

Annual Report 2010-11



UNICHEM
LABORATORIES LTD.



Touching
Human Lives

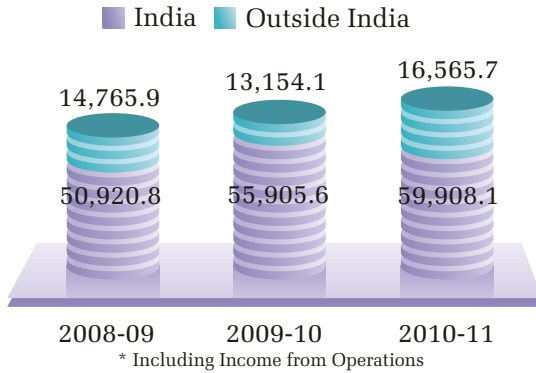




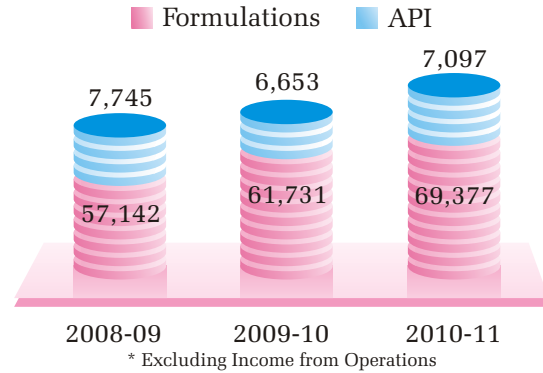
Financial Highlights

- Sales / Income from operations (Net) for the year stood at ₹ 76,474 lacs, reflecting 10.74% growth
- Revenues from International business up by 25.9% to ₹ 16,565.67 lacs
- Payment of 200% Total Dividend during the year

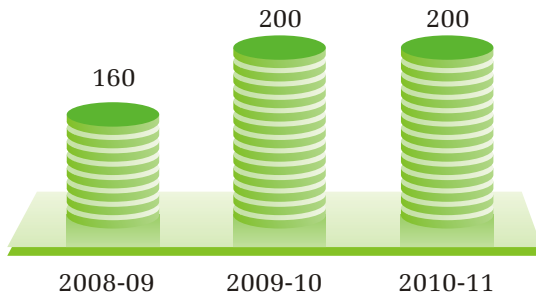
Sales Mix by Geographical Segment*
(₹ in lacs)



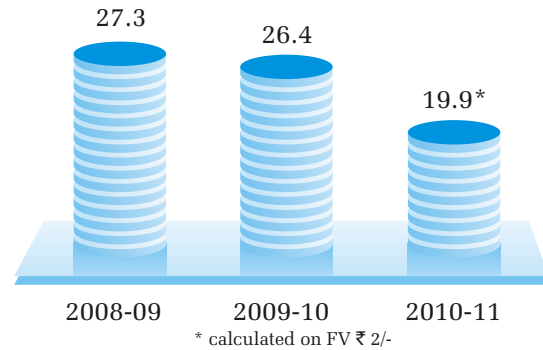
Sales Revenue Mix*
(₹ in lacs)



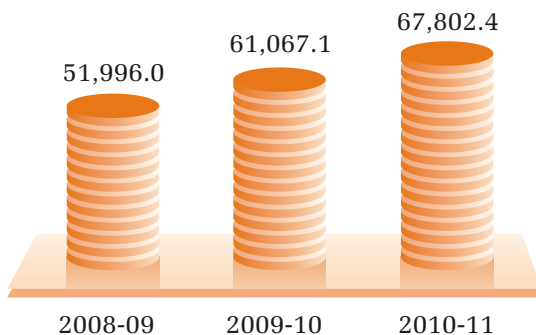
Dividend (in %)



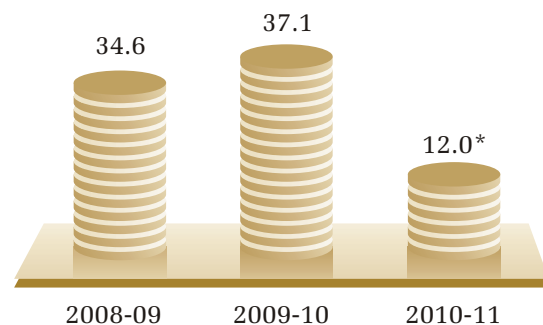
Return on Capital Employed (in %)



Net Worth (₹ in lacs)



Earnings per share (Basic)
(in ₹)



* Figures calculated on revised FV ₹ 2/- per share
Previous years figures calculated on FV ₹ 5/- per share



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

PITHAMPUR

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

ROHA

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

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.

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Message from the Chairman

Dear Stakeholders,

Indian Pharmaceutical Industry is undergoing rapid transformation in terms of customers' needs, regulatory standards and growth drivers. Among these changes, one of the most important has been the increasing pressure from customers, governments and society to deliver greater value.

I'll summarize our performance in last financial year and talk about the four imperatives that are driving the actions we are taking to address the challenges we face:

- Making API business profitable
- Growing domestic business higher than the market growth
- Turning around of subsidiary companies
- Improving operational efficiencies

I am optimistic about Unichem's future because I believe we will create value in the medium to long

term by leveraging products that are innovative and science-driven, making the right capital allocation decisions, continuing to promote a culture of confidence and trust, and earning respect from society.

The financial results of last financial year is somewhat mixed in terms of turnover and net profit. The Company earned PBIDTA of ₹ 161.50 Crores as against ₹ 179.45 Crores earned in the previous financial year. Though the turnover grew by 10.8%, at ₹ 757.81 Crores, the Company earned lower profits due to higher spending on Sales & Marketing expenses, commissioning of new plants at Baddi and Sikkim and adverse product mix. Despite lower profits, the Board has recommended final dividend of 140% and taken together with interim dividend of 60%, the total dividend for the year works out to ₹ 4/- per equity share of ₹ 2/- [200%].

India's Domestic Pharma Market offers immense potential, which is currently, valued at approximately ₹ 48,239 crores, reflecting strong growth of 15.3% for the twelve months ending March, 2011 (*IMS MAT March, 2011*). As per the latest report of Pricewaterhouse Coopers (PwC) - 'India's Pharma Inc: Capitalising on India's growth potential', estimates that over the next 10 years, the domestic market will grow to US\$ 49 billion @ CAGR of 15%, with the potential to reach US\$ 74 billion @ CAGR of 20%, if aggressive growth drivers kick in.

One of the drivers behind this potential growth expectation is that India's pharmaceutical industry has a favorable macro environment to grow in. The Indian economy has rebounded from the global economic downturn, with real gross domestic product (GDP) growth reaching 10.4% in 2010 (*IMF World Economic Outlook April, 2011*).

Over 76% of our turnover is contributed by the Domestic formulation market where Unichem enjoys an enviable reputation built over six decades. Therefore, our focus is to consolidate our



presence by 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.

As communicated to you last year, the Company continued its transformation initiatives to restore momentum to its core business of domestic formulations. These included portfolio prioritization and sales force alignment to improve the coverage of the existing portfolio, and strengthening a second tier of power brands. A new division “Unifem” (Gynecology) was launched and we will be hiring around 150 field personnel during this year to support this division. We had launched 22 new products during last Financial Year and our efforts are on to launch more in the current Financial Year to expand our product portfolio covering various therapies.

I am happy to inform that in cardiac market, Unichem jumped to 4th position this year from 6th position last year, thus adding the highest incremental value as per IMS. Unichem is the undisputed leader in ARB segment of cardiac market.

We have been investing continuously in upgrading and expanding our manufacturing and research facilities at multiple locations. Our Sikkim plant, which was commissioned during the year, is now fully operational. Betalactum plant at Baddi, which underwent modernization is now functional and has been recertified by MHRA. Cephalosporin plant at Baddi is also fully ready for commercial exploitation. It is our endeavor to have this plant certified by USFDA. We have recently acquired additional land adjacent to our existing Goa Factory and planning a major expansion to enhance tablet / capsulation capacity from present 900 million to 2400 million units. The construction activities at SEZ, Pithampur is expected to get over by the end of this financial year and immediately thereafter, we will trigger for USFDA certifications.

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. Contractual supplies will become one of the growth areas for the Company to sweat manufacturing assets more in the coming years.

With regard to our global operations, Niche Generics, our UK Subsidiary, had a difficult year and continued to make losses. There are strategies in place to turn around the operations during the current financial year. In US market we launched 5 products and the same have been received well. During last financial year, we clocked total revenues of US\$ 5.3 million. With more product filings and approvals in the pipeline, the foundation for substantial ramp up in sales has been laid.

Our current focus on the API business is to make reasonable profits. With US business slated for a take off, the API business support to the international business is expected to deliver desired results. In addition, new initiatives to expand customer base in new geographies 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 fully recognize the complexity of the challenges we face over the next several years and are prepared to address them by focusing on four imperatives that will allow us to distinguish ourselves from others, and we will continue to create superior value for all our stakeholders.

Warm Regards

Dr. Prakash A. Mody
Chairman & Managing Director



Top Brands



LOSAR Group



Ampoxin[®]



Serta[®]



RANX[®]



TG-tor[™]



UNIENZYME[®]



Top Brands



METRIDE[®] 1



Telsar[®]



allerfex[®]



MYCLAV^{*}



CORVADIL[®]



Trika[®]



Five-year Financial Highlights

Balance Sheet

(₹ in lacs)

As at 31st, March	2007	2008	2009	2010	2011
SOURCES OF FUNDS					
Equity share capital	1,801.70	1,802.10	1,802.75	1,803.15	1,804.79
Share Application Money	-	-	-	2.64	-
Reserve & surplus	35,331.10	40,999.79	50,193.27	59,261.29	65,997.60
Net worth	37,132.80	42,801.89	51,996.02	61,067.08	67,802.39
Secured Loans	896.30	553.30	674.78	248.08	773.12
Unsecured Loans	1,628.10	1,783.00	1,878.41	2,048.35	2,271.56
Total Loans	2,524.40	2,336.30	2,553.19	2,296.43	3,044.68
Total Liabilities	39,657.20	45,138.19	54,549.21	63,363.51	70,847.07
APPLICATION OF FUNDS					
Gross block	27,006.90	31,235.60	38,511.22	43,738.82	50,442.85
Depreciation	7,421.20	8,805.50	10,500.07	12,246.75	14,878.42
Net block	19,585.70	22,430.10	28,011.15	31,492.07	35,564.43
Capital WIP	6,543.20	10,319.20	7,592.94	6,288.08	7,912.13
NB + CWIP	26,128.90	32,749.30	35,604.09	37,780.15	43,476.56
Investment	3,661.70	4,180.93	6,081.03	12,831.44	10,014.35
CURRENT ASSETS					
Inventories	7,020.30	7,145.00	9,206.68	9,764.13	13,541.83
Debtors	12,530.50	12,358.05	13,620.87	16,243.44	18,450.93
Cash and bank balance	750.90	697.07	2,957.77	1,906.40	1,044.12
Loans & advances	2,926.50	2,703.24	3,438.78	4,344.68	5,038.13
Total current assets	23,228.20	22,903.36	29,224.10	32,258.65	38,075.01
CURRENT LIABILITIES					
Creditors	8,216.20	7,991.80	9,507.17	11,633.72	12,353.11
Other current liabilities	1,005.60	576.60	693.15	840.69	924.35
Provisions	1,328.40	2,900.60	2,923.26	3,563.89	3,659.96
Total current liabilities	10,550.20	11,469.00	13,123.58	16,038.30	16,937.42
Deffered tax liability	2,811.40	3,226.40	3,236.43	3,468.43	3,781.43
Net current assets	9,866.60	8,207.96	12,864.09	12,751.92	17,356.16
Total Assets	39,657.20	45,138.19	54,549.21	63,363.51	70,847.07



Five-year Financial Highlights

Profit and Loss Account

(₹ in lacs)

For the year ended 31st, March	2007	2008	2009	2010	2011
Sales and income from operations	56,241.30	59,391.15	66,384.31	69,351.32	77,022.20
Other Income	1,060.70	669.83	1,049.92	658.36	660.22
Total Income	57,302.00	60,060.98	67,434.23	70,009.68	77,682.42
Material consumption	14,433.70	14,500.95	15,303.30	12,913.80	17,738.66
Purchase of finished goods	9,236.90	10,109.13	10,563.77	10,167.05	10,161.27
Increase/ Decrease in stocks of semi- finished and finished goods	(301.00)	(330.08)	(1,641.14)	256.65	(2,223.76)
Research & Development Expenses	1,966.80	2,157.00	2,349.20	2,678.02	3,668.32
Stores and spares	462.90	290.00	394.16	376.78	611.66
Power and fuel	1,256.90	1,419.50	1,440.14	1,563.35	2,183.13
Staff costs (Excluding R&D)	5,550.40	6,191.23	7,085.39	7,585.40	9,306.64
Excise	1,681.90	1,281.80	697.65	291.65	548.46
Selling expenses	4,901.30	5,996.00	6,300.24	6,131.94	7,851.27
Other expenses	6,147.70	7,308.25	8,476.20	9,441.56	11,025.88
Total Cost	45,337.50	48,923.78	50,968.91	51,406.20	60,871.53
PBDIT	11,964.50	11,137.20	16,465.32	18,603.48	16,810.89
Interest	188.80	151.72	63.98	50.97	58.82
PBDT	11,775.70	10,985.48	16,401.34	18,552.51	16,752.07
Depreciation	1,201.20	1,537.20	1,992.38	2,146.85	2,721.77
Profit before tax	10,574.50	9,448.28	14,408.96	16,405.66	14,030.30
Exceptional & prior period items	(117.50)	2.29	-	0.86	1.31
Current tax	1,186.00	1,055.00	1,610.00	2,811.00	2,846.00
Fringe benefit tax	210.00	255.00	300.00	-	-
Profit after current tax	9,296.00	8,135.99	12,498.96	13,593.80	11,182.99
Deferred tax	280.00	415.00	10.00	232.00	313.00
Profit after tax	9,016.00	7,720.99	12,488.96	13,361.80	10,869.99
Note:					
Exports at FOB value	11,702.10	11,052.24	13,664.88	12,318.23	14,585.51
Equity dividend	1,801.70	1,802.10	2,884.17	3,606.65	3,609.54
Expenditure on R&D :					
-Capital	315.20	1,114.20	382.07	202.82	2,582.24
-Recurring	1,966.80	2,157.00	2,349.20	2,678.02	3,668.32
Total R & D expenditure	2,282.00	3,271.20	2,731.27	2,880.84	6,250.56

Key Ratios & EPS

As at 31st, March	2007	2008	2009	2010	2011
ROCE (%)	27.68	21.14	27.27	26.41	19.92
RONW (%)	24.00	18.04	24.02	21.88	16.03
EVA (₹ In lacs)	4,505.95	2,341.69	6,902.92	6,214.72	3,318.00
Per share Data					
EPS (₹)*	25.02	21.57	34.61	37.14	12.03
Dividend (%)	100%	100%	160%	200%	200%
Dividend (in ₹) per Share*	5.00	5.00	8.00	10.00	4.00
Book Value per Share (₹)*	103.05	118.75	144.21	169.33	75.14

* For FY. 2010-2011 figures have been calculated on revised Face Value of ₹ 2/- per share (Previous years figures have been calculated on Face Value of ₹ 5/- per share)



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 48th Annual Report on the business and operations of the Company for the financial year ended March 31, 2011.

Financial Highlights

The table given below gives the financial highlights of the Company on Standalone basis for the year ended March 31, 2011 as compared to the previous financial year.

For the year ended March 31
(₹ in lacs)

Particulars	2011	2010
Sales/ Income from operations (Net)	76,473.74	69,059.67
Other Operating Income	660.22	658.36
Total Income	77,133.96	69,718.03
Profit before tax	14,030.30	16,405.66
Tax Expenses (Including deferred tax & Fringe Benefit tax)	3,159.00	3,043.00
Net profit from ordinary activities after tax but before Prior period items	10,871.30	13,362.66
Add/(less): Prior period Expenses	(1.31)	(0.86)
Add/(less): Excess/(Short) provision for taxation pertaining to previous years	(20.21)	32.63
Net Profit for the period	10,849.78	13,394.43

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

Review of Operations

During the year under review, Sales / Income from operations (Net) increased to ₹ 76,473.74 Lacs in 2010-11 from ₹ 69,059.67 Lacs in 2009-10, registering a growth of 10.74 %. Consolidated Sales / Income from operations (Net) stood at ₹ 82,403.81 Lacs as compared to ₹ 74,738.60 Lacs registering an increase of 10.26%.

Appropriations

Your Company has transferred ₹ 1,500.00 Lacs to the General Reserve during the year under review. An amount of ₹ 44,242 Lacs is proposed to be carried forward from the Profit & Loss Account.

Dividend

Your Company has consistently paid higher rate of dividend over all these years. Your Directors at their meeting held on October 16, 2010, declared Interim Dividend of ₹ 1.20/- (60%) per equity share of ₹ 2/- each fully paid up (previous year: total interim dividend declared and paid was ₹ 10/- (200%) equity share of ₹ 5/- each fully paid up). The total interim dividend payout for year 2010-11 (including dividend distribution tax) was ₹ 1,262.67 Lacs. The above Interim Dividend declared and paid is to be confirmed by the Members at the ensuing Annual General Meeting.

Your Board of Directors at their meeting held on May 14, 2011 recommended ₹ 2.80 (140%) per equity share of ₹ 2/- each fully paid up. The register of members and share transfer books shall remain closed from July 18, 2011 to July 22, 2011, both days inclusive. The Annual General Meeting of the Company is scheduled for July 28, 2011. If the final dividend is approved by the shareholders at the

annual general meeting it would take the total dividend paid for the year to ₹ 4/- (200%) per equity share of ₹ 2/- each fully paid-up.

Sub-division of Face Value of Equity shares

As you are aware during the year under review, face value of equity shares were sub-divided from ₹ 5/- each to ₹ 2/- each. At present, the issued, subscribed and paid-up Share Capital of the Company stands at ₹ 180,494,000 Crores comprising of 90,247,000 Equity Shares of ₹ 2/- each fully paid-up.

Scheme of Arrangement

Your Board has considered and approved the valuation report, exchange ratio and the Scheme of Arrangement between AVM Capital Services Private Limited, Chevy Capital Services Private Limited, PM Capital Services Private Limited, Pranit Trading Private Limited and Viramrut Trading Private Limited and Unichem Laboratories Limited at its meeting held on May 14, 2011. The above mentioned Transferor Companies are companies through which the promoters of your Company hold shares in Unichem Laboratories Ltd. The proposed merger would help in consolidating and streamlining the Promoter holding in your Company and bring long term stability in the holding structure of Unichem without any change in the promoter holdings.

The said Scheme shall be filed with the concerned High Court or such other competent authority and directions would be sought for holding/dispensing with meeting of the shareholders/creditors of your Company to give effect to the Scheme.



Directors' Report

Employee Stock Options Scheme

During the year under review, 73,000 of ₹ 2/- options were exercised and equivalent numbers of equity shares were allotted (on pari passu basis) under the Employees' Stock Option Scheme – 2008.

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

Management's Discussion and Analysis

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

Corporate Governance

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

Information for Shareholders

Additional information pertaining to shareholders like Equity History, Dividend Payment History, Shareholding pattern, etc. is provided in this Annual Report.

Consolidated Financial Statements

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

Notes on Subsidiaries

Your Company has 4 (four) subsidiaries as on March 31, 2011. Your Company had applied to the Central Government 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 and dossier filing in European markets. It recorded sales of GBP 100.4 Lacs for the year ended March 31, 2011 as compared to GBP 104.1 Lacs for the previous year ended March 31, 2010. The loss for the year ended March 31, 2011 stood at GBP 7.9 Lacs compared to the loss of GBP 1.9 Lacs for the year ended March 31, 2010.

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 27.7 Lacs for the year ended March 31, 2011 and incurred loss of USD 9.2 Lacs for the same period compared to the loss of USD 12.4 Lacs for the year ended March 31, 2010.

Unichem Farmaceutica Do Brasil Ltda

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

The subsidiary plans to have marketing alliances for promoting, warehousing and distribution. The entity suffered a loss of Brazilian Reals 14.4 Lacs in the current year as against Brazilian Reals 9.3 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 58 in the current year as compared to profit of SA Rand 197 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, 2011, 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 2010-11 and profit made by the Company for that period;
- 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;
 - they have prepared the annual accounts on a going concern basis.

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 Anubhai and Mr. Ramdas Gandhi 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 the aforesaid appointments. The information required under Clause 49 IV (G) of the Listing Agreement is given in the Notice of the Annual General Meeting.

Auditors

The Statutory Auditors of the Company, M/s. B. D. Jokhakar & Co., retire at the conclusion of the ensuing Annual General Meeting and are eligible for 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 2011-12.

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 has re-appointed Mr. Y. R. Doshi, Cost Accountant, having membership no. 3286, as the Cost Auditor to audit the cost accounts relating to "Bulk Drugs" and "Formulations" for the financial year ending 2011-12. The due date for filing Cost Audit Reports of the financial year 2009-10 for your Company was 27th September, 2010 and the reports were filed well within the due date i.e. on 24th September, 2010. Similarly, the due date for filing Cost Audit Reports of the financial year 2010-11 for your Company is 27th

September, 2011 and the tentative date for filing these reports is 24th September, 2011.

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

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



Directors' Report

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 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.

As you are aware, our Company has undertaken a project for Primary Health Centre in Village Taki-Pathar, Shahpur Taluka, Dist. Thane in the name of Mr. Amrut Mody, founder of the Company. This Health Centre was inaugurated in September last year and now shall cater to medical needs of adiwasi population of Shapur taluka of Thane District. A dedicated team of doctors provide regular treatment to patients for TB, epilepsy and leprosy at the Centre. During the financial year under review, the Centre organized 18 diagnostic, surgery and post operative camps at Taki, Andad and Shirval Villages of Shapur. Free Cataract operations were carried out in Mumbai for 205 patients. Educational aid in the form of notebooks, compass boxes, biscuits, etc was provided to around 1600 students from 20 schools. General Medical and Dental check up camp was organized in Khalapur district in Raigad. 180 students took advantage of the camp.

Our Company has volunteered to be the chief donor to Ahmedabad University School of Management which is promoted by Ahmedabad Education Society. During the year the Company donated a sum of ₹ 3 Crores to the Management School. This donation is being given in the memory of its founder Chairman Mr. Amrut Mody who was a pioneer in Indian Pharma Industry and a visionary Technocrat and who was instrumental in supporting and

contributing via endowments to educational institutions during his lifetime.

Plant Visit

Your Company had organized a plant visit for the shareholders to our Roha plant. The visit included information about the various functions and processes taking place at Roha plant. The visit was a grand success.

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. 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 workers and employees at our plant locations and corporate office. Our Pithampur plant officials have developed a Safety Park at the plant where various types of personal protective equipments, informative posters, fire extinguishers, etc are displayed for creating awareness towards safety among all employees.

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 acknowledges the trust reposed in the Company by medical fraternity and patients. We look forward to having the same support in our mission to enhance health through quality products.

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

Dr. Prakash A. Mody
Chairman & Managing Director

Mumbai,
 May 14, 2011



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, 2011 are given here below:

Particulars	ESOP - 2004		ESOP - 2008	
	For Options granted on 24.12.04	For Options granted on 10.02.06	For Options granted on 26.03.09	For Options granted on 17.06.09
a. Options granted**	250,000 (in 2004-05) 500,000 (in 2005-06)		125,000 (in 2008-09) 743,750 (in 2009-10)	
b. The pricing formula	@ ₹ 44/- per share of for face value of ₹ 2/- each grants prior to 2004-05 @ ₹ 105.42 per share for grants made in 2005-06		@ ₹ 46/- per share	
c. Options vested	181,250		102,125	
d. Options exercised	179,000		73,000	
e. The total number of Shares arising as a result of exercise of Options	179,000		73,000	
f. Options lapsed*	568,750		75,750	
g. Variation of terms of Options	As per the notice of 43 rd AGM.		Nil	
h. Money realised by exercise of Options	₹ 7,876,000		₹ 3,358,000	
i. Total number of Options in force	2,250		29,125	
j. Employee wise detail of Options granted during the year:				
(i) Senior manager personnel	Nil		Nil	
(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'.	₹ 11.95		₹ 11.95	
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	264.0	115.0	115.0
- Weighted average Fair value (₹)	138.7	158.0	68.1	102.0
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	6.43%	6.9%	5.32%	4.62%
- Expected life	5 years	5 years	5 years	5 years
- Expected volatility	59.2%	36.89%	41.02%	41.23%
- 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	₹ 325.00	₹ 160.05	₹ 211.50

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

** Options granted, exercised and outstanding as on March 31, 2011 stands augmented and exercise price stands reduced on account of the sub-division of the Face value of Equity share from ₹ 5/- to ₹ 2/- each



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 & Foreign Exchange Earning and Outgo forming part of Directors' Report as follows:-

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	2011	2010
(a) ELECTRICITY		
(i) Purchased Units (Lacs)	214.39	187.53
Total Amount (₹ in Lacs)	1104.85	915.05
Rate / Unit (₹)	5.15	4.88
(ii) Own Generation		
Through Diesel Generator Units (Lacs)	30.37	27.74
Units per litre of Diesel Oil	3.33	3.29
Cost per unit (₹)	9.63	7.81
Through Steam Turbine / Generator	N.A.	N.A.
(b) COAL	N.A.	N.A.
(c) FURNACE OIL/HSD		
Quantity (Kilo Litres)	1233.15	1,429.45
Total Amount (₹ in lacs)	375.44	343.17
Average Rate (₹/Kilo Ltr.)	30.45	24.01
(d) OTHERS / INTERNAL GENERATION		
Steam Purchased (M.T.)	6265.88	5,860.86
Total Amount (₹ in Lacs)	127.55	101.67
Average Rate (₹ per M.T.)	2035.64	1,734.67

Consumption per unit of production

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

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

- a. 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, 9 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 synthesize polypeptides and a good progress is made during the year. This will be taken further with new polypeptides of commercial value and human health issues.
- 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 by reducing the overall cost by 10-20% for selected APIs.
- 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.
- k. Development of validated methods for the APIs, Intermediates and Impurities to meet the international quality standards and also support regulatory requirements.

4. Expenditure on R&DFor the year ended March 31,
(₹ in lacs)

Particulars	2011	2010
a) Capital	2,582.24	202.82
b) Recurring		
- at units approved by Department of Scientific & Industrial Research	3,668.32	2,678.02
- at others	385.32	296.52
c) Total	4,053.64	3,177.36
d) Total R&D expenditure as a percentage of Turnover	5.26%	4.58%

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

The global pharmaceutical market is undergoing rapid transformation. As blockbuster drugs come off patent, there are fewer new chemical and biological entities in the pipeline to replace them. This is the outcome of declining R & D productivity and rising regulatory costs.

As per the IMS Health forecast, divergent growth rates are expected for developed and emerging markets in the year 2011. The emerging markets are forecasted to grow at a 15-17% in 2011, to US\$170-180 billion. Many of these markets are benefiting from greater government spending on healthcare and broader public and private healthcare funding, which is driving greater demand and access to medicines. China, which is predicted to grow at 25-27% to more than \$50 billion next year, is now the world's third-largest pharmaceutical market. The five major European markets (Germany, France, Italy, Spain, and the U.K.) collectively will grow at a 1-3% pace, as will Canada. As per the forecast, U.S. will remain the single largest pharmaceutical market, with 3-5% growth expected next year.

In 2011, products with sales of more than \$30 billion are expected to face the prospect of generic competition in the major developed markets. The full impact of patients shifting to lower-cost generic alternatives for these products, as well as other brands in their therapy classes, mostly will be felt in 2012, due to the timing and expected competitive intensity among generic entrants.

The IMS Institute for Healthcare Informatics reported that global spending for medicines will reach nearly \$1.1 trillion by 2015, reflecting a slowing compound annual growth rate of 3-6 percent over the next five years. This compares with 6.2 percent annual growth over the past five years. Lower levels of spending growth for medicines in the U.S., the ongoing impact of patent expiries in developed markets, continuing strong demand in emerging pharma markets, and policy-driven changes in several countries are among the key factors that will influence future growth, according to the IMS Institute's new study, *The Global Use of Medicines: Outlook Through 2015*.

INDIA

The Indian pharmaceutical industry currently 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 the USA, Germany, Russia, the UK and China. The domestic pharma sector has also expanded in recent years.

India's Domestic Pharma Market offers immense potential, which is currently, valued at approximately Rs. 48,239 Crores, reflecting strong growth of 15.3% for the twelve months ending March, 2011 (*IMS MAT March, 2011*). As per the latest report of Pricewaterhouse Coopers (PwC) - '*India's Pharma Inc: Capitalising on India's growth potential*', estimates that over the next 10 years, the domestic market will grow to US\$ 49 billion @ CAGR of 15%, with the potential to reach US\$ 74 billion @ CAGR of 20%, if aggressive growth drivers kick in.

One of the drivers behind this potential growth expectation is that India's pharmaceutical industry has a favorable macro environment to grow in. The Indian economy has rebounded from the global economic downturn, with real gross domestic product (GDP) growth reaching 10.4% in 2010 (*IMF World Economic Outlook April, 2011*).

The Indian Domestic Pharma industry is witnessing trends such as acquisition activity, increased sales & marketing investment by domestic players, deeper penetration into the tier I to tier VI and rural markets, and growth in insurance coverage and innovation in healthcare delivery. Taken together, these trends are leading to increased affordability of services to patients and access to quality medical care. These trends, along with the favorable macro environment will propel the industry to the next level of growth.

The report highlights that presently around 67% of India's population or 742 million people live in rural areas, but rural markets contribute to only 17% of the overall pharma market's sales. Further, this low penetration represents a huge opportunity for the pharmaceutical companies to expand in the rural markets, which are expected to be the growth drivers for the domestic pharma industry in the coming years.

UNICHEM'S PERFORMANCE

Financial Highlights

- Consolidated Sales / Income from operations (Net) stood at ₹ 82,403.81 Lacs as compared to ₹ 74,738.60 Lacs in the previous financial year registering an increase of 10.26%.

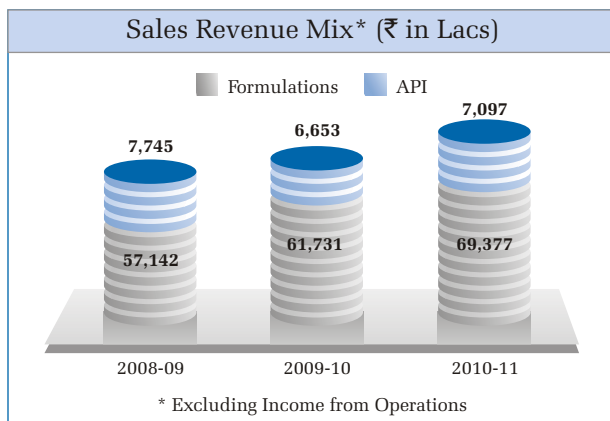


- Standalone Sales / Income from operations (Net) stood at ₹ 76,473.74 Lacs as compared to ₹ 69,059.67 Lacs in the previous financial year registering an increase of 10.74%.
- International Sales clocked a turnover of ₹ 16,565.67 Lacs as compared to ₹ 13,154.12 Lacs registering an increase of 25.94% over the previous year on standalone basis.

Other Highlights

- USFDA re-certification of Goa Plant & Roha Plant
- Sikkim Plant & Baddi – Cephalosporin plant commissioned
- Modernization of Betalactum Plant -Baddi
- Construction of SEZ unit in Indore started

Sales / Income from operations (Net) for the year stood at ₹ 76,473.74 Lacs as compared to ₹ 69,059.67 Lacs recorded last year. Out of this, Formulations contributed 90.7% with Active Pharmaceutical Ingredients (APIs) contributing 9.3%.



The Company has strong skills in product development, process chemistry and manufacturing of complex API as well as dosage forms. The Company is represented in 249 sub-segments out of the total 1,380 market sub-segments. In represented (covered) market, Unichem Laboratories is one of the top 10 companies in The Indian Pharma market. Further, the Company has strong presence in niche therapy areas of cardiology, neurology, and anti-infectives.

During FY10, the Company continued its transformation initiatives to restore momentum to its core business of domestic formulations. These included portfolio prioritization and sales force alignment to improve the coverage of the existing portfolio, and strengthening a second tier of power brands.

The Company is also looking at the therapeutic areas where it is currently not present like gynecology and

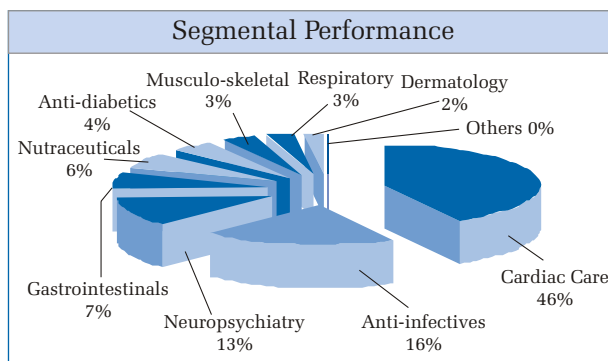
hospital segments. These could be the future growth drivers.

The Company has made huge investments in manufacturing assets. The Company intends to sweat the assets more by entering into long term contractual supplies with global pharmaceutical companies.

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 brands hold leadership positions in India in as many as 19 therapeutic sub-groups and is amongst the top 5 in 68 therapeutic sub-groups. The Company's domestic formulations' portfolio revenues comprise of 59% from chronic therapies and 41% from acute therapies. New avenues for growth have been identified in the segments of hospital products, women health, ophthalmology and nutritionals.

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 2011.



Cardiology continues to be the thrust segment for the Company and has contributed approx. 46% of the domestic formulations sales in the year 2010-11. In cardiac market, Unichem jumped to 4th position this year from 6th position last year, thus adding the highest incremental value as per IMS. Unichem is the undisputed leader in ARB segment of cardiac market. The market for cardiovascular and diabetic ailments is expected to double from the current level by the year 2015.

Power Brands

The Company's brand portfolio includes key brands such



Management's Discussion and Analysis

as Losar, Ampoxin, Trika, Olsar, TG-Tor, Unienzyme and Metride. The Company has strategies in place to grow its brands in the chronic segments at a rapid rate. Three of our brands feature amongst the top 100 and five amongst the top 300 brands of Indian Pharma as per IMS. The Company is taking efforts to strengthen its second tier power brands by leveraging the brand equity of its flagship brands and increasing its market reach.

New Product launches

The Company has launched 22 new brands in various therapeutic segments. 4 new brands were launched in Cardiac Care, 3 in Dermatology and 2 in Neuro-psychiatry amongst others.

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 & 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.

ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Unichem's APIs and Intermediates are marketed both in the domestic as well as international regulated markets. The objective of our API business is to contribute to the business performance of the Company through the marketing of APIs globally and to capture the Contractual Supplies opportunities in the API – Drug Intermediate's business. Moreover, it also provides necessary vertical integration to our Formulations business.

INTERNATIONAL BUSINESS

Unichem is improving its success in international markets by way of new product launches, scientific CMEs & key doctor CRM activities. Our sales & managerial force is working to achieve higher market share as well as customer mind-share in their respective territories. In recent times, we executed various customer-focused activities to propel divisional growth.

The Company continues to focus on high value added generics. The Company is also leveraging its manufacturing strengths to become partner of choice for supply of quality generic products.

The Company has made 527 valid product registrations across the world and more than 300 regulatory filings such as DMFs, EDMFs, etc. It has filed 17 US ANDAs, of

which 9 have been approved and many more are at various stages of development. Unichem has already launched five products in the US market.

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.

With more than 247 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.

The Product Technology Development Centre in Mumbai has state of the art laboratory with capacity of developing novel drug delivery systems, platform therapeutic systems and other novel technologies. The Centre is already conducting contract research for generic product development for regulated markets such as US, Canada, Europe etc.

INFRASTRUCTURE

Over the years, the Company has undertaken expansion plans and its fixed assets have doubled over the last five years. Unichem has created world-class drug manufacturing facilities across India. The Company's manufacturing plants have been accredited by highly respected international regulatory bodies like the US FDA, ISO, UK MHRA (earlier MCA), MCC (South Africa), WHO (Geneva), TGA (Australia), 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. The Company's Sikkim unit has commenced production in the current financial year.

The Company's formulation facility at SEZ, Pithampur, Madhya Pradesh is expected to be commissioned by the end of the current financial year. A major expansion at our Goa existing facility is underway for enhancing tablet/capsule installed capacity from present 900 mio to 2400 mio on single shift basis. Contractual supplies will become one of the thrust areas for the Company to sweat manufacturing assets more in the near future.

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

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 3,600 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**. ACE (Appreciation of Contributions & Excellence) Card introduced by our HR team has gained momentum over the years, which reaffirms the organizational values and strengthens the bonds amongst employees. Like ACE Cards, Family Assimilation Programme, another initiative of strengthening bonds between the employees and organization also continues with great affection and pride. Under this programme, families of employees are

invited to visit our manufacturing facilities and interact with each other.

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.

RISKS & CONCERNS

The Company has a Risk Management Policy in force to review risk, mitigate risk and safeguard its interest.

The primary and major concern of most of the Pharma companies are declining productivity of in-house R&D, patent expiration of number of block buster drugs, increasing legal and regulatory concern and pricing issue. As a result, larger pharmaceutical companies are shifting to new business model with greater outsourcing of discovery services, clinical research and manufacturing.

The Company is concerned about the lack of clarity on Government Drug Policy and pricing hurdles faced by the pharmaceutical companies.

In order to protect products and consumers from counterfeiting and diversion, the Company has entered into collaboration with PharmaSecure to add unique codes to some of its brands distributed nationally in India. These alphanumeric codes will be printed directly onto the blister pack, medicine bottle or vial, or indeed onto a product's label. The unique identifier codes can be texted by a consumer to a phone number that is printed alongside the code. Within minutes, a message will be sent from the Company back to the consumer to indicate whether or not the code is genuine. This will help strengthen our brand and differentiate our products from other brands.

OUTLOOK & THREATS

Growing the business exponentially would require investing in infrastructure, in people and consolidating our strengths. 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. Our investments in Sikkim, Pithampur SEZ, expansions in Goa and restructuring in our sales portfolio are a testimony to our commitment to growth.



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 (the Company) for the year ended 31st March 2011 as stipulated in 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 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
May 14, 2011



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, 2011, 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 10, 2010, July 22, 2010, September 16, 2010, October 16, 2010 and January 15, 2011. 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 2010-11, 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

Table-1: Composition of Unichem's Board & attendance record during the year 2010-11

Name	Category	No. of Board Meetings during the year 2010-11		Whether attended last AGM held on Sept 16, 2010	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	5	Yes	4	4	1
Mr. Ramdas Gandhi	Non-Executive, Independent	5	5	Yes	4	1	4
Mr. Prafull D. Sheth	Non-Executive, Independent	5	5	Yes	0	0	0
Mr. Nasser Munjee	Non-Executive, Independent	5	4*	No	14	4	4
Mr. Anand Mahajan	Non-Executive, Independent	5	5	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

Listing Agreement, none of the Directors on the Board of Unichem serve as Chairman in more than 5 Committees or have Memberships in more than 10 Committees. In compliance with Section 275 of the Companies Act, 1956, none of the Directors have directorships in more than 15 Companies including Unichem.

Board Meetings

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

Information placed before the Board

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

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

Post-meeting Procedures

All the deliberations and the decisions 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 Rs. 20,000/- for attending Board and Audit Committee Meetings and Rs. 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.

The remuneration paid or payable to the Directors for the services rendered during 2010-11 is given in **Table-2**.

In 2010-11, 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.

Table-2: Remuneration paid or payable to the Directors for 2010-11(in ₹.)

Name	Sitting fees	Commission payable for 2010-11@	Consolidated Salary#	Perquisites & Allowances#	Total Amount
Dr. Prakash A. Mody*	Nil	1,47,30,297	1,67,02,275	48,78,240	3,63,10,812
Mr. Prafull Anubhai	1,80,000	Nil	Nil	Nil	1,80,000
Mr. Ramdas Gandhi	2,20,000	Nil	Nil	Nil	2,20,000
Mr. Prafull D. Sheth	1,00,000	Nil	Nil	Nil	1,00,000
Mr. Nasser Munjee	1,60,000	Nil	Nil	Nil	1,60,000
Mr. Anand Mahajan	1,00,000	Nil	Nil	Nil	1,00,000
				Total	3,70,70,812

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

Fixed Component

@ Variable Component

**Shareholding of the Directors**

Details of Shares held by the Directors as on March 31, 2011 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.

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 Committees 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 are financially literate as defined in sub-clause (ii) explanation 1 of Clause 49 II (A) of the Listing Agreement.

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.

Table-3: Shares held by the Directors in the Company as on March 31, 2011

Name	Number of shares held	% of total shareholding
Dr. Prakash A. Mody*	1,04,80,030	11.616
Mr. Prafull Anubhai	5,800	0.00643
Mr. Ramdas Gandhi	27,500	0.03048
Mr. Prafull D. Sheth	5,000	0.00554
Mr. Nasser Munjee	0	0
Mr. Anand Mahajan	2,500	0.00277

*Dr. Prakash A. Mody holds 2,60,680 shares in his capacity as Trustee to various Family Trusts, which is included hereinabove.



Corporate Governance 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.
 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 was present at the last Annual General Meeting of the Company held on September 16, 2010.
- The composition of the Committee as on March 31, 2011 and the details on the number of Audit Committee meetings held and attended by the Members during the financial year 2010-11 are 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 options 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

Table-4: Audit Committee attendance during 2010-11

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



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 is given in **Table-5** below. There were no meetings of the Compensation Committee during the financial year 2010-11.

c) Shareholders' Grievance Committee

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

The Committee noted that the Company promptly attends to all shareholders' and investors' queries / grievances through correspondence, fax, phone or E-mail. No query / 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 2010-11 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.

Internal Control and Audit

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

The internal audit process includes review and evaluation of effectiveness of the existing processes, controls and compliances. It also ensures adherence to policies, 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 Department 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.

Table-5: Composition of Compensation Committee during 2010-11

Member Director	Position	Category
Mr. Prafull D. Sheth	Chairman	Non-Executive Independent
Mr. Prafull Anubhai	Member	Non-Executive Independent
Mr. Ramdas Gandhi	Member	Non-Executive Independent

Table-6: Shareholders' Grievance Committee attendance during 2010-11

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



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, 2011. During the year under review, Ministry of Company Affairs had issued General Circular No. 2 /2011 dated February 8, 2011, granting general exemption to companies which fulfil the certain conditions mentioned therein. Accordingly, Statement under Section 212 of Companies Act, 1956 and the information on the financials of subsidiaries appended to the Statement is given in this Annual Report. The financial statements of the Subsidiary Companies are available for inspection by the Members at the registered office of the Company during business hours on any working day from 10.00 am to 1.00 pm.

Statutory Auditors

For the financial year 2010-11, M/s. B.D. Jokhakar & Co. audited the financial statements. While auditing the operations of the Company the external auditors recorded their observations and findings and forwarded

the same to the management. These observations were then discussed at the Audit Committee and corrective actions wherever required were carried out.

Audit fees

During the year, the Company paid ₹ 20.39 lacs plus out of pocket expenses 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 48th AGM

Date – July 28, 2011

Time – 3.30 p.m.

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

Table-7: Details of the last 3 Annual General meetings

AGM	Year	Venue	Date	Time	Items of Special Resolution passed at each meeting
47 th	2009-10	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	September 16, 2010	3.30 pm	1. Alteration of Articles of Association for sub-division of face value of equity shares 2. Insertion of new object in Memorandum of Association
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 were passed at this meeting

Table-8: Resolutions passed during the financial year 2010-11 through postal ballot

Particulars	In favour of the Resolution		Against the Resolution	
	Forms	Shares	Forms	Shares
Special Resolution No. 1 under Section 17 of the Companies Act, 1956 for the approval of insertion of New Object Clause in the Memorandum of Association.	262	205,35,435	10	1,60,382
Special Resolution No. 2 under Section 149(2A) of the Companies Act, 1956 for commencing business embodied in the newly inserted sub-clause 66 of Object Clause III, as and when deemed fit by the Board of Directors.	247	205,25,099	11	1,60,394

**Resolutions passed during the financial year 2010-11 through postal ballot**

In financial year 2010-11, 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 29, 2010. The extract of results of postal ballot, which were duly assented by requisite majority of the shareholders is given in **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, 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 form.

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 generally published in Mumbai edition of Economic Times and Maharashtra Times. The Results for the quarter ended June 30, 2010, September 30, 2010, December 31, 2010 and March 31, 2011 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.corpfilings.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 i.e. www.unichemlabs.com for information of the shareholders.

All Board members and senior management personnel have affirmed compliance with the code for 2010-11. 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 ended March 31, 2011.

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. 18 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 14, 2011.

Disclosure regarding re-appointment of Directors

Pursuant to provisions of Companies Act, 1956, Mr. Prafull Anubhai and Mr. Ramdas Gandhi, 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 48th Annual General Meeting.



Information for Shareholders

Financial Year

April 1 – March 31

Financial Calendar (Tentative)

Results for the Quarter Ending on

June 30, 2011

September 30, 2011

December 31, 2011

March 31, 2012

Annual General Meeting for the year ended March 31, 2012

Dividend Payment (if any) for the year ended March 31, 2012

Tentative date of declaration

Third week of July 2011

Third week of October 2011

Second week of January 2012

Second week of May 2012

Second week of July 2012

Third week of July 2012

Date of Book Closure

July 18, 2011 to July 22, 2011 (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 INE351A01035. 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 2011-12

The Listing fees for the year 2011-12, 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 2011-12

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 2011-12 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, 2011.



Equity History of the Company

Date	Particulars	Face Value (₹)	No. of Shares Issued*	Total no. of Shares Issued
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) & 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 Equity Pvt. 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	1,800	3,60,44,800
January 22, 2009	ESOS	5	6,100	3,60,50,900
March 26, 2009	ESOS	5	4,000	3,60,54,900
May 21, 2009	ESOS	5	1,700	3,60,56,600
June 25, 2009	ESOS	5	4,500	3,60,61,100
January 19, 2010	ESOS	5	1,900	3,60,63,000
May 10, 2010	ESOS	5	2,800	3,60,65,800
May 10, 2010	ESOS	5	3,000	3,60,68,800
July 22, 2010	ESOS	5	800	3,60,69,600
July 22, 2010	ESOS	5	22,000	3,60,91,600
September 16, 2010	ESOS	5	400	3,60,92,000
October 16, 2010	ESOS	5	2,300	3,60,94,300
October 23, 2010	Sub-division	2	9,02,35,750	9,02,35,750
January 15, 2011	ESOS	2	3,750	9,02,39,500

*All shares carry equal voting rights.

Dividend Payment History (last 5 years)

Year	Share Capital (₹ in lacs)	Dividend per share (%)	Total Dividend (₹ in lacs)
2006-07	1801.6	100	1801.6
2007-08	1802.2	100	1802.2
2008-09*	1802.2	60	1081.3
2008-09**	1803.1	100	1803.1
2009-10*	1803.1	60	1081.8
2009-10**	1803.4	140	2524.8
2010-11*	1804.7	60	1082.8

* 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. The table given below gives the transfer dates. Shareholders who have not claimed the dividends are requested to do so before these are statutorily transferred. Shareholders who have not encashed their dividend warrants relating to the years given below are requested to immediately approach the Secretarial Department of the Company for issue of duplicate dividend warrants.

Financial Year	Type of Dividend	Date of Declaration of dividend	Last date for claiming unclaimed dividend
2003-04	41 st Equity	22.07.2004	26.08.2011
2004-05	42 nd Equity	11.08.2005	15.09.2012
2005-06	43 rd Equity	27.07.2006	31.08.2013
2006-07	44 th Equity	13.03.2007	17.04.2014
2007-08	45 th Equity	17.07.2008	21.08.2015
2008-09	Interim	23.10.2008	27.11.2015
2008-09	Final	22.07.2009	26.08.2016
2009-10	1 st Interim	22.10.2009	26.11.2016
2009-10	Final	10.05.2010	14.06.2017
2010-11	Interim	16.10.2010	20.11.2017

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 (IEPF), 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/demand draft 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 (₹)
2006-07	25.0	103.1
2007-08	21.6	118.8
2008-09	34.6	144.2
2009-10	37.1	169.3
2010-11*	12.0	75.1

* Figures calculated on revised Face Value of ₹ 2/- per share

**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 for 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, 2011. The Company has designated an e-mail ID exclusively for the purpose of registering complaints of investors, viz., shares@unichelabs.com. Shareholders/Investors can send their complaints/grievances to the above e-mail ID and the same will be attended to by the Secretarial Department.

Statutory Compliance

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

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 dematerialized 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.

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.



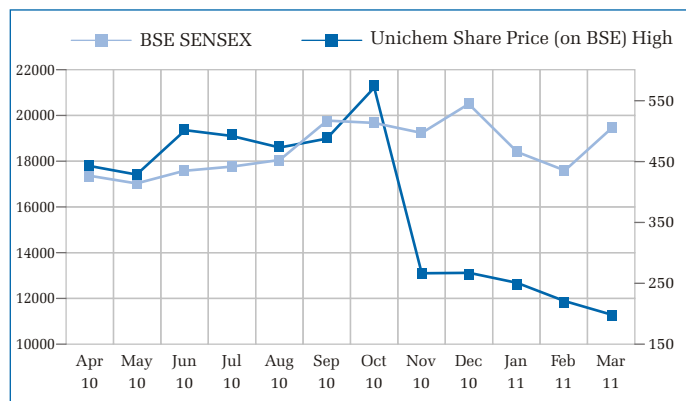
Information for Shareholders

- Shareholders holding shares in physical form are requested to notify to the Company/RTA, change in their address /pin code 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/RTA (if shares are held in physical form) or to DP (if shares are 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/mobile numbers and changes therein if any to RTA, if shares are held in physical mode or to your DP if the shares are held in electronic mode, so as to enable the Company to serve them better.**

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

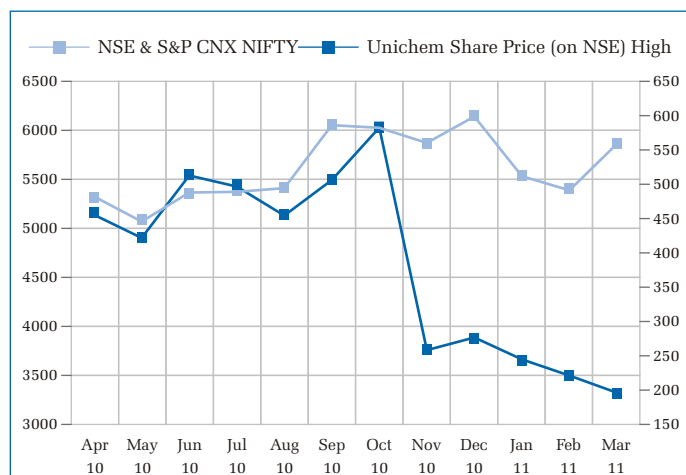
Month	BSE – Sensex		
	High	Low	Volume
Apr-10	448.0	405.0	115,580,189
May-10	421.0	375.0	191,605,328
Jun-10	507.3	404.0	212,434,190
Jul-10	497.9	431.3	116,098,593
Aug-10	464.0	415.0	99,430,800
Sep-10	505.0	423.0	197,657,141
Oct-10*	581.0	219.3	202,181,914
Nov-10	267.5	225.3	81,794,881
Dec-10	269.0	235.0	45,810,445
Jan-11	249.0	188.2	75,489,732
Feb-11	218.0	177.1	49,525,868
Mar-11	199.0	168.0	348,586,096

* Face value subdivided from ₹ 5/- to ₹ 2/-



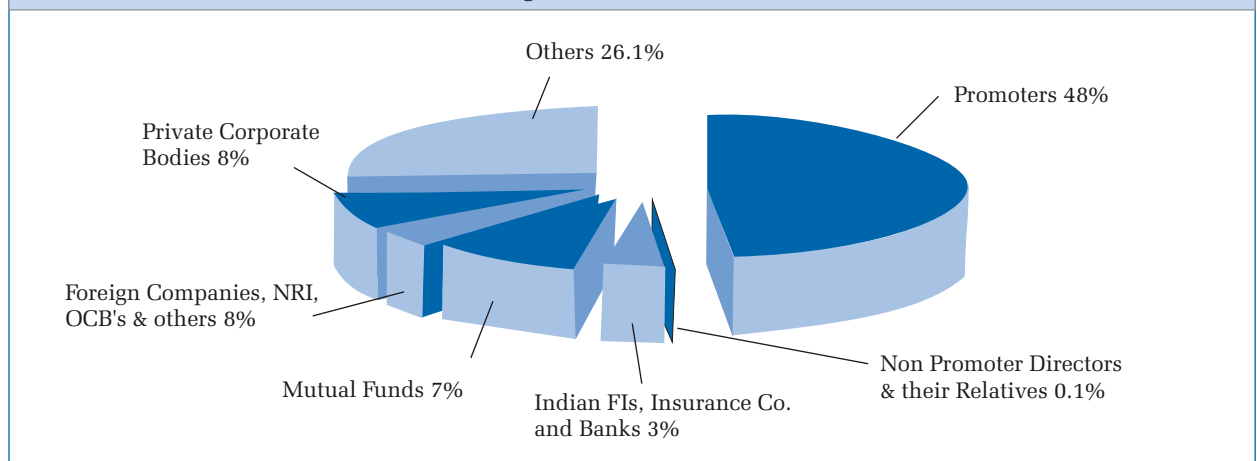
Month	NSE- S&P CNX Nifty		
	High	Low	Volume
Apr-10	448.5	397.2	212,555,000
May-10	420.0	378.0	314,395,000
Jun-10	510.0	402.0	310,018,000
Jul-10	494.7	431.0	164,195,000
Aug-10	456.4	414.1	164,330,000
Sep-10	507.0	391.2	341,757,000
Oct-10*	582.4	219.2	504,905,000
Nov-10	259.0	228.0	337,973,000
Dec-10	270.0	236.8	454,757,000
Jan-11	247.0	192.0	156,243,000
Feb-11	219.8	177.0	124,818,000
Mar-11	199.4	167.5	214,375,000

* Face value subdivided from ₹ 5/- to ₹ 2/-



**Distribution of Shareholding as on March 31, 2011**

S.No.	Share Holding of Nominal Value ₹.2/-	No. of Share Holders	% of Total Shares	Share Amount (in ₹)			Total Share Amount	% of Equity
				Physical	NSDL	CDSL		
1	UPTO 5000	16844	89.2	1796834	9222418	2805964	13825216	7.7
2	5000 - 10000	1065	5.6	1957600	5168056	922592	8048248	4.5
3	10000 - 20000	592	3.1	1842300	5230806	836486	7909592	4.4
4	20000 - 30000	131	0.7	554820	2379576	269840	3204236	1.8
5	30000 - 40000	57	0.3	496880	1320742	203630	2021252	1.1
6	40000 - 50000	42	0.2	127160	1518128	216934	1862222	1.0
7	50000 - 100000	68	0.4	707200	3439306	314350	4460856	2.5
8	100000 AND ABOVE	89	0.5	2398680	132780088	3968610	139147378	77.1
	Grand-Total	18888	100.0	9881474	161059120	9538406	180479000	100.0

Shareholding Pattern as on March 31, 2011**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, 2011, 94.53% 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.



Information for Shareholders

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.bhor@unichemlabs.com,
radhikas@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

Subsidiaries Locations

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

Unichem Farmaceutica Do Brasil Ltda (Brazil)
Avenida Sete De Setembro 1564
CEP-09912-010
Diadema-São Paulo,
Brasil
TEL: +55 11 3845 7025
FAX: + 55 11 3845 7114

Unichem Pharmaceuticals (USA), Inc.
201, West Passaic Street
Ste 403
Rochelle Park,
NJ 07662

TEL: 001-201-2260240
FAX: 001-201-2260241

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

Representative Offices of the Company around the world

Russia
Bolshaya Yakimanka Str.
31/18, Moscow
Russia
TEL: 007-499-2302380
Email: adm@unichemrussia.ru

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

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



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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the 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, 2011;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of cash flow statement, of the cash 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
May 14, 2011

**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. 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 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.
 - (a) To the best of our knowledge and belief and according to information and explanations given to us and on examination of records the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements are specialised in nature and comparable prices are not always determinable and the prices charged are prima facie reasonable.



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, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information & explanations given to us, the dues in respect of Excise duty and Service tax and Provident Fund 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, 2011 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	Appellate Tribunal (CESTAT), Northern Bench, New Delhi	2003-04
Provident Fund & Misc. Prov. Act, 1952	Dues under Provident Fund	1.75	Regional Provident Fund Commissioner, Indore	2005-06
Central Excise Act, 1944	Cenvat Credit of Service Tax	43.13	Commissioner (Appeals), Central Excise & Customs, Indore	2005-06 to 2010-11

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.



Auditors' Report

12. According to the information and explanations given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the order are not applicable to the Company.
13. The company is not a chit fund or a nidhi mutual benefit fund /society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the Company.
14. As informed to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the order are not applicable to the Company.
15. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us the Company did not have any term loans outstanding during the year.
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
May 14, 2011



Balance Sheet

As at 31st March, 2011
(₹ in lacs)

	Schedule	Current Year		Previous Year	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	1,804.79		1,803.15	
Share Application Money		-		2.64	
Reserves and Surplus	2	65,997.60		59,261.29	
			67,802.39		61,067.08
Loan Funds					
Secured Loans	3	773.12		248.08	
Unsecured Loans	4	2,271.56		2,048.35	
			3,044.68		2,296.43
Deferred Tax Liability					
			3,781.43		3,468.43
Total			74,628.50		66,831.94
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	50,442.85		43,738.82	
Less: Accumulated Depreciation		14,878.42		12,246.75	
Net Block		35,564.43		31,492.07	
Capital Work in Progress		7,912.13		6,288.08	
			43,476.56		37,780.15
Investments					
	6		10,014.35		12,831.44
Current Assets, Loans and Advances					
Inventories	7	13,541.83		9,764.13	
Sundry Debtors	8	18,450.93		16,243.44	
Cash and Bank Balances	9	1,044.12		1,906.40	
Loans and Advances	10	5,038.13		4,344.68	
			38,075.01		32,258.65
Less: Current Liabilities and Provisions					
Current Liabilities	11	13,277.46		12,474.41	
Provisions	12	3,659.96		3,563.89	
			16,937.42		16,038.30
Net Current Assets					
			21,137.59		16,220.35
Total			74,628.50		66,831.94
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**
Vice President - Legal
& Company Secretary**Dr. Prakash A. Mody**
Chairman &
Managing Director**Prafull Anubhai**
DirectorMumbai
May 14, 2011



Profit & Loss Account

For the year ended 31st March, 2011
(₹ in lacs)

	Schedule	Current Year	Previous Year
INCOME			
Sales / Income from operations (Gross)	13	77,022.20	69,351.32
Less: Excise duty		548.46	291.65
Sales / Income from operations (Net)		76,473.74	69,059.67
Other Income	14	660.22	658.36
Total		77,133.96	69,718.03
EXPENDITURE			
Manufacturing, selling and administrative expenses	15	56,654.75	48,436.53
Research & Development expenses	16	3,668.32	2,678.02
Interest	17	58.82	50.97
Depreciation including Amortisation	5	2,721.77	2,146.85
Total		63,103.66	53,312.37
PROFIT BEFORE TAX		14,030.30	16,405.66
PROVISION FOR TAXATION			
Less: Current Tax (including Wealth tax)		2,846.00	2,811.00
Deferred Tax		313.00	232.00
NET PROFIT AFTER TAX		10,871.30	13,362.66
Add / (Less): Prior Period items		(1.31)	(0.86)
Add / (Less): Excess/(Short) provision for taxation pertaining to previous years		(20.21)	32.63
Add: Balance Brought Forward		39,091.69	31,407.11
Amount available for Appropriation		49,941.47	44,801.54
APPROPRIATIONS			
Proposed Dividend		2,526.71	-
Interim Dividend (Refer Note 23 of schedule 18)		1,082.83	3,606.65
Tax on Proposed Dividend		409.89	-
Tax on Interim Dividend (Refer Note 23 of schedule 18)		179.84	603.20
Transfer to General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		44,242.20	39,091.69
Total		49,941.47	44,801.54
Basic Earnings per share of ₹ 2/- (Pr Yr ₹ 2/-) each (in ₹)		12.03	14.86
Diluted Earnings per share of ₹ 2/- (Pr Yr ₹ 2/-) each (in ₹)		11.95	14.77
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
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Mumbai
May 14, 2011



Cash Flow Statement

For the year ended 31st March, 2011
(₹ in lacs)

	Current Year		Previous Year	
A. Cash Flow from Operating Activities				
Net Profit before tax		14,030.30		16,405.66
Adjustment for :				
Depreciation	2,721.77		2,146.85	
Loss/(Profit) on Sale of Assets (Net)	5.21		151.52	
Unrealised Exchange difference	(75.05)		235.25	
Interest expenses	194.82		177.21	
Provision for doubtful debts, loans, advances & deposits for the year	62.93		41.94	
Employees compensation expenses (ESOS)	43.11		(131.88)	
Stock Option expenses (other than employees)	6.79		6.81	
Loss/(Profit) on Sale of Investments	(251.80)		(160.86)	
Bad debts written off	-		128.48	
Interest income	(136.00)		(126.24)	
Excess provision for expenses written back	(63.57)		(160.22)	
Provision for Diminution in Investments	125.66		72.00	
Dividend Income	(0.10)		(0.09)	
		2,633.77		2,380.77
Operating Profit Before Working Capital Changes		16,664.07		18,786.43
Adjusted for:				
Trade & other receivables	(2,680.26)		(3,884.68)	
Inventories	(3,777.70)		(557.45)	
Current Liabilities	928.62	(5,529.34)	2,210.26	(2,231.87)
Cash Generated from Operations		11,134.73		16,554.56
Direct Taxes Paid (Net of refund)		(3,074.77)		(2,752.91)
Net Cash Flow from Operating Activities		8,059.96		13,801.65
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(8,512.58)		(4,701.10)
Sale of Fixed Assets		89.19		151.67
Investment in subsidiary		(1,097.71)		(1,003.47)
Sale / (Purchase) of Investment in others (Net)		3,789.14		(5,818.94)
Profit / (Loss) on Sale of Investments		251.80		160.86
Interest Received		136.00		126.24
Dividend on Investments		0.10		0.09
Net Cash used in Investing Activities		(5,344.06)		(11,084.65)
C. Cash Flow from Financing Activities				
Receipt / (Repayments) of working Capital borrowings		525.04		(426.70)
Proceeds from issue of share capital & share premium		34.90		11.15
Receipt/(Payment) of Unsecured short term borrowing		223.21		169.94
Interest Paid		(194.82)		(177.21)
Dividend Paid		(3,567.20)		(2,855.22)
Dividend distribution tax Paid		(599.18)		(490.25)
Net Cash used in Financing Activities		(3,578.05)		(3,768.29)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		(862.15)		(1,051.29)
Opening Balance of Cash and Cash Equivalents		1,906.40		2,957.77
Closing Balance of Cash and Cash Equivalents		1,044.25		1,906.48
Closing balance of Cash & cash Equivalents as per Sch-9		1,044.12		1,906.40
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		0.13		0.08
Closing balance of Cash & cash Equivalents as per cash flow		1,044.25		1,906.48

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

Raman Jokhakar
Partner

Mumbai
May 14, 2011

Rakesh Parikh
Vice President
Finance

K. Subharaman
Vice President - 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, 2011
(₹ in lacs)

Schedule 1		Current Year	Previous Year
<u>SHARE CAPITAL</u>			
AUTHORISED			
1,750,000,000	Equity Shares of Rs. *2/- each (Previous year 70,000,000 Equity shares of Rs. 5/- each)	3,500.00	3,500.00
50,000,000	Unclassified Shares of Rs. *2/- each (Previous year 20,000,000 Unclassified Shares of Rs. 5/- each)	1,000.00	1,000.00
5,000,000	Preference Shares of Rs. 10/- each (Previous year 5,000,000 Preference Shares of Rs. 10/- each)	500.00	500.00
		5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP			
90,239,500	Equity Shares of ₹ *2/- each fully paid up (Previous year 36,063,000 Equity Shares of ₹ 5/- each fully paid up)	1,804.79	1,803.15
Total		1,804.79	1,803.15
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 691,000 Equity shares of ₹ *2/- each; (Previous year 339,500 Equity of ₹ 5/-each shares) (Refer Note 11 of Schedule 18)		
	(*Persuant to resolution passed in AGM held on 16.09.2010, nominal value of the Shares is sub divided into ₹ 2/- per share w.e.f 23.10.2010)		

As at 31st March, 2011
(₹ in lacs)

Schedule 2	Current Year		Previous Year	
RESERVES AND SURPLUS				
SHARE PREMIUM				
Balance as per last Balance Sheet	7,465.47		7,445.73	
Add: Addition during the year	71.97		19.74	
		7,537.44		7,465.47
CAPITAL RESERVE				
Balance as per last Balance Sheet		62.50		62.50
GENERAL RESERVE				
Balance as per last Balance Sheet	12,574.80		11,074.80	
Add: Transfer from Profit and Loss Account	1,500.00		1,500.00	
		14,074.80		12,574.80
EMPLOYEES' STOCK OPTIONS				
Employees' stock options outstanding	264.17		331.16	
Less: Deferred Employees' stock compensation	(183.51)		(264.33)	
		80.66		66.83
BALANCE IN PROFIT AND LOSS ACCOUNT		44,242.20		39,091.69
Total		65,997.60		59,261.29

Schedule 3	Current Year	Previous Year
SECURED LOANS		
(Refer Note 4 of Schedule 18)		
Loans from Banks for working capital	773.12	248.08
Total	773.12	248.08
Schedule 4		
UNSECURED LOANS		
Loans & Advances from Others	2,271.56	2,048.35
Total	2,271.56	2,048.35



Schedules to Accounts

As at 31st March, 2011
(₹ in lacs)

Schedule 5

FIXED ASSETS

Assets	Gross Block			Depreciation / Amortisation				Net Block		
	Cost As at 01/04/2010	Additions	Deductions	Cost As at 31/03/2011	Opening As at 01/04/2010	For the year	Deductions/Transfers*	As at 31/03/2011	As at 31/03/2011	As at 31/03/2010
TANGIBLE ASSETS										
Land										
Freehold	248.47	-	-	248.47	-	-	-	-	248.47	248.47
Leasehold	1,796.85	1,399.59	-	3,196.44	130.07	8.55	45.24	183.86	3,012.58	1,666.78
Buildings	13,834.34	1,708.20	-	15,542.54	2,248.37	512.49	-	2,760.86	12,781.68	11,585.97
Plant and Machinery	25,524.99	3,687.91	(129.87)	29,083.03	8,425.20	2,004.22	(85.63)	10,343.79	18,739.24	17,099.79
Furniture Fixtures and Equipments	1,690.77	74.11	(40.02)	1,724.86	1,056.70	124.95	(37.06)	1,144.59	580.27	634.07
Cars and Vehicles	511.35	18.72	(14.61)	515.46	254.36	71.56	(12.65)	313.27	202.19	256.99
INTANGIBLE ASSETS										
Patents & Trademarks	132.05	-	-	132.05	132.05	-	-	132.05	-	-
Total	43,738.82	6,888.53	(184.50)	50,442.85	12,246.75	2,721.77	(90.10)	14,878.42	35,564.43	31,492.07
Previous Year	38,511.22	5,930.96	(703.36)	43,738.82	10,500.07	2,146.85	(400.17)	12,246.75	31,492.07	-
Capital Work in Progress including Capital Advances									7,912.13	6,288.08

* 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 includes ₹ 2,582.24 Lacs (Previous year ₹ 202.82 Lacs) being expenditure on Research and Development as under:-

Land	₹ 1,399.58 Lacs	(Previous year ₹ Nil)
Buildings	₹ 64.35 Lacs	(Previous year ₹ 1.13 Lacs)
Plant & Machinery	₹ 863.71 Lacs	(Previous year ₹ 127.73 Lacs)
Furniture Fixtures and Equipments	₹ 4.08 Lacs	(Previous year ₹ 3.01 Lacs)
Motor Car	₹ 10.23 Lacs	(Previous year ₹ Nil)
Capital Work in Progress	₹ 240.29 Lacs	(Previous year ₹ 70.95 Lacs)
Total	₹ 2,582.24 Lacs	



As at 31st March, 2011
(₹ 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) 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	10,000	Rs 10	1.00	1.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				3.00	3.00
(b) 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	8,280,656	5,940,762	1 Brasil Real	1,953.12	1,324.81
Unichem Pharmaceuticals USA Inc. (refer note below)*	5,701,955	4,676,955	1 US\$	2,586.31	2,116.91
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				(390.66)	(265.00)
				7,882.47	6,910.42
*Note: Investment includes shares allotted after financial year.					
TOTAL LONG TERM UNQUOTED INVESTMENTS				7,885.47	6,913.42
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited Market value as on 31st March, 2011 is ₹ 8.40 lacs (Previous year ₹ 3.73 lacs)	1,000	1,000	Rs. 10	-	-
(B) CURRENT INVESTMENTS-TRADE (Lower of Cost or Market Value)					
(I) UNQUOTED					
MUTUAL FUNDS					
Axis Treasury Advantage Fund - Inst. - Growth		5,000.00			50.00
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth		1,855,442.48			200.00
Birla Sun Life Short Term Fund - Retail - Growth	1,120,252.00	622,248.94		175.00	100.01
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst Growth Fund		5,832,887.77			600.00
Daiwa Liquid Fund - Retail Plan - Growth Option	4,565.13			50.00	
DWS Insta Cash Plus Fund - Institutional Plan Growth	653,482.08			100.00	
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
HDFC Cash Management Fund - Savings Plan Growth	488,128.71			100.00	
HSBC Cash Fund - Institutional plan - Growth	314,946.74			50.00	
IDFC Money Manager Fund Treasury Plan-Inst Plan B-Growth		687,600.15			100.01
IDFC Cash Fund Institutional Plan B - Growth	284,960.36			50.00	
ICICI Prudential Flexible Income Plan Premium - Growth		134,404.92			229.54
ICICI Prudential Liquid Super Institutional Plan - Growth	86,284.85			125.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Cumulative	1,025,661.67			102.57	
IDBI Mutual Fund - Growth	7,130.62			75.00	
ICICI Prudential Banking & PSU Debt Fund - Growth		1,987,755.43			200.00
JM Money Manager Fund - Growth		1,170,208.35			150.02
JM High Liquidity Fund - Institutional Plan	1,086,560.28			175.00	
Kotak Flexi Debt Scheme Inst. - Growth		442,329.66			50.01
Kotak Floater Short Term - Growth	1,093,840.69			175.00	
Kotak Quarterly Interval Plan Series 4 - Growth		4,266,757.69			500.00
L & T Select Income Fund-FD INST GT	0.60			0.00	
LIC Savings Plus Fund - Growth Plan		6,939,926.54			1006.07



Schedules to Accounts

	No of Shares/Units		Face Value	Current Year	Previous Year
	Current Year	Previous Year			
LIC Nomura MF Liquid Fund - Growth Plan	419,148.96			75.00	
Morgan Stanley Short Term Bond Fund - Inst Plus - Growth		1,000,000.00			100.00
Peerless Liquid Fund - Super Institutional growth	950,869.41			101.31	
Pramerica Liquid Fund - Growth Option	4,786.10			50.00	
Reliance Liquid Fund - Cash Option - Growth Plan	634,143.76			100.00	
Reliance Liquid Fund - Treasury Plan - Inst Option - Growth Option - Growth plan	210,777.47	974,293.79		50.00	218.61
Reliance Regular Savings Fund - Debt Plan - Inst - Growth Plan	201,580.39	201,580.39		25.00	25.00
Reliance Quarterly Interval Fund - Series III - Inst. Growth Plan		4,058,606.28			500.00
Reliance Monthly Interval Fund - Series I - Inst. - Growth Plan		1,610,643.13			200.00
Reliance Monthly Interval Fund -Series II - Inst. - Growth Plan		805,250.23			100.00
SBI Premier Liquid Fund - Institutional Growth	321,167.51			50.00	
Sundaram Money Fund Inst - Apprn	369,207.14			75.00	
Templeton India Treasury	9,824.81			150.00	
Taurus Liquid Fund - Institutional Growth	4,683.50			50.00	
UTI Liquid Cash Plan Institutional - Growth Option	10,906.50			175.00	
UTI Money Market Fund - Growth Plan	1,846.82			50.00	
UTI Treasury Advantage Fund - Inst. Plan - Growth		15,315.45			188.26
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Inst. - Growth Plan		5,000,000.00			500.00
Sub Total				2,128.88	5,918.02
Total				10,014.35	12,831.44
Aggregate of Unquoted Investments - At Book Value				10,014.35	12,831.44
Aggregate of Quoted Investments - At Book Value				-	-
-At Market Value				8.40	3.73

Notes:

During the year following investments were purchased and sold:

No. in units

Particulars	Opening	Purchased	Total	Sold	Balance
Fidelity Ultra Short Term Debt Fund Institutional - Growth Option		866,181.92	866,181.92	866,181.92	-
Fidelity FMP Series 2 - Plan A - Growth		1,004,259.99	1,004,259.99	1,004,259.99	-
Fidelity Cash Fund (Institutional) - Growth		1,596,691.31	1,596,691.31	1,596,691.31	-
Religare Ultra Short Term Fund - Institutional Growth		391,914.35	391,914.35	391,914.35	-
Religare Liquid Fund - Institutional Growth		394,791.91	394,791.91	394,791.91	-
Tata Liquid High Investment Fund - Growth		7,922.44	7,922.44	7,922.44	-
Tata Floater Fund - Growth		878,619.65	878,619.65	878,619.65	-
SBI Premier Liquid Fund - Institutional - Growth		654,190.02	654,190.02	333,022.51	321,167.51
SBI - Magnum Insta Cash Fund - Cash Option		232,606.82	232,606.82	232,606.82	-
L & T FMP - 1 (July 91 D A) - Growth		503,595.00	503,595.00	503,595.00	-
L&T Select Income Fund - Flexi Debt Inst.		484,617.98	484,617.98	484,617.38	0.60
L&T Liquid Inst. Plus		267,896.85	267,896.85	267,896.85	-
Reliance Regular Saving Fund - Debt Plan - Inst. 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 Liquid Fund - Cash Plan - Growth Option - Growth Plan		1,271,283.89	1,271,283.89	637,140.12	634,143.76
Reliance Liquid fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	974,293.79	1,091,845.36	2,066,139.15	1,855,361.67	210,777.47
Reliance Money Manager Fund - Institutional option - Growth Plan		87,787.07	87,787.07	87,787.07	-
Reliance Monthly Interval Fund - Series II - Inst. Growth Plan	805,250.23	1,596,538.70	2,401,788.94	2,401,788.94	-
Reliance Monthly Interval Fund - Series I - Insti. Growth Plan	1,610,643.13	397,957.73	2,008,600.86	2,008,600.86	-
Birla Sun Life Ultra Short Term Fund Retail Growth	622,248.94	1,043,414.78	1,665,663.72	1,665,663.72	-
Birla Sun Life Dynamic Bond Fund - Retail - Growth		319,482.72	319,482.72	319,482.72	-
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 Savings Fund - Inst. - Growth		1,148,283.68	1,148,283.68	1,148,283.68	-
Birla Sun Life Cash Plus - Inst. Prem - Growth		6,942,609.85	6,942,609.85	5,822,357.85	1,120,252.00
Birla Sun Life Cash Manager - Institutional Plan - Growth		1,880,831.90	1,880,831.90	1,880,831.90	-
Fortis Short Term Income Fund - Institutional - Growth	1,929,769.41	-	1,929,769.41	1,929,769.41	-
Fortis Money Plus Institutional Growth	1,092,602.39	-	1,092,602.39	1,092,602.39	-



Notes:

During the year following investments were purchased and sold:

No. in units

Particulars	Opening	Purchased	Total	Sold	Balance
DSP BlackRock Short Term Fund - Growth		1,902,704.87	1,902,704.87	1,902,704.87	-
DSP BlackRock Liquidity Fund - Institutional Plan - Growth		33,104.88	33,104.88	33,104.88	-
DSP BlackRock Liquidity Fund - Regular Plan - Growth		1,818,828.00	1,818,828.00	1,818,828.00	-
DSP BlackRock FMP - 3M Series 24- Growth		1,500,000.00	1,500,000.00	1,500,000.00	-
Templeton India Treasury Management Account Institutional Plan		16,538.93	16,538.93	6,714.12	9,824.81
Kotak Floater Short Term - Growth		2,385,278.79	2,385,278.79	1,291,438.10	1,093,840.69
Kotak Liquid (Institutional Premium)		6,236,297.58	6,236,297.58	6,236,297.58	-
Kotak Floater Long Term - Growth		1,989,305.80	1,989,305.80	1,989,305.80	-
Kotak Flexi Debt Scheme Institutional - Growth	442,329.66	1,973,778.28	2,416,107.94	2,416,107.94	-
Kotak Quarterly Interval Plan Series 8 - Growth		890,765.44	890,765.44	890,765.44	-
Kotak Quarterly Interval Plan Series 4 - Growth	4,266,757.69	-	4,266,757.69	4,266,757.69	-
JM Money Manager Fund Super Plus Plan - Growth	1,170,208.35	383,188.88	1,553,397.23	1,553,397.23	-
JM Money Manager Fund Super Plan - Growth		1,148,059.51	1,148,059.51	1,148,059.51	-
JM High Liquidity Fund - Regular Plan Growth Plan		485,437.62	485,437.62	485,437.62	-
JM High Liquidity Fund - Institutional Plan - Growth		5,952,486.80	5,952,486.80	4,865,926.52	1,086,560.28
JM Money Manager regular Plan - Growth		1,177,618.67	1,177,618.67	1,177,618.67	-
UTI - Fixed Income Interval Fund - Series - II - Quarterly Interval Plan - VII - Inst. Growth Plan		2,002,692.54	2,002,692.54	2,002,692.54	-
UTI - Fixed Income Interval Fund - series II - Quarterly Plan VI - Institutional - Growth Plan	5,000,000.00	-	5,000,000.00	5,000,000.00	-
UTI - Treasury Advantage Fund Institutional Plan (Growth Option)	15,315.45	64,553.82	79,869.27	79,869.27	-
UTI Floating Rate Fund Short Term Plan - Inst. Growth Option		38,239.04	38,239.04	38,239.04	-
UTI Liquid Cash plan Institutional - Growth option		59,347.15	59,347.15	48,440.65	10,906.50
UTI Money Market Fund - Growth Plan		1,846.82	1,846.82	-	1,846.82
LICMF Savings Plus Fund - Growth Plan	6,939,926.54	9,446,152.02	16,386,078.56	16,386,078.56	-
LICMF Income Plus Fund - Growth Plan		5,721,352.05	5,721,352.05	5,721,352.05	-
LICMF Liquid Fund - Growth Plan		13,259,297.84	13,259,297.84	12,840,148.88	419,148.96
Taurus Ultra Short Term Bond Fund - Inst. Growth Plan		9,269.79	9,269.79	9,269.79	-
Taurus Liquid Fund		28,972.85	28,972.85	24,289.35	4,683.50
DWS Treasury Fund Investment - Regular Plan - Growth		481,258.98	481,258.98	481,258.98	-
DWS Treasury Fund Cash - Regular Plan - Growth		483,780.80	483,780.80	483,780.80	-
DWS Insta Cash Plus Fund - institutional Plan Growth		996,631.78	996,631.78	343,149.70	653,482.08
IDFC Cash Fund - Inst Plan B - Growth		1,185,964.48	1,185,964.48	901,004.11	284,960.36
IDFC Savings Advantage Fund - Plan A- Growth		3,836.29	3,836.29	3,836.29	-
IDFC Money Manager Fund - Investment Plan - Inst Plan B - Growth		691,683.61	691,683.61	691,683.61	-
IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth	687,600.15	-	687,600.15	687,600.15	-
Prudential ICICI Flexible income plan premium - Growth	134,404.92	876,247.61	1,010,652.53	1,010,652.53	-
ICICI Prudential Interval Fund II QLY Interval Fund Plan D Inst. Cumulative		2,007,729.12	2,007,729.12	982,067.45	1,025,661.67
ICICI Prudential Banking & PSU Debt Fund - Growth	1,987,755.43	1,957,770.88	3,945,526.31	3,945,526.31	-
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth		1,290,243.33	1,290,243.33	1,203,958.48	86,284.85
HDFC Cash Management Fund - Savings Plan - Growth		5,971,681.35	5,971,681.35	5,483,552.64	488,128.71
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	2,817,501.74	1,221,850.38	4,039,352.12	4,039,352.12	-
HDFC High Interest Fund - Short Term Plan		536,806.47	536,806.47	536,806.47	-
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst. Growth Fund	5,832,887.77	-	5,832,887.77	5,832,887.77	-
Canara Robeco Liquid Fund - Institutional Growth		1,150,403.79	1,150,403.79	1,150,403.79	-
Axis Liquid Fund - Growth		45,473.18	45,473.18	45,473.18	-
Axis Treasury Advantage Fund - Growth	5,000.00	12,194.61	17,194.61	17,194.61	-
Peerless Liquid Fund - Super Inst. Growth		4,509,443.23	4,509,443.23	3,558,573.81	950,869.41
Edelweiss Liquid fund - Retail - Growth Plan		227,960.75	227,960.75	227,960.75	-
Morgan Stanley Short Term Bond Fund-Institutional plus Growth	1,000,000.00	-	1,000,000.00	1,000,000.00	-
Daiwa Liquid Fund - Retail Plan - Growth Option		4,565.13	4,565.13	-	4,565.13
Pramerica Liquid Fund - Growth Option		4,786.10	4,786.10	-	4,786.10
HSBC Cash Fund - Institutional Plan - Growth		314,946.74	314,946.74	-	314,946.74
Sundaram Money Fund Institutional - APPN		369,207.14	369,207.14	-	369,207.14
LQG- IDBI Liquid Fund- Growth		7,130.62	7,130.62	-	7,130.62



Schedules to Accounts

As at 31st March, 2011
(₹ in lacs)

Schedule 7	Current Year		Previous Year	
<u>INVENTORIES (As certified by management)</u>				
Raw Materials (Include ₹ 236.04 lacs in transit, (Previous year ₹ 133.10 lacs))		4,542.53		3,340.43
Packing Materials		908.11		593.40
Semi- Finished Goods		2,462.12		1,765.24
Finished Goods (Include ₹ 192.56 lacs in transit, (Previous year ₹ 138.26 lacs))		5,365.23		3,838.35
Stores and Spares		263.84		226.71
Total		13,541.83		9,764.13
Schedule 8				
<u>SUNDRY DEBTORS (Unsecured unless otherwise stated)</u> (Refer Note 14 of Schedule 18)				
Debts outstanding for period exceeding six months				
Considered good	2,476.18		1,523.43	
Considered doubtful	455.01		362.06	
	2,931.19		1,885.49	
Less: Provision for Doubtful Debts	455.01		362.06	
		2,476.18		1,523.43
Other debts - Considered Good		14,007.17		13,521.54
Debts Due from Subsidiary		1,967.58		1,198.47
Total		18,450.93		16,243.44
Schedule 9				
<u>CASH AND BANK BALANCES</u>				
Cash on Hand		12.29		13.07
Balance with Scheduled Banks				
In Current Accounts	605.80		1,112.98	
In Fixed Deposit Accounts	250.10		650.10	
In Unclaimed Dividend Accounts	166.91		126.46	
		1,022.81		1,889.54
Balance with Non Scheduled Banks outside India				
UKREXIMBANK - Ukraine (Maximum Balance during the year ₹ 27.78 lacs (Previous year ₹ 23.97 lacs))		5.83		0.02
SG-SSB Bank - Ghana (Maximum Balance during the year ₹ 12.25 lacs (Previous year ₹ 13.73 lacs))		2.78		1.42
Turan Alem Bank, Almaty, Kazakhstan (Maximum Balance during the year ₹ 12.19 lacs (Previous year ₹ 17.09 lacs))		0.00		0.12
Uni Credit Bank - Russia (Maximum Balance during the year ₹ 12.25 lacs (Previous year ₹ 11.06 lacs))		0.41		2.23
Total		1,044.12		1,906.40



As at 31st March, 2011
(₹ 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	3,594.66		3,322.73	
Considered Doubtful	90.04		120.05	
	3,684.70		3,442.78	
Less : Provision for Doubtful Advances	90.04		120.05	
		3,594.66		3,322.73
Deposits		374.76		350.28
Advance payment of Income Tax (Net of Provision for Taxation)	251.80		146.12	
Balance with Excise Department	816.91		525.55	
		1,068.71		671.67
Total		5,038.13		4,344.68
Schedule 11				
<u>CURRENT LIABILITIES</u>				
Due to Directors		147.30		165.71
Sundry Creditors				
Payable to Micro, Small and Medium Enterprises (Refer note 5 of Schedule 18)	-		-	
Payable to Other Sundry Creditors	12,038.15		11,340.41	
		12,038.15		11,340.41
Investor Education and Protection Fund shall be credited by the following (see note below)				
a) Unclaimed Dividend	166.91		126.46	
b) Unpaid matured deposits	0.75		1.14	
		167.66		127.60
Other Current Liabilities		924.35		840.69
Total		13,277.46		12,474.41
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		2,526.71		-
Tax on Proposed Dividend		409.89		-
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		723.36		619.73
Total		3,659.96		3,563.89



Schedules to Accounts

For the year ended 31st March, 2011
(₹ in lacs)

Schedule 13	Current Year		Previous Year	
<u>SALES / INCOME FROM OPERATIONS (GROSS)</u>				
Sales		76,329.94		68,675.19
Export benefits		392.66		337.11
Sundries		299.60		339.02
Total		77,022.20		69,351.32
Schedule 14				
<u>OTHER INCOME</u>				
Dividend received		0.10		0.09
Profit on sale of fixed assets		1.60		50.54
Profit on sale of current investments		251.80		160.86
Miscellaneous income		263.94		263.42
Discounting Charges received		8.49		23.23
Provision for expenses written back		63.57		160.22
Foreign Exchange Fluctuation Gain (Net)		70.72		-
Total		660.22		658.36
Schedule 15				
<u>MANUFACTURING, SELLING & ADMINISTRATIVE EXPENSES</u>				
Raw Materials Consumed		14,716.71		10,788.14
Packing materials, containers consumed		3,021.95		2,125.66
Stores and Spares consumed		611.66		376.78
Purchases of Finished goods		10,161.27		10,167.05
Manufacturing Charges		932.32		821.89
Personnel Cost :				
Salaries, wages, Ex-gratia bonus and commission	8,379.62		6,923.01	
Contribution to Provident and other funds	692.02		589.39	
Employees' Welfare Expenses	235.00		73.00	
(Include ₹ 43.11 lacs (Previous year ₹ -131.88 lacs) of Employees' compensation expenses under ESOS Schemes.)		9,306.64		7,585.40
Power and Fuel		2,183.13		1,563.35
Rent		135.99		126.84
Insurance		187.32		162.11
Repairs:				
Plant and Machinery		286.38		251.25
Buildings		116.58		91.67
Others		401.78		374.37
Rates and Taxes		335.17		365.62
Advertising and sales promotion		7,851.27		6,131.94
Travelling and Conveyance		2,685.54		2,283.18
Freight outward		1,369.10		961.55
Directors' Fees		7.60		7.70
Commission on sales		1,188.12		892.28
Loss on sale / scrapping of assets		6.81		202.06
Foreign Exchange Fluctuation Loss (Net)		-		224.22
Bad debts, loans, advances and deposits written off	-		427.26	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	-		298.78	
				128.48
Provision for doubtful debts, loans, advances and deposits for the year		62.93		41.94
Establishment and Administrative Expenses		3,184.58		2,434.40
Provision for Diminution of Investments in Subsidiary		125.66		72.00
		58,878.51		48,179.88



For the year ended 31st March, 2011
(₹ in lacs)

Schedule 15	Current Year		Previous Year	
<u>Increase/(Decrease) in stocks of semi finished & finished goods</u>				
Stocks at commencement				
Semi-Finished Goods	1,765.24		1,183.72	
Finished Goods	3,838.35		4,676.52	
		5,603.59		5,860.24
Stocks at close				
Semi-Finished Goods	2,462.12		1,765.24	
Finished Goods	5,365.23		3,838.35	
		7,827.35		5,603.59
		(2,223.76)		256.65
Total		56,654.75		48,436.53
Schedule 16				
<u>RESEARCH & DEVELOPMENT EXPENDITURE</u>				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, Wages and Exgratia		1,173.47		946.95
Contribution to Provident fund and other Funds		63.68		52.86
Employees' welfare expenses		10.07		11.02
Rates and Taxes		24.00		22.99
Repairs:				
Plant and Machinery		46.29		18.73
Buildings		-		1.49
Others		35.34		33.85
Power and fuel		135.94		98.24
Travelling and conveyance		51.79		41.06
Others		2,127.74		1,450.83
Total		3,668.32		2,678.02
Schedule 17				
<u>INTEREST</u>				
Banks	6.70		5.13	
Other	188.12		172.08	
		194.82		177.21
Less : Interest earned (Refer note 10 of Schedule 18) (TDS deducted of ₹ 13.66 lacs (Previous year ₹ 18.93 lacs))		136.00		126.24
Total		58.82		50.97



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 Rs. 5,000 are written off to revenue. Assets costing between Rs. 5,000 and Rs. 15,000 are depreciated fully in the year of purchase except when value of individual assets purchased in aggregate exceeds Rs. 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 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 recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognised 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 for 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 recognised in the Profit and Loss Account on accrual basis.

(b) Defined Benefit Plan

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

Termination Benefits

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



Schedules to Accounts

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 & loss account as incurred.

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

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



As at 31st March, 2011

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*.	684.03	582.05
(ii) In respect of the Guarantees given to Bank on behalf of :		
- Subsidiaries	2,535.60	1,214.20
- Others	218.06	169.67
(iii) Letters of Credit	518.44	140.75
Total	3,956.13	2,106.67

* includes ₹ 88.20 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 ₹ 3,845.75 lacs (Previous year ₹ 2,075.84 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 filed necessary forms with ROC for satisfaction of charges. However related title deeds are pending collection.

(ii) Cash credit, Packing credit and Demand loans of ₹ 773.12 lacs (Previous year ₹ 248.08 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 Goa and Baddi Unit I 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 ₹ 125.66 lacs (Previous Year ₹ 72.00 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	133.81	143.04
Commission	147.30	165.71
Contribution to Provident Fund and other Funds	33.21	29.97
Perquisites in Cash or in Kind	48.79	49.70
Directors' fees	7.60	7.70
Total	370.71	396.12

(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	14,028.99	16,404.80
Add: Depreciation	2,721.77	2,146.85
Directors' Remuneration	363.11	388.42
Directors' Fees	7.60	7.70
Loss on sale of assets per books	6.81	202.06
Profit on sale of assets u/s 349	1.60	-
Provision for Doubtful Debts/Advances	62.93	41.94
Provision for diminution in investment in subsidiary	125.66	72.00
Sub-Total	3,289.48	2,858.97
Less: Depreciation as per Section 350	2,316.96	1,972.03
Wealth tax	11.00	10.00
Bad debts adjusted against provision for Doubtful Debts	-	298.78
Profit on sale of assets per books including extra ordinary gains	1.60	48.68
Profit on sale of current investment	251.80	160.86
Loss on sale of assets u/s 349	6.81	202.06
Sub-Total	2,588.17	2,692.41
Profit for Computation of Commission	14,730.30	16,571.36
Commission payable to Managing Director @ 1% of ₹ 14,730.30 lacs (Previous year @ 1% of ₹ 16,571.36 lacs)	147.30	165.71

9 Establishment and Administrative expenses include payment to (₹ in lacs)

Particulars	Current Year	Previous Year
Statutory Auditors		
Audit Fees	11.50	9.90
Tax Audit	3.85	2.50
Certification	5.04	4.64
Reimbursement of Expenses	0.53	0.20
Cost Auditors		
Audit Fees	3.50	2.30
Certification	0.35	0.58
Reimbursement of Expenses	0.16	-
Total	24.93	20.12

10 Interest income comprises of; (₹ in lacs)

Particulars	Current Year	Previous Year
Interest on loan to others	71.73	40.49
Interest on others	64.27	85.75
Total	136.00	126.24

11 Employee share based payment plans

- i) During the year ended 31st March, 2011 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



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	2010-2011		2009-2010	
	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	
	2010-2011	2009-2010
Option outstanding at the beginning of the year (Face Value of ₹ 5/- per share each)	4,500	212,600
Consequent upon Sub- Division of shares into face Value of ₹ 2/- per share each from ₹ 5/- per shares each w.e.f. October 23, 2010	11,250	-
Granted during the year	-	-
Vested / exercisable during the year	-	-
Exercised during the year	(9,000)	(8,100)
Lapsed during the year	-	(200,000)
Option outstanding at the end of the year (Face Value of ₹ 2/- per share each)	2,250	4,500
Weighted Average Exercise Price (₹)	212	212
Weighted Average Fair Value of Option (₹)	149	149

Particulars	ESOS 2008	
	2010-2011	2009-2010
Option outstanding at the beginning of the year (Face Value of ₹ 5/- per share each)	335,000	50,000
Consequent upon Sub- Division of shares into face Value of ₹ 2/- per share each from ₹ 5/- per shares each w.e.f. October 23, 2010	837,500	-
Granted during the year	-	297,500
Vested / exercisable during the year	-	-
Exercised during the year	(73,000)	-
Lapsed during the year	(75,750)	(12,500)
Option outstanding at the end of the year (Face Value of ₹ 2/- per share each)	688,750	335,000
Weighted Average Exercise Price (₹)	115	115
Weighted Average Fair Value of Option (₹)	97	97

12 Addition to Fixed Assets and Capital Work in Progress includes ₹ 2,582.24 lacs (Previous year ₹ 202.82 lacs) being expenditure of capital nature on Research & Developments.

13 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	149.83	67.08
ii) Repairs & maintenance	0.97	1.62
iii) Payroll expenses	55.86	83.16
iv) Freight	2.61	1.30
v) Insurance	3.60	4.47
vi) Rent	84.07	61.33
vii) Travelling Expenses	3.39	9.61
viii) Rates & Taxes	4.05	2.10
ix) Administrative expenses	190.47	224.01
x) Depreciation / Amortisation	125.55	88.42
Total	620.40	543.10



Schedules to Accounts

14 Debtors are secured to the extent of Initial Advance of ₹ 2,271.56lacs (Previous Year ₹ 2,048.35 lacs) received from Distributors and Consignment Agents

15 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 31st March, 2011.

(Value in lacs)

Currency	Buy/Sell	Foreign currency value	
		Current Year	Previous Year
EURO	Sell	13.81	10.15
USD	Sell	27.76	4.20
GBP	Sell	0.10	-

Foreign Currency exposure not hedged by forward contracts as at 31st March ,2011 are given below:

(Value in lacs)

Unhedged	Foreign currency value	
	Current Year	Previous Year
A) Receivable		
EURO	1.00	3.12
USD	54.35	53.63
GBP	8.80	5.06
CAD	3.86	4.31
B) Payable		
EURO	0.02	6.29
USD	-	7.13
JPY	-	15.69
GBP	0.63	0.01

16 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	138.48	120.93	99.33	87.79
Interest cost on benefit obligation	76.69	72.19	48.46	37.50
Expected return on plan assets	(85.10)	(71.19)	-	-
Net actuarial (gain) / loss recognised in the year	(39.88)	7.26	116.19	110.16
Past service cost	-	-	-	-
Net benefit expense	90.19	129.19	263.98	235.45

**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	1,012.14	929.62	723.36	587.42
Fair value of plan assets	1,031.55	897.30	-	-
	19.41	(32.32)	(723.36)	(587.42)
Less: Unrecognised past service cost	-	-	-	-
Plan asset / (liability)	19.41	(32.32)	(723.36)	(587.42)

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	929.62	875.06	587.42	454.55
Interest cost	76.69	72.19	48.46	37.50
Current service cost	138.48	120.93	99.33	87.79
Benefits paid	(96.47)	(150.78)	(128.04)	(102.58)
Actuarial (gains) / losses on obligation	(36.18)	12.22	116.19	110.16
Closing defined benefit obligation	1,012.14	929.62	723.36	587.42

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	897.30	718.13	-	-
Expected return	85.10	71.19	-	-
Contributions by employer	141.91	253.80	-	-
Benefits paid	(96.47)	(150.78)	-	-
Actuarial gains / (losses)	3.71	4.96	-	-
Closing fair value of plan assets	1,031.55	897.30	-	-

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	% 8.00	% 8.25	% 8.00	% 8.25
Expected rate of return on Plan assets	*9.25	*9.25	-	-
Increase in Compensation plan cost	*7.00	*7.00	*7.00	*7.00

* 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	1,012.14	929.62	723.36	587.42
Plan assets	1,031.55	897.30	-	-
Surplus / (deficit)	19.41	(32.32)	(723.36)	(587.42)
Experience adjustments on Plan Liability	(47.34)	22.23	107.75	117.22
Experience adjustments on Plan Asset	(3.71)	(4.96)	-	-

17 Segment Reporting :

Primary Segment

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

Secondary Segment (By Geographical Segment)

(₹ in lacs)

Sales and Operating Income (Gross)	Current Year	Previous Year
India	60,456.53	56,197.20
Outside India	16,565.67	13,154.12
Total	77,022.20	69,351.32

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

18 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 Ms. Supriya Mody Ms. Suparna Mody Ms. Shwetambari Mody
(iv) Unireach Healthcare Private Limited became & ceased to be subsidiary during the previous 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 Personnel		Total	Total
	2011	2010	2011	2010	2011	2010	2011	2010
Sales of goods, etc.	2,358.04	2,000.62	-	-	-	-	2,358.04	2,000.62
Interest received*	-	40.49	-	-	-	-	-	40.49
Rent & Maintenance paid	-	-	2.17	2.02	0.60	0.60	2.77	2.62
Managerial remuneration	-	-	223.41	222.71	-	-	223.41	222.71
Commission	93.33	-	147.30	165.71	-	-	240.63	165.71
Salary	-	-	18.11	5.40	-	-	18.11	5.40
Dividend paid	-	-	639.98	522.41	1,096.30	865.91	1,736.28	1,388.32
Expenses Reimbursed	121.30	79.77	-	-	-	-	121.30	79.77
ICD given*	-	200.00	-	-	-	-	-	200.00
Investment made during the year*	1,097.72	1,003.47	-	-	-	-	1,097.72	1,003.47
Total	3,670.39	3,324.35	1,030.97	918.25	1,096.90	866.51	5,798.26	5,109.11

* Transactions with party which became & ceased to be subsidiary during the previous year.



(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 Personnel		Total	Total
	2010	2009	2010	2009	2010	2009	2010	2009
Outstanding Balances								
Deposits given	-	-	45.06	45.06	0.15	0.15	45.21	45.21
Creditors	14.00	13.84	-	-	-	-	14.00	13.84
Debtors outstanding	1,967.58	1,198.47	-	-	-	-	1,967.58	1,198.47
Guarantees given to bank on behalf of Subsidiaries	2,535.60	1,214.20	-	-	-	-	2,535.60	1,214.20
Total Investments	8,273.14	7,175.42	-	-	-	-	8,273.14	7,175.42
ICD outstanding*	-	419.77	-	-	-	-	-	419.77
Due to Directors	-	-	147.30	165.71	-	-	147.30	165.71
	12,790.32	10,021.70	192.36	210.77	0.15	0.15	12,982.83	10,232.62

* Transactions with party which became & ceased to be subsidiary during the previous 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	1,315.75	1472.89
Unichem Pharmaceuticals (USA) Inc.	1,045.35	484.05
b) Interest received on Loans & ICD given		
Unireach Healthcare Private Limited*	-	40.49
c) Investments made		
Unichem Farmaceutica Do Brasil Ltda	628.31	361.61
Unichem Pharmaceuticals (USA) Inc.	469.41	641.85
d) Guarantees given to Banks on behalf of Subsidiary Company		
Niche Generics Limited.	2,535.60	1214.20
e) Rent Paid		
Mrs. Anita Mody	2.17	2.02
Pranit Trading Pvt. Ltd.	0.60	0.60
f) Managerial Remuneration		
Dr. Prakash A. Mody	223.41	222.71
g) Commission		
Dr. Prakash A. Mody	147.30	165.71
Unichem Pharmaceuticals (USA) Inc.	93.33	-
h) Salary		
Ms. Supriya Mody	18.11	5.40
i) Dividend Paid		
Pranit Trading Pvt Ltd	322.21	254.34
Chevy Capital Services Pvt Ltd	205.11	162.04
PM Capital Services Pvt Ltd	177.77	140.42
Viramrut Trading Pvt. Ltd.	213.90	169.07
AVM Capital Services Pvt Ltd.	177.31	140.05
Dr. Prakash A. Mody	404.46	334.57
j) Expenses Re - imbursement		
Niche Generics Limited.	25.37	29.46
Unichem Pharmaceuticals (USA) Inc.	89.90	47.60

* Transactions with party which became & ceased to be subsidiary during the previous year.

19 Board of Directors of the Company in its meeting held on 14th May, 2011 has considered and approved the Valuation Report, exchange ratio, Fairness of Opinion and the Scheme of Arrangement between Enterprises under significant influence of Key Management Personnel through which promoters hold shares of Unichem Laboratories Limited as referred to in Note 18(1)(ii) above. The said Scheme shall be filed with and is subject to approval of the High Court or such other competent authority from whom directions would also be sought for holding / dispensing with meeting of shareholders / creditors of the Company to give effect of the scheme from 1st April, 2011 or such other date as may be directed.



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	2011	2010
Profit after Taxation attributable to equity shareholders (A)(₹ In lacs)	10,849.78	13,394.43
Weighted average number of Equity shares for Basic Earning per Share (B)*	90,212,625	90,150,020
Weighted average number of Equity shares for Diluted Earning per Share (C)*	90,757,431	90,688,503
Earning Per Share - Basic (A)/(B) ₹	12.03	14.86
Diluted (A)/(C) ₹	11.95	14.77
(Face value of ₹ 2/- per share (previous year ₹ 5/- per share and face value has been recast to ₹ *2/- per share))		

* Consequent upon sub division of Equity shares from face value of ₹ 5/- per Equity share to ₹ 2/- per Equity shares w.e.f 23.10.2010 the Weighted average number of Equity shares for previous year have been recalculated .

22 The deferred tax liability for the current year amounting to ₹ 313.00 lacs (Previous year ₹ 232.00 lacs) & Excess / short provision for taxation of previous years accounted during the current year ₹ 20.21 lacs (Previous year ₹ 32.63 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	4,342.52	433.29	3,909.23
Sub-Total	4,342.52	433.29	3,909.23
Deferred Tax Assets			
Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	421.23	70.43	350.80
Provision for Diminution in Investments	139.86	49.86	90.00
Sub-Total	561.09	120.29	440.80
Total Tax Liability	3,781.43	313.00	3,468.43

23 Interim Dividend for the previous year included 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 was shown under Schedule-12 as provisions in the previous year.

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	58,070	44,110	28,903	22,902
Syrups	Litres	960,000	960,000	83,293	73,828
Injections	Litres	90,000	90,000	5,515	3,900
Eyemides, Ointments & Powder.	Kilograms	197,520	197,040	64,880	41,441
Bulk Drugs & Chemicals	Kilograms	731,074	764,224	467,837	502,286

- 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.



(₹ 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	6,137	3,208.97	4,440	2,559.25	4,043	2,642.57
Syrups	Litres	322,765	301.64	290,531	221.81	213,736	178.44
Injections	Litres	84,088	207.95	61,797	235.65	52,805	126.74
Eyemides, Ointments & Powder	Kilograms	68,085	844.97	68,432	309.33	102,675	781.32
Bulk Drugs & Chemicals	Kilograms	53,746	801.70	40,596	512.31	48,823	947.45
Total			5,365.23		3,838.35		4,676.52

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

Class of Goods	Current Year			Previous Year	
	Unit	Quantity	Value	Quantity	Value
Formulations					
Tablets/Capsules	No. in lacs	34,517	61,661.96	31,154	55,054.81
Syrups	Litres	965,110	1,604.09	1,001,129	1,537.88
Injections	Litres	314,926	1,673.82	252,416	1,452.80
Eyemides, Ointments & Powder	Kilograms	306,165	4,152.05	318,456	3,975.81
Bulk Drugs & Chemicals	Kilograms	431,865	7,238.02	497,571	6,653.89
Total			76,329.94		68,675.19

Note: The sales quantities includes adjustments on account of free issues, shortages & obsolesences

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	7,311	6913.33	8,650	6,952.90
Syrups	Litres	914,050	1066.65	1,004,096	1,048.68
Injections	Litres	331,702	744.52	257,508	928.67
Eyemides, Ointments & Powders	Kilograms	240,939	1436.77	242,772	1,236.80
Total			10,161.27		10,167.05

28 Value of Imports (CIF Value)

(₹ in lacs)

Particulars	Current Year	Previous Year
Raw Materials	3,106.74	2,001.04
Packing Materials	145.41	13.51
Stores & Spare Parts	61.29	7.78
Capital Goods	1,927.68	129.62
Total	5,241.12	2,151.95



Schedules to Accounts

29 Expenditure in Foreign Currencies (on accrual basis)

(₹ in lacs)

Particulars	Current Year	Previous Year
Professional and Consultation fees	9.90	43.50
Others	1,078.56	1,061.26
Total	1,088.46	1,104.76

30 Earnings in Foreign Exchange (Gross)

(₹ in lacs)

Sales and Operating Income	Current Year	Previous Year
Export of Goods calculated on FOB basis, etc.,	14,585.51	12,318.23
Insurance, Freight and other charges recovered	460.60	295.01
Total	15,046.11	12,613.24

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	11,738.78	80	8,663.89
Imported (including duty and charges)	20	2,977.93	20	2,124.25
Total	100	14,716.71	100	10,788.14
B. Packing Materials, Stores and Spares				
Indigenous (including canalised)	96	3,505.52	99	2,489.02
Imported (including duty and charges)	4	128.09	1	13.42
Total	100	3,633.61	100	2,502.44

32 Break up of Raw Materials Consumed

(₹ in lacs)

Particulars	Unit	Current Year		Previous Year	
		Quantity	Value	Quantity	Value
Ampicillin	Kilograms	78,513	1,630.85	81,404	1,527.34
Miscellaneous (none of which individually accounts for more than 10% of total consumption)			13,085.86		9,260.80
Total			14,716.71		10,788.14

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
Vice President - Legal
& Company Secretary

For and on behalf of the Board of Directors

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Mumbai
May 14, 2011



Balance Sheet Abstract and Company's General Business Profile

(Amount ₹ in Thousands)

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 1

II. Capital raised during the year

ESOP

1 6 4 . 0 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)

6 8 2 6 1 1

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

7 4 6 2 8 5 0

Sources of Funds

Paid-up
Capital

1 8 0 4 7 9

Reserve and
Surplus

6 5 9 9 7 6 0

Share Application Money

N I L

Secured Loans

7 7 3 1 2

Unsecured Loans

2 2 7 1 5 6

Application of Funds

Net Fixed Assets (Including
Capital Works in progress)

4 3 4 7 6 5 6

Net Current Assets (Net
of Deferred Tax Liability)

1 7 3 5 6 1 6

Investments

1 0 0 1 4 3 5

Miscellaneous Expenditure

N I L

IV. Performance of Company

Turnover

7 7 0 2 2 2 0

Total Expenditure

6 3 1 0 3 6 6

Earnings per share in ₹

1 2 . 0 3

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

1 4 0 2 8 9 9

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

1 0 8 4 9 7 8

Diluted earning per share in ₹

1 1 . 9 5

Dividend Rate. (declared
₹ 4/- per share)

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
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Mumbai
May 14, 2011



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 2011, 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 ₹ 1,797.74 lacs as at March 31, 2011, total revenues of ₹ 8,288.10 lacs and net cash inflow amounting to ₹ 15.65 lacs for the year ended, and
- ii) A subsidiary company whose financial statements reflect total assets (net) of ₹ 1.56 lacs as at February 28, 2011, total revenues of ₹ Nil and cash outflow of ₹ 1.28 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, 2011;
- (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

Mumbai
May 14, 2011

Raman Jokhakar
Partner
Membership No. 103241



Consolidated Balance Sheet

As at 31st March, 2011
(₹ in lacs)

Schedule		Current Year		Previous Year	
SOURCES OF FUNDS					
Shareholders' Fund					
Share Capital	1	1,804.79		1,803.15	
Share Application Money		-		2.64	
Reserves and Surplus	2	59,965.70		54,485.80	
			61,770.49		56,291.59
Loan Funds					
Secured Loans	3	2,730.71		1,529.42	
Unsecured Loans	4	2,271.56		2,048.35	
			5,002.27		3,577.77
			3,781.43		3,468.43
Deferred Tax Liability					
Total			70,554.19		63,337.79
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	53,703.79		46,460.08	
Less: Accumulated Depreciation		15,973.04		13,125.35	
Net Block		37,730.75		33,334.73	
Capital Work in Progress		7,912.13		6,288.08	
			45,642.88		39,622.81
Investments	6		2,131.88		5,921.02
Current Assets, Loans and Advances					
Inventories	7	15,026.24		10,754.13	
Sundry Debtors	8	18,569.59		16,697.48	
Cash and Bank Balances	9	1,516.02		2,363.93	
Loans and Advances	10	5,242.89		4,512.83	
			40,354.74		34,328.37
Less: Current Liabilities and Provisions					
Current Liabilities	11	13,915.35		12,970.52	
Provisions	12	3,659.96		3,563.89	
			17,575.31		16,534.41
Net Current Assets			22,779.43		17,793.96
Total			70,554.19		63,337.79
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**
Vice President - Legal
& Company Secretary**Dr. Prakash A. Mody**
Chairman &
Managing Director**Prafull Anubhai**
DirectorMumbai
May 14, 2011



Consolidated Profit & Loss Account

Consolidated Profit & Loss Account

For the year ended 31st March, 2011
(₹ in lacs)

	Schedule	Current Year	Previous Year
INCOME			
Sales / Income from operations (Gross)	13	82,952.27	75,030.25
Less: Excise duty		548.46	291.65
Sales / Income from operations (Net)		82,403.81	74,738.60
Other Income	14	686.17	663.72
Total		83,089.98	75,402.32
EXPENDITURE			
Manufacturing, selling and administrative expenditure	15	63,560.99	54,741.53
Research & Development expenditure	16	3,835.12	2,911.78
Interest	17	93.49	104.15
Depreciation including Amortisation		2,921.79	2,321.36
Total		70,411.39	60,078.82
PROFIT BEFORE TAXATION		12,678.59	15,323.50
PROVISION FOR TAXATION			
Less: Current Tax (including Wealth tax)		2,846.00	2,811.00
Deferred Tax		313.00	232.00
PROFIT AFTER TAXATION		9,519.59	12,280.50
Less: Prior Period items		(1.31)	(0.86)
Less: Excess/(Short) provision for taxation pertaining to previous years		(20.21)	32.63
Add: Balance Brought Forward		33,495.60	26,893.18
Amount available for Appropriation		42,993.67	39,205.45
APPROPRIATIONS			
Proposed Dividend		2,526.71	-
Interim Dividend (Refer Note 11 of Schedule 18)		1,082.83	3,606.65
Tax on Interim Dividend (Refer Note 11 of Schedule 18)		179.84	603.20
Tax on Proposed Dividend		409.89	-
General Reserve		1,500.00	1,500.00
Surplus Carried to Balance Sheet		37,294.40	33,495.60
Total		42,993.67	39,205.45
Basic Earnings per share of ₹ 2/- (Pr Yr ₹ 2/-) each (in ₹)		10.53	13.66
Diluted Earnings per share of ₹ 2/- (Pr Yr ₹ 2/-) each (in ₹)		10.47	13.58
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
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Mumbai
May 14, 2011



Consolidated Cash Flow Statement

For the year ended 31st March, 2011
(₹ in lacs)

	Current Year		Previous Year	
A. Cash Flow from Operating Activities				
Net Profit before tax		12,678.59		15,323.50
Adjustment for :				
Depreciation	2,921.79		2,321.36	
Loss/(Profit) on Sale of Assets (Net)	5.21		146.31	
Exchange difference	(75.05)		235.25	
Interest expenses	239.24		238.34	
Provision for doubtful debts, loans advances & deposits for the year	62.93		41.94	
Bad Debts written off	-		128.48	
Employees compensation expenses (ESOS)	43.11		(131.88)	
Stock Option / Expenses (other than employees)	6.79		6.81	
Loss/(Profit) on Sale of Investments	(251.80)		(160.86)	
Interest income	(145.75)		(134.19)	
Excess provision for expenses written back	(63.57)		(160.22)	
Dividend income	(0.10)		(0.09)	
		2,742.80		2,531.25
Operating Profit Before Working Capital Changes		15,421.39		17,854.75
Adjusted for:				
Trade & other receivables	(2,375.57)		(2,837.55)	
Inventories	(4,272.11)		(415.32)	
Current liabilities	1,165.70	(5,481.98)	1,057.92	(2,194.95)
Cash Generated from Operations		9,939.41		15,659.80
Direct Taxes Paid (Net of refund)		(3,080.69)		(2,749.67)
Net Cash Flow from Operating Activities		6,858.72		12,910.13
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(9,087.76)		(4,590.73)
Sale of Fixed Assets		140.69		99.45
Investment in others (Net)		3,789.14		(5,818.94)
(Loss)/Profit on Sale of Investments		251.80		160.86
Interest received		145.75		134.19
Dividend on Investments		0.10		0.09
Net Cash used in Investing Activities		(4,760.28)		(10,015.08)
C. Cash Flow from Financing Activities				
Receipt / (Repayments) of working Capital borrowings		520.24		(438.97)
Proceeds from issue of share capital & share premium		34.90		11.15
Receipt / (Repayment) of short term borrowing		223.21		169.94
Receipt / (Payment) of loans from banks		681.05		(126.31)
Interest Paid		(239.24)		(238.34)
Dividend Paid		(3,567.20)		(2,855.22)
Dividend Distribution tax Paid		(599.18)		(490.25)
Net cash used in Financing Activities		(2,946.22)		(3,968.00)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		(847.78)		(1,072.95)
Opening balance of Cash and Cash Equivalents		2,363.93		3,436.96
Closing balance of Cash and Cash Equivalents		1,516.15		2,364.01
Closing balance of Cash & Cash Equivalents as per Sch-9		1,516.02		2,363.93
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		0.13		0.08
Closing balance of Cash & Cash Equivalents as per cash flow		1,516.15		2,364.01

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**
Vice President - Legal
& Company Secretary

For and on behalf of the Board of Directors

Dr. Prakash A. Mody
Chairman &
Managing Director**Prafull Anubhai**
DirectorMumbai
May 14, 2011



Schedules to Consolidated Accounts

As at 31st March, 2011
(₹ in lacs)

Schedule 1		Current Year	Previous Year
<u>SHARE CAPITAL</u>			
AUTHORISED			
1,750,000,000	Equity Shares of ₹ *2/- each (Previous year 70,000,000 Equity shares of ₹ 5/- each)	3,500.00	3,500.00
50,000,000	Unclassified Shares of ₹ *2/- each (Previous year 20,000,000 Unclassified Shares of ₹ 5/- each)	1,000.00	1,000.00
5,000,000	Preference Shares of ₹ 10/- each (Previous year 5,000,000 Preference Shares of ₹ 10/- each)	500.00	500.00
		5,000.00	5,000.00
ISSUED, SUBSCRIBED AND PAID UP			
90,239,500	Equity Shares of ₹ *2/- each fully paid up (Previous year 36,063,000 Equity Shares of ₹ 5/- each fully paid up)	1,804.79	1,803.15
Total		1,804.79	1,803.15

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 691,000 Equity share of ₹ *2/- each ; (Previous year 339,500 Equity shares of ₹ 5/- each).

(* Pursuant to resolution passed in AGM held on 16.09.2010 , nominal value of the Shares is sub divided into ₹ 2/- per share w.e.f 23.10.2010)



As at 31st March, 2011
(₹ in lacs)

Schedule 2	Current Year		Previous Year	
RESERVES AND SURPLUS				
SHARE PREMIUM				
Balance as per last balance sheet	7,465.47		7,445.73	
Add: Addition during the year	71.97		19.74	
		7,537.44		7,465.47
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	12,574.80		11,074.80	
Add: Transfer from Profit and Loss Account	1,500.00		1,500.00	
		14,074.80		12,574.80
Foreign Currency translation reserve		81.90		(13.40)
EMPLOYEES' STOCK OPTION				
Employees' stock options outstanding	264.17		331.16	
Less: Deferred Employees' stock compensation	(183.51)		(264.33)	
		80.66		66.83
BALANCE IN PROFIT AND LOSS ACCOUNT		37,294.40		33,495.60
Total		59,965.70		54,485.80

Schedule 3	Current Year	Previous Year
SECURED LOANS		
Term loans from Banks	1,901.24	1,220.19
Loans from Banks for working capital	829.47	309.23
Total	2,730.71	1,529.42
Schedule 4		
UNSECURED LOANS		
Loans & Advances from Others	2,271.56	2,048.35
Total	2,271.56	2,048.35



Schedules to Consolidated Accounts

As at 31st March, 2011
(₹ in lacs)**Schedule 5****FIXED ASSETS**

ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION	NET BLOCK	
	Cost As at 01/04/2010	Additions	Deductions	Cost As at 31/3/2011	As at 31/3/2011	As at 31/3/2011	As at 31/3/2010
Goodwill	154.50	-	-	154.50	-	154.50	154.50
Land							
Freehold	248.47	-	-	248.47	-	248.47	248.47
Leasehold	1,796.85	1,399.59	-	3,196.44	184.22	3,012.22	1,666.42
Buildings	15,022.20	1,871.55	-	16,893.75	2,997.80	13,895.95	12,628.77
Plant and Machinery	26,773.37	4,090.66	(165.37)	30,698.66	11,091.26	19,607.40	17,704.03
Furniture Fixtures and Equipments	1,819.81	83.19	(40.02)	1,862.98	1,253.63	609.35	674.49
Cars and Vehicles	511.35	18.72	(14.61)	515.46	313.27	202.19	256.98
Patents and Trademarks	133.53	-	-	133.53	132.86	0.67	1.07
Total	46,460.08	7,463.71	(220.00)	53,703.79	15,973.04	37,730.75	33,334.73
Previous Year	41,412.70	5,820.59	(773.21)	46,460.08	13,125.35	33,334.73	-
Capital Work in Progress including Capital Advances						7,912.13	6,288.08

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 ₹ 2,582.24 lacs (Previous year ₹ 202.82 lacs) being expenditure on Research and Development as under:-

Land	₹ 1,399.58 lacs	(Previous year ₹ Nil)
Buildings	₹ 64.35 lacs	(Previous year ₹ 1.13 lacs)
Plant & Machinery	₹ 863.71 lacs	(Previous year ₹ 127.73 lacs)
Furniture Fixtures and Equipments	₹ 4.08 lacs	(Previous year ₹ 3.01 lacs)
Motor Car	₹ 10.23 lacs	(Previous year ₹ Nil)
Capital Work in Progress	₹ 240.29 lacs	(Previous year ₹ 70.95 lacs)
Total	₹ 2,582.24 lacs	



As at 31st March, 2011
(₹ 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) 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 Pvt Ltd	10,000	10,000	₹ 10	1.00	1.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
TOTAL LONG TERM UNQUOTED INVESTMENTS				3.00	3.00
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited (Market value as on 31st March 2011 is ₹ 8.40 lacs) (Previous year ₹ 3.73 lacs)	1,000	1,000	₹ 10	-	-
(B) CURRENT INVESTMENTS-TRADE (Lower of cost or Market Value)					
MUTUAL FUNDS					
Axis Treasury Advantage Fund - Inst. - Growth		5000.00			50.00
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth		1855442.48			200.00
Birla Sun Life Short Term Fund - Retail - Growth	1120252.00	622248.94		175.00	100.01
Canara Robeco Interval Series 2-Qtrly Plan 2-Inst Growth Fund	-	5832887.77			600.00
Daiwa Liquid Fund - Retail Plan - Growth Option	4565.13			50.00	
DWS Insta Cash Plus Fund - Institutional Plan Growth	653482.08			100.00	
Fortis Money Plus Institutional - Growth		1092602.39			150.01
Fortis Short Term Income Fund - Inst. - Growth		1929769.41			200.25
HDFC Cash Management Fund Treasury Advantage Plan - Wholesale - Growth		2817501.74			550.23
HDFC Cash Management Fund - Savings Plan Growth	488128.71			100.00	
HSBC Cash Fund - Institutional plan - Growth	314946.74			50.00	
IDFC Money Manager Fund Treasury Plan-Inst Plan B-Growth		687600.15			100.01
IDFC Cash Fund Institutional Plan B - Growth	284960.36			50.00	
ICICI Prudential Flexible Income Plan Premium - Growth		134404.92			229.54
ICICI Prudential Liquid Super Institutional Plan - Growth	86284.85			125.00	
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Cumulative	1025661.67			102.57	
IDBI Mutual Fund - Growth	7130.62			75.00	
ICICI Prudential Banking & PSU Debt Fund - Growth		1987755.43			200.00
JM Money Manager Fund - Growth		1170208.35			150.02
JM High Liquidity Fund - Institutional Plan	1086560.28			175.00	
Kotak Flexi Debt Scheme Inst. - Growth		442329.66			50.01
Kotak Floater Short Term - Growth	1093840.69			175.00	
Kotak Quarterly Interval Plan Series 4 - Growth		4266757.69			500.00
L & T Select Income Fund-FD INST GT	0.60			0.00	
LIC Savings Plus Fund - Growth Plan		6939926.54			1,006.07
LIC NOMURA MF Liquid Fund - Growth Plan	419148.96			75.00	
Morgan Stanley Short Term Bond Fund - Inst Plus - Growth		1000000.00			100.00
Peerless Liquid Fund- Super Institutional growth	950869.41			101.31	
Pramerica Liquid Fund - Growth Option	4786.10			50.00	
Reliance Liquid Fund - Cash Option - Growth Plan	634143.76			100.00	
Reliance Liquid Fund - Treasury Plan - Inst Option - Growth Option - Growth plan	210777.47	974293.79		50.00	218.61



Schedules to Consolidated Accounts

	No of Shares/Units		Face Value	Current Year	Previous Year
	Current Year	Previous Year			
Reliance Regular Savings Fund-Debt Plan-Inst-Growth Plan	201580.39	201580.39		25.00	25.00
Reliance Quarterly Interval Fund-Series III-Inst. Growth Plan		4058606.28			500.00
Reliance Monthly Interval Fund-Series I-Inst.-Growth Plan		1610643.13			200.00
Reliance Monthly Interval Fund-Series II-Inst.-Growth Plan		805250.23			100.00
SBI Premier Liquid Fund - Institutional Growth	321167.51			50.00	
Sundaram Money Fund Inst - Apprn	369207.14			75.00	
Templeton India Treasury	9824.81			150.00	
Taurus Liquid Fund - Institutional Growth	4683.50			50.00	
UTI Liquid Cash Plan Institutional - Growth Option	10906.50			175.00	
UTI Money Market Fund - Growth Plan	1846.82			50.00	
UTI Treasury Advantage Fund - Inst. Plan - Growth		15315.45			188.26
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan VI - Inst. - Growth Plan		5000000.00			500.00
Sub Total				2,128.88	5,918.02
Total				2,131.88	5,921.02

Notes:

During the year following investments were purchased and sold:

No. in Units

Particulars	Opening	Purchase	Total	Sold	Balance
Fidelity Ultra Short Term Debt Fund Institutional - Growth Option		866181.92	866181.92	866181.92	-
Fidelity FMP Series 2 - Plan A - Growth		1004259.99	1004259.99	1004259.99	-
Fidelity Cash Fund (Institutional) - Growth		1596691.31	1596691.31	1596691.31	-
Religare Ultra Short Term Fund - Institutional Growth		391914.35	391914.35	391914.35	-
Religare Liquid Fund - Institutional Growth		394791.91	394791.91	394791.91	-
Tata Liquid High Investment Fund - Growth		7922.44	7922.44	7922.44	-
Tata Floater Fund - Growth		878619.65	878619.65	878619.65	-
SBI Premier Liquid Fund - Institutional - Growth		654190.02	654190.02	333022.51	321167.51
SBI - Magnum Insta Cash Fund - Cash Option		232606.82	232606.82	232606.82	-
L & T FMP - 1 (July 91 D A) - Growth		503595.00	503595.00	503595.00	-
L&T Select Income Fund - Flexi Debt Inst.		484617.98	484617.98	484617.38	0.60
L&T Liquid Inst. Plus		267896.85	267896.85	267896.85	-
Reliance Regular Saving Fund - Debt Plan - Inst. Growth Plan	201580.39	-	201580.39	-	201580.39
Reliance Quarterly Interval Fund - Series III - Institutional Growth Plan	4058606.28	-	4058606.28	-	-
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan		1271283.89	1271283.89	637140.12	634143.76
Reliance Liquid fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	974293.79	1091845.36	2066139.15	1855361.67	210777.47
Reliance Money Manager Fund - Institutional option - Growth Plan		87787.07	87787.07	87787.07	-
Reliance Monthly Interval Fund - Series II - Institutional Growth Plan	805250.23	1596538.70	2401788.94	2401788.94	-
Reliance Monthly Interval Fund - Series I - Institutional Growth Plan	1610643.13	397957.73	2008600.86	2008600.86	-
Birla Sun Life Ultra Short Term Fund Retail Growth	622248.94	1043414.78	1665663.72	1665663.72	-
Birla Sun Life Dynamic Bond Fund - Retail - Growth		319482.72	319482.72	319482.72	-
Birla Sun Life Floating Rate Fund - Long Term - Inst. - Growth	1855442.48	-	1855442.48	1855442.48	-
Birla Sun Life Savings Fund - Inst. - Growth		1148283.68	1148283.68	1148283.68	-
Birla Sun Life Cash Plus - Inst. Prem - Growth		6942609.85	6942609.85	5822357.85	1120252.00
Birla Sun Life Cash Manager - Institutional Plan - Growth		1880831.90	1880831.90	1880831.90	-
Fortis Short Term Income Fund - Institutional - Growth	1929769.41	-	1929769.41	1929769.41	-
Fortis Money Plus Institutional Growth	1092602.39	-	1092602.39	1092602.39	-
DSP BlackRock Short Term Fund - Growth		1902704.87	1902704.87	1902704.87	-
DSP BlackRock Liquidity Fund - Institutional Plan - Growth		33104.88	33104.88	33104.88	-
DSP BlackRock Liquidity Fund - Regular Plan - Growth		1818828.00	1818828.00	1818828.00	-
DSP BlackRock FMP - 3M Series 24- Growth		1500000.00	1500000.00	1500000.00	-
Templeton India Treasury Management Account Institutional Plan		16538.93	16538.93	6714.12	9824.81
Kotak Floater Short Term - Growth		2385278.79	2385278.79	1291438.10	1093840.69



No. in Units

Particulars	Opening	Purchase	Total	Sold	Balance
Kotak Liquid (Institutional Premium)		6236297.58	6236297.58	6236297.58	-
Kotak Floater Long Term - Growth		1989305.80	1989305.80	1989305.80	-
Kotak Flexi Debt Scheme Institutional - Growth	442329.66	1973778.28	2416107.94	2416107.94	-
Kotak Quarterly Interval Plan Series 8 - Growth		890765.44	890765.44	890765.44	-
Kotak Quarterly Interval Plan Series 4 - Growth	4266757.69	-	4266757.69	4266757.69	-
JM Money Manager Fund Super Plus Plan - Growth	1170208.35	383188.88	1553397.23	1553397.23	-
JM Money Manager Fund Super Plan - Growth		1148059.51	1148059.51	1148059.51	-
JM High Liquidity Fund - Regular Plan Growth Plan (13)		485437.62	485437.62	485437.62	-
JM High Liquidity Fund - Institutional Plan- Growth (57)		5952486.80	5952486.80	4865926.52	1086560.28
JM Money Manager regular Plan - Growth		1177618.67	1177618.67	1177618.67	-
UTI - Fixed Income Interval Fund - Series - II - Quarterly Interval Plan - VII - Inst. Growth Plan		2002692.54	2002692.54	2002692.54	-
UTI - Fixed Income Interval Fund - series II - Quarterly Plan VI - Institutional - Growth Plan	5000000.00	-	5000000.00	5000000.00	-
UTI - Treasury Advantage Fund Institutional Plan (Growth Option)	15315.45	64553.82	79869.27	79869.27	-
UTI Floating Rate Fund Short Term Plan - Inst. Growth Option		38239.04	38239.04	38239.04	-
UTI Liquid Cash plan Institutional - Growth option		59347.15	59347.15	48440.65	10906.50
UTI Money Market Fund - Growth Plan		1846.82	1846.82	0.00	1846.82
LICMF Savings Plus Fund - Growth Plan	6939926.54	9446152.02	16386078.56	16386078.56	-
LICMF Income Plus Fund - Growth Plan		5721352.05	5721352.05	5721352.05	-
LICMF Liquid Fund - Growth Plan		13259297.84	13259297.84	12840148.88	419148.96
Taurus Ultra Short Term Bond Fund - Inst. Growth Plan		9269.79	9269.79	9269.79	-
Taurus Liquid Fund		28972.85	28972.85	24289.35	4683.50
DWS Treasury Fund Investment - Regular Plan - Growth		481258.98	481258.98	481258.98	-
DWS Treasury Fund Cash - Regular Plan - Growth		483780.80	483780.80	483780.80	-
DWS Insta Cash Plus Fund - Inst Plan Growth		996631.78	996631.78	343149.70	653482.08
IDFC Cash Fund - Inst Plan B - Growth		1185964.48	1185964.48	901004.11	284960.36
IDFC Savings Advantage Fund - Plan A- Growth		3836.29	3836.29	3836.29	-
IDFC Money Manager Fund - Investment Plan - Inst Plan B - Growth		691683.61	691683.61	691683.61	-
IDFC Money Manager Fund - Treasury Plan - Inst Plan B - Growth	687600.15	-	687600.15	687600.15	-
Prudential ICICI Flexible income plan premium - Growth	134404.92	876247.61	1010652.53	1010652.53	-
ICICI Prudential Interval Fund II QLY Interval Fund Plan D Inst. Cumulative		2007729.12	2007729.12	982067.45	1025661.67
ICICI Prudential Banking & PSU Debt Fund - Growth	1987755.43	1957770.88	3945526.31	3945526.31	-
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth		1290243.33	1290243.33	1203958.48	86284.85
HDFC Cash Management Fund - Savings Plan - Growth		5971681.35	5971681.35	5483552.64	488128.71
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	2817501.74	1221850.38	4039352.12	4039352.12	-
HDFC High Interest Fund - Short Term Plan		536806.47	536806.47	536806.47	-
Canara Robeco Interval Series 2 - Quarterly Plan 2 - Inst. Growth Fund	5832887.77	0.00	5832887.77	5832887.77	-
Canara Robeco Liquid Fund - Institutional Growth		1150403.79	1150403.79	1150403.79	-
Axis Liquid Fund - Growth		45473.18	45473.18	45473.18	-
Axis Treasury Advantage Fund - Growth	5000.00	12194.61	17194.61	17194.61	-
Peerless Liquid Fund - Super Inst. Growth		4509443.23	4509443.23	3558573.81	950869.41
Edelweiss Liquid fund - Retail - Growth Plan		227960.75	227960.75	227960.75	-
Morgan Stanley Short Term Bond Fund-Institutional plus growth	1000000.00	0.00	1000000.00	1000000.00	-
Daiwa Liquid Fund - Retail Plan - Growth Option		4565.13	4565.13	0.00	4565.13
Pramerica Liquid Fund - Growth Option		4786.10	4786.10	0.00	4786.10
HSBC Cash Fund - Institutional Plan - Growth		314946.74	314946.74	0.00	314946.74
Sundaram Money Fund Institutional_APPM		369207.14	369207.14	0.00	369207.14
LQG- IDBI Liquid Fund- Growth		7130.62	7130.62	0.00	7130.62



Schedules to Consolidated Accounts

As at 31st March, 2011
(₹ in lacs)

Schedule 7	Current Year		Previous Year	
<u>INVENTORIES (As certified by management)</u>				
Raw Materials (Include ₹ 236.04 lacs in transit, (Previous year ₹ 133.10 lacs))		5,384.01		3,934.99
Packing Materials (Include ₹ Nil in transit, (Previous year ₹ Nil))		908.11		593.40
Semi- Finished Goods		2,462.12		1,765.24
Finished Goods (Include ₹ 192.56 lacs in transit, (Previous year ₹ 138.26 lacs))		6,008.16		4,233.79
Stores and Spares		263.84		226.71
Total		15,026.24		10,754.13
Schedule 8				
<u>SUNDRY DEBTORS (UNSECURED)</u>				
Debts outstanding for period exceeding six months Considered good	2,476.18		1,523.43	
Considered doubtful	455.01		362.06	
Less: Provision for Doubtful Debts	2,931.19 (455.01)		1,885.49 (362.06)	
Other debts - Considered Good		2,476.18		1,523.43
Total		16,093.41		15,174.05
		18,569.59		16,697.48
Schedule 9				
<u>CASH AND BANK BALANCES</u>				
Cash on Hand		12.57		13.28
Balance with Scheduled Banks				
In Current Accounts	605.80		1,112.97	
In Fixed Deposit Accounts	419.71		813.74	
In Unclaimed Dividend Accounts	166.91		126.46	
		1,192.42		2,053.17
Balance with Non Scheduled Banks outside India				
Balance with Foreign Banks		302.01		293.69
UKREXIMBANK		5.83		0.02
(Maximum Balance during the year ₹ 27.78 lacs (Previous year ₹ 23.97 lacs))				
SG-SSB Bank - Ghana		2.78		1.42
(Maximum Balance during the year ₹ 12.25 lacs (Previous Year ₹ 13.73 lacs))				
Turan Alem Bank, Almaty, Kazakhstan		-		0.12
(Maximum Balance during the year ₹ 12.19 lacs (Previous year ₹ 17.09 lacs))				
Uni Credit Bank - Russia		0.41		2.23
(Maximum Balance during the year ₹ 12.25 lacs (Previous year ₹ 11.06 lacs))				
Total		1,516.02		2,363.93

As at 31st March, 2011
(₹ 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	3,787.02		3,484.39	
Considered Doubtful	90.04		120.05	
	3,877.06		3,604.44	
Less : Provision for Doubtful Advances	90.04	3,787.02	120.05	3,484.39
		374.76		350.28
Deposits				
Advance payment of Income Tax (Net of provision for Taxation)	264.21		152.61	
Balance with Excise Department	816.90		525.55	
		1,081.11		678.16
Total		5,242.89		4,512.83
Schedule 11				
<u>CURRENT LIABILITIES</u>				
Due to Directors		147.30		165.71
Sundry Creditors				
Payable to Micro, Small and Medium Enterprises	-		-	
Advance from Customers	-		-	
Payable to other sundry creditors	12,355.51		11,514.28	
		12,355.51		11,514.28
Investor Education and Protection Fund shall be credited by the following (See note below)				
a) Unclaimed Dividend	166.91		126.46	
b) Unpaid matured deposits	0.75		1.14	
		167.66		127.60
Other Current Liabilities		1,244.88		1,162.93
Total		13,915.35		12,970.52
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		723.36		619.73
Proposed Dividend		2,526.71		-
Tax on Dividend		409.89		-
Interim Dividend (Refer Note 11 of Schedule 18)		-		2,524.82
Tax on Interim Dividend (Refer Note 11 of Schedule 18)		-		419.34
Total		3,659.96		3,563.89



Schedules to Consolidated Accounts

For the year ended 31st March, 2011
(₹ in lacs)

Schedule 13	Current Year		Previous Year	
SALES / INCOME FROM OPERATIONS (GROSS)				
Sales		82,260.01		74,354.12
Export benefits		392.66		337.11
Sundries		299.60		339.02
Total		82,952.27		75,030.25
Schedule 14				
OTHER INCOME				
Dividend received		0.10		0.09
Profit on sale of fixed assets		1.60		55.90
Miscellaneous Income		261.27		263.42
Discounting Charges		8.49		23.23
Profit on sale of current investments		251.80		160.86
Excess Provision for expenses written back		63.57		160.22
Foreign Exchange Fluctuation Gain (Net)		99.34		-
Total		686.17		663.72
Schedule 15				
MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES				
Raw Materials Consumed		15,806.56		12,193.00
Packing materials, containers consumed		3,810.20		2,666.00
Stores and Spares consumed		757.93		486.07
Purchases of Finished goods		10,461.96		10,179.72
Manufacturing Charges		932.32		821.89
Personnel cost:				
Payments to and provision for employees				
Salaries, wages, ex-gratia, bonus and commission	11,407.66		9,606.21	
Contribution to Provident and Other funds	748.60		632.03	
Employees' Welfare Expenses	243.18		81.25	
(Include ₹ 43.11 lacs (Previous year ₹ -131.88 lacs) of Employees' compensation expenses under ESOS Scheme.)				
Power and Fuel		12,399.44		10,319.49
Rent		2,249.89		1,623.03
Insurance		135.99		126.84
Repairs :		310.23		278.48
Plant and Machinery		286.38		251.25
Buildings		116.58		91.67
Others		528.32		486.32
Rates and Taxes		647.20		653.59
Advertising and sales promotion		8,187.61		6,234.59
Travelling and Conveyance		2,853.95		2,413.67
Freight outward		1,369.10		961.55
Directors' Fees		7.60		7.70
Commission on sales		1,094.79		892.28
Loss on sale / scrapping of assets		6.81		202.21
Foreign Exchange Fluctuation loss (Net)		-		223.44
Bad debts, loans, advances and deposits written off	-		427.26	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	-		298.78	
		-		128.48



For the year ended 31st March, 2011
(₹ in lacs)

	Current Year		Previous Year	
Provision for doubtful debts, loans, advances and deposits for the year		62.93		41.94
Establishment and Administrative Expenses		4,006.45		3,314.58
		66,032.24		54,597.79
Increase/(Decrease) in stocks of Semi finished and Finished Goods		(2,471.25)		143.74
Total		63,560.99		54,741.53
Schedule 16				
RESEARCH & DEVELOPMENT EXPENDITURE				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, Wages & Exgratia		1,173.47		946.95
Contribution to Provident Fund & Other Funds		63.68		52.86
Employees' welfare expenses		10.07		11.02
Rates & Taxes		24.00		22.99
Repairs:				
Plant & Machinery		46.29		18.73
Buildings		-		1.49
Others		35.34		33.85
Power & fuel		135.94		98.24
Travelling & conveyance		51.79		41.06
Others		2,294.54		1,684.59
Total		3,835.12		2,911.78
Schedule 17				
INTEREST				
Banks		51.12		66.26
Others		188.12		172.08
		239.24		238.34
Less : Interest earned (TDS deducted of ₹ 14.89 lacs (Previous year ₹ 25.02 lacs))		145.75		134.19
Total		93.49		104.15



Schedules to Consolidated Accounts

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES / NOTES ON CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

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.

- The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income & Expenses after fully eliminating intra-group investments.
- 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.
- 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.
- Financial statements of foreign subsidiaries considered as non integral in terms of AS 11 are transacted as under:
 - Assets and Liabilities at the rate prevailing at the end of the year
 - Revenues & Expenses at yearly average exchange rates.
 - Any Exchange Differences are transferred to Foreign Currency Translation Reserve.
- 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.
- Unichem S. A. Proprietary (100%) Subsidiary Company incorporated in South Africa has different date of 28/02/2011 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	166.80	233.76

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
 Ms. Supriya Mody
 Ms. Suparna Mody
 Ms. Shwetambari Mody
 Mr. G. M. Cole
 Mr. C. Moss
 Mr. Rajeev Lamba



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 Personnel		Total	Total
	2011	2010	2011	2010	2011	2010
Rent & Maintenance paid	2.17	2.02	0.60	0.60	2.77	2.62
Managerial remuneration	576.83	553.02	-	-	576.83	553.02
Commission	147.30	165.71	-	-	147.30	165.71
Dividend paid	639.98	522.41	1,106.73	874.25	1,746.71	1,396.66
Salary paid	18.11	5.40	-	-	18.11	5.40
Total	1,384.39	1,248.56	1,107.33	874.85	2,491.72	2,123.41

(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 Personnel		Total	Total
	2011	2010	2011	2010	2011	2010
Deposits given	45.06	45.06	0.15	0.15	45.21	45.21
Due to Directors	147.30	165.71	-	-	147.30	165.71
Total	192.36	210.77	0.15	0.15	192.51	210.92

(₹ in lacs)

Details of material transactions during the year		Current Year	Previous Year
a)	Rent Paid		
	Mrs. Anita Mody	2.17	2.02
	Pranit Trading Pvt. Ltd.	0.60	0.60
b)	Managerial Remuneration		
	Dr. Prakash A. Mody	223.41	222.71
c)	Commission Paid		
	Dr. Prakash A. Mody	147.30	165.71
d)	Dividend Paid		
	Pranit Trading Pvt Ltd	322.21	254.34
	Chevy Capital Services Pvt Ltd	205.11	162.04
	PM Capital Services Pvt Ltd	177.77	140.42
	Viramrut Trading Pvt. Ltd.	213.90	169.07
	AVM Capital Services Pvt Ltd.	177.31	140.05
	Dr. Prakash A. Mody	404.46	334.57
e)	Salary paid		
	Ms. Supriya Mody	18.11	5.40

6 Board of Directors of the Company in its meeting held on 14th May, 2011 has considered and approved the Valuation Report, exchange ratio, Fairness of Opinion and the Scheme of Arrangement between Enterprises under significant influence of Key Management Personnel through which promoters hold shares of Unichem Laboratories Limited as referred to in Note 5(1)(i) above. The said Scheme shall be filed with and is subject to approval of the High Court or such other competent authority from whom directions would also be sought for holding / dispensing with meeting of shareholders / creditors of the Company to give effect of the scheme from 1st April, 2011 or such other date as may be directed.

7 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 (Gross)		
India	60,456.53	56,197.20
Outside India	22,495.74	18,833.05
Total	82,952.27	75,030.25

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



Schedules to Consolidated Accounts

8 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.

9 Earning Per Share has been computed as under:

	2010-2011	2009-2010
Profit after Taxation attributable to Equity shareholders (A)(₹ In lacs)	9,498.07	12,312.27
Weighted average number of Equity shares for Basic Earning per Share (B)*	90,212,625	90,150,020
Weighted average number of Equity shares for Diluted Earning per Share (C)*	90,757,431	90,688,503
Earning Per Share - Basic (A)/(B)* ₹	10.53	13.66
Diluted (A)/(C)* ₹	10.47	13.58
(Face value of ₹ 2/- per share (previous year ₹ 5/- per share and face value has been recast to ₹ *2/- per share))		

(* Consequent upon sub division of Equity shares from face value of Rs. 5/- per share to Rs. 2/- per Equity shares w.e.f 23.10.2010 the Weighted average number of Equity shares for previous year have been recalculated).

- 10 The deferred tax liability for the current year amounting to ₹ 313.00 lacs (Previous year ₹ 232.00 lacs) & short / excess provision for previous years accounted during the current year ₹ 20.21 lacs (Previous Year ₹ 32.63 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	4,342.52	433.29	3,909.23
Subtotal	4,342.52	433.29	3,909.23
Deferred Tax Assets			
Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	561.09	120.29	440.80
Subtotal	561.09	120.29	440.80
Total Tax Liability	3,781.43	313.00	3,468.43

- 11 Interim Dividend for previous year included 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 was shown under Schedule-12 as provisions in previous year.
- 12 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 its 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
 Vice President - Legal
 & Company Secretary

For and on behalf of the Board of Directors

Dr. Prakash A. Mody
 Chairman &
 Managing Director

Prafull Anubhai
 Director

Mumbai
 May 14, 2011



Statement Pursuant to Section 212

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	31 st March, 2011	31 st March, 2011	28 th February, 2011	31 st March, 2011
Shares in the Subsidiary held by the Holding Company as at the above date				
i) Number of Shares	625,000 shares of GBP 1 each fully paid-up	8,280,656 Shares R\$ 1 each fully paid-up	19,000 shares of South African Rand 10/- each fully paid-up	5,701,955 shares of US\$ 1 each fully paid-up
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, 2011.				
i) For the Subsidiary's financial year ended as aforesaid.	GBP (793,621)	R\$ (1,440,771)	SAR 58	US\$ (922,587)
ii) For the Previous financial years of the Subsidiary since it became Holding Company's Subsidiary.	GBP (809,155)	R\$ (5,592,946)	SAR (165,643)	US\$ (4,263,141)
B) Dealt with in the Holding Company's accounts for the year ended 31st March, 2011.				
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 686,481	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	(387.97)	3,193.74	1,957.59	-	7,018.64	(554.79)	-	(554.79)	-
Unichem S.A. (Proprietary) Ltd. #	12.14	(10.58)	1.56	-	-	-	0.08	-	0.08	-
Unichem Farmaceutica Do Brasil Ltda *	1,953.12	(1,620.94)	332.18	-	-	26.40	(381.19)	-	(381.19)	-
Unichem Pharmaceuticals USA Inc. \$	2,586.31	(2,356.90)	229.41	-	-	1,243.06	(425.38)	-	(425.38)	-

@ Converted to Indian Rupees at the Exchange rate, 1 GBP = INR 69.9059

Converted to Indian Rupees at the Exchange rate, 1 SAR = INR 6.248

*Converted to Indian Rupees at the Exchange rate, 1 BRL = INR 26.0694

\$ Converted to Indian Rupees at the Exchange rate, 1 USD = INR 44.86

Notes:

- The Ministry of Company Affairs vide general Circular no. 5/ 12/2007-CL -III dated 8th February 2011 has granted General exemption for not attaching the financials of subsidiary companies to the financials of the Company, subject to compliance of conditions mentioned in circular from Financial Year 2010-2011 onwards.
- The Members can obtain a copy of the financials of the subsidiary companies from the registered office of the Company. The financials of the subsidiary companies are also available for inspection during business hours on any working day from 10.00 am to 1.00 p.m.
- The Financials are given in Indian Rupees.



Notice

NOTICE is hereby given that the 48th Annual General Meeting of the members of UNICHEM LABORATORIES LIMITED will be held on Thursday, July 28, 2011 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, 2011 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 ₹ 1.2/- per Equity Share of ₹ 2/- each already paid for the year ended March 31, 2011.
3. To declare Final Dividend for the year ended March 31, 2011.
4. To appoint a Director in place of Mr. Prafull Anubhai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ramdas Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint M/s. B. D. Jokhakar & Co., having registration no. 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

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

“RESOLVED THAT pursuant to the provisions of sub-section (1B) of section 314 and the Director’s Relatives (Office or Place of Profit) Amendment Rules, 2011 and other applicable provisions of the Companies Act, 1956 for the time being in force and subject to the prior approval of the Central Government, whenever required, the consent of the Company be and is hereby accorded to the appointment of Ms. Supriya Mody, daughter of Dr. Prakash A Mody, Chairman & Managing Director of the Company, to hold office of profit in the Company as General Manager – Marketing & Strategy or such other posts as may be decided by the Compensation Committee and the Board of

Directors, in the Senior Management Cadre of the Company from time to time.

RESOLVED FURTHER THAT Ms. Supriya Mody be paid initially compensation of ₹ 30 Lacs per annum with an authority to Board of Directors to pay such further remuneration as it may deem fit subject to maximum compensation of ₹ 50 Lacs per annum. In addition Ms Supriya Mody be paid perquisites such as Car, Medical Insurance, Provident Fund, Gratuity, Superannuation Fund, Leave entitlement, ESOPs and such other benefits which are payable or applicable to employees in similar Senior Management Cadre and position in the organization.

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

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

K. Subharaman

V. P. - Legal & Company Secretary

Mumbai
May 14, 2011

NOTES:

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the item under Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON POLL TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A blank form of proxy is enclosed and if intended to be used, should be completed, duly stamped, signed and deposited at the Registered



Office of the Company not less than 48 hours before the commencement of the Meeting. A power of attorney or any other authority, if any, under which it is signed (or a notarized copy thereof) must be deposited along with the proxy form.

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. The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued a circular on April 21, 2011 stating that the service of document by a company can be made through electronic mode. In view of this Circular, the Company proposes to send notices, annual reports and various other correspondences via emails in future. For this purpose, the shareholder is requested to update their email ids with the Depository Participant (DP) in case of demat holdings and with the RTA in case of holdings in physical form.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 18, 2011 to July 22, 2011 (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 as under.

At the ensuing 48th Annual General Meeting, Mr. Prafull Anubhai and Mr. Ramdas Gandhi retire by rotation and being eligible, offer themselves for re-appointment. Their profile is given below:

Mr. Prafull Anubhai, is a management consultant and is associated with educational, research and cultural institutions like Indian Institute of Management (IIMA), Ahmedabad Education Society (AES), Centre for Science Technology and Policy (CSTEP), ATIRA, Saptak (An Indian Classical Music organization), etc. He has done his B.Sc.(Econ.) from the London School of Economics and attended PMD at Harvard Business School. He has over 30 years of experience in top management of Textile and other businesses. He serves on the Boards of Torrent Cables Ltd., The EMSAF –

Mauritius (The Emerging Markets South Asia Fund), Vardhaman Textiles Ltd., Vardhaman Special Steels Ltd., Birla Sun Life Trustee Co. Pvt. Ltd., Gruh Finance Ltd., etc. He has served on the Board of Unichem since 1979. He is the Chairman of the Audit Committee and member of the Compensation Committee of Unichem.

Mr. Ramdas Gandhi is an advocate and solicitor by profession. He holds a Masters degree in law from University of Bombay. He was enrolled as an attorney at law in the High Court of Mumbai in 1956. He also served as partner in a leading law firm in India namely M/s. Bhaishanker Kanga & Girdharlal and of M/s. Manilal Kher Ambalal & Co. He presently serves as director in Pidilite Industries Limited, Aarti Industries Limited, Vinyl (India) Chemicals Limited and Aarti Drugs Limited. He has served on the Board of Unichem since 1985. He is the Chairman of the Shareholders Grievance Committee and member of Audit Committee, Compensation Committee and Management Committee of Unichem.

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

K. Subharaman

V.P. – Legal & Company Secretary

Mumbai
May 14, 2011



Annexure to Notice

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

Item no. 7

Ms. Supriya Mody was appointed as Deputy General Manager in terms of the special resolution passed by the members on 22nd July, 2009. Subsequently, the Company also received approval of the Central Government concerning her appointment.

Ms. Supriya Mody has performed well in the last two years and now she has taken over a bigger role and responsibility in the organization. She is promoted as General Manager – Marketing & Strategy effective 1st June 2011 and she supervises the marketing strategies for 7 major Marketing Divisions of the Company namely UVA, UNICHEM PHARMA, UNISEARCH CV, UNISEARCH CD, INTEGRA, NEU FOREVA, UNIKARE. Her appointment and progress has been well monitored by the Compensation Committee and the Board of Directors who have decided to increase her compensation commensurate with her role and responsibilities in the organization. This is an enabling resolution seeking one time approval for any increase in her compensation from her present compensation to such sum as may be determined by the compensation committee subject to minimum of ₹ 30 Lacs but subject to a maximum ₹ 50 Lacs excluding the identified perquisites as mentioned in the resolution.

Brief Profile of Supriya Mody:

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

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

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

K. Subharaman
VP – Legal & Company Secretary

Mumbai
May 14, 2011



Green Initiative in Corporate Governance: Go Paperless.

Dear Shareholder,

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered email addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the underlying theme and the circular issued by MCA, we are keen to participate in Green Initiative and henceforth propose to send documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors’ Report, Auditors’ Report etc. to the shareholders in the electronic form, to the e-mail address provided by you and made available to us by the Depositories, NSDL & CDSL using data maintained by the Depository Participants (DP).

In case you are holding shares in electronic form and have registered your e-mail id with your DP, we will use the same e-mail id to send various notices I documents, etc henceforth. If you desire to have a different e-mail id registered, please update the same with your DP. In case you have not registered your e-mail id with the DP, please do the same before 30th September, 2011.

All those shareholders who are holding shares in physical form are requested to immediately register their e-mail Ids with our RTA at along with your Folio Number and Number of shares before 30th September, 2011.

Kindly note that if you still wish to receive a physical copy of all the above mentioned communications/ documents, the Company undertakes to provide the same at free of cost to you, if a request is received by the company or its Registrar. Please note that these documents will also be available on the Company’s website www.unichemlabs.com. The physical copies of these notices/ documents will also be available at our Registered Office in Jogeshwari, Mumbai for inspection during office hours.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and will co-operate with the Company in implementing the same.

For Unichem Laboratories Limited

K. Subharaman

V.P. – Legal & Company Secretary



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 **48th Annual General Meeting of the Company on Thursday, July 28, 2011 at 3.30 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.**

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

Name of the Member / Proxy / Representative:

Signature of the Member / Proxy / Representative:

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



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LABORATORIES LTD.

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PROXY FORM

I/We of
.....being a member(s) of UNICHEMLABORATORIES 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 **48th Annual General Meeting of the Members of the Company to be held on Thursday, July 28, 2011 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 of2011

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.



Adiwasi Unnati Mandal

It is a known fact that the founder of our organization, Late Mr. Amrut Mody, always believed that good health is a basic human need and it is our duty to respond to this social need especially for the economically backward sections. Service to the society played an important role in Mr. Mody's life. However, very few of us know of the zeal with which Mr. Mody "walked the talk". The same zeal which encouraged him to establish the Adiwasi Unnati Mandal (AUM) along with co-founder Late Mr. Shantibhai Sheth.

AUM has been providing free primary health care to the predominantly adiwasi population of Shahpur taluka of Thane District for the last twenty seven years, through its honorary team of doctors and volunteers. On an average 35000 patients benefit from the services of AUM, every year. AUM also provides free eyecare to the local population and treats patients for TB, epilepsy and leprosy, at its centres.

Dr. Prakash Mody, our Chairman and Managing Director, has carried forward his illustrious father's venture with the same fervor. Apart from aiding AUM in the form of donations every year, Unichem has supported AUM's Taki Pathar centre's renovation project with technical support as well. The renovated centre, has an exclusive room to be used as eye care centre.

Forward - Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements -written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on managements' plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future of performance.

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

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

