

NEW PRODUCTS.
NEW MARKETS.

FINANCIAL HIGHLIGHTS – 2007-08


(Rs. in Lakhs)

Sales	Year ended 31-03-2008	Year ended 31-03-2007	Growth %
Formulation			
Domestic	59,774	49,174	22
Exports	4,666	3,943	18
Regulatory	6,986	2,207	217
API			
Domestic	11,247	7,244	55
Exports	6,034	4,900	23
Regulatory	11,916	2,780	329
Export Incentives and R&D Income	2,038	1,935	5
Grand Total	1,02,661	72,183	42

(Rs. in Lakhs)

Earnings	Year ended 31-03-2008	Year ended 31-03-2007	Growth %
PBIDT	15,687	12,476	26
PBT	11,360	7,059	61
PAT	11,219	7,068	59

- Income accelerates to Rs. 1,027 Crores
- PAT touches Rs. 112 Crores
- Successful integration of acquired business from Dabur. Grew by 29% to post turnover of Rs. 97 Crores
- Outlicensed NDDS technology to UCB
- 8 ANDAs and 15 DMFs filed, aggregating to 11 ANDAs and 21 DMFs
- Tie-up with a large Pharma MNC for supply of API / Intermediates



Alembic is crossing new milestones guided by the compass of our experience and expertise, diversifying on the domestic front and intensifying international forays. Alembic embarks into another century on a new high; positioning itself to capitalise on the new opportunities. Our energies continue to be focused on improving performance and creating value for you.



Board of Directors

Mr. Chirayu R. Amin
Chairman & Managing Director

Mrs. Malika C. Amin
Whole-time Director

Dr. Babubhai R. Patel

Mr. Pranav N. Parikh

Mr. K.G. Ramanathan

Mr. Paresh Saraiya

Mr. Rajkumar Baheti
*Director, President -
Finance & Company Secretary*

Mr. Pranav Amin
Chief Business Development Officer

Statutory Auditors

K.S. Aiyar & Co.
Chartered Accountants
Laxmi Estate No. F - 07/08
Shakti Mills Lane
Off Dr. E. Moses Road
Mahalaxmi, Mumbai - 400 011

Bankers

ABN-AMRO Bank N.V.
AXIS Bank Limited
Bank of Baroda
ICICI Bank Limited
IDBI Bank Limited
State Bank of India

Regd. Office

Alembic Road, Vadodara - 390 003

Manufacturing Facilities

Alembic Road, Vadodara - 390 003
Panelav, Tal. Halol,
Dist. Panchmahal - 389 350. Gujarat

Plot No. 21, 22, EPIP - Phase I
Jharmajri, Baddi, Tehsil - Nalagarh
Dist. Solan, Himachal Pradesh

Village Karakhadi, Taluka: Padra
District Vadodara

Registrar & Transfer Agents

M/s. Intime Spectrum Registry Ltd.
1st Floor, 308, Jaldhara Complex,
Opp. Manisha Society,
Off Old Padra Road, Vasna Road,
Vadodara - 390 015
Tel.: (0265) 2250241 & 3249857
Email: vadodara@intimespectrum.com

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.



index

Chairman's Message	01
Centenary Celebrations	03
Formulations Review	07
Research Review	13
International Division	17
Directors' Report	20
Report on Corporate Governance	30
Auditors' Report	40
Financial Section	43



CHAIRMAN'S MESSAGE

Dear Shareholders,

It was with immense pleasure, a deep sense of responsibility, a total uncompromising commitment to provide the best across care continuum, and just a touch of pride that Alembic celebrated its centenary this year.

From being disciples of distillation to becoming the masters of macrolides, taking a therapeutic leap in

NEW HORIZONS. NEW GOALS.

addressing lifestyle diseases and enabling organised healthcare in rural India; Alembic's journey of a hundred years always encompassed the spirit of innovation and enterprise as laid out by its founding fathers. It has been an eventful journey. We have grown and matured with the evolution of the global pharma landscape. We have fiercely competed for market share and mindshare and won. We have overcome tribulations, created triumphs and above all forged lasting bonds with stakeholders.

In our centenary year we also traversed another momentous milestone; we chalked up revenues above Rs. 1,000 Crores. We grew by 42% to Rs. 1,027 Crores and recorded a profit of Rs. 112 Crores, which is a jump of 59%. While these results are very encouraging, they represent only a small portion of our immense potential.

The Indian economy is on an unprecedented robust incline, GDP and consumption levels are northward bound. Information, awareness and access are

outpacing this accelerated economy. More customers are entering organised healthcare as they can afford more medicines. India is well on its way to become the third-largest market in terms of incremental growth after the US and China and touch a market size of \$20 billion by 2015*. This expansion in the market and large influx of first time consumers in organised healthcare, carries a significant advantage for a Company like Alembic with domain strength in the acute therapy segments, which are generally the first line of defence.

This year Alembic also included the lifestyle disease segment to its product range through the acquisition of Dabur's Non-Oncology division. We have seamlessly integrated this division into our fold and are confident that we will leverage its inherent strengths to register more than 25% growth year on year. We are also zeroing in on various other high growth and niche areas in the domestic segment.

Alembic shares a long standing, strong equity of trust with doctors and has successfully built large brands on the foundation of this relationship. Our macrolide powerhouses Althrocin, Roxid and Azithral continued their market domination.

As India matures into a global hub for manufacturing and research operations, Alembic is seeking to record exponential growth in this area as well. Our research laboratories are well equipped to develop new products and formulations, while our manufacturing facilities have successfully proved their competence and cleared inspections from regulatory bodies the world over.

Low product costs and strong Intellectual Property are going to be the two most definitive drivers in the International Generics Markets. Alembic has proven excellence in both these domains. An enhanced focus on these in the coming years will see generics play their role in Alembic's growth.

During the course of the year we also restarted the manufacture of Penicillin. Our cost reduction initiatives and improvement in technology will enable us to remain well-rooted in this business and withstand competition from anywhere in the world. We have also initiated a contract manufacturing agreement with a leading MNC and this deal is probably one of the larger ones by an Indian Pharmaceutical Company.

The outlook for Alembic is very promising. During the last couple of years we have actively invested in our facilities, labs and more importantly in our people. We have always believed that no institution is better than the personnel who populate it and at Alembic every employee shares the credit for the success of our business.

We broke the Rs. 1,000 Crore barrier after 100 years. Now is the time to take a leap. We aim to cross the Rs. 2,000 Crore mark in less than three years. With the relentless commitment of our teams and your staunch support, I am sure we will achieve it.

Sincerely,



Chirayu R. Amin

Vadodara, 25th April, 2008

(*Source: McKinsey & Company)

CELEBRATING A CENTENARY



Mr. Chirayu R. Amin, CMD,
addressing the august audience.



Employees, their families, and esteemed guests
celebrating the momentous occasion together.

*“History is the only laboratory
we have in which to test the consequences
of thought”*

Hundred years ago, a constellation of brilliant minds came together to blend a scientific bent of mind with a drive to make a difference. Their aim, 'to provide employment to Indian graduates and direct their energies to scientific research.'

Nurtured under the patronage of H.H. Maharajah Sayajirao III, the collective visionary action of Prof. Gajjar, Prof. Kotibhaskar and Raj Mitra B.D. Amin, distilled original ideas through the sieves of enterprise and sheer determination. All this in the face of the daunting environment that existed during the British Raj.

Nascent beginnings transformed to enterprising successes as the founding fathers leveraged the opportunity to serve the nation and established Alembic - the Company that would go on to become a change agent in the Indian Pharmaceutical industry.

Starting in 1907 with the manufacture of tinctures and alcohol, Alembic grew in strength and stature as it expanded its product offering to include cough syrups, vitamins, tonics, sulphur drugs and penicillin.

On 16th May, 2007, Alembic entered the annals of history when it became the first pharmaceutical company in India to cross 100 years of operations.

The momentous occasion was celebrated together with esteemed guests and Alembic employees. The event was also graced by two luminaries of India; the former President of India Hon'ble Dr. A.P.J. Abdul Kalam and the Chief Minister of Gujarat, Mr. Narendra Modi.

Dr. A.P.J. Abdul Kalam, was the Chief Guest and Mr. Narendra Modi, the Guest of Honour.



Mr. Narendra Modi, Hon'ble Chief Minister of Gujarat congratulating Alembic for 100 successful years of service to humanity.



Dr. A.P.J. Abdul Kalam, former President of India, was the Chief Guest and enlightened the audience with his thoughts.



Mr. Pranav Amin, Chief Business Development Officer, addressing the audience.



The dignitaries in full quorum at the dais.



The luminaries unveiling a book on the 100 year journey of Alembic Ltd. on the occasion.



The esteemed guests being welcomed at Alembic Limited.

In his key note address, Dr. Kalam expressed his vision of making India a hub for scientific research and pharmaceutical manufacturing. He encouraged the pharmaceutical industry to set itself a target of producing 40% of world's generic medicines. He also brought into focus the various opportunities available to the Indian Pharmaceutical Industry in the fields of collaborative research with national research laboratories for curing diseases like TB, Typhoid, Malaria, etc.



Mr. Chirayu R. Amin, CMD, greeting the Hon'ble Chief Minister Mr. Narendra Modi.

Dr. Kalam inspired the entire Alembic team by saying, "Alembic has got the core competence for producing cost effective and quality Pharma products. The Pharma specialists from Alembic assembled here must keep these targets in mind and contribute adequately for the realisation of Indian Pharma Vision 2020, for which acquisition of knowledge and development of new drugs is indeed very important."

Speaking on the occasion, Mr. Modi heartily complimented Mr. Chirayu R. Amin and his family members for 100 successful years of service to humanity by manufacturing and marketing quality drugs at affordable prices. The occasion also provided the perfect platform for him to announce the setting up of a Bio Technology Park in the city of Vadodara.



The dignitaries at the research gallery with CMD, Mr. Chirayu R. Amin and Whole-time Director Mrs. Malika Amin.

Mr. Chirayu R. Amin, Chairman & Managing Director of Alembic Ltd., in his welcome address appraised the audience on the future path of Alembic. He said that, "After, reaching 100 years, we confidently and proudly enter the next century with a rich history,



The esteemed guests being taken for a tour around the research centre.



Men of knowledge, going through the rich knowledge bank of Alembic library.



The esteemed guests taking a keen interest in the research findings of the Alembic scientists.

experience and value system. We have intensified our efforts to globalise our operations and from a modest, less than Rs. 100 Crores of export couple of years back, we expect export turnover of about Rs. 300 Crores in the current year, which we plan to take to Rs. 600 Crores in next two years."

To reach the Rs. 2,000 Crore mark, Mr. Amin said that Alembic is actively examining organic and inorganic opportunities. International business is expected to raise its contribution to 45% from the current 29% in the next four years.

He also carried the assurance that Alembic would continue to be a socially responsible, knowledge driven and people centric organisation.

The august occasion also witnessed the release of two books on the 100 Year Journey of Alembic Ltd. by Dr. Kalam and Mr. Modi. One was the reprint of 'A History' written by Raj Mitra B.D. Amin himself in 1939, the other was 'A Centenary Retrospective'.

Alembic also commemorated its Centenary by celebrating the 'Foundation Week' from March 28-31. As part of the celebrations, a blood donation camp, cultural programmes, a 100 year photography exhibition and a musical evening by noted ghazal singer Jagjit Singh were organised by the Company.

The celebration was a time capsule that showcased both laurels and lesson learnt. A summation of a century gone by and the promise of a new tomorrow.

NEW STRATEGIES. NEW STRENGTHS.



Alembic's growth route is to respond to needs of tomorrow by leveraging the current product portfolio and capitalising on the breadth of commercial opportunities by augmenting our product pipeline.

This dual pronged strategy of New Products for Existing Geographies and Existing Products for New Geographies, continued to fuel growth in the formulation business. The Domestic formulations division registered a growth of 22% and continued to be the largest contributor to the Company's revenue stream with a 58% share.

New Products

Robust internal product development programmes and strategically formulated growth plans enabled Alembic to further fortify its product portfolio with the introduction of 29 new products in to the market.

Alembic's bouquet of products is not only broad-based but also balanced. It focuses to address

medical needs across the therapeutic segments from conventional medicines to lifestyle products to low cost generic options for the rural market.

Number of new products launched in respective Therapy segments:

Anti-Infective	11
Gynaecological	3
Anti-Diabetic	3
Anti-Hypertensive	3
Cough Prep.	2
Pain Therapy	2
Protein Supplements	2
Anti-Ulcerant	1
Nutritional	1
Anti-BPH	1

We are continually seeking to expand our product offerings so as to offer physicians varied treatment options.

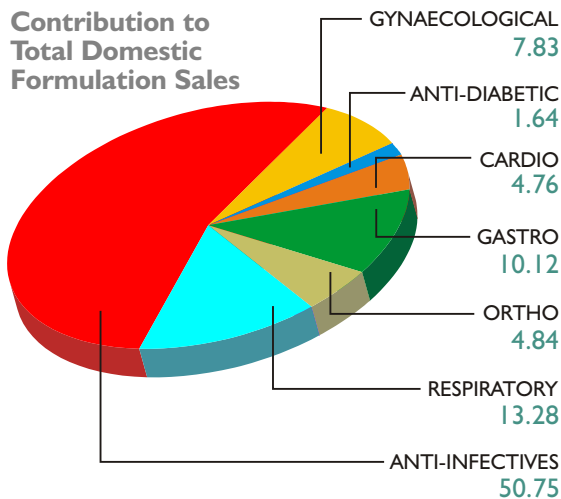




Therapeutic Categories, their Market Rank & MS

Therapeutic Categories	Rank	MS (%)
MACROLIDES	1	37.40
ANTI-INFECTIVES	6	5.26
RESPIRATORY	5	4.28
ORTHO	24	1.21
GASTRO	22	1.70
GYNAECOLOGICAL	12	2.23

Source: ORG APR MAT'08



Lead Brands

Azithral dwarfed fierce competition to maintain its leadership as the No. 1 brand in the market with 22% growth in value and 14% growth in prescription. As the 3rd largest prescribed antibiotic in the industry, Azithral has carved a unique position as the most preferred among Indian doctors.

Azithral crossed two more milestones by crossing the Rs. 50 Crore annual turnover mark and by ascending to the top-40 brands in the country.

(Source: C-Marc Rx Audit and ORG)

Brands in Top "300"

Brands	Rank	Val. Crs.	Growth %
Althrocin	25	72.44	8
Azithral	39	59.25	27
Roxid	44	61.20	8
Wikoryl	187	24.05	17

(Source: IMS MAT Dec'2007)

Brands Outpacing the Market

BRAND	% GR	MARKET GR %
Althrocin	8	6
Roxid	8	5
Wikoryl	17	13
Zeet	23	7
Sharkoferrol	29	32
Protinules	20	10

Alembic has bred a stable of high value, high growth brands that are augmenting our revenue stream by generating sales in excess of Rs. 10 Crores.

The 10 Crore Plus Brands

Brands	Val (Crs.)
Althrocin	72.44
Azithral	59.25
Roxid	61.20
Wikoryl	24.05
Zeet	20.89
Ulgel	19.92
Rekool	19.45
Sharkoferrol	10.02

High - Growth Brands

Brands	Growth %
Megaclav	91
Eternex	42
Folinal	32
Ephedrex	22
Ovigyn	20
Ulgel	20

Prescription Monitor

As the 12th largest prescribed company in India, Alembic is capturing top-of-mind among the medical fraternity. During the year, Alembic's prescription share was 1.7%.

(C-Marc Rx Audit)



MAXIS - Rural Markets

The Company launched a new division called "MAXIS" with a primary objective to enhance rural coverage. This division will endeavour to increase representation with general practitioners at the grassroots level.

The division will also focus its efforts on converting large generic brands such as "Ciprowin" into prescription drugs for value added revenues. The division is manned by around 300 employees.

Summit Lifestyle Therapeutic Division

Alembic marked its foray into the high growth, lifestyle therapeutic segments like Cardiovascular, Diabetic, Gastrointestinal and Gynaecology by acquiring the entire domestic Non-Oncology formulation business of Dabur with 24 active brands. It was the largest acquisition in the domestic pharma sector in recent times.

The acquisition is one of our key development programmes and we stand to receive significant value from the acquisition. It gives the Company a strategic entry into the Cardiovascular, Diabetological and Gynaecological segments through the acquired brands' erstwhile franchise. The acquired product-mix also brings into Alembic's fold, leading brands in the gastroenterological segment.

The Company has created a new marketing arm named "Summit" to cater to the needs of these speciality segments and aims to ramp up this business significantly by introducing new products and aggressively growing existing products.

In spite of initial operational challenges, Alembic grew the acquired brands by 29% to post a sales revenue of Rs. 97 Crores from a preacquisition revenue of Rs. 75 Crores annually. The Company plans to grow this business at a brisk pace and achieve 25% growth year on year.

ANIMAL HEALTHCARE

Alembic Veterinary division has been regularly outperforming competition year on year. During the last three years it has generated a robust Compounded Annual Growth Rate of more than 16%, which is a head start of at least 60% more than the market. Importantly we were amongst the most profitable veterinary business in the country.

Every year, for the last few years, we have brought a new product which was a first in the Indian market. Like Ceftiofur Sodium, Acetyl Salicylic Acid in vet., Erythromycin Intramammary, Ceftizoxime etc.

The Company has faithfully carried forward its tradition of introducing industry firsts in Indian Market. We have launched M-Ceft Injections (Ceftizoxime sodium sterile powder 1500mg), a significant first-time breakthrough in the treatment of mastitis among livestock in the Indian sub-continent.

Alembic remains committed to nurture the Country's vast talent pool and scientific promise. Our efforts to felicitate toppers across 20 Veterinary Colleges in India in B.V.Sc & A.H. course has been highly appreciated by academic councils, VCs, Deans and Registrars of respective Veterinary Colleges.

Leading Brands

Brand	Category	Rank
MOXEL	Amoxicillin and Cloxacillin injection	1st
Xceft	3rd generation Cephalosporin group of injectable antibiotics	1st
Ketop	Injectable NSAID	2nd
Bistrepen V	Streptopenicillin	2nd
FPP-20lac	Fortified Procaine Penicillin	1st
FPP-40lac	Fortified Procaine Penicillin	1st
Sharkoferrol Vet.	Haematinic Supplement	1st

Key Products

<ul style="list-style-type: none"> • Enrox Inj. • Poron • Zeet Inj. • Rumen-FS Bolus 	<ul style="list-style-type: none"> • Cotrimol Bolus • Mectin Inj. • Ascal - FS • Althrocin 	<ul style="list-style-type: none"> • Metrofural Bolus • Vetcort Inj. • Sharkoferrol Vet. • Docmycin 50g 	<ul style="list-style-type: none"> • Minthal Bolus • Diclovet • Bivinal Forte Inj. • Altimate - ZM Plus
--	--	---	---



NEW INSIGHTS. NEW OUTPUTS.



The founding pillars of Alembic were people dedicated to discovery. Our track record of pharmaceutical innovation spans a century and includes many leading molecules that continue to make a difference for millions of patients.

Research and development remains the driving force. As a business strategy we are creating a more agile research unit and augmenting our product pipeline with more productive R&D. During the current fiscal the revenue expenditure on R&D was scaled up by 91% to Rs 43.39 Crores from Rs. 22.75 Crores in 2006-2007.

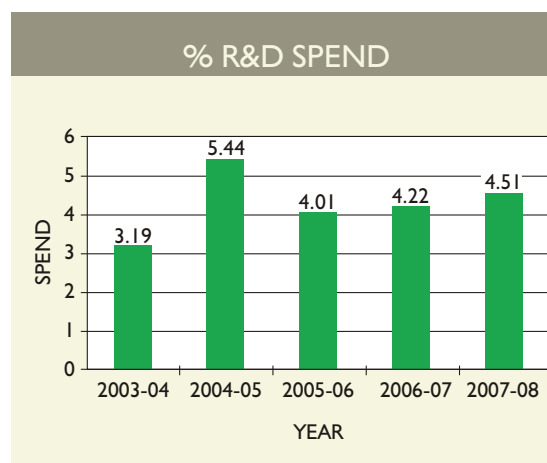
We have ploughed back 4.51% of total sales into R&D and have plans to file 10-12 DMFs and 10-15 ANDAs every year.

The watchword is 'focus' on the core areas of costs, quality and developing niche DMFs that represent the highest value opportunity for the Company. To establish a lower and more flexible cost base on the process side too, research has been initiated to focus on cost rationalisation across the entire process chain.

Our core chemistry is to be competitive across geographies with greater emphasis on pursuing the generic opportunity.

Our multidisciplinary R&D portfolio includes:

- **API Research**
- **Formulations Research**
- **Analytical Research**
- **Intellectual Property**
- **Bio-equivalence**





Generic Research

We are leveraging internal strengths to create an R&D pipeline that is prepared for tomorrow. The aim is to further entrench our presence in the generics segment of the regulated markets.

Cumulative DMFs filed reached to new high of 21.

Some key DMFs:

- Ropinirole
- Clarithromycin
- Telmisartan
- Leflunomide
- Fenofibrate
- Modafinil
- Lamotrigine
- Irbesartan
- Meprobamate
- Venlafaxine Hydrochloride
- Azithromycin Monohydrate
- Cilostazol
- Azithromycin Dihydrate
- Alendronate Sodium
- Pramipexole
- Valsartan
- Levetiracetam
- Metoprolol Succinate
- Candesartan Cilexetil



Each and every member of our 250+ strong R&D team working in research centre is an action point developing processes and technologies for producing high quality APIs.



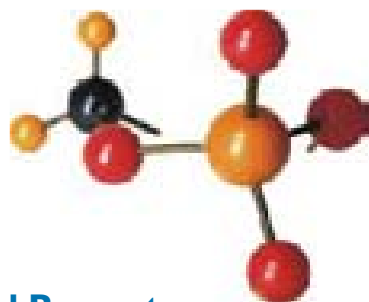
Analytical Research

Discovering innovative drugs demands world class research infrastructure.

Analytical Research is an integral part of the Alembic Research Centre. The Analytical Labs can conduct detailed analysis on some of the world's most sophisticated instruments like XRD, NMR, LCMS/MS, GCMS, UPLC, HPLC and GCHS among others.

A team of talented, experienced and dedicated scientists deliver accurate results by ensuring that utmost care is taken and instances of repetition avoided. The end analyses are cost effective and add value to the service. A highly competent staff also enables Alembic to carry out its regulatory filings with the highest level of confidence.

This state-of-the-art research centre continued its expansion through the development of novel, cost competitive, eco-friendly technologies and their intellectual protection.



Intellectual Property

The recognition of product patent has provided global companies with better IPR protection. The Indian pharmaceutical industry is also well-positioned to take advantage of this opportunity.

For Alembic acquiring Intellectual Property Rights continues to be a key business imperative and is ready to tap this global opportunity. Concurrently, Alembic has accelerated its patent filing process. The Company has filed 72 patent applications this year, taking the total tally of patents filed across the globe to 233.

Bioequivalence

Alembic has a 12,500 sq. ft., state-of-the-art, DGCI approved Bioequivalence Centre. Till date the Centre has conducted several pilot as well as pivotal studies for various regulatory submissions like MCC South Africa, TPD Canada & EU.

The centre has a 36-bed facility with ICU & a sophisticated Bioanalytical Laboratory with 3 LC-MS/MS Systems. The Company is now equipped to venture into clinical studies at this centre.

Apart from its research endeavours, Alembic is also undertaking proactive efforts towards the intellectual development of its existing scientific talents and has initiated in-house Ph.D programmes and knowledge-enhancement programmes.

Patent applications filed

72 patents were filed during the year, taking the total tally of patents filed across the globe to 233

Country	No. of patents filed
India	122
USA	22
Rest of the world	89
Total	233



NEW GEOGRAPHIES. NEW MILESTONES.



The Company's international business was characterised by resurgence in profitability, research and value creating alliances. It acquired a new growth trajectory and momentum, registering triple digit growth figures.

Global Sales soared to 102%, contributing a whopping Rs. 311 Crores to revenues. This is up at approximately 30% versus 20% last year of total sales. Sales from APIs also grew to 96%.

Alembic undertook expansion of acquired API Manufacturing Facilities at Karakhdi. The Company has also acquired another API Manufacturing Unit, Nirayu Pvt. Ltd., near Vadodara. Both the facilities hold potential for FDA approvals and are expected to augment the API business and regulatory filings in future.

Regulated Markets

Inspite of the challenging dynamics of the regulatory markets, we have adapted quickly and effectively and translated it into a significant growth opportunity.

The Company's sales to regulated markets surged by 279% from Rs. 49.87 Crores during the last fiscal to Rs. 189.02 Crores this year.

Alembic has sharpened its focus on regulated markets like the US, Canada and Europe. We are investing substantially in our international operations and with world class manufacturing facilities adhering to various regulatory standards and large pool of skilled manpower, we are poised to make our presence felt in the contract manufacturing segment as well.

Further dialogues are already underway with global pharmaceutical companies even as we have bagged contracts. We have already started supplying intermediates to a US based innovator pharma company in a contract manufacturing deal.





with some brands achieving market leadership in specific product segments.

In the Roxithromycin segment, Roxid is the frontrunner with a 59% share, while Nimegesic has a market share of 23% and is ranked second. Other products with a significant share are Ceftriaxone, which is ranked fifth with 8% market share. The Company successfully launched Cefipime, which captured a market share of 25% and was ranked third.

The focus on CIS countries continues and we have penetrated new markets in Moldova and Tajikistan. We expect these markets to register sales in the coming financial year.

The Company also re-crafted its strategy in Africa and South East Asia and reaped revenue growth in these markets too.

Moreover, we were successfully audited by the CIS and African regulatory bodies. This augurs well for our future endeavours.

Rest of the World

As we continue to broaden our access to developed markets, we have built promising foundations in emerging markets.

Revenues from International formulations grew by 18% from Rs. 39.43 Crores to Rs. 46.66 Crores. The major focus has been on brand promotions and this has yielded in a growth of 27% from Rs. 29.17 Crores to Rs. 36.98 Crores.

Note: The above currency is calculated by 1\$ (USD) = Rs. 42.9

The Russian pharmaceutical market witnessed strong growth for the second year in a row. The TV campaign initiated last year continued to promote Glycodin, which recorded a growth of 20% in secondary sales. The Company retained its leadership position in terms of unit sales for Ceftriaxone which grew from 2.7 million vials to 4.8 million vials, reflecting a growth of 77%.

Ukraine posted healthy results on the growth radar



List of Key Products

Branded	NSA
Glycodin 100/50 ml	Fortified Procaine Penicillin 4 mega
Nimegesic 100/Susp	Benzathine Penicillin 2.4 mega
Roxid 150/Kid	Benzyl Penicillin 5 mega
Azithral 250 mg	Benzathine 1.2 mega
Althrocin S 250/500	Ceftriaxone Inj. 1 gm
Isovon	Benzyl Penicillin 1 mega
Aldinir 300 mg	Procaine Penicillin 1 mega

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 101st Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2008.

1 Financial Results

(Rs. in Lacs)

For the Year ended 31st March	2008	2007
Profit for the year before Interest, Depreciation, Non-recurring Income, Expenses and Tax	15,687	12,476
Adding thereto:		
Profit on Sale of Land	2,255	-
Deducting therefrom:		
Interest	3,305	752
Depreciation	3,277	2,906
Non-recurring expenses	-	1,759
Provision for Deferred Tax	47	(1)
Provision for Current Taxes	148	878
Excess provision of Income Tax no longer required	(54)	(886)
Profit after Tax	11,219	7,068
Adding thereto:		
Balance brought forward from last year	4,183	3,735
Amount available for appropriation	15,402	10,803
Appropriating therefrom:		
Provision for Dividend - Equity Shares	2,077	1,385
Provision for Corporate Dividend tax	353	235
General Reserve	5,000	5,000
Balance carried forward to next year's accounts	7,972	4,183
	15,402	10,803



2 | Dividend

Your Directors recommend Dividend on Equity Shares at Rs. 1.50 per share (i.e. 75%) of face value of Rs. 2/- per share for the year ended on 31st March, 2008 as against Rs. 1.00 per share (i.e. 50%) for the year 31st March, 2007.

3 | Management Discussion and Analysis

The Report on Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges is enclosed as Annexure A to this report. Certain statements in this section may be forward-looking. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

4 | Operations

The Company's Gross Sales including export incentives were Rs. 1,027 Crores for the year ended 31st March, 2008 as compared to Rs. 722 Crores for the previous year, which shows a growth of 42% over previous year.

The Profit before Interest, Depreciation, Non-recurring Income and Expenses and Taxes was Rs. 156.87 Crores for the year under review as compared to Rs. 124.76 Crores for the previous year, which shows a growth of 26%.

During the year, the interest and financing cost was Rs. 33.05 Crores as compared to Rs. 7.52 Crores in previous year due to funding of acquisition of Non-Oncology business of Dabur Pharma Ltd. and higher working capital on account of business growth.

Domestic Formulation Sales:

Sales of Domestic formulations for the year ended 31st March, 2008 is Rs. 597.74 Crores as compared to Rs. 491.74 Crores for the previous year ended on 31st March, 2007, and reported a growth of 22%.

This was largely due to sales of acquired brands. New brands contributed 16% of revenue.

Export Formulations:

The sales of formulations export was Rs. 116.52 Crores for the year ended 31st March, 2008 as compared to Rs. 61.50 Crores in the previous

year ended March, 2007, registering a growth of 89% over previous year. The above sales includes sales to Regulatory Market for Rs. 69.86 Crores for the year ended 31st March, 2008 as compared to Rs. 22.07 Crores in previous year ended on 31st March, 2007.

Domestic API Sales:

The domestic sales of API was Rs. 112.47 Crores for the year ended on 31st March, 2008 as compared to Rs. 72.44 Crores for the previous year ended on 31st March, 2007, and reported a growth of 55%.

Export API:

The export sales of API was Rs. 179.50 Crores for the year ended on 31st March, 2008 as compared to Rs. 76.80 Crores for the previous year and reported a growth of 134%. The above sales includes sales to Regulatory Market for Rs. 119.16 Crores for the year ended 31st March, 2008 as compared to Rs. 27.80 Crores in previous year ended on 31st March, 2007.

5 | Non-Oncology business acquired from Dabur

The entire Non-Oncology domestic formulation business acquired from Dabur Pharma Ltd. is in the high growth lifestyle therapeutic segments of Cardiology, Diabetology and Gynaecology. The Company has created a new Marketing arm named 'Summit' to cater to the needs of these specialty segments of customers. Some brands have been put into various other large divisions of the Company for better penetration in the market.

6 | Acquisition of API manufacturing facility from Nirayu Private Limited

The Company acquired the API manufacturing facility of Nirayu Private Limited. This unit is located at Panelav, very close to Company's existing plants and will be used by the Company to increase its API business and regulatory filings.

This acquisition is on a 'going concern' basis together with the assets and liabilities on the effective date (i.e. 1/1/2008) at a total consideration of Rs. 17.50 Crores. It is a USFDA approvable facility.

Dividend up by
50%

Domestic API sales registers a growth of
55%

DIRECTORS' REPORT

7 | Approval of the petition of the Company by Hon'ble High Court of Gujarat

The petition filed by the Company under Section 78 & 100 to 103 of the Companies Act, 1956 seeking conformation for utilisation of share premium and General reserve account by withdrawal and transfer to Profit and Loss Account of the Company for year ending 31st March, 2008 has been approved by the Hon'ble Gujarat High Court.

As per the said order, amount of Rs. 29.17 Crores from share premium account and amount of Rs. 102.58 Crores from General reserve account both aggregating to Rs. 131.75 Crores have been reduced and credited to Profit and Loss Account. The Intangible Assets of Rs. 176.82 Crores less deferred tax adjustment of Rs. 45.07 Crores i.e. net of Rs. 131.75 Crores have been debited to Profit and Loss Account.

8 | Centenary Celebrations

To commemorate its Centenary, the Company celebrated the "Foundation Week" from March 28, 2008 to March 31, 2008. As a part of the celebrations, a blood donation camp, tree plantations, cultural programmes, a 100 year photography exhibition, a musical evening by noted Ghazal singer Padmabhushan Jagjit Singh were organised by the Company.

On the occasion of the centenary celebrations, Dr. A.P.J. Abdul Kalam, former President of India was the Chief Guest and Mr. Narendra Modi, Chief Minister was the Guest of Honour.

Speaking on the occasion, Mr. Narendra Modi profusely complimented the Chairman and his family members for 100 successful years of service to humanity by producing and marketing quality drugs at affordable price.

In his key note address Dr. Kalam expressed his vision of making India the hub for scientific research and pharmaceutical manufacturing. He asked the Indian Pharma Industry to set itself a target of producing 40% of the world's generic medicines. He also touched upon various opportunities to Indian Pharma Industry in collaborative research with National Research Laboratories for curing diseases like TB, Typhoid, Malaria etc.

Dr. Kalam and Mr. Modi released a set of two books on the 100 year journey of the Company.

9 | Listing of Shares

The equity shares of the Company are continued to be listed on Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE).

10 | Fixed Deposits

The fixed deposits including from shareholders as on 31st March, 2008 amounted to Rs. 21.11 Crores. Unclaimed deposits of Rs. 23.18 Lacs from 187 depositors have been transferred to current liabilities, out of this, no deposits have since been repaid or renewed at the option of depositors and no instruction have been received so far and if not claimed in future, it shall be deposited in the 'Investors Education & Protection Fund' in due course, as per the provisions of the Companies Act, 1956.

11 | Directors

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Mr. R.K. Baheti and Mr. K.G. Ramanathan Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for reappointment.

The brief resumes of Mr. R.K. Baheti and Mr. K.G. Ramanathan are given in the Corporate Governance Report.

12 | Energy, Technology and Foreign Exchange

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in Annexure - B to this report.

13 | Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956, read with Companies (particular of Employees) Rules, 1975, forms part of this report as Annexure - C. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report is being sent to all shareholders excluding this

Export API sales registers a growth of **134%**

Export Formulation Sales registers a growth of **89%**

Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

14 Corporate Governance

Your Company has complied with all the provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company's shares are listed.

A separate report on Corporate Governance is produced as a part of the Annual Report, along with the Auditors' Certificate on the compliance.

As required vide clause 49 of the listing agreement on Corporate Governance, the board has laid down a code of conduct for all members and senior management team of the Company. The said code of conduct has been posted on the website of the Company www.alembic-india.com. All Board Members and senior management personnel of the Company have affirmed the requirements of the said code of conduct.

15 Audit Committee

The Audit Committee consists of Mr. Paresh Saraiya, Dr. B.R. Patel and Mr P.N. Parikh. Mr. Paresh Saraiya has been appointed as Chairman of the Audit Committee w.e.f. 18th July, 2007. The Committee reviewed the Internal Control System, Scope of Internal Audit and compliance of various regulations. The Committee reviewed at length the Annual Financial Statements and approved the same before they were placed before the Board of Directors.

16 Auditors

M/s. K.S. Aiyar & Co., the Company's Auditors, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment as Auditors. Members are requested to reappoint them and fix their remuneration.

In respect of the Auditors observation mentioned at point No.(vi) of the Auditors' Report, Note No. 4 in Schedule - T (Notes to Accounts) is self explanatory.

The Company has appointed M/s. Sharp & Tannan, Chartered Accountants, as its Internal Auditors to carry out the Internal Audit of the various operational areas of the Company.

17 Cost Auditors

The Central Government has directed that an audit of Cost Accounts maintained by the Company relating to Bulk Drugs and Formulations for the year ended on 31st March, 2008 be conducted by Auditors with qualification prescribed in Section 233B(1) of the Companies Act, 1956. Accordingly, the Board had appointed Mr. H. R. Kapadia as Cost Auditor for the year ended on 31st March, 2008.

18 Human Resource Management

Human capital has always been the most important and valuable asset to your Company. Your Company has enhanced its performance management process that motivates people to take ownership of their own performance and encourages innovation and meritocracy. Your Company has created people practices which enables it to attract and retain potential talents. Employee relations in your Company continues to be cordial and harmonious.

19 Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- i) That accounting policies as listed in the 'Schedule - T' to the financial statements have been selected and consistently applied and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 and of the profit of the Company for the accounting year ended on that date;
- ii) That proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provision of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iii) That the annual accounts have been prepared on a 'going concern' basis.

On behalf of the Board of Directors,
Chirayu R. Amin
 Chairman & Managing Director

Vadodara, 25th April, 2008

ANNEXURE A

Management Discussion and Analysis Report

Year 2007-08 has been a memorable year for Alembic on more than one count viz.:

Crossed Rs. 1,000 Crores top-line first time ever

Crossed Rs. 100 Crores bottom-line first time ever

Out licensed an NDDS technology

The Company grew by 42% to achieve a consolidated revenue of Rs. 1,026.61 Crores and profit after tax of Rs. 112.19 Crores in its centenary year.

India is poised for sustained GDP growth of over 8% p.a. in the next few years. It is expected to emerge as the fastest growing economy by 2013 and to be the 3rd largest economy by 2050 (Source: BRICs Report, Goldman Sachs). The GDP growth will be driven by both investments and domestic consumption.

The current spending on healthcare [public and private] is estimated at 6% of GDP and expected to increase to 10% of GDP by 2016. The current size of the Indian Pharmaceutical Market is reported to be USD 7 billion and has registered a growth of about 12% in 2007 (IMS MAT Dec 2007). The market is expected to witness accelerating growth, making India among the top ten global markets by 2015-16, with estimated market size of USD 20 billion. The market remains dominated by acute therapies; however chronic segments such as Cardio Vascular, Diabetes, Central Nervous System and specialty segments like Oncology are growing faster than the market.

India is also emerging as a low-cost, high quality option for outsourcing of research, manufacturing and other services. This offers a great opportunity for the Indian Pharmaceutical Industry and Indian pharma Companies. The Country is on its way to become one of the top global supplier for formulations and bulk drugs, and a hub for Contract Research And Manufacturing (CRAM), Contract Research Organisations (CRO) and R&D activities.

The Global Pharmaceutical Industry is witnessing a growing importance of generics. With USD 10 billion worth of drugs going off patent each year, generics represent a major outsourcing opportunity for pharmaceutical producers in India. The global pharmaceutical outsourcing market is rapidly growing. This represents an opportunity for supply of API's / intermediates, development outsourcing (pre-clinical / clinical trials) and customs chemistry services.

The Company has put into action various plans to generate sustainable growth by focusing on the following key areas:

- Investment in research
- Investment in revenue generating assets
- Creating powerful brands
- Customer relationships
- Internationally benchmarked manufacturing facilities and robust supply chain management
- Expanding to new geographies and market

Business

Alembic's strategy in the international business is to be a preferred supply chain partner to international generic as well as Multinational Companies. We have invested in a state-of-the-art research center, have an FDA approved API and Formulations facility. We have filed 21 DMFs already and hope to file about 10 every year on. Our ANDA program is also in place and have already filed 11 ANDAs. We have a plan to file 12-15 ANDAs this year onwards.

The Company is actively targeting contract manufacturing for Innovator MNCs. This is an attractive area and we are working on a tie-up with one of the larger Pharmaceutical Companies for contract manufacturing of an intermediate. Typically these relations take a long time to build and is something that we can leverage for future business as well. The formal contract agreement is likely to be signed in first quarter of FY09. The business is expected to cross \$ 25 million p.a.

During the year, your Company restarted the production of Penicillin at its fermentation facility at Vadodara. The Company has also focused on cost reduction through technology upgradation as well as efficiency in operations to stay competitive in the long run for this commodity product.

Real Estate:

The Company executed a sale deed with Inorbit Malls (India) Pvt. Ltd. (K. Raheja Group Company) for sale of land at Vadodara amounting to Rs. 22.55 Crores.

Finance

The Company has registered a total income of Rs. 1,015.01 Crores for the year under review as compared to Rs. 709.57 Crores for the previous year ended on 31st March, 2007. The profit, before providing for Interest, Depreciation, Non-recurring Income, Expenses and Taxes, was Rs. 156.87 Crores for the year under review as compared to Rs. 124.76 Crores for the previous year. The Company has made a profit after tax of Rs. 112.19 Crores for the year under review, as compared to Rs. 70.68 Crores for the previous year.

Outlook

The future looks exciting and will be a period of sustained growth. The Indian Economy has been growing as never before and this has significantly improved the GDP and consumption levels. What this means for the domestic pharmaceutical industry is that more customers are entering organised healthcare as they can afford more medicines. This is very important and advantageous for a Company like Alembic which has the domain strength in the acute therapy segments since this would be the first line of defence. Alembic has also forayed into the lifestyle disease segment through the acquisition of Dabur's Non-Oncology Division. It is also looking at various other high growth and niche areas in the domestic segment. Alembic has had a history of having a very good equity with the doctors and has successfully built up a lot of large brands.

With India becoming a hub for manufacturing and research operations, Alembic looks to get exponential growth from this area as well. Our manufacturing facilities have withstood successful inspections from regulatory bodies from all over the world and our research labs are well equipped to develop new products and formulations. Low cost of products and strong Intellectual Property are going to be the two most important drivers in the International Generics Markets. Alembic has strived to show excellence in both these areas in development as well as manufacturing. It is a focused approach on these two which will give Alembic's Future plans a fillip.

Internal Control Systems and Adequacy

The Company maintains a system of well-established policies and procedures for internal control of operations and activities. The internal audit function is further strengthened in consultation with statutory auditors for monitoring statutory and operational issues. The Company has appointed M/s. Sharp & Tannan, Chartered Accountants, as Internal Auditors.

The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Significant issues are brought to the attention of the audit committee for periodical review.

Moreover, the Company has obtained ISO 9001 and ISO 14001 certification and adheres to the Standard Operating Practices in its manufacturing and operating activities.

Human Resource Intervention in 2007-08

The Company has taken various initiatives during the year under review to reinforce the "people oriented culture" that the Company has built over the years.

The Company has introduced a new performance management process with a view to maximise human resources strategically. This process is an organised way to achieve shared understanding of Goals, Standards, Resources as well as aligning and

ANNEXURE A

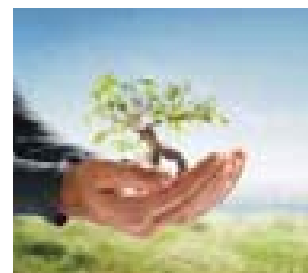
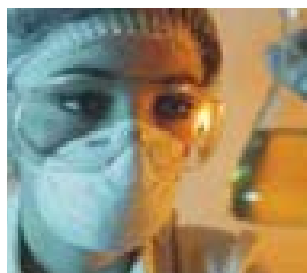
transforming people energies towards the end objective. The concept of variable pay has been reinforced and has been made more aggressive based on performance.

“IPR Knowledge Enhancement” initiative was launched to focus on enhancing IPR competency across the organisation. Our research centre has been approved as an institution to guide post-graduate students to pursue Ph.D. programme by M.S. University, Vadodara.

The Company has continued to attract the best talent in all area of competence.

Contribution to Society

Alembic is committed to enhancing the quality of life in and around the community it operates in. During the year under review, the Company undertook a number of development projects with a focus on Health, Education and Vocational Training. We have a rural development society started in 1980. This is located near Panelav in the foothills of Pawagadh. The objective is to provide self-employment opportunities through Vocational Training and Education for adults and children in 50 villages in the vicinity.



Health, Safety, Security and Environment

Health, Safety, Security and Environment is at the core of our business and all employees are accountable for it. Alembic's operations follow the best industry practices as regards to Health, Safety, Security and Environment. Alembic carried out the following activities as part of its annual plan:

- Basic safety training was imparted to all factory employees including temporary workers. Safety and technical competency development programmes were carried out to improve competencies of employees and employees of contractors for safety critical jobs.
- Work place inspections were carried out by executives and managers at all levels. Senior management team members demonstrated leadership commitment through work place inspections.
- Reduced waste generation and improved waste management by collecting and disposing of all waste in an environment friendly manner.
- Tree plantation across premises and factories.
- Reduced level of sound pollution by providing acoustic enclosures on certain set of machinery and DG / compressor sets.

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A | Conservation of Energy

The Company is committed to preservation of environment and conservation of natural resources. During the financial year 2007-08, following measures were taken:

a) Energy Conservation measures during the year under review.

- 1) Replacement of existing 1000 TR Vapour Absorption Machine for chilled water with high efficiency lower specific steam consumption machine.
- 2) Installation of Agitated Nutch Filter with special impeller for lower energy consumption in erythromycin plant.
- 3) Replacement of 10 HP oil Ring Vacuum pump with 3 HP pump with special design in Kilo Lab.
- 4) Replacement of 20 HP Booster pump in Ery. Rec with efficient one.
- 5) Up-gradation of existing piping system at ETP & Utility area for energy saving.
- 6) Reduction of agitation speed of wetting agent tank of API - I plant for energy saving.
- 7) Improvement of efficiency of 1000 TR Vapour Absorption Machine by increasing cooling water flow by piping modification.
- 8) Reduction of pumping power by reducing C.T. soft water consumption by installation of float in cooling water sumps.
- 9) The captive co-generation plant consists of 3 x 4.2 MW gas turbines and associated Heat Recovery Steam Generation unit has been operated optimally.
- 10) 5 MW wind farm generation run throughout the year with expected level of efficiency.

b) Additional Investment Proposals for Reduction of Consumption & Cost of Energy.

- 1) Replacement of old 1000 TR Vapour Absorption Machine.
- 2) Installation of Inlet Air Chilling System in Gas Turbine.

c) Impact of Measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods.

- 1) Lower consumption of power & decreased power cost.
- 2) Equipments will operate at optimum efficiency.

B | Technology Absorption

Efforts made in technology absorption:

Form B enclosed.

C | Foreign Exchange Earning and Outgo

- 1) The Export sales were Rs. 293.98 Crores (FOB) during the year under review. The Company has undertaken aggressive marketing strategies to increase share of export business.
- 2) Total Foreign exchanges used and earned:

Please refer para 18 (E) and (F) of Schedule - T "NOTES FORMING PART OF ACCOUNTS."

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A Power and Fuel Consumption

For the year ended 31st March	2007-08	2006-07
I. Electricity:		
a) Purchased Units (Kwh)	1,50,91,712	96,21,624
Total Amount Rs.	9,89,67,420	6,87,21,799
Rate (Rs. / Unit)	6.56	7.14
b) Own Generation:		
(i) Through Diesel Generator		
Units (Kwh)	17,43,574	8,78,513
Units per litre of Diesel oil	3.13	2.94
Cost (Rs. / Unit)	9.21	10.91
(ii) Through Gas/Steam Turbine/Generator		
Units	6,54,70,195	5,53,41,748
Units per LTR/M ³ /M.T./LTR of		
Fuel oil/gas/steam/HSD	2.794	2.675
Fuel Cost (Rs. / Unit)	1.895	1.899
2. Furnace Oil Qty. (K. Ltrs.):	1,778	1,473
Total Amount Rs.	3,68,25,655	2,59,47,798
Average Rate (Rs. / KL)	20,717	17,614
3. Other / Internal Generation:		
a) Natural Gas		
Qty. (Cubic Meter)	1,48,12,858	1,33,92,848
Amount (Rs.)	7,96,47,498	7,88,78,080
Rate/Unit (Rs. / M ³)	5.38	5.89
b) Steam (Purchase)		
Qty. (M.T.)	50,143	26,766
Amount (Rs.)	4,71,34,673	2,45,31,251
Rate/Unit (Rs. / M.T.)	940.01	916.51
4. Wind Farm Generation:		
Units (Kwh)	1,02,24,792	1,12,00,042

B Consumption Per Unit of Production

In view of the number of products, with different sizes, shapes and other parameters, being manufactured by the Company, it is not feasible to give information on consumption of fuel per unit of production.



Form for disclosure of particulars with respect to technology absorption, etc.

A | **Research and Development (R&D)**

■ **R&D's areas of focus**

- a) Development of Generic drugs
- b) Contract Manufacturing for MNCs
- c) Collaboration with National Universities and Institutes
- d) Formulation Development
- e) Microbial Research
- f) BE Studies

■ **Benefits derived as a result of the R&D**

- a) Our R&D wing has developed non-infringing processes for several APIs meant for the regulated markets leading to filing of 15 DMFs this financial year.
- b) Our endeavour to expand our product pipeline and the tenacity of purpose has established itself by making us a strongly research-driven organisation.
- c) Till date 233 patents for Active Pharmaceutical Ingredients (APIs) & Intermediates have been filed.
- d) Company has increased client base in USA and Europe. In the Custom Synthesis business, we have become approved supplier for couple of Pharma MNCs and are regularly supplying Intermediates and Advanced Intermediates on campaign basis from Grams to 100s of Kilos.
- e) Technology of new products have been developed at the lab scale and also on the synthetic front; scale-up and commercial production of Alendronate, Leviteracetum, Valsartan, Candesartan and Metoprolol Succinate have been completed during the year.

■ **Future plan of action**

- a) The No. of DMFs filed is going to grow in the following years and this will result in filing more ANDAs than the three that we have already filed this year.
- b) We believe our persistent internal development as well as expanding external collaboration will result in ensuring us a much stronger global presence in the years to come.

- c) Contract Manufacturing with Multi-National Companies (MNCs) will continue.
- d) Fermentation being the core area of the organisation, new molecules representing cardiovascular, and nutraceutical segments are the focus of the future. For the existing products, lovastatin and erythromycin, continuous improvement in terms of better producing strains, cost-effectiveness and quality of the product are priority areas to remain in the fiercely competitive price market. Opportunities are also being explored in the area of Contract manufacturing for some of our spare fermentation facilities to add to our business revenues.

■ **Expenditure on R&D**

(Rs. in Lacs)

a	Capital	285
b	Recurring	4,339
c	Total	4,624
d	Total R&D expenditure as a percentage of total turnover	4.51%

B | **Technology Absorption, Adaptation and Innovation**

1) Efforts made towards technology absorption, adaptation and innovation

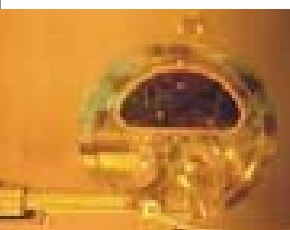
The fermentation technology refinement & absorption and technology development of organic synthesis which are developed in our R&D laboratories, are scaled up in our pilot plant and then implemented at the production scale.

2) Benefits derived

Introduction of strains giving higher productivities, use of cheaper raw material and various strategies to reduce utility cost has helped us to remain in the price competitive market for our existing products.

3) Information regarding technology imported during last five years

Nil.



Report on Corporate Governance

1 Company's Philosophy

Corporate governance is about commitment to values and ethical business conduct. It is about how an organisation is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organisation and enhances the trust and confidence of the stakeholders.

The Company has always been committed to the principles of good corporate governance.

Alembic while striving to achieve financial targets, seeks to follow the business principles and ethics in all its dealings and believes in customer orientation, teamwork, commitment, growth and trust as its corporate values. The Board of Directors strives to represent the shareholders' interest to ensure optimal returns. At the same time, it is also responsible to all the other stakeholders including customers, employees, suppliers and to the communities where it operates.

Alembic, aims to deliver customer satisfaction by developing and maintaining mutually beneficial and long lasting relationship with customers, offering value in terms of price and quality and responding to customers' needs through continuous innovation.

Alembic endeavours to make its management team fully empowered to take the Company forward within the framework of effective accountability, which in turn enables the conversion of opportunities into achievements for the betterment of the Company and its stakeholders. The Board has also institutionalised best management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and total compliance with all statutory / regulatory requirement not only in the letter of the law but also in its spirit.

2 Board of Directors

- **Composition of the Board**

It is well recognised that there should be optimum combination of Executive and Non-Executive Directors. The Company's Board meets this requirement as it is consisting of 4 Non-Executive Directors (50% of the Board Strength), and 4 Independent Directors (50% of Board Strength).

- **Number of Board Meetings held and the dates of the Board Meetings**

6 Board Meetings were held during the period from 1st April, 2007 to 31st March, 2008. The dates on which the said meetings were held are as follows:

22nd May, 2007 14th June, 2007 18th July, 2007 30th August, 2007 17th October, 2007 24th January, 2008.

Report on Corporate Governance

2 Board of Directors - Contd.

<ul style="list-style-type: none"> Number of other Public Limited Companies in which the Director is a Director / Committee Member and Attendance of the Director at the Board Meetings and the last AGM 					
Name of Director	Category	No. of other Directorships held (Excluding Directorships in foreign & private Companies)	No. of Board Committees of which Member / Chairman#	No. of Board Meetings attended	Attendance at the last AGM
Mr. C.R. Amin Chairman & MD	Promoter Executive	7	1 (as Chairman)	6	Yes
Mrs. M.C. Amin	Promoter Executive	3	2 (as Member)	6	Yes
Dr. B.R. Patel	NED (I)*	Nil	1 (as Chairman) 1 (as Member)	6	Yes
Mr. P.N. Parikh	NED (I)*	2	1 (as Member)	2	No
Mr. K.G. Ramanathan	NED (I)*	Nil	Nil	4	Yes
Mr. Paresh Saraiya	NED (I)*	3	1 (as Chairman) 1 (as Member)	5	Yes
Mr. R. K. Baheti Director, President - Finance & Company Secretary	Executive	2	Nil	6	Yes
Mr. Pranav Amin	Promoter Executive	1	1 (as Member)	5	No

* NED (I) means Non-Executive-Independent Director.
The Committees include the Committees of Alembic Limited.

As required by the Companies Act, 1956 and Clause 49 of the listing agreement with stock exchanges, none of the Directors hold Directorship in more than 15 Public Companies, membership of Board Committees (Audit & Investor Grievance Committees) in excess of 10 and Chairmanship of Board Committee in excess of 5.

3 Audit Committee

<ul style="list-style-type: none"> Composition & Terms of Reference Presently, the Audit Committee comprises of 3 Directors viz. Mr. Paresh Saraiya, Mr. P.N. Parikh & Dr. B.R. Patel. Mr. Paresh Saraiya has been appointed as Chairman of the Audit Committee w.e.f. 18th July, 2007. All the Directors in Audit Committee are Non-Executive & Independent Directors. The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements. The Statutory Auditors, Internal Auditors, President - Finance and General Manager - Finance of the Company are invited to attend the Meetings of Audit Committee. The Joint Company Secretary acts as Secretary of the Committee. Both Dr. B.R. Patel and Mr. Paresh Saraiya were present at the last Annual General Meeting held on 30th August, 2007.
--

Report on Corporate Governance

3 Audit Committee - Contd.

- Meetings and the attendance during the year**

There were 5 meetings of the Audit Committee during the year held on 22nd May, 2007, 18th July, 2007, 17th October, 2007, 2nd November, 2007 and 24th January, 2008.

The attendance of each member of the Committee is given below:

Name of Director	Category of Director	No. of Meetings Attended
Mr. Paresh Saraiya	Non-Executive - Independent	5
Dr. B.R. Patel	Non-Executive - Independent	5
Mr. P.N. Parikh	Non-Executive - Independent	2

4 Remuneration Committee

The Company does not have a Remuneration Committee of Directors. The remuneration of Managing Director, Whole-time Director, Director & President - Finance and Company Secretary and Director & Business Development Officer is approved by the Board within the overall limit fixed by the shareholders at their meeting.

- Details of Remuneration paid to Directors**

- a. Executive Directors**

All elements of remuneration package i.e. salary, benefits, bonus, pension etc. paid to Executive Directors are as under:

(Rs. in Lacs)

Name of Director	Salary & Perquisites	Commission	Total
Mr. Chirayu Amin (Managing Director)	35.38	442.83	478.21
Mrs. Malika Amin (Whole-time Director)	26.58	260.35	286.93
Mr. R.K. Baheti (Director, President - Finance & Company Secretary)	108.92	-	108.92
Mr. Pranav Amin (Director & Chief Business Development Officer)	27.49	-	27.49
Total	198.37	703.18	901.55

Notes:

a. The agreement with the Executive Directors is for a period of 5 years.

Mr. C.R. Amin, Chairman & Managing Director:

Board approved in its meeting held on 25-04-2008 renewal w.e.f. 01-05-2008

Mrs. M.C. Amin, Whole-time Director:

Board approved in its meeting held on 25-04-2008 renewal w.e.f. 02-07-2008

Mr. R.K. Baheti, Director, President - Finance & Company Secretary:

Reappointed for a further period of 5 years w.e.f. 25-01-2008

Mr. Pranav Amin, Director & Chief Business Development Officer:

Appointed for a period of 5 years w.e.f. 31-01-2007.

b. There is no separate provision for payment of severance fees.

c. The Company does not have any Stock Options Scheme.

Report on Corporate Governance

4 Remuneration Committee - Contd.

b. Non-Executive Directors

Non-Executive Directors are paid the sitting fees for attending Board / Committee Meetings @ Rs. 5,000/- per meeting up to 31-08-2007. The sitting fees to non-executive directors for attending Board Meetings has been increased to Rs. 20,000/- per meeting w.e.f. 01-09-2007. There is no change in the sitting fees for Committee Meetings.

Name of Director	Sitting Fees for Board Meetings (Rs.)	Sitting Fees for Committee Meetings (Rs.)	Total Fees Paid (Rs.)
Dr. B.R. Patel	60,000	80,000	1,40,000
Mr. P.N. Parikh	25,000	10,000	35,000
Mr. K.G.Ramanathan	35,000	–	35,000
Mr. Paresh Saraiya	55,000	80,000	1,35,000

5 Shareholders'/Investors' Committee

Shareholders' / Investors' Committee comprises of 3 Directors viz. Dr. B.R. Patel, Mr. Paresh Saraiya & Mr. Pranav Amin, which looks into Shareholder and Investor related matters. Dr. B.R. Patel, a Non-Executive and Independent Director, is Chairman of the Shareholders' / Investors' Committee.

• Meetings and the attendance during the year

There were twelve meetings of the Shareholders / Investors Committee during the year. The attendance of each Member of the Committee is given below:

Name of Director	Category of Director	No. of Meetings Attended
Dr. B.R. Patel	Non-Executive - Independent	11
Mr. Paresh Saraiya	Non-Executive - Independent	11
Mr. Pranav Amin	Executive Director	8

Mr. R.K. Baheti, Director, President - Finance & Company Secretary, is the Compliance Officer of the Company. The meeting of Shareholders / Investors Committee is held every month, in which transfers, transmission, issuance of certificates etc. are approved. Mr. Sanjay Bhatt, Joint Company Secretary of the Company is also authorised by the Board to approve the transfers at the interval of fifteen days time.

The Company has been receiving various correspondences from shareholders and the required information / documents are furnished at the earliest possible to the satisfaction of shareholders. During the year, the Company has received 177 complaints from shareholders. At the end of the year, no requests for shares' transfer were pending for registration.

Report on Corporate Governance

6 General Body Meetings

Details of the location of the last three AGMs and the Extraordinary General Meetings held during the year.

Details of the last three Annual General Meetings are given below:

Year	Location	Date	Time	No. of Special Resolutions passed
2004-05	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara-390 003.	31st August, 2005	3.30 p.m.	5
2005-06	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara-390 003.	30th August, 2006	3.30 p.m.	1
2006-07	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara-390 003.	30th August, 2007	4.00 p.m.	5

Details of the Extraordinary General Meeting of Members held for obtaining approval for Issue of Preferential shares.

Year	Location	Date	Time	No. of Special Resolutions Passed
2004	"Sanskruti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara-390 003.	26th November, 2004	3.00 p.m.	1

During this period no special resolution was passed through postal ballot.

6A. Notes on Directors seeking appointment / reappointment as required under Clause 49 IV(G) of the Listing Agreement entered into with Stock Exchanges.

Mr. R.K. Baheti and Mr. K.G. Ramanathan, Directors of the Company will retire by rotation at the ensuing Annual General Meeting who are eligible for reappointment.

Mr. R.K. Baheti, is commerce graduate and a fellow member of Institute of Chartered Accountants of India. He is also a fellow member of Institute of Company Secretaries of India with experience in finance, accounts, taxation and management function for 27 years including 16 years in Pharmaceutical Industry. He has been on the Board of the Company for last 5 years and his presence on the Board has contributed to the growth of the Company. He is also Director in Alembic Exports Limited and Sierra Investment Limited.

Mr. K.G. Ramanathan is a postgraduate in Physics from University of Madras and is a Retd. IAS Officer. He has worked in senior administrative positions in the State of Gujarat and also in Government of India. He has wide industrial experience particularly in the fields of fertilizers, chemicals and petrochemicals. Before his retirement from Government service, he was the Chairman and Managing Director of erstwhile Indian Petrochemicals Corporation Limited (IPCL), a prestigious petrochemical Company of India.

Mr. Ramanathan is the Chairman of Chemical and Petrochemical Manufacturers Association of India since its inception. He is also the founder President of Indian centre for Plastics in the Environment (ICPE). He is also associated with several trade and industry associations and social organisations. He has also participated in several international seminars on topics related to Industrial Development.

Presently, he is associated with Reliance Group of Industries as Advisor. His presence on the Board has benefitted the Company immensely.

Report on Corporate Governance

7 Disclosure

Related Party Transactions

There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard AS 18 are disclosed in Note No. 16 of the notes forming parts of Accounts.

8 Compliance

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Further, there is no penalty / stricture by any statutory authority during the year.

9 Means of Communication

- Half-yearly results sent to each household of the shareholders : The results are published in newspapers having wide coverage and also put on the website of the Company.
- Quarterly Results : The results are published in newspapers having wide coverage.
- Newspapers normally published in : The Economic Times (English), Business Standard (English) Lok Satta (Gujarati).
- Website where displayed : www.alembic-india.com
- Whether Shareholder information forms part of Annual Report. : Yes

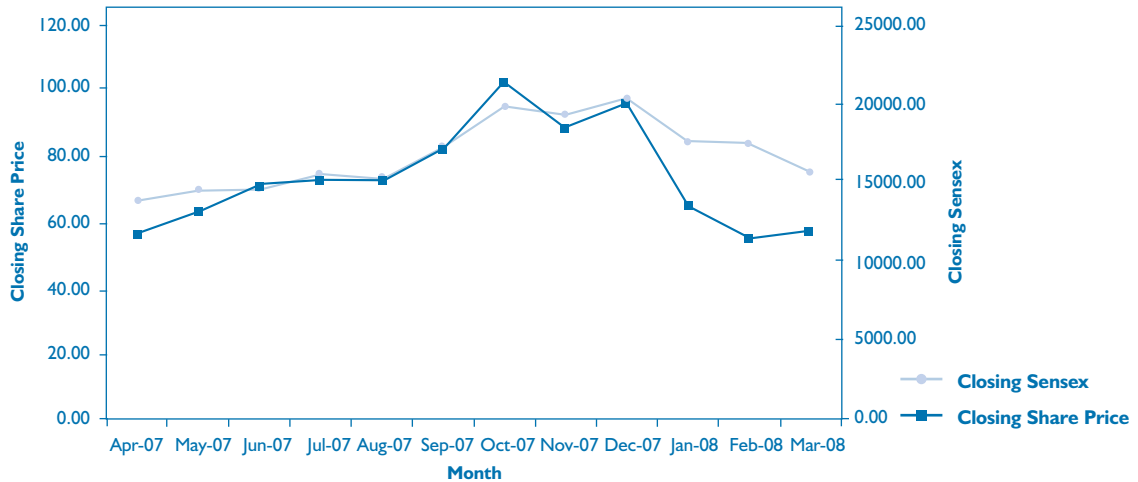
Report on Corporate Governance

10 Shareholders' Information

1.	Annual General Meeting Date and Time Venue	July 28th, 2008 at 4.00 p.m. "Sanskriti", Alembic Corporate Conference Centre, Opp. Pragati Sahakari Bank Ltd., Alembic Colony, Vadodara - 390 003.		
2.	Financial Calendar Quarter ending June 30, 2008 Quarter ending Sept. 30, 2008 Quarter ending Dec. 31, 2008 Quarter ending March 31, 2009 Annual General Meeting for the year ended 31-03-2009	Adoption of Results for the quarter: July, 2008 October, 2008 January, 2009 April-May, 2009 August - September, 2009		
3.	Date of Book Closure	July 21st, 2008 to July 28th, 2008 (both days inclusive)		
4.	Dividend Payment Date	August 1st, 2008 onwards		
5.	Registered Office	Alembic Road, Vadodara - 390 003. Phone: (91-265) 2280550, Fax: (91-265) 2282506 E-mail: alembic@alembic.co.in Web: www.alembic-india.com		
6.	Listing Details	Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. (Security Code: 506235) National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. (Security Code: AlembicLtd)		
7.	Stock Price Data	(In Rupees)		
		Bombay Stock Exchange		
		National Stock Exchange		
Month	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr., 2007	61.40	54.05	61.00	54.00
May, 2007	71.70	55.65	72.00	55.65
June, 2007	73.30	59.05	73.35	58.65
July, 2007	88.25	68.00	88.00	68.10
Aug., 2007	80.00	65.00	88.00	65.10
Sep., 2007	88.80	71.10	89.40	68.65
Oct., 2007	105.50	76.05	106.00	76.20
Nov., 2007	108.40	80.50	104.50	83.00
Dec., 2007	107.30	86.25	107.45	86.10
Jan., 2008	101.00	54.95	100.90	48.50
Feb., 2008	71.40	53.05	71.90	53.10
Mar., 2008	60.45	42.40	60.35	42.00
As on 31st March, 2008, the last day of the financial year 2007-08, the closing price of the shares of the Company on BSE & NSE were Rs. 56.85 and Rs. 55.45 respectively.				

Report on Corporate Governance

10 Shareholders' Information - Contd.



8. Registrar and Share transfer Agents

Intime Spectrum Registry Limited
1st Floor, 308, Jaldhara Complex, Opp. Manisha Society,
Off Old Padra Road, Vasna Road, Vadodara -390 015
Tel.: (0265) 2250241, 3249857 Fax: (0265) 2250246
Email: vadodara@intimespectrum.com

9. Share Transfer System

Share transfers are registered and returned generally within a period of 15 days from the date of receipt, if documents are accurate in all respects.

The Shareholders/Investors Committee meets every month and transfers are also approved by Joint Company Secretary generally at the interval of 15 days time.

The total number of shares transferred in the physical form during the year were 2,77,500 (Previous year 2,14,285).

Distribution of Shareholding

The Distribution of Shareholdings as on 31st March, 2008 is given as under:

No. of Shares (of face value)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Total Shares
Up to 5,000	44,469	95.99	1,45,71,582	10.52
5,001 - 10,000	990	2.14	35,28,566	2.55
10,001 - 20,000	487	1.05	35,10,020	2.54
20,001 - 30,000	141	0.30	17,53,886	1.27
30,001 - 40,000	64	0.14	11,42,830	0.82
40,001 - 50,000	40	0.09	9,13,146	0.66
50,001 - 1,00,000	50	0.11	17,94,755	1.30
1,00,001 & above	82	0.18	11,12,40,120	80.34
Total:	46,323	100.00	13,84,54,905	100.00

Report on Corporate Governance

10 Shareholders' Information - Contd.

Shareholding pattern as on 31st March, 2008

Sr. No.	Category	No. of Shares Held	% of Voting Strength
1.	Promoters & Associates	8,47,53,005	61.21
2.	Mutual Funds & UTI	1,01,94,802	7.36
3.	Banks, Financial Institutions & Insurance Companies	15,97,180	1.15
4.	Foreign Institutional Investors	96,41,153	6.96
5.	Private Corporate Bodies	26,99,019	1.95
6.	Indian Public	2,91,37,986	21.06
7.	NRIs / OCBs	4,31,760	0.31
	Total:	13,84,54,905	100.00

10.	Dematerialisation of Shares and Liquidity	At the end of the year 12,95,64,968 shares (93.58%) are held in dematerialised form by the shareholders. Trading in Company's shares for all investors is permitted only in dematerialised form from 28th August, 2000 as per notification issued by the SEBI. (ISIN CODE: INE426A01027)
11.	Outstanding GDR / Warrants	Not applicable
12.	Plants Location	<ul style="list-style-type: none"> a. Alembic Road, Vadodara - 390 003. b. Panelav, Tal. Halol, Dist. Panchmahal - 389 350, Gujarat. c. Plot No. 21, 22, EPIP Phase I, Jharmajri, Baddi, Tehsil - Nalagarh, Dist. Solan, Himachal Pradesh. d. Village Karakhadi, Tal. Padra, Dist. Vadodara.
13.	Investor Correspondence	<ul style="list-style-type: none"> 1. Alembic Limited, Alembic Road, Vadodara - 390 003. 2. Intime Spectrum Registry Limited 1st Floor, 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vasana Road, Vadodara - 390 015. Tel.: (0265) 2250241, 3249857, Fax: (0265) 2250246. Email: vadodara@intimespectrum.com

Report on Corporate Governance

Auditors' Certificate on Corporate Governance

We have examined the compliance of conditions of corporate governance by **Alembic Limited** for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and 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 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 **K.S. AIYAR & CO.**
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Membership No.38128

Mumbai: 25th April, 2008

Auditors' Report

To the members of Alembic Limited

We have audited the attached Balance Sheet of **Alembic Limited** as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report)(Amendment) Order, 2004 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 paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, except AS-9 "Revenue Recognition" as detailed in (vi) below and read together with note no. 6 giving effect to the High Court order confirming the reduction of share capital;
- (v) On the basis of written representations received from the Directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) During the year, the Company has recognised as income an amount of US\$ 2 Million (equivalent to Rs. 8.10 Crores) received against transfer of IP rights of a product developed by the Company, before grant of USFDA approval for which the last date is 14th January, 2009. The recognition of income is not in compliance with AS - 9 "Revenue Recognition". Had the Company not recognised such revenue the Profit After Tax and Reserves and Surplus would have been lower by Rs. 8.10 Crores.
- (vii) Subject to the effect of the matter referred to in para (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
 - a) in the case of the Balance Sheet of the state of the affairs of the Company as at 31st March, 2008;
 - b) in case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

For **K.S. AIYAR & CO.**
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Membership No.38128

Mumbai: 25th April, 2008

Annexure to the Auditors' Report

Re: Alembic Limited

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. However, item wise value in respect of assets other than land, buildings and vehicles acquired prior to 1968 are not available.
- (b) Fixed assets have been physically verified by the management during the year as per the phased programme of physical verification of fixed assets. As informed to us the programme is such that all the fixed assets will get physically verified in three years time. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory has been physically verified during the year by the management at reasonable intervals.
- (b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to size of the Company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has granted unsecured loans to three Companies covered in the register maintained under Section 301 of the Companies Act, 1956 wherein the balance recoverable as at the year end is Rs. 5,95,00,000/- (Maximum balance during the year Rs. 28,95,00,000/-).
- (b) In our opinion, the rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (c) In respect of the above loans granted, receipt/renewal of the principal amount and interest were regular, as stipulated.
- (d) There is no overdue amount of more than rupees one lakh of loans granted to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The Company has taken unsecured loan from two Companies covered in the register maintained under Section 301 of the Companies Act, 1956 wherein the balance payable as at the year end is Rs. 4,20,00,000/- (Maximum balance during the year Rs. 9,20,00,000/-).
- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the Company.
- (g) In respect of the above loans taken, payment/renewal of the principal amount is as stipulated and payment of interest is regular.
- (iv) In our opinion and according to the information and explanations 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 purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of Section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it and there are no arrears outstanding as at the year end for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, the following dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess have not been deposited on account of some dispute or are partially deposited under protest.

Annexure to the Auditors' Report

Statute & Nature of dues	Amount not deposited Rs.	Forum where dispute is pending	Period
Sales Tax Act Sales Tax, Interest and Penalty	80,16,782	Additional Commissioner	2000-2001
	13,12,295	High Court	1999-2000
	15,48,517	Joint Commissioner (Appeals)	2002-2003
	1,63,84,603	CTO (FAC)	2003-2004
Central Sales Tax	9,35,216	Joint Commissioner (Appeals)	2002-2003
	2,46,931	Deputy Commissioner II	2003-2004
	1,50,355	Joint Commissioner (Appeals)	2005-2006
The Central Excise & Customs Act	59,77,921	Supreme Court	1995-1996
	21,10,720	Supreme Court	1996-1997
Excise Duty, Interest & Penalty	7,58,30,121	Customs, Excise and Service Tax Appellate Tribunal.	1995-1996
			1996-1997
			1997-1998
			1998-1999
			1999-2000
			2001-2002
			2003-2004
			2005
			2007
Income Tax Act	56,788	CIT Appeals VI	2003-2004
Income Tax Act	36,188	CIT Appeals VI	2004-2005
Income Tax Act	14,054	CIT Appeals VI	2005-2006

(x) The Company does not have any accumulated losses as per the Balance Sheet as at the end of the financial year. The Company has not incurred the cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of Clauses 4(xiii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us, and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long - term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 75 debentures of Rs. 1 Crore each. The Company has created security in respect of debentures issued.

(xx) The Company has not raised any money during the year by public issue.

(xxi) As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **K.S. AIYAR & CO.**
Chartered Accountants

RAGHUVIR M. AIYAR
Partner
Membership No.38128

Financial Section

Balance Sheet

(Rs. in Lacs)

As at 31st March	Schedules	2008		2007	
I. SOURCES OF FUNDS:					
I. Shareholders' Funds:					
a. Capital	A	2,769.19		2,769.19	
b. Reserves and Surplus	B	31,367.35	34,136.54	35,722.64	38,491.83
2. Loan Funds:					
a. Secured Loans	C	27,754.69		20,796.63	
b. Unsecured Loans	D	14,592.12	42,346.81	12,741.27	33,537.90
3. Deferred Tax Liability					3,978.02
			76,483.35		76,007.75
II. APPLICATION OF FUNDS:					
I. Fixed Assets:					
a. Gross Block	E	60,549.89		51,407.36	
b. Less: Depreciation		23,887.79		20,862.91	
c. Net Block			36,662.10		30,544.45
d. Capital work in progress			2,195.56		5,121.44
2. Investments	F		1,405.80		2,081.05
3. Deferred Tax Asset			482.76		
4. Current Assets, Loans and Advances:					
a. Inventories	G	20,281.20		12,309.18	
b. Sundry Debtors	H	23,053.94		16,592.61	
c. Cash and Bank Balances	I	1,865.64		15,170.67	
d. Loan and Advances	J	8,637.80	53,838.58	6,702.21	50,774.67
Less: Current Liabilities and Provisions:	K				
a. Liabilities		15,218.57		10,576.84	
b. Provisions		2,882.88	18,101.45	1,937.02	12,513.86
Net Current Assets			35,737.13		38,260.81
			76,483.35		76,007.75
Notes Forming Part of Accounts The schedules referred to above form an integral part of Balance Sheet	T				

As per our report of even date

For and on behalf of the Board of Directors

For **K.S. AIYAR & CO.**
Chartered Accountants**CHIRAYU R. AMIN**
Chairman & Managing Director**MALIKA C. AMIN**
Whole-time Director**PRANAV N. PARIKH**
Director**K.G. RAMANATHAN**
Director**RAGHUVIR M. AIYAR**
Partner
Membership No.38128**PARESH SARAIYA**
Director**PRANAV AMIN**
Director**R.K. BAHETI**
Director, President - Finance
& Company Secretary

Mumbai: 25th April, 2008

Vadodara: 25th April, 2008

Profit and Loss Account

(Rs. in Lacs)

For the Year ended 31st March	Schedules	2008		2007	
INCOME:					
Sales and Income from Operation	L	1,02,661.46		72,183.18	
Less: Excise Duty		2,336.53	1,00,324.93	2,116.94	70,066.24
Other Income	M		1,175.91		890.71
			1,01,500.84		70,956.95
EXPENDITURE:					
Material Consumption	N		33,011.83		21,261.23
Purchase of Finished Goods			17,228.03		8,465.24
Excise Duty			880.64		603.01
Manufacturing Expenses	O		7,112.02		5,330.34
Employee's Expenses	P		9,761.85		7,075.57
Research & Development Expenses	Q		4,338.85		2,275.76
Marketing & Distribution Expenses	R		7,971.47		6,262.24
Interest (Net)			3,305.43		751.61
Depreciation			3,276.72		2,906.11
Others	S		7,401.10		5,180.45
			94,287.94		60,111.56
ADD/(LESS): Decrease/(Increase) in stock of Finished Goods and Work in Process	N		(1,892.18)		2,027.72
			92,395.76		62,139.28
PROFIT BEFORE NON-RECURRING ITEMS AND TAXES			9,105.08		8,817.67
Add : Profit on sale of Land			2,255.26		-
Less : Expenses under Voluntary Retirement Scheme			-		782.26
Less : Interest to O.N.G.C.			-		976.53
Intangible Assets Written off (See Note No.6)		17,682.46		-	
Less : Transfer from General Reserve (See Note No.6)		10,258.00		-	
Less : Transfer from Share Premium Account (See Note No.6)		2,916.76		-	
Less : Deferred Tax Asset		4,507.70		-	
PROFIT BEFORE TAXES			11,360.34		7,058.88
Less/(Add) : Provision for Deferred Tax			46.92		(0.85)
Less/(Add) : Provision for Current Tax			-		770.00
Less/(Add) : Provision for Fringe Benefit Tax & Wealth Tax			148.50		107.50
Less/(Add) : Excess provision of Income Tax no longer required (Net)			(54.33)		(885.94)
PROFIT AFTER TAX			11,219.25		7,068.17
ADD/LESS					
Balance brought forward from last year			4,183.29		3,734.97
BALANCE AVAILABLE FOR APPROPRIATION			15,402.54		10,803.14
APPROPRIATIONS:					
Dividend - Equity Shares			2,076.82		1,384.55
Corporate Dividend Tax - Equity Shares			352.96		235.30
General Reserve			5,000.00		5,000.00
SURPLUS CARRIED TO BALANCE SHEET			7,972.76		4,183.29
			15,402.54		10,803.14
Earning per Share (Basic & Diluted) (In Rs.)					
- Before Non-Recurring Items			6.47		6.38
- After Non-Recurring Items			8.10		5.10
Notes Forming Part of Accounts The schedules referred to above form an integral part of Profit and Loss Account	T				

As per our report of even date

For and on behalf of the Board of Directors

For **K.S. AIYAR & CO.**
Chartered Accountants**CHIRAYU R. AMIN**
Chairman & Managing Director**MALIKA C. AMIN**
Whole-time Director**PRANAV N. PARIKH**
Director**K.G. RAMANATHAN**
Director**RAGHUVIR M. AIYAR**
Partner
Membership No.38128**PARESH SARAIYA**
Director**PRANAV AMIN**
Director**R.K. BAHETI**
Director, President - Finance
& Company Secretary

Mumbai: 25th April, 2008

Vadodara: 25th April, 2008

Schedules

FORMING PART OF THE BALANCE SHEET

A Share Capital

(Rs. in Lacs)

As at 31st March	2008	2007
AUTHORISED:		
22,50,00,000 Equity Shares of Rs.2/- each (Previous Year 22,50,00,000 Equity Shares of Rs.2/- each)	4,500.00	4,500.00
5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each)	500.00	500.00
	5,000.00	5,000.00
ISSUED, SUBSCRIBED:		
13,84,64,270 Equity Shares of Rs.2/- each (Previous Year 13,84,64,270 Equity Shares of Rs.2/- each)	2,769.29	2,769.29
	2,769.29	2,769.29
PAID UP:		
13,84,54,905 Fully paid up Equity Shares of Rs.2/- each (Previous Year 13,84,54,905 Equity Shares of Rs.2/- each)	2,769.10	2,769.10
Add: Add : 9,365 Forfeited Equity Shares of Rs.2/- each (Previous Year 9,365 Equity Shares of Rs.2/- each) (Amount originally paid up)	0.09	0.09
	2,769.19	2,769.19
Of the above:		
1. 6,39,300 Equity Shares of Rs.2/- each (Previous Year 6,39,300 Equity Shares of Rs.2/- each) have been allotted as fully paid up pursuant to contract without payment being received in cash.		
2. 9,20,36,620 Equity Shares of Rs.2/- each (Previous Year 9,20,36,620 Equity Shares of Rs.2/- each) have been allotted as fully paid up Bonus Shares by Capitalisation of Rs.7,00,000/- from Share Premium Account, Rs.16,83,50,000/- from Capital Redemption Reserve and Rs.1,50,23,240/- from General Reserve.		
3. 33,45,450 & 7,24,240 Equity shares of Rs.2/- each (Previous Year 33,45,450 & 7,24,240 of Rs.2/- each) fully paid, were allotted to the Shareholders of erstwhile Neomer Ltd. & Darshak Ltd., respectively, pursuant to the scheme of amalgamation / merger without payment being received in cash.		

Schedules

FORMING PART OF THE BALANCE SHEET

B Reserves and Surplus

(Rs. in Lacs)

As at 31st March	2008		2007	
REVALUATION RESERVE:				
As per last Balance Sheet	–		579.68	
Less: Transferred to Fixed Asset Account	–	–	579.68	–
CAPITAL RESERVE:				
As per last Balance Sheet	35.00		35.00	
Add: Capital Subsidy received during the year	30.00	65.00	–	35.00
SHARE PREMIUM ACCOUNT:				
As per last Balance Sheet	6,974.23		6,974.23	
Less: Transfer to Profit & Loss Account	2,916.76	4,057.47	–	6,974.23
(See Note No. 6)				
GENERAL RESERVE:				
As per last Balance Sheet	24,530.12		19,530.12	
Less: Transfer to Profit & Loss Account	10,258.00		–	
(See Note No. 6)				
Add: Transferred from Profit & Loss Account	5,000.00	19,272.12	5,000.00	24,530.12
PROFIT AND LOSS ACCOUNT:				
Surplus as per Profit & Loss Account		7,972.76		4,183.29
		31,367.35		35,722.64

C Secured Loans

As at 31st March	2008		2007	
A. From Financial Institutions, Banks and NBFC:				
1. 10.80% Non Convertible Debentures (Against first hypothecation charge on all movable plant & machinery ranking pari-passu with other lenders.)		7,500.00		–
2. Foreign Currency Loans:				
External Commercial Borrowing (Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.)		6,704.17		4,201.85
3. Rupee Loans:				
(Against first hypothecation charge on all movable plant and machinery ranking pari-passu with other lenders.)		2,000.00		3,000.00
		16,204.17		7,201.85
B. From Banks for Working Capital:				
(Against first hypothecation charge on stocks and book-debts ranking pari-passu with other lenders.)		11,550.52		13,594.78
		27,754.69		20,796.63

Schedules

FORMING PART OF THE BALANCE SHEET

D Unsecured Loans

(Rs. in Lacs)

As at 31st March	2008		2007	
Fixed Deposits From:				
Public	2,037.85		988.34	
Shareholders	50.05	2,087.90	57.98	1,046.32
Short Term Loans From:				
Banks	12,067.12		2,175.00	
Associates	420.00		500.00	
Others	17.10	12,504.22	19.95	2,694.95
Commercial Paper {Maximum outstanding during the year Rs.90 Crores. (Previous year Rs.100 Crores)}			–	9,000.00
		14,592.12		12,741.27

E Fixed Assets

Assets	Gross Block				Depreciation Block				Net Block		
	As on 01/04/2007 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As on 31/03/2008 Rs.	As on 01/04/2007 Rs.	Deductions/ Adjustments Rs.	Total Depreciation for the year ended 31/03/2008 Rs.	As on 31/03/2008 Rs.	As on 31/03/2008 Rs.	As on 31/03/2007 Rs.	
Freehold Land	206.54	45.24	0.33	251.45	–	–	–	–	251.45	206.54	
Leasehold Land	105.82	436.37	–	542.19	4.26	–	3.64	7.90	534.29	101.56	
Buildings	6,537.28	1,403.43	–	7,940.71	879.16	–	213.86	1,093.02	6,847.69	5,658.12	
Employees Quarters	89.38	–	–	89.38	56.29	–	1.22	57.51	31.87	33.09	
Plant and Machinery	37,715.52	7,081.56	297.92	44,499.16	16,793.16	161.62	2,593.04	19,224.58	25,274.58	20,922.36	
R & D Equipment	5,192.53	285.12	–	5,477.65	2,485.69	–	363.46	2,849.15	2,628.50	2,706.84	
Furniture & Fixtures	606.33	136.79	–	743.12	267.52	–	33.89	301.41	441.71	338.81	
Office Machinery	404.51	112.64	–	517.15	103.78	–	25.93	129.71	387.44	300.73	
Vehicles	410.51	83.07	4.50	489.08	184.92	2.09	41.68	224.51	264.57	225.59	
Intangible Assets	138.94	17,631.65	17,770.59	–	88.13	88.13	–	–	–	50.81	
Total	51,407.36	27,215.87	18,073.34	60,549.89	20,862.91	251.84	3,276.72	23,887.79	36,662.10	30,544.45	
	(52,534.15)	(2,692.18)	(3,818.97)	(51,407.36)	(21,138.69)	(3,181.89)	(2,906.11)	(20,862.91)	(30,544.45)		

Notes:

1. Sales proceeds are deducted from gross cost where cost is unascertainable.
2. Buildings : Include Rs.2,500/- (Rs.2,500/-) being cost of bonds of Morning Star Co-Op. Housing Society Ltd.
3. No Depreciation has been claimed on assets to the extent of Cenvat claimed.
4. Intangible Assets (Refer Note No. 6).

* Figures in brackets are in respect of the previous year

Schedules

FORMING PART OF THE BALANCE SHEET

F Investments (at cost)

(Rs. in Lacs)

As at 31st March	Nos.	Face Value Rs.	2008		2007	
LONG TERM INVESTMENT						
I. In Shares, Debentures and Bonds:						
1. Quoted:						
a. Bonds						
12% Industrial Finance Corporation of India (Maturity date 13-01-2012) (Face Value Rs.12,77,500/-)	19		13.03		13.03	
6.75% Tax-free US-64 Bonds (1,00,000 Bonds sold during the year)	35,900	100	35.90	48.93	135.90	48.93
b. Equity Shares (Fully paid up):						
Jyoti Ltd.	84,900	10	1.43		1.43	
Panasonic Battery India Ltd. (32,512 shares sold during the year & 3,480 shares acquired during the year)	72,824	10	14.12		16.54	
Paraan Ltd.	-	100	-		2.35	
Less: Provision for diminution in value of Investment (2,350 shares sold during the year)			-		(2.35)	
Paushak Ltd.	5,75,086	10	266.26		266.26	
Purak Vinimay Ltd.	1,09,000	10	10.90		10.90	
Less: Provision for diminution in value of Investment			(10.90)		(10.90)	
Krebs Biochemicals Ltd.	100	10	0.15		0.15	
Xechem International Inc., USA (Common stock of par value of \$0.00001 per share) (Aggregate Market Value of Quoted Investments Rs.446.90 Lacs Previous Year Rs.850.53 Lacs)	91,42,857		289.73	571.69	289.73	574.11
2. Unquoted:						
a. Equity Shares (Fully paid up):						
Aavaran Ltd. (11,400 shares sold during the year)	-	100	-		9.50	
Nirayu Pvt. Ltd. (1,538 shares sold during the year)	-	10	-		4.00	
Light Publication Ltd. (1,120 shares sold during the year)	-	100	-		0.80	
Shreno Ltd.	2,54,171	100	200.26		200.26	
Alembic Export Ltd.	22,500	10	2.25		2.25	
Sierra Invesments Ltd. (9,99,900 shares sold during the year)	100	10	0.01	202.52	100.00	316.81

Schedules

FORMING PART OF THE BALANCE SHEET

F Investments (at cost) - Contd.

(Rs. in Lacs)

As at 31st March	Nos.	Face Value Rs.	2008		2007	
b. Preference shares (Fully paid up):						
5% Non Cumulative Redeemable Preference Share of Pran Agro Services Pvt. Ltd.	500	100	0.50	0.50	0.50	0.50
c. Others:						
Equity Shares (Fully paid up):						
Alembic Employees Co-op. Supply Society Ltd.	100	10	0.01		0.01	
Algen Ltd.	4,007	10	0.40		0.40	
Less: Provision for diminution in value of Investment			(0.40)		(0.40)	
Co-operative Bank of Baroda Ltd.	100	25	0.03		0.03	
Gujarat Export Corporation Ltd.	37	100	0.03		0.03	
Pran Agro Services Pvt. Ltd. Rs. 170/- (Previous Year Rs. 170/-)	17	10	-		-	
Pragati Sahakari Bank Ltd.	500	10	0.05		0.05	
Swaminarayan Co-op. Bank Ltd.	2,505	25	0.63	0.75	0.63	0.75
II. In Properties:						
Equity Shares (Fully paid up):						
Baroda Industrial Development Corporation Ltd.	6	1,000	0.06		0.06	
Ganesh Co-op. Housing Society Ltd. Rs. 100/- (Previous Year Rs. 100/-)	2	50	-		-	
Gujarat Urban Housing Company	10	100	0.01		0.01	
Morning Star Co-op. Housing Society Ltd. Rs. 50/- (Previous Year Rs. 50/-)	1	50	-	0.07	-	0.07
III. Others:						
8% Optionally Convertible Note of Xechem International Inc. USA (One Million USD received during the year)				462.35		924.95
CURRENT INVESTMENTS						
In Shares, Debentures and Bonds:						
Quoted:						
Equity Shares (Fully paid up):						
Housing Development Finance Corporation Ltd. (26,593 shares sold during the year & 25,221 shares acquired during the year)	5,000	10	135.49		82.09	
Less : Provision for diminution in value of Investment			(16.50)			

Schedules

FORMING PART OF THE BALANCE SHEET

F Investments (at cost) - Contd.

(Rs. in Lacs)

As at 31st March	Nos.	Face Value Rs.	2008		2007	
Bank of Baroda (25,127 shares sold during the year & 10,847 shares acquired during the year)	-	10	-	118.99	32.84	114.93
(Aggregate Market Value of Quoted Investments Rs.118.99 Lacs Previous Year Rs.127.59 Lacs)						
				1,405.80		2,081.05
Details of Purchase and Sales of Units During the Year:						
Particulars			No of Units		No of Units	
Reliance Mutual Fund			98,21,891.77		45,85,873.60	
HDFC Mutual Fund			-		61,19,979.17	
Franklin Templeton Mutual Fund			-		60,152.15	
Tata Mutual Fund			2,29,58,033.10		1,10,104.87	
DBS Chola Mutual Fund			5,59,18,068.02		-	

G Inventories (Refer to Note No.1(e) pertaining to Accounting Policy) (As certified & valued by Management)

As at 31st March	2008		2007	
Stores & Spares	340.30		247.74	
Packing Material	975.97		720.42	
Raw Materials	9,302.44	10,618.71	3,570.71	4,538.87
Stock in Trade:				
Finished goods	8,440.06		7,133.84	
Material in process	1,222.43	9,662.49	636.47	7,770.31
		20,281.20		12,309.18

H Sundry Debtors (Unsecured considered good)

As at 31st March	2008		2007	
Over Six Months (Net)		1,639.92		1,362.63
Others		21,414.02		15,229.98
		23,053.94		16,592.61

Schedules

FORMING PART OF THE BALANCE SHEET

I Cash and Bank Balances

(Rs. in Lacs)

As at 31st March	2008		2007	
Cash on hand		17.42		5.26
Bank Balances:				
With Scheduled Banks				
In Current Accounts	1,760.99		898.24	
In Unpaid Dividend Accounts	85.37		66.20	
In Deposit Accounts	2.35	1,848.71	14,201.86	15,166.30
With Other Banks				
Pragati Sahakari Bank Ltd.				
In Current Accounts {Maximum balance during the year Rs.29.04 Lacs (Previous Year Rs.33.19 Lacs)}		(0.49)		(0.89)
		1,865.64		15,170.67

J Loans and Advances (Unsecured, considered good unless otherwise specified)

As at 31st March	2008		2007	
Advances recoverable in cash or in kind or for value to be received		5,567.50		4,107.59
Staff Members and Corporates		782.81		1,166.74
Tender and Other Deposits		1,481.71		1,387.35
Income Tax / Wealth Tax / FBT Paid	3,091.76		2,533.39	
Less: Provision of Income Tax / Wealth Tax / FBT	2,285.98	805.78	2,492.86	40.53
		8,637.80		6,702.21

Schedules

FORMING PART OF THE BALANCE SHEET

K Current Liabilities and Provisions

(Rs. in Lacs)

As at 31st March	2008		2007	
A. CURRENT LIABILITIES:				
Creditors: Dues to Micro and Small Enterprises		88.83		263.06
Dues to other than Micro and Small Enterprises		13,599.51		8,974.77
Trade Deposits & Advances		1,172.70		1,133.96
Investor Education and Protection Fund shall be credited by:				
Unclaimed Dividend		85.40		66.20
Unclaimed Matured Deposits		23.18		36.13
Unclaimed Interest on Matured Deposits		7.43		8.14
Interest accrued but not due		241.52		94.58
		15,218.57		10,576.84
B. PROVISIONS:				
Provision for Gratuity		-		50.52
Provision for Leave encashment		453.10		266.65
Proposed Dividend		2,076.82		1,384.55
Corporate Dividend Tax		352.96		235.30
		2,882.88		1,937.02

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

L Sales and Income from Operations

For the Year ended 31st March	2008		2007	
Sales: Domestic	71,075.75		56,467.62	
Export	31,148.00	1,02,223.75	15,412.05	71,879.67
Export Incentives		437.71		303.51
		1,02,661.46		72,183.18

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

M Other Income

(Rs. in Lacs)

For the Year ended 31st March	2008		2007	
	a. Dividend: Dividend from Trade Investments	-		0.56
Other Dividends	9.01	9.01	132.29	132.85
b. Other Income:				
Rent	72.58		74.16	
Insurance Claims	34.19		87.07	
Profit on sale of Fixed Assets (Net)	51.08		190.82	
Profit on sale of Investment (Net)	492.40		130.85	
Foreign Exchange Difference (Net)	81.03		-	
Excess provision no longer required	2.35		-	
Bad Debts Written off now realised	0.63			
Miscellaneous Income	432.64	1,166.90	274.96	757.86
		1,175.91		890.71

N Raw Material & Packing Material Consumption

For the Year ended 31st March	2008		2007	
	Opening Stock		4,291.13	
Add: Purchases		39,053.01		21,673.88
		43,344.14		25,621.01
Less: Closing Stock		10,278.41		4,291.13
		33,065.73		21,329.88
Less: Insurance claim received		53.90		68.65
		33,011.83		21,261.23
(Increase)/Decrease in Stock of Finished Goods and Material in Process:				
Opening Stock:				
Material in Process	636.47		425.67	
Finished Goods	7,133.84	7,770.31	9,372.36	9,798.03
Less: Closing Stock:				
Material in Process	1,222.43		636.47	
Finished Goods	8,440.06	9,662.49	7,133.84	7,770.31
		(1,892.18)		2,027.72

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

⊙ Manufacturing Expenses

(Rs. in Lacs)

For the Year ended 31st March	2008		2007	
Power and Fuel		2,804.88		1,846.85
Repairs and Maintenance of Machinery		652.23		452.41
Manufacturing and Labour Charges		1,553.08		1,602.67
Stores & Spares Consumption		1,506.90		1,016.54
Laboratory, Analytical and Technology Expenses		594.93		411.87
		7,112.02		5,330.34

⊙ Employees' Cost

For the Year ended 31st March	2008		2007	
Salaries, Wages, Bonus & Gratuity		8,910.71		6,504.42
Contribution to Provident, Gratuity, E.S.I. and other Funds		645.56		409.22
Welfare Expenses		205.58		161.93
		9,761.85		7,075.57

⊙ Research & Development Expenses

For the Year ended 31st March	2008		2007	
Material Consumption		568.99		534.84
Research & Development - ANDA Programme Expense		1,332.81		-
Employees' Cost				
Salaries, Wages, Bonus & Gratuity	1,274.13		949.47	
Contribution to Provident, Gratuity, E.S.I. and other Funds	61.04	1,335.17	55.22	1,004.69
Other		947.46		607.77
Utilities - Power		71.86		54.23
Utilities - Others		82.56		74.23
		4,338.85		2,275.76

Schedules

FORMING PART OF THE PROFIT AND LOSS ACCOUNT

R Marketing & Selling Expenses

(Rs. in Lacs)

For the Year ended 31st March	2008		2007	
Marketing Expenses & Selling Commission		2,307.12		1,906.48
Publicity and Medical Literature		3,920.79		3,031.13
Freight and Forwarding Charges		1,743.56		1,324.63
		7,971.47		6,262.24

S Other Expenses

For the Year ended 31st March	2008		2007	
Rent		99.69		87.31
Bank Charges and Brokerage		150.90		144.46
Rates and Taxes		372.27		226.47
Insurance		215.48		323.96
Communication Expenses		631.73		482.54
Professional Fees		789.75		452.33
Donations		37.34		76.08
Travelling		2,300.19		1,598.69
Repairs and Maintenance:				
Building and Roads	66.03		52.01	
Others	377.06	443.09	257.58	309.59
Foreign Exchange Difference (Net)		-		87.79
Auditors' Fees and Expenses		30.42		18.99
Managerial Remuneration		901.55		739.03
Director Sitting Fees		3.45		2.65
Miscellaneous Expenses		423.84		330.56
Provision for Diminution in Investment		16.50		-
Provision for Doubtful Debts		984.90		300.00
		7,401.10		5,180.45

T Notes Forming Part of Accounts

I. SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting

The accounts are prepared as per historical cost convention and on accrual basis and are in conformity with mandatory accounting standards and relevant provisions of the Companies Act, 1956.

B. Fixed Assets

Fixed Assets are recorded at cost of acquisition / construction less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the assets to its working condition for its intended use, but excluding Cenvat/ Service Tax / VAT credit availed.

Borrowing cost directly attributable to acquisition / construction of fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Capital Work in Progress includes advances paid for capital contracts.

C. Depreciation / Amortisation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956

Leasehold Land is amortised over the period of lease.

Depreciation on Research and Development Equipments.

Acquired upto 31-03-2003 @ 100%

Acquired from 01-04-2003 on Straight Line Method at the rate prescribed in schedule XIV of the Companies Act, 1956.

D. Investments

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair market value. Long Term Investments are stated at cost less provision, if any, for decline other than temporary in their value.

Investment in foreign Company are stated at cost of acquisition.

E. Inventories

All Inventories are valued at lower of cost and net realisable value.

Raw Materials, Stores and Spares & Packing Material are valued at lower of cost determined on weighted average basis and net realisable value.

Work in process is valued at lower of cost and Net realisable value.

Finished Goods is valued at lower of cost including excise payable thereon and net realisable value.

Slow Moving, Raw Materials, Stores & Spares are valued at estimated net realisable value.

F. Sales and Income from Operations

Sale of products are recognised when risk and rewards of ownership of the products are passed on to the customers, which is generally on the despatch of goods. Sales are inclusive of excise duty, but net of sales return, Service Tax & Value Added Tax.

Export sales are recognised on the date of bill of lading / Airway bill.

Income from operations includes revenue earned, as per the terms agreed with the customers, from development of products and assignment of patent rights of Alembic IP.

G. R & D Expenses

All revenue expenses related to R & D including expenses in relation to development of product/ processes and expenses incurred in relation to compliances with international regulatory authorities in obtaining of Abbreviated New Drug Applications (ANDA) are charged to the Profit & Loss Account in the year in which it is incurred.

H. Foreign Exchange Transactions

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates.

The difference in translation of monetary assets & liabilities and realised gains & losses on foreign exchange transaction are recognised in the Profit and Loss Account.

T Notes to Accounts - Contd.

(Rs. in Lacs)

In respect of transactions covered by forward contracts, the difference between the contract rate and the rate on the date of the transactions is charged to Profit and Loss Account over the contract period.

I. Retirement benefits

The gratuity liability is funded through the scheme administered by the Life Insurance Corporation of India, and the amounts paid / provided under the scheme are charged to Profit and Loss Account.

Superannuation payable as per superannuation scheme is provided by payment to superannuation trust fund, administered by the ICICI Prudential Life Insurance Co.Ltd.

Accumulated leave liability as at the year end is provided as per actuarial valuation.

J. Deferred Tax

Deferred Tax Assets and Liabilities are recognised in accordance with Accounting Standard AS 22 on Accounting for Taxes on Income.

K. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

As at 31st March	2008	2007
2. Estimated amount of contracts remaining to be executed on capital accounts	723.24	15,726.85
3. Contingent liabilities not provided for:		
i Wage revision and reinstatement of employees and other demands	Unascertained	Unascertained
ii Letter of credit, guarantees and counter guarantees	2,463.03	813.60
iii Liabilities disputed in appeals:		
Excise duty	1,041.37	930.97
Sales Tax	439.91	335.41
iv Disputed liability in respect of Ministry of Industry, Department of Chemicals and Petrochemicals in respect of price of Rifampicin allowed in formulations and landed cost of import.	34.93	34.93
v Income Tax	201.97	–
vi Bills Discounting / Factoring	1,995.55	–

4. During the year the Company has recognised as income an amount of Rs. 8.10 Crores (US\$ 2 Million) received against transfer of IP rights of a product developed by the Company pending grant of approval by USFDA. Based on Company's interaction with its attorney's, the Company is reasonably confident of getting the said approval.

5. During the year, the Company has changed the method of accounting of development costs incurred in obtaining ANDA on the grounds of prudence. These expenses which hitherto were considered in terms of Accounting Standard AS 26 - Intangible Assets as capital expenditure to be amortized over a period of five years from the date on which the ANDA approval is received have now been debited to Profit and Loss Account in the year of incurrence under the head Research and Development Expenditure as permitted in terms of the said Accounting Standard. Accordingly, Rs.425.31 Lacs of such brought forward Capital Work in progress along with Rs.907.50 Lacs of expenses incurred during current year has been written off to Research and Development Expenses. Had the earlier policy been followed profit for the year and the reserves and surplus both would have been higher by Rs.1,332.81 Lacs.

T Notes to Accounts - Contd.

(Rs. in Lacs)

6. The Petition filed by the Company u/s 78 & 100 to 103 of the Companies Act, 1956 seeking confirmation for reduction of Share Premium and General Reserve account by transfer to Profit and Loss Account and utilisation of the same against debit of Intangible Assets to the Profit and Loss Account of the Company for the year ending 31st March, 2008 has been approved by the Hon'ble Gujarat High Court.
- As per the said order, amount of Rs. 29.17 Crores from Share Premium account and amount of Rs. 102.58 Crores from General Reserve account both aggregating to Rs. 131.75 Crores have been credited to Profit and Loss Account and the Intangible Assets of Rs. 176.82 Crores less deferred tax adjustment of Rs. 45.07 Crores i.e. net of Rs. 131.75 Crores have been debited to Profit and Loss Account.
7. Capital Work in Progress includes, pre-operative expenses Rs. NIL (Previous Year Rs. 82.23 Lacs) as detailed below:

Description	2008	2007
Opening Balance	82.23	–
Add: Addition during the year		
Salaries, wages and bonus	14.30	13.75
Contributions to provident and other funds	0.45	2.98
Raw Materials & Packing Materials	0.59	2.65
Stores & Spares	1.80	23.72
Power and fuel	1.89	5.89
Others	6.83	33.24
	108.09	82.23
Less: Capitalised during the year	(108.09)	–
Balance	–	82.23

8. Defined benefit plans/ compensated absences - As per actuarial valuation on 31st March, 2008

	Gratuity Funded	Leave Encashment
Expense recognised in the Statement of Profit & Loss for the year ended March 31, 2008		
Current Service Cost	121.54	83.21
Interest Cost	76.79	21.33
Employer Contributions	273.10	–
Expected return on plan assets	91.18	–
Net Actuarial (Gains) / Losses	77.90	175.34
Past Service Cost	Nil	–
Settlement Cost	Nil	–
Total expense	185.05	279.88

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

	Gratuity Funded	Leave Encashment
Net Asset / (Liability) recognised in the Balance Sheet as at 31st March, 2008		
Present value of Defined Benefit Obligation as at 31st March, 2008	1,102.59	453.10
Fair value of plan assets as at 31st March, 2008	1,140.12	–
Funded status [Surplus / (Deficit)]	37.53	(453.10)
Net asset / (liability) as at 31st March, 2008	37.53	(453.10)
Change in Obligation during the Year ended 31st March, 2008		
Present value of Defined Benefit Obligation at beginning of the year	959.93	266.65
Current Service Cost	121.54	83.21
Interest Cost	76.79	21.33
Settlement Cost	Nil	–
Past Service Cost	Nil	–
Employer Contributions	273.10	
Actuarial (Gains) / Losses	75.31	175.34
Benefits Payments	130.99	93.42
Present value of Defined Benefit Obligation at the end of the year	1,102.59	453.10
Change in Assets during the Year ended 31st March, 2008		
Plan assets at the beginning of the year	909.41	–
Assets acquired in amalgamation in previous year	Nil	–
Settlements	Nil	–
Expected return on plan assets	91.18	–
Contributions by Employer	273.10	–
Actual benefits paid	130.99	–
Actuarial (Gains) / Losses	2.59	–
Plan assets at the end of the year	1,140.12	–
Actuarial Assumptions		
Discount Rate	8%	–
Expected rate of return on plan assets	9.30%	–
Mortality pre retirement	*LIC Rates	
Mortality post retirement	NA	–
Turnover Rate	5% to 1%	–
Medical premium inflation	NA	–
Rate of escalation in salary (p.a.)	5%	–

* LIC (1994-96) Published table of rates.

T Notes to Accounts - Contd.

(Rs. in Lacs)

9. Sundry Debtors are shown net of provision for doubtful debts Rs.2,533.38 Lacs (Previous Year Rs.1,548.48 Lacs)

10. INTEREST	2008	2007
Interest paid	3,610.69	1,464.67
Less: Interest received {T.D.S.Rs.63.27 Lacs (Previous Year Rs.41.68 Lacs) }	305.26	713.06
(Net)	3,305.44	751.61

11. a) The Company enters into forward contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the date of certain payable and receivable.

The outstanding forward exchange contracts entered into by the Company as on 31st March, 2008

No. of Contracts	12
Notional Principal & Interest	USD 3.25 Million

b) Currency Swaps to hedge against fluctuation in changes in exchange rate and interest rates as on 31st March, 2008

No. of Contracts	4
Notional Principal & Interest	USD 7.88 Million

c) The year end foreign currency exposure that have not been hedged by a derivative instrument or otherwise are as follows:

1. Amount receivable in foreign currency on account of the following :

- Export of Goods and Services	USD 24.66 Million
	GBP 0.85 Million
	EUR 0.93 Million
- Investments Receivables	USD 1.00 Million

2. Amount payable in foreign currency on account of the following :

- Purchase of Goods and Services	USD 4.50 Million
	EUR 0.11 Million
- Loans payable	USD 8.50 Million
- Interest payable	USD 0.38 Million

12. Staff loans and advances include loan to officers of the Company Rs. 10.00 Lacs (Rs. 10.00 Lacs) Maximum amount due at any time during the year Rs. 10.00 Lacs (Rs. 10.00 Lacs)

13. Based on information / documents available with the Company, Sundry Creditors include:

a) Amounts due to small scale undertakings (Total Amount)	88.83
b) Amount overdue on account of principal and / or interest	29.77
c) Amount outstanding together with interest for more than 30 days	29.77

Name of the parties for amount outstanding for more than 30 days

Patwa & Sons
BRD Medilabs
Aquila Labs

Umedica Laboratories Pvt. Ltd.
Vapi Care Pharma Pvt. Ltd.
Naprod Life Sciences Pvt. Ltd.

Sunij Pharma Pvt. Ltd.
Indchemie Health Specialities Pvt. Ltd.

T Notes to Accounts - Contd.

(Rs. in Lacs)

As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable		
(a) (i) The principal amount remaining unpaid to any supplier at the end of accounting year		88.83
(ii) The interest due on above		-
Total of (i) and (ii) above		88.83
(b) Amount of interest paid by the buyer in terms of Section 18 of the Act		-
(c) The amounts of payment made to the supplier beyond the due date		-
(d) The amount of interest due and payable for the period of delay in making payment (Which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.		-
14. Break up of deferred tax assets / liabilities are as under:		
As at 31st March	2008	2007
Deferred Tax Assets		
Provision for Diminution in value of Investment	9.45	4.64
Provision for Doubtful debts	861.09	526.32
Deferred Revenue Expense	178.10	289.36
Intangible Asset	4,507.70	-
Others	228.22	108.58
	5,784.56	928.90
Deferred Tax Liabilities		-
Depreciation	5,301.80	4,906.92
	5,301.80	4,906.92
Total	(482.76)	3,978.02
15. Segment Reporting		
Primary Segment		
The Company has identified "Pharmaceuticals" as the only primary reportable segment.		
In view of the interwoven/intermixed nature of business and manufacturing facility, other secondary segmental information is not ascertainable.		
16. Disclosures in respect of Related Parties in accordance with Accounting Standard AS 18 are as follows:		
List of Related Parties with whom the Company has entered into transactions during the year,		
(a) Controlling Companies: There is no controlling Company.		
(b) Subsidiary and Fellow Subsidiary: There is no subsidiary and fellow subsidiary Company.		
(c) Associate Companies:		
1. Purak Vinimay Ltd.	2. Sierra Investment Ltd.	3. Paushak Ltd.
4. Aavaran Ltd.	5. Light Publications Ltd.	6. Alembic Exports Ltd.
7. Nirayu Pvt. Ltd.	8. Viramya Packlight Ltd.	9. Shreno Ltd.

T Notes to Accounts - Contd.

(Rs. in Lacs)

(d) Key Management Personnel:

1. Shri C.R. Amin	Chairman and Managing Director
2. Smt M.C. Amin	Whole-time Director
3. Shri R.K. Baheti	Director, President-Finance & Company Secretary
4. Shri P.C. Amin	Director, Chief Business Development Officer- International Operations

(e) Relatives of Key Management Personnel:

1. Shri S.C. Amin	5. Ms. Shreya Mukherjee
2. Shri U.C. Amin	6. Ms. Yera Amin
3. Ms. Jyoti Patel	7. Mrs. Barkha P. Amin
4. Ms. Ninochaka Kothari	8. Ms. Samira P. Amin

During the year, the following transactions were carried out with related parties and relatives of Key Management Personnel in the ordinary course of the business:

For the Year ended 31st March	Associates		Key Management Personnel	
	2008	2007	2008	2007
i) Purchase of Goods				
Individually more than 10% (4 parties)	494.79	538.73	-	-
Others	-	16.47	-	-
ii) Sale of Goods				
Individually more than 10% (1 party)	52.38	146.50	-	-
Others	-	0.75	-	-
iii) Purchase of Fixed Assets				
Individually more than 10% (1 party)	1,464.95	170.85	-	-
Others	3.36	-	-	-
iv) Sale of Fixed Assets				
Individually more than 10% (1 party)	48.76	27.84	-	-
Others	-	0.08	-	-
v) Rendering of Services				
Individually more than 10% (2 parties)	459.18	400.97	-	-
Others	0.31	1.46	-	-
vi) Receiving of Services				
Individually more than 10% (2 parties)	1,330.27	665.91	-	-
Others	-	3.68	-	-
vii) Rent Paid				
Individually more than 10% (1 party)	15.00	33.90	-	-
Others	0.31	-	-	-
viii) Rent Received				
Individually more than 10% (2 parties)	1.36	4.69	-	-
Others	0.07	0.22	-	-

Schedules

FORMING PART OF THE ACCOUNTS

T Notes to Accounts - Contd.

(Rs. in Lacs)

For the Year ended 31st March	Associates		Key Management Personnel	
	2008	2007	2008	2007
ix) Interest Paid				
Individually more than 10% (1 party)	33.09	1.10	-	-
Others	0.12	-	-	-
x) Interest Received				
Individually more than 10% (3 parties)	150.81	101.07	-	-
Others	-	-	-	-
xi) Dividend Paid				
Individually more than 10% (3 parties)	456.14	513.74	83.04	72.95
Others	1.91	1.92	-	-
xii) Dividend Received				
Individually more than 10%	-	118.00	-	-
Others	-	0.56	-	-
xiii) Loans Given			10.00	10.00
Individually more than 10% (2 parties)	4,219.00	2,670.00	-	-
Others	450.00	-	-	-
xiv) Loans Received				
Individually more than 10% (1 party)	1,099.00	500.00	-	-
Others	420.00	-	-	-
xv) Deposit Given				
Individually more than 10%	-	1,100.00	-	-
Others	-	-	-	-
xvi) Managerial Remuneration				
Salary	-	-	182.75	121.41
Perquisite	-	-	15.62	21.20
Commission	-	-	703.18	596.42
xvii) Inventory lying with Loan License Manuf.				
Individually more than 10%	-	376.20	-	-
Others	-	-	-	-
xviii) Guarantees Given				
Individually more than 10%	-	0.19	-	-
Others	-	-	-	-
xix) Purchase of Undertaking				
Individually more than 10% (1 party)	1,750.00	-	-	-
xx) Outstanding Balance as at 31st March,				
Advance	117.13	210.41	-	-
Creditors	29.07	55.74	-	-
Loans Given	595.00	725.00	10.00	10.00
Deposit Given	1,100.00	1,100.00	-	-
Loan Received	420.00	500.00	-	-
Investment	468.78	583.07	-	-

T Notes to Accounts - Contd.

(Rs. in Lacs)

For the Year ended 31st March	Relatives of Key Managerial Personnel	
	2008	2007
i. Dividend Paid	49.08	59.18
ii. Salary Paid	50.12	54.64
17. Earning Per Share (EPS):		
For the Year ended 31st March	2008	2007
a. Profit After Tax but before Non-Recurring Items available for equity shareholders.	8,963.99	8,826.96
b. Profit After Tax available for equity shareholders.	11,219.25	7,068.17
c. Weighted Average number of equity shares.	13,84,54,905	13,84,54,905
d. Basic and Diluted Earnings per share before Non-Recurring Items. (Face value per share Rs. 2/- each)	6.47	6.38
e. Basic and Diluted Earnings per share after Non-Recurring Items. (Face value per share Rs. 2/- each)	8.10	5.10
18. Auditor's Fees and Expenses include remuneration to:		
For the Year ended 31st March	2008	2007
a. Statutory Auditors:		
As Auditors	12.00	8.35
In Other Capacity:		
(i) Other Services	14.66	7.85
(ii) Reimbursement of expenses	0.44	0.50
b. Cost Auditors:		
(i) As Cost Auditors	1.10	0.75
(ii) Other Services	0.57	0.04
c. Tax Auditor:		
Tax Audit Fee	1.65	1.50
	30.42	18.99
19. Managerial Remuneration:		
	2008	2007
Salary and Allowances	182.75	121.41
Contribution to Provident and other Funds	15.62	21.20
Commission	703.18	596.42

T Notes to Accounts - Contd.

(Rs. in Lacs)

Computation of Net Profit under Section 198 read with Section 309 of the Companies Act, 1956.				
	2008		2007	
Net Profit for the Year as per Profit and Loss Account		11,219.26		7,068.17
Add:				
Provision for Income Tax	148.50		877.50	
Provision for Deferred Tax	46.92		(0.85)	
Short Provision of Income Tax	101.71			
Depreciation	3,276.72		2,906.11	
Managerial Remuneration	901.55		739.03	
Diminution in value of Investments	16.50			
Subsidy Received	30.00			
VRS	–		782.26	
Directors' Sitting Fees	3.45	4,525.35	2.65	5,306.70
		15,744.61		12,374.87
Less:				
Excess provision of Income Tax no longer required	156.04		885.94	
Depreciation as per Section 350 of the Companies Act, 1956	3,276.72		2,906.11	
Profit on sale of Investments	492.40		130.85	
Profit on sale of Assets	2,255.25	6,180.41	145.00	4,067.90
Net Profit *		9,564.20		8,306.97
10% of the Net Profit i.e. maximum remuneration payable to Managerial Personnel.		956.42		830.70

* As per the legal opinion obtained by the Company the Intangible Assets of Rs. 176.82 Crores written off through Profit and Loss Account have not been considered as a deductible expense for the purpose of computation of net profit under Section 198 read with Section 309 of the Companies Act, 1956.

20. Additional information required under Schedule VI to the Companies Act, 1956 (As certified by Director).

(A) Material Consumption:

For the year ended 31st March		2008		2007	
Name of Materials	Unit	Quantity	Amount Rs.	Quantity	Amount Rs.
a. Basic					
Antibiotics	B.U.	82,794		18,946	
	Kg.	5,09,632	13,318.65	3,73,723	7,221.26
Chemical and Other Drugs	Kg.	2,69,87,929		1,23,54,014	
	Ltrs.	40,57,819	13,319.61	26,77,669	8,535.78
b. Packing Material		–	4,016.00	–	3,575.16
c. Others (Which in value individually account for less than 10% of the total Value of Raw Materials Consumed)		–	2,357.57	–	1,929.03
Total			33,011.83		21,261.23

T Notes to Accounts - Contd.

(Rs. in Lacs)

(B) Installed capacities, Actual production, Opening Stock and Closing Stock of Finished Products produced & purchased.							
Class of Goods	Unit	Annual installed Capacity	*Actual production during the Year	Opening Stock Qty.	Opening Stock Value	Closing Stock Qty.	Closing Stock Value
Bulk Drugs and Chemical and Intermediates	MMU/	#	2,080.914	124.789	2,957.92	69.954	3,346.47
	M.T.	(#)	(770.148)	(79.909)	(2,367.15)	(124.790)	(2,957.92)
Formulations:							
a. Tablets and Capsules	Million	4,653.000	2,030.443	252.106	1,633.67	290.719	2,062.91
	Nos.	(4,653.000)	(1,712.488)	(430.431)	(2,801.95)	(252.106)	(1,633.67)
b. Injectables	Million	***	92.949	6.272	518.36	17.848	1,010.56
	Nos.	***	(71.565)	(8.472)	(761.80)	(6.272)	(518.36)
c. Oral Preparation and Ointments	M.T.	10,182.616	9,320.530	567.184	605.26	1,285.935	1,378.18
		(10,182.616)	(5,604.360)	(993.585)	(1,059.85)	(567.184)	(605.26)
d. Others		-	-	-	2,055.10		1,864.36
		-	-	-	(2,807.28)		(2,055.10)
Others:							
Electric Power Generation							
- Wind Mill		5.00					
- Co-Generation Plant @		12.60					
	M.W.	17.60	**	-	-	-	-
		(17.60)	(**)	-	-	-	-
Total				950.351	7,770.31	1,664.456	9,662.48
				(1,512.397)	(9,798.03)	(950.351)	(7,770.31)
<p>* Including production on loan licence basis, captive consumption, samples and purchases of finished products.</p> <p>** Entire generation of electricity is for captive consumption only.</p> <p># Installed Capacity: The Installed capacity is flexible as the plant is versatile, enabling the Company to produce in different capacity and therefore, it varies depending upon the product programme.</p> <p>@ The Company has filed necessary Memorandum with Secretariate of Industrial Approval for generating electricity.</p> <p>*** Entire production is on loan license basis.</p>							

T Notes to Accounts - Contd.

(Rs. in Lacs)

(C) Purchase of Finished Goods :					
For the Year ended 31st March		2008		2007	
Class of Goods	Unit	Quantity	Amount Rs.	Quantity	Amount Rs.
Pharmaceutical Preparations	Million Nos./M.T.	6,264.348	17,228.03	2,509.035	8,465.24
(D) Turnover:					
	Unit	Quantity	Amount Rs.	Quantity	Amount Rs.
Bulk Drugs, Chemicals and Intermediates	MMU/ M.T.	–	–	–	–
Formulations:					
Tablets and Capsules	Million Nos.	1,960.760	43,595.13	1,761.710	34,239.76
Injectables	Million Nos.	71.530	9,962.88	64.427	8,083.85
Oral Preparation and Ointments	M.T.	7,486.905	18,658.48	5,250.932	14,135.71
Total (Gross Rs.)			1,02,223.75		71,879.67
(E) Income / Expenditure in Foreign Currency:					
For the Year ended 31st March			2008	2007	
Income:					
Export (FOB basis)			29,398.28	14,953.19	
Interest			–	88.33	
Expenditure:					
Raw Materials (CIF basis)			13,144.74	6,553.27	
Packing Material, Components and Spare parts (CIF basis)			210.76	156.37	
Capital Goods (CIF basis)			549.86	659.70	
Know how			81.48	–	
Professional and Consultancy Fees			354.56	33.79	
Interest			472.47	280.06	
Foreign Travelling			150.88	159.99	
Commission on Export			477.02	351.93	
Subscription, Publicity and other matters			636.26	853.58	
Salary			348.91	262.05	
Rent			32.28	25.92	

T Notes to Accounts - Contd.

(Rs. in Lacs)

(F) Breakup of Imported/Indigenous Material		
For the Year ended 31st March	2008	2007
a. Value of imported raw materials, spares parts and components consumed	9,249.28	5,598.37
b. Value of indigenous raw materials, spare parts and components consumed	25,269.45	16,679.40
c. Percentage of above to total consumption:		
(i) Imported raw materials, spare parts and components consumed	27%	25%
(ii) Indigenous raw materials, spare parts and components consumed	73%	75%
<p>21. Figure shown in brackets are corresponding figure of previous year.</p> <p>22. Previous Year's figures have been regrouped/re-arranged wherever necessary.</p>		

As per our report of even date

For and on behalf of the Board of Directors

For **K.S. AIYAR & CO.**
Chartered Accountants**CHIRAYU R. AMIN**
Chairman & Managing Director**MALIKA C. AMIN**
Whole-time Director**PRANAV N. PARIKH**
Director**K.G. RAMANATHAN**
Director**RAGHUVIR M. AIYAR**
Partner
Membership No.38128**PARESH SARAIYA**
Director**PRANAV AMIN**
Director**R.K. BAHETI**
Director, President - Finance
& Company Secretary

Mumbai: 25th April, 2008

Vadodara: 25th April, 2008

Cash Flow

Statement of Cash Flow Prepared Pursuant to the Listing Agreement with Stock Exchanges

(Rs. in Lacs)

For the Year ended 31st March	2008		2007	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and non-recurring items:		9,105.08		8,817.67
Add:				
1. Depreciation	3,276.72		2,906.11	
2. Interest Paid	3,610.70		1,464.67	
3. Year End Foreign Exchange Conversion (Net)	–		87.79	
4. Provision for Diminution in value of Investments	16.50	6,903.92	–	4,458.57
Less:				
1. Interest Received	305.27		713.06	
2. Dividend Received	9.01		132.85	
3. Profit on sale of Fixed Assets (Net)	51.08		190.82	
4. Year End Foreign Exchange Conversion (Net)	81.03		–	
5. Lease Rent Received	–		4.55	
6. Profit on sale of Investments (Net)	492.40	938.79	130.85	1,172.13
Operating profit before change in working capital		15,070.21		12,104.11
Changes in Working Capital				
Add/(Less):				
1. Inventories	(7,972.02)		1,723.66	
2. Trade payable	4,612.31		(165.10)	
3. Trade receivables (Net)	(6,461.33)		(1,510.22)	
4. Loans and Advances	(1,149.17)	(10,970.21)	(1,860.97)	(1,812.63)
Cash generated from operation		4,100.00		10,291.48
Add/(Less):				
1. Advance Tax Paid Refundable	(675.00)		–	
2. Income Tax (Net)	(326.62)		200.09	
Cash flow before Non-Recurring Items		3,098.38		10,491.57
Add:				
1. Profit on sale of land		2,255.26		
Less:				
1. Expenses under Voluntary Retirement Scheme		–		782.26
2. Interest to ONGC	–		976.53	
NET CASH INFLOW FROM OPERATING ACTIVITIES (A)		5,353.64		8,732.78
B. CASH FLOW FROM INVESTING ACTIVITIES:				
1. Sale of Fixed Assets	190.12		248.22	
2. Sale of Investments (Net)	1,151.15		468.52	
3. Interest Received	426.31		601.63	
4. Dividend Received	9.01	1,776.59	132.85	1,451.22

Cash Flow

Statement of Cash Flow Prepared Pursuant to the Listing Agreement with Stock Exchanges

Contd.

(Rs. in Lacs)

For the Year ended 31st March	2008		2007	
Less:				
1. Purchase of Fixed Assets		6,658.34		7,633.22
2. Purchase of Intangible Assets		17,631.65		
NET CASH UTILISED IN INVESTING ACTIVITIES (B)		(22,513.40)		(6,182.00)
C. CASH FLOW FROM FINANCIAL ACTIVITIES:				
Inflow:				
1. Proceeds from borrowings (Net)	8,927.78		15,541.74	
2. Capital Subsidy Received	30.00		-	
3. Proceeds from Lease Finance	-	8,957.78	4.55	15,546.29
Outflow:				
Less:				
1. Repayment of borrowings (Net)	-		-	
2. Interest paid	3,502.40		1,453.60	
3. Dividend Paid	1,365.35		1,366.20	
4. Corporate Dividend Tax Paid	235.30	5,103.05	194.18	3,013.98
NET CASH GENERATED IN FINANCIAL ACTIVITIES (C)		3,854.73		12,532.31
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(13,305.03)		15,083.09
Cash and Cash Equivalents as at 31/3/2007		15,170.67		87.58
Cash and Cash Equivalents as at 31/3/2008		1,865.64		15,170.67

As per our report of even date

For and on behalf of the Board of Directors

For **K.S. AIYAR & CO.**
Chartered Accountants**CHIRAYU R. AMIN**
Chairman & Managing Director**MALIKA C. AMIN**
Whole-time Director**PRANAV N. PARIKH**
Director**K.G. RAMANATHAN**
Director**RAGHUVIR M. AIYAR**
Partner
Membership No.38128**PARESH SARAIYA**
Director**PRANAV AMIN**
Director**R.K. BAHETI**
Director, President - Finance
& Company Secretary

Mumbai: 25th April, 2008

Vadodara: 25th April, 2008

Balance Sheet Abstract

Additional Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company's Business Profile

(Rs. in Lacs)

For the Year ended 31st March	2008	2007
1. Registration Details:		
Registration No. 04-0033		
State code No. 4		
Balance sheet date 31-03-2008		
2. Capital raised during the year:		
Public Issue	Nil	Nil
Right Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Placement		
a) Equity Shares	Nil	Nil
b) Preference Shares	Nil	Nil
Preference Shares Application Money	Nil	Nil
Equity shares issued without payment being received in cash	Nil	Nil
3. Position of mobilisation and deployment of funds:		
Total Liability	94,584.80	88,521.61
Total Assets	94,584.80	88,521.61
Paid up Capital	2,769.19	2,769.19
Reserve & Surplus	31,367.35	35,722.64
Deferred Tax Liability	0.00	3,978.02
Secured Loans	27,754.69	20,796.63
Unsecured Loans	14,592.12	12,741.27
Net Fixed Assets	36,662.10	30,544.45
Capital Work in Progress	2,195.56	5,121.44
Deferred Tax Asset	482.76	–
Investments	1,405.80	2,081.05
Net Current Assets	35,737.13	38,260.81
Accumulated Losses	Nil	Nil
4. Performance of Company:		
Turnover and Export incentives	1,00,324.93	70,066.24
Total Expenditure	92,395.76	62,139.28
Profit Before Tax	11,360.34	7,058.88
Profit After Tax	11,219.25	7,068.17
Earning Per Share	8.10	5.10
Dividend Rate %	75%	50%

Balance Sheet Abstract

Additional Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract - Contd.

(Rs. in Lacs)

For the Year ended 31st March			2008	2007
5. Generic names of three principal products of Company:				
Item Code No.	(ITC Code)	Product Description		
300420	03	Erythromycin Formulations		
300410	00	Penicillin & Combination Formulations		
300420	03	Roxithromycin Formulations		

As per our report of even date

For and on behalf of the Board of Directors

For **K.S. AIYAR & CO.**
Chartered Accountants

CHIRAYU R. AMIN
Chairman & Managing Director

MALIKA C. AMIN
Whole-time Director

PRANAV N. PARIKH
Director

K.G. RAMANATHAN
Director

RAGHUVIR M. AIYAR
Partner
Membership No.38128

PARESH SARAIYA
Director

PRANAV AMIN
Director

R.K. BAHETI
Director, President - Finance
& Company Secretary

Mumbai: 25th April, 2008

Vadodara: 25th April, 2008

Glimpses of centenary celebrations



1. Today's visionaries paying respect to the founding father of Alembic, Raj Mitra B.D. Amin.
2. Dignitaries taking a tour of the Alembic facilities.
3. Mrs. Malika Amin sharing a joyous moment with Dr. Abdul Kalam.
4. A proud moment for the R&D core team with the luminaries among the green environs.
5. Kids having a gala time at the fun zone specially designed for them.
6. Gazal Maestro Jagjit Singh's soulful voice infusing life in to the celebrations.





www.alembic-india.com