise/exposure.

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;
 - 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;
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Table-3: Shares held by the Directors in the Company as on March 31, 2010

Name	Number of shares held	% of total shareholding
Dr. Prakash A. Mody	41,48,913*	11.505
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.



Corporate Governance Report

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 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 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.

Mr. Prafull Anubhai, the Chairman of the Committee, has expert knowledge of finance and accounting and was present at the last Annual General Meeting of the Company held on July 22, 2009.

The composition of the Committee as on March 31, 2010 and particulars of attendance by the members is given in **Table-4** below. The Company Secretary is the Secretary to the Committee.

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
- (h) the procedure for cashless exercise of options.

The composition of the Compensation Committee and the

Table-4: Audit Committee attendance during 2009-10

Member Director	Position	Category	No. of Meetings attended (Total meetings held: 5)
Mr. Prafull Anubhai	Chairman	Non-Executive Independent	5
Mr. Ramdas Gandhi	Member	Non-Executive Independent	5
Mr. Nasser Munjee	Member	Non-Executive Independent	4*

*Mr. Nasser Munjee was granted leave of absence.

Corporate Governance Report

details on the number of Compensation Committee meetings held and attended by the members during the financial year 2009-10 are given in **Table 5**.

c) Shareholders' Grievance Committee

The Shareholders' Grievance Committee was constituted in 2001 to review the status 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. None of the query / complaint received during the year under review remained unattended/ 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 2009-10 are given in **Table-6**. 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 has 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.

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, compliance with applicable laws and regulations.

The internal audit process includes review and evaluation of effectiveness of the existing processes, controls and compliance. It also ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit. 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. The Audit Committee meets on a quarterly basis to review and discuss the reports submitted by the Chief Internal Auditor and also review closure of all agreed actions.

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, 2010. 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. 47/348/2010 – CL -III dated April 28, 2010. Members may refer to Statement under Section 212 of Companies Act, 1956 and the information on the financials of subsidiaries appended to the Statement given in this Annual Report. 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 11.00 am to 1.00 pm.

Statutory Auditors

For the financial year 2009-10, M/s. B.D. Jokhakar & Co. audited

Table-5: Compensation Committee attendance during 2009-10

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

Table-6: Shareholders Grievance Committee attendance during 2009-10

Member Director	Position	Category	No. of Meetings attended (Total meetings held : 4)
Mr. Ramdas Gandhi	Chairman	Non-Executive Independent	4
Dr. Prakash A. Mody	Member	Executive	4



Corporate Governance Report

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 the Audit Committee and corrective actions wherever required were carried out.

Audit fees

During the year, the Company paid ₹ 17.24 lacs to the Statutory Auditors of the Company as remuneration under various heads including audit. Details of payment under other heads are discussed in Schedule 18 of the financial statements.

Auditors' Certificate

The Company has complied with all the mandatory requirements of the code of corporate governance as stipulated under the Listing Agreement. The Company has obtained a Certificate from its Statutory Auditors affirming such compliances. This Certificate is annexed to this Report.

General Body Meetings

Date, Time and Venue of 47th AGM

Date – September 16, 2010

Time – 3.30 p.m.

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

Details of last 3 Annual General Meetings are given in **Table 7**.

AGM	Period	Venue	Date	Time	Items of Special Resolution passed at each meeting
46 th	2008-09	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 22, 2009	3.30 pm	Appointment u/s 314(1B) of Companies Act, 1956
45 th	2007-08	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 17, 2008	3.30 pm	No Special resolutions passed at this meeting
44 th	2006-07	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 19, 2007	3.30 pm	No Special resolutions passed at this meeting

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 given in the **Table 8**.

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 website of the Company www.unichemlabs.com. The Company has a separate dedicated section 'Investors' where shareholders' information is available. Members are requested to access 'Newsroom' section for updated information. Apart from official new releases, code of conduct,

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 Directors of the Company.	591	179,22,633	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%

Corporate Governance Report

the website also provides shareholding pattern of the Company. Annual Report of last three years is available on the website in a user-friendly and downloadable format.

The quarterly / half-yearly / annual / unaudited / audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. The quarterly results and annual results of the Company are published in Mumbai edition of Economic Times and Maharashtra Times. The Results for the quarter ended June 30, 2009, September 30, 2009, December 31, 2009 and March 31, 2010 are posted on the Company's website www.unichemlabs.com

All data required to be filed electronically pursuant to 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

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 2009-10. 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, 2010.

Dr. Prakash A. Mody

Chairman & Managing Director

Related party transactions

The Company's major related party transactions are generally with its subsidiaries. The transactions are entered into based on consideration of various business exigencies such as synergy of operations, sectoral specialization, etc. 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 10, 2010.

Disclosure regarding re-appointment of Directors

Pursuant to provisions of Companies Act, 1956, Mr. Prafull D. Sheth and Mr. Anand Mahajan, 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 47th Annual General Meeting.



Information for Shareholders

Financial Year

April 1 – March 31

Financial Calendar (Tentative)

Results for the Quarter Ending on

June 30, 2010
 September 30, 2010
 December 31, 2010
 March 31, 2011
 Annual General Meeting for the year ended March 31, 2011
 Dividend Payment (if any) for the year ended March 31, 2011

Tentative date of declaration

Third week of July 2010
 Third week of October 2010
 Second week of January 2011
 Second week of May 2011
 Second week of July 2011
 Third week of July 2011

Date of Book Closure

September 13, 2010 to September 15, 2010 (both days inclusive)

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

Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L99999MH1962PLC012451.

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 2010-11

The Listing fees for the year 2010-11, have 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 2010-11

Pursuant to SEBI 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 2010-11 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, 2010.

Equity History of the Company

Date	Particulars	Face Value (₹)	No. of Shares Issued*	Cumulative
August 09, 1962	Taken by subscribers to Memorandum of Association	100	310	310
March 14, 1963	Issued to Public	100	22,190	22,500
June 29, 1963	Issued for consideration other than cash	100	22,500	45,000
April 25, 1969	Bonus (5:1)	100	9,000	54,000
July 29, 1972	Bonus (6:1)	100	9,000	63,000
December 12, 1975	Bonus (7:1)	100	9,000	72,000
August 16, 1980	Bonus (4:1)	100	18,000	90,000
July 16, 1986	Sub-division	10	9,00,000	9,00,000
July 16, 1986	Bonus (2:1)	10	4,50,000	13,50,000
October 20, 1993	Rights Issue (5:1)	10	6,50,000	20,00,000
August 16, 1994	Bonus (2:1)	10	10,00,000	30,00,000
September 08, 1994	Private Placements	10	6,00,000	36,00,000
November 29, 1997	Issued to Shareholders of Unisearch Ltd. (4:5) and Unichem Exports Ltd. (3:1) pursuant to Amalgamation	10	6,65,000	42,65,000
May 18, 2000	Bonus (1:1)	10	42,65,000	85,30,000
February 28, 2004	Sub-division	5	1,70,60,000	1,70,60,000
March 27, 2004	Bonus (1:1)	5	1,70,60,000	3,41,20,000
November 15, 2005	ESOS	5	7,000	3,41,27,000
January 18, 2006	ESOS	5	600	3,41,27,600
February 15, 2006	Preferential Allotment to M/s. New Vernon Pvt. Equity Ltd.	5	18,75,000	3,60,02,600
February 15, 2006	ESOS	5	700	3,60,03,300
July 27, 2006	ESOS	5	900	3,60,04,200
October 18, 2006	ESOS	5	1200	3,60,05,400
January 18, 2007	ESOS	5	12,200	3,60,17,600
March 13, 2007	ESOS	5	15,300	3,60,32,900
January 31, 2008	ESOS	5	4,300	3,60,37,200
March 20, 2008	ESOS	5	5,400	3,60,42,600
May 12, 2008	ESOS	5	400	3,60,43,000
July 17, 2008	ESOS	5	1800	3,60,44,800
January 22, 2009	ESOS	5	6100	3,60,50,900
March 26, 2009	ESOS	5	4000	3,60,54,900
May 21, 2009	ESOS	5	1700	3,60,56,600
June 25, 2009	ESOS	5	4500	3,60,61,100
January 19, 2010	ESOS	5	1900	3,60,63,000

* All shares issued by the Company carry the same voting rights.

Dividend Payment History

Year	Share Capital (₹ in lacs)	Dividend per share (%)	Total Dividend (₹ in lacs)
2002-03	853.0	80	682.4
2003-04	1,706.0	60	1,023.6
2004-05	1,706.0	70	1,194.2
2005-06	1,800.2	100	1,800.2
2006-07*	1,801.6	100	1,801.6
2007-08	1,802.2	100	1,802.2
2008-09*	1,802.2	60	1,081.3
2008-09***	1,803.1	100	1,803.1
2009-10*	1,803.1	60	1,081.8
2009-10**	1,803.4	140	2,524.8

* Interim Dividend

** 2nd Interim Dividend

*** Final Dividend



Information for Shareholders

Unclaimed Dividend

The Dividends for the following financial years remaining unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF). The table given below gives the transfer dates. 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 for issue of duplicate dividend warrants.

Financial Year	Type of Dividend	Date of Declaration	Due for transfer to IEPF
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
2008-09	Final	22.07.2009	26.08.2016
2009-10	1 st Interim	22.10.2009	26.11.2016
2009-10	2 nd Interim	10.05.2010	14.06.2017

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.

Procedure for Non-Receipt of Dividend, Revalidation of Dividend Warrant

Shareholders may write to our RTA furnishing the particulars of the dividend not received, and quote their folio number/DPID and Client Id particulars (in case of dematerialized shares). RTA shall check the records and send the intimation to the Secretarial Department which shall then intimate the Banker to issue pay order/ demand draft if the dividend remains unpaid in the records of the Company after expiry of the validity period of six months from date of issue of the warrant. If the validity period of the lost dividend warrant has not expired, shareholders will have to wait till the expiry date since pay order/demand draft cannot be issued during the validity of the original warrant. On expiry of the validity period, if the dividend warrant is still shown as unpaid in records of the Company, pay order/demand draft will be issued. However, no such pay order shall be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless procedure for releasing the same has been completed.

Similarly, shareholders who have not encashed their dividend warrants within the validity period may send their request for revalidation to the RTA enclosing the said dividend warrants. The RTA after due verification of records, shall intimate the Secretarial Department which shall then arrange for issue of pay order/demand draft from the Bankers. This shall be valid for not more than six months.

EPS & BV per share

Year	Earning per Share (₹)	Book Value per Share (₹)
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
2009-10	37.1	169.3

* 1:1 Bonus shares issued during the year.

Permanent Account Number (PAN)

SEBI has vide circular dated April 27, 2007 made PAN, the sole identification number for all participants in the securities market, irrespective of the amount of transaction. Thereafter, vide Circular no. MRD/Dop/Cir-05/2009 dated May 20, 2009, SEBI clarified that for securities market transactions and off-market/private transfer of physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTA for registration of such transfer of shares. SEBI vide circular no. SEBI/MRD/Dop/SE/RTA/Cir-03/2010 dated January 7, 2010 has clarified that it shall be mandatory to furnish copy of PAN in the following cases:

1. Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
2. Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
3. Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

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, subject to the documents being valid and complete in all respects. Share certificates duly endorsed are issued or transferred to all those shareholders who opt to hold 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. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

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, 2010. The Company has designated e-mail ID exclusively for the purpose of registering complaints of investors. The e-mail ID is shares@unichemlabs.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 in this Annual Report.

NECS facility

Reserve Bank of India (RBI) has introduced National Electronic Clearing System (N-ECS) which aims at increasing efficiency and simplification of the ECS process. RBI has also directed the member banks to update their systems and information pertaining to the bank account numbers of their customers.

In view of the above, however, if the shares are held in dematerialised form, shareholder is advised to provide correct bank account details and update the same so that N-ECS transfers to such accounts are not rejected due to incorrect bank account details.

Non-resident shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialized form.

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier;
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts; and
- E-mail ID and fax number(s), if any.



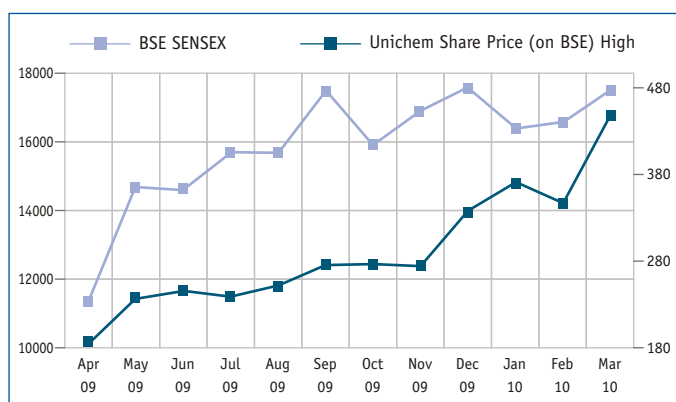
Information for Shareholders

General information

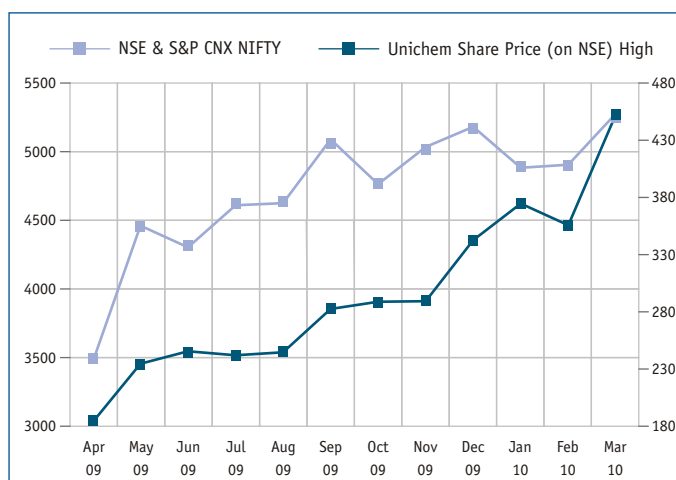
- In terms of the regulations of NSDL and CDSL, bank account details of beneficial owners of shares in demat form will be printed on the dividend warrants as furnished by the Depository Participant. The Company will not entertain requests for change of such bank details printed on their dividend warrants. In case of any changes in your bank details, please inform to your DP now/immediately.
- Shareholders holding shares in physical form are requested to notify to the Company, change in their address/Pin Code number and bank account details promptly by written request under the signatures of sole/first joint holder.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, change in e-mail address, etc., directly to their DP as the same are maintained by the DPs.
- To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.
- Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, obtained from the Share Department of the Company by sending written request through any mode including e-mail on shares@unichemlabs.com
- **Shareholders are requested to provide their e-mail address and telephone numbers with your DP (if shares held in demat form), so as to enable the Company to serve them better.**

Unichem Market Price Data (in ₹ per share) & Trading Volume

Month	BSE – Sensex		
	High	Low	Volume
Apr-09	185.0	160.0	2,13,79,356
May-09	234.0	163.1	8,37,08,781
Jun-09	247.6	200.0	6,22,00,773
Jul-09	240.5	188.8	4,52,01,044
Aug-09	249.0	200.9	15,98,58,952
Sep-09	279.9	222.2	11,26,92,965
Oct-09	283.1	245.0	10,05,56,193
Nov-09	279.8	238.3	4,56,03,290
Dec-09	338.5	249.0	30,15,55,419
Jan-10	370.0	323.3	17,78,89,689
Feb-10	358.6	326.4	18,60,49,647
Mar-10	452.8	337.0	45,54,56,187



Month	NSE- S&P CNX Nifty		
	High	Low	Volume
Apr-09	186.0	157.0	27,567,000
May-09	235.0	162.0	113,444,000
Jun-09	246.9	200.2	60,418,000
Jul-09	245.0	187.5	82,477,000
Aug-09	249.0	200.0	149,973,000
Sep-09	280.0	224.0	170,286,000
Oct-09	283.9	244.0	118,542,000
Nov-09	284.3	238.5	77,541,000
Dec-09	338.4	252.2	446,518,000
Jan-10	371.0	312.3	279,545,000
Feb-10	360.0	328.0	246,025,000
Mar-10	453.3	335.0	729,517,000

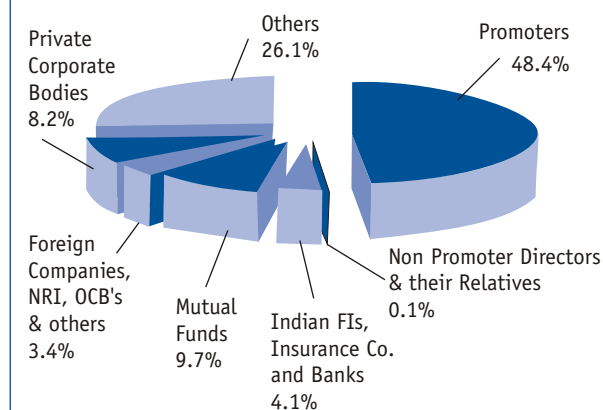


Information for Shareholders

Distribution of Shareholding as on March 31, 2010

No. of Shares held (Face Value of ₹ 5 each)	Shareholders		Shares	
	Number	% of Total Shares	Number	% of Total Shares
UPTO 500	14,018	86.62	28,61,199	7.93
500 - 1000	1,104	6.82	16,79,301	4.66
1000 - 2000	656	4.05	17,55,923	4.87
2000 - 3000	135	0.83	6,58,790	1.83
3000 - 4000	66	0.41	4,66,749	1.29
4000 - 5000	47	0.29	4,25,606	1.18
5000 - 10000	71	0.44	9,54,586	2.65
10000 & ABOVE	88	0.54	2,72,60,846	75.59
Total	16,185	100.00	3,60,63,000	100.00

Shareholding Pattern as on March 31, 2010



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, 2010, 94% 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.unichemlabs.com

For Secretarial matters

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@unichemlabs.com, radhikas@unichemlabs.com, shares@unichemlabs.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 2594 6970, Fax: 022 2594 6969



Information for Shareholders

Subsidiaries Locations

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

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

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

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

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

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



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, 2010, 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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, 2010;
 - 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
Firm Registration No. 104345W

Raman Jokhakar
Partner
Membership No. 103241

Mumbai
July 22, 2010

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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, not affected the going concern status of the Company.
2. (a) As explained to us, the inventories have been physically verified during the year by the management, except for the inventories lying with third parties, which have however, been confirmed by them. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business;
(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) As informed, the Company has not granted any loans, secured or unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub clause (b), (c) and (d) are 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, sub clauses (e), (f) and (g) 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, 2010 for a period of more than six



Auditors' Report

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, 2010 are as given below:

Name of the Statutes	Nature of the dues	Amount (₹ 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. In respect of transactions of the Company in shares, securities and other investments, we report that the Company has kept adequate records of its transactions and contracts and timely entries have been made therein. The shares, securities, and other investments, are held by the Company in its own name.
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, term loans have been used for the purpose for which they are obtained. However no term loans were taken during the year and outstanding balance as at the year end was NIL.
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. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For B. D. Jokhakar & Co.
Chartered Accountants
Firm Registration No. 104345W

Raman Jokhakar
Partner
Membership No. 103241

Mumbai
July 22, 2010

Balance Sheet

As at 31st March, 2010
(₹ in lacs)

Schedule	Current Year		Previous Year	
SOURCES OF FUNDS				
Shareholders' Fund				
Share Capital	1	1,803.15	1,802.75	
Share Application Money		2.64	-	
Reserves and Surplus	2	59,261.29	50,193.27	
		61,067.08		51,996.02
Loan Funds				
Secured Loans	3	248.08	674.78	
Unsecured Loans	4	2,048.35	1,878.41	
		2,296.43		2,553.19
Deferred Tax Liability				
		3,468.43		3,236.43
Total		66,831.94		57,785.64
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	43,738.82	38,511.22	
Less: Accumulated Depreciation		12,246.75	10,500.07	
Net Block		31,492.07	28,011.15	
Capital Work in Progress		6,363.08	7,592.94	
		37,855.15		35,604.09
Investments				
	6	12,831.44		6,081.03
Current Assets, Loans and Advances				
Inventories	7	9,764.13	9,206.68	
Sundry Debtors	8	16,243.44	13,620.87	
Cash and Bank Balances	9	1,906.40	2,957.77	
Loans and Advances	10	4,269.68	3,438.78	
		32,183.65		29,224.10
Less: Current Liabilities and Provisions				
Current Liabilities	11	12,474.41	10,200.32	
Provisions	12	3,563.89	2,923.26	
		16,038.30		13,123.58
Net Current Assets				
		16,145.35		16,100.52
Total		66,831.94		57,785.64
Significant Accounting Policies / Notes to Accounts	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
July 22, 2010



Profit & Loss Account

For the year ended 31st March, 2010
(₹ in lacs)

	Schedule	Current Year	Previous Year
INCOME			
Sales / Income from operations (Gross)	13	69,351.32	66,384.31
Less: Excise duty		291.65	697.65
Sales / Income from operations (Net)		69,059.67	65,686.66
Other Income	14	658.36	1,049.92
Total		69,718.03	66,736.58
EXPENDITURE			
Manufacturing, selling and administrative expenses	15	48,436.53	47,922.06
Research & Development expenses	16	2,678.02	2,349.20
Interest	17	50.97	63.98
Depreciation including Amortisation	5	2,146.85	1,992.38
Total		53,312.37	52,327.62
PROFIT BEFORE TAX		16,405.66	14,408.96
PROVISION FOR TAXATION			
Less: Current Tax (including Wealth tax)		2,811.00	1,610.00
Deferred Tax		232.00	10.00
Fringe Benefit Tax		-	300.00
NET PROFIT AFTER TAX		13,362.66	12,488.96
Less: Prior Period items		(0.86)	-
Less: Excess/(Short) provision for taxation pertaining to previous years		32.63	(13.81)
Add: Balance Brought Forward		31,407.11	23,806.29
Amount available for Appropriation		44,801.54	36,281.44
APPROPRIATIONS			
Proposed Dividend		-	1,802.83
Interim Dividend (Refer Note 23 of schedule 18)		3,606.65	1,081.34
Tax on Proposed Dividend		-	306.39
Tax on Interim Dividend (Refer Note 23 of schedule 18)		603.20	183.77
Transfer to General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		39,091.69	31,407.11
Total		44,801.54	36,281.44
Basic Earnings per share of ₹ 5/- (Pr Yr ₹ 5/-) each (in ₹)		37.14	34.61
Diluted Earnings per share of ₹ 5/- (Pr Yr ₹ 5/-) each (in ₹)		36.92	34.59
Significant Accounting Policies / Notes to Accounts	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

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
July 22, 2010

Cash Flow Statement

For the year ended 31st March, 2010
(₹ in lacs)

	Current Year		Previous Year	
A. Cash Flow from Operating Activities				
Net Profit before tax		16,405.66		14,408.96
Adjustment for :				
Depreciation	2,146.85		1,992.38	
Loss/(Profit) on Sale of Assets (Net)	151.52		48.10	
Exchange difference	235.25		(308.13)	
Interest expenses	177.21		193.21	
Provision for doubtful debts, loans, advances & deposits for the year	41.94		619.00	
Employees compensation expenses (ESOS)	(131.88)		79.77	
Loss/(Profit) on Sale of Investments	(160.86)		(96.83)	
Bad Debts written off	128.48		12.80	
Interest income	(126.24)		(129.23)	
Excess provision for expenses written back	(160.22)		(106.96)	
Provision for Diminution in Investments	72.00		193.00	
Dividend Income	(0.09)		(0.09)	
		2,373.96		2,497.02
Operating Profit Before Working Capital Changes		18,779.62		16,905.98
Adjusted for:				
Trade & other receivables	(3,884.68)		(2,180.24)	
Inventories	(557.45)		(2,061.68)	
Current Liabilities	2,217.07	(2,225.06)	1,737.91	(2,504.01)
Cash Generated from Operations		16,554.56		14,401.97
Direct Taxes Paid (Net of refund & including Fringe benefit tax)		(2,752.91)		(2,029.80)
Net Cash Flow from Operating Activities		13,801.65		12,372.17
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(4,701.10)		(5,054.32)
Sale of Fixed Assets		151.67		159.08
Investment in subsidiary		(1,003.47)		(1,998.64)
Investment in others (Net)		(5,818.94)		(94.46)
(Loss)/Profit on Sale of Investments		160.86		96.83
Interest received		126.24		92.53
Dividend on Investments		0.09		0.09
Net Cash used in Investing Activities		(11,084.65)		(6,798.89)
C. Cash Flow from Financing Activities				
Repayments of Borrowings		(426.70)		421.28
Proceeds from issue of share capital & share premium		11.15		13.54
Receipt/(Payment) of short term borrowing (Security deposit)		169.94		96.11
Receipt/(Payment) of External commercial borrowings		-		(299.80)
Interest Paid		(177.21)		(193.21)
Dividend Paid		(1,773.39)		(1,779.99)
Interim Dividend Paid		(1,081.83)		(1,081.34)
Dividend distribution tax Paid		(490.25)		(490.07)
Net Cash used in Financing Activities		(3,768.29)		(3,313.48)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		(1,051.29)		2,259.80
Opening Balance of Cash and Cash Equivalents		2,957.77		697.07
Closing Balance of Cash and Cash Equivalents		1,906.48		2,956.87
Closing balance of Cash & cash Equivalents as per Sch-9		1,906.40		2,957.77
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		0.08		(0.90)
Closing balance of Cash & cash Equivalents as per cash flow		1,906.48		2,956.87

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

Raman Jokhakar
Partner

Mumbai
July 22, 2010

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



Schedules to Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 1	Current Year	Previous Year
SHARE CAPITAL		
AUTHORISED		
70,000,000 Equity Shares of ₹ 5/- each	3,500.00	3,500.00
20,000,000 Unclassified Shares of ₹ 5/- each	1,000.00	1,000.00
5,000,000 Preference Shares of ₹ 10/- each	500.00	500.00
	5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP		
36,063,000 Equity Shares of ₹ 5/- each fully paid up (Previous year 36,054,900 Equity Shares of ₹ 5/- each fully paid up)	1,803.15	1,802.75
Total	1,803.15	1,802.75
NOTE :		
(1) i) 450,000 Equity Shares of ₹ 5/- each allotted as fully paid up pursuant to a contract without payment being received in cash.		
ii) 29,390,000 Equity Shares of ₹ 5/- each issued as bonus Shares by Capitalisation of General Reserve.		
iii) 1,330,000 Equity Shares of ₹ 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 3,39,500 Equity shares; (Previous year 2,62,600 Equity shares) (Refer Note 11 of Schedule 18)		

Schedules to Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 2	Current Year		Previous Year	
RESERVES AND SURPLUS				
SHARE PREMIUM				
Balance as per last Balance Sheet	7,445.73		7,415.80	
Add: Addition during the year	19.74	7,465.47	29.93	7,445.73
CAPITAL RESERVE				
Balance as per last Balance Sheet		62.50		62.50
GENERAL RESERVE				
Balance as per last Balance Sheet	11,074.80		9,574.80	
Add: Transfer from Profit and Loss Account	1,500.00	12,574.80	1,500.00	11,074.80
EMPLOYEES' STOCK OPTIONS				
Employees' stock options outstanding	331.16		356.60	
Add: Addition during the year	-		10.06	
	331.16		366.66	
Less: Deferred Employees' stock compensation	(264.33)	66.83	(163.53)	203.13
BALANCE IN PROFIT AND LOSS ACCOUNT		39,091.69		31,407.11
Total		59,261.29		50,193.27
Schedule 3	Current Year		Previous Year	
SECURED LOANS				
(Refer Note 4 of Schedule 18)				
Loans from Banks for working capital		248.08		674.78
Total		248.08		674.78
Schedule 4	Current Year		Previous Year	
UNSECURED LOANS				
Loans & Advances from Others		2,048.35		1,878.41
Total		2,048.35		1,878.41



Schedules to Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 5

FIXED ASSETS

Assets	Gross Block				Depreciation / Amortisation				Net Block		
	Cost As at 01/04/2009	Additions	Deductions	Cost As at 31/03/2010	Opening As at 01/04/2009	For the year	Deductions/Transfers*	As at 31/03/2010	As at 31/03/2010	As at 31/03/2009	
TANGIBLE ASSETS											
Land											
Freehold	268.18	-	(19.71)	248.47	-	-	-	-	248.47	268.18	
Leasehold	1,796.85	-	-	1,796.85	90.21	8.01	31.85	130.07	1,666.78	1,706.64	
Buildings	11,591.54	2,242.80	-	13,834.34	1,852.88	395.49	-	2,248.37	11,585.97	9,738.66	
Plant and Machinery	22,702.12	3,452.85	(629.98)	25,524.99	7,271.16	1,552.23	(398.19)	8,425.20	17,099.79	15,430.96	
Furniture Fixtures and Equipments	1,585.85	116.26	(11.34)	1,690.77	943.22	117.45	(3.97)	1,056.70	634.07	642.63	
Cars and Vehicles	434.63	119.05	(42.33)	511.35	210.55	73.67	(29.86)	254.36	256.99	224.08	
INTANGIBLE ASSETS											
Patents and Trademarks	132.05	-	-	132.05	132.05	-	-	132.05	-	-	
Total	38,511.22	5,930.96	(703.36)	43,738.82	10,500.07	2,146.82	(400.17)	12,246.75	31,492.07	28,011.15	
Previous Year	31,235.60	7,780.61	(504.99)	38,511.22	8,805.50	1,992.38	(297.81)	10,500.07	28,011.15	-	
Capital Work in Progress including Capital Advances									6,363.08	7,592.94	

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

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

Addition to Fixed Assets and CWIP ₹ 202.82 lacs (Previous year ₹ 382.07 lacs) being expenditure on Research and Development as under:-

Buildings	₹ 1.13 lacs	(Previous year ₹ Nil)
Plant & Machinery	₹ 127.73 lacs	(Previous year ₹ 361.78 lacs)
Furniture Fixtures and Equipments	₹ 3.01 lacs	(Previous year ₹ 20.29 lacs)
Capital Work in Progress	₹ 70.95 lacs	(Previous year ₹ Nil)

Schedules to Accounts

As at 31st March, 2010
(₹ 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
(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
Fully Paid Equity Shares of Shivalik Solid Waste Management Ltd.	20,000	20,000	Rs 10	2.00	2.00
Fully Paid Equity Shares of Unireach Healthcare Private Limited	10,000	-	Rs 10	1.00	-
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				3.00	2.00
(c) SUBSIDIARIES					
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	5,940,762	4,524,297	1 Brasil Real	1,324.81	963.20
Unichem Pharmaceuticals USA Inc.	4,676,955	3,331,955	1 US\$	2,116.91	1,475.05
12% Redeemable Preference Share Capital-Niche Generics Ltd (UK)	1,500,000	1,500,000	1 Pound	1,164.79	1,164.79
Less : Provision for diminution in value of investments				(265.00)	(193.00)
				6,910.42	5,978.95
				6,913.42	5,981.03
TOTAL LONG TERM UNQUOTED INVESTMENTS					
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited Market value as on 31st March, 2010 is ₹ 3.73 lacs (Previous year ₹ 2.60 lacs)	1,000	1,000	Rs. 10	-	-
(B) CURRENT INVESTMENTS-TRADE(Lower of Cost or Market Value)					
(I) UNQUOTED					
MUTUAL FUNDS					
Kotak Quarterly Interval Plan Series 2- Growth		8,69,875.35			100.00
Birla Sun Life Short Term Fund - Retail - Growth	622,248.94			100.01	
Fortis Money Plus Institutional - Growth	1,092,602.39			150.01	
Fortis Short Term Income Fund - Inst. - Growth	1,929,769.41			200.25	
HDFC Cash Management Fund Treasury Adv. Plan -Wholesale -Growth	2,817,501.74			550.23	
IDFC Money Manager Fund Treasury Plan - Inst Plan B - Growth	687,600.15			100.01	
JM Money Manager Fund - Growth	1,170,208.35			150.02	
Kotak Flexi Debt Scheme Inst. - Growth	442,329.66			50.01	
LIC Savings Plus Fund - Growth Plan	6,939,926.54			1,006.07	
Morgan Stanley Short Term Bond Fund - Inst Plus - Growth	1,000,000.00			100.00	
ICICI Prudential Flexible Income Plan Premium - Growth	134,404.92			229.54	
Reliance Liquid Fund-Treasury Plan-Inst Option-Growth Option-Growth	974,293.79			218.61	
Reliance Regular Savings Fund - Debt Plan - Inst - Growth Plan	201,580.39			25.00	
UTI Treasury Advantage Fund - Inst. Plan - Growth	15,315.45			188.26	
Axis Treasury Advantage Fund - Inst. - Growth	5,000.00			50.00	
Kotak Quarterly Interval Plan Series 4 - Growth	4,266,757.69			500.00	
Reliance Quarterly Interval Fund - Series III - Inst. Growth Plan	4,058,606.28			500.00	
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Inst. - Growth Plan	5,000,000.00			500.00	
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth	1,855,442.48			200.00	
Reliance Monthly Interval Fund - Series I - Inst. - Growth Plan	1,610,643.13			200.00	
ICICI Prudential Banking & PSU Debt Fund - Growth	1,987,755.43			200.00	
Canara Robeco Interval Series 2-Quarterly Plan 2 - Inst Growth Fund	5,832,887.77			600.00	
Reliance Monthly Interval Fund -Series II - Inst. - Growth Plan	805,250.23			100.00	
Sub Total				5,918.02	100.00
Total				12,831.44	6,081.03
Aggregate of Unquoted Investments - At Book Value				12,831.44	6,081.03
Aggregate of Quoted Investments - At Book Value				-	-
-At Market Value				3.73	2.60



Schedules to Accounts

Notes:

During the year following investments were purchased and sold:

No. in units

Particulars	Opening	Purchased	Dividend	Total	Sold	Balance
UTI - Floating Rate Fund - Short Term Plan (Growth Option)		13,800.92		13,800.92	138,00.92	-
HDFC Cash Management Fund - Savings Plan - Growth		270,832.43		270,832.43	270,832.43	-
HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Growth		260,944.08		260,944.08	260,944.08	-
ING Treasury Advantage Fund - Institutional Growth		1,046,620.01		1,046,620.01	1,046,620.01	-
ING Liquid Fund Institutional - Growth		1,610,580.09		1,610,580.09	1,610,580.09	-
Reliance Money Manager Fund - Institutional Option - Growth Option		95,523.12		95,523.12	95,523.12	-
Reliance Money Manager Fund -Retail Plan-Growth Plan-Growth Option		4,169.87		4,169.87	4,169.87	-
Reliance Medium Term Fund - Retail Plan-Growth Plan-Growth Option		2,036,071.43		2,036,071.43	2,036,071.43	-
Reliance Short Term Fund - Retail Plan - Growth Plan		300,686.52		300,686.52	300,686.52	-
Baroda Pioneer Liquid Fund - Growth		322,335.25		322,335.25	322,335.25	-
Baroda Pioneer Treasury Advantage Fund - Regular Growth Plan		500,067.69		500,067.69	500,067.69	-
Kotak Floater Long Term - Growth		4,957,701.34		4,957,701.34	4,957,701.34	-
Kotak Liquid (Institutional Premium) - Growth		8,228,345.20		8,228,345.20	8,228,345.20	-
Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan		201,580.39		201,580.39		201,580.39
Reliance Quarterly Interval fund - Series III - Institutional Growth Plan		4,058,606.28		4,058,606.28		4,058,606.28
Reliance Monthly Interval Fund - Series I - Institutional Growth Plan		1,610,643.13		1,610,643.13		1,610,643.13
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan		805,250.23		805,250.23		805,250.23
LICMF Liquid Fund - Growth Plan		30,817,780.33		30,817,780.33	30,817,780.33	-
LICMF Income Plus Fund - Growth Plan		17,320,149.00		17,320,149.00	17,320,149.00	-
LICMF Savings Plus Fund - Growth plan		14,684,152.84		14,684,152.84	7,744,226.30	6,939,926.54
LICMF Floating Rate Fund - Short Term Plan - Daily Dividend Plan		500,070.06	705.73	500,775.79	500,775.79	-
LICMF Floating Rate Fund - Short Term Plan - Growth Plan		6,576,279.01		6,576,279.01	6,576,279.01	-
Reliance Liquid Fund-Treasury-Institutional Option-Growth Plan		8,702,410.37		8,702,410.37	7,728,116.58	974,293.79
IDFC Cash Fund - Inst Plan B - Growth		2,485,485.82		2,485,485.82	2,485,485.82	-
IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth		2,806,422.38		2,806,422.38	2,118,822.23	687,600.15
Birla Sun Life floating Rate Fund - Long Term - Inst. - Growth		1,855,442.48		1,855,442.48		1,855,442.48
Birla Sun Life Cash Plus - Instl. - Growth		417,468.08		417,468.08	417,468.08	-
Birla Sun Life Cash Plus - Instl. Prem. - Growth		5,420,349.60		5,420,349.60	5,420,349.60	-
Birla Sun Life Savings Fund - Retail - Growth		4,665,105.74		4,665,105.74	4,665,105.74	-
Birla Sun Life Short Term Fund - Retail - Growth		622,248.94		622,248.94		622,248.94
HSBC Floating Rate Fund - Long Term Plan - Institutional Option		1,975,799.33		1,975,799.33	1,975,799.33	-
HSBC Cash Fund - Institutional plan - Growth		1,865,988.28		1,865,988.28	1,865,988.28	-
Religare Liquid Fund - Institutional Growth		1,224,969.86		1,224,969.86	1,224,969.86	-
Religare Ultra Short Term Fund - Institutional Growth		1,224,785.67		1,224,785.67	1,224,785.67	-
Fortis Overnight fund - institutional - Growth		2,890,852.74		2,890,852.74	2,890,852.74	-
Fortis Money Plus Institutional Growth		1,465,750.23		1,465,750.23	373,147.83	1,092,602.40
Fortis Short Term Income Fund - Regular - Growth		715,986.77		715,986.77	715,986.77	-
Fortis Short Term Income Fund - Institutional - Growth		1,929,769.41		1,929,769.41		1,929,769.41
Prudential ICICI Flexible Income Plan Premium - Growth		8,520,461.88		8,520,461.88	8,386,056.97	134,404.91
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth		13,393,189.88		13,393,189.88	13,393,189.88	-
ICICI Prudential Institutional Short Term Plan - Cumulative Option		268,883.69		268,883.69	268,883.69	-
ICICI Prudential Ultra Short Term Plan Premium Growth		1,993,998.35		1,993,998.35	1,993,998.35	-
Kotak Quarterly Interval Plan Series 4 - Growth		4,266,757.69		4,266,757.69		4,266,757.69
Kotak Flexi Debt Scheme Institutional - Growth		8,071,566.71		8,071,566.71	7,629,237.05	442,329.66
Kotak Quarterly Interval Plan Series 2 - Growth	869,875.35			869,875.35	869,875.35	-
JM High Liquidity Fund - Growth Plan (13)		1,835,658.60		1,835,658.60	1,835,658.60	-
JM Money Manager Fund Super Plus Plan - Growth		3,563,473.35		3,563,473.35	2,393,265.00	1,170,208.35
DWS Money plus Fund - Growth Option		378,807.98		378,807.98	378,807.98	-

Schedules to Accounts

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

No. in units

Particulars	Opening	Purchased	Dividend	Total	Sold	Balance
DWS Insta Cash Plus Fund - Regular Plan Growth		328,374.87		328,374.87	328,374.87	-
HDFC Cash Management Fund - Savings Plan - Growth		2,947,436.29		2,947,436.29	2,947,436.29	-
HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Growth		261,677.59		261,677.59	261,677.59	-
HDFC Cash Management Fund-						
Treasury Advantage-Plan- Wholesale-Growth		2,817,501.74		2,817,501.74		2,817,501.74
UTI Liquid Cash Plan Institutional - Growth Option		93,167.62		93,167.62	93,167.62	-
UTI - Treasury Advantage Fund Institutional Plan (Growth Option)		97,499.05		97,499.05	82,183.60	15,315.45
Principal Ultra Short Term Fund Growth Plan		436,885.44		436,885.44	436,885.44	-
Principal Cash Management Fund Liquid Option-Instl. Plan-Growth		341,873.33		341,873.33	341,873.33	-
Templeton India Ultra Short Bond Fund Retail Plan - Growth		1,321,137.61		1,321,137.61	1,321,137.61	-
Templeton India Treasury Mangement Account Regular Plan - Growth		11,311.10		11,311.10	11,311.10	-
Templeton Floating Rate Income Fund Long Term Retail Option-Growth		610,217.86		610,217.86	610,217.86	-
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst. Growth Fund		5,832,887.77		5,832,887.77		5,832,887.77
Canara Rebeco Liquid Fund - Institutional Growth		5,011,528.02		5,011,528.02	5,011,528.02	-
Canara Rebeco Treasury Advantage Super Institutional Growth Fund		6,059,907.58		6,059,907.58	6,059,907.58	-
JP Morgan India Treasury Fund - Super Inst. Growth Plan		1,285,781.43		1,285,781.43	1,285,781.43	-
JP Morgan India Liquid Fund - Super Inst. Growth Plan		1,292,780.34		1,292,780.34	1,292,780.34	-
AIG India Liquid Fund - Retail - Growth		2,153.98		2,153.98	2,153.98	-
AIG Treasury Fund Retails Growth		213,525.50		213,525.50	213,525.50	-
AIG India Liquid Fund - Institutional - Growth		8,485.75		8,485.75	8,485.75	-
AIG Treasury Fund Institutional Growth		839,637.38		839,637.38	839,637.38	-
Bharti AXA Liquid Fund - Regular Plan - Growth		14,004.75		14,004.75	14,004.75	-
Bharti AXA Treasury Advntage Fund Regular Plan - Growth		13,933.23		13,933.23	13,933.23	-
Fidelity Cash Fund (Instituional) - Growth		822,862.41		822,862.41	822,862.41	-
Fidelity Ultra Short Term Debt Fund Instituional - Growth Option		900,915.41		900,915.41	900,915.41	-
Morgan Stanley Short Term Bond fund - Institutional Plus Growth		1,000,000.00		1,000,000.00		1,000,000.00
Taurus Ultra Short Term Bond Fund - Retails Growth Plan		947,142.75		947,142.75	947,142.75	-
Axis Treasury Advantage Fund - Growth		5,000.00		5,000.00		5,000.00
Taurus Ultra Short Term Bond Fund - Institutional Growth Plan		9,344.86		9,344.86	9,344.86	-
Taurus Liquid Fund - Institutional Growth		9,949.92		9,949.92	9,949.92	-
Taurus Liquid Fund - Growth Plan		838,078.41		838,078.41	838,078.41	-
UTI - Fixed Income Interval Fund - Series II -						
Quarterly Interval Plan VI - Institutional Growth Plan		5,000,000.00		5,000,000.00		5,000,000.00
ICICI Prudential Banking and PSU Debt Fund - Growth		1,987,755.43		1,987,755.43		1,987,755.43



Schedules to Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 7	Current Year		Previous Year	
<u>INVENTORIES (As certified by management)</u>				
Raw Materials (Include ₹ 133.10 lacs in transit, (Previous year ₹ 99.50 lacs))		3,340.43		2,515.15
Packing Materials (Include ₹ Nil lacs in transit, (Previous year ₹ 0.10 lacs))		593.40		579.57
Semi- Finished Goods		1,765.24		1,183.72
Finished Goods (Include ₹ 138.26 lacs in transit, (Previous year ₹ 193.73 lacs))		3,838.35		4,676.52
Stores and Spares		226.71		251.72
Total		9,764.13		9,206.68
Schedule 8				
<u>SUNDRY DEBTORS (Unsecured unless otherwise stated)</u> (Refer Note 15 of Schedule 18)				
Debts outstanding for period exceeding six months				
Considered good	1,523.43		563.78	
Considered doubtful	362.06		693.39	
	1,885.49		1,257.17	
Less: Provision for Doubtful Debts	362.06		693.39	
		1,523.43		563.78
Other debts - Considered Good		13,521.54		12,669.19
Debts Due from Subsidiary		1,198.47		387.90
Total		16,243.44		13,620.87
Schedule 9				
<u>CASH AND BANK BALANCES</u>				
Cash on Hand		13.07		8.39
Balance with Scheduled Banks				
In Current Accounts	1,112.98		551.23	
In Fixed Deposit Accounts	650.10		2,297.10	
In Unpaid Dividend Accounts	126.46		97.02	
		1,889.54		2,945.35
Balance with Non Scheduled Banks outside India				
UKREXIMBANK - Ukraine (Maximum Balance during the year ₹ 23.97 lacs (Previous year ₹ 36.21 lacs))		0.02		0.04
SG-SSB Bank - Ghana (Maximum Balance during the year ₹ 13.73 lacs (Previous year ₹ 7.69 lacs))		1.42		1.40
Turan Alem Bank, Almaty, Kazakhstan (Maximum Balance during the year ₹ 17.09 lacs (Previous year ₹ 29.28 lacs))		0.12		0.19
Uni Credit Bank (Maximum Balance during the year ₹ 11.06 lacs (Previous year ₹ 19.94 lacs))		2.23		2.40
Total		1,906.40		2,957.77

Schedules to Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 10	Current Year		Previous Year	
<u>LOANS AND ADVANCES (UNSECURED)</u>				
Considered good unless otherwise stated				
Advances recoverable in Cash or in kind or for value to be received				
Considered Good	3,247.73		2,383.63	
Considered Doubtful	120.05		45.57	
	3,367.78		2,429.20	
Less : Provision for Doubtful Advances	120.05		45.57	
		3,247.73		2,383.63
Deposits		350.28		406.76
Advance payment of Income Tax (Net of Provision for Taxation)	146.12		120.05	
Balance with Excise Department	525.55		528.34	
		671.67		648.39
Total		4,269.68		3,438.78
Schedule 11				
<u>CURRENT LIABILITIES</u>				
Due to Directors		165.71		300.95
Sundry Creditors				
Payable to Micro ,Small and Medium Enterprises (Refer note 5 of Schedule 18)	-		-	
Advance from Customers	-		4.20	
Payable to Other Sundry Creditors	11,340.41		9,103.51	
		11,340.41		9,107.71
Investor Education and Protection Fund shall be credited by the following (see note below)				
a) Unclaimed Dividend	126.46		97.02	
b) Unpaid matured deposits	1.14		1.49	
		127.60		98.51
Other Current Liabilities		840.69		693.15
Total		12,474.41		10,200.32
Note:				
The actual amounts to be transferred to the Investor Education and Protection Fund in respect of item(a) and (b) shall be determined on the due dates.				
Schedule 12				
<u>PROVISIONS</u>				
Proposed Dividend	-		1,802.83	
Tax on Dividend	-		306.39	
Interim Dividend (Refer Note 23 of Schedule 18)	2,524.82		-	
Tax on Interim Dividend (Refer Note 23 of Schedule 18)	419.34		-	
Provision for Employees benefit schemes	619.73		814.04	
Total		3,563.89		2,923.26



Schedules to Accounts

For the year ended 31st March, 2010
(₹ in lacs)

Schedule 13	Current Year		Previous Year	
SALES / INCOME FROM OPERATIONS (GROSS)				
Sales		68,675.19		65,584.44
Export benefits		337.11		375.14
Sundries		339.02		424.73
Total		69,351.32		66,384.31
Schedule 14				
OTHER INCOME				
Dividend received		0.09		0.09
Profit on sale of fixed assets		50.54		0.53
Profit on sale of current investments		160.86		96.83
Miscellaneous income		263.42		297.79
Discounting Charges received		23.23		6.60
Provision for expenses written back		160.22		106.96
Foreign Exchange Fluctuation Gain (Net)		-		541.12
Total		658.36		1,049.92
Schedule 15				
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES				
Raw Materials Consumed		10,788.14		12,880.88
Packing materials, containers consumed		2,125.66		2,422.42
Stores and Spares consumed		376.78		394.16
Purchases of Finished goods		10,167.05		10,563.77
Manufacturing Charges		821.89		597.87
Personnel Cost :				
Salaries, wages, Ex-gratia bonus and commission	6,923.01		6,236.74	
Contribution to Provident and other funds	589.39		582.06	
Employees' Welfare Expenses	73.00		266.59	
(Include ₹ -131.88 lacs (Previous year ₹ 79.77 lacs) of Employees' compensation expenses under ESOS Schemes.)		7,585.40		7,085.39
Power and Fuel		1,563.35		1,440.14
Rent		126.84		110.31
Insurance		162.11		156.67
Repairs:				
Plant and Machinery		251.25		259.69
Buildings		91.67		88.54
Others		374.37		181.44
Rates and Taxes		365.62		213.96
Advertising and sales promotion		6,131.94		6,300.24
Travelling and Conveyance		2,283.18		2,104.75
Freight outward		961.55		823.91
Directors' Fees		7.70		7.40
Commission on sales		892.28		878.51
Loss on sale / scrapping of assets		202.06		48.63
Foreign Exchange Fluctuation Loss (Net)		224.22		-
Bad debts, loans, advances and deposits written off	427.26		499.93	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	298.78		487.13	
Provision for doubtful debts, loans, advances and deposits for the year		128.48		12.80
Establishment and Administrative Expenses		41.94		619.00
Provision for Diminution of Investments in Subsidiary		2,434.40		2,179.72
		72.00		193.00
		48,179.88		49,563.20

Schedules to Accounts

For the year ended 31st March, 2010
(₹ in lacs)

Schedule 15	Current Year		Previous Year	
Increase/(Decrease) in stocks of semi finished & finished goods				
Stocks at commencement				
Semi-Finished Goods	1,183.72		889.50	
Finished Goods	4,676.52		3,329.60	
		5,860.24		4,219.10
Stocks at close				
Semi-Finished Goods	1,765.24		1,183.72	
Finished Goods	3,838.35		4,676.52	
		5,603.59		5,860.24
		256.65		(1,641.14)
Total		48,436.53		47,922.06
Schedule 16				
RESEARCH & DEVELOPMENT EXPENDITURE				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, Wages and Exgratia		946.95		788.80
Contribution to Provident fund and other Funds		52.86		44.40
Employees' welfare expenses		11.02		3.50
Rates and Taxes		22.99		22.50
Repairs:				
Plant and Machinery		18.73		24.90
Buildings		1.49		1.20
Others		33.85		27.50
Power and fuel		98.24		90.30
Travelling and conveyance		41.06		33.90
Others		1,450.83		1,312.20
Total		2,678.02		2,349.20
Schedule 17				
INTEREST				
Banks	5.13		38.13	
Other	172.08		155.08	
		177.21		193.21
Less : Interest earned (Refer note 10 of Schedule 18) (TDS deducted of ₹ 18.93 lacs (Previous year ₹ 17.23 lacs))		126.24		129.23
Total		50.97		63.98



Schedules to Accounts

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 Inventories

Inventories are valued after providing for obsolescences as under :

Stock of Raw materials are valued at lower of cost or Net realisable value, which includes duties and taxes (Except those subsequently recoverable).

Stock of Packing materials & Stores and spares are valued at cost, which includes duties and taxes (Except those subsequently recoverable).

Stock of Finished products including traded goods and Semi finished goods are valued at lower of cost or net realisable value. However, Raw materials & Semi finished goods 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.

Cost includes material cost, labour, direct expenses, related production overheads and applicable taxes. Cost is determined on weighted average basis.

4 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. Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress

Depreciation is provided on Straight- Line Method on Buildings and Plant & Machinery except mentioned below 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%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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 ₹ 5,000 are written off to revenue. Assets costing between ₹ 5,000 and ₹ 15,000 are depreciated fully in the year of purchase except when value of individual assets purchased in aggregate exceeds ₹ 100,000.

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 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue



Schedules to Accounts

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 net of sales tax, claims for date expired goods & breakage but inclusive of excise duty and rate differences, if any.

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.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognized when the right to receive payment is established.

7 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.

8 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.

9 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

10 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 and Loss Account for the year.

Termination Benefits

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

11 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of leased assets are classified as operating leases. Lease rentals for asset taken on operating lease are charged to Profit and Loss Account as incurred.



Schedules to Accounts

12 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.

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 Provisions, Contingent liabilities and Contingent assets

A Provision is recognised 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 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 recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

15 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 amortised over the vesting period of the option on a straight line basis.

16 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.

The levy of Fringe Benefit Tax (FBT) is not applicable as the Finance (No.2) Act,2009 has abolished FBT with effect from Financial Year 2009-2010.

17 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.

Schedules to Accounts

As at 31st March, 2010

Schedule 18

NOTES TO ACCOUNTS

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

2 Contingent Liabilities :

(₹ in lacs)

	Current Year	Previous Year
(i) Claims not acknowledged as debts*.	582.05	599.78
(ii) In respect of the Guarantees given to Bank on behalf of :		
- Subsidiaries	1,214.20	1,352.60
- Others	169.67	185.33
(iii) Letters of Credit	140.75	441.70
Total	2,106.67	2,579.41

* includes ₹ 91.27 lacs (Previous Year ₹ 91.27 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 ₹ 2,075.84 lacs (Previous year ₹ 1,225.96 lacs)

4 (i) External commercial borrowings (ECB) of ₹ Nil (Previous year ₹ Nil) 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. Company has filled necessary forms with ROC for satisfaction of charges. However related title deeds are pending collection.

(ii) Cash credit, Packing credit and Demand loans of ₹ 248.08 lacs (Previous year ₹ 674.78 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 ₹ 72.00 lacs (Previous Year ₹ 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:

(₹ in lacs)

Particulars	Current Year	Previous Year
Salary	143.04	138.82
Commission	165.71	300.94
Contribution to Provident Fund and other Funds	29.97	35.40
Perquisites in Cash or in Kind	49.70	38.75
Directors' fees	7.70	7.40
Total	396.12	521.31

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



Schedules to Accounts

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

(₹ in lacs)

Particulars	Current Year	Previous Year
Profit Before Tax as per Profit and Loss Account	16,404.80	14,408.96
Add: Depreciation	2,146.85	1,992.38
Directors' Remuneration	388.42	513.91
Directors' Fees	7.70	7.40
Loss on sale of assets per books	202.06	48.63
Profit on sale of assets u/s 349	-	(0.53)
Provision for Doubtful Debts/Advances	41.94	619.00
Provision for diminution in investment in subsidiary	72.00	193.00
Sub-Total	2,858.97	3,373.79
Less: Depreciation as per Section 350	1,972.03	1,793.36
Fringe benefit tax	-	300.00
Wealth tax	10.00	10.00
Bad debts adjusted against provision for Doubtful Debts	298.78	487.13
Profit on sale of assets per books including extra ordinary gains	48.68	(0.53)
Profit on sale of current investment	160.86	96.83
Loss on sale of assets u/s 349	202.06	48.63
Sub-Total	2,692.41	2,735.42
Profit for Computation of Commission	16,571.36	15,047.33
Commission payable to Managing Director @ 1% of ₹ 16,571.36 lacs (Previous year @ 1% of ₹ 15,047.33 lacs)	165.71	150.47
Commission payable to Executive Director @ 1% of ₹ Nil (Previous year @ 1% of ₹ 15,047.33 lacs)	-	150.47

9 Establishment and Administrative expenses include payment to

(₹ in lacs)

Particulars	Current Year	Previous Year
Statutory Auditors		
Audit Fees	9.90	8.60
Tax Audit	2.50	2.50
Certification	4.64	2.24
Reimbursement of Expenses	0.20	0.47
Cost Auditors		
Audit Fees	2.30	2.30
Certification	0.58	0.31
Reimbursement of Expenses	-	0.37
Total	20.12	16.79

10 Interest income comprises of;

(₹ in lacs)

Particulars	Current Year	Previous Year
Interest on loan to subsidiary	-	71.79
Interest on loan to others	40.49	9.05
Interest on others	85.75	48.39
Total	126.24	129.23

11 Employee share based payment plans

i) During the period ended 31st March, 2010 the Company has two share based payment arrangements which are described below :

Type of arrangement	Senior management stock option scheme (ESOS 2004)		(ESOS 2008)	
			Independent Directors stock option scheme	Senior Management stock option scheme
Date of Grant	23.12.2004	10.02.2006	26.03.2009	17.06.2009
Number granted	100000	200000	50000	297500
Contractual life	5 Years	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	As decided by Board/ Compensation Committee based on various factors

Schedules to Accounts

- 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	2009-2010		2008-2009	
	ESOS 2004	ESOS 2008	ESOS 2004	ESOS 2008
Risk free interest rate (%)	6.60	6.30	6.60	6.30
Expected life of options (years)	5.00	5.00	5.00	5.00
Expected Volatility (%)	36.90	41.00	36.90	41.00
Dividend Yield (%)	1.40	3.70	1.40	3.70

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

Particulars	ESOS 2004	
	2009-2010	2008-2009
Option outstanding at the beginning of the year	212,600	229,900
Granted during the year	-	-
Vested/ exercisable during the year	-	70,100
Exercised during the year	(8,100)	(59,900)
Lapsed during the year	(200,000)	(27,500)
Option outstanding at the end of the year	4,500	212,600
Weighted Average Exercise Price (₹)	212	212
Weighted Average Fair Value of Option (₹)	149	149

Particulars	ESOS 2008	
	2009-2010	2008-2009
Option outstanding at the beginning of the year	50,000	-
Granted during the year	297,500	50,000
Vested/ exercisable during the year	-	-
Exercised during the year	-	-
Lapsed during the year	(12,500)	-
Option outstanding at the end of the year	335,000	50,000
Weighted Average Exercise Price (₹)	115	115
Weighted Average Fair Value of Option (₹)	97	68

- 12 Addition to Fixed Assets and Capital Work in Progress other than Land includes ₹ 202.82 lacs (Previous year ₹ 382.07 lacs) being expenditure of capital nature on Research & Developments.
- 13 Establishment & Administrative expenses include political contribution ₹ Nil (Previous Year ₹ 60.00 lacs to Nationalist Congress Party).
- 14 Expenditure relating to new projects have been shown under the head Capital Work in Progress as follows :

(₹ in lacs)

Particulars	Current Year	Previous Year
i) Power & fuel	67.08	45.78
ii) Repairs & maintenance	1.62	11.17
iii) Payroll expenses	83.16	102.83
iv) Freight	1.30	0.93
v) Insurance	4.47	21.03
vi) Rent	61.33	38.02
vii) Travelling Expenses	9.61	7.06
viii) Rates & Taxes	2.10	7.35
ix) Administrative expenses	224.01	242.94
x) Depreciation / Amortisation	88.42	55.89
Total	543.10	533.00



Schedules to Accounts

- 15 Debtors are secured to the extent of Initial Advance of ₹ 2,048.35 lacs (Previous Year ₹ 1,878.41 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, 2010.

(Value in lacs)

Currency	Buy/Sell	Foreign currency value	
		Current Year	Previous Year
EURO	Sell	10.15	16.15
USD	Sell	4.20	1.63

Foreign Currency exposure not hedged by forward contracts as at 31st March ,2010 are given below:

(Value in lacs)

Unhedged	Foreign currency value	
	Current Year	Previous Year
A) Receivable		
EURO	3.12	9.96
USD	53.63	45.46
GBP	5.06	0.20
CAD	4.31	0.82
B) Payable		
EURO	6.29	0.21
USD	7.13	11.11
JPY	15.69	0
GBP	0.01	0

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)

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Current service cost	120.93	91.15	87.79	71.81
Interest cost on benefit obligation	72.19	51.21	37.50	21.76
Expected return on plan assets	(71.19)	(50.28)	-	-
Net actuarial (gain) / loss recognised in the year	7.26	64.85	110.16	146.74
Past service cost	-	-	-	-
Net benefit expense	129.19	156.93	235.45	240.31

Schedules to Accounts

Balance sheet

Details of Provision for gratuity & leave encashment

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation	929.62	875.06	587.42	454.55
Fair value of plan assets	897.30	718.13	-	-
	(32.32)	(156.93)	(587.42)	(454.55)
Less: Unrecognised past service cost	-	-	-	-
Plan asset / (liability)	(32.32)	(156.93)	(587.42)	(454.55)

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Opening defined benefit obligation	875.06	731.59	454.55	310.81
Interest cost	72.19	51.21	37.50	21.76
Current service cost	120.93	91.15	87.79	71.81
Benefits paid	(150.78)	(71.53)	(102.58)	(96.57)
Actuarial (gains) / losses on obligation	12.22	72.64	110.16	146.74
Closing defined benefit obligation	929.62	875.06	587.42	454.55

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Opening fair value of plan assets	718.13	427.07	-	-
Expected return	71.19	50.28	-	-
Contributions by employer	253.80	304.52	-	-
Benefits paid	(150.78)	(71.53)	-	-
Actuarial gains / (losses)	4.96	7.79	-	-
Closing fair value of plan assets	897.30	718.13	0.00	0.00

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

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:

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
	%	%	%	%
Discount rate	8.25%	7.00%	8.25%	7.00%
Expected rate of return on Plan assets	*9.25%	*9.25%	-	-
Increase in Compensation plan cost	*7%	*6%	*7%	*6%

* 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.



Schedules to Accounts

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	Current Year	Previous Year	Current Year	Previous Year
Defined benefit obligation	929.62	875.06	587.42	454.55
Plan assets	897.30	718.13	-	-
Surplus / (deficit)	(32.32)	(156.93)	(587.42)	(454.55)
Experience adjustments on Plan Liability	22.23	73.27	117.22	147.20
Experience adjustments on Plan Asset	(4.96)	(7.79)	-	-

18 Segment Reporting :

Primary Segment

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

Year ended 31st March 2010

Secondary Segment (By Geographical Segment)

(₹ in lacs)

Sales and Operating Income (Gross)	Current Year	Previous Year
India	56,197.20	51,618.45
Outside India	13,154.12	14,765.86
Total	69,351.32	66,384.31

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 Viramrut Trading Pvt Ltd	Dr. Prakash A. Mody (Chairman and Managing Director) Mrs. Anita Mody Miss. Shwetambari Mody Miss. Supriya Mody Mrs. Suparna Kacker
(iv) Unireach Healthcare Private Limited became & ceased to be subsidiary during the current year.		

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

(₹ in lacs)

Particulars	Subsidiaries		Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009
Sales of goods, etc.,**	2,000.62	1,286.29	-	-	-	3,994.96	2,000.62	5,281.25
Interest received***	40.49	71.79	-	-	-	-	40.49	71.79
Rent & Maintenance paid	-	-	2.02	2.86	0.60	0.60	2.62	3.46
Managerial remuneration**	-	-	222.71	212.97	-	-	222.71	212.97
Commission**	-	-	165.71	300.94	-	-	165.71	300.94
Salary paid	-	-	5.40	-	-	-	5.40	-
Dividend paid**	-	-	522.41	572.61	874.25	824.33	1,396.66	1,396.94
Purchases**	-	-	-	-	-	18.59	-	18.59
Expenses Reimbursed	79.77	60.40	-	-	-	-	79.77	60.40
ICD given***	200.00	-	-	-	-	-	200.00	-
Investment made during the year*	1,003.47	1,998.60	-	-	-	-	1,003.47	1,998.60
Total	3,324.35	3,417.08	918.25	1,089.38	874.85	4,838.48	5,117.45	9,344.94

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

** Includes transactions with parties which have ceased to be related parties during the current year.

*** Transaction for the current year is with party which became & ceased to be subsidiary during the current year.

Schedules to Accounts

(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
	2010	2009	2010	2009	2010	2009	2010	2009
Outstanding Balances								
Deposits given	-	-	45.06	100.29	-	-	45.06	100.29
Creditors	13.84	3.71	-	-	-	-	13.84	3.71
Debtors outstanding*	1,198.47	387.94	-	-	-	1,288.71	1,198.47	1,676.65
Guarantees given to bank on behalf of Subsidiaries	1,214.20	1,352.60	-	-	-	-	1,214.20	1,352.60
Total Investments	7,175.42	6,171.95	-	-	-	-	7,175.42	6,171.95
ICD outstanding**	419.77	-	-	-	-	-	419.77	-
Due to Directors*	-	-	165.71	300.94	-	-	165.71	300.94
	10,021.70	7,916.20	210.77	401.23	-	1,288.71	10,232.47	9,606.14

* Includes transactions with parties which have ceased to be related parties during the current year.

** Transaction for the current year, is with party which became & ceased to be subsidiary during the current year.

(₹ in lacs)

Details of material transactions during the year	Current Year	Previous Year
a) Sale of finished goods (Net of returns)		
Niche Generics Ltd	1,472.89	1,286.29
Unichem Pharmaceuticals (USA) Inc.	484.05	-
Rudra Pharma Distributors Limited*	-	3,994.96
b) Interest received on Loans & ICD given		
Niche Generics Ltd	-	71.79
Unireach Healthcare Private Limited**	40.49	-
c) Investments made		
Niche Generics Limited.	-	1,164.79
Unichem Farmaceutica Do Brasil Ltda	361.61	204.80
Unichem Pharmaceuticals (USA) Inc.	641.85	629.01
d) Guarantees given to Banks on behalf of Subsidiary Company		
Niche Generics Limited.	1,214.20	1,352.60
e) Rent Paid		
Mrs. Anita Mody	2.02	2.86
Pranit Trading Pvt. Ltd.	0.60	0.60
f) Managerial Remuneration		
Dr. Prakash A. Mody	222.71	150.50
Shri B K Sharma*	-	62.38
g) Commission Paid		
Dr. Prakash A. Mody	165.71	150.47
Shri B K Sharma*	-	150.47
h) Dividend Paid		
Pranit Trading Pvt Ltd	254.34	237.62
Chevy Capital Services Pvt Ltd	162.04	153.43
PM Capital Services Pvt Ltd	140.42	132.22
Viramrut Trading Pvt. Ltd.	169.07	160.20
Rudra Pharma Distributors Ltd.*	-	0.08
AVM Capital Services Pvt Ltd.	140.05	132.44
Dr. Prakash A. Mody	342.91	374.77
i) Purchases		
Niank Marketing Company*	-	18.59
j) Expenses Re - imbursement		
Niche Generics Limited.	29.46	20.07
Unichem Pharmaceuticals (USA) Inc.	47.60	36.84

* Includes transactions with parties which have ceased to be related parties during the current year.

** Transaction for the current year is with party which became & ceased to be subsidiary during the current year.



Schedules to Accounts

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	2010	2009
Profit after Taxation attributable to equity shareholders (A) (₹ In lacs)	13,394.43	12,475.15
Weighted average number of Equity shares for Basic Earning per Share (B)	36,060,008	36,045,679
Weighted average number of Equity shares for Diluted Earning per Share (C)	36,275,401	36,062,886
Earning Per Share - Basic (A)/(B)	37.14	34.61
Diluted (A)/(C)	36.92	34.59
(Face value of ₹ 5/- per share)		

22 The deferred tax liability for the current year amounting to ₹ 232.00 lacs (Previous year ₹ 10.00 lacs) & Excess / short provision for taxation of previous years accounted during the current year ₹ 32.63 lacs (Previous year ₹ 13.81 lacs) is shown in the Profit and Loss Account under Provision for Taxation.

The deferred tax liability / (asset) comprises of

(₹ in lacs)

Particulars	Current Year	Charge/(credit) for the year	Previous Year
Deferred Tax Liability			
on account of Depreciation	3,909.23	202.13	3,707.10
Sub-Total	3,909.23	202.13	3,707.10
Deferred Tax Assets			
Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	350.80	(54.87)	405.67
Provision for Diminution in Investments	90.00	25.00	65.00
Sub-Total	440.80	(29.87)	470.67
Tax	3,468.43	232.00	3,236.43

23 Interim Dividend includes an amount of ₹ 2,524.82 lacs @ ₹ 7/- per share (face value of ₹ 5/- per share) declared on 10th May, 2010 and paid on 21st May, 2010. Accordingly said amount along with Dividend Distribution Tax of ₹ 419.34 lacs is shown under Schedule-12 as provisions.

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.

24 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	44,110	38,776	22,902	21,070
Syrups	Litres	960,000	960,000	73,828	62,902
Injections	Litres	90,000	90,000	3,900	4,800
Eyemides, Ointments & Dry and sterile powder.	Kilograms	197,040	196,800	41,441	60,423
Bulk Drugs & Chemicals	Kilograms	764,224	764,650	502,286	499,374

- 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 auditors.

Schedules to Accounts

(₹ in lacs)

25 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 (₹)	Quantity	Value (₹)	Quantity	Value (₹)
Formulations							
Tablets/Capsules	No. in lacs	4,440	2,559.25	4,043	2,642.57	3,404	2,038.85
Syrups	Litres	290,531	221.81	213,736	178.44	142,402	129.95
Injections	Litres	61,797	235.65	52,805	126.74	29,189	102.52
Eyemides, Ointment & Powder	Kilograms	68,432	309.33	102,675	781.32	61,838	377.92
Bulk Drugs & Chemicals	Kilograms	40,596	512.31	48,823	947.45	35,413	680.36
Total			3,838.35		4,676.52		3,329.60

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

(₹ in lacs)

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Formulations					
Tablets/Capsules	No. in lacs	31,154	55,054.81	27,694	51,130.87
Syrups	Litres	1,001,129	1,537.88	945,033	1,398.15
Injections	Litres	252,416	1,452.80	176,174	1,208.97
Eyemides, Ointments & Powder	Kilograms	318,456	3,975.81	363,331	4,101.66
Bulk Drugs & Chemicals	Kilograms	497,571	6,653.89	465,690	7,744.79
Total			68,675.19		65,584.44

Note: The sales quantities include adjustments on account of free issues, shortages & obsolescences

27 Purchases of Finished Goods

(₹ in lacs)

Class of Goods	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Formulations					
Tablets/Capsules	No. in lacs	8,650	6,952.90	7,262	7,588.23
Syrups	Litres	1,004,096	1,048.68	953,465	977.02
Injections	Litres	257,508	928.67	194,990	570.16
Eyemides, Ointments & Powders	Kilograms	242,772	1,236.80	343,745	1,428.36
Total			10,167.05		10,563.77

28 Value of Imports (CIF Value)

(₹ in lacs)

Particulars	Current Year	Previous Year
Raw Materials	2,001.04	2,503.67
Packing Materials	13.51	78.89
Stores & Spare Parts	7.78	8.58
Capital Goods	129.62	406.95
Total	2,151.95	2,998.09



Schedules to Accounts

29 Expenditure in Foreign Currencies

(₹ in lacs)

Particulars	Current Year	Previous Year
Salary	163.00	156.94
Travelling expenses	121.04	163.15
Rent paid	18.76	27.29
Freight	-	0.72
Marketing expenses	261.81	368.85
Commission paid	85.25	111.64
Other Expenses	332.99	207.06
Interest paid	-	9.46
Total	982.85	1,045.11

30 Earnings in Foreign Exchange (Gross)

(₹ in lacs)

Sales and Operating Income	Current Year	Previous Year
Export of Goods calculated on FOB basis, etc.,	12,318.23	13,664.88
Insurance, Freight and other charges recovered	10.24	352.38
Total	12,328.47	14,017.26

31 Consumption of Raw Materials, Packing Materials, Stores & Spares

(₹ in lacs)

Particulars	Current Year		Previous Year	
	%	Value (₹)	%	Value (₹)
A. Raw Materials				
Indigenous (including canalised)	80	8,663.26	79	10,163.32
Imported (including duty and charges)	20	2,124.88	21	2,717.56
Total	100	10,788.14	100	12,880.88
B. Packing Materials, Stores and Spares				
Indigenous (including canalised)	99	2,489.02	97	2,743.09
Imported (including duty and charges)	1	13.42	3	73.49
Total	100	2,502.44	100	2,816.58

32 Break up of Raw Materials Consumed

(₹ in lacs)

Particulars	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Ampicillin	Kilograms	81,404	1,527.34	82,923	1,826.81
Miscellaneous (none of which individually accounts for more than 10% of total consumption)			9,260.80		11,054.07
Total			10,788.14		12,880.88

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
July 22, 2010

Schedules to Accounts

(Amount ₹ 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 1 0

II. Capital raised during the year

ESOS

4 0 . 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 6 4 8 6

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

6 6 8 3 1 9 4

Sources of Funds

Paid-up
Capital

1 8 0 3 1 5

Reserve and
Surplus

5 9 2 6 1 2 9

Share Application Money

2 6 4

Secured Loans

2 4 8 0 8

Unsecured Loans

2 0 4 8 3 5

Application of Funds

Net Fixed Assets (Including
Capital Works in progress)

3 7 8 5 5 1 5

Net Current Assets (Net
of Deferred Tax Liability)

1 2 6 7 6 9 2

Investments

1 2 8 3 1 4 4

Miscellaneous Expenditure

N I L

IV. Performance of Company

Turnover

6 9 3 5 1 3 2

Total Expenditure

5 3 3 1 2 3 7

Earnings per share in ₹

3 7 . 1 4

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

1 6 4 0 4 8 0

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

1 3 3 9 4 4 3

Diluted earning per share in ₹

3 6 . 9 2

Dividend Rate.

2 0 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
July 22, 2010



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 2010, 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 ₹ 2,130.07 lacs as at March 31, 2010, total revenues of ₹ 7,680.36 lacs and net cash outflow amounting to ₹. 21.44 lacs for the year ended, and
- ii) A subsidiary company whose financial statements reflect total assets (net) of ₹ 1.48 lacs as at February 28, 2010, total revenues of ₹ Nil and cash inflow of ₹ 0.23 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, 2010;
- (b) in the case of the Consolidated Profit and Loss Account, of the Profit 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
Firm Registration No. 104345W

Raman Jokhakar
Partner
Membership No. 103241

Mumbai
July 22, 2010

Consolidated Balance Sheet

As at 31st March, 2010
(₹ in lacs)

Schedule		Current Year		Previous Year	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	1,803.15		1,802.75	
Share Application Money		2.64		-	
Reserves and Surplus	2	54,485.51		46,641.95	
			56,291.30		48,444.70
Loan Funds					
Secured Loans	3	1,529.42		2,094.70	
Unsecured Loans	4	2,048.35		1,878.41	
			3,577.77		3,973.11
			3,468.43		3,236.43
Deferred Tax Liability					
Total			63,337.50		55,654.24
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	46,460.08		41,412.70	
Less: Accumulated Depreciation		13,125.35		11,331.40	
Net Block		33,334.73		30,081.30	
Capital Work in Progress		6,363.08		7,592.94	
			39,697.81		37,674.24
Investments					
	6		5,921.02		102.08
Current Assets, Loans and Advances					
Inventories	7	10,946.84		10,338.81	
Sundry Debtors	8	16,697.48		15,158.97	
Cash and Bank Balances	9	2,363.93		3,436.96	
Loans and Advances	10	4,437.83		3,573.16	
			34,446.08		32,507.90
Less: Current Liabilities and Provisions					
Current Liabilities	11	13,163.52		11,706.72	
Provisions	12	3,563.89		2,923.26	
			16,727.41		14,629.98
Net Current Assets			17,718.67		17,877.92
Total			63,337.50		55,654.24
Significant Accounting Policies/Notes to Accounts		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
July 22, 2010



Consolidated Profit & Loss Account

For the year ended 31st March, 2010
(₹ in lacs)

	Schedule	Current Year	Previous Year
INCOME			
Sales / Income from operations (Gross)	13	75,030.25	74,221.01
Less: Excise duty		291.65	697.65
Sales / Income from operations (Net)		74,738.60	73,523.36
Other Income	14	663.72	947.60
Total		75,402.32	74,470.96
EXPENDITURE			
Manufacturing, selling and administrative expenditure	15	54,741.53	56,583.12
Research & Development expenditure	16	2,911.78	2,721.30
Interest	17	104.15	189.70
Depreciation including Amortisation		2,321.36	2,241.32
Total		60,078.82	61,735.44
PROFIT BEFORE TAX		15,323.50	12,735.52
PROVISION FOR TAXATION			
Less: Current Tax (including Wealth tax)		2,811.00	1,610.00
Deferred Tax		232.00	10.00
Fringe Benefit Tax		-	300.00
NET PROFIT AFTER TAX		12,280.50	10,815.52
Less: Prior Period items		(0.86)	-
Less: Excess/(Short) provision for taxation pertaining to previous years		32.63	(13.81)
Add: Balance Brought Forward		26,893.18	20,965.80
Amount available for Appropriation		39,205.45	31,767.51
APPROPRIATIONS			
Proposed Dividend		-	1,802.83
Interim Dividend (Refer Note 10 of Schedule 18)		3,606.65	1,081.34
Tax on Interim Dividend (Refer Note 10 of Schedule 18)		603.20	183.77
Tax on Proposed Dividend		-	306.39
General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		33,495.60	26,893.18
Total		39,205.45	31,767.51
Basic Earnings per share of ₹ 5/- (Pr Yr ₹ 5/-) each (in ₹)		34.14	29.97
Diluted Earnings per share of ₹ 5/- (Pr Yr ₹ 5/-) each (in ₹)		33.94	29.95
Significant Accounting Policies / Notes to Accounts	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
July 22, 2010

Consolidated Cash Flow Statement

For the year ended 31st March, 2010
(₹ in lacs)

	Current Year		Previous Year	
A. Cash Flow from Operating Activities				
Net Profit before tax		15,323.50		12,735.52
Adjustment for :				
Depreciation	2,321.36		2,241.32	
Loss/(Profit) on Sale of Assets (Net)	146.31		51.03	
Exchange difference	235.25		(440.94)	
Interest expenses	238.34		255.50	
Provision for doubtful debts, loans advances & deposits for the year	41.94		619.00	
Bad Debts written off	128.48		12.80	
Employees compensation expenses (ESOS)	(131.88)		79.77	
Loss/(Profit) on Sale of Investments	(160.86)		(96.83)	
Interest income	(134.19)		(65.80)	
Excess provision for expenses written back	(160.22)		(106.96)	
Dividend income	(0.09)		(0.09)	
		2,524.44		2,548.80
Operating Profit Before Working Capital Changes		17,847.94		15,284.32
Adjusted for:				
Trade & other receivables	(2,837.55)		(2,189.23)	
Inventories	(608.03)		(2,011.21)	
Current liabilities	1,257.44	(2,188.14)	1,230.43	(2,970.01)
Cash Generated from Operations		15,659.80		12,314.31
Direct Taxes Paid (Net of refund and including Fringe benefit tax)		(2,749.67)		(2,037.27)
Net Cash Flow from Operating Activities		12,910.13		10,277.04
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(4,590.73)		(5,929.82)
Sale of Fixed Assets		99.45		103.81
Investment in others (Net)		(5,818.94)		(94.46)
(Loss)/Profit on Sale of Investments		160.86		96.83
Interest received		134.19		29.20
Dividend on Investments		0.09		0.09
Net Cash used in Investing Activities		(10,015.08)		(5,794.35)
C. Cash Flow from Financing Activities				
Proceeds from borrowings		(438.97)		398.34
Proceeds from issue of share capital & share premium		11.15		13.54
Proceeds/(repayment) of short term borrowing (Security deposit)		169.94		96.11
Receipt/(Payment) of loan of External commercial borrowings		(126.31)		1,046.76
Interest Paid		(238.34)		(255.50)
Dividend Paid		(1,773.39)		(1,779.97)
Interim Dividend Paid		(1,081.83)		(1,081.34)
Dividend Distribution tax Paid		(490.25)		(490.07)
Net cash used in Financing Activities		(3,968.00)		(2,052.13)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		(1,072.95)		2,430.56
Opening balance of Cash and Cash Equivalents		3,436.96		1,005.50
Closing balance of Cash and Cash Equivalents		2,364.01		3,436.06
Closing balance of Cash & Cash Equivalents as per Sch-9		2,363.93		3,436.96
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		0.08		(0.90)
Closing balance of Cash & Cash Equivalents as per cash flow		2,364.01		3,436.06

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
July 22, 2010



Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 1		Current Year	Previous Year
<u>SHARE CAPITAL</u>			
AUTHORISED			
70,000,000	Equity Shares of ₹ 5/- each	3,500.00	3,500.00
20,000,000	Unclassified Shares of ₹ 5/- each	1,000.00	1,000.00
5,000,000	Preference Shares of ₹ 10/- each	500.00	500.00
		5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP			
36,063,000	Equity Shares of ₹ 5/- each fully paid up (Previous year 36,054,900 Equity Shares of ₹ 5/- each fully paid up)	1,803.15	1,802.75
Total		1,803.15	1,802.75

NOTE :

- (1) i) 450,000 Equity Shares of ₹ 5/- each allotted as fully paid up pursuant to a contract without payment being received in cash.
- ii) 29,390,000 Equity Shares of ₹ 5/- each issued as bonus Shares by Capitalisation of General Reserve.
- iii) 1,330,000 Equity Shares of ₹ 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 3,39,500 Equity shares; (Previous year 2,62,600 Equity shares).

Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 2	Current Year		Previous Year	
RESERVES AND SURPLUS				
SHARE PREMIUM				
Balance as per last balance sheet	7,445.73		7,415.80	
Add: Addition during the year	19.74		29.93	
		7,465.47		7,445.73
CAPITAL RESERVE				
Balance as per last balance sheet		62.50		62.50
CAPITAL REDEMPTION RESERVE				
Redemption of Preference Shares		834.00		834.00
GENERAL RESERVE				
Balance as per last Balance Sheet	11,074.80		9,574.80	
Add: Transfer from Profit and Loss Account	1,500.00		1,500.00	
		12,574.80		11,074.80
Foreign Currency translation reserve		(13.69)		128.61
EMPLOYEES' STOCK OPTION				
Employees' stock options outstanding	331.16		356.60	
Add: Addition during the year	-		10.06	
	331.16		366.66	
Less: Deferred Employees' stock compensation during the year	(264.33)		(163.53)	
		66.83		203.13
BALANCE IN PROFIT AND LOSS ACCOUNT		33,495.60		26,893.18
Total		54,485.51		46,641.95

Schedule 3	Current Year	Previous Year
SECURED LOANS		
Term loans from Banks	1,220.19	1,346.50
Loans from Banks for working capital	309.23	748.20
Total	1,529.42	2,094.70
Schedule 4		
UNSECURED LOANS		
Loans & Advances from Others	2,048.35	1,878.41
Total	2,048.35	1,878.41



Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ in lacs)

SCHEDULE 5

FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION	NET BLOCK	
	Cost As at 01/04/2009	Additions	Deductions	Cost As at 31/3/2010		As at 31/3/2010	As at 31/3/2009
Goodwill	154.50	-	-	154.50	-	154.50	154.50
Land							
Freehold	268.18	-	(19.71)	248.47	-	248.47	268.18
Leasehold	1,796.85	-	-	1,796.85	130.43	1,666.42	1,706.65
Buildings	12,848.12	2,174.08	-	15,022.20	2,393.43	12,628.77	10,899.07
Plant and Machinery	24,048.87	3,411.57	(687.07)	26,773.37	9,069.34	17,704.03	16,128.19
Furniture Fixtures and Equipments	1,715.28	115.87	(11.34)	1,819.81	1,145.32	674.49	696.06
Cars and Vehicles	447.37	119.07	(55.09)	511.35	254.37	256.98	227.15
Patents and Trademarks	133.53	-	-	133.53	132.46	1.07	1.50
Total	41,412.70	5,820.59	(773.21)	46,460.08	13,125.35	33,334.73	30,081.30
Previous Year	33,301.50	8,655.98	(544.78)	41,412.70	11,331.40	30,081.30	-
Capital Work in Progress including Capital Advances						6,363.08	7,592.94

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

Addition to Fixed Assets & CWIP ₹ 202.82 lacs (Previous year ₹ 382.07 lacs) being expenditure on Research and Development as under:-

Buildings	₹ 1.13 lacs	(Previous year ₹ Nil)
Plant & Machinery	₹ 127.73 lacs	(Previous year ₹ 361.78 lacs)
Furniture Fixtures and Equipments	₹ 3.01 lacs	(Previous year ₹ 20.29 lacs)
Capital Work in Progress	₹ 70.95 lacs	(Previous year ₹ Nil)

Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ 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
(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	₹ 10	30.38	30.38
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Fully Paid Equity Shares of Unireach Healthcare Private Limited				1.00	-
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				3.00	2.00
TOTAL LONG TERM UNQUOTED INVESTMENTS				3.00	2.08
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited (Market value as on 31st March 2010 is ₹ 3.73 lacs) (Previous year ₹ 2.60 lacs)	1,000	1,000	₹ 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
Birla Sun Life Short Term Fund - Retail - Growth	622,248.94			100.01	
Fortis Money Plus Institutional - Growth	1,092,602.39			150.01	
Fortis Short Term Income Fund - Inst. - Growth	1,929,769.41			200.25	
HDFC Cash Management Fund Treasury					
Advantage Plan - Wholesale - Growth	2,817,501.74			550.23	
IDFC Money Manager Fund Treasury Plan - Inst Plan B - Growth	687,600.15			100.01	
JM Money Manager Fund - Growth	1,170,208.35			150.02	
Kotak Flexi Debt Scheme Inst. - Growth	442,329.66			50.01	
LIC Savings Plus Fund - Growth Plan	6,939,926.54			1006.07	
Morgan Stanley Short Term Bond Fund - Inst Plus - Growth	1,000,000.00			100.00	
ICICI Prudential Flexible Income Plan Premium - Growth	134,404.92			229.54	
Reliance Liquid Fund - Treasury Plan - Inst Option - Growth Option - Growth plan	974,293.79			218.61	
Reliance Regular Savings Fund - Debt Plan - Inst - Growth Plan	201,580.39			25.00	
UTI Treasury Advantage Fund - Inst. Plan - Growth	15,315.45			188.26	
Axis Treasury Advantage Fund - Inst. - Growth	5,000.00			50.00	
Kotak Quarterly Interval Plan Series 4 - Growth	4,266,757.69			500.00	
Reliance Quarterly Interval Fund - Series III - Inst. Growth Plan	4,058,606.28			500.00	
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Inst. - Growth Plan	5,000,000.00			500.00	
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth	1,855,442.48			200.00	
Reliance Monthly Interval Fund - Series I - Inst. - Growth Plan	1,610,643.13			200.00	
ICICI Prudential Banking & PSU Debt Fund - Growth	1,987,755.43			200.00	
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst Growth Fund	5,832,887.77			600.00	
Reliance Monthly Interval Fund -Series II - Inst. - Growth Plan	805,250.23			100.00	
Sub Total				5,918.02	100.00
Total				5,921.02	102.08



Schedules to Consolidated Accounts

Notes:

During the year following investments were purchased and sold:

No. in Units

Particulars	Opening	Purchase	Dividend	Total	Sold	Balance
UTI - Floating Rate Fund - Short Term Plan (Growth Option)		13,800.92		13,800.92	13,800.92	-
HDFC Cash Management Fund - Savings Plan - Growth		270,832.43		270,832.43	270,832.43	-
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth		260,944.08		260,944.08	260,944.08	-
ING Treasury Advantage Fund - Institutional Growth		1,046,620.01		1,046,620.01	1,046,620.01	-
ING Liquid Fund Institutional - Growth		1,610,580.09		1,610,580.09	1,610,580.09	-
Reliance Money Manager Fund - Institutional Option - Growth Option		95,523.12		95,523.12	95,523.12	-
Reliance Money Manager Fund - Retail Plan - Growth Plan - Growth Option		4,169.87		4,169.87	4,169.87	-
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option		2,036,071.43		2,036,071.43	2,036,071.43	-
Reliance Short Term Fund - Retail Plan - Growth Plan		300,686.52		300,686.52	300,686.52	-
Baroda Pioneer Liquid Fund - Growth		322,335.25		322,335.25	322,335.25	-
Baroda Pioneer Treasury Advantage Fund - Regular Growth Plan		500,067.69		500,067.69	500,067.69	-
Kotak Floater Long Term - Growth		4,957,701.34		4,957,701.34	4,957,701.34	-
Kotak Liquid (Institutional Premium) - Growth		8,228,345.20		8,228,345.20	8,228,345.20	-
Reliance Regular Savings Fund - Debt Plan - Institutional Growth Plan		201,580.39		201,580.39		201,580.39
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan		4,058,606.28		4,058,606.28		4,058,606.28
Reliance Monthly Interval Fund - Series I - Institutional Growth Plan		1,610,643.13		1,610,643.13		1,610,643.13
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan		805,250.23		805,250.23		805,250.23
LICMF Liquid Fund - Growth Plan		30,817,780.33		30,817,780.33	30,817,780.33	-
LICMF Income Plus Fund - Growth Plan		17,320,149.00		17,320,149.00	17,320,149.00	-
LICMF Savings Plus Fund - Growth plan		14,684,152.84		14,684,152.84	7,744,226.30	6,939,926.54
LICMF Floating Rate Fund - Short Term Plan - Daily Dividend Plan		500,070.06	705.73	500,775.79	500,775.79	-
LICMF Floating Rate Fund - Short Term Plan - Growth Plan		6,576,279.01		6,576,279.01	6,576,279.01	-
Reliance Liquid Fund - Treasury Plan - Instl. Option - Gr. Option - Gr. Plan		8,702,410.37		8,702,410.37	7,728,116.58	974,293.79
IDFC Cash Fund - Inst Plan B - Growth		2,485,485.82		2,485,485.82	2,485,485.82	-
IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth		2,806,422.38		2,806,422.38	2,118,822.23	687,600.15
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth		1,855,442.48		1,855,442.48		1,855,442.48
Birla Sun Life Cash Plus - Instl. - Growth		417,468.08		417,468.08	417,468.08	-
Birla Sun Life Cash Plus - Instl. Prem. - Growth		5,420,349.60		5,420,349.60	5,420,349.60	-
Birla Sun Life Savings Fund - Retail - Growth		4,665,105.74		4,665,105.74	4,665,105.74	-
Birla Sun Life Short Term Fund - Retail - Growth		622,248.94		622,248.94		622,248.94
HSBC Floating Rate Fund - Long Term Plan - Institutional Option		1,975,799.33		1,975,799.33	1,975,799.33	-
HSBC Cash Fund - Institutional plan - Growth		1,865,988.28		1,865,988.28	1,865,988.28	-
Religare Liquid Fund - Institutional Growth		1,224,969.86		1,224,969.86	1,224,969.86	-
Religare Ultra Short Term Fund - Institutional Growth		1,224,785.67		1,224,785.67	1,224,785.67	-
Fortis Overnight Fund - Institutional - Growth		2,890,852.74		2,890,852.74	2,890,852.74	-
Fortis Money Plus Institutional Growth		1,465,750.23		1,465,750.23	373,147.83	1,092,602.40
Fortis Short Term Income Fund - Regular - Growth		715,986.77		715,986.77	715,986.77	-
Fortis Short Term Income Fund - Institutional - Growth		1,929,769.41		1,929,769.41		1,929,769.41
Prudential ICICI Flexible Income Plan Premium - Growth		8,520,461.88		8,520,461.88	8,386,056.97	134,404.91
Prudential ICICI Institutional Liquid Plan - Super Institutional Growth		13,393,189.88		13,393,189.88	13,393,189.88	-
ICICI Prudential Institutional Short Term Plan - Cumulative Option		268,883.69		268,883.69	268,883.69	-
ICICI Prudential Ultra Short Term Plan Premium Growth		1,993,998.35		1,993,998.35	1,993,998.35	-
Kotak Quarterly Interval Plan Series 4 - Growth		4,266,757.69		4,266,757.69		4,266,757.69
Kotak Flexi Debt Scheme Institutional - Growth		8,071,566.71		8,071,566.71	7,629,237.05	442,329.66
Kotak Quarterly Interval Plan Series 2 - Growth	869,875.35			869,875.35	869,875.35	-
JM High Liquidity Fund - Growth Plan (13)		1,835,658.60		1,835,658.60	1,835,658.60	-
JM Money Manager Fund Super Plus Plan - Growth		3,563,473.35		3,563,473.35	2,393,265.00	1,170,208.35
DWS Money Plus Fund - Growth Option		378,807.98		378,807.98	378,807.98	-
DWS Insta Cash Plus Fund - Regular Plan Growth		328,374.87		328,374.87	328,374.87	-

Schedules to Consolidated Accounts

Notes:**During the year following investments were purchased and sold:****No. in Units**

Particulars	Opening	Purchase	Dividend	Total	Sold	Balance
HDFC Cash Management Fund-Savings Plan-Growth		2,947,436.29		2,947,436.29	2,947,436.29	-
HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Growth		261,677.59		261,677.59	261,677.59	-
HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth		2,817,501.74		2,817,501.74		2,817,501.74
UTI Liquid Cash Plan Institutional - Growth Option		93,167.62		93,167.62	93,167.62	-
UTI - Treasury Advantage Fund Institutional Plan (Growth Option)		97,499.05		97,499.05	82,183.60	15,315.45
Principal Ultra Short Term Fund Growth Plan		436,885.44		436,885.44	436,885.44	-
Principal Cash Management Fund Liquid Option - Instl. Plan - Growth Plan		341,873.33		341,873.33	341,873.33	-
Templeton India Ultra Short Bond Fund Retail Plan - Growth		1,321,137.61		1,321,137.61	1,321,137.61	-
Templeton India Treasury Mangement Account Regular Plan - Growth		11,311.10		11,311.10	11,311.10	-
Templeton Floating Rate Income Fund Long Term Retail Option - Growth		610,217.86		610,217.86	610,217.86	-
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst. Growth Fund		5,832,887.77		5,832,887.77		5,832,887.77
Canara Rebeco Liquid Fund - Institutional Growth		5,011,528.02		5,011,528.02	5,011,528.02	-
Canara Rebeco Treasury Advantage Super Institutional Growth Fund		6,059,907.58		6,059,907.58	6,059,907.58	-
JP Morgan India Treasury Fund - Super Inst. Growth Plan		1,285,781.43		1,285,781.43	1,285,781.43	-
JP Morgan India Liquid Fund - Super Inst. Growth Plan		1,292,780.34		1,292,780.34	1,292,780.34	-
AIG India Liquid Fund - Retail - Growth		2,153.98		2,153.98	2,153.98	-
AIG Treasury Fund Retails Growth		213,525.50		213,525.50	213,525.50	-
AIG India Liquid Fund - Institutional - Growth		8,485.75		8,485.75	8,485.75	-
AIG Treasury Fund Institutional Growth		839,637.38		839,637.38	839,637.38	-
Bharti AXA Liquid Fund - Regular Plan - Growth		14,004.75		14,004.75	14,004.75	-
Bharti AXA Treasury Advantage Fund Regular Plan - Growth		13,933.23		13,933.23	13,933.23	-
Fidelity Cash Fund (Institutional) - Growth		822,862.41		822,862.41	822,862.41	-
Fidelity Ultra Short Term Debt Fund Institutional - Growth Option		900,915.41		900,915.41	900,915.41	-
Morgan Stanley Short Term Bond Fund - Institutional Plus Growth		1,000,000.00		1,000,000.00		1,000,000.00
Taurus Ultra Short Term Bond Fund - Retails Growth Plan		947,142.75		947,142.75	947,142.75	-
Axis Treasury Advantage Fund - Growth		5,000.00		5,000.00		5,000.00
Taurus Ultra Short Term Bond Fund - Institutional Growth Plan		9,344.86		9,344.86	9,344.86	-
Taurus Liquid Fund - Institutional Growth		9,949.92		9,949.92	9,949.92	-
Taurus Liquid Fund - Growth Plan		838,078.41		838,078.41	838,078.41	-
UTI-Fixed Income Interval Fund-Series II-Quarterly Interval						
Plan VI- Instl. Growth Plan		5,000,000.00		5,000,000.00		5,000,000.00
ICICI Prudential Banking and PSU Debt Fund - Growth		1,987,755.43		1,987,755.43		1,987,755.43



Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 7	Current Year		Previous Year	
<u>INVENTORIES (As certified by management)</u>				
Raw Materials (Include ₹ 133.10 lacs in transit, (Previous year ₹ 99.50 lacs))		3,340.43		2,515.15
Packing Materials (Include ₹ Nil in transit, (Previous year ₹ 0.10 lacs))		593.40		579.57
Semi- Finished Goods		1,765.24		1,198.95
Finished Goods (Include ₹ 138.26 lacs in transit, (Previous year ₹ 193.73 lacs))		5,021.06		5,793.42
Stores and Spares		226.71		251.72
Total		10,946.84		10,338.81
Schedule 8				
<u>SUNDRY DEBTORS (UNSECURED)</u>				
Debts outstanding for period exceeding six months				
Considered good	1,523.43		563.81	
Considered doubtful	362.06		693.39	
	1,885.49		1,257.20	
Less: Provision for Doubtful Debts	(362.06)		(693.39)	
		1,523.43		563.81
Other debts - Considered Good		15,174.05		14,595.16
Total		16,697.48		15,158.97
Schedule 9				
<u>CASH AND BANK BALANCES</u>				
Cash on Hand		13.28		8.58
Balance with Scheduled Banks				
In Current Accounts	1,112.97		551.23	
In Fixed Deposit Accounts	813.74		2,438.03	
In Unpaid Dividend Accounts	126.46		97.02	
		2,053.17		3,086.28
Balance with Non Scheduled Banks outside India				
Balance with Foreign Banks		293.69		338.07
UKREXIMBANK (Maximum Balance during the year ₹ 23.97 lacs (Previous year ₹ 36.21 lacs))		0.02		0.04
SG-SSB Bank - Ghana (Maximum Balance during the year ₹ 13.73 lacs (Previous Year ₹ 7.69 lacs))		1.42		1.40
Turan Alem Bank, Almaty, Kazakhstan (Maximum Balance during the year ₹ 17.09 lacs (Previous year ₹ 29.28 lacs))		0.12		0.19
Uni Credit Bank (Maximum Balance during the year ₹ 11.06 lacs (Previous year ₹ 19.94 lacs))		2.23		2.40
Total		2,363.93		3,436.96

Schedules to Consolidated Accounts

As at 31st March, 2010
(₹ in lacs)

Schedule 10	Current Year		Previous Year	
<u>LOANS AND ADVANCES (UNSECURED)</u>				
Considered good unless otherwise stated				
Advances recoverable in Cash or in kind or for value to be received				
Considered Good	3,409.39		2,508.36	
Considered Doubtful	120.05		45.57	
	3,529.44		2,553.93	
Less : Provision for Doubtful Advances	120.05		45.57	
		3,409.39		2,508.36
Deposits		350.28		406.76
Advance payment of Income Tax (Net of provision for Taxation)	152.61		129.70	
Balance with Excise Department	525.55		528.34	
		678.16		658.04
Total		4,437.83		3,573.16
Schedule 11				
<u>CURRENT LIABILITIES</u>				
Due to Directors		165.71		300.95
Sundry Creditors				
Payable to Micro, Small and Medium Enterprises	-		-	
Advance from Customers	-		4.20	
Payable to other sundry creditors	11,707.28		10,129.93	
		11,707.28		10,134.13
Investor Education and Protection Fund shall be credited by the following (See note below)				
a) Unclaimed Dividend	126.46		97.02	
b) Unpaid matured deposits	1.14		1.49	
		127.60		98.51
Other Current Liabilities		1,162.93		1,173.13
Total		13,163.52		11,706.72
Note:				
The actual amounts to be transferred to the Investor Education and Protection Fund in respect of item(a) and (b) shall be determined on the due dates.				
Schedule 12				
<u>PROVISIONS</u>				
Provision for Employees benefit scheme		619.73		814.04
Proposed Dividend		-		1,802.83
Tax on Dividend		-		306.39
Interim Dividend (Refer Note 10 of Schedule 18)		2,524.82		-
Tax on Interim Dividend (Refer Note 10 of Schedule 18)		419.34		-
Total		3,563.89		2,923.26



Schedules to Consolidated Accounts

For the year ended 31st March, 2010
(₹ in lacs)

Schedule 13	Current Year		Previous Year	
<u>SALES / INCOME FROM OPERATIONS (GROSS)</u>				
Sales		74,354.12		73,421.14
Export benefits		337.11		375.14
Sundries		339.02		424.73
Total		75,030.25		74,221.01
Schedule 14				
<u>OTHER INCOME</u>				
Dividend received		0.09		0.09
Profit on sale of fixed assets		55.90		0.53
Miscellaneous Income		263.42		297.79
Discounting Charges		23.23		6.60
Profit on sale of current investments		160.86		96.83
Excess Provision for expenses written back		160.22		106.96
Foreign Exchange Fluctuation Gain (Net)		-		438.80
Total		663.72		947.60
Schedule 15				
<u>MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</u>				
Raw Materials Consumed		11,993.06		14,049.73
Packing materials, containers consumed		2,666.00		3,365.06
Stores and Spares consumed		486.07		509.75
Purchases of Finished goods		10,641.93		11,781.38
Manufacturing Charges		821.89		597.87
Personnel cost:				
Payments to and provision for employees				
Salaries, wages, Ex-gratia, bonus and commission	9,606.21		9,225.72	
Contribution to Provident and Other funds	632.03		582.06	
Employees' Welfare Expenses	81.25		301.64	
(Include ₹ -131.88 lacs (Previous year ₹ 79.77 lacs) of Employees' compensation expenses under ESOS Scheme.)		10,319.49		10,109.42
Power and Fuel		1,623.03		1,499.74
Rent		126.84		132.73
Insurance		278.48		270.68
Repairs :				
Plant and Machinery		251.25		259.69
Buildings		91.67		88.54
Others		486.32		343.95
Rates and Taxes		653.59		501.00
Advertising and sales promotion		6,234.59		6,389.30
Travelling and Conveyance		2,413.67		2,293.21
Freight outward		961.55		823.91
Directors' Fees		7.70		7.40
Commission on sales		892.28		878.51
Loss on sale / scrapping of assets		202.21		51.56
Foreign Exchange Fluctuation loss (Net)		223.44		-
Bad debts, loans, advances and deposits written off	427.26		499.93	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	298.78		487.13	
		128.48		12.80

Schedules to Consolidated Accounts

For the year ended 31st March, 2010
(₹ in lacs)

	Current Year		Previous Year	
Provision for doubtful debts, loans, advances and deposits for the year		41.94		619.00
Establishment and Administrative Expenses		2,989.98		3,415.74
		54,535.46		58,000.97
Increase/(Decrease) in stocks of Semi finished and Finished Goods		206.07		(1,417.85)
Total		54,741.53		56,583.12
Schedule 16				
RESEARCH & DEVELOPMENT EXPENDITURE				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, Wages & Exgratia		946.95		788.80
Contribution to Provident Fund & Other Funds		52.86		44.40
Employees' welfare expenses		11.02		3.50
Rates & Taxes		22.99		22.50
Repairs:				
Plant & Machinery		18.73		24.90
Buildings		1.49		1.20
Others		33.85		27.50
Power & fuel		98.24		90.30
Travelling & conveyance		41.06		33.90
Others		1,684.59		1,684.30
Total		2,911.78		2,721.30
Schedule 17				
INTEREST				
Banks		66.26		100.42
Others		172.08		155.08
		238.34		255.50
Less : Interest earned		134.19		65.80
(TDS deducted of ₹ 25.02 lacs (Previous year ₹ 3.20 lacs))				
Total		104.15		189.70



Schedules to Consolidated Accounts

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES / NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

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 subsidiaries 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 the Company itself.
- f) Unichem S. A. Proprietary (100%) Subsidiary Company incorporated in South Africa has different date of 28/02/2010 as a date of reporting than that of the parent Company.

4 The 'Manufacturing and Other Expenses' includes :

(₹ in lacs)

	Current Year	Previous Year
Niche Generics Ltd Product Development	233.76	372.15

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.
Viramrut Trading Pvt. Ltd.

(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. G. M. Cole
Mr. C. Moss

Schedules to Consolidated Accounts

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

Particulars	Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2010	2009	2010	2009	2010	2009
Sales of goods, etc.,*	-	-	-	3,994.96	-	3,994.96
Rent & Maintenance paid	2.02	2.86	0.60	0.60	2.62	3.46
Managerial remuneration*	427.84	477.30	-	-	427.84	477.30
Commission*	165.71	300.94	-	-	165.71	300.94
Dividend paid*	522.41	572.61	874.25	824.33	1,396.66	1,396.94
Salary paid	5.40	-	-	-	5.40	-
Total	1,123.38	1,353.71	874.85	4,819.89	1,998.23	6,173.60

* Includes transactions with parties which have ceased to be related parties during the current year.

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

Particulars	Key Management Personnel & their relatives		Enterprises under significant influence of Key Management		Total	Total
	2010	2009	2010	2009	2010	2009
Deposits given	45.06	100.29	-	-	45.06	100.29
Debtors*	-	-	-	1,288.71	-	1,288.71
Due to Directors*	165.71	300.94	-	-	165.71	300.94
Total	210.77	401.23	-	1,288.71	210.77	1,689.94

* Includes transactions with parties which have ceased to be related parties during the current year. (₹ 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.*	0.00	3,994.96
b)	Rent Paid Mrs. Anita Mody Pranit Trading Pvt. Ltd.	2.02 0.60	2.86 0.60
c)	Managerial Remuneration Dr. Prakash A. Mody Shri B K Sharma*	222.71 0.00	150.50 62.38
d)	Commission Paid Dr. Prakash A. Mody Shri B K Sharma*	165.71 0.00	150.47 150.47
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	254.34 162.04 140.42 169.07 0.00 140.05 342.91	237.62 153.43 132.22 160.20 0.08 132.44 374.77
f)	Purchases Niank Marketing Company*	0.00	18.59

*Includes Transactions with parties which have ceased to be related parties during the current year.

6 Segment Reporting :

Primary Segment

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

Secondary Segment (By Geographical Segment)

(₹ in lacs)

	Current Year	Previous Year
Sales and Operating Income		
India	56,197.20	51,618.45
Outside India	18,833.05	22,602.56
Total	75,030.25	74,221.01

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



Schedules to Consolidated Accounts

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:

	2009-2010	2008-2009
Profit after Taxation attributable to Equity shareholders (A)(₹ In lacs)	12,312.27	10,801.72
Weighted average number of Equity shares for Basic Earning per Share (B)	36,060,008	36,045,679
Weighted average number of Equity shares for Diluted Earning per Share (C)	36,275,401	36,062,886
Earning Per Share - Basic (A)/(B)	34.14	29.97
Diluted (A)/(C)	33.94	29.95
(Face value of ₹ 5/- per share)		

- 9 The deferred tax liability for the current year amounting to ₹ 232.00 lacs (Previous year ₹ 10.00 lacs) & short / excess provision for taxation of previous years accounted during the current year ₹ 32.63 lacs (Previous Year ₹ 13.81 lacs) is shown in the Profit and Loss Account under Provision for Taxation.

The deferred tax liability / (asset) comprises of

(₹ in lacs)

	Current Year	Charge/(credit) for the year	Previous Year
Deferred Tax Liability on account of Depreciation	3,909.23	202.13 202.13	3,707.10
Deferred Tax Assets Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	440.80	(29.87) (29.87)	470.67
Tax	3,468.43	232.00	3,236.43

- 10 Interim Dividend includes an amount of ₹ 2,524.82 lacs @ ₹ 7/- per share (face value of ₹ 5/- per share) declared on 10th May, 2010 and paid on 21st May, 2010. Accordingly said amount along with Dividend Distribution Tax of ₹ 419.34 lacs is shown under Schedule-12 as provisions.
- 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
July 22, 2010

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, 2010	31st March, 2010	28th Feb, 2010	31st March, 2010
Shares in the Subsidiary held by the Holding Company as at the above date				
i) Number of Shares	6,25,000 shares of GBP 1 each fully paid -up	59,40,762 Shares R\$ 1 each fully paid - up	19,000 shares of South African Rand 10/- each fully paid-up	46,76,955 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 2010.				
i) For the Subsidiary's financial year ended as aforesaid.	GBP (1,89,075)	R\$ (12,55,018)	SAR 197	US\$ (12,38,241)
ii) For the Previous financial years of the Subsidiary since it became Holding Company's Subsidiary.	GBP (6,20,080)	R\$ (43,37,928)	SAR (1,65,840)	US\$ (30,24,900)
B) Dealt with in the Holding Company's accounts for the year ended 31st March 2010.				
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)

(₹ in lacs)

Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend
Niche Generics Limited	1,624.12	235.52	3,140.98	1,281.35	-	7,326.20	(133.06)	-	(133.06)	-
Unichem S.A. (Proprietary) Ltd.	12.14	(10.66)	1.48	-	-	-	0.19	-	0.19	-
Unichem Farmaceutica Do Brasil Ltda	1,324.81	(1,239.75)	85.06	-	-	2.30	(318.23)	-	(318.23)	-
Unichem Pharmaceuticals USA Inc.	2,116.90	(1,931.52)	185.38	-	-	351.86	(603.56)	-	(603.56)	-

Notes:

- The Ministry of Company Affairs vide its letter no.47/348/2010 – CL -III dated April 28, 2010 granted approval to the Company for not attaching the financials of subsidiary companies to the financials of the Company for the financial year 2009-10.
- 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 a.m. to 1.00 p.m.
- The Financials are given in ₹.



Notice

NOTICE is hereby given that the 47th Annual General Meeting of the members of UNICHEM LABORATORIES LIMITED will be held on Thursday, September 16, 2010 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 consider and adopt Audited Balance Sheet as at March 31, 2010 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 1st Interim Dividend of ₹ 3/- per Equity Share and 2nd Interim Dividend of ₹ 7/- per Equity Share of ₹ 5/- each already paid as Final Dividend for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Prafull D. Sheth, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anand Mahajan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. B. D. Jokhakar & Co., having firm registration number 104345W, 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

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

"RESOLVED THAT pursuant to the provisions of Section 94(1)(d) and all other applicable provisions of the Companies Act, 1956 for the time being in force and subject to the provisions of the Articles of Association of the Company, the consent of the shareholders be and is hereby accorded to sub-divide each equity share of nominal value of ₹ 5/- (Rupees Five only) each in the capital of the Company, into equity shares of ₹ 2/- (Rupees Two only) each;

RESOLVED FURTHER THAT fractional entitlements, if any, arising out of the sub-division of equity shares, as resolved above, be vested in a special account held by Mr. Ramdas Gandhi, Independent Director of the Company, who be and is hereby authorized to act as 'Trustee' for this purpose, and these entitlements be dealt by the Trustee in the best interest of the Members;

RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof) be and is hereby authorized to issue new share certificates representing the sub-divided shares with new distinctive numbers in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates or cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled and also to inform the Registrar & Transfer agents of the Company and the depositories to take the necessary action to give effect to the above;

RESOLVED FURTHER THAT in partial modification of the Special Resolution passed at the Extraordinary General Meeting held on February 28, 2004 and resolutions passed at Annual General Meeting held on August 11, 2005 and Annual General Meeting held on July 27, 2006, in connection with Employee Stock Option Scheme – 2004 (ESOS – 2004), consent and approval of the shareholders be and is hereby accorded to the Board for carrying out such adjustments as may be necessary to give effect of the sub-division, in the number and/or price of the options to the eligible employees under and pursuant to ESOS – 2004;

RESOLVED FURTHER THAT in partial modification of the Special Resolutions passed through voting by Postal Ballot conducted pursuant to Section 192A of the Companies Act, 1956 as set out in the Notice dated 3rd October, 2008, in connection with Employee Stock Option Scheme – 2008 (ESOS - 2008), consent and approval of the shareholders be and is hereby accorded to the Board for carrying out such adjustments as may be necessary to give effect of the sub-division, in the number and/or price of the options to the eligible employees under and pursuant to ESOS – 2008;

RESOLVED LASTLY THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its sole discretion deem necessary, expedient, usual or proper, and to settle any question, doubt or difficulty that may arise with regard to the issue and allotment of sub-divided equity shares as aforesaid or any other matter incidental or consequential thereto and its decision shall be final and binding on all members and other interested persons."

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

"RESOLVED THAT in pursuance to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in place thereof, the following as new Clause V:

'V. The Authorised Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 17,50,00,000 (Seventeen Crore Fifty Lakhs) Equity Shares of ₹ 2/- (Rupees Two only) each, 50,00,000 (Fifty Lakhs) Preference Shares of ₹ 10/- (Rupees Ten only) and 5,00,00,000 (Five Crore) Unclassified Shares of ₹ 2/- (Rupees Two only) each and the Company shall be at liberty to issue such shares with preferential, deferred, qualified or special rights, privileges or conditions attached thereto. The Company shall also be at liberty upon any increase of capital to issue any new shares with preferential, deferred or special rights, privileges or conditions attached thereto. The rights for the time being attached to any shares having privileges or conditions attached thereto may be altered or dealt with in accordance with the provisions of the accompanying Articles of Association or according to provision of law but not otherwise';

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take steps expedient or desirable to give effect to this Resolution."

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

"RESOLVED THAT in pursuance to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 5 of the Articles of Association of the Company be and is hereby altered by deleting the same and substituting in place thereof, the following as new Article 5:

'5. The Authorised Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 17,50,00,000 (Seventeen Crore Fifty Lakhs) Equity Shares of ₹ 2/- (Rupees Two only) each, 50,00,000 (Fifty Lakhs) Preference Shares of ₹ 10/- (Rupees Ten only) and 5,00,00,000 (Five Crore) Unclassified Shares of ₹ 2/- (Rupees Two only) each.'

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take steps expedient or desirable to give effect to this Resolution."

9. To consider and if thought fit, to pass with or without

modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the shareholders be and is hereby accorded to insertion of new sub-clause 66 after sub clause 65 of Object Clause III in the Memorandum of Association, given as under:

"To carry on the business of real estate and construction including construction and development of roads and for that purpose, buy, sell, purchase, lease, sub-lease or on rent or on tenancy or on license or otherwise maintain, develop, demolish, construct, build, erect, alter, repair, remodel and turn to account any land or building owned or acquired or leased by the Company in which the Company may be interested as owners, lessors, lessees, licensees, architects, builders, interior decorators, designers, vendors, contractors, property developers, and real estate owners and agents whether such land or building or the development thereof be for or in respect of residential or commercial purposes such as multi-storeyed buildings, complexes, houses, flats, offices, shops, garages, cinema theatres, business and industrial centers, factories, amusement parks, malls, industrial growth centre, hotels, restaurants, motels, pubs, inns, taverns, resorts or other structures and purchasing, holding in stock or selling materials or trading in construction materials and building accessories, electrical, sanitary, plumbing and other fixtures, fittings, equipments, plant, machinery, tools & appliances including furniture, fixtures, household goods, and decoration materials."

RESOLVED FURTHER THAT the existing Memorandum of Association of the Company, duly modified as aforesaid, or as suggested by any appropriate authority and accepted by the Board, be adopted as the Memorandum of Association of the Company;

RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby accorded pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing and carrying on all or any of the new business and activities as included in the object clause of the Company as amended above, at such time or times as the Board may deem fit.;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorized



Notice

to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions / matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution, take such further incidental and ancillary steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company and its shareholders.”

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

Mr. K. Subharaman
Head – Legal & Company Secretary

Mumbai
July 22, 2010

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items 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, authorizing 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 September 13, 2010 to September 15, 2010 (both days inclusive).
6. As required under Clause 49 IV(G) of the Listing Agreement, the relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is given below:

At the ensuing 47th Annual General Meeting, Mr. Prafull D. Sheth and Mr. Anand Mahajan retire by rotation and being eligible, offer themselves for reappointment.

Profile of Mr. Prafull D. Sheth

Mr. Prafull D. Sheth currently serves as Vice-President, International Pharmaceutical Federation, The Hague, The Netherlands, and Professional Secretary; SEAR Pharm Forum (South East Asian FIP-WHO Forum of National Pharmaceutical Associations). He holds a Bachelors Degree in Chemistry from University of Mumbai, Bachelor's and Master's degrees in Pharmacy from University of Missouri, USA. He served as Executive Vice President and as a Member on the Board of M/s. Ranbaxy Laboratories Limited, and as President of Indian Pharmaceutical Association. He is a Non Executive Director on the Board of RFCL Ltd. He is member of the Audit Committee in RFCL Ltd. He has been on the Board of Unichem since 2003. He is the Chairman of the Compensation Committee of Unichem. He held 1,000 shares in the Company as on March 31, 2010. He exercised and was allotted 1,000 shares under ESOS 2008 in May 2010.

Profile of Mr. Anand Mahajan

Mr. Mahajan graduated from St. Xavier's College, Mumbai, in 1974 and obtained a B.A. (Honours) degree in Economics. He completed his Masters degree in Economics, securing a First Class, from the University of Mumbai in 1975. In 1983, he received a MBA (with distinction) from Cornell University, USA. In 1974, Mr. Mahajan joined the State Bank of India as a Probationary Officer and served the Bank in various positions until 1981. On completion of his MBA in 1983, Mr. Mahajan joined Grindwell Norton Ltd. In 1988, he was appointed as a Whole-time Director and in 1991, he became the Managing Director. He continues to hold this position. In 1996, Grindwell Norton became a subsidiary of Saint-Gobain. At the same time, Mr. Mahajan was appointed as the General Delegate of Compagnie de Saint-Gobain for India. In this role, Mr. Mahajan is responsible for all the activities of and the development of the Saint-Gobain Group in India and in the neighbouring countries. Mr. Mahajan is the Chairman of Saint-Gobain Glass India. Mr. Mahajan is a member of the Group Management Executive Committee of Compagnie de Saint-Gobain; the first and only Asian on this Committee. Mr. Mahajan is an active Member of the Bombay Chapter of the World Presidents Organisation. He has been on the Board of Unichem since 2005. He held no shares in the Company as on March 31, 2010. He exercised and was allotted 1,000 shares under ESOS 2008 in May 2010.

Annexure to Notice

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

Item No. 6,7 & 8

The Company had effected the previous sub-division of its equity shares from face value ₹ 10/- each to face value of ₹ 5/- each in the Extraordinary General Meeting held on 28th day of February, 2004. Over a period of time, the share price of the Company has shown an improvement reflecting the performance of the Company. With a view to broad base the investor base by encouraging the participation of the retail investors and also to increase the liquidity of the equity shares of the Company, the Board of Directors of the Company ('the Board') at their meeting held on July 22, 2010, considered it desirable to sub-divide the nominal value of the equity shares of ₹ 5/- each into equity shares of ₹ 2/- each.

If the resolution placed at Item No. 6 for sub-division of face value of Equity shares is passed by the members, it would result in some fractional entitlement. For this, the Company proposes to appoint Mr. Ramdas Gandhi, Independent Director of the Company to act as 'Trustee' and to hold the shares on behalf of the Members. These fractional shares will be converted into full shares and be dealt by the Trustee according to the accepted market norms, in the best interest of the Members.

Shareholders attention is invited to the fact that in view of the sub-division, the existing Capital Clause V in the Memorandum of Association and Article 5 in the Articles of Association of the Company relating to authorised capital also needs amendment to give effect to the sub-division.

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the Meeting.

The Directors of the Company may be deemed to be concerned or interested in these Resolutions only to the extent of their shareholding and recommend your acceptance thereof in the interests of the Company.

Item no. 9

The present Memorandum of Association covers in its Object Clause, development of properties for the purposes of the present business of the Company. It is necessary to amend the Object Clause in case the Company ventures into development of properties/real estate which may not be connected with or related to the present business. Thus, it is proposed to included such business in the Object Clause of Memorandum of Association of the Company and commence such business thereafter.

Therefore, it is proposed to insert new sub-clause 66 after existing sub-clause 65 in Object Clause III of Memorandum of Association.

The business activities discussed in the proposed sub-clause 66 can be conveniently and advantageously combined with the existing business of the Company.

Section 17 of the Companies Act, 1956 stipulates that the Object Clause of the Memorandum of Association can be altered by a Special Resolution passed by the Shareholders of the Company. Pursuant to Section 149(2A) of the Companies Act, 1956, approval of the shareholders is necessary by way of Special Resolution before commencement of any of the activities as mentioned in the proposed new Object Clause of the Memorandum of Association of the Company.

Approval of the shareholders is thus sought for amendment to the Object Clause and for commencement and carrying out of new business and activities as detailed in the Item No.9. The said new business and activities would be commenced at such time or times



Annexure to Notice

as the Board may deem fit in the interest of the Company and subject to all applicable laws, rules, regulations and guidelines governing these activities.

A copy of the Memorandum and Articles of Association of the Company showing proposed alterations is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the Meeting.

The Directors of the Company may be deemed to be concerned or interested in these Resolutions only to the extent of their shareholding and recommend your acceptance thereof in the interests of the Company.

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

Mr. K. Subharaman
Head – Legal & Company Secretary

Mumbai
July 22, 2010



**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 47th Annual General Meeting of the Company on Thursday, September 16, 2010 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.:

No. of Shares held:

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

ofbeing 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 **47th Annual General Meeting of the Members of the Company to be held on Thursday, September 16, 2010 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 of2010

Revenue
Stamp

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.





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
ESOS	Employee Stock Option Scheme
FOB	Free on Board
FORMULATION	Art of developing or preparing a drug, or the final product itself
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
IMS-HEALTH	It is an international company that supplies the pharmaceutical industry with sales data & consultancy services
ISO	International Organization for Standardization
MAT	Moving Annual Total
MCC	Medicines Control Council in South Africa
MHRA	UK Medicines and Healthcare Products Regulatory Agency
TGA	Therapeutic Goods Administration Regulatory in Australia
USFDA	United States Food and Drug Administration
WHO	World Health Organization
₹	Indian Rupee Symbol

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 management's 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.





UNICHEM
LABORATORIES LTD.