



Touching Human Lives



UNICHEM
LABORATORIES LTD.





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

Message from the Chairman

Dear Stakeholders,

We are in the midst of challenging domestic and global macro-economic environment. Although, Indian Pharmaceutical Sector is gaining its foothold as a global leader, it is faced with increased challenges in terms of customer's needs, regulatory standards, product price controls and higher public scrutiny.

As indicated in my message last year, our focus has been around certain key strategic priorities, which aim to increase growth, reduce risk and improve our long term financial performance, these are:

- Making API business profitable
- Increasing market share
- Turning around of subsidiary companies
- Improving operational efficiencies
- Penetrating selective global markets through concerted R&D and marketing efforts

Although, the transformation initiatives undertaken in FY 2010 - 11 have taken little longer than our expectation to deliver value, I am optimistic about Unichem's future because I believe, we will accelerate our momentum by continuing to maximize the value of our current portfolio, explore and enter new therapeutic segments, effectively allocate capital and operate efficiently with a more flexible cost base, meet our financial commitments and maintain high standards of corporate governance and business ethics.

The results of the last financial year is somewhat mixed in terms of turnover and net profit. Domestic formulation business was under pressure, while international operations showed robust growth. Our expected performance was affected mainly due to attrition in our field personnel. We took a

detailed review of our HR policies in the marketing area. We have aligned it to job market realities and built innovative performance incentives. We are optimistic that these steps will strengthen the foundation of our future growth and financial performance.

I am happy to inform you that the actions taken by the Company to improve operational efficiencies have started showing results in terms of improved margins as could be seen from the quarterly results announced. The Board has recommended dividend of 150% which works out to ₹ 3/- per equity share of ₹ 2/-.

India's Domestic Pharma Market, which is currently, valued at approximately ₹ 62,904 crores, reflecting strong growth of 16.0% for the twelve months ending March, 2012 (*AWACS MAT March, 2012*). As per the report of Pricewaterhouse Coopers (PwC) - 'India's Pharma Inc: Capitalising on India's growth potential', estimates that by 2020, 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.

The Company continued to focus on transformation initiatives undertaken in FY 2010-11 to accelerate growth of domestic formulation business. The initiatives taken last year on portfolio prioritization and sales force alignment in order to improve the coverage of the existing product portfolio is continuing. Further efforts to build more number of power brands and lessen the dependence upon few power brands are going on. We are sure that the above initiatives combined with steps to improve operational efficiencies and improve internal standards for a variety of business practices to enhance process improvements will have a long term positive impact on the growth of your Company. The Company launched 12 new products during the last fiscal and we are focused to launch more in the current financial year to expand our product offerings.

We have been investing continuously in upgrading and expanding our manufacturing and research facilities at multiple locations. The expansion at Goa Factory to enhance tablet/capsulation capacity from present 900 million to 2400 million units has just been completed. The construction activities at SEZ, Indore are also completed and, we will trigger for USFDA certifications during the current financial year. New research facility at Goa is under way and expected to be operational during the current financial year.

With regard to our global operations, Niche Generics, our UK Subsidiary, continued to face challenging times. We are confident that the subsidiary operations will contribute positively in the current financial year. I am happy to inform you that exports to North America and particularly to US market has substantially improved. With additional product filings and approvals in the pipeline, US market is expected to contribute significantly in the coming years.

We have sharpened our focus on API business. Although domestic and global formulation business is the mainstay of our strategy we have few

strategic aims for the API business also v.i.z., contract development, manufacturing at reasonable margins and integration with our formulation business. We have made significant progress in this direction. This is likely to have substantial impact on our financial results in the coming years.

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

I remain confident that our well balanced strategy and determined implementation in the challenging macro environment will yield consistent high value for all our stakeholders.

Warm Regards,

Dr. Prakash A. Mody
Chairman & Managing Director



Top Brands





Top Brands



METRIDE[®] 1



Telsar[®]



allerfex[®]



MYCLAV^{*}



CORVADIL[®]



Trika[®]

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 caters to medical needs of adiwasi population of Shahpur taluka of Thane district. AUM conducts regular Medical check-up, Dental check-up camps, Nutrition programmes, arranges distribution of free medicines and provides regular treatment to patients for TB, epilepsy and leprosy at the Centre with the help of dedicated team of doctors and volunteers who have been rendering selfless service. During the year, 191 cataract operations were successfully conducted with the help of "Vision Foundation of India". Besides Health care programmes, notebooks, shoes, books and other articles useful to school children were distributed amongst more than 2000 students over the last few years. Your Company donated TATA SUMO to AUM. This vehicle is utilised for transporting doctors and paramedical volunteers from Mumbai to Shahpur and back.

In Harmony with Nature

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.

With a view to meet this objective, our manufacturing facilities at Baddi and Roha celebrated Environment Day with great enthusiasm and our employees planted about 100 trees in the Company premises followed by a ceremony wherein all our employees took a pledge to protect the environment.



Serving the Community

The Bus Stop near our plant at Pilerne, Goa has been built and maintained by your Company for the benefit of public as well as employees.



Safety Week

During the Safety Week observed in various manufacturing units, a demonstration was organized on fire fighting as well as a mock drill was conducted on emergency evacuation for the benefit of all employees.



Goa



Goa



Pithampur



Ghaziabad



Roha



Baddi

State of the art manufacturing plants

Ghaziabad



Roha



Goa



Indore SEZ



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.

INDORE SEZ

Plot Nos. 11, 12 & 13
Pharma Zone, Phase II, Sector 3,
Pithampur - 454 775. Dist. Dhar (MP)

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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Five-year Financial Highlights

Balance Sheet

(₹ in lacs)

As at 31st, March	2008	2009	2010	2011	2012
Total Equity & Liabilities					
Equity share capital	1,802.10	1,802.75	1,803.15	1,804.79	1,806.43
Share Application Money	-	-	2.64	-	3.45
Reserve & surplus	40,999.79	50,193.27	59,261.29	65,997.60	71,195.27
Net worth	42,801.89	51,996.02	61,067.08	67,802.39	73,005.15
Loans & Borrowings	2,336.30	2,553.19	2,296.43	3,118.83	4,836.11
Creditors & Liabilities	11,469.00	13,123.58	16,038.30	16,863.27	20,955.38
Deferred tax liability	3,226.40	3,236.43	3,468.43	3,781.43	3,847.43
TOTAL LIABILITIES	59,833.59	70,909.22	82,870.24	91,565.92	102,644.07
ASSETS					
Net block	22,430.10	28,011.15	31,492.07	35,564.43	38,521.10
Capital WIP (Including Capital Advances)	10,319.20	7,592.94	6,288.08	7,912.13	13,733.74
NB + CWIP	32,749.30	35,604.09	37,780.15	43,476.56	52,254.84
Investment	4,180.93	6,081.03	12,831.44	10,014.35	10,611.93
Current Assets					
Inventories	7,145.00	9,206.68	9,764.13	13,541.83	14,113.11
Trade Receivables	12,358.05	13,620.87	16,243.44	18,394.23	18,482.47
Cash and bank balance	697.07	2,957.77	1,906.40	1,044.12	1,386.12
Loans & advances	2,703.24	3,438.78	4,344.68	5,094.83	5,795.60
TOTAL ASSETS	59,833.59	70,909.22	82,870.24	91,565.92	102,644.07

Five-year Financial Highlights

Profit and Loss Account

(₹ in lacs)

For the year ended 31st, March	2008	2009	2010	2011	2012
Sales and income from operations	59,391.15	66,384.31	69,351.32	77,022.20	80,836.95
Other Income	725.13	1,179.15	784.60	796.22	939.47
Total Income	60,116.28	67,563.46	70,135.92	77,818.42	81,776.42
Material consumption	14,500.95	15,303.30	12,913.80	17,738.66	19,428.55
Purchase of finished goods	10,109.13	10,563.77	10,167.05	10,161.27	10,290.78
Increase/ Decrease in stocks of semi- finished and finished goods	(330.08)	(1,641.14)	256.65	(2,223.76)	(202.58)
Research & Development Expenses	2,157.00	2,349.20	2,678.02	3,668.32	3,794.02
Staff costs (Excluding R&D)	6,191.23	7,085.39	7,585.40	9,306.63	10,488.40
Excise Duty	1,281.80	697.65	291.65	548.46	518.22
Other expenses	15,013.75	16,610.74	17,513.63	21,684.26	23,776.82
Total cost	48,923.78	50,968.91	51,406.20	60,883.84	68,094.21
PBDIT	11,192.50	16,594.55	18,729.72	16,934.58	13,682.21
Finance cost	207.02	193.21	177.21	194.82	329.85
PBDT	10,985.48	16,401.34	18,552.51	16,739.76	13,352.36
Depreciation & Amortisation	1,537.20	1,992.38	2,146.85	2,721.77	2,828.81
Profit before tax	9,448.28	14,408.96	16,405.66	14,017.99	10,523.55
Exceptional & prior period items	2.29	-	0.86	-	-
Current tax	1,055.00	1,610.00	2,811.00	2,835.00	2,215.00
Fringe benefit tax	255.00	300.00	-	-	-
Deferred tax	415.00	10.00	232.00	313.00	66.00
Profit after tax	7,720.99	12,488.96	13,361.80	10,869.99	8,242.55
Note:					
Exports at FOB value	11,052.24	13,664.88	12,318.23	14,585.51	22,362.01
Equity dividend	1,802.10	2,884.17	3,606.65	3,609.54	2,713.44
Expenditure on R&D :					
- Capital	1,114.20	382.07	202.82	2,582.24	1,946.90
- Recurring	2,157.00	2,349.20	2,678.02	3,668.32	3,794.02
Total R & D expenditure	3,271.20	2,731.27	2,880.84	6,250.56	5,740.92

Key Ratios & EPS

	2007-08	2008-09	2009-10	2010-11	2011-12
Debt:Equity Ratio	0.05:1	0.05:1	0.04:1	0.05:1	0.07:1
EPS per Share* (₹)	21.57	34.61	37.14	12.03	9.13
Dividend	100%	160%	200%	200%	150%
Dividend per Share* (₹)	5.00	8.00	10.00	4.00	3.00
Book Value per Share* (₹)	118.75	144.21	169.33	75.14	80.83

* For F.Y. 2010-11 onwards figures have been calculated on revised Face value of ₹ 2/- per share (Previous years figures till F.Y. 2009-10 have been calculated on Face value of ₹ 5/- per share)

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 49th Annual Report on the business and operations of the Company for the financial year ended March 31, 2012.

Financial Highlights

The table given below gives the financial highlights of the Company on Standalone basis for the year ended March 31, 2012 as compared to the previous financial year.

For the year ended March 31
(₹ in Lacs)

Particulars	2012	2011
Sales/ Income from operations (Net of Excise Duty)	80,318.73	76,473.74
Other Income	939.47	796.22
Total Income	81,258.20	77,269.96
Profit before tax	10,523.55	14,017.99
Tax Expenses (Including deferred tax & short/excess provision pertaining to previous years)	2,277.22	3,168.21
Profit for the period	8,246.33	10,849.78

Review of Operations

During the year under review, Sales/Income from operations (Net) increased to ₹ 80,318.73 Lacs in 2011-12 from ₹ 76,473.74 Lacs in 2010-11, registering a growth of 5.0%. Consolidated Sales/Income from operations (Net) stood at ₹ 87,546.30 Lacs as compared to ₹ 82,403.81 Lacs registering an increase of 6.24%.

Appropriations

Your Company has transferred ₹ 1,500 Lacs to the General Reserve during the year under review. An amount of ₹ 47,836.52 Lacs is proposed to be carried forward from the Profit & Loss Account.

Dividend

Your Board of Directors at their meeting held on August 11, 2012 recommended ₹ 3 (150%) per equity share of ₹ 2/- each fully paid up. The register of members and share transfer books shall remain closed from September 17, 2012 to September 21, 2012, both days inclusive. The Annual General Meeting of the Company is scheduled for September 27, 2012.

Scheme of Arrangement

During the year under review, your Company made an application to the Hon'ble High Court of Judicature at Bombay for approval to a 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. The petition was approved by the Hon'ble High Court vide order dated July 12, 2012 and the Scheme has become effective as on August 6, 2012.

Employee Stock Options Scheme

During the year under review, 82,002 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

During the year, your Company incorporated a new subsidiary in Ireland taking the total number of subsidiaries to 5 (five) as on March 31, 2012. 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 general 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 103.2 Lacs for the year ended March 31, 2012 as compared to GBP 100.4 Lacs for the previous year ended March 31, 2011. The loss for the year ended March 31, 2012 stood at GBP 1.9 Lacs compared to the loss of GBP 7.9 Lacs for the year ended March 31, 2011.

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 54.3 Lacs for the year ended March 31, 2012 and incurred loss of USD 7.5 Lacs for the same period compared to the loss of USD 9.2 Lacs for the year ended March 31, 2011.

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 24.8 Lacs in the current year as against Brazilian Reals 14.4 Lacs during the previous year.

Unichem SA (Proprietary) Limited

Unichem SA (Proprietary) Limited is a wholly-owned subsidiary of your Company in South Africa. This subsidiary has been set-up for business development and to own product registrations. The subsidiary has suffered a loss of SA Rand 6,113 in the current year.

Unichem Laboratories Ltd. Ireland

Unichem Laboratories Ltd, Ireland is a wholly-owned subsidiary of your Company in Ireland. This subsidiary was incorporated during the year under review for business development and to own product registrations. The subsidiary suffered a loss of Euro 8,512 during the year ended March 31, 2012.

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 have ended March 31, 2012, 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 2011-12 and profit made by the Company for that period;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. they have prepared the annual accounts on a going concern basis.

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. Nasser Munjee and Mr. Prafull D. Sheth 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 reappointed. 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 2012-13.

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 2012-13. The due date for filing Cost Audit Reports of the financial year 2011-12 for your Company is 27th September, 2012 and the tentative date for filing these reports would be 24th September, 2012.

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 annual 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 situated at the Registered Office of the Company.

Human Resources & Employee Relations

Unichem employs over 4,000 employees who are vital to the growth of the Company. Several HR initiatives encompassing development and engagement of employees were conducted in the past financial year.

The Talent Associate Scheme has been launched at Corporate Office in a bid to provide an opportunity to employees to refer their known circle of people for an available requirement and thereby participate in the organization's growth by helping to place the right person in the right job.

Performance Enhancement & Development System (PEDs) is in place whereby the performance of the employees is appraised. As a part of the Talent Development Strategy, workshops were conducted for Management Development.

The attrition of employees and sales staff in sales divisions has been a matter of concern for the management. Your Company's HR & ER team has reviewed its selection and recruitment process and made it more robust. Introduction of new and multiple tools of assessment were introduced in the process. A capsule module of 'Initial Induction Training' was developed by our Sales Training Team. This module of training emphasized on the need for increased learning and skill building amongst other things before the sales staff went in the field.

Relations with employees across all the offices and manufacturing 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.

With a view to meet this objective, our manufacturing facility at Baddi celebrated Environment Day with great enthusiasm and our employees planted about 100 trees in the Company premises followed by a pledge ceremony wherein all our employees took a pledge to protect the environment. Pollution Prevention Day was celebrated and employees were made aware of the effects of pollution on the environment and on living beings. Our employees spread awareness amongst the locals about planting more trees and making less use of plastic bags. Similarly, various initiatives were taken at our manufacturing facility at Roha like planting more than 100 saplings in the Company premises, reduce water consumption across the plant by 5% and reduce usage of paper by recycling waste paper. Training programmes were organized from time to time to create environmental awareness amongst the employees.

To conserve water, the Company has devised various water saving methods which are monitored on day-to-day basis. In this direction, the Company has devised rain-harvesting system at its Ghaziabad and Pithampur (SEZ) manufacturing units.

Your Company continues to strive for energy saving and conservation of natural resources. At our Pithampur SEZ unit, several green initiatives have been undertaken, most significant being soil conservation, recycling of treated effluent water, using solar energy for street lighting and limiting the use of Hot water Generation System in the plant by utilizing heat recovery options in Chilling plant.

Corporate Social Responsibility

Good governance demands adherence of social responsibility coupled with creation of value in the larger interest of the general public. Your Company and its dedicated employees continue to contribute towards several worthwhile causes. Your Company aims to enhance the quality of life of the community in general and has a strong sense of social responsibility.

As you are aware, our Company has undertaken a project for Primary Health Centre in Village Take- Pathar, Shahpur Taluka, Dist. Thane in the name of Mr. Amrut Mody, founder of the Company, known as Adiwasi Unnati Mandal (AUM). AUM caters to medical needs of

adiwasi population of Shahpur taluka of Thane district. AUM conducts regular Medical check-up, Dental check-up camps, Nutrition programmes, arranges distribution of free medicines and provides regular treatment to patients for TB, epilepsy and leprosy at the Centre with the help of dedicated team of doctors and volunteers who have been rendering selfless service. During the year, 191 cataract operations were successfully conducted with the help of "Vision Foundation of India". Besides Health care programmes, notebooks, shoes, books and other articles useful to school children were distributed amongst more than 2000 students over the last few years. The Company has donated TATA SUMO to AUM. This vehicle is utilised for transporting doctors and paramedical volunteers from Mumbai to Shahpur and back.

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 ₹ 2 Crores to the Management School. This donation is being given in the memory of founder of the Company, 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. Ahmedabad University started Amrut Mody School of Management, the Post Graduate Institute of Management (PGIM). Our Company in this manner helped in shaping many lives in a small but significant way.

Bombay College of Pharmacy (BCP) is one of the premier pharmacy colleges in India, imparting quality pharmaceutical education & training for the last 50 years. BCP was founded in 1957 by the Indian Pharmaceutical Association- Maharashtra State Branch (IPA-MSB) with financial assistance from Government of Maharashtra and several pharmaceutical corporations including Unichem. Unichem contributed 1% of its issued capital to Bombay College of Pharmacy in the form of shares. This College is managed independently without any interference from Unichem.

Our Company is considering donating some of its analytical instruments to BCP and other pharmacy and technology colleges. Our Company has provided industry based training to several pharma and technical students over the years.

Green Initiative

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.

Keeping in view the underlying theme and the circular issued by MCA, we have participated in Green Initiative and sent 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 addresses so provided by the shareholder and made available to us by the Depositories, NSDL & CDSL using data maintained by the Depository Participants (DP). Thus we sent Annual Report for year 2010-11 electronically to more than 6,000 shareholders and contributed in saving paper. We intend to continue with this initiative.

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

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

Dr. Prakash A. Mody
Chairman & Managing Director

Mumbai,
August 11, 2012

Annexure I to Directors' Report

Statement pursuant to Clause 12 'Disclosure in the Director's Report of SEBI(Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999.
The details of the Stock Options are given here below:

Particulars	ESOP - 2004	ESOP – 2008																				
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 grant prior to 2004-05 @ ₹ 105.42 per share for grant made in 2005-06	@ ₹ 46/- per share of face value of ₹ 2/- each																				
c. Options vested	181,250	236,440																				
d. Options exercised	179,000	155,002																				
e. The total number of Shares arising as a result of exercise of Options	179,000	155,002																				
f. Options lapsed*	568,750	94,437																				
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	₹ 7,130,092																				
i. Total number of Options in force	2,250	81,438																				
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'.	₹ 9.09	₹ 9.09																				
l. Difference between employee compensation cost calculated as per intrinsic value of stock options and fair value of the options.	The Company has calculated the employee compensation cost using fair value of the options.	NA																				
m. Impact of the difference on profits and EPS.																						
n. 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 (₹)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="width: 50%;">2011-12</th><th style="width: 50%;">2010-11</th></tr> <tr><td style="text-align: center;">212.0</td><td style="text-align: center;">212.0</td></tr> <tr><td style="text-align: center;">149.0</td><td style="text-align: center;">149.0</td></tr> </table>	2011-12	2010-11	212.0	212.0	149.0	149.0	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="width: 50%;">2011-12</th><th style="width: 50%;">2010-11</th></tr> <tr><td style="text-align: center;">115.0</td><td style="text-align: center;">115.0</td></tr> <tr><td style="text-align: center;">97.0</td><td style="text-align: center;">97.0</td></tr> </table>	2011-12	2010-11	115.0	115.0	97.0	97.0								
2011-12	2010-11																					
212.0	212.0																					
149.0	149.0																					
2011-12	2010-11																					
115.0	115.0																					
97.0	97.0																					
- Weighted average Fair value (₹)																						
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	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="width: 50%;">2011-12</th><th style="width: 50%;">2010-11</th></tr> <tr><td style="text-align: center;">6.60%</td><td style="text-align: center;">6.60%</td></tr> <tr><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td style="text-align: center;">36.90%</td><td style="text-align: center;">36.90%</td></tr> <tr><td style="text-align: center;">1.40%</td><td style="text-align: center;">1.40%</td></tr> </table>	2011-12	2010-11	6.60%	6.60%	5 years	5 years	36.90%	36.90%	1.40%	1.40%	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="width: 50%;">2011-12</th><th style="width: 50%;">2010-11</th></tr> <tr><td style="text-align: center;">6.30%</td><td style="text-align: center;">6.30%</td></tr> <tr><td style="text-align: center;">5 years</td><td style="text-align: center;">5 years</td></tr> <tr><td style="text-align: center;">41.00%</td><td style="text-align: center;">41.00%</td></tr> <tr><td style="text-align: center;">3.70%</td><td style="text-align: center;">3.70%</td></tr> </table>	2011-12	2010-11	6.30%	6.30%	5 years	5 years	41.00%	41.00%	3.70%	3.70%
2011-12	2010-11																					
6.60%	6.60%																					
5 years	5 years																					
36.90%	36.90%																					
1.40%	1.40%																					
2011-12	2010-11																					
6.30%	6.30%																					
5 years	5 years																					
41.00%	41.00%																					
3.70%	3.70%																					
- Expected life																						
- Expected volatility																						
- Expected dividends and																						
- The price of the underlying share in the market at the time of option grant	₹ 209.75 ₹ 325.00	₹ 160.05 ₹ 211.50																				

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

Annexure II to Directors' Report

Additional Information in terms of Section 217(1)(e) of the Companies Act, 1956, dealing with Conservation of Energy, Research & Development and Technology Absorption & 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	2012	2011
(a) ELECTRICITY		
(i) Purchased Units (Lacs)	231.26	214.39
Total Amount (₹ in Lacs)	1339.94	1104.85
Rate / Unit (₹)	5.79	5.15
(ii) Own Generation		
Through Diesel Generator Units (Lacs)	35.86	30.37
Units per litre of Diesel Oil	3.39	3.33
Cost per unit (₹)	11.42	9.63
Through Steam Turbine / Generator	N.A.	N.A.
(b) COAL	N.A.	N.A.
(c) FURNACE OIL/HSD		
Quantity (Kilo Litres)	1096.45	1233.15
Total Amount (₹ in lacs)	436.67	375.44
Average Rate (₹/Kilo Ltr.)	39.83	30.45
(d) OTHERS / INTERNAL GENERATION		
Steam Purchased (M.T.)	6884.04	6265.88
Total Amount (₹ in Lacs)	165.76	127.55
Average Rate (₹ per M.T.)	2407.89	2035.64

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 Novel Polymorphs or Novel Processes for making known Polymorphs.
- d. Peptide synthesis by solid supported chemistry or solution phase chemistries.
- e. Isolation identification characterization and preparation of impurities.
- f. Development of a cost effective process for API's and Intermediates.
- g. Improvement in the quality & productivity
- h. To contain the cost of products by innovation and improving the efficiency of the processes.
- i. Formulation development of new dosage forms of generic API for domestic and international market.
- j. Modified release formulation for domestic & international market.
- k. Contract formulation development for NCEs for research based pharmaceutical companies.
- l. 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 09 patent applications were filed.
- d. Effective Regulatory support to ANDA/Dossier holders in Regulated markets.

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. Biocatalysis for developing eco friendly and cost effective processes.
- 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. Diabetese
 - viii. Anti -allergic
- e. Development of new products for international business.
- f. Development of modified drug delivery systems.
- g. Undertake contract research work, in the area of synthesis of API and product dossiers.
- h. Develop products and delivery systems through Biotechnology.
- i. Improvements in quality of products and productivity.
- j. 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	2012	2011
a) Capital		
- at units approved by Department of Scientific & Industrial Research	299.43	1,182.76
- at others	1,647.45	1,399.48
b) Recurring		
- at units approved by Department of Scientific & Industrial Research	3,794.02	3,668.32
- at others	176.46	385.32
c) Total	5,917.36	6,635.88
d) Total R&D expenditure as a percentage of Turnover	7.32%	8.62%

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 after experiencing a slowing growth during the past two years, is now poised to rebound from low 3-4 percent growth in 2012 to 5-7 percent in 2016 according to a new forecast issued by the IMS Institute for Healthcare Informatics.

The annual global spending on medicines will rise from \$956 billion in 2011 to nearly \$1.2 trillion in 2016, representing a compound annual growth rate of 3-6 percent. Growth in annual global spending is forecast to more than double by 2016 to as much as \$70 billion, up from a \$30 billion pace this year, driven by volume increases in the pharmerging markets and an uptick in spending in developed nations (*IMS - The Global Use of Medicines: Outlook through 2016*).

The future level of global spending on medicines will have implications for existing healthcare systems and policy makers across the developed and emerging markets. It is expected that the health systems in developed economies experience slow growth in medicines, while the pharmerging markets to drive spending in the next five years. With declining spending on medicines in US and Europe, a distinct shift is also expected in the market shares across the globe. Further, global spending on patented drugs is expected to decline due to loss of exclusivity on patent expiries, there will be accelerated shift in spending towards generics in developed markets, rising to 39% of total spend by 2015, up from 20% in 2005. Improved access and strengthening of economies in high growth emerging markets, spending on generic drugs is expected to increase by \$ 150bn in the next 5 years.

Biologics are expected to account for about 17 percent of total global spending on medicines by 2016, as important clinical advances continue to emerge from research. Seven of the top ten global medicines by spending will be a biologic within five years. Adoption of biosimilars as low-cost alternatives to the original biologic medicines will remain limited, as biologics remain protected by patents or market exclusivity in many countries (*IMS - The Global Use of Medicines: Outlook through 2016*).

India

India's Domestic Pharma Market, which is currently, valued at approximately ₹ 62,904 crores, reflecting strong growth of 16.0% for the twelve months ending March,

2012 (*AWACS MAT March, 2012*). As per the report of Pricewaterhouse Coopers (PwC) - 'India's Pharma Inc: Capitalising on India's growth potential', that by 2020, 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 a favorable macro environment with higher real GDP growth. While this was true for the last three fiscal years, the GDP growth is expected to slow down to 6.9% in 2012, which is a cyclical response to higher interest rates and lower external demand, policy uncertainty and supply bottlenecks are playing a role and will need to be tackled in the near term to ensure that potential growth does not decline (IMF World Economic Outlook April, 2012). Therefore, Pharma industry's growth depends upon country's GDP growth and Government's propensity to spend more on healthcare. The favourable demographics such as rising population, increased disposable incomes both in rural and urban India leading to improved access to medicines and shift in disease patterns with a bias towards chronic diseases are expected to drive pharmaceutical growth in the coming years.

UNICHEM'S PERFORMANCE

Financial Highlights

- Consolidated Sales/Income from operations (Net) stood at ₹ 87,546.30 Lacs as compared to ₹ 82,403.81 Lacs in the previous year, registering an increase of 6.24%.
- Standalone Sales/Income from operations (Net) stood at ₹ 80,318.73 Lacs as compared to ₹ 76,473.74 Lacs in the previous year, registering an increase of 5.03%.
- Sales outside India including operating income (Net) stood at ₹ 24,660.70 Lacs as compared to ₹ 16,565.67 Lacs in the previous year, registering an increase of 48.9% on standalone basis.

Other Highlights

- Completion of expansion at Goa Factory enhancing tablet / capsulation capacities
- Acceleration of construction at SEZ Pithampur for dosage formulations
- Construction of new research facility at Goa
- Sharpened focus on API business



Sales & Income from operations (Net) for the year stood at ₹ 80,318.73 Lacs as compared to ₹ 76,473.74 Lacs recorded last year. Out of this, Formulations contributed 87% with Active Pharmaceutical Ingredients (APIs) contributing 13%.

Domestic business accounts for 64% of consolidated revenues, while 30% is accounted by regulated developed markets and 6% by emerging markets.

DOMESTIC FORMULATIONS

Unichem Laboratories is predominately dosage Formulations Company and manufactures a wide range of pharmaceutical formulations. Formulations business continues to be a major contributor to the revenues of the Company. The Company continued to focus on transformation initiatives undertaken in F Y 2010 – 11 to accelerate growth of domestic formulation business. These include portfolio prioritization and resource allocation, and sales force alignment and effectiveness essentially to streamline and drive efficiency, and improve internal standards for a variety of business practices to enhance process improvements and streamlining channel inventories. Year 2011-12 was a difficult year in terms of domestic growth, since transformation initiatives have taken little longer period than our estimation to deliver value.

The Company has strong presence in niche therapy areas of cardiology, neurology, and anti-infectives. Currently, the top 25 brands contribute approximately 67% of the company's domestic revenues. The Company's domestic formulations' portfolio revenues comprise of 63% from chronic therapies and 37% from acute therapies. During the year the Company entered into two new therapeutic segments i.e., Hospital products and Gynecology.

Cardiology continues to be the dominant segment for the company. Approximately 75% of the company's revenues come from Cardiology, Anti-Infectives and Neurology therapeutic formulations.

The top 10 brands of the company are Ampoxin, Losar, Losar H, Linox, Serta, Telsar, TG-Tor, Trika, Unienzyme and Vizylac. The last financial year saw company launching 12 new products in various therapeutic segments like Cardiology and Neurology.

ACTIVE PHARMACEUTICAL INGREDIENTS (API)

Our twin focus in API business is focusing on contract

development and manufacturing at reasonable margins and backward integration with our formulation business through cost effective processes. There are strategies to expand customer base in new geographies, which should drive growth in the coming years.

INTERNATIONAL BUSINESS

Unichem has made significant investments in building infrastructure to support international business. The increasing number of products getting off patent in international markets offers substantial revenue opportunities. The Company is positioning itself to seize these opportunities by addressing the challenges by focusing on larger and profitable markets in North America. The Company has filed 25 ANDAs so far in USA, out of which 11 are approved.

Unichem has wholly-owned subsidiaries in UK, USA, Brazil, South Africa and Ireland. 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 to global generic companies.

Strategic Alliances are in place for distribution and marketing of branded generics in SAARC countries, South East Asia, Baltic Republics, CIS, Central Asian Republics, Africa and the Middle East. There are representative offices in Moscow, Kiev, Kazakhstan and liaison office in Ghana.

European presence is through 100% subsidiary Niche Generics, UK. This subsidiary identifies products for development, partners with the parent for development and sells regulatory dossiers and supply agreements to third parties. However, it has direct sales operations in U.K. and Ireland.

US presence is through 100% subsidiary Unichem Pharmaceuticals Inc. The business model is based on leveraging Unichem's technical expertise and production capability with integrated end-to-end value chain. It has tied up with large wholesalers and a retail chain for the products launched. Company's strategy is to scale-up operations for sustained growth over time.

RESEARCH AND DEVELOPMENT

R&D continues to be the focus area in view of the increasing opportunities presented by products getting off patent in international markets. The Company relies upon an

energetic, resourceful and competent R&D function supporting existing products. Unichem has a twofold R & D Strategy i.e., development of novel drug delivery systems and patent non-infringing processes for APIs.

With more than 241 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.

Chemical R&D has a focused approach in the area of developing novel non-infringing and cost effective processes for the identified Active Pharmaceutical Ingredients for providing vertical integration in filing activity of ANDA's and also providing Active Pharmaceutical Ingredients for marketing into generic market. Efforts are also made on continuous improvements in the efficiency of regularly manufactured Active Pharmaceutical Ingredients to remain competitive in the market by improving plant process and plant operations.

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 and liquid 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, based on latest platform technologies. The center is fully equipped to develop products for oral solid and liquid dosage form.

The Centre is already conducting contract research for generic product development for regulated markets such as US, Canada, Europe etc.

In order to consolidate all R & D activities at one site, the company's new research facility at Goa is under way and expected to be operational during the current financial year.

INFRASTRUCTURE

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, EDQM, EUGMP, ISO, UK MHRA (earlier MCA), MCC (South Africa), WHO (Geneva), TGA (Australia), ANVISA (Brazil).

Unichem's dosage 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. Dosage formulations form the core of Unichem's pharma products business and are recognized for their high quality, reliability and effectiveness. The Company has been investing continuously in upgrading and expanding its manufacturing infrastructure. The expansion at Goa Factory to enhance tablet / capsulation capacity from present 900 million to 2400 million units has just been completed. The construction activities at SEZ, Indore are also completed and may trigger for USFDA certifications during the current financial year. The Company has invested around ₹ 250 Crores since last five years in building manufacturing facilities.

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

The Unichem Family comprising over 4200 employees is committed to the twin tenets of Unichem's beliefs of Quality and Reliability. Several HR initiatives over the last few decades have been institutionalized as good HR practices. These include **ACE** (Appreciation of Contributions & Excellence) card program, **Family Assimilation Program**, UBS (Brilliant Student) – an initiative which recognizes and appreciates children of employees who attain academic excellence and several other initiatives.

The Performance Enhancement and Development

System (PEDS) which appraises employee performance are being restructured for bringing more objectivity and accountability.

The company in its journey to enhance the efficiency and effectiveness of its human resources, undertook several initiatives during the year to improve sourcing of talent, enriching the talent, ensuring better employee satisfaction, talent retention and skills development.

“Unifest” the brand under which employee engagement initiatives are conducted continues to receive wide acclaim and is a much looked forward to event by every Unichemite.

Employee communication continues to be a focus through **Unichem.com** – in-house magazine. Employees have been provided a platform to express their views and give wings to their creativity through “Expressions” an online facility for employees to showcase their talent and experiences with colleagues.

The induction program has been provided a new dimension with newer themes like “Parichay” – an HR Induction and “U-Konnect” – a tete-a-tete of new recruits with HR in which they share their expectations, issues and aspirations in the first few months of joining Team Unichem.

“Unilearn” was a unique initiative introduced this year, is a learning and development program tapping internal resources to train Unichem colleagues. Subject matter experts share their knowledge and learning’s with other colleagues.

To inculcate and nurture the reading habit among employees Unichem partnered with an online library facility and the response of employees has been very encouraging.

INTERNAL CONTROLS

Unichem has a widespread system of internal controls with the objective of safeguarding the company’s assets, ensuring that transactions are properly authorized, recorded and reported diligently, and provide significant assurance at reasonable cost, of the integrity, objectivity and reliability of financial information. The Company’s internal control systems are commensurate with the nature and size of its business operations. The Company has a well defined Standard Operative Procedure (SOPs)

for identifying and mitigating risks across all divisions of the Company. The Management duly considers and takes appropriate action on recommendations made by the statutory auditors, cost auditors, internal auditors, and the independent audit committee of the Board of Directors.

RISKS & CONCERNS

The Company has a Risk Management Policy in force to review and mitigate risks relevant to environmental, operational and business risks to safeguard its interest.

The Company’s continued investments in manufacturing facilities and its strategy to remain vertically integrated pharmaceutical business is a critical differentiator to create sustainable competitive advantage not only for products launched in international markets but also for contractual supplies to global generic companies.

To de-risk significant concentration of domestic revenues from few brands, the Company’s strategy is for focused promotion of 33 brands to increase their share of revenue to overall revenue, which currently contribute individually between ₹ 3 Crores to ₹ 10 Crores.

The Company is concerned about major policy issues on three fronts: (a) Ongoing attempts to impose TRIPS Plus IPR regime; (b) A weak and inefficient Drug Regulatory regime; and now (c) A Pricing Regime driven by subjective perceptions. Therefore, the industry wants Government to :

- Protect the current IPR regime that is consistent with the TRIPS Agreement;
- Upgrade the Drug Regulatory regime and make it transparent and accountable; and
- Ensure a balanced Pricing Policy that ensures access, availability and good health of the industry.

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 entering into new therapeutic segments and launching new products across therapeutic segments and making them power brands of the Company in their respective segments. Continued investments in manufacturing, marketing, research and development, product portfolio prioritization and resource allocation 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 Limited (the Company) for the year ended 31st March 2012 as stipulated in revised Clause 49 of the Listing Agreement of the Company with the stock exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in revised Clause 49 of the above mentioned Listing Agreement.

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

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

Raman Jokhakar
Partner
Membership No. 103241

Mumbai
August 11, 2012



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, 2012, Unichem's Board comprised of Six Directors, viz., the Chairman & Managing Director and five Non-Executive and Independent Directors.

Unichem's Board met 7 times during the year under review i.e. on April 16, 2011, May 14, 2011, June 24, 2011, July 28, 2011, October 22, 2011, January 21, 2012 and February 24, 2012. 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 2011-12 and the last Annual General Meeting along with the details of directorships (calculated as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2012 is given below:

Table-1: Composition of Unichem's Board & attendance record during the year 2011-12

Name	Category	No. of Board Meetings during the year 2011-12		Whether attended last AGM held on July 28, 2011	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	7	7	Yes	1	0	0
Mr. Prafull Anubhai	Non-Executive, Independent	7	6*	Yes	4	4	1
Mr. Ramdas Gandhi	Non-Executive, Independent	7	7	Yes	5	1	4
Mr. Prafull D. Sheth	Non-Executive, Independent	7	6*	Yes	0	0	0
Mr. Nasser Munjee	Non-Executive, Independent	7	4*	Yes	14	5	4
Mr. Anand Mahajan	Non-Executive, Independent	7	4*	Yes	7	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 & Shareholders' Grievance Committee excluding those held on Committees of Unichem. Membership of committees includes chairmanship, if any.

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

Board Meetings

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

Information placed before the Board

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

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

Post-meeting Procedures

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

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

Remuneration to Directors and other terms of appointment

Non-Executive Independent Directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making. Non-Executive Independent Directors are paid sitting fees of ₹ 20,000/- for attending Board and Audit Committee Meetings and ₹ 10,000/- for attending other Committee Meetings.

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

The remuneration paid or payable to the Directors for the services rendered during 2011-12 is given in **Table-2**.

In 2011-12, 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.

Table-2: Remuneration paid or payable to the Directors for 2011-12 (in ₹.)

Name	Sitting fees	Commission payable for 2011-12@	Consolidated Salary#	Perquisites & Allowances#	Total Amount
Dr. Prakash A. Mody*	Nil	116,82,000	136,57,000	85,59,000	338,98,000
Mr. Prafull Anubhai	2,10,000	Nil	Nil	Nil	2,10,000
Mr. Ramdas Gandhi	2,70,000	Nil	Nil	Nil	2,70,000
Mr. Prafull D. Sheth	1,30,000	Nil	Nil	Nil	1,30,000
Mr. Nasser Munjee	1,40,000	Nil	Nil	Nil	1,40,000
Mr. Anand Mahajan	80,000	Nil	Nil	Nil	80,000
Total					347,28,000

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

Fixed Component

@ Variable Component

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

Shareholding of the Directors

Details of Shares held by the Directors as on March 31, 2012 is given in **Table-3**. During the financial year 2008-09, Independent Non-executive Directors were granted 25,000 options under Employee Stock Option Scheme 2008. Details of the scheme are elaborated in Annexure I to Directors Report.

Name	Number of shares held	% of total no. of shares issued
Dr. Prakash A. Mody*	1,13,61,664	12.58
Mr. Prafull Anubhai	5,800	0.00642
Mr. Ramdas Gandhi	31,250	0.0346
Mr. Prafull D. Sheth	8,750	0.0097
Mr. Nasser Munjee	0	0
Mr. Anand Mahajan	6,250	0.0069

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

The Hon'ble High Court of Mumbai, on July 12, 2012 sanctioned the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 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 ("Transferor Companies") and Unichem Laboratories Limited. Accordingly, 28,293,990 fully paid up equity shares of ₹. 2/- each of the Company will be issued to Dr. Prakash A. Mody as a shareholder of the said Transferor Companies, the effect of which is not included in the shareholding as on March 31, 2012 given above.

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 few 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 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.
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

Table-4: Audit Committee attendance during 2011-12

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	3*

*Granted leave of absence on request



Meeting of the Company held on July 28, 2011.

The Company Secretary is the Secretary to the Committee. The Committee meetings were attended by Vice President Finance, Chief Internal Auditor and a representative of the Statutory Auditor as invitees.

The composition of the Committee as on March 31, 2012 and the details of the number of Audit Committee meetings held and attended by the Members during the financial year 2011-12 are given in **Table-4**.

In the beginning of the financial year, the Committee discussed with the Company's auditors the overall scope and plans for internal audit of various functions to be carried out during the financial year. The internal audit team placed its report every quarter in the meeting for review of the Audit Committee.

During the year, the Committee has reviewed the internal controls to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The audited annual financial statements of the Company for the year ended March 31, 2012 and consolidated annual financial statements of the Company for the same period were placed before the Committee at its meeting held on August 11, 2012. These statements were reviewed and were recommended to the Board of Directors for adoption.

b) Compensation Committee:

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

Scheme - 2004 and such other Employee Stock Option Schemes as may be brought out from time to time. An additional responsibility is also cast on these Committee to recommend remuneration payable to persons falling under 314 (1B) of Companies Act, 1956.

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

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

The composition of the Compensation Committee and the details on the number of Compensation Committee meetings held and attended by the Members during the financial year 2011-12 are given in **Table-5**. The Company Secretary is the Secretary to the Committee.

Table-5: Composition of Compensation Committee during 2011-12

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

Table-6: Shareholders' Grievance Committee attendance during 2011-12

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

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 2011-12 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 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, 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 and systems and mitigation of the operational risks perceived for each area under audit.

The scope of the internal audit activities is broadly guided by the Annual Internal Audit plan prepared by the Internal Audit Department and approved by the Audit Committee. The Audit Committee monitors the performance of Internal Audit on a periodic basis through review of audit plans and its audit findings. The Audit Committee meets on a quarterly basis to review and discuss the reports submitted by the Chief Internal Auditor and also review closure of all agreed actions.

Secretarial Audit Report

As measure of good corporate governance practice, the Board of Director of the company appointed Ms. Swati Krishnan, practicing Company Secretary to conduct Secretarial Audit. The Secretarial Audit Report for financial year ended March 31, 2012 is provided in the Annual Report.

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 five 100% Foreign Subsidiaries as on March 31, 2012. 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 2011-12, M/s. B.D. Jokhakar & Co. audited the financial statements. While auditing the

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

AGM	Year	Venue	Date	Time	Items of Special Resolution passed at each meeting
48 th	2010-11	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.	July 28, 2011	3.30 pm	Resolution u/s 314(1B) of Companies Act, 1956
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

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 ₹ 20.41 lacs to the Statutory Auditors of the Company as remuneration under various heads including Audit. Details of payment under other heads are provided in Note no. 47 to accounts.

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

a) Date, Time and Venue of 49th AGM

Date : September 27, 2012
Time : 11.30 a.m.
Venue : Hall of Culture, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai 400 018.

b) Details of the last 3 AGMs is given in Table-7.

c) Court Convened meeting

The Company held a Court Convened Meeting of its shareholders on November 3, 2011 to approve the Scheme of Arrangement between AVM Capital Services Private Limited and Chevy Capital Services Private Limited and PM Capital Services Private Limited and Pranit Trading

Private Limited and Viramrut Trading Private Limited and Unichem Laboratories Limited and their respective shareholders pursuant to the provisions of the Sections 391 to 394 read with Sections 80, 100 to 103 of the Companies Act, 1956.

The details of which are as follows:

Date : November 3, 2011
Time : 11.30 a.m.
Venue : Hall of Culture, Nehru Centre,
Dr. Annie Besant Road, Worli,
Mumbai 400 018.

Postal Ballot

The Company has not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

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 Business Standard and Sakal. The Results for the quarter ended June 30, 2011, September 30, 2011, December 31, 2011 and March 31, 2012 are posted on the Company's website www.unichemlabs.com. The results are also available on the websites of the Stock Exchanges: www.bseindia.com and www.nseindia.com.

All data required to be filed electronically pursuant to the Listing Agreement with the Stock Exchanges, such as quarterly financial results, shareholding pattern, quarterly report on Corporate Governance and corporate announcements are being regularly filed on Corporate Filing and Dissemination System (CFDS). Shareholders/Investors can view the information by visiting the website of CFDS www.corpfiling.co.in.

Code of Conduct

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

All Board members and senior management personnel have affirmed compliance with the code for 2011-12. A declaration to this effect signed by our Chairman & Managing Director is given below:

Declaration on Code of Conduct

"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, 2012".

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. 40 to accounts.

Accounting treatment

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standards) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

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 August 11, 2012.

Disclosure regarding re-appointment of Directors

Pursuant to provisions of Companies Act, 1956, Mr. Nasser Munjee and Mr. P D. Sheth, 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 49th Annual General Meeting.

Information for Shareholders

The mandatory and various additional information of interest to investors are furnished in a separate section viz., "Information for Shareholders" in this Annual Report.

Information for Shareholders

Financial Year

April 1 – March 31

Financial Calendar (Tentative)

Results for the Quarter Ending on

September 30, 2012

December 31, 2012

March 31, 2013

Annual General Meeting for the year ended March 31, 2013

Dividend Payment (if any) for the year ended March 31, 2013

Tentative date of declaration

Third week of October 2012

Third week of January 2013

Third week of May 2013

Third week of July 2013

Third week of July 2013

Stock Exchanges on which shares are listed

The Bombay Stock Exchange Limited (BSE)

Phiroz Jeejeebhoy Towers,

Dalal Street,

Mumbai – 400 001.

E-mail : corp.relations@bseindia.com

Website : www.bseindia.com

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.

E-mail : cmlist@nse.co.in

Website : www.nseindia.com

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 the 2012-13

The Listing fees for the year 2012-13, 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 the 2012-13

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 2012-13 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, 2012.

Equity History of the Company

Financial Year	Particular	Face Value ₹	No of Shares Issued*	Cumulative Total (Shares)
1962-63	Equity shares issued to subscribers to the memorandum of Association	100	310	310
1962-63	Equity Shares issued to Public	100	22190	22500
1963-64	Equity Shares issued for consideration other than cash	100	22500	45000
1969-70	Bonus issued (5:1)	100	9000	54000
1972-73	Bonus issued (6:1)	100	9000	63000
1975-76	Bonus issued (7:1)	100	9000	72000
1980-81	Bonus issued (4:1)	100	18000	90000
1986-87	Sub-Division of ₹ 100/- per shares to ₹ 10/- per share	10	900000	900000
1986-87	Bonus Equity Shares were issued (2:1)	10	450000	1350000
1993-94	Rights issue (5:1)	10	650000	2000000
1994-95	Bonus issued (2:1)	10	1000000	3000000
1994-95	Equity Shares issued thru private placement	10	600000	3600000
1997-98	Issued to shareholders of following companies pursuant to amalgamation Unisearch Ltd. (4:5) Unichem Exports Ltd (3:1) pursuant to Amalgamation	10	665000	4265000
2000-01	Bonus issued (1:1)	10	4265000	8530000
2003-04	Sub-Division of ₹ 10/- per shares to ₹ 5/- per share	5	17060000	17060000
2003-04	Bonus issued (1:1)	5	17060000	34120000
2005-06	ESOS	5	8300	34128300
2005-06	Preferential Allotment	5	1875000	36003300
2006-07	ESOS	5	29600	36032900
2007-08	ESOS	5	9700	36042600
2008-09	ESOS	5	12300	36054900
2009-10	ESOS	5	8100	36063000
2010-11	ESOS	5	31300	36094300
2010-11	Sub-Division of ₹ 5/- per shares to ₹ 2/- per share	2	90235750	90235750
2010-11	ESOS	2	3750	90239500
2011-12	ESOS	2	82002	90321502

*All shares carry equal voting rights.

Dividend Payment History (last 5 years)

Year	Share Capital (₹ in lacs)	Dividend per share (%)	Total Dividend (₹ in lacs)
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
2010-11**	1805.9	140	2528.4

* Interim Dividend

** Final Dividend

Date of Book Closure

September 17, 2012 to September 21, 2012 (both days inclusive)



Dividend remittance

Dividend on Equity Shares as recommended by the Board for the financial year ended March 31, 2012, when declared at the Annual General Meeting, will be paid to:

- (i) all those equity shareholders whose names appear in the Register of Members as on September 21, 2012 and
- (ii) those whose names as beneficial owners as on September 21, 2012, as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

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.

Investors must note that NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS). Therefore, shareholders are requested to furnish the new Bank Account Number allotted by the banks post implementation of CBS, along with a copy of cheque pertaining to the concerned account, to the Company's RTA in case the shares are held in physical form and to the concerned depository participant in case shares are held in demat form. In case shareholders do not provide their new account number allotted after implementation of CBS, the ECS to their old account may either be rejected or returned.

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 Investor Relations 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
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	07.04.2014
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
2010-11	Final	28.07.2011	01.09.2018

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 three months from date of issue of the warrant. If the validity period of the lost dividend warrant has not expired, shareholders will have to wait till the expiry date since pay order/demand draft cannot be issued during the validity of the original warrant. On expiry of the validity period, if the dividend warrant is still shown as unpaid in records of the Company, pay order/demand draft will be issued. However, no such pay order shall be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless procedure for releasing the same has been completed.

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

Unichem Market Price Data (in ₹ per share) & Total Turnover (in ₹)

Month	BSE – Sensex		
	High	Low	Total Turnover (in ₹)
Apr-11	224.0	185.6	103,602,675
May-11	194.0	154.4	104,941,530
Jun-11	166.8	140.0	83,358,087
Jul-11	171.0	142.0	28,994,450
Aug-11	157.4	137.6	124,103,189
Sep-11	148.5	136.0	9,881,586
Oct-11	140.0	128.0	10,453,997
Nov-11	130.4	102.6	10,609,418
Dec-11	160.5	101.2	308,875,360
Jan-12	156.7	111.7	62,868,780
Feb-12	149.0	128.0	23,217,433
Mar-12	141.9	125.0	56,122,563

Chart 1: Share Performance of the Company in comparison to BSE-Sensex

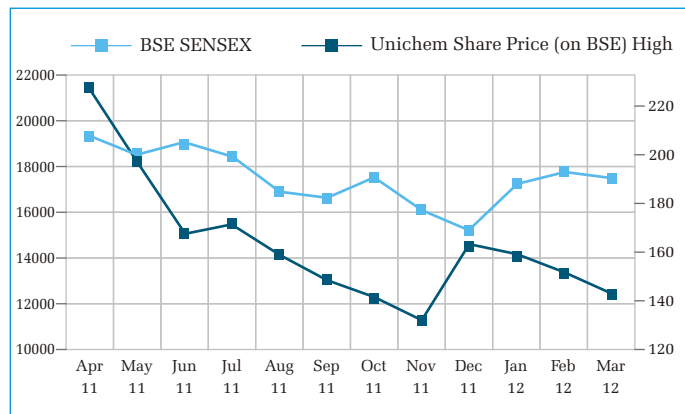
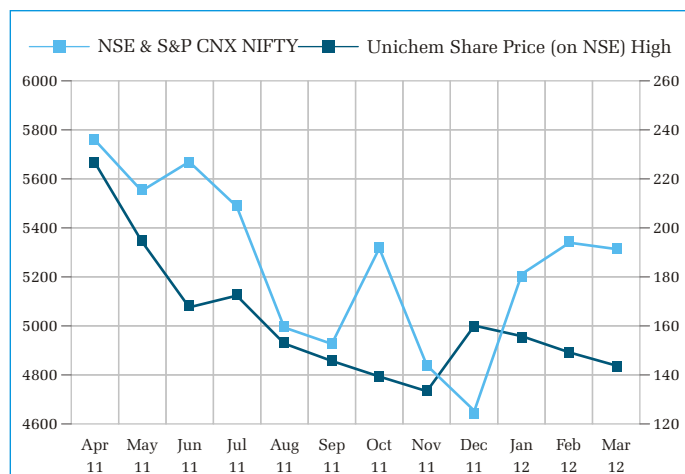


Chart 2: Share Performance of the Company in comparison to NSE S&P CNX Nifty



Month	NSE- S&P CNX Nifty		
	High	Low	Total Turnover (in ₹)
Apr-11	224.6	184.6	231,164,000
May-11	196.9	152.5	78,056,000
Jun-11	167.0	135.5	85,012,000
Jul-11	169.0	143.0	46,514,000
Aug-11	157.0	136.0	90,645,000
Sep-11	147.7	136.0	28,232,000
Oct-11	139.7	125.0	74,573,000
Nov-11	134.0	103.1	94,544,000
Dec-11	160.9	100.4	891,248,000
Jan-12	156.5	111.2	264,646,000
Feb-12	148.0	128.2	60,725,000
Mar-12	142.0	125.0	33,295,000

Distribution of Shareholding as on March 31, 2012

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 2500	16794	89.25	1672300	9285200	2710730	13668230	7.57
2	2501- 5000	1046	5.56	1880480	4959530	1049762	7889772	4.37
3	5001-10000	607	3.23	1712150	5374192	1014828	8101170	4.49
4	10001-15000	131	0.70	528820	2402546	270140	3201506	1.77
5	15001-20000	54	0.29	428480	1135216	359098	1922794	1.06
6	20001-25000	42	0.22	127160	1436490	312716	1876366	1.04
7	25001-50000	64	0.34	595000	3448966	273240	4317206	2.39
8	50001 and above	79	0.42	2134280	132490120	5041560	139665960	77.32
	Grand- Total	18817	100.00	9078670	160532260	11032074	180643004	100.00

Shareholding Pattern

Category of shareholder	As on 31.03.2012		As on 31.03.2011	
	Total No. of shares	As a percentage	Total No. of shares	As a percentage
Shareholding of Promoter and Promoter Group				
1) Indian				
Individuals/Hindu Undivided Family	16229192	17.97	15347558	17.01
Bodies Corporate	28293991	31.33	28293991	31.35
Trusts	260680	0.29	260680	0.29
2) Foreign				
	0	0.00	0	0.00
Public shareholding				
1) Institutions				
Mutual Funds / UTI	5735780	6.35	5876678	6.51
Financial Institutions / Banks	49132	0.05	53002	0.06
Insurance Companies	3016978	3.34	3021978	3.35
Foreign Institutional Investors	3630390	4.02	6088362	6.75
Foreign Financial Institutions / Banks	500	0.00	500	0.00
2) Non-institutions				
a) Bodies Corporate				
b) Individuals -				
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	18247068	20.20	18328746	0.00
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	2994517	3.32	3123680	20.31
c) Any Other (specify)				
i) Trust	966870	1.07	967095	3.46
ii) Directors being not promoter & Relatives	115417	0.13	114587	1.07
iii) Foreign Nation	0	0.00	1000	0.00
iv) Non Resident Indians	741336	0.82	670654	0.74
v) Clearing Members	11098	0.01	9574	0.01
vi) Hindu Undivided Families	912862	1.01	924411	1.02
vii) Foreign Corporate Bodies	16250	0.02	16250	0.02
GRAND TOTAL	90321502	100.00	90239500	100.00

Share Transfer System

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

The Company has delegated the authority to approve shares received for transfer, to its RTA M/s. Link Intime India Pvt. Ltd. Presently, the transfers of shares which are in physical form are completed by dispatching the certificates duly transferred within a period of 15 days from the date of receipt of documents provided such documents are valid and complete in all respects. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.

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

Investors Complaints

The Company has redressed all the complaints received from the investors and none were pending as on March 31, 2012. The Company has designated e-mail ID exclusively for the purpose of registering complaints of investors. The e-mail ID is Shareholders/Investors can send their complaints/grievances to the above e-mail ID or through a letter to the Secretarial Department situated at the registered office address of the Company and the same will be attended thereto.

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.

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.

Dematerialisation of Shares and Liquidity

The securities 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, 2012, 94.97% of the 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.

General information

- In terms of the regulations of NSDL and CDSL, bank account details of beneficial owners of shares in demat form will be printed on the dividend warrants as furnished by the Depository Participant. The Company will not entertain requests for change of such bank details printed on their dividend warrants. In case of any changes in your bank details, please inform to your DP now/immediately.
- Shareholders holding shares in physical form are requested to notify to the Company, change in their address /pin code and bank account details promptly by written request under the signatures of sole/first joint holder.
- Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, change of address, bank details, nomination, power of attorney, change in e-mail address, etc., directly to their DP as the same are maintained by the DPs.
- To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Details (if not provided earlier) to the Company (if shares 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.

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

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

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

Unichem Pharmaceuticals (USA), Inc.
201 West Passaic Street, Ste 403
Rochelle Park, NJ 07662, USA.
Tel: 001- 201-2260240
Fax: 001- 201-2260241

Unichem Farmaceutica Do Brasil Ltda (Brazil)
Avenida Sete De Setembro 1564, Centro,
CEP -09912-010, Diadema - São Paulo, Brasil
Tel.: +55 11 38457025
Fax: +55 11 38457114

Unichem Laboratories Ltd,
Studio 8B, Ard Gaoithe Commercial Centre,
Ard Gaoithe Business Park, Cashel Road,
Clonmel, Co. Tipperary, Ireland.

Representative Offices of the Company around the world

Ukraine
8, Strutinskogo. Apt. # 15
Kiev-01014, Ukraine
Telefax: 00-380-44 5024550,
00-380-44 5024590
Cell: 00-380-67-2304247
Country Business Head - Dr. Rajith Puthen
Email: rajithputhen@unichem.com.ua

Russia
Bolshaya Yakimanka Str.
H No. 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: 00-233-20-2028560
Country Business Manager – Shashank Karande
Email: sshaank@yahoo.com

Secretarial Audit Report

For the Financial Year ended 31st March 2012

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on my verification of Unichem Laboratories Limited's ("the Company") Registers, Papers, Minute books, Forms and Returns filed with relevant authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2012 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the Registers, Minute books, Forms and Returns filed with the relevant authorities and other records maintained by Unichem Laboratories Limited for the financial year ended on 31st March 2012, according to the provisions of:

- (i) The Companies Act, 1956 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997/2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange and Bombay Stock Exchange.

1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:
 - a. maintenance of various statutory registers and documents and making necessary entries therein;
 - b. closure of the Register of Members / Debenture holders;
 - c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
 - d. service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
 - e. notice of Board meetings and Committee meetings of Directors;
 - f. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - g. the 48th Annual General Meeting held on July 28, 2011;

- h. minutes of proceedings of General Meetings and of the Board and its Committee meetings;
 - i. approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
 - j. constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
 - k. payment of remuneration to Directors including the Managing Director and Whole-time Directors;
 - l. appointment and remuneration of Auditors and Cost Auditors;
 - m. transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
 - n. declaration and payment of dividends;
 - o. transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
 - p. borrowings and registration, modification and satisfaction of charges wherever applicable;
 - q. investment of the Company's funds including inter corporate loans and investments and loans to others;
 - r. giving guarantees in connection with loans taken by subsidiaries and associate companies;
 - s. form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
 - t. Directors' report;
 - u. contracts, common seal, registered office and publication of name of the Company; and
 - v. generally all other applicable provisions of the Act and the Rules made under the Act.
2. I further report that:
- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
 - b. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
- c. the Company has obtained all necessary approvals under the various provisions of the Act; and
- d. there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
3. I further report that
- a. the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
 - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997/2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
 - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - d. the Company has complied with the provisions of The Companies Act, 1956, The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of the Unichem Employees' Stock Option Scheme-2008;
 - e. the Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited.

Place: Thane
Date: 21st July 2012

Swati Anand Krishnan
Practising Company Secretary
CPNo-7952/ACS-16558

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, 2012, the Statement of Profit and Loss 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (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 it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, the Statement of Profit and Loss and the 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2012 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, 2012 ;
 - ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. in the case of the 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
August 11, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

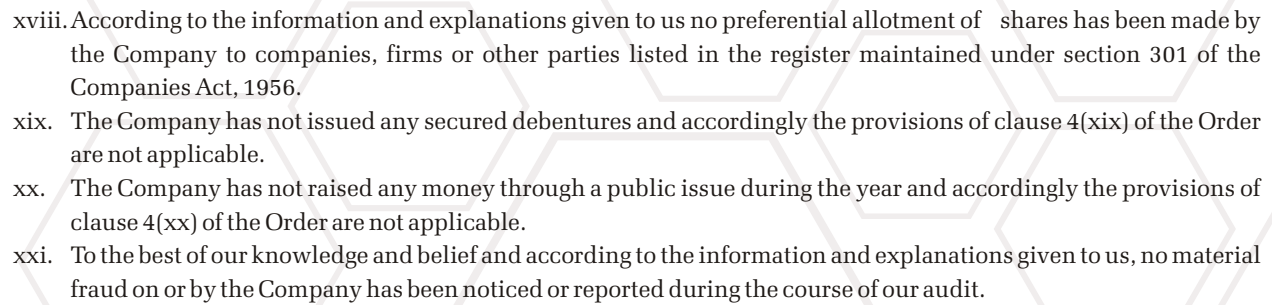
- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program 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.
- ii. (a) As explained to us, the inventories have been physically verified during the year by the management, except for the inventories lying with the third parties, which have however, been confirmed by them. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of the business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. (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. Consequently, 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 (f) and (g) are not applicable.
- iv. 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.
- v. (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.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- vii. In our opinion, the internal audit system is commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 as prescribed 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.
- ix. (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, 2012 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 Income Tax (including TDS), Service Tax, Excise duty, Custom duty & 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, 2012 are as given below:

Name of the Statutes	Nature of the dues	Amount (₹ in lacs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	TDS	478.00	A.Y. 2006-07 to A.Y. 2010-11	Commissioner of Income - Tax (Appeals)
Income Tax Act, 1961	Income tax Penalty	325.18	A.Y. 2001-02 to A.Y. 2004-05 & A.Y. 2006-07 to A.Y. 2008-09	Commissioner of Income - Tax (Appeals)
Central Excise Act, 1944	Central Excise Penalty	11.62	A.Y. 2004-05	Appellate Tribunal (CESTAT), Principal Bench, New Delhi
Service Tax Rules, 1994	Disallowances of Service Tax Credit	40.34	A.Y. 2006-07 to A.Y. 2011-12	Appellate Tribunal (CESTAT), New Delhi
Provident Fund & Miscellaneous Provision Act, 1952	Provident Fund Dues	1.75	A.Y. 2006-07	Regional Provident Fund Commissioner, Indore

- x. 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.
- xi. According to the information and explanations given to us the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii. 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.
- xiii. 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.
- xiv. 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.
- xv. In our opinion and according to the information & explanations given to us, having regard to the fact that the Subsidiary is wholly owned, the terms and conditions of the guarantee given by the Company for loans taken by the Subsidiary from banks and financial institutions are not, *prima facie*, prejudicial to the interest of the Company.
- xvi. 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.
- xvii. 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.

- 
- xviii. 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.
- xix. The Company has not issued any secured debentures and accordingly the provisions of clause 4(xix) of the Order are not applicable.
- xx. The Company has not raised any money through a public issue during the year and accordingly the provisions of clause 4(xx) of the Order are not applicable.
- xxi. 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
August 11, 2012

Balance Sheet

(₹ in lacs)

	Notes	As at 31 st March, 2012	As at 31 st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	3	1,806.43	1,804.79
(b) Reserves and Surplus	4	71,195.27	65,997.60
(2) Share Application Money pending allotment			
	5	3.45	-
(3) Non-current liabilities			
(a) Long term borrowings	6	2,348.82	2,271.56
(b) Deferred tax liabilities (Net)	7	3,847.43	3,781.43
(c) Long - term provisions	8	1,023.92	790.20
(4) Current liabilities			
(a) Short term borrowings	9	2,487.29	847.27
(b) Trade payables	10	13,678.50	10,691.63
(c) Other current liabilities	11	2,922.96	2,268.88
(d) Short - term provisions	12	3,330.00	3,112.56
TOTAL		102,644.07	91,565.92
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		37,080.96	35,564.43
(ii) Intangible assets		1,440.14	-
(iii) Capital work-in-progress		11,134.24	6,287.16
(b) Non-current investments	14	9,161.93	7,885.47
(c) Long-term loans and advances	15	2,602.25	1,629.14
(2) Current assets			
(a) Current Investments	16	1,450.00	2,128.88
(b) Inventories	17	14,113.11	13,541.83
(c) Trade receivables	18	18,482.47	18,394.23
(d) Cash and Bank Balances	19	1,386.12	1,044.12
(e) Short - term loans and advances	20	5,349.90	4,791.18
(f) Other current assets	21	442.95	299.48
TOTAL		102,644.07	91,565.92
Significant Accounting Policies	1		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar

Partner
Membership No.103241
Mumbai
August 11, 2012

Rakesh Parikh

Vice President
Finance

K. Subharaman

Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody

Chairman &
Managing Director

Prafull Anubhai

Director

Profit & Loss Account

(₹ in lacs)

	Notes	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
Income			
I. Revenue from operations (Gross)	22	80,836.95	77,022.20
Less: Excise duty		518.22	548.46
Revenue from Operations (Net)		80,318.73	76,473.74
II. Other Income	23	939.47	796.22
III. Total Revenue (I + II)		81,258.20	77,269.96
IV. Expenses:			
Cost of materials consumed	24	19,428.55	17,738.66
Purchase of Stock -in-Trade		10,290.78	10,161.27
Changes in inventories of Finished goods, Work-in-progress and Stock -in-Trade	25	(202.58)	(2,223.76)
Employee benefits expenses	26	10,488.40	9,306.63
Finance costs	27	329.85	194.82
Depreciation and amortization expenses	13	2,828.81	2,721.77
Other expenses	28	23,776.82	21,684.26
Research & Development Expenses	29	3,794.02	3,668.32
Total Expenses (IV)		70,734.65	63,251.97
V. Profit before tax (III-IV)		10,523.55	14,017.99
VI. Tax expenses			
(1) Current tax		2,215.00	2,835.00
(2) Deferred tax	7	66.00	313.00
(3) Short / (excess) provision for taxation pertaining to previous years		(3.78)	20.21
Total Tax Expenses (VI)		2,277.22	3,168.21
VII. Profit for the period (V-VI)		8,246.33	10,849.78
VIII. Earnings per equity share (Face Value ₹ 2 each)			
(1) Basic (in ₹)		9.13	12.03
(2) Diluted (in ₹)		9.09	11.95
Significant Accounting Policies	1		

Notes to Accounts form an integral part of financial statements

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar

Partner
Membership No.103241

Mumbai
August 11, 2012

Rakesh Parikh

Vice President
Finance

K. Subharaman

Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody

Chairman &
Managing Director

Prafull Anubhai

Director

Cash Flow Statement

(₹ in lacs)

Particulars	For the year ended 31 st March, 2012		For the year ended 31 st March, 2011	
A. Cash Flow from Operating Activities				
Net Profit before Tax		10,523.55		14,017.99
Adjustment for :				
Provision for Wealth Tax	15.00		11.00	
Depreciation	2,828.81		2,721.77	
Loss/(Profit) on Sale of Assets (Net)	(5.06)		5.21	
Unrealised Exchange difference (Net)	(165.13)		(75.05)	
Finance cost	329.85		194.82	
Provision for doubtful debts, loans, advances & deposits for the year	587.21		62.93	
Employees compensation expenses (ESOS)	60.49		43.11	
Stock Option expenses (other than employees)	6.79		6.79	
Loss/(Profit) on Sale of Investments	(115.41)		(251.80)	
Bad debts Written Off	262.35		-	
Interest income	(154.88)		(136.00)	
Excess provision for expenses written back	(12.80)		(63.57)	
Provision for Diminution in Investments	142.55		125.66	
Surplus on Amalgamation	1.62		-	
Dividend Income	(0.05)		(0.10)	
		3,781.34		2,644.77
Operating Profit Before Working Capital Changes		14,304.89		16,662.76
Adjusted for:				
Trade receivables, Advances & other current assets	(2,402.90)		(2,680.26)	
Inventories	(571.28)		(3,777.70)	
Trade & Other Payables	3,866.36	892.18	929.93	(5,528.03)
Cash Generated from Operations		15,197.07		11,134.73
Direct Taxes Paid (Net of refund)		(2,271.29)		(3,074.77)
Net Cash Flow from Operating Activities		12,925.78		8,059.96
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(10,640.33)		(8,467.34)
Sale of Fixed Assets		12.85		43.95
Investment in subsidiary		(1,419.01)		(1,097.71)
Sale / (Purchase) of Investment in others (Net)		678.88		3,789.14
Profit / (Loss) on Sale of Investments		115.41		251.80
Interest Income		154.88		136.00
Dividend Income		0.05		0.10
Net Cash used in Investing Activities		(11,097.27)		(5,344.06)
C. Cash Flow from Financing Activities				
Receipt of working Capital borrowings		101.87		525.04
Proceeds from issue of share capital & share premium		41.16		34.90
Receipt of short term borrowing raised		1,538.15		-
Receipt of long term borrowing raised		77.26		223.21
Finance cost		(329.85)		(194.82)
Dividend paid		(2,505.50)		(3,567.20)
Dividend distribution tax paid		(409.89)		(599.18)
Net Cash used in Financing Activities		(1,486.80)		(3,578.05)
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)		341.71		(862.15)
Opening Balance of Cash and Cash Equivalents		1,044.12		1,906.40
Closing Balance of Cash and Cash Equivalents		1,385.83		1,044.25
Closing balance of Cash & cash Equivalents as per Note No. 19		1,386.12		1,044.12
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		(0.29)		0.13
Closing balance of Cash & cash Equivalents as per cash flow		1,385.83		1,044.25

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

Raman Jokhakar
Partner
Membership No.103241
Mumbai
August 11, 2012

Rakesh Parikh
Vice President
Finance

K. Subharaman
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

For and on behalf of the Board of Directors

Notes forming part of Financial Statements

1. Statement of Significant Accounting Policies

i. 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.

ii. 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.

iii. 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.

iv. 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. Cost of fixed assets not ready for their intended use at balance sheet date are disclosed under capital work-in-progress.

Advances paid towards the acquisition of fixed assets outstanding at balance sheet date are disclosed as Capital Advances under Note "Long term Loans & advances".

Depreciation is provided on Straight- Line Method on Buildings and Plant & Machinery except mentioned below and on Written Down Value Method on other fixed assets at rates specified in schedule XIV of Companies Act, 1956. Higher rates are considered based on useful lives of the assets determined by management as under;

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

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

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

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

v. 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

Notes forming part of Financial Statements

of the Company.

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

vii. 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.

viii. 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.

ix. 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 asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

x. 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 schemes, employee pension scheme and superannuation are recognized in the Profit and Loss Account on accrual basis.

(b) Defined Benefit Plan

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

Notes forming part of Financial Statements

Termination Benefits

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

xi. 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.

xii. 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.

xiii. 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.

xiv. Provisions, Contingent liabilities and Contingent assets

Provision is recognized when the Company has a present obligation as a result of past events and it is probable that outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an out flow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

xv. Employees Stock Compensation Costs

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

xvi. 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.

xvii. Provision for Doubtful Receivables

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.

Notes forming part of Financial Statements

2. Scheme of Amalgamation

The Hon'ble High Court of Mumbai, on July 12, 2012 sanctioned the scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 of five Investment Companies (the primary assets of which comprise of equity shares in the Company) namely, AVM Capital Service Private Limited (ACSPL), Chevy Capital Service Private Limited (CCSPL), PM Capital Service Private Limited (PCSPL), Pranit Trading Private Limited (PTPL), Viramrut Trading Private Limited (VTPL), (collectively herein after referred to as 'Transferor Companies') with the Company. The Scheme was earlier approved by the shareholders in the court-convened meeting held on November 3, 2011. The Company has filed the Court Order with the Registrar of Companies on 6th August, 2012 to make the scheme effective in terms of said order dated 12th July 2012. ULL has given effect for the said Scheme in its books of accounts with effect from the appointed date i.e. 1st April 2011. In accordance with the Scheme, the Company has accounted for the Amalgamation based on the "Pooling of Interest" method as under:

- (i) all assets and liabilities appearing in the books of accounts of Transferor Companies have been transferred to & vested in and have been recorded by the Company at their respective book values.
- (ii) the investments in equity share capital of the Company as it appears in the books of account of the Transferor Companies have been cancelled.
- (iii) the excess of net assets value of the Transferor Companies as reduced by the face value of shares issued by the Company, adjusted for cancellation of equity share capital as mentioned above and net of all expenses in relation to the Scheme, amounting to ₹ 1.62 lacs has been credited to Surplus in the Profit and Loss Account.
- (iv) all inter-company transactions have been eliminated on incorporation of the accounts of Transferor Companies in the books of Company.
- (v) in consideration of the above, the Company shall issue and allot equity shares, credited as fully paid up, to the extent indicated below, to all the members of the Transferor Companies in the following proportion:
 - (a) 46,72,552 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in ACSPL
 - (b) 78,43,811 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in CCSPL
 - (c) 46,70,186 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in PCSPL
 - (d) 1,09,36,087 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in PTPL
 - (e) 17,13,547 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in VTPL

Accordingly, 2,82,93,991 fully paid up equity shares of ₹ 2 each of the Company will be issued to the shareholders of the Transferor Companies, which is equivalent to the shares cancelled, vide (ii) above; these shares, aggregating to ₹ 565.88 lacs, pending allotment have been shown as "Share Capital pending allotment" under Share Capital, thus resulting in no change in the total issued & paid up Share Capital of the Company. The new equity shares to be issued as above shall rank pari-passu with the existing equity shares of the Company. As per the scheme of amalgamation, the said shares will be issued & allotted to the shareholders of the transferor companies as per register of members of the transferor companies as on the effective date i.e. 6th August, 2012.

Notes forming part of Financial Statements



(₹ in lacs)

		As at 31 st March, 2012	As at 31 st March, 2011
3 SHARE CAPITAL			
AUTHORISED			
175,000,000	Equity Shares of ₹ 2/- each (Previous year 175,000,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
50,000,000	Unclassified Shares of ₹ 2/- each (Previous year 50,000,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
5,000,000	Unclassified Shares of ₹ 2/- each (Previous year 50,000,000 Unclassified Shares of ₹ 2/- each)	500.00	500.00
Total		5,000.00	5,000.00

		As at 31 st March, 2012	As at 31 st March, 2011
ISSUED, SUBSCRIBED AND PAID UP			
90,321,502	Equity Shares of ₹ 2/- each fully paid up (Previous year 90,239,500 Equity Shares of ₹ 2/- each fully paid up)	1,806.43	1,804.79
	Less: Share capital Cancelled on Amalgamation (Refer Note No. 2)	565.88	-
Total		1,240.55	1,804.79
	Add: Share Capital pending allotment (Refer Note No. 2)	565.88	0.00
Total		1,806.43	1,804.79

	2011-12		2010-11	
	No. of Shares	₹ In Lacs	No. of Shares	₹ In Lacs
Reconciliation of Number of Shares (Equity)				
Number of Shares outstanding as at the beginning of the year*	90,239,500	1,804.79	90,157,500	1,803.15
Add: Number of Shares allotted under ESOP during the year	82,002	1.64	82,000	1.64
Number of Shares outstanding as at the end of the year*	90,321,502	1,806.43	90,239,500	1,804.79

* Excluding effect of amalgamation as referred to in Note No. 2

Rights, preferences and restrictions attached to Equity Shares.

The company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



Notes forming part of Financial Statements

Shareholders holding more than 5 per cent of total Equity Shares of company

Name of the Shareholders	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Dr. Prakash Amrut Mody**	11,100,984	12.29	10,219,350	11.32
Pranit Trading Pvt Ltd*	8,252,673	9.14	8,252,673	9.15
Viramrut Trading Pvt Ltd*	5,452,506	6.04	5,452,506	6.04
Chevy Capital Services Pvt Ltd*	5,246,074	5.81	5,246,074	5.81
PM Capital Services Pvt Ltd*	4,670,186	5.17	4,670,186	5.18
AVM Capital Services Pvt Ltd*	4,672,552	5.17	4,672,552	5.18

As per the records of the company, including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

*Scheme of amalgamation becoming effective from 01.04.2011 (appointed date) consequent upon sanction from Hon'ble High Court of Mumbai, shares in the name of said companies will get cancelled and new shares will be issued to the shareholders of respective companies. (Refer Note no.2)

**Scheme of amalgamation becoming effective from 01.04.2011 (appointed date) consequent upon sanction from Hon'ble High Court of Mumbai, New shares will be issued to the shareholders of respective companies (Refer Note No. 2) the effect of which is not included in shareholding as of 31st March, 2012

Notes forming part of Financial Statements



(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
4 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Balance as per last Balance Sheet	62.50	62.50
Add: transferred during the year	-	-
	62.50	62.50
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	7,537.44	7,465.47
Add: Addition during the year	115.95	71.97
	7,653.39	7,537.44
SHARE OPTIONS OUTSTANDING ACCOUNT		
Employees' stock options outstanding as per last Balance Sheet	264.17	331.16
Less : Deduction during the year	(87.91)	(66.99)
	176.26	264.17
Less: Deferred Employees' stock compensation	(108.20)	(183.51)
	68.06	80.66
GENERAL RESERVE		
Balance as per last Balance Sheet	14,074.8	12,574.80
Add: Transfer from Profit and Loss Account	1,500.0	1,500.00
	15,574.80	14,074.80
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance as per last Balance Sheet	44,242.20	39,091.69
Add: Profit for the year after tax	8,246.33	10,849.78
Addition on Amalgamation (Refer Note No. 2)	1.62	
Profit available for appropriations	52,490.15	49,941.47
Less: APPROPRIATIONS		
Proposed Dividend	2,713.44	2,526.71
Interim Dividend	-	1,082.83
Tax on Proposed Dividend	440.19	409.89
Tax on Interim Dividend	-	179.84
Transfer to General Reserve	1,500.00	1,500.00
Total	4,653.63	5,699.27
Net surplus in the statement of Profit & Loss	47,836.52	44,242.20
Total	71,195.27	65,997.60
5 SHARE APPLICATION MONEY PENDING ALLOTMENT		
	3.45	-
Total	3.45	-
(Refer Note No. 43)		
6 LONG TERM BORROWINGS		
Unsecured		
Loans and Advances from Others	2,348.82	2,271.56
Total	2,348.82	2,271.56



Notes forming part of Financial Statements

(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
7 DEFERRED TAX LIABILITIES (NET)		
Total	3,847.43	3,781.43

The deferred tax liability for the current year amounting to ₹ 66.00 lacs (Previous year ₹ 313.00 lacs) & (Excess) / short provision for taxation of previous years accounted during the current year ₹ (3.78 lacs) (previous year ₹ 20.21 lacs) is shown in the Statement of Profit & Loss under Tax expenses.

The deferred tax liability / (asset) comprises of:

(₹ in lacs)

Particulars	2011-12	Charge/(credit) for the year	2010-11
Deferred Tax Liability on account of Depreciation	4,584.65	242.13	4,342.52
Sub Total	4,584.65	242.13	4,342.52
Deferred Tax Assets Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	564.22	142.99	421.23
Provision for Diminution in Investments	173.00	33.14	139.86
Sub Total	737.22	176.13	561.09
Total	3,847.43	66.00	3,781.43

	As at 31 st March, 2012	As at 31 st March, 2011
8 LONG TERM PROVISIONS		
Provision for Employees Benefits (Consists of provision for Gratuity & Leave Encashment)	1,023.92	790.20
Total	1,023.92	790.20
9 SHORT TERM BORROWINGS		
Secured		
Cash Credit from Banks (Refer Note No.33)	949.14	847.27
Unsecured		
Working capital loans in Foreign Currency from Banks (Refer Note No.33)	1,538.15	-
Total	2,487.29	847.27
10 TRADE PAYABLES		
Trade Payables (Refer Note No. 34)	13,678.50	10,691.63
Total	13,678.50	10,691.63
11 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on borrowings	4.14	-
Unclaimed Dividend	188.12	166.91
Other Payables		
Statutory Dues	292.34	281.85
Payable for Capital Goods	1,139.26	796.54
Others	1,299.10	1,023.58
Total	2,730.70	2,101.97
Total	2,922.96	2,268.88

Notes forming part of Financial Statements

(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
12 SHORT TERM PROVISIONS		
Provision for Employees' Benefits (Consists of provision for Gratuity & Leave Encashment)	176.37	175.96
Others		
Proposed Dividend	2,713.44	2,526.71
Tax on Dividend	440.19	409.89
Total	3,330.00	3,112.56

13 FIXED ASSETS

(₹ in lacs)

Assets	Gross Block				Depreciation / Amortisation				Net Carrying Value		
	Cost As at 01/04/2011	Addi- tions	Deduc- tions	Cost As at 31/03/2012	Opening As at 01/04/2011	For the year	Deduc- tions/ Transfers*	As at 31/03/2012	As at 31/03/2012	As at 31/03/2011	
A) Tangible Assets											
Land											
Freehold	248.47	-	-	248.47	-	-	-	-	248.47	248.47	
Leasehold	3,196.44	-	-	3,196.44	183.86	8.59	77.60	270.05	2,926.39	3,012.58	
Buildings	15,542.54	910.13	-	16,452.67	2,761.96	528.17	-	3,290.13	13,162.54	12,780.58	
Plant and Machinery	29,083.03	3,337.47	(31.90)	32,388.60	10,342.69	2,120.87	(30.52)	12,433.04	19,955.56	18,740.34	
Furniture & Fixtures	1,302.66	90.05	(0.07)	1,392.64	916.13	77.31	(0.06)	993.38	399.26	386.53	
Cars and Vehicles	515.46	46.69	(40.66)	521.49	313.27	57.86	(31.31)	339.82	181.67	202.19	
Office Equipments	422.20	46.85	(2.00)	467.05	228.46	32.86	(1.34)	259.98	207.07	193.74	
Total Tangible Assets	50,310.80	4,431.19	(74.63)	54,667.36	14,746.37	2,825.66	14.37	17,586.40	37,080.96	35,564.43	
B) Intangible Assets											
Brands / trademarks	132.05	1,443.29	-	1,575.34	132.05	3.15	-	135.20	1,440.14	-	
Total Intangible Assets	132.05	1,443.29	-	1,575.34	132.05	3.15	-	135.20	1,440.14	-	
Total Fixed Assets (Tangible & Intangible)	50,442.85	5,874.48	(74.63)	56,242.70	14,878.42	2,828.81	14.37	17,721.60	38,521.10	35,564.43	
Previous Year	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	-	
Capital Work in Progress									11,134.24	6,287.16	

* 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 ₹ 1,946.88 Lacs (Previous year ₹ 2,582.24 Lacs) being expenditure on Research and Development as under:-

Land	₹ Nil	(Previous year ₹ 1,399.58 Lacs)
Buildings	₹ Nil	(Previous year ₹ 64.35 Lacs)
Plant & Machinery	₹ 289.46 Lacs	(Previous year ₹ 863.71 Lacs)
Furniture & Fixtures	₹ 0.56 Lacs	(Previous year ₹ 0.94 Lacs)
Office Equipments	₹ 3.65 Lacs	(Previous year ₹ 3.14 Lacs)
Cars and Vehicles	₹ Nil	(Previous year ₹ 10.23 Lacs)
Capital Work in Progress	₹ 1,653.21 Lacs	(Previous year ₹ 240.29 Lacs)
Total	₹ 1,946.88 lacs	(Previous year ₹ 2,582.24 Lacs)



Notes forming part of Financial Statements

14 NON - CURRENT INVESTMENTS

(₹ in lacs)

	No of Shares/Units		Face Value	As at	As at
	As at 31 st March, 2012	As at 31 st March, 2011		31 st March, 2012	31 st March, 2011
NON-TRADE					
(I) UNQUOTED					
(a) INVESTMENT IN EQUITY INSTRUMENTS					
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
Fully Paid Equity Shares of Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Fully Paid Equity Shares of Unireach Healthcare Private Limited	10,000	10,000	₹ 10	1.00	1.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				3.00	3.00
Fully paid Equity Shares of Subsidiaries					
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	10,770,316	8,280,656	1 Brasil Real	2,665.86	1,953.12
Unichem Pharmaceuticals USA Inc. (refer note below)*	6,476,955	5,701,955	1 US\$	2,951.93	2,586.31
Unichem Laboratories Limited, Ireland	500,000	-	1 Euro	340.65	-
Less : Provision for diminution in value of investments				(533.21)	(390.66)
Total (a)				7,997.14	6,720.68
(b) Investment in Preferences Shares					
12% Redeemable Preference Share Capital in Subsidiary Niche Generics Limited, UK	1,500,000	1,500,000	1 Pound	1,164.79	1,164.79
Total (b)				1,164.79	1,164.79
Total Unquoted (a) + (b)				9,161.93	7,885.47
*Note: Investment includes shares allotted after end of financial years.					
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited Market value as on 31st March, 2012 is ₹ 3.84 lacs (Previous Year ₹ 8.40 Lacs)	2,000	2,000	₹ 10	-	-
Total of Unquoted & Quoted Non current Investment				9,161.93	7,885.47
Aggregate of Unquoted Investments - At Book Value				9,161.93	7,885.47
Aggregate of Quoted Investments - At Book Value				-	-
- At Market Value				3.84	8.40
Aggregate provision for diminution in value of Investments				(563.59)	(421.04)

	As at 31 st March, 2012	As at 31 st March, 2011
15 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good.		
Capital advances	2,599.50	1,624.97
Loans to Employees	2.75	4.17
Total	2,602.25	1,629.14

Notes forming part of Financial Statements



(₹ in lacs)

16 CURRENT INVESTMENTS

	No of Shares/Units			
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
SHORT TERM NON-TRADE				
UNQUOTED				
INVESTMENT IN MUTUAL FUNDS				
Birla Sun Life Short Term Fund - Retail - Growth	295,118.86	1,120,252.00	500.00	175.00
Baroda Pioneer 90 day FMP Series 6 Growth Plan	1,000,000.00	-	100.00	-
Daiwa Liquid Fund - Retail Plan - Growth Option	-	4,565.13	-	50.00
DWS Treasury Fund Inst. Plan Growth	125,660.14	-	150.00	-
DWS Insta Cash Plus Fund - Institutional Plan Growth	-	653,482.08	-	100.00
HDFC Cash Management Fund - Savings Plan Growth	-	488,128.71	-	100.00
HSBC Cash Fund - Institutional plan - Growth	-	314,946.74	-	50.00
IDFC Cash Fund Institutional Plan B - Growth (Face Value ₹ 10 per Unit)	-	-	-	-
IDFC Cash Fund Institutional Plan B - Growth (Face value ₹ 1000 per unit)	-	284,960.36	-	50.00
ICICI Prudential Liquid Super Institutional Plan - Growth	5,279.14	-	100.00	-
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Cumulative	-	86,284.85	-	125.00
IDBI Mutual Fund - Growth	-	-	-	-
JM High Liquidity Fund - Institutional Plan	1,859,773.00	1,025,661.67	200.00	102.57
Kotak Floater Short Term - Growth	-	7,130.62	-	75.00
L & T Select Income Fund-FD INST GT	-	1,086,560.28	-	175.00
LIC Nomura MF Liquid Fund - Growth Plan	-	1,093,840.69	125.00	175.00
Peerless Liquid Fund - Super Institutional growth	712,169.55	0.60	-	0.00
Pramerica Liquid Fund - Growth Option	-	419,148.96	-	75.00
Reliance Liquid Fund - Cash Option - Growth Plan	-	950,869.41	125.00	101.31
Reliance Liquid Fund - Treasury Plan - Inst Option - Growth Option - Growth plan	-	4,786.10	-	50.00
Reliance Regular Savings Fund - Debt Plan - Inst - Growth Plan	-	634,143.76	-	100.00
SBI Premier Liquid Fund - Institutional Growth	-	210,777.47	-	50.00
Sundaram Money Fund Inst - Apprn	-	201,580.39	-	25.00
Templeton India Treasury	-	321,167.51	-	50.00
Taurus Liquid Fund - Institutional Growth	-	369,207.14	-	75.00
UTI Liquid Cash Plan Institutional - Growth Option	-	9,824.81	-	150.00
UTI Money Market Fund - Growth Plan	-	4,683.50	-	50.00
UTI Treasury Advantage fund - Institutional Plan - Growth Plan	-	10,906.50	-	175.00
Aggregate Book Value	-	1,846.82	-	50.00
Aggregate of Unquoted Investments - At Book Value	10,890.61	-	150.00	-
			1,450.00	2,128.88
			1,450.00	2,128.88

	As at 31 st March, 2012	As at 31 st March, 2011
17 INVENTORIES (As Certified by Management)		
Raw Materials [Include ₹ 446.57 lacs in transit, (Previous year ₹ 236.04 lacs)]	4,783.47	4,542.53
Packing Materials	1,054.60	908.11
Work-in-Progress	3,061.17	2,462.12
Finished Goods (excluding finished goods traded in) [Include ₹ 293.71 lacs in transit, (Previous year ₹ 192.56 lacs)]	2,677.31	2,161.66
Stock in trade (in respect of goods acquired for trading)	2,291.45	3,203.57
Stores and Spares	245.11	263.84
Total [Refer Note. 1 (iii), 48 (i) & 48 (ii)]	14,113.11	13,541.83



Notes forming part of Financial Statements

(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
18 TRADE RECEIVABLES		
(Unsecured unless otherwise stated)		
(a) Outstanding for period exceeding six months from the date they become due		
Considered good	2,531.50	1,471.47
Considered doubtful	799.88	455.01
	3,331.38	1,926.48
Less : Provision for Doubtful receivables	799.88	455.01
	2,531.50	1,471.47
(b) Others - Considered Good	12,801.25	14,955.18
(c) Due from Subsidiaries	3,149.72	1,967.58
Total	18,482.47	18,394.23
Trade Receivables are secured to the extent of Advances of ₹ 2,348.82 lacs (Previous Year ₹ 2,271.56 lacs) received from Distributors and Consignment Agents.		
19 CASH AND BANK BALANCES		
(a) Cash & cash equivalents		
(i) Balances with banks		
In Current Accounts	683.25	614.82
In Fixed Deposits	501.65	250.10
(ii) Cash on hand	13.10	12.29
(b) Other bank balances		
In Unpaid Dividend Account	188.12	166.91
Total	1,386.12	1,044.12
20 SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance payment of Income Tax (Net of Provision for Taxation)	238.24	251.80
Short terms Deposits	366.01	363.64
Prepaid Expenses	239.26	231.50
Balances with Revenue Authorities (Including refund receivables)	2,842.94	2,048.63
Advance against materials & expenses	1,152.59	761.89
Other Loans & advances	510.86	1,133.72
	5,349.90	4,791.18
Unsecured, considered Doubtful		
Short terms Deposits	13.66	11.12
Other Loans & advances	89.16	78.92
	102.82	90.04
Less : Provision for Doubtful Advances	102.82	90.04
	-	-
Total	5,349.90	4,791.18
21 OTHER CURRENT ASSETS		
Unamortised Premium on forward contracts	28.64	15.00
Interest Accrued on Advances	19.54	7.76
Export incentive receivable	394.77	276.72
Total	442.95	299.48

Notes forming part of Financial Statements



(₹ in lacs)

	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
22 REVENUE FROM OPERATIONS (Gross)		
Sale of products (Gross) (Refer Note No. 48 (iv) & 48 (v)]	79,909.18	76,329.94
Other operating revenues		
Export benefits	518.32	392.66
Sundries	409.45	299.60
	927.77	692.26
Total Revenue from Operations (Gross)	80,836.95	77,022.20
23 OTHER INCOME		
Interest Income [TDS deducted ₹ 14.55 lacs (Previous year ₹ 13.66 lacs)]	154.88	136.00
Dividend Income	0.05	0.10
Net gain on sale of short term investments	115.41	251.80
Other non-operating Income	265.46	337.60
Net gain on foreign currency translation and transactions	403.67	70.72
Total	939.47	796.22
24 MATERIALS CONSUMED		
Raw Materials	16,279.85	14,716.71
Packing Materials	3,148.70	3,021.95
Total	19,428.55	17,738.66
25 CHANGES IN INVENTORIES OF FINISHED GOODS , WORK-IN-PROGRESS & STOCK-IN-TRADE.		
Inventories at the Commencement		
Finished Goods	2,161.66	1,232.49
Work in progress	2,462.12	1,765.24
Stock in Trade	3,203.57	2,605.86
	7,827.35	5,603.59
Inventories at Close		
Finished Goods	2,677.31	2,161.66
Work in progress	3,061.17	2,462.12
Stock in Trade	2,291.45	3,203.57
	8,029.93	7,827.35
(Increase) / Decrease in Finished Goods	(515.65)	(929.17)
(Increase) / Decrease in Work in progress	(599.05)	(696.88)
(Increase) / Decrease in Stock-in-Trade	912.12	(597.71)
Total	(202.58)	(2,223.76)
26 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, ex-gratia bonus and commission	9,452.35	8,379.61
Contribution to Provident and other funds	759.21	692.02
Expenses on Employee Stock Option Scheme	60.49	43.11
Staff Welfare Expenses	216.35	191.89
Total	10,488.40	9,306.63

Notes forming part of Financial Statements

(₹ in lacs)

	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
27 FINANCE COST		
Interest expense	215.55	191.66
Other borrowing costs	5.56	3.16
Net loss on foreign currency transactions and translation (Foreign currency borrowings)	108.74	-
Total	329.85	194.82

	For the year ended 31 st March, 2012		For the year ended 31 st March, 2011	
28 OTHER EXPENSES				
Stores and Spares consumed		601.73		611.66
Manufacturing Charges		713.07		932.32
Power and Fuel		2,544.57		2,183.13
Rent		139.39		135.99
Insurance		177.49		187.32
Repairs :				
Plant and Machinery		363.86		286.38
Buildings		135.91		116.58
Others		441.36		401.78
Rates and Taxes		580.37		346.17
Advertising and sales promotion		8,219.26		7,851.27
Travelling and Conveyance		3,064.47		2,685.54
Freight outward		1,644.04		1,369.10
Directors' Fees		8.30		7.60
Commission on sales		1,146.79		1,188.12
Loss on sale of assets		0.35		6.81
Bad debts, loans, advances and deposits written off				
Bad Debts and Advances written off (net of provisions for Doubtful debts)	262.35		-	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	229.56	32.79	-	-
Provision for doubtful debts, loans, advances and deposits for the year		587.21		62.93
Establishment and Administrative Expenses		3,233.31		3,185.90
Provision for Diminution of Investments in Subsidiary		142.55		125.66
Total		23,776.82		21,684.26
29 RESEARCH & DEVELOPMENT EXPENDITURE				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, wages and Ex-gratia		1,317.81		1,173.47
Contribution to Provident fund and other Funds		69.84		63.68
Employee's welfare expenses		15.99		10.07
Rates and Taxes		22.60		24.00
Repairs:				
Plant and machinery		-		46.29
Others		72.96		35.34
Power and fuel		161.86		135.94
Travelling and conveyance		35.55		51.79
Others		2,097.41		2,127.74
Total		3,794.02		3,668.32

Notes forming part of Financial Statements

30 During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also re-classified the previous year figures in accordance with the figures of the current year.

31 Contingent Liabilities :

(₹ in lacs)

	2011-12	2010-11
(i) Claims not acknowledged as debts* .	1,416.00	684.03
(ii) In respect of the Guarantees given to Bank on behalf of :		
- Subsidiaries	2,397.15	2,535.60
- Others	223.76	218.06
(iii) Letters of Credit	676.82	518.44
Total	4,713.73	3,956.13

* includes ₹ 88.20 lacs (Previous Year ₹ 88.20 lacs) paid under protest/deposit pending adjudication under Income tax Act, 1961.

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

32 Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital & other account not provided for ₹ 11,647.05 lacs (Previous year ₹ 8,208.84 lacs).

33 Cash credit and Packing credit of ₹ 949.14 lacs (Previous year ₹ 847.27 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 & on immovable properties at Goa and Baddi Unit I on a second and subservient charge. Short Term unsecured borrowings represent Packing / Buyers credit in Foreign currency availed from various banks against Export receivables and Import Letter of Credit. Maximum tenor of such borrowings is 6 months from the date of availment.

34 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.

35 On internal assessment of long term investments made by the company in its subsidiaries during the year, the management has determined an amount of ₹ 142.55 lacs (previous Year ₹ 125.66 lacs) for diminution, which has been provided in the accounts.

Notes forming part of Financial Statements

- 36** Expenditure relating to new projects have been shown under the head Capital work-in-progress as follows.

(₹ in lacs)

Particulars	2011-12	2010-11
i) Power & fuel	56.29	149.83
ii) Repairs & maintenance	3.55	0.97
iii) Payroll expenses	122.89	55.86
iv) Freight	13.13	2.61
v) Insurance	6.39	3.60
vi) Rent	107.53	84.07
vii) Travelling Expenses	6.20	3.39
viii) Rates & Taxes	4.52	4.05
ix) Administrative expenses	278.49	190.47
x) Depreciation / Amortisation	206.76	125.55
Total	805.75	620.40

- 37** 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 purpose.

The following are the outstanding forward contracts as at 31 st March ,2012.

(Value in lacs)

Currency	Buy/Sell	Foreign currency value	
		2011-12	2010-11
EURO	Sell	17.86	13.81
USD	Sell	43.42	27.76
GBP	Sell	0.10	0.10
CAD	Sell	2.00	0.00

Foreign Currency exposure not hedged by forward contracts as at 31st March ,2012 are given below:

(Value in lacs)

Unhedged	Foreign currency value	
	2011-12	2010-11
A) Receivable		
EURO	9.94	1.00
USD	98.79	54.35
GBP	8.00	8.80
CAD	4.87	3.86
B) Payable		
EURO	0.05	0.02
USD	26.23	0.00
JPY	40.58	0.00
GBP	0.00	0.63

38 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 funded status and amounts recognised in the balance sheet for gratuity & leave encashment benefits.

Notes forming part of Financial Statements

Details of Provision for gratuity and leave encashment.

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	1,153.47	1,012.14	836.06	723.36
Fair value of plan assets	1,075.22	1,031.55	-	-
	(78.25)	19.41	(836.06)	(723.36)
Less: Unrecognised past service cost	-	-	-	-
Plan asset / (liability)	(78.25)	19.41	(836.06)	(723.36)

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Opening defined benefit obligation	1,012.14	929.62	723.36	587.42
Interest cost	80.97	76.69	57.87	48.46
Current service cost	156.45	138.48	97.14	99.33
Benefits paid	(50.24)	(96.47)	(129.15)	(128.04)
Actuarial (gains) / losses on obligation	(45.85)	(36.18)	86.84	116.19
Closing defined benefit obligation	1,153.47	1,012.14	836.06	723.36

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Opening fair value of plan assets	1,031.55	897.30	-	-
Expected return	93.09	85.10	-	-
Contributions by employer	-	141.91	-	-
Benefits paid	(50.24)	(96.47)	-	-
Actuarial gains / (losses)	0.82	3.71	-	-
Closing fair value of plan assets	1,075.22	1,031.55	0.00	0.00

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

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
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	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Discount rate	% 8.25	% 8.00	% 8.25	% 8.00
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



Notes forming part of Financial Statements

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

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

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Defined benefit obligation	1,153.47	1,012.14	836.06	723.36
Plan assets	1,075.22	1,031.55	-	-
Surplus / (deficit)	(78.25)	19.41	(836.06)	(723.36)
Experience adjustments on Plan Liability	(33.58)	(47.34)	97.72	107.75
Experience adjustments on Plan Asset	(0.82)	(3.71)	-	-

Statement of Profit & Loss

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss for gratuity & leave encashment benefits.

Net employee benefit expense (recognised in Employee Cost)

(₹ in lacs)

Particulars	GRATUITY		LEAVE ENCASHMENT	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Current service cost	156.45	138.48	97.14	99.33
Interest cost on benefit obligation	80.97	76.69	57.87	48.46
Expected return on plan assets	(93.09)	(85.10)	-	-
Net actuarial(gain) / loss recognised in the year	(46.68)	(39.88)	86.84	116.19
Past service cost	-	-	-	-
Net benefit expense	97.65	90.19	241.85	263.98

39 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)	2011-12	2010-11
India	56,176.25	60,456.53
Outside India	24,660.70	16,565.67
Total	80,836.95	77,022.20

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

Notes forming part of Financial Statements

40 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 Unichem Laboratories Limited, Ireland	Chevy Capital Services Pvt Ltd* PM Capital Services Pvt Ltd.* AVM Capital Services Pvt Ltd* Pranit Trading Pvt. Ltd* Viramrut Trading Pvt Ltd* Uni Distributors Pvt Ltd	Dr. Prakash A. Mody (Chairman and Managing Director) Mrs. Anita Mody Ms. Supriya Mody Ms. Suparna Mody Ms Shwetambari Mody

* Scheme of amalgamation becoming effective from 01.04.2011(appointed date) consequent upon sanction from Hon'ble High Court of Mumbai, shares in the name of said companies will get cancelled and new shares will be issued to the shareholders of respective companies. (Refer Note no. 2) However considering the fact that Dividend was paid before effective date, the transactions are reflected hereunder in spite of cancellation of the shares on 01.04.2011.

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
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Sales of goods, etc.	3,061.25	2,358.04	-	-	-	-	3,061.25	2,358.04
Rent & Maintenance paid	-	-	2.26	2.17	10.41	7.56	12.67	9.73
Managerial remuneration	-	-	222.16	215.81	-	-	222.16	215.81
Commission	110.71	93.33	116.82	147.30	-	-	227.53	240.63
Salary	-	-	21.16	18.11	-	-	21.16	18.11
Dividend paid	-	-	437.04	639.98	792.23	1,096.30	1,229.27	1,736.28
Expenses Reimbursed	149.85	121.30	-	-	-	-	149.85	121.30
Investment made during the year	1,419.01	1,097.72	-	-	-	-	1,419.01	1,097.72
Total	4,740.82	3,670.39	799.44	1,023.37	802.64	1,103.86	6,342.90	5,797.62

(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
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Outstanding Balances								
Deposits given	-	-	45.06	45.06	-	0.15	45.06	45.21
Creditors	85.13	14.00	-	-	-	-	85.13	14.00
Debtors outstanding	3,149.72	1,967.58	-	-	-	-	3,149.72	1,967.58
Guarantees given to bank on behalf of Subsidiaries	2,397.15	2,535.60	-	-	-	-	2,397.15	2,535.60
Total Investments	9,692.14	8,273.13	-	-	-	-	9,692.14	8,273.13
Other Receivable	0.34	1.78	-	-	-	-	0.34	1.78
Due to Directors	-	-	116.82	147.30	-	-	116.82	147.30
Total	15,324.48	12,792.09	161.88	192.36	-	0.15	15,486.36	12,984.60



Notes forming part of Financial Statements

(iii) Details of material transactions during the year

(₹ in lacs)

	2011-12	2010-11
a) Sale of finished goods (Net of returns)		
Niche Generics Ltd	1,255.40	1,315.75
Unichem Pharmaceuticals (USA) Inc.	1,676.04	1,045.35
b) Investments made		
Unichem Farmaceutica Do Brasil Ltda	712.75	628.31
Unichem Pharmaceuticals (USA) Inc.	365.61	469.41
Unichem Laboratories Limited , Ireland	340.65	-
c) Guarantees given to Banks on behalf of Subsidiary Company		
Niche Generics Limited.	2,397.15	2,535.60
d) Rent & Maintenance Paid		
Mrs. Anita Mody	2.26	2.17
Pranit Trading Pvt. Ltd.	-	0.60
Uni Distributors Pvt Ltd	10.41	6.96
e) Managerial Remuneration		
Dr. Prakash A. Mody	222.16	215.81
f) Commission		
Dr. Prakash A. Mody	116.82	147.30
Unichem Pharmaceuticals (USA) Inc.	110.71	93.33
g) Salary		
Ms. Supriya Mody	21.16	18.11
h) Dividend Paid		
Pranit Trading Pvt Ltd*	231.07	322.21
Chevy Capital Services Pvt Ltd.*	146.89	205.11
PM Capital Services Pvt Ltd.*	130.77	177.77
Viramrut Trading Pvt. Ltd.*	152.67	213.90
AVM Capital Services Pvt Ltd.*	130.83	177.31
Dr. Prakash A. Mody	293.44	404.46
i) Expenses Re - imbursement		
Niche Generics Limited.	12.54	25.37
Unichem Pharmaceuticals (USA) Inc.	87.76	89.90
Unichem Farmaceutica Do Brasil Ltda	33.31	-
Unichem SA Pty Ltd	16.24	6.03

41 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 Note No.28) in the Statement of Profit & Loss.

42 Earning Per Share has been computed as under:

₹ in lacs except EPS

Particulars	2011-12	2010-11
Profit after Tax attributable to equity shareholders (A)(₹ In lacs)	8,246.33	10,849.7
Weighted average number of Equity shares for Basic Earning per Share (B)*	90,299,004	90,212,625
Weighted average number of Equity shares for Diluted Earning per Share (C)*	90,678,997	90,757,431
Earning Per Share - Basic (A)/(B) ₹	9.13	12.03
Diluted (A)/(C) ₹	9.09	11.95
(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 .

Notes forming part of Financial Statements

43 Share Application Money Pending allotment.

Particulars	As at 31st March, 2012	As at 31st March, 2011
Terms and conditions	As per ESOP 2008 Scheme	NA
Number of shares proposed to be issued (Nos.)	7,500	Nil
Amount of premium, if any (₹ In Lacs)	3.30	Nil
Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money.	Yes	NA

44 Employee share based payment plans

i) During the year ended 31st March, 2012 the company has two share based payment arrangements which are described below:

Type of arrangement	ESOS 2004		ESOS 2008	
	Senior Management stock option scheme	Senior Management stock option scheme	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	100,000	200,000	50,000	297,500
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	2011-12		2010-11	
	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	
	2011-2012	2010-2011
Option outstanding at the beginning of the year Face Value ₹ 2/- per share each (Previous year Face Value of ₹ 5/- per share each) (Nos.)	2,250	4,500
Consequent ESOP upon Sub- Division of shares into Face Value of ₹ 2/- per share each from ₹ 5/- per shares each w.e.f. October 23, 2010 (Nos.)		11,250
Exercised during the year (Nos.)		(9,000)
Lapsed during the year (Nos.)	-	-
Option outstanding at the end of the year (Face Value of ₹ 2/- per share each) (Nos.)	2,250	2,250
Weighted Average Exercise Price (₹)	212	212
Weighted Average Fair Value of Option (₹)	149	149



Notes forming part of Financial Statements

Particulars	ESOS 2008	
	2011-12	2010-11
Option outstanding at the beginning of the year Face Value ₹ 2/- per share each (Previous year face Value of ₹ 5/- per share each) (Nos.)	688,750	335,000
Consequent ESOP upon Sub- Division of shares into face Value of ₹ 2/- per share each from ₹ 5/- per shares each w.e.f. October 23, 2010 (Nos.)		837,500
Exercised during the year (Nos.)	(82,002)	(73,000)
Lapsed during the year (Nos.)	(19,687)	(75,750)
Option outstanding at the end of the year (Face Value of ₹ 2/- per share each) (Nos.)	587,061	688,750
Weighted Average Exercise Price (₹)	115	115
Weighted Average Fair Value of Option (₹)	97	97

45 The amount of Dividends proposed to be distributed to Equity shareholders for the F.Y. 2011-2012 includes dividend on shares allotted to employees as per ESOP Scheme of the company ,after the Balance sheet but before record date, on which dividend is declared in Board Meeting. The total 126,625 nos. of shares are allotted after balance sheet date on which dividend of ₹ 3/- per share is declared and will be paid after approval of same in ensuing Annual General Meeting of Shareholders. Accordingly provision has been made for dividend distribution tax (DDT) on such dividend in F.Y. 2011-2012 Audited accounts.

46 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 "Short term Provisions" in previous year.

47 Establishment and Administrative expenses include payment to:

i. Statutory Auditors (Excluding Service Tax)

(₹ in lacs)

	2011-12	2010-11
Audit Fees	11.50	11.50
Tax Audit	3.85	3.85
Certification Charges	4.13	5.04
Reimbursement of Expenses	0.93	0.53
Total	20.41	20.92

ii. Cost Auditors (Excluding Service Tax)

	2011-12	2010-11
Audit Fees	4.00	3.50
Certification charges	0.60	0.35
Reimbursement of Expenses	0.21	0.16
Total	4.81	4.01

Notes forming part of Financial Statements

48 Information pursuant to the provisions of Revised Schedule VI to the Companies Act, 1956 as certified by management.

i. Opening and Closing Stock of Finished Goods Produced by the Company (₹ in lacs)

Class of Goods	As at 31st March, 2012	As at 31st March, 2011
	Value	Value
Formulations		
Tablets/Capsules	2,139.40	956.29
Syrups	17.76	89.89
Injections	26.53	61.97
Eyemides , Ointments & Powder	227.78	251.81
Bulk Drugs & Chemicals	265.84	801.70
Total	2,677.31	2,161.66

ii. Opening and closing Stock of Traded Goods purchased by Company (₹ in lacs)

Class of Goods	As at 31st March, 2012	As at 31st March, 2011
	Value	Value
Formulations		
Tablets/Capsules	1,496.40	2,252.68
Syrups	249.52	211.75
Injections	114.56	145.98
Eyemides , Ointments & Powder	430.97	593.16
Total	2,291.45	3203.57

iii. Opening and closing Stock of work-in-progress manufactured by Company (₹ in lacs)

Class of Goods	As at 31st March, 2012	As at 31st March, 2011
	Value	Value
Formulations		
Tablets/Capsules	1,263.12	924.54
Syrups	-	0.37
Injections	4.85	3.60
Eyemides , Ointments & Powder	14.75	36.62
Bulk Drugs & Chemicals	1,778.45	1,496.99
Total	3,061.17	2,462.12

iv. Sale of Goods Produced by the Company (Excluding Captive Consumption) (₹ in lacs)

Class of Goods	As at 31st March, 2012	As at 31st March, 2011
	Value	Value
Formulations		
Tablets/Capsules	47,560.83	45,865.39
Syrups	215.53	240.52
Injections	329.87	385.10
Eyemides , Ointments & Powder	1,723.90	2,253.76
Bulk Drugs & Chemicals	10,053.65	7,238.02
Total	59,883.78	55,982.79

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



Notes forming part of Financial Statements

v. Sale of Traded Goods Purchased by the Company (Excluding Captive Consumption) (₹ in lacs)

Class of Goods	2011-12	2010-11
	Value	Value
Formulations		
Tablets/Capsules	14,864.34	15,796.57
Syrups	1,677.48	1,363.57
Injections	1,333.71	1,288.72
Eyemides , Ointments & Powder	2,149.87	1,898.29
Total	20,025.40	20,347.15

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

vi. Purchases of Finished Goods (₹ in lacs)

Class of Goods	2011-12	2010-11
	Value	Value
Formulations		
Tablets/Capsules	6,669.68	6,913.33
Syrups	1,223.46	1,066.65
Injections	776.71	744.52
Eyemides , Ointments & Powder	1,620.93	1,436.77
Total	10,290.78	10,161.27

vii. Value of Imports (CIF Basis) (₹ in lacs)

Particulars	2011-12	2010-11
	Value	Value
Raw Materials	3,555.75	3,106.74
Packing Materials	318.91	145.41
Stores & Spare Parts	11.76	61.29
Capital Goods	2,623.36	1,927.68
Total	6,509.78	5,241.12

viii. Expenditure in Foreign Currencies (On Accrual basis) (₹ in lacs)

Particulars	2011-12	2010-11
	Value	Value
Professional and Consultation fees	12.33	9.90
Others	1,224.26	1,078.56
Total	1,236.59	1,088.46

ix. Earnings in Foreign Exchange (Gross) (₹ in lacs)

Particulars	2011-12	2010-11
	Value	Value
Sales & Operating Income		
Export of Goods calculated on FOB basis.	22,362.01	14,585.51
Insurance, Freight and other charges recovered	336.93	460.60
Total	22,698.94	15,046.11

Notes forming part of Financial Statements



x. Consumption of Raw Materials, Packing Materials, Stores and Spares.

(₹ in lacs)

Particulars	2011-12		2010-11	
	%	Value	%	Value
A. Raw Materials				
Indigenous (including canalised)	78	12,664.99	80	11,738.78
Imported (including duty and charges)	22	3,614.86	20	2,977.93
Total	100	16,279.85	100	14,716.71
B. Packing Materials, Stores and Spares				
Indigenous (including canalised)	92	3,467.13	96	3,505.52
Imported (including duty and charges)	8	283.30	4	128.09
Total	100	3,750.43	100	3,633.61

xi. Earnings in Foreign Exchange (Gross)

(₹ in lacs)

Particulars	2011-12	2010-11
	Value	Value
Ampicillin	1,272.55	1,630.85
Levetiracetam	1,333.11	-
Miscellaneous (none of which individually accounts for more than 10% of total consumption)	13,674.19	13,085.86
Total	16,279.85	14,716.71

Signature to the Notes 1 to 48 of the Financial Statements.

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar
Partner
Membership No.103241

Rakesh Parikh
Vice President
Finance

K. Subharaman
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Mumbai
August 11, 2012

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, 2012, and also the Consolidated Statement of Profit and Loss 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) Four subsidiary companies whose financial statements reflect total assets (net) of ₹ 1,990.98 lacs as at March 31, 2012, total revenues (including other income) of ₹ 10,545.66 lacs and net cash inflow amounting to ₹ 465.02 lacs for the year ended on that date, and
- ii) A subsidiary Company whose financial statements reflect total assets (net) of ₹ 1.21 lacs as at February 29, 2012, total revenues of ₹ Nil and cash inflow of ₹ 0.16 lacs for the year ended on that date.

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, 2012;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group 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
August 11, 2012



Consolidated Financial Statements

Consolidated Balance Sheet

(₹ in lacs)

	Notes	As at 31 st March, 2012	As at 31 st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	3	1,806.43	1,804.79
(b) Reserves and Surplus	4	64,248.45	59,965.70
(2) Share Application Money pending allotment			
	5	3.45	-
(3) Non- current liabilities			
(a) Long term borrowings	6	4,395.68	4,172.80
(b) Deferred tax liabilities (Net)	7	3,847.43	3,781.43
(c) Long - term provisions	8	1,023.92	790.20
(4) Current liabilities			
(a) Short term borrowings	9	2,541.94	903.62
(b) Trade payables	10	14,029.83	10,998.60
(c) Other current liabilities	11	3,427.93	2,599.80
(d) Short- term provisions	12	3,330.00	3,112.56
TOTAL		98,655.06	88,129.50
II. ASSETS			
(1) Non- current assets			
(a) Fixed assets	13		
(i) Tangible assets		39,244.26	37,575.58
(ii) Intangible assets		1,594.95	155.17
(iii) Capital work-in-progress		11,276.03	6,287.16
(b) Non-current investments	14	3.00	3.00
(c) Long-term loans and advances	15	2,602.25	1,629.14
(2) Current assets			
(a) Current Investments	16	1,450.00	2,128.88
(b) Inventories	17	15,796.41	15,026.24
(c) Trade receivables	18	18,325.19	18,512.89
(d) Cash and Bank Balances	19	2,323.33	1,516.02
(e) Short -term loans and advances	20	5,596.69	4,995.94
(f) Other current assets	21	442.95	299.48
TOTAL		98,655.06	88,129.50
Significant Accounting Policies	1		

Notes to Accounts form an Integral part of financial statements

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar

Partner
Membership No.103241
Mumbai
August 11, 2012

Rakesh Parikh

Vice President
Finance

K. Subharaman

Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody

Chairman &
Managing Director

Prafull Anubhai

Director

Consolidated Statement of Profit and Loss

(₹ in lacs)

	Notes	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
Income			
I. Revenue from operations (Gross)	22	88,064.52	82,952.27
Less: Excise duty		518.22	548.46
Revenue from Operations (Net)		87,546.30	82,403.81
II. Other Income	23	1,020.07	831.92
III. Total Revenue (I + II)		88,566.37	83,235.73
IV. Expenses:			
Cost of materials consumed	24	21,452.44	19,616.76
Purchase of Stock -in-Trade		10,661.25	10,461.96
Changes in inventories of Finished goods, Work-in-progress and Stock -in-Trade		(588.56)	(2,471.25)
Employee benefits expenses	25	14,006.33	12,399.44
Finance costs	26	407.83	239.24
Depreciation and amortization expenses		3,043.45	2,921.79
Other expenses	27	26,253.29	23,566.39
Research & Development Expenses	28	3,927.37	3,835.12
Total Expenses (IV)		79,163.40	70,569.45
V. Profit before tax (III -IV)		9,402.97	12,666.28
VI. Tax expenses			
(1) Current tax		2,215.00	2,835.00
(2) Deferred tax	7	66.00	313.00
(3) Short / (excess) provision for taxation pertaining to previous years		(3.78)	20.21
Total tax expenses (VI)		2,277.22	3,168.21
VII. Profit for the period (V-VI)		7,125.75	9,498.07
VIII. Earnings per equity share (Face Value Rs.2 each)			
(1) Basic (in ₹)		7.89	10.53
(2) Diluted (in ₹)		7.86	10.47
Significant Accounting Policies	1		

Notes to Accounts form an Integral part of financial statements

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar

Partner
Membership No.103241

Mumbai
August 11, 2012

Rakesh Parikh

Vice President
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K. Subharaman

Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody

Chairman &
Managing Director

Prafull Anubhai

Director

Consolidated Cash Flow Statement

(₹ in lacs)

Particulars	For the year ended 31 st March, 2012		For the year ended 31 st March, 2011	
A. Cash Flow from Operating Activities				
Net Profit before Tax		9,402.97		12,666.28
Adjustment for :				
Provision for Wealth Tax	15.00		11.00	
Depreciation	3,043.45		2,921.79	
Loss/(Profit) on Sale of Assets (Net)	(5.00)		5.21	
Unrealised Exchange difference (Net)	(153.18)		(75.05)	
Finance cost	407.83		239.25	
Provision for doubtful debts, loans, advances & deposits for the year	587.21		62.93	
Employees compensation expenses (ESOS)	60.49		43.11	
Stock Option expenses (other than employees)	6.79		6.79	
Loss/(Profit) on Sale of Investments	(115.41)		(251.80)	
Bad debts Written Off	262.35		-	
Interest income	(161.11)		(145.75)	
Excess provision for expenses written back	(12.80)		(63.57)	
Surplus on Amalgamation	1.62		-	
Dividend Income	(0.05)		(0.10)	
		3,937.19		2,753.81
Operating Profit Before Working Capital Changes		13,340.16		15,420.09
Adjusted for:				
Trade receivables, Advances & other current assets	(2,169.15)		(2,375.57)	
Inventories	(770.17)		(4,272.11)	
Trade & Other Payables	4,290.32	1,351.00	1,167.01	(5,480.67)
Cash Generated from Operations		14,691.16		9,939.42
Direct Taxes Paid (Net of refund)		(2,283.08)		(3,080.69)
Net Cash Flow from Operating Activities		12,408.08		6,858.73
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Capital WIP		(11,309.83)		(9,087.76)
Sale of Fixed Assets		174.05		140.69
Sale / (Purchase) of Investment in others (Net)		678.88		3,789.14
Loss / (Profit) on Sale of Investments		115.41		251.80
Interest received		161.11		145.75
Dividend on Investments		0.05		0.10
Net Cash used in Investing Activities		(10,180.33)		(4,760.28)
C. Cash Flow from Financing Activities				
Receipt of working Capital borrowings		100.17		520.24
Proceeds from issue of share capital & share premium		41.16		34.90
Receipt of short term borrowing raised		1,538.15		-
Receipt of long term borrowing raised		222.88		904.26
Interest paid		(407.83)		(239.25)
Dividend paid		(2,505.50)		(3,567.20)
Dividend distribution tax paid		(409.89)		(599.18)
Net Cash used in Financing Activities		(1,420.87)		(2,946.23)
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)		806.89		(847.78)
Opening Balance of Cash and Cash Equivalents		1,516.15		2,363.93
Closing Balance of Cash and Cash Equivalents		2,323.04		1,516.15
Closing balance of Cash & cash Equivalents as per Note No. 19		2,323.33		1,516.02
Unrealised Translation (Gain) / Loss on Foreign Currency Cash		(0.29)		0.13
Closing balance of Cash & cash Equivalents as per cash flow		2,323.04		1,516.15

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

For and on behalf of the Board of Directors

Raman Jokhakar
Partner
Membership No.103241
Mumbai
August 11, 2012

Rakesh Parikh
Vice President
Finance

K. Subharaman
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

Notes forming part of Consolidated Financial Statements

1. Statement of Significant Accounting Policies

i. 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.

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also re-classified the previous year figures in accordance with the figures of the current year.

ii. 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.

iii. 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, Unichem S. A. Proprietary (100%) incorporated in South Africa, Unichem Farmaceutica Do Brasil Ltda (100%) incorporated in Brazil, Unichem Pharmaceuticals (USA) Inc. (100%) incorporated in USA and Unichem Laboratories Limited, Ireland (100%) incorporated in Ireland.

- a) The financial statements of the Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income & Expenses after fully eliminating intra-group investments.
- b) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- c) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.
- d) Financial statements of foreign subsidiaries considered as non integral in terms of AS 11 are transacted as under:
 - i) Assets and Liabilities at the rate prevailing at the end of the year.
 - ii) Revenues & expenses at yearly average exchange rates.
 - iii) Any Exchange Differences are transferred to Foreign Currency Translation Reserve.
- e) Financial statements of foreign subsidiaries which are considered as integral operation are translated as if the transactions of foreign subsidiaries have been those of company itself.
- f) Unichem S. A. Proprietary (100%) Subsidiary Company incorporated in South Africa has different date of 29/02/2012 as a date of reporting than that of the parent Company.

2. Scheme of Amalgamation

The Hon'ble High Court of Mumbai, on July 12, 2012 sanctioned the scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 of five Investment Companies (the primary assets of which comprise of equity shares in the Company) namely, AVM Capital Service Private Limited (ACSPL), Chevy Capital Service Private Limited (CCSPL), PM Capital Service Private Limited (PCSPL), Pranit Trading Private Limited (PTPL), Viramrut Trading Private Limited (VTPL), (collectively herein after referred to as "Transferor Companies") with the Company. The scheme was earlier approved by the shareholders in the court-convened meeting held on November 3, 2011. The Company has filed the Court Order with the Registrar of Companies on 6th August, 2012 to make the scheme effective in terms of said order dated 12th July 2012. ULL has given effect for the said Scheme in its books of accounts with effect from the appointed date i.e. 1st April 2011. In accordance with the Scheme, the Company has accounted for the Amalgamation based on the "Pooling of Interest" method as under:

Notes forming part of Consolidated Financial Statements

- (i) all assets and liabilities appearing in the books of accounts of Transferor Companies have been transferred to & vested in and have been recorded by the Company at their respective book values
- (ii) the investments in equity share capital of the Company as it appears in the books of account of the Transferor Companies have been cancelled
- (iii) the excess of net assets value of the Transferor Companies as reduced by the face value of shares issued by the Company, adjusted for cancellation of equity share capital as mentioned above and net of all expenses in relation to the Scheme, amounting to ₹ 1.62 lacs has been credited to Surplus in the Profit and Loss Account
- (iv) all inter-company transactions have been eliminated on incorporation of the accounts of Transferor Companies in the books of Company
- (v) in consideration of the above, the Company shall issue and allot equity shares, credited as fully paid up, to the extent indicated below, to all the members of the Transferor Companies in the following proportion:
 - (a) 46,72,552 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in ACSPL
 - (b) 78,43,811 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in CCSPL
 - (c) 46,70,186 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in PCSPL
 - (d) 1,09,36,087 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in PTPL
 - (e) 17,13,547 fully paid up equity shares of ₹ 2 each of the Company for every 1,000 paid up equity shares of ₹ 100 each held in VTPL

Accordingly, 2,82,93,991 fully paid up equity shares of ₹ 2 each of the Company will be issued to the shareholders of the Transferor Companies, which is equivalent to the shares cancelled, vide (ii) above; these shares, aggregating to ₹ 565.88 lacs, pending allotment have been shown as "Share Capital pending allotment" under Share Capital, thus resulting in no change in the total issued & paid up Share Capital of the Company. The new equity shares to be issued as above shall rank pari-passu with the existing equity shares of the Company. As per the scheme of amalgamation, the said shares will be issued & allotted to the shareholders of the transferor companies as per register of members of the transferor companies as on the effective date i.e. 6th August, 2012.

Notes forming part of Consolidated Financial Statements

(₹ in lacs)

		As at 31 st March, 2012	As at 31 st March, 2011
3 SHARE CAPITAL			
AUTHORISED			
175,000,000	Equity Shares of ₹ 2/- each (Previous year 175,000,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
50,000,000	Unclassified Shares of ₹ 2/- each (Previous year 50,000,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
5,000,000	Unclassified Shares of ₹ 2/- each (Previous year 50,000,000 Unclassified Shares of ₹ 2/- each)	500.00	500.00
	Total	5,000.00	5,000.00

		As at 31 st March, 2012	As at 31 st March, 2011
ISSUED, SUBSCRIBED AND PAID UP			
90,321,502	Equity Shares of ₹ 2/- each fully paid up (Previous year 90,239,500 Equity Shares of ₹ 2/- each fully paid up)	1,806.43	1,804.79
	Less: Share capital Cancelled on Amalgamation (Refer Note No. 2)	565.88	-
	Total	1,240.55	1,804.79
	Add: Share Capital pending allotment (Refer Note No. 2)	565.88	0.00
	Total	1,806.43	1,804.79

	2011-12		2010-11	
	No. of Shares	₹ In Lacs	No. of Shares	₹ In Lacs
Reconciliation of Number of Shares (Equity)				
Number of Shares outstanding as at the beginning of the year*	90,239,500	1,804.79	90,157,500	1,803.15
Add: Number of Shares issued during the year	82,002	1.64	82,000	1.64
Number of Shares outstanding as at the end of the year*	90,321,502	1,806.43	90,239,500	1,804.79

* Excluding effect of amalgamation as referred to in Note No. 2

Rights, preferences and restrictions attached to Equity Shares.

The company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



Notes forming part of Consolidated Financial Statements

Shareholders holding more than 5 per cent of total Equity Shares of company

Name of the Shareholders	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares	% held	No. of Shares	% held
Dr. Prakash Amrut Mody**	11,100,984	12.29	10,219,350	11.32
Pranit Trading Pvt Ltd [†]	8,252,673	9.14	8,252,673	9.15
Viramrut Trading Pvt Ltd [†]	5,452,506	6.04	5,452,506	6.04
Chevy Capital Services Pvt Ltd [†]	5,246,074	5.81	5,246,074	5.81
PM Capital Services Pvt Ltd [†]	4,670,186	5.17	4,670,186	5.18
AVM Capital Services Pvt Ltd [†]	4,672,552	5.17	4,672,552	5.18

As per the records of the company, including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

*Scheme of amalgamation becoming effective from 01.04.2011 (appointed date) consequent upon sanction from Hon'ble High Court of Mumbai, shares in the name of said companies will get cancelled and new shares will be issued to the shareholders of respective companies. (Refer Note no.2)

** Scheme of amalgamation becoming effective from 01.04.2011 (appointed date) consequent upon sanction from Hon'ble High Court of Mumbai, New shares will be issued to the shareholders of respective companies (Refer Note No. 2) the effect of which is not included in shareholding as of 31st March, 2012

Notes forming part of Consolidated Financial Statements



(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
4 RESERVES AND SURPLUS		
CAPITAL RESERVE		
Balance as per last Balance Sheet	62.50	62.50
Add: transferred during the year	-	-
	62.50	62.50
CAPITAL REDEMPTION RESERVE		
Balance as per last balance sheet	834.00	834.00
Add: transferred during the year	-	-
	834.00	834.00
SECURITIES PREMIUM ACCOUNT		
Balance as per last balance sheet	7,537.44	7465.47
Add: Addition during the year	115.95	71.97
	7,653.39	7,537.44
STOCK OPTIONS OUTSTANDING ACCOUNT		
Employees' stock options outstanding as per last Balance Sheet	264.17	331.16
Less : Deduction during the year	(87.91)	(66.99)
	176.26	264.17
Less: Deferred Employees' stock compensation	(108.20)	(183.51)
	68.06	80.66
GENERAL RESERVE		
Balance as per last Balance Sheet	14,074.8	12,574.80
Add: Transfer from Profit and Loss Account	1,500.0	1,500.00
	15,574.80	14,074.80
FOREIGN CURRENCY TRANSLATION RESERVE		
Balance as per last balance sheet	81.90	(13.40)
Add: transferred during the year	205.66	95.30
	287.56	81.90
SURPLUS IN STATEMENT OF PROFIT AND LOSS		
Balance as per last Balance Sheet	37,294.40	33,495.60
Add: Profit for the year after tax	7,125.75	9,498.07
Surplus on Amalgamation	1.62	-
Profit available for appropriations	44,421.77	42,993.67
Less: APPROPRIATIONS		
Proposed Dividend	2,713.44	2,526.71
Interim Dividend	-	1,082.83
Tax on Proposed Dividend	440.19	409.89
Tax on Interim Dividend	-	179.84
Transfer to General Reserve	1,500.00	1,500.00
Total	4,653.63	5,699.27
Net surplus in the statement of Profit & Loss	39,768.14	37,294.40
Total	64,248.45	59,965.70

Notes forming part of Consolidated Financial Statements

(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
5 SHARE APPLICATION MONEY PENDING ALLOTMENT		
Total (Refer Note No. 43)	3.45	-
	3.45	-
6 LONG TERM BORROWINGS		
Term loans from Banks	2,046.86	1,901.24
Loans and Advances from Others	2,348.82	2,271.56
Total	4,395.68	4,172.80

7 DEFERRED TAX LIABILITIES (NET)

The deferred tax liability for the current year amounting to ₹ 66.00 lacs (Previous year ₹ 313.00 lacs) & (Excess) / short provision for taxation of previous years accounted during the current year ₹ (3.78 lacs) (previous year ₹ 20.21 lacs) is shown in the Statement of Profit & Loss under Tax expenses.

The deferred tax liability / (asset) comprises of:

(₹ in lacs)

Particulars	As at 31 st March, 2012	Charge/(credit) for the year	As at 31 st March, 2011
Deferred Tax Liability			
on account of Depreciation	4,584.65	242.13	4,342.52
Sub Total	4,584.65	242.13	4,342.52
Deferred Tax Assets			
Provision for Doubtful Debts, Advances and other disallowances u/s 43 B	737.22	176.13	561.09
Sub Total	737.22	176.13	561.09
Total	3,847.43	66.00	3,781.43

	As at 31 st March, 2012	As at 31 st March, 2011
8 LONG TERM PROVISIONS		
Provision for Employees Benefits (Consists of provision for Gratuity & Leave Encashment)	1,023.92	790.20
Total	1,023.92	790.20
9 SHORT TERM BORROWINGS		
Secured		
Cash Credit from Banks	1,003.79	903.62
Working capital loans in Foreign Currency from Banks	1,538.15	-
Total	2,541.94	903.62
10 TRADE PAYABLES		
Trade Payables	14,029.83	10,998.60
Total	14,029.83	10,998.60

Notes forming part of Consolidated Financial Statements



(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
11 OTHER CURRENT LIABILITIES		
Interest Accrued but not due on borrowings	4.14	-
Unclaimed Dividend	188.12	166.91
Other Payables		
Statutory Dues	296.12	281.85
Payable for Capital Goods	1,139.26	796.54
Others	1,800.29	1,354.50
	3,235.67	2,432.89
Total	3,427.93	2,599.80
12. SHORT TERM PROVISIONS		
Provision for Employees Benefits (Consists of provision for Gratuity & Leave Encashment)	176.37	175.96
Others		
Proposed Dividend	2,713.44	2,526.71
Tax on Dividend	440.19	409.89
Total	3,330.00	3,112.56

Notes forming part of Consolidated Financial Statements

13 FIXED ASSETS

(₹ in lacs)

Assets	Gross Block				Depreciation / Amortisation	Net Carrying Value	
	Cost As at 01/04/2011	Additions	Deductions	Cost As at 31/03/2012	As at 31/03/2012	As at 31/03/2012	As at 31/03/2011
A. Tangible Assets							
Land							
Freehold	248.47	-	-	248.47	-	248.47	248.47
Leasehold	3,196.44	-	-	3,196.44	270.05	2,926.39	3,012.22
Buildings	16,893.75	1,112.28	-	18,006.03	3,631.09	14,374.94	13,894.85
Plant and Machinery	30,698.66	3,642.02	(135.70)	34,204.98	13,319.46	20,885.52	19,608.50
Furniture & Fixtures	1,429.41	110.76	(0.07)	1,540.10	1,121.70	418.40	412.58
Cars and Vehicles	515.46	46.69	(40.66)	521.49	339.82	181.67	202.19
Office Equipments	433.57	47.12	(2.82)	477.87	269.00	208.87	196.77
Total Tangible Assets	53,415.76	4,958.87	(179.25)	58,195.38	18,951.12	39,244.26	37,575.58
B. Intangible Assets							
Goodwill	154.50	-	-	154.50	-	154.50	154.50
Brands / trademarks	133.53	1,443.29	-	1,576.82	136.37	1,440.45	0.67
Total Intangible Assets	288.03	1,443.29	-	1,731.32	136.37	1,594.95	155.17
Total Fixed Assets (Tangible & Intangible)	53,703.79	6,402.16	(179.25)	59,926.70	19,087.49	40,839.21	37,730.75
Previous Year	46,460.08	7,463.71	(220.00)	53,703.79	15,973.04	37,730.75	-
Capital Work in Progress						11,276.03	6,287.16

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 ₹ 1,946.88 Lacs (Previous year ₹ 2,582.24 Lacs) being expenditure on Research and Development as under:-

Land	₹ Nil	(Previous year ₹ 1,399.58 Lacs)
Buildings	₹ Nil	(Previous year ₹ 64.35 Lacs)
Plant and Machinery	₹ 289.46 Lacs	(Previous year ₹ 863.71 Lacs)
Furniture & Fixtures	₹ 0.56 Lacs	(Previous year ₹ 0.94 Lacs)
Office Equipments	₹ 3.65 Lacs	(Previous year ₹ 3.14 Lacs)
Cars and Vehicles	₹ Nil	(Previous year ₹ 10.23 Lacs)
Capital Work in Progress	₹ 1,653.21 Lacs	(Previous year ₹ 240.29 Lacs)
Total	₹ 1,946.88 Lacs	(Previous year ₹ 2,582.24 Lacs)

Notes forming part of Consolidated Financial Statements



(₹ in lacs)

14 NON - CURRENT INVESTMENTS

	No of Shares/Units		Face Value	As at	As at
	As at 31st March, 2012	As at 31st March, 2011		31st March, 2012	31st March, 2011
NON-TRADE					
(I) UNQUOTED					
(a) INVESTMENT IN EQUITY INSTRUMENTS					
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
Fully Paid Equity Shares of Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Fully Paid Equity Shares of Unireach Healthcare Private Limited	10,000	10,000	₹ 10	1.00	1.00
Less : Provision for diminution in value of investments				(30.38)	(30.38)
				3.00	3.00
TOTAL UNQUOTED INVESTMENTS				3.00	3.00
(II) QUOTED					
Fully paid Equity Bonus Shares of Jindal Polyfilm Limited Market value as on 31st March, 2012 is ₹ 3.84 lacs (Previous Year ₹ 8.40 Lacs)	2,000	2,000	₹ 10	-	-
TOTAL QUOTED INVESTMENTS				-	-
TOTAL NON-CURRENT INVESTMENTS				3.00	3.00
Aggregate Book Value				3.00	3.00
Aggregate provision for diminution in value of Investments				(30.38)	(30.38)

	As at 31 st March, 2012	As at 31 st March, 2011
15 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good.		
Capital advances	2,599.50	1,624.97
Loans to Employees	2.75	4.17
Total	2,602.25	1,629.14



Notes forming part of Consolidated Financial Statements

16 CURRENT INVESTMENTS

(₹ in lacs)

	No of Shares/Units			
	As at 31 st March, 2012	As at 31 st March, 2011	As at 31 st March, 2012	As at 31 st March, 2011
SHORT TERM NON-TRADE UNQUOTED INVESTMENT IN MUTUAL FUNDS				
Birla Sun Life Short Term Fund - Retail - Growth	295,118.86	1,120,252.00	500.00	175.00
Baroda Pioneer 90 day FMP Series 6 Growth Plan	1,000,000.00	-	100.00	-
Daiwa Liquid Fund - Retail Plan - Growth Option	-	4,565.13	-	50.00
DWS Treasury Fund Inst. Plan Growth	125,660.14	-	150.00	-
DWS Insta Cash Plus Fund - Institutional Plan Growth	-	653,482.08	-	100.00
HDFC Cash Management Fund - Savings Plan Growth	-	488,128.71	-	100.00
HSBC Cash Fund - Institutional plan - Growth	-	314,946.74	-	50.00
IDFC Cash Fund Institutional Plan B - Growth (Face Value ₹ 10 per Unit)	-	284,960.36	-	50.00
IDFC Cash Fund Institutional Plan B - Growth (Face value ₹ 1000 per unit)	5,279.14	-	100.00	-
ICICI Prudential Liquid Super Institutional Plan - Growth	-	86,284.85	-	125.00
ICICI Prudential Interval Fund II Quarterly Interval Plan D Institutional Cumulative	1,859,773.00	1,025,661.67	200.00	102.57
IDBI Mutual Fund - Growth	-	7,130.62	-	75.00
JM High Liquidity Fund - Institutional Plan	-	1,086,560.28	-	175.00
Kotak Floater Short Term - Growth	712,169.55	1,093,840.69	125.00	175.00
L & T Select Income Fund-FD INST GT	-	0.60	-	0.00
LIC Nomura MF Liquid Fund - Growth Plan	-	419,148.96	-	75.00
Peerless Liquid Fund - Super Institutional growth	1,067,527.52	950,869.41	125.00	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	-	50.00
Reliance Regular Savings Fund - Debt Plan - Inst - Growth Plan	-	201,580.39	-	25.00
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 - Institutional Plan - Growth Plan	10,890.61	-	150.00	-
Aggregate Book Value			1,450.00	2,128.88
Aggregate of Unquoted Investments - At Book Value			1,450.00	2,128.88

	As at 31 st March, 2012	As at 31 st March, 2011
17. INVENTORIES (As Certified by Management)		
Raw Materials [Include ₹ 446.57 lacs in transit, (Previous year ₹ 236.04 lacs)]	5,437.86	5,384.01
Packing Materials	1,054.60	908.11
Work-in-Progress	3,061.17	2,462.12
Finished Goods (excluding finished goods traded in) [Include ₹ 293.71 lacs in transit, (Previous year ₹ 192.56 lacs)]	2,677.31	2,161.66
Stock in trade (in respect of goods acquired for trading)	3,320.36	3,846.50
Stores and Spares	245.11	263.84
Total	15,796.41	15,026.24

Notes forming part of Consolidated Financial Statements



(₹ in lacs)

	As at 31 st March, 2012	As at 31 st March, 2011
18 TRADE RECEIVABLES		
Unsecured unless otherwise stated)		
(a) Outstanding for period exceeding six months from the date they become due		
Considered good	2,531.50	1,471.47
Considered doubtful	799.88	455.01
	3,331.38	1,926.48
Less : Provision for Doubtful receivables	799.88	455.01
	2,531.50	1,471.47
(b) Others - Considered Good	15,793.69	17,041.42
Total	18,325.19	18,512.89
19 CASH AND BANK BALANCES		
(a) Cash & cash equivalents		
(i) Balances with banks		
In Current Accounts	1,516.64	916.83
In Fixed Deposits	604.94	419.71
(ii) Cash on hand	13.63	12.57
(b) Other bank balances		
In Unpaid Dividend Account	188.12	166.91
Total	2,323.33	1,516.02
20 SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Advance payment of Income Tax (Net of Provision for Taxation)	262.44	264.21
Short terms Deposits	366.01	363.64
Prepaid Expenses	282.73	281.56
Balances with Revenue Authorities (Including refund receivables)	2,842.94	2,048.63
Advance against materials & expenses	1,320.96	904.18
Other Loans & advances	521.61	1,133.72
	5,596.69	4,995.94
Considered Doubtful		
Short terms Deposits	13.66	11.12
Other Loans & advances	89.16	78.92
	102.82	90.04
Less : Provision for Doubtful Advances	102.82	90.04
	-	-
Total	5,596.69	4,995.94
21 OTHER CURRENT ASSETS		
Unamortised Premium on forward contracts	28.64	15.00
Interest Accrued on Advances	19.54	7.76
Export incentive receivable	394.77	276.72
Total	442.95	299.48

Notes forming part of Consolidated Financial Statements

(₹ in lacs)

	For the year ended 31 st March, 2012	For the year ended 31 st March, 2011
22 SALES / INCOME FROM OPERATIONS (GROSS)		
Sale of products (Gross)	87,136.75	82,260.01
Other operating revenues		
Export benefits	518.32	392.66
Sundries	409.45	299.60
Total	88,064.52	82,952.27
23 OTHER INCOME		
Interest Income	161.11	145.75
[TDS deducted ₹ 15.50 lacs (Previous year ₹ 14.89 lacs)]		
Dividend Income	0.05	0.10
Net gain on sale of short term investments	115.41	251.80
Other non-operating Income	263.17	334.93
Adjustment to the carrying value of investments		
Net gain on foreign currency translation and transactions	480.33	99.34
Total	1,020.07	831.92
24 MATERIALS CONSUMED		
Raw Materials	17,782.62	15,806.56
Packing Materials	3,669.82	3,810.20
Total	21,452.44	19,616.76
25 EMPLOYEE BENEFITS EXPENSES		
Salaries, wages, ex-gratia bonus and commission	12,891.64	11,407.66
Contribution to Provident and other funds	828.88	748.60
Expense on Employee Stock Option Scheme	60.49	43.11
Staff Welfare Expenses	225.32	200.07
Total	14,006.33	12,399.44
26 FINANCE COST		
Interest expense	293.53	236.08
Other borrowing costs	5.56	3.16
Net loss on foreign currency transactions and translation (Foreign currency borrowings)	108.74	-
Total	407.83	239.24

Notes forming part of Consolidated Financial Statements

(₹ in lacs)

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
27 OTHER EXPENSES				
Stores and Spares consumed		767.61		757.93
Manufacturing Charges		713.07		932.32
Power and Fuel		2,621.89		2,249.89
Rent		139.39		135.99
Insurance		313.28		310.23
Repairs :				
Plant and Machinery		363.86		286.38
Buildings		135.91		116.58
Others		575.92		528.32
Rates and Taxes		944.46		658.20
Advertising and sales promotion		8,794.26		8,187.61
Travelling and Conveyance		3,187.76		2,853.95
Freight outward		1,644.04		1,369.10
Directors' Fees		8.30		7.60
Commission on sales		1,161.88		1,094.79
Loss on sale of assets		0.41		6.81
Bad debts, loans, advances and deposits written off				
Bad Debts and Advances written off	262.35		-	
Less: adjusted out of provision for doubtful debts, loans, advances and deposits	229.56	32.79	-	-
Provision for doubtful debts, loans, advances and deposits for the year		587.21		62.93
Establishment and Administrative Expenses		4,261.25		4,007.76
Total		26,253.29		23,566.39
28 RESEARCH & DEVELOPMENT EXPENDITURE				
(At units approved by Dept of Scientific & Industrial Research)				
Salaries, wages and Ex-gratia		1,317.81		1,173.47
Contribution to Provident Fund and other Funds		69.84		63.68
Employee's welfare expenses		15.99		10.07
Rates and Taxes		22.60		24.00
Repairs:				
Plant and machinery		-		46.29
Others		72.96		35.34
Power and fuel		161.86		135.94
Travelling and conveyance		35.55		51.79
Others		2,230.76		2,294.54
Total		3,927.37		3,835.12



Notes forming part of Consolidated Financial Statements

29 Research & Development expenditure (Refer Note No. 28) includes : (₹ in lacs)

Particulars	2011-12	2010-11
Niche Generics Ltd Product Development	133.35	166.80

30 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*
Uni Distributors 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

* Scheme of amalgamation becoming effective from 01.04.2011 (appointed date) consequent upon sanction from Hon'ble High Court of Mumbai , shares in the name of said companies will get cancelled and new shares will be issued to the shareholders of respective companies. (Refer Note no. 2) However considering the fact that Dividend was paid before effective date, the transactions are reflected hereunder in spite of cancellation of the shares on 01.04.2011.

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
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent & Maintenance paid	2.26	2.17	10.41	7.56	12.67	9.73
Managerial remuneration	581.20	569.23			581.20	569.23
Commission	116.82	147.30			116.82	147.30
Dividend paid	437.04	639.98	792.23	1,096.30	1,229.27	1,736.28
Salary Paid	21.16	18.11			21.16	18.11
Total	1,158.48	1,376.79	802.64	1,103.86	1,961.12	2,480.65

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

Outstanding Balances	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Deposits given	45.06	45.06	-	0.15	45.06	45.21
Due to Directors	116.82	147.30			116.82	147.30
Total	161.88	192.36	-	0.15	161.88	192.51

Notes forming part of Consolidated Financial Statements

(iii) Details of material transactions during the year

(₹ in lacs)

	2011-12	2010-11
a) Rent & Maintenance Paid		
Mrs. Anita Mody	2.26	2.17
Pranit Trading Pvt. Ltd.	-	0.60
Uni Distributors Pvt Ltd	10.41	6.96
b) Managerial Remuneration		
Dr. P A Mody	222.16	215.81
c) Commission Paid		
Dr. P A Mody	116.82	147.30
d) Dividend Paid		
Pranit Trading Pvt Ltd	231.07	322.21
Chevy Capital Services Pvt Ltd	146.89	205.11
PM Capital Services Pvt Ltd	130.77	177.77
Viramrut Trading Pvt. Ltd.	152.67	213.90
AVM Capital Services Pvt Ltd.	130.83	177.31
Dr. Prakash A. Mody	293.44	404.46
e) Salary paid		
Ms. Supriya Mody	21.16	18.11

31 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)	2011-12	2010-11
Within India	56,176.25	60,456.53
Outside India	31,888.27	22,495.74
Total	88,064.52	82,952.27

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

32 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 Note no. 27) in the Statement of Profit & Loss.

33 Earning Per Share has been computed as under:

Particulars	2011-12	2010-11
Profit after Taxation attributable to equity shareholders (A)(Rs. In lacs)	7,125.75	9,498.07
Weighted average number of Equity shares for Basic Earning per Share (B)*	90,299,004	90,212,625
Weighted average number of Equity shares for Diluted Earning per Share (C)*	90,678,997	90,757,431
Earning Per Share - Basic (A)/(B) *	7.89	10.53
Earning per share- Diluted (A)/(C) *	7.86	10.47

(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 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 .)

Notes forming part of Consolidated Financial Statements

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

As per our report of even date attached
For B. D. Jokhakar & Co.
Chartered Accountants
FRN 104345W

Raman Jokhakar
Partner
Membership No.103241

Mumbai
August 11, 2012

Rakesh Parikh
Vice President
Finance

K. Subharaman
Vice President - Legal
& Company Secretary

Dr. Prakash A. Mody
Chairman &
Managing Director

Prafull Anubhai
Director

For and on behalf of the Board of Directors

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	Unichem Laboratories Ltd., Ireland
Financial year ending of the subsidiary	31 st March, 2012	31 st March, 2012	29 th February, 2012	31 st March, 2012	31 st March, 2012
Shares in the Subsidiary held by the Holding Company as at the above date					
i) Number of Equity Shares	625,000 shares of GBP 1 each fully paid-up	10,770,317 Shares R\$ 1 each fully paid-up	19,000 shares of South African Rand 10/- each fully paid-up	6,476,955 shares of US\$ 1 each fully paid-up	500,000 shares of EURO 1 each fully paid-up
ii) Extent of Holding	100 %	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, 2012.					
i) For the Subsidiary's financial year ended as aforesaid.	GBP (192,327)	R\$ (2,481,520)	SAR (6,113)	US\$ (748,072)	EUR (8,512)
ii) For the Previous financial years of the Subsidiary since it became Holding Company's Subsidiary.	GBP (1,602,776)	R\$ (7,033,717)	SAR (165,585)	US\$ (5,185,728)	Nil
B) Dealt with in the Holding Company's accounts for the year ended 31st March, 2012.					
i) For the Subsidiary's financial year ended as aforesaid.	Nil	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	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	(574.04)	3,501.31	2,451.23	-	7,929.22	(147.83)	-	(147.83)	-
Unichem S.A. (Proprietary) Ltd. #	12.14	(10.93)	1.21	-	-	-	(0.35)	-	(0.35)	-
Unichem Farmaceutica Do Brasil Ltda *	2,665.86	(2,329.94)	335.92	-	-	2.51	(709.00)	-	(709.00)	-
Unichem Pharmaceuticals USA Inc. \$	2,951.92	(2,682.41)	269.51	-	-	2,496.99	(325.51)	-	(325.51)	-
Unichem Laboratories Ltd, Ireland ^	340.65	(5.19)	335.46	-	-	-	(5.19)	-	(5.19)	-

@ Converted to Indian Rupees at the Exchange rate, 1 GBP = INR 76.8641

Converted to Indian Rupees at the Exchange rate, 1 SAR = INR 6.6445

* Converted to Indian Rupees at the Exchange rate, 1 BRL = INR 27.5708

\$ Converted to Indian Rupees at the Exchange rate, 1 USD = INR 47.9033

^ Converted to Indian Rupees at the Exchange rate, 1 EURO = INR 66.5502

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 49th Annual General Meeting of the members of UNICHEM LABORATORIES LIMITED will be held on 27th day of September, 2012 at 11.30 a.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, 2012 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 declare Dividend for the year ended March 31, 2012.
 3. To appoint a Director in place of Mr. Nasser Munjee, who retires by rotation and being eligible, offers himself for re-appointment.
 4. To appoint a Director in place of Mr. Prafull D. Sheth, who retires by rotation and being eligible, offers himself for re-appointment.
 5. 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.
- By order of the Board of Directors,
For Unichem Laboratories Limited
- K. Subharaman
V.P. Legal & Company Secretary
- Registered Office:
Unichem Bhavan, Prabhat Estate,
Off S. V. Road, Jogeshwari West,
Mumbai 400102.
- Mumbai
August 11, 2012
2. 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.
 3. The members/proxies are requested to bring their copy of the Annual Report to the Meeting along with duly filled in Attendance Slips for attending the Meeting.
 4. The members seeking any information with regard to accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.
 5. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" and has issued circulars stating that Annual Reports be sent to shareholders electronically whose email ids are registered with us or the depositories. In case you are desirous of having hard copy of Annual Report 2011-12, you may write to us at shares@unichemlabs.com or at the registered office of the Company. The Annual Report of the Company can also be accessed at www.unichemlabs.com.
 6. The Register of Members and Share Transfer Books of the Company will remain closed from September 17, 2012 to September 21, 2012 (both days inclusive).
 7. Additional information pertaining to shareholders like Equity History, Dividend Payment History, Shareholding pattern, etc. is provided in this Annual Report.
 8. 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 49th Annual General Meeting, Mr. Nasser Munjee and Mr. Prafull D. Sheth retire by rotation and being eligible, offer themselves for reappointment. Their profile is given below:
Mr. Nasser Munjee was educated at the Leys School in Cambridge UK and then went on to do his Bachelor and Masters Degrees at the London School of Economics, UK. He spent a short while at the University of Chicago

USA, before returning to India in 1977. He joined Mr. H. T. Parekh, then Chairman of one of India's leading development banks to establish the first housing finance company in India, i.e. HDFC. Over the years, HDFC group grew to be a financial conglomerate. And Mr. Munjee rose to be an executive director on the Board with wide responsibilities.

Mr. Munjee worked in IDFC from its inception in 1997 to 2004. Since 2004, Mr. Munjee has been pursuing his own interests in his own way. He sits on 15 Corporate Boards in India which include Tata Motors, Tata Chemicals, Britannia Industries, Cummins India, ABB India, Ambuja Cements (now part of the HOLCIM group). He is also Chairman of Development Credit Bank, Reid & Taylor (India) Ltd., Tata Motors Finance Ltd. and of two other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry the city's oldest Chamber of Commerce and he has served on numerous Government Task Forces on Housing, Infrastructure and Urban Development.

Mr. Nasser Munjee has been on Unichem Board since 2003. He is a member of Audit Committee of Unichem. He does not hold any shares in our Company.

Mr. Nasser Munjee is the Chairman/Director of the following other public limited companies and Chairman/Member of following other Board Committees as on March 31, 2012:

Name of the Company	Designation	Chairmanship / Membership of Audit Committee of Board
• ABB Ltd.	Director	Chairman
• Ambuja Cements Ltd.	Director	-
• Bharti AXA Life Insurance Co. Ltd.	Director	Member
• Britannia Industries Ltd.	Director	Member
• Cummins India Ltd.	Director	Chairman
• Development Credit Bank Ltd.	Chairman	-
• HDFC Limited	Director	-
• HUDCO Ltd.	Director	Member
• Reid & Taylor (India) Ltd.	Chairman	-
• Shipping Corporation of India Ltd.	Director	-
• Tata Chemicals Ltd.	Director	Chairman
• Tata Motors Ltd.	Director	Chairman
• Tata Motors Finance Ltd.	Director	-
• Voltas Ltd.	Director	Member

Mr. Prafull D. Sheth currently serves as Vice-President, International Pharmaceutical Federation, The Hague, The Netherlands, and Professional Secretary, SEARPharm Forum (South East Asian FIP-WHO Forum of National Pharmaceutical Associations). Recently he has been appointed as member of the Global Antibiotic Resistance Partnership Working Group which is a project of Center for Disease Dynamics and Economic Policy, Washington involving India, Kenya, South Africa and Vietnam. He is a board member of The Partnership for Safe Medicines India (PSM). He is a member of the governing council of Ranbaxy Community Healthcare Society (RCHS). He is former Executive Vice President and Member on the Board of Ranbaxy Laboratories Limited. He is the Former Vice President of the Federation of Asian Pharmaceutical Associations (FAPA). He is the Fellow of FIP, Eminent Pharmacist and Fellow of Indian Pharmaceutical Association. In 2011, he received the prestigious FIP-Industrial Pharmacy Section Medal for meritorious contribution to the global pharmaceutical industry. He holds a Bachelor Degree in Chemistry from the Institute of Science, Mumbai University, Bachelors and Master's degrees in Pharmacy from University of Missouri, USA.

Mr. Prafull D. Sheth holds 8,750 shares in our Company. He has been on our Board since 2003. He is the Chairman of the Compensation Committee of Unichem. He is not a Director in any other listed public company.



**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 **49th Annual General Meeting of the Company on Thursday, September 27, 2012 at 11.30 a.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.**

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

Name of the Member / Proxy / Representative:

Signature of the Member / Proxy / Representative:

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



**UNICHEM
LABORATORIES LTD.**

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

PROXY FORM

I/We ofbeing a member(s) of UNICHEM LABORATORIES LTD. hereby appoint..... of..... or failing whomof.....as my/our proxy to attend and vote for me/us and on my/our behalf at the **49th Annual General Meeting of the Members of the Company to be held on Thursday, September 27, 2012 at 11.30 a.m. 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 of2012



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.





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.



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