



GAINING GROUNDS

A N N U A L
R E P O R T

2011-12



Board of Directors

Mannalal B. Agrawal

Chairman

Purushottam B. Agrawal

Vice Chairman

Madhusudan B. Agrawal

Vice Chairman

Yogesh M. Agrawal

Managing Director

Dr. Anil Kumar

Director

Chandrakant M. Khetan

Director

Subal Chandra Saha

Nominee Director (IDBI Bank)

Madhu G. Verma

Nominee Director (Exim Bank)

Auditors

Kapoor & Parekh Associates

Cost Auditors

Sevekari Khare & Associates

Company Secretary

Deodatta Pandit

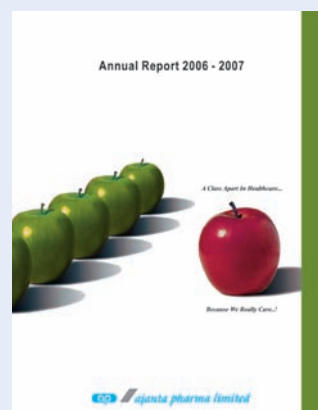
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Regd. Office:

Ajanta House

Charkop, Kandivli (W), Mumbai - 400 067



**BECAUSE
WE REALLY
CARE**



**we have been
BLOSSOMING
LIVES WITH
R&D**

Management Discussion and Analysis

We are moving ahead, making progress, steadily, with a strong determination, to have stronger & wider foundation leading to continued growth for the organization. And it is in every direction, improving ranking in domestic market, enhancing depth in export markets, increasing thrust on R&D, investment in new manufacturing facilities, empowering the team to excel and bringing financial efficiencies, to make our growth sure, scalable and sustainable.



which gave us
**CONSISTENT
GROWTH**



which permitted us
**MAPPING
COMPLETE
PHARMA
VALUE CHAIN**



which led to
**SCALING NEW
HEIGHTS**



and now, we are
**GAINING
GROUNDS**

GAINING GROUNDS

Domestic Market



We serve the domestic market with specialty segments of Ophthalmology, Dermatology, Cardiology, Orthopedics, ENT and Gastroenterology. And in each of these segments, we enjoy leadership in sub-therapeutic segments through product innovations. This has enabled us to continue better performance year after year, with growth above segment average and improved ranking. Today, we have been placed amongst the Top 50 pharma companies in the Indian market (IMS ORG MAT March 2012). Our 2000+ strong field force continuously strive to reach every specialist, enabling him to provide better care to his patients. Our participation in different forums, focused on medical professionals of our specialties, permits us to reach a larger group at a time. We continue to launch new products in the market in different therapeutic segments and during the year the new product launches were 25 out of which 13 were first time in the country.

Export Market



Export contributes more than 60% of the company's revenue from emerging markets of Asia, Middle East, Africa and Latin America. The customized product basket for each country catering to its unique requirements helps us in taking leadership position in different sub-therapeutic segments in these markets. With a view to increasing depth in geographies, we were preparing ourselves during past few years to enter regulated markets, by getting one of our manufacturing facilities approved by USFDA and simultaneously filing ANDAs. We have 2 ANDA approvals from USFDA with another 7 awaiting approval. Our first product will be launched in the US market in first quarter of next financial year. With this we will have presence in world's largest pharma market, which will place us among the few elite pharma companies in the country having presence in the regulated markets.

Research & Development



Innovation has been the guiding factor all along in the growth journey of Ajanta Pharma. We have been able to consistently offer quality products through these innovations, thereby providing convenience to patients in complying with their treatment process. Our focus has been on sustained release, controlled release, extended release, oral dosage to ointments & eye drops, combinations etc. We have also been able to build on our excellent regulatory filing capabilities and accelerate our work on ANDA filings with USFDA, completing 7 new filings during the financial year. We propose to continue this pace of ANDA filing and accelerate further in the coming years. Our R&D continues to prepare and file further product registration dossiers in emerging markets, which has taken the number of product registrations to 1400+ with another 1200+ under the registration process. We are committed to continue the thrust on innovation through our R&D to gain further grounds in our focused markets.





Manufacturing Facilities

Currently we have 4 manufacturing facilities in India, 3 for formulations and 1 for APIs (for captive consumption). Another formulation manufacturing facility is located in Mauritius through our 100% subsidiary. One of the manufacturing facilities in India is approved by USFDA, UKMHRA, WHO Geneva (pre qualification) and many more health authorities of countries from emerging markets. We continuously upgrade our facilities as also carry out balancing / debottlenecking in different sections to optimize existing capacities. With consistent growth in coming years and our own manufacturing capacities peaking in next 2 years, we have to prepare for growth requirements 2 years down the line. Hence, we need to build our own capacities immediately and we have started taking steps in that direction. We have planned two separate manufacturing facilities – one for regulated markets & another for domestic & emerging export markets. These projects will have latest state of art equipments providing highest quality pharma products and will be completed in 24 months. An investment of around Rs.400crores is envisaged for this purpose and we will raise new debt for funding this capex, apart from using our own internal accruals.

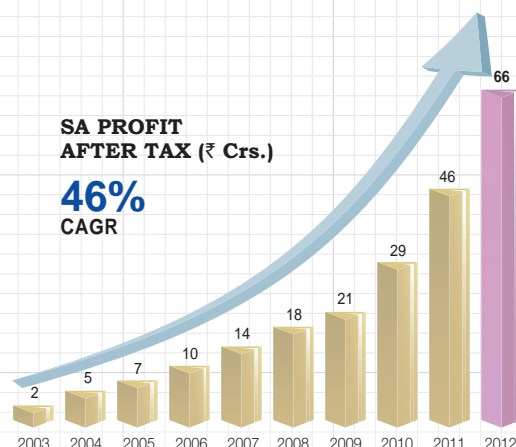
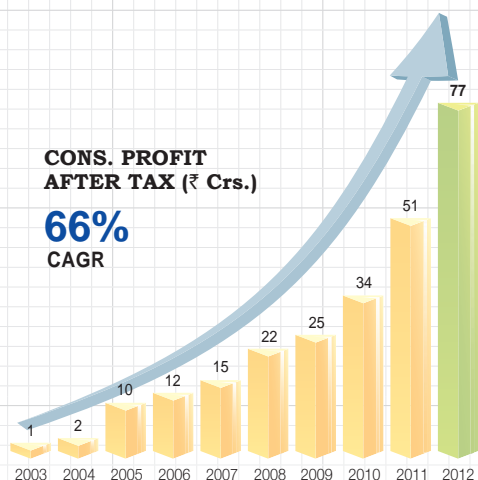
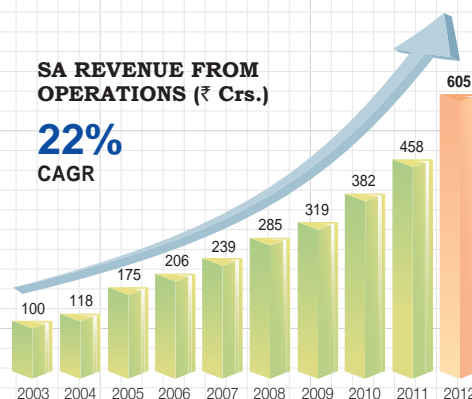
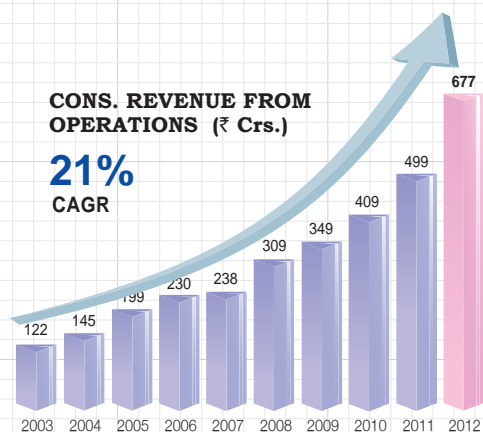


We have largely been successful in attracting and retaining talent. The 3500+ Ajantaites worldwide, consisting of different nationalities, drive the growth of Ajanta Pharma. We have been taking many steps to assist the team to excel at its best. Offering congenial environment, creating personal growth opportunities, providing technical and soft skills training to enhance their capabilities, etc. are some of the initiatives which have resulted in higher efficiencies and excellent employee satisfaction. During the year, all senior team members have been exposed to one of the leading business schools in the country, providing them with opportunity to



understand the best practices prevailing across the world. Our Continuous Learning Program "CLP @ APL" has received a great response as everyone in the organization took benefit of enhancing their skills at these programs.

Ajanta Pharma has always been very conscious of its Corporate Social Responsibility and to this effect we have identified a focus area of conducting Eye Camps for the poor and needy, in many rural parts of the country. During this financial year, about 25000 people took the benefit of these camps and more than 8000 people were operated successfully in these camps.



Financial Efficiencies

In a growing organization like ours, it is essential that, we enhance our efficiencies at every stage to retain the benefit of economies of scale. During this phase of growth, there is always dilemma in terms of priority to be given to “need of higher investment for future growth” and “need for higher retained earnings for future growth”. Both look contradictory to each other, but are essential for any growing organization. We

have been able to achieve a good balance between both these factors by inculcating the atmosphere of efficiency building in every aspect of business. This is clearly reflected in our improved EBITDA margin in spite of higher spending on R&D. All the financial ratios are pointing towards the financial efficiency we are able to bring in across the organization.



Overview

India's pharmaceutical market grew at 15.7% during December 2011, an excellent performance by all standards. Chronic care therapies like, Cardiology, GI, Derma, Diabetes, etc. continue to outgrow the market. This performance is the result of many factors influencing growth like better health awareness, increasing population, lifestyle diseases, insurance and many more. Ajanta Pharma has displayed unprecedented growth amongst its close competitors in all segments where it has a presence. Expansion of doctor base, coupled with increased prescription rate has provided higher productivity. We have been able to gain market share and improve ranking during the year on the back of this enhanced productivity.

Emerging markets of Asia and Africa have also seen good growth with exports from India keeping pace with it. World's largest pharma market USA continues to provide tremendous opportunity for Pharma companies in launching generics, as several leading brands are losing patent. We have been the beneficiary of growth in various export markets and now we are expanding our geography to USA, thereby

expecting an excellent growth momentum in coming years. We have been preparing for some time now for this opportunity and have been gaining grounds at various levels to retain growth momentum.

The continued uncertainty on policy and regulatory front from Government, ever increasing time taken for product approvals, wild movement in currency rates, uncertainties and disturbances prevailing across the world, undue interference by some of the European countries in movement of goods, counterfeiting and many more threats are facing the industry. We have been proactive in terms of such threats and have been fairly successful in containing adverse impact of such threats on operations.

Our internal control systems are well in place and now with the initiative of ISO certification process undertaken, entire processes have been revalidated to ensure highest efficiency and prevention of leakages at every level of the organization. Our objective of bringing in efficiency from lowest level to the highest level has been paying good results.

Cautionary Note: Certain statements in the reports of the Board of Directors and Management's discussions and analysis may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since company's operations are influenced by many external and internal factors beyond the control of the company. The company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.

DIRECTOR'S REPORT

Your directors take immense pleasure and satisfaction in presenting the thirty third Annual Report for the year ended 31 March 2012.

Financial Results: (Rs. Lakhs)

Year ended 31 March	Standalone			Consolidated		
	2012	2011	Growth	2012	2011	Growth
Total Income	60548	45880	32%	68362	50828	34%
EBITDA	13315	9122	46%	14696	9916	48%
Profit before Tax	7975	5157	55%	9096	5639	61%
Profit after Tax	6649	4645	43%	7727	5071	52%
Earnings Per Share (EPS)	Rs. 57	Rs.40		Rs. 66	Rs. 43	

Dividend:

Your Directors are pleased to recommend a dividend of Rs.7.50 per equity share on the face-value of Rs.10/- each for the year ended 31 March 2012.

Performance Review:

Your company recorded an impressive growth in revenue and profit for the year ended March 2012. Exports contributed 63% of the revenue with balance coming from the domestic market. An impressive growth of 32% in revenue and 43% Profit After Tax in Standalone results speak for itself. With the performance of subsidiaries also being equally remarkable, consolidated results has seen a growth of 34% in revenue and 52% in Profit After Tax.

Management Discussion and Analysis:

The Management Discussion and analysis of the operations of your company is provided in a separate section and forms part of this report.

Subsidiary Companies:

Your company has four subsidiary companies, including one step down subsidiary. The Central Government has granted general exemption under section 212(8) of the Companies Act, 1956, from attaching to the balance sheet of the Company, the accounts of its subsidiaries. A statement containing prescribed particulars in terms of the said exemption and statement pursuant to section 212 of the Companies Act, 1956, is annexed. Consolidated Financial Statements incorporating results of all subsidiaries form part of this annual report. The company will make available a copy of annual accounts of subsidiary

companies to any member of the company who may be interested in obtaining the same.

Performance of our subsidiary in Mauritius had been excellent and the step down subsidiary in Philippines has also been able to improve its performance substantially making profit for the first time. US and UK subsidiaries continue to assist in regulatory work for product registrations in those countries.

Joint Venture:

Your company's joint venture in Turkmenistan continues to be under performing and we continue to explore exit options from this JV.

Consolidated Financial Statements:

In accordance with the requirement of Accounting Standards AS21 prescribed by the Institute of the Chartered Accountants of India, the consolidated account of your company is annexed to this report.

Directors:

Mr. Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Dr. Anil Kumar, the Directors of your Company, retire by rotation and being eligible, offer themselves for re-appointment.

Auditors:

Your company's auditors, M/s. Kapoor & Parekh Associates, Chartered Accountants, Mumbai, retire at the conclusion of the ensuing Annual General Meeting. Your company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provisions of section 224 (1-B) of the Companies Act, 1956 and are eligible for re-appointment, holding peer review certificate. Members are requested to appoint them as Auditors and fix their remuneration.

The company has reappointed M/s. Sevekari Khare & Associates, Cost Accountants as Cost Auditors of our company to conduct cost audit in respect of Bulk Drugs and Formulations for the year ending 31 March 2013.

Auditor's Report:

The remarks as contained in the Auditor's Report read with Notes forming part of the accounts are self-explanatory.

Fixed Deposits:

The Company has not accepted any fixed deposits from the public under Section 58A of the Companies Act, 1956.

Directors' Responsibility Statement:

Your Directors confirm-

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31 March 2012, and of the profit or loss account of the company for that year;
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. that the directors have prepared the Annual Accounts on a going concern basis.

Corporate Social Responsibility:

Your company has always been very conscious of its social responsibility and to this effect we have identified a focus area of conducting Eye Camps for the poor and needy, in many rural parts of the country. During this financial year, about 25,000 people took the benefit of these camps and more than 8,000 people were operated successfully in these camps.

Employees Stock Option Scheme:

During the year, the company granted 30,000 options to the employees under Employee Stock Option Scheme 2011, out of which 28,000 were accepted. Details as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are attached as Annexure – B to the Directors' Report

Human Resources:

Information as per Section 217(2A) of the Companies Act,

1956, read with Companies (Particulars of Employees) Rules, 1975, is available at the registered office of the company. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the aforesaid information, which is available for inspection at the Registered Office of the Company during working hours. Any shareholder interested in such particulars may inspect the same.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The additional information relating to Conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in annexure and forms part of this report.

Corporate Governance:

A Report on Corporate Governance and Certificate from the Auditors thereon regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges are enclosed.

Gratitude and Acknowledgments:

Your Directors wish to thank all stakeholders, medical professionals, business partners, government, other statutory bodies, banks, financial institutions and shareholders for their assistance, co-operation and encouragement. Your Directors also place on record their sincere appreciation for significant contribution made by the employees at all levels through their dedication, hard work and commitment and look forward to their continued support and unstinting efforts in ensuring an excellent all round operational performance.

For and on behalf of the Board of Directors,

MANNALAL B. AGRAWAL
CHAIRMAN

Mumbai, 26 April 2012

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

1. Energy Conservation Measures taken during the year

- Monitoring power factor to gain maximum savings
- Variable frequency drive used for motors
- Controlled operation of HVAC systems with AHU
- Using energy saver tube lights
- Controlling operation of Tube lights and fans
- Synchronizing various process activities for optimum utilization of utilities

2. Impact of above measures

- Reduction in power consumption
- Reduction in utility cost at different levels

3. Total energy consumption and energy consumption per unit of production: As per details in Form A below

Form A

Year Ended 31 March		2012	2011
(i)	POWER AND FUEL CONSUMPTION		
	Electricity		
	(a) Purchased Unit (Thousand KWH)	7071	6574
	Total Amount (Rs. In lacs)	449.42	365.95
	Rate/Unit (KWH) (Rs.)	6.35	5.56
	(b) Own generation Unit (Thousand KWH)	802	510
	Unit per Ltr. of Diesel Oil (KWH)	3.60	3.60
	Cost / Unit (KWH) (Rs.)	12.04	11.23
(ii)	CONSUMPTION PER UNIT OF PRODUCTION		
	The Company manufactures APIs and several drug formulations of different pack sizes. It is therefore, impracticable to apportion the consumption and the cost of utilities to each product.		

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION:

The year witnessed increased investment and sharper focus on the company's R&D initiative. Your company's R&D facility at 'Advent' in Mumbai, is approved by DSIR, Ministry of Science & Technology, Government of India. More than 200 scientists are working for API and formulation development at this centre. Our focus is on development of robust and cost effective

formulation as well as processes for synthesis of APIs. Your company has developed excellent capabilities for formulating stable, clinically safe and effective formulation including conventional and Novel Drug Delivery Systems (NDDS) dosage forms providing convenience and better compliance for patients.

1. Specific areas in which R&D carried out:

- ◆ New formulations in different dosage forms and therapeutic categories
- ◆ First-time Fixed Dose Combination (FDC) products
- ◆ Formulations for filing with regulated and emerging markets
- ◆ Analytical methods for new products
- ◆ Processes for chemical synthesis of API
- ◆ Up-gradation of existing manufacturing processes
- ◆ Validation of processes to support development of new formulations

2. Benefits derived as a result of R&D

- ◆ Maintaining the quality of end products
- ◆ Developing and launching products which are first time in Indian market
- ◆ 24 new products launched in domestic market
- ◆ 330 new products registration dossiers filed in emerging markets
- ◆ 7 more ANDAs filed with USFDA
- ◆ Many new ANDAs currently in the developmental phase
- ◆ 6 APIs successfully scaled up and transferred to plant
- ◆ 10 APIs developed at lab and ready for scale-up at plant
- ◆ 5 new APIs development in pipeline
- ◆ 2 process patents filed for IPR protection and 1 in pipeline

3. Future plan of action

- ◆ Developing, discovering and commercializing novel drugs to address disease areas with significant unmet medical needs
- ◆ Developing innovative commercially viable processes for formulations

- ◆ Developing novel combinations
- ◆ Developing formulations for filing with Regulated and emerging markets
- ◆ Developing innovative commercially viable processes for APIs
- ◆ Modify existing processes to reduce manufacturing time
- ◆ Cost reduction to stay competitive in dynamic international markets
- ◆ Achieve speedy introduction of products in different global markets

4. Efforts in brief, made towards Technology absorption, adaptation and innovation

- ◆ Best efforts towards technology absorption, adaptation and innovation
- ◆ Training programs arranged for continuous improvements
- ◆ Encouraged to attend various technical seminars and training programs
- ◆ Regular literature search, daily intra/inter-department interaction for knowledge sharing and query resolution

5. Expenditure on R&D:

Particulars	Rs. lacs
Capital Expenditure	214.10
Recurring Expenditure	3,740.29
Total	3,954.39
Total R&D expenditure as a percentage of total turnover	6.46%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. Activities relating to exports, initiatives taken to increase exports

- ◆ Export contributed 63% of total sales, major focus area
- ◆ 2 ANDAs approved by USFDA, 7 more waiting for approval
- ◆ 1467 product registrations in hand as on 31 March 2012
- ◆ 1252 products under registrations in different countries as on 31 March 2012

2. Total foreign exchange used and earned

- ◆ Earnings in foreign currency – Rs. 354.78crs, previous year Rs.269.91crs
- ◆ Outgo in foreign currency – Rs. 67.71crs, previous year Rs.60.39crs

ANNEXURE 'B' TO THE DIRECTORS' REPORT

DETAILS OF STOCK OPTIONS AS ON 31 MARCH 2012

In terms of clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the particulars of stock options as on 31 March 2012 are as under:

No.	Description	Details	No of options
a)	Options granted and accepted during the year	Options granted 30,000 and options accepted 28,000 under ESOS 2011	
b)	The pricing formula	Exercise price for above options is Rs.10 per option	
c)	Options vested during the year		Nil
d)	Options exercised during the year		Nil
e)	Total number of shares arising as result of exercise of options		Not Applicable
f)	Options lapsed during the year		Not Applicable
g)	Variation of terms of options	There has been no variation in terms of the options granted during the year, from those approved by the shareholders.	
h)	Money realized by exercise of options		Nil
i)	Total no. of options in force		28,000 under ESOS 2011
j)	Employee-wise details of options granted to		
	i. Senior Managerial Personnel	All options have been granted to senior managerial personnel. Individual employee wise information is available for inspection at the Registered Office of the Company during working hours. Any shareholder interested in such particulars may inspect the same.	
	ii. Any other employees to whom options granted amounting to 5% or more, of the total options granted during the year		Nil
	iii. Employees to whom options equal to or exceeding 1% of the issued capital have been granted during the year		Nil
k)	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of options during the year and ESOSs outstanding as on 31.03.2012, calculated in accordance with Accounting Standard (AS) 20 'Earning per share'		Rs. 56.66
l)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company	Adjusted EPS: Not applicable as used fair value method only	

No.	Description	Details	No of options
m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals to exceeds or is less than the market price of the stock	Exercise price of all options granted during the year is Rs.10/- and hence it is less than the market price. Weighted average fair value of options granted during the year whose:- <ul style="list-style-type: none"> ◆ Exercise price equals market price: Nil ◆ Exercise price is greater than market price: Nil ◆ Exercise price is less than the market price: Rs.297.67 	
n)	Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information : <ul style="list-style-type: none"> ◆ Fair value calculated by using Black-Scholes option pricing formula ◆ Stock price: The closing price on NSE as on the date of grant has been considered for valuing the options granted ◆ Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options ◆ Risk free rate of return: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities ◆ Time to Maturity: Time to Maturity/ Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised ◆ Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the four financial year preceding the date of the grant 		

Variables	Weighted Average Information
Plan	ESOS 2011
Grant date	24 October 2011
Last date for acceptance	31 March 2012
Risk free rate (%)	8.50%
Expected Life (years)	Between 1 to 3.2 years
Volatility (%)	96%
Dividend yield (%)	1.73%
Price of the underlying share in the market at the time of option grant	Rs. 324.90

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Code of Corporate Governance:

Your company is committed to achieve and maintain highest standard of Corporate Governance on a sustained basis. Corporate Governance is being practiced in your company since its inception over past three decades. Your company is committed to manage its affairs with diligence, transparency, responsibility & accountability and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. It is of the firm conviction that good governance is a pre-requisite to attainment of excellent performance in terms of all its stakeholders' value creation. Your company strongly believes in maintaining highest business ethics and complies with all the statutory and regulatory requirements. The Company's philosophy on Corporate Governance goes beyond good working results and financial propriety though they are undoubtedly essential.

All mandatory requirements has also a few non-mandatory requirements prescribed by Clause 49 of

the listing agreement have been implemented by the company. Codes of business conduct, adopted by the directors and senior management personnel, are posted on the website of the company.

II. Board of Directors:

The Board of Directors of the company has an optimum combination of three Whole-time Directors, one Non-Executive Director and four Independent Directors, which includes two Nominee Directors and is in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges in which the Company's Ordinary Shares are listed.

Board Meetings:

During the financial year 2011-2012 total four Board Meetings were held on 30 April 2011; 28 July 2011; 24 October 2011 and 24 January 2012 respectively. The Board meets at least once every quarter *inter-alia* to review the performance of the Company. The gap between the two Board Meetings does not exceed the period of four months.

Attendance of Directors at the Board Meetings and last Annual General Meeting:

Name of the Director	Category of Directorship	No. of Board of Directors Meetings attended	Last AGM Attended (01-Jul-11)	No. of other Directorships #	No. of shares held *	All Committee Membership (including non-mandatory)	
						Member	Chairman
Mr. Mannalal B. Agrawal @	P&NED	3	Yes	6	7,20,896	1	0
Mr. Purushottam B. Agrawal @	P&ED	3	No	8	7,18,590	2	0
Mr. Madhusudan B. Agrawal @	P&ED	3	Yes	8	7,18,500	2	0
Mr. Yogesh M. Agrawal @	P&ED	4	Yes	0	3,89,869	2	1
Dr. Anil Kumar	I&NED	4	No	0	Nil	0	3
Mr. Chandrakant M. Khetan	I&NED	4	Yes	4	Nil	0	2
Mr. S. C. Saha	I&NED	4	No	0	Nil	4	0
Ms. Manjiri M. Bhalerao +	I&NED	1	No	0	Nil	3	0
Ms. Madhu G. Verma++	I&NED	2	N.A.	0	Nil	4	0
Mr. Navin B. Gangawane \$	I&NED	0	N.A.	0	Nil	4	0

excludes Private Limited Companies & Foreign Companies

I - Independent; P - Promoter; ED - Executive Director; NED - Non-executive Director

* Details of shares held are as on 31 March 2012

@ Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Mr. Madhusudan B. Agrawal are brothers and hence they are related to each other. Mr. Mannalal B. Agrawal is related to Mr. Yogesh M. Agrawal as he is the father of the latter

+Ms. Manjiri M. Bhalerao ceased to be Nominee Director w.e.f. 30 April 2011

\$ Mr. Navin B. Gangawane ceased to be Nominee Director w.e.f. 17 August 2011

++Ms. Madhu G. Verma was appointed as Nominee Director w.e.f. 25 August 2011

Re-appointment of Directors liable to retire by rotation:

According to the Articles of Association of Ajanta Pharma, at every Annual General Meeting of the company one third of the Directors are liable to retire by rotation. Thus, Mr. Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Dr. Anil Kumar shall retire at ensuing Annual General Meeting of the company and being eligible, offer themselves for reappointment. Brief profiles of the Directors seeking reappointment are as follows:

Mr. Mannalal B. Agrawal

Mr. Mannalal B. Agrawal is one of the founder promoter directors of the company. He is an industrialist of repute with more than 4 decades of rich business experience and has been the guiding force for the enormous growth of the company since its inception. His vision and ability to critically analyse matters enables the Board to make rationale decisions.

Shares held in Ajanta Pharma Limited – 7,20,896

Other Directorships	Committee Membership/ Chairmanship
Inspira Projects Limited Inspira Infra (Aurangabad) Limited Inspira Leisure And Hospitality Limited Inspira Infrastructure Limited Louroux Bio Energies Limited Sirien MIDC Infrastructure Limited	Ajanta Pharma Limited: Member – Audit Committee

Mr. Purushottam B. Agrawal

Mr. Purushottam B. Agrawal is a pharmacy graduate. He founded the company in 1973 and has more than three decades of experience in the pharmaceutical industry. His continued efforts have helped turn the company into an organisation of excellence in both domestic and global pharmaceutical markets. Ajanta Pharma has benefited from his expertise, foresight and vision.

Shares held in Ajanta Pharma Limited – 7,18,590

Other Directorships	Committee Membership/ Chairmanship
Inspira Projects Limited Inspira Infra (Aurangabad) Limited Inspira Leisure And Hospitality Limited Inspira Infrastructure Limited Louroux Bio Energies Limited	Member - Executive Committee of Ajanta Pharma Limited and

Other Directorships	Committee Membership/ Chairmanship
Sirien MIDC Infrastructure Limited Inspira Sun Systems Limited Gencrest Limited Ajanta Pharma (Mauritius) Limited	Gencrest Limited

Dr. Anil Kumar

Dr. Anil Kumar is an eminent cardiologist from Mumbai. He has been practicing medicine in many reputed institutions such as Bombay Hospital and Sir JJ Hospital. He contributes in academics by teaching in medical colleges and his vast experience is useful to the company in launching new products, especially in its cardiology division. His feedback about product behaviour and general medicine knowledge adds to the decision making skills of the Board.

Shares held in Ajanta Pharma Limited – Nil

Other Directorships	Committee Membership/ Chairmanship
Nil	Ajanta Pharma Limited: Chairman - Investors' Grievance Committee Chairman - Remuneration Committee Chairman - Selection Committee

III. Audit Committee:

The Audit Committee constituted by the Board of Directors of the Company comprises two Independent Directors and one Non-Executive Director.

During the year, four meetings of the Audit Committee were held on 30 April 2011; 28 July 2011; 24 October 2011 and 24 January 2012. The Company Secretary is appointed as the Secretary to the Audit Committee. The terms of reference of the Audit committee are set out in accordance with the requirement of Clause 49 of the listing agreement and the provisions of the Companies Act, 1956. Chief Financial Officer attends the meeting on invitation from the Chairman. The details are as follows:

Name	Designation	Meetings Attended
Mr. Chandrakant M. Khetan	Chairman	4
Mr. Mannalal B. Agrawal	Member	3

Name	Designation	Meetings Attended
Ms. Manjiri M. Bhalerao - ceased as Nominee Director on 30-04-2011	Member	1
Ms. Madhu G. Verma – appointed as Nominee Director on 25-08-2011	Member	2
Mr. Navin B. Gangawane – ceased as Nominee Director on 17-08-2011	Member	0

IV. Remuneration Committee:

Terms of reference of the remuneration committee includes considering the matters relating to the Company's policies on remuneration payable and determining the package to the Executive Directors, sitting fees payable and commission to be paid to the Directors. During the year two meetings of the Remuneration Committee were held on 30 April 2011 and 24 October, 2011. The Company Secretary is the Secretary to the Remuneration Committee. The Remuneration Committee consists of three Independent Directors, which includes two Nominee Directors as follows:-

Name	Designation	Meetings Attended
Dr. Anil Kumar	Chairman	2
Mr. S. C. Saha	Member	2
Ms. Manjiri M. Bhalerao - ceased as Nominee Director on 30-04-2011	Member	1
Ms. Madhu G. Verma - appointed as Nominee Director on 25-08-2011	Member	1
Mr. Navin B. Gangawane – ceased as Nominee Director on 17-08-2011	Member	0

Details of remuneration to Directors:

Payment of remuneration to Vice-Chairmen and Managing Director are governed by the agreement executed between them and the company in the past. These agreements were approved by the Remuneration Committee and Board in the past.

The aggregate value of salary and perquisites paid to the Vice-Chairmen and Managing Director subject to the provisions of Schedule XIII of the Act, for the

financial year ended 31 March 2012 was as under:

PARTICULARS	₹
Remuneration to Executive Directors	
Mr. Purushottam B. Agrawal, Vice-Chairman	1,18,48,500
Mr. Madhusudan B. Agrawal, Vice-Chairman	1,18,48,500
Mr. Yogesh M. Agrawal, Managing Director	1,18,48,500
Remuneration to Non-Executive Directors:	
a) Sitting Fees paid:	
Mr. Mannalal B. Agrawal	30,000
Dr. Anil Kumar	55,000
Mr. S. C. Saha, Nominee Director, IDBI Bank Limited	55,000
Ms. Manjiri M. Bhalerao, Nominee Director, EXIM Bank	15,000
Ms. Madhu G. Verma, Nominee Director, EXIM Bank	30,000
Mr. Chandrakant M. Khetan	40,000
b) Commission payable:	
Mr. Mannalal B. Agrawal	80,00,000

V. Investors' Grievance Committee:

The Investors Grievance Committee deals with matters relating to various complaints of investors and its redressal.

During the year, four meetings of the Investors Grievance Committee were held on 30 April 2011; 28 July 2011; 24 October 2011 and 24 January 2012 and the attendance was as follows:

Name	Designation	Meetings Attended
Dr. Anil Kumar	Chairman	4
Mr. Yogesh M. Agrawal	Member	4
Mr. S. C. Saha	Member	4

The Company Secretary acts as a Secretary to the Committee and as the Compliance Officer also. The Company has received 26 complaints during the year and all of them have been redressed/answered to the satisfaction of the Shareholders. No investor grievance remained unattended/pending for more than 30 days.

The classification of complaints based on their nature was as follows:

Nature of Complaints	No. of Complaints
i) Non-receipt of Dividend	21
ii) Non-receipt of Share Certificate	2
iii) Demat & Remat	1
iv) Miscellaneous	2
Total	26

VI. Executive Committee Meeting:

14 Executive Committee Meetings were held during the year under report for dealing with operational matters delegated by the Board of Directors.

Name	Meetings Attended
Mr. Yogesh M. Agrawal	11
Mr. Purushottam B. Agrawal	09
Mr. Madhusudan B. Agrawal	13

VII. Selection Committee Meeting:

Selection Committee Meeting was held on 24 January 2012. The meeting was held for appointment of Mr. Rajesh M. Agrawal as Chief Operating Officer w.e.f. 1 April 2012. Mr. Rajesh M. Agrawal is relative of directors. As such, his appointment is subject to approval of the shareholders at the ensuing Annual General Meeting.

Name	Designation
Dr. Anil Kumar	Chairman
Mr. S. C. Saha	Member
Ms. Madhu G. Verma	Member

The Company Secretary is the Secretary to the Selection Committee.

VIII. Compensation Committee Meeting:

Compensation Committee Meeting were held on 30 April 2011 and 24 October 2011. The meetings were held for Employee Stock Option Scheme. The composition of the committee is as under:

Name	Designation	Meetings Attended
Mr. Chandrakant M. Khetan	Chairman	2
Mr. S. C. Saha	Member	2
Mr. Yogesh M. Agrawal	Member	2

Name	Designation	Meetings Attended
Mr. Navin B. Gangawane – ceased as Nominee Director on 17-08-2011	Member	1
Ms. Madhu G. Verma - appointed as Nominee Director on 25-08-2011	Member	1

The Company Secretary is the Secretary to the Selection Committee.

IX. General Body Meetings :

Details of the locations of the last three Annual General Meetings:

Financial Year	Date	Time	Location
31 March 2009	9 July 2009	11.00 a.m.	Shree Vile Parle Gujarati Mandal, Shradhanand Road, Vile Parle East, Mumbai – 400057
31 March 2010	9 July 2010		Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivali West, Mumbai – 400092
31 March 2011	1 July 2011		

All the resolutions, including special resolutions set out in the respective Notices were passed by the shareholders.

X. Disclosures:

- Disclosures on materially significant Related Party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have the potential conflict with the interest of the company at large:
None of the transactions with any of the related parties was in conflict with the interest of the Company. The transactions with the related party are disclosed in Note No. 46 of Notes to Financial Statement.
- During the last 3 financial years, there were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority.

XI. Means of Communication

The Board of Directors of the Company approves and takes on record the Unaudited Quarterly Results and Audited Annual Results and announces forthwith the results to both the Stock Exchanges where the shares of the Company are listed. The same are published within 48 hours in one English daily newspaper and one Marathi newspaper (Mumbai edition) and are displayed on the website of the company www.ajantapharma.com.

The Management Discussion and Analysis Report forms part of the Annual Report.

XII. General Shareholders Information:**1. Annual General Meeting**

Date and time : 7 July 2012 at 11.00 a.m.
 Venue : Prabodhankar Thackrey
 Natyagrah, Sodawala Lane,
 Borivli West, Mumbai - 92

2. Financial Calendar (Tentative)

Results for the Quarter ending:

30 June 2012 : last week of July, 2012
 30 September 2012 : last week of October, 2012
 31 December 2012 : last week of January, 2013
 31 March 2013 : last week of April / May, 2013

3. Dates of Book

Closure to 7 July 2012

4. Dividend Payment:

on or after 7 July 2012,
 Date subject to approval of
 shareholders.

5. Listing on Stock Exchanges

a) Bombay Stock Exchange
 Limited
 (Code: AJANTAPH 532331)
 b) National Stock Exchange of
 India Limited
 (Code: AJANTPHARM EQ)

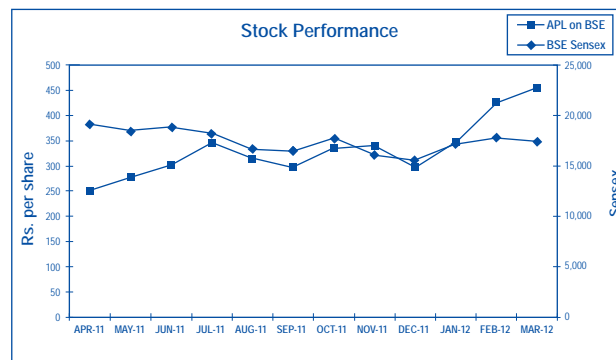
The Annual Listing fees were paid in time to both these Stock Exchanges.

6. ISIN number for NSDL and CDSL

INE031B01015

7. Stock Market Data:

	Bombay Stock Exchange(BSE)		National Stock Exchange(NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apl-11	254.45	200.70	254.50	201.00
May-11	288.50	245.60	288.20	243.50
Jun-11	327.75	271.00	333.00	270.55
Jul-11	368.00	300.25	369.00	297.65
Aug-11	355.90	281.00	356.00	281.30
Sep-11	345.95	295.00	345.95	295.00
Oct-11	344.75	289.10	344.80	288.00
Nov-11	357.00	294.00	383.80	294.00
Dec-11	352.00	292.15	356.00	292.00
Jan-12	362.00	291.15	362.00	292.10
Feb-12	434.00	342.50	434.45	337.00
Mar-12	492.00	341.90	492.00	410.00

8. Performance of APL Share price in comparison to BSE SENSEX:**9. Registrar and Transfer Agents:**

Link Intime India Private Limited.

Unit : Ajanta Pharma Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
 Bhandup (W), Mumbai - 400 078

Tel.: 022- 25946970; Fax.: 022- 2594 6969;

Email: rnt.helpdesk@linkintime.co.in

10. Share Transfer System:

Shares in physical form sent for registering transfer, to the Registrar and Shares Transfer Agents, M/s. Link Intime India Private Limited are registered and returned within a period of 30 days from the date of receipt, if the documents are in order in all respects. The Share Transfer Committee of the Company meets as often as required. During the year, 2011-12 the total

number of shares transferred in physical form were as follows: -

Transfer period (in days)	No. of requests (processed, effected & dispatched)	No. of shares	%
1-15	17	2,400	96.00
16-20	0	0	0.00
21-30	1	100	4.00
30 & Above	0	0	0.00
TOTAL	18	2,500	100

11. Distribution of Equity Shareholding as on 31 March 2012:

No. of shares held	Shareholders		Shares	
	No.	%	No.	%
Upto 500	8,323	93.22	9,14,065	7.81
501- 1000	304	3.40	2,44,829	2.09
1001-2000	132	1.48	1,91,168	1.63
2001-3000	49	0.55	1,28,510	1.10
3001-4000	24	0.27	87,148	0.74
4001-5000	15	0.17	70,761	0.60
5001-10000	29	0.33	2,19,563	1.88
10001 & above	52	0.58	98,52,456	84.15
TOTAL	8,928	100.00	1,17,08,500	100.00

12. Pattern of Shareholding:

SR NO.	CATEGORY	AS ON 31 MARCH 2012	
		NO OF SHARES	% OF TOTAL NO. OF SHARES
1.	Promoters Holding ➤ Promoters ➤ Foreign Promoters	82,11,270 Nil	70.13 Nil
2.	Mutual Funds	0	0
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Government Institutions)	690	0.01

4.	Private Corporate Bodies	6,64,236	5.67
5.	Indian Public	26,91,389	22.98
6.	NRIs/OCBs/FII's	1,06,432	0.91
7.	In Clearance	34,483	0.30
	TOTAL	1,17,08,500	100.00

13. Dematerialisation of Shares and liquidity:

98.86% of the total equity capital is held in dematerialized form with NSDL and CDSL as on 31 March 2012. As per guidelines of SEBI, the trading in equity shares of the company is permitted only in dematerialised form.

All shares of the company are liquid and traded in normal volume on BSE and NSE. Relevant data for the average daily turnover for the financial year 2011-12 is given below: -

	Bombay Stock Exchange (BSE)	National Stock Exchange (NSE)	BSE + NSE
In no. of Shares	30,609	23,895	54,504
In value terms	1,01,88,491	79,58,688	1,81,47,179

14. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity:

As of date, the Company has not issued these types of securities.

15. Employees Stock Option Scheme (ESOS), 2011

During the year, the Compensation Committee granted 30,000 options under Employees Stock Option Scheme including Subsidiary Companies Employees. The Plans were implemented according to the provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, with an exercise period of one month from the vesting date. Each option is convertible into one fully paid-up equity share of Rs. 10/- each. The exercise price would be Rs. 10/- per share.

16. Plant Locations and R & D Centre:

Plant

- B-4, B-5, B-6, MIDC Industrial Area, Paithan, Aurangabad, Maharashtra

- ii. 31-O, MIDC Industrial Area, Chikalthana, Aurangabad, Maharashtra
- iii. Gut No. 11/12/14/15, Chitegaon, Paithan Road, Aurangabad - 431105, Maharashtra
- iv. Gut No. 378, Plot No. 8, Waluj, Aurangabad, Maharashtra

R & D Centre

- v. 43 AB & 44BCD, ADVENT, Charkop, Kandivli West, Mumbai – 400067, Maharashtra

17. Voluntary Guidelines 2009:

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. Some of the provisions of these guidelines are already in place as mentioned elsewhere in this report. Board is evaluating other provisions of these guidelines and will strive to adopt the same in a phased manner in future.

18. Investor Correspondence Address:

For transfer/dematerialisation of shares,
payment of dividend on shares and any other
query relating to the shares of the company

For shares held in physical form

Link Intime India Private Ltd.
Unit : Ajanta Pharma Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400 078
Tel.: 022- 25946970
Fax.: 022- 2594 6969

Email: rnt.helpdesk@linkintime.co.in

For shares held in demat form

To the Depository participant
investorgrievance@ajantapharma.com

E-mail ID designated for Investor Complaints

Details of Compliance Officer

MR. DEODATTA PANDIT
GENERAL MANAGER - LEGAL & COMPANY SECRETARY
Ajanta Pharma Limited
Ajanta House, Charkop, Kandivli (W),
Mumbai 400 067
Tel.: 022- 66061000/1203/1204
Fax: 022-6606 1200/1300
E-mail: deodatta.pandit@ajantapharma.com

For and Behalf of the Board of Directors

MANNALAL B. AGRAWAL
CHAIRMAN

Mumbai, 26 April 2012

DECLARATION

In accordance with Clause 49 1 (D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct as applicable to them for the year ended 31 March 2012.

For Ajanta Pharma Limited

Yogesh M. Agrawal
Managing Director

Mumbai, 26 April 2012

CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Board of Directors
Ajanta Pharma Limited
Mumbai

We hereby certify for the financial year, ended 31 March 2012 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that: -

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls. We have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:-
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

(Yogesh M. Agrawal)
Managing Director

(Arvind K. Agrawal)
Chief Financial Officer

Mumbai, 26 April 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members,
AJANTA PHARMA LIMITED.

We have examined the compliance of conditions of Corporate Governance by Ajanta Pharma Limited ("the Company"), for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations has been limited to a review of the procedure and implementations thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the 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 based on

the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the clause 49 of the above mentioned Listing Agreements.

We 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 KAPOOR & PAREKH ASSOCIATES
Chartered Accountants
(ICAI FRN 104803W)

S.S. KAPOOR
Partner
M.No.5399

Mumbai, 26 April 2012

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

	Ajanta Pharma (Mauritius) Limited	Ajanta Pharma Inc	Ajanta Pharma Philippines Inc *	Ajanta Pharma UK Ltd. **
	(Amt. in MUR)	(Amt. in USD)	(Amt. in PHP)	(Amt. in Pound)
Section 212 (3)				
Financial year of the Subsidiary Company ended on	31.12.11	31.12.11	31.12.11	31.12.11
Number of shares in the subsidiary Company held by Ajanta Pharma Ltd. at the above date	613,791	1,520	82,000	Refer note no. 2
Extent of Holding	100%	100%	100%	100%
The net aggregate of profits (losses) of the Subsidiary company so far as it concern the Members of Ajanta Pharma Ltd.				
(I) Dealt within the accounts of Ajanta Pharma Ltd. amounted to:				
(a) for the subsidiary's financial year ended 31st December, 2011	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Ajanta Pharma Ltd.	NIL	NIL	NIL	NIL
(II) Not dealt within the accounts of Ajanta Pharma Ltd. amounted to				

	Ajanta Pharma (Mauritius) Limited	Ajanta Pharma Inc	Ajanta Pharma Philippines Inc *	Ajanta Pharma UK Ltd. **
	(Amt. in MUR)	(Amt. in USD)	(Amt. in PHP)	(Amt. in Pound)
(a) for the subsidiary's financial year ended 31st December, 2011	63,902,868	NIL	2,567,096	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Ajanta Pharma Ltd.	116,705,258	NIL	(18,453,947)	NIL
Section 212 (5)				
(a) Changes in the interest of Ajanta Pharma Ltd. between the end of the subsidiary's Financial year and 31st March, 2012 Number of shares acquired/ (disposed off)	NIL	NIL	NIL	NIL
(b) Details of material changes which have occurred between the end of the financial year of the subsidiary and the end of the holding company's financial year are as under:				
i) Subsidiary's Fixed Assets	No change	No change	No change	No change
ii) Its investments	No change	No change	No change	No change
iii) The money lent by it	No change	No change	No change	No change
iv) The money borrowed by it for any purpose other than that of meeting current liabilities	No change	No change	No change	No change

* Wholly owned subsidiary of Ajanta Pharma (Mauritius) Ltd.

** Ajanta Pharma Ltd., the holding Company has agreed to subscribe to 10,000 Shares of £1 each in the subsidiary. The Company is yet to issue shares.

STATEMENT PURSUANT TO APPROVAL U/S 212 (8) OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Ajanta Pharma (Mauritius) Ltd.	Ajanta Pharma Inc., USA	₹ in Lacs Ajanta Pharma Philippines Inc.
The Financial Year ended on	Dec 31, 2011	Dec 31, 2011	Dec 31, 2011
Capital	1,021.42	66.10	87.17
Reserves	3,086.65	14.62	(249.94)
Total Liabilities	3,164.15	7.17	1,159.41
Total Assets	7,272.22	87.88	996.64
Investment (other than in subsidiaries)	-	-	-
Turnover (Net)	15,283.12	-	1,570.13
Profit/(Loss) before Tax	1,184.26	-	98.05
Provision for Tax	-	-	-
Profit/(Loss) after Tax	1,184.26	-	98.05
Proposed Dividend	-	-	-
Foreign Currency of Subsidiary	Mauritian Rupee	US Dollar	Philippine Peso
Rupee Equivalent of 1 Unit of Foreign Currency as as 31st March, 2012	1.72	50.87	1.19

1) Ajanta Pharma Philippines Inc. is wholly owned subsidiary of Ajanta Pharma (Mauritius) Ltd.

2) No transaction in wholly owned subsidiary Ajanta Pharma UK Ltd. has been done during the financial year. Hence, above details in respect of aforesaid subsidiary is not given.

AUDITORS' REPORT

To the Members of

AJANTA PHARMA LIMITED

1. We have audited the attached Balance Sheet of **AJANTA PHARMA LIMITED** (the Company) as at 31st March, 2012, the Statement of Profit and Loss and also the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of Section 227 (4A) 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.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give, a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KAPOOR & PAREKH ASSOCIATES**

Chartered Accountants
(ICAI FRN 104803W)

S. S. KAPOOR

Partner
M. No. 5399

Mumbai, 26th April, 2012

Auditors' Report (Stand Alone)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph 3 of our report of even date to the Members of **AJANTA PHARMA LIMITED** on the accounts for the year ended 31st March, 2012.)

1. In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except addition made during the year which are in the process of updation.
- b) As informed to us by the management the company has a policy of physically verifying fixed assets in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, physical verification has not been carried out during the year.
- c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and going concern status of the Company is not affected.

2. In respect of inventories:

- a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year except for stocks with third parties for which most of the confirmation certificates have been obtained by the Company and stocks in transit.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.

3. In our opinion and according to the information and explanations given to us, the Company has neither taken nor given any loan, secured or unsecured, from/to companies, firms or other parties covered in the register maintained under section 301 of the

Companies Act, 1956 and hence, sub-clauses (b), (c), (d), (f) & (g) of Clause (iii) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there exist an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of inventory, 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 internal controls.
5. In our opinion and according to the information and explanations given to us, 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 and such transactions exceeding ₹ 5 Lacs in respect of each party have been made at prices which are prima facie, reasonable having regard to the prevailing market prices at the relevant time where such prices are available.
6. The Company has not accepted any deposit from public. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company relating to the manufacture of formulations, bulk drugs and drug intermediates pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed records have generally been maintained and the prescribed accounts are in the process of being made up. We have however, not made a detailed examination of the records with a view to determine whether they are accurate and complete.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including

Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year. There were no dues on account of cess under Section 441A of the Companies Act, 1956, since the date from which aforesaid Section comes into effect has not yet been notified by the Central Government.

- b) According to the information and explanation given to us, except Sales Tax amounting to ₹ 10 Lacs, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.
- c) On the basis of our examination of the documents and records of the Company and the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of a dispute, except as enumerated herein below which are pending before respective authorities as mentioned there against:

Name of the statute	Nature of the Dues	Amount* (₹ in Lacs)	Period to which amounts relate	Forum where dispute is Pending
Income Tax Act, 1961	Income Tax/ TDS/ Interest/ Penalty	30.97	AY 2000-01	Income Tax Appellate Tribunal
		88.31	AY 2001-02	
		36.50	AY 2002-03	
		18.06	AY 2003-04	
		0.17	AY 2006-07	Commissioner of Income Tax (Appeals)
		8.05	AY 2007-08	
		5.13	AY 2009-10	
The Bombay Sales Tax Act, 1959	Sales Tax/ Interest/ Penalty	6.93	FY 2004-05	Maharashtra Sales Tax Tribunal-Mumbai
The A. P. VAT Act, 2005	VAT/ Interest/ Penalty	14.74	FY 2009-10	Appellate Dy. Commissioner (Commercial Tax)-Secunderabad

*Net of amounts paid under protest or otherwise.

10. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current and the immediately preceding financial year.

11. Based on our audit procedures, information and explanations given to us, in our opinion the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any outstanding debentures during the year.
12. 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.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the cash flow statement and other records examined by us and on the basis of the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. According to the information and explanations given to us, the Company does not have outstanding debentures at the beginning of the year nor has issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For KAPOOR & PAREKH ASSOCIATES

Chartered Accountants
(ICAI FRN 104803W)

S. S. KAPOOR
Partner
M. No. 5399

Mumbai, 26th April, 2012

BALANCE SHEET AS AT 31 MARCH 2012 (STAND ALONE)

	Note No	₹ In Lacs 31 March 2012	₹ In Lacs 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,179.61	1,179.61
Reserves and Surplus	4	26,003.80	20,375.21
Non-Current Liabilities			
Long-Term Borrowings	5	7,536.01	5,905.24
Deferred Tax Liabilities (Net)	6	1,709.09	1,092.09
Other Long Term Liabilities	7	249.76	249.76
Long-Term Provisions	8	491.31	266.38
		9,986.17	7,513.47
Current Liabilities			
Short-Term Borrowings	9	8,686.62	7,696.94
Trade Payables	10	10,592.47	6,758.83
Other Current Liabilities	11	4,221.67	2,946.20
Short-Term Provisions	12	1,045.28	820.52
		24,546.04	18,222.49
TOTAL		61,715.62	47,290.78
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	13A	22,330.34	20,618.69
Intangible Assets	13B	1,325.96	-
Capital Work-in-Progress		251.31	1,721.82
		23,907.61	22,340.51
Non-current Investments	14	1,705.29	1,705.04
Long-Term Loans and Advances	15	5,055.58	3,338.48
Other Non Current assets	16	128.44	332.24
		30,796.92	27,716.27
Current Assets			
Inventories	17	16,234.75	9,611.98
Trade Receivables	18	12,541.75	7,576.43
Cash and Bank Balances	19	508.02	930.64
Short-Term Loans and Advances	20	1,561.28	1,452.56
Other Current Assets	21	72.90	2.90
		30,918.70	19,574.51
TOTAL		61,715.62	47,290.78
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner
Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal	Chairman
Purushottam B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Deodatta Pandit	Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012 (STANDALONE)

	Note No	₹ In Lacs 31 March 2012	₹ In Lacs 31 March 2011
INCOME :			
Revenue from operations (Gross)	22	61,236.86	46,309.99
Less : Excise Duty		810.07	494.39
Revenue from operations (Net)		60,426.79	45,815.60
Other Income	23	120.76	63.94
TOTAL INCOME		60,547.55	45,879.54
EXPENSES :			
Cost of Materials Consumed	24	23,028.59	15,366.04
Purchase of Stock-in-Trade	25	2,046.83	2,396.01
Changes in Inventories of Finished Goods/Work-in-progress/Stock-in-Trade	26	(3,298.94)	537.37
Employee Benefits Expenses	27	8,717.19	6,621.30
Finance Costs	28	2,271.63	1,585.99
Depreciation & Amortisation Expense	13A & 13B	3,067.96	2,378.80
Other Expenses	29	16,739.01	11,836.92
TOTAL EXPENSES		52,572.27	40,722.43
Profit Before Tax		7,975.28	5,157.11
Tax Expense :			
Current Tax		1,595.51	1,031.24
MAT Credit Entitlement		(874.50)	(1,031.22)
Deferred Tax		617.00	512.00
Income Tax of Earlier Years Written Off (Back)		(11.79)	0.55
Profit After Tax For The Year From Continuing Operations		6,649.06	4,644.54
There are no Exceptional Items, Extra Ordinary Items and Discontinuing Operations.			
Earning Per Equity Share (Face Value ₹ 10/-)			
Basic (₹)	30	56.79	39.67
Diluted (₹)	30	56.66	39.67
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner
Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal	Chairman
Purushottam B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Deodatta Pandit	Company Secretary

Statement of Profit and Loss (Stand Alone)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2012 (STAND ALONE)

(₹ In Lacs)

	Year Ended 31 March 2012	Year Ended 31 March 2011
A. Cash Flow from Operating Activities		
Profit before Tax	7,975.28	5,157.11
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation	3,067.96	2,378.80
Loss (Profit) on Sale / Discard of Assets (Net)	(8.46)	(1.76)
Interest Expense	2,271.63	1,585.99
Expense on Employee Stock Option Scheme (ESOS)	0.13	-
Receivable Written Off	203.67	0.59
Operating Profit before Movements/Adjustments :	13,510.21	9,120.73
Movements/Adjustments for :		
Decrease(Increase) in trade receivable	(5,168.99)	973.39
Decrease(Increase) in long-term loans and advances	(842.60)	312.25
Decrease(Increase) in Short-term loans and advances	(20.66)	(57.59)
Decrease(Increase) in Other non-current assets	203.80	(263.41)
Decrease(Increase) in Other current assets	(70.00)	25.68
Decrease(Increase) in inventories	(6,622.77)	904.15
Increase(decrease) in other Long term liabilities	-	5.01
Increase(decrease) in other current liabilities	1,239.15	(125.07)
Increase(decrease) in other Long term provisions	224.93	(17.39)
Increase(decrease) in short term provisions	(90.02)	109.36
Increase(decrease) in Trade Payables	3,833.64	749.89
Cash generated from/(used in) Operations	6,196.69	11,737.00
Direct Taxes Paid (Net of Refunds)	(1,700.19)	(974.32)
Net Cash Generated from (Used in) Operating Activities	4,496.50	10,762.68
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets-including intangible assets & CWIP	(4,640.95)	(4,165.61)
Proceeds from Sale of Fixed Assets	14.35	8.21
Proceeds of non-current Investment	-	0.10
Decrease(Increase) in fixed deposit - Net	462.37	(792.24)
(Bank fixed deposit having maturity of more than 3 months)		
Purchase of non-current Investments	(0.25)	-
Net Cash Generated from (Used in) Investing Activities	(4,164.48)	(4,949.54)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2012 (STAND ALONE)

(₹ In Lacs)

	Year Ended 31 March 2012	Year Ended 31 March 2011
C. Cash Flow from Financing Activities		
Increase(decrease) in long-term Borrowings-Net	1,630.77	(4,339.78)
Increase(decrease) in short-term Borrowings-Net	989.68	292.28
Interest Paid	(2,235.31)	(1,606.75)
Dividend Paid	(582.44)	(407.45)
Dividend Distribution Tax Paid	(94.97)	(68.06)
Net Cash Generated from(Used in) Financing Activities	(292.27)	(6,129.76)
Net Increase (Decrease) in Cash & Cash Equivalents	39.75	(316.62)
Cash and Cash Equivalents as at the Beginning of the Year	138.40	455.02
Cash and Cash Equivalents as at the End of the Year	178.15	138.40
Components of cash and cash equivalents		
Balance with Banks - In Current Accounts	160.53	124.18
Earmarked balances with banks-Unpaid Dividend	12.64	9.66
Cash on Hand	4.98	4.56
Total cash and cash equivalents	178.15	138.40

Notes:

- 1) The Cash Flow Statement has been prepared under the "indirect method" set out in the Accounting Standard - 3 on cash flow statement prescribed in the Companies (Accounting Standards) Rules, 2006.
- 2) Previous year's figures are regrouped & recasted wherever required.
- 3) Figures in brackets indicates outflow.

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner
Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal	Chairman
Purushottam B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Deodatta Pandit	Company Secretary

Statement of Cashflow (Stand Alone)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION:

Ajanta Pharma Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Accounting

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention unless otherwise specified. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year unless otherwise specified.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2. Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the period in which results are known/ materialized.

2.3. Fixed Assets

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation, and impairment losses, if any. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

2.4. Expenditure during Construction Period

All identifiable revenue expenses including interest incurred in respect of various projects/expansions are allocated to capital cost of respective assets on their completion/installation.

2.5. Investments

Long term investments are stated at cost of acquisition. Provision for diminution in value, is made only if, in the opinion of management such a decline is other than temporary. Investments in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition / remittance.

2.6. Inventories

2.6.1. Raw materials, packing materials, finished/traded goods are valued at cost or net realisable value whichever is lower.

2.6.2. Works in process are valued at estimated cost.

2.6.3. Sales promotional items are valued at cost.

2.7. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognised as income or expenses of the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the statement of profit and loss. In cases where forward contracts are entered, the relevant foreign currency assets / liabilities are translated at the forward rate. The resulting exchange difference, if any, is charged to the revenue.

2.8. Revenue Recognition

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. Incomes from services are recognised when services are rendered. Sales are net of discounts, sales tax and returns; excise duty collected on sales is shown by way of deduction from sales. Dividend income is recognised when right to receive dividend is established and there is no uncertainty as to its reliability. Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.

Revenue from sale of technology / know how (rights, licences and other intangibles) are recognised when performance obligation is completed as per the terms of the agreement.

2.9. Export Benefits

Export benefits available under prevalent schemes are accounted to the extent considered receivable.

2.10. Depreciation/Amortization

Depreciation is provided on Written Down Value method at the rates specified in Schedule XIV of the Companies Act, 1956. Premium on leasehold land is being written off over the period of lease. Expenditure incurred on ANDA development cost are amortised over estimated useful life.

2.11. Employee Benefits**2.11.1. Short Term Employee Benefits:**

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

2.11.2. Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to statement of profit and loss account. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's rules.

2.11.3. Stock Based Compensation:

Employee stock options are accounted as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

2.12. Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.13. Excise and Custom Duty

Excise duty in respect of finished goods lying in factory premises and customs duty on goods lying in custom bonded warehouse are provided for and included in the valuation of inventory.

2.14. Cenvat, Service Tax and VAT Credit

Cenvat, Service Tax and VAT credit receivable/availed are treated as an asset with relevant expenses being accounted net of such credit, and the same is reduced to the extent of their utilisations.

2.15. Income Tax

Current tax is accounted on the basis of Income Tax Act, 1961. Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax, to the extent that the timing differences are expected to crystallise. MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, by credit to the statement of profit & loss.

2.16. Impairment of Assets

The fixed assets and producing properties are reviewed for impairment at each balance sheet date. An asset is impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit & loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

2.17. Operating Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

2.18. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by 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 amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.19. Borrowing Cost

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

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
3. SHARE CAPITAL		
Authorised :		
1,50,00,000 Equity Shares of ₹ 10 each	1,500.00	1,500.00
1,50,00,000 Preference Shares of ₹ 10 each	1,500.00	1,500.00
	<u>3,000.00</u>	<u>3,000.00</u>
Issued :		
1,18,61,800 Equity Shares of ₹ 10 each	<u>1,186.18</u>	<u>1,186.18</u>
Subscribed & Paid up:		
1,17,08,500 Equity Shares of ₹ 10 each fully paid up	<u>1,170.85</u>	<u>1,170.85</u>
	1,170.85	1,170.85
1,53,300 Equity Shares Forfeited-Amount originally paid up	<u>8.76</u>	<u>8.76</u>
	<u>1,179.61</u>	<u>1,179.61</u>

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2012		31 March 2011	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
Number of shares outstanding as at the beginning of the year	1,17,08,500	1,170.85	1,17,08,500	1,170.85
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	<u>1,17,08,500</u>	<u>1,170.85</u>	<u>1,17,08,500</u>	<u>1,170.85</u>

(b) Terms/Rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares & pays dividend in indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012 amount per share of dividend recognised as distributions to equity shareholders was ₹ 7.50 (Pr.Yr. ₹ 5.00).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

	31 March 2012		31 March 2011	
Equity Shares of ₹ 10 each fully paid.	No. of Shares	% holding	No. of Shares	% holding
Mannalal B. Agrawal	7,20,896	6.16	7,20,896	6.16
Purushottam B. Agrawal	7,18,590	6.14	7,18,590	6.14
Madhusudan B. Agrawal	7,18,500	6.14	7,18,500	6.14
Vimal Agrawal & Mamta Agrawal	6,85,000	5.85	6,85,000	5.85
Gabs Investments Private Limited	7,54,896	6.45	N.A.	N.A.

(d) Shares reserved for issue under options

1,80,000 (Pr.Yr. Nil) shares reserved and 28,000 (Pr.Yr. Nil) granted for issue under the Employee Stock Option Plan (ESOP), 2011 of the company.

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
4. RESERVES & SURPLUS		
Capital Reserve	46.92	46.92
Capital Redemption Reserve	750.00	750.00
Share Premium	7,514.41	7,514.41
General Reserve		
Balance at the beginning of the year	11,100.00	7,100.00
Add: Transferred from statement of Profit & Loss	6,000.00	4,000.00
	17,100.00	11,100.00
Employee Stock Option Outstanding		
Employee Stock Option Outstanding		
Balance at the beginning of the year	-	-
Add : Options granted during the year	81.62	-
Less : Amortised during the year	-	-
Balance as at the year end (A)	81.62	-
Deferred Employee Stock Option Cost		
Balance at the beginning of the year	-	-
Add : Options granted during the year	81.49	-
Less : Amortised during the year	-	-
Balance as at the year end (B)	81.49	-
(A) - (B)	0.13	-
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	963.88	999.74
Profit for the year	6,649.06	4,644.54
Less: Appropriations		
-Proposed Dividend on Equity Shares	878.14	585.43
-Dividend Distribution Tax On Proposed	142.46	94.97
-Transfer to General Reserve	6,000.00	4,000.00
Net Surplus in the Statement of Profit and Loss	592.34	963.88
Total Reserve & Surplus	26,003.80	20,375.21
5. LONG TERM BORROWINGS		
Term Loan (Secured)		
From Banks (Rupee)	4,261.22	2,086.70
From others (Rupee)	1,625.01	2,524.97
Vehicle Loans (Secured)		
From Banks (Rupee)	228.82	127.64
From others (Rupee)	21.14	23.59
Other Loans & Advances (Unsecured)		
Deferred Sales Tax Loans	1,399.82	1,138.34
Other Loans	-	4.00
	7,536.01	5,905.24

- i) Term loans are secured by first charge on all fixed assets of the company and second charge on entire current assets of the company, present & future on pari passu basis in addition to personal guarantee of some of the directors.
- ii) Vehicle loans are secured against vehicles acquired under the scheme.

		₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
iii) Terms of Repayments			
a) Secured Loans from banks are repayable in equal Quarterly/Monthly installment up to 31 March 2016.			
b) The rate of interest on secured term loans vary between 11.25% p.a to 14% p.a.			
c) Vehicle Loans from banks are repayable in equal Monthly installment up to 31 July 2016.			
d) The rate of interest on vehicle loans vary between 10% p.a to 11% p.a.			
6. DEFERRED TAX (LIABILITY) ASSET			
Deferred Tax Liabilities			
Depreciation		1,878.64	1,886.36
	(A)	<u>1,878.64</u>	<u>1,886.36</u>
Deferred Tax Assets			
Unabsorbed Depreciation		-	251.33
Unabsorbed Losses		-	415.40
Others		169.55	127.54
	(B)	<u>169.55</u>	<u>794.27</u>
Deferred Tax Liabilities (Net)	(A) - (B)	<u><u>1,709.09</u></u>	<u><u>1,092.09</u></u>
7. OTHER LONG - TERM LIABILITIES			
Trade deposit		249.76	249.76
		<u>249.76</u>	<u>249.76</u>
8. LONG - TERM PROVISIONS			
Provision for employee benefit (Net)			
Provision for Gratuity (Net)		292.19	266.38
Provision for Leave Benefits (Net)		199.12	-
		<u>491.31</u>	<u>266.38</u>
9. SHORT- TERM BORROWINGS			
Working Capital Loans repayable on demand from banks (Secured)			
Rupee Loan		399.89	908.25
Foreign Currency Loan		8,286.73	5,803.06
Working Capital Loans repayable on demand from banks (Unsecured)			
Rupee Loan		-	985.63
		<u>8,686.62</u>	<u>7,696.94</u>
i) Working capital loans are secured by first charge on all current assets of the company and second charge on all fixed assets of the company on pari passu basis in additions to the personal guarantee of some of the directors.			
10. TRADE PAYABLES		10,592.47	6,758.83
		<u>10,592.47</u>	<u>6,758.83</u>
11. OTHER CURRENT LIABILITIES			
Current Maturities of long-term debt		2,807.91	2,225.68
Unpaid Dividend*		12.64	9.65

Notes to Financial Statements (Stand Alone)

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
Interest Accrued but not due on borrowings	49.54	13.22
Other Payables	1,351.58	697.65
	<u>4,221.67</u>	<u>2,946.20</u>

*There are no amounts due & outstanding to be credited to Investor Education & Protection Fund as on 31 March 2012.

12. SHORT - TERM PROVISIONS

Provision for employee benefits (Net)

Provision for Gratuity (Net)	-	111.71
Provision for Leave Benefits (Net)	24.68	-

Other Provisions

Proposed Dividend on Equity Shares	878.14	585.43
Tax on Proposed Dividend	142.46	94.97
Provision for Tax (Net of Payment)	-	28.41
	<u>1,045.28</u>	<u>820.52</u>

13 FIXED ASSETS

₹ In Lacs

		GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Particulars	As at 1.4.2011	Additions	Deductions / Adjustment	As at 31.03.2012	As at 1.4.2011	Additions	Deductions / Adjustment	As at 31.03.2012	As at 31.03.2012	As at 31.3.2011
(A)	Tangible assets										
	Freehold Land	767.70	53.35	-	821.05	-	-	-	-	821.05	767.70
	Lease hold Land	355.46	-	-	355.46	48.65	4.64	-	53.29	302.18	306.81
	Buildings	10,260.26	1,412.08	1.42	11,670.93	2,491.87	671.70	0.87	3,162.70	8,508.23	7,768.39
	Plant & Equipments	12,150.21	1,790.26	-	13,940.47	3,495.98	1,291.52	-	4,787.50	9,152.97	8,654.23
	Furniture & fixtures	2,514.36	771.98	-	3,286.34	722.95	371.74	-	1,094.69	2,191.65	1,791.42
	Vehicles	545.29	163.99	11.46	697.82	198.40	113.24	6.12	305.52	392.29	346.89
	Office Equipments	558.63	249.77	-	808.40	247.12	51.66	-	298.78	509.62	311.51
	Computers	1,882.16	59.52	-	1,941.68	1,210.42	278.91	-	1,489.33	452.35	671.74
	Total Tangible Assets	29,034.07	4,500.95	12.88	33,522.15	8,415.39	2,783.41	6.99	11,191.81	22,330.34	20,618.69
	Previous Year	22,175.73	6,918.76	60.42	29,034.07	6,090.55	2,378.80	53.97	8,415.38		
Note : Addition to fixed assets includes ₹214.09 Lacs (Pr.Yr. ₹ 2,299.52 Lacs) used for Research & Development.											
(B)	Intangible assets										
	ANDA Development Cost	-	1,592.53	-	1,592.53	-	283.67	-	283.67	1,308.86	-
	Computer softwares	-	17.98	-	17.98	-	0.88	-	0.88	17.10	-
	Total Intangible Assets	-	1,610.51	-	1,610.51	-	284.55	-	284.55	1,325.96	-
	Previous Year	-	-	-	-	-	-	-	-	-	-
(C)	Capital Work in Progress									251.31	1,721.82
	Total Fixed Assets (A) + (B) + (C)									23,907.61	22,340.51
Note : Capital Works in Progress includes ANDA development cost amounting to ₹ NIL Lacs (Pr.Yr. ₹ 1,592.53 Lacs)											

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
14. NON - CURRENT INVESTMENTS		
Trade Investments - Unquoted		
In Subsidiary Companies:		
Ajanta Pharma (Mauritius) Ltd.		
6,13,791 Ordinary Shares of Mauritian Rupees 100 each fully paid up	943.81	943.81
Ajanta Pharma Inc.		
1,520 Common Stock of US \$ 100 each fully paid up	66.10	66.10
In Associates Companies :		
Turkmenderman Ajanta Pharma Ltd.		
2,00,000 Shares of US \$ 10 each fully paid-up	695.13	695.13
Non - Trade Investments - Unquoted		
The Saraswat Co-Op Bank Ltd		
2,500 (Nil) Equity Shares @ ₹ 10 each	0.25	-
	<u>1,705.29</u>	<u>1,705.04</u>
15. LONG - TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Capital Advances	1,751.07	689.77
Security Deposits	70.47	289.17
MAT Credit Entitlement	3,234.04	2,359.54
	<u>5,055.58</u>	<u>3,338.48</u>
16. OTHER NON CURRENT ASSETS		
In Deposit Accounts (Under Lien with Banks)	109.58	322.92
Interest Accrued on fixed deposit	18.86	9.32
	<u>128.44</u>	<u>332.24</u>
17. INVENTORIES		
(As certified by the management)		
Raw Materials	6,538.22	3,775.77
Packing Materials	1,759.75	1,230.92
Work-in-Process	1,887.88	809.12
Finished Goods	5,412.98	3,150.77
Stock-in-trade	516.85	558.88
Sales Promotion Materials	119.07	86.52
	<u>16,234.75</u>	<u>9,611.98</u>
18. TRADE RECEIVABLE		
(Unsecured, Considered Good)		
Over Six Months from the date they are due for payment	402.30	473.47
Others from the date they are due for payment	12,139.45	7,102.96
	<u>12,541.75</u>	<u>7,576.43</u>

Notes to Financial Statements (Stand Alone)

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
19. CASH AND BANK BALANCES		
Cash and cash equivalents		
Balance with Banks - In Current Accounts	160.53	124.18
Earmarked balances with banks-Unpaid Dividend	12.64	9.66
Cash on Hand	4.98	4.56
	(A) 178.15	138.40
Other bank balances		
In Deposit Accounts (Under Lien with Banks)	(B) 329.87	792.24
	(A) + (B) 508.02	930.64
20. SHORT - TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Income Tax Paid (Net of Provision)	88.06	-
Balance with Statutory/Govt. Authorities :		
Balance with Excise Authorities	559.25	629.65
VAT Receivable	184.20	168.01
Octroi Refund Receivable	52.39	49.85
Prepaid Expenses	38.77	33.76
Advances to Creditors	345.85	341.94
Advances Recoverable in Cash or Kind	292.76	229.35
	1,561.28	1,452.56
21. OTHER CURRENT ASSETS		
Interest Accrued on fixed deposit	72.90	2.90
	72.90	2.90
22. REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	53,869.08	39,362.60
Traded Goods	6,766.39	6,803.99
Other Operating Revenues		
Duty Drawback Received	246.02	-
Licencing Fees	93.01	42.36
Sale of scrap	31.16	31.89
Sale of Brand	95.24	-
Insurance Claim	135.96	69.15
	61,236.86	46,309.99
23. OTHER INCOME		
Profit on Sale of Fixed Assets	8.46	1.76
Interest on Bank Deposits	98.90	27.25
Interest From Others	13.40	16.46
Miscellaneous Income	-	18.47
	120.76	63.94
24. COST OF MATERIALS CONSUMED		
Raw Material Consumed	18,880.65	12,475.70
Packing Material Consumed	4,147.94	2,890.34
	23,028.59	15,366.04

	₹ in Lacs 31 March 2012	₹ in Lacs 31 March 2011
25. Purchases of Traded Goods	2,046.83	2,396.01
26. Changes in Inventories of Finished Goods/Work-in-progress/ Stock-in-Trade		
Inventories at the end of the year :		
Work-in-Process	1,887.88	809.12
Finished Goods	5,412.98	3,150.77
Traded Goods	516.85	558.88
(A)	7,817.71	4,518.77
Inventories at the beginning of the year :		
Work-in-Process	809.12	464.26
Finished Goods	3,150.77	3,496.09
Traded Goods	558.88	1,095.79
(B)	4,518.77	5,056.14
Net (Increase)/Decrease inventories (B) - (A)	(3,298.94)	537.37
27. EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages, Bonus and Allowances	8,032.30	6,010.96
Expense on Employee Stock Option Scheme (ESOS)	0.13	-
Contribution to Provident and Other Funds	546.86	515.89
Staff Welfare Expenses	137.90	94.45
	8,717.19	6,621.30
28. FINANCE COST		
On Term Loans	1,197.60	1,384.55
Other Borrowing Cost	203.69	200.32
Applicable net gain/loss on foreign currency transaction and translation	870.34	1.12
	2,271.63	1,585.99
29. OTHER EXPENSES		
Selling Expenses	5,692.54	3,794.43
Clearing and Forwarding	2,294.98	1,505.10
Travelling Expenses	1,448.80	1,168.78
Processing Charges	833.94	587.03
Power and Fuel	762.89	598.55
Advertisement and Publicity	594.93	368.19
Consumption of Stores & Spare Parts	569.70	273.03
Licence and Registration Fees	427.64	175.14
Rent	344.65	289.90
Rates & Taxes	12.91	5.44
Legal and Professional Fees	387.55	264.57
Telephone, Telex and Postage	347.73	260.10
Repairs to Buildings	24.16	27.41
Repairs to Machinery	195.24	116.35
Insurance	192.69	155.76
Exchange Rate Difference (Net)	122.00	57.20
Miscellaneous Expenses	2,486.66	2,189.94
	16,739.01	11,836.92

Notes to Financial Statements (Stand Alone)

30. Earnings Per Share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	31 March 2012	31 March 2011
Basic and Diluted Earnings Per Share:		
Nominal value of Equity Share (₹)	10	10
Profit attributable to Equity shareholders-considered for Basic EPS (₹ in Lacs) (A)	6,649.06	4,644.54
Add: Dilutive effect on profit (₹ in Lacs) (B)*	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs) (C=A+B)	6,649.06	4,644.54
Number of Equity Shares outstanding - considered for Basic EPS (D)	1,17,08,500	1,17,08,500
Add: Dilutive effect of option outstanding-Number of Equity Shares (E)*	27,059	Nil
Number of Equity Shares considered for computing Diluted EPS (F=D+E)	1,17,35,559	1,17,08,500
Basic Earnings Per Share (₹) (A/D)	56.79	39.67
Diluted Earnings Per Shares (₹)(C/F)	56.66	39.67

* Dilutive effect on number of equity shares and profit attributable is on account of Employee Stock Option Scheme (ESOS)- (refer note no. 37). There are no Exceptional Items, Extra Ordinary Items and Discontinuing Operations.

31. Contingent Liabilities:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
i) Letter of Credit opened	1,813.51	1,529.44
ii) Guarantees given by the Bankers on behalf of the company	2,018.31	1,900.25
iii) Guarantee given to banks for loan availed by Ajanta Pharma (Mauritius) Ltd., wholly owned subsidiary [USD 15 Lacs (Pr.Yr. USD Nil)]	763.05	Nil
iv) Income tax demands disputed by Company pending in appeal. Amount paid under protest ₹182.00 Lacs (Pr.Yr. ₹80.00Lacs).	369.18	379.92
v) Sales tax demands disputed by Company pending in appeal.	21.67	-
vi) Custom Duty on import under Advance License Scheme, pending fulfilment of Exports obligation.	132.62	58.39
vii) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances	2,363.08	1,322.60
viii) Unpaid allotment money in respect of		
(a) Common Stock of Ajanta Pharma Inc., wholly owned subsidiary equivalent to USD 1.48 Lacs (Pr.Yr. USD 1.48 Lacs).	75.29	65.99
(b) Shares of Ajanta Pharma UK Ltd, wholly owned subsidiary, equivalent to UK Pound 0.10 Lacs (Pr.Yr. UK Pound 0.10 Lacs).	8.15	7.17

Future cash outflows in respect of liability under clause (iv) to (vi) is dependent on decisions by relevant authorities of respective disputes, in respect of clauses (i), (ii), (iii) & (vii) liability is dependent on terms agreed upon with the parties and in respect of clause (viii) it is dependent on call made by investee company.

32. The Board of Directors have recommended dividend of ₹ 7.50 (Pr.Yr. ₹ 5.00) per equity shares, which is subject to approval of shareholders.

33. Disclosure of trade payables under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006". Amount outstanding as on 31 March 2012 to Micro, Small and Medium Enterprises on account of principal amount aggregate to ₹ 268.44 Lacs (Pr.Yr. ₹ 117.42 Lacs) [including overdue amount of ₹ 60.16 Lacs (Pr.Yr. ₹ Nil)] and interest due thereon is ₹ 9.89 Lacs (Pr.Yr. ₹ Nil) and interest paid during the year ₹ Nil (Pr.Yr. ₹ Nil). As per the terms/ understanding with the parties, no interest is payable and hence no provision has been made for the same.
34. The Company has one segment of activity namely "Pharmaceuticals".
35. Pre-operative expenses included in Capital work in Progress representing expenses incurred for projects yet to be commissioned are as under:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Opening Balance	Nil	288.93
Add: Incurred during the year -Other Expenses	9.86	3.83
Total	9.86	292.76
Less: Capitalised to Fixed Assets	Nil	292.76
Closing Balance	9.86	Nil

36. Employee Benefits

As required by Accounting Standard-15 'Employee Benefits' the disclosures are as under :

36.1. Defined Contribution Plans

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. During the year, the Company has recognised the following amounts in the Account:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Provident Fund and Employee's Pension Scheme	463.91	329.70
Employees State Insurance	21.88	16.17
TOTAL	485.79	345.87

36.2. Defined Benefit Plans

Gratuity: The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

36.2.1. On normal retirement / early retirement / withdrawal / resignation:

As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.

36.2.2. On the death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Death Benefit: The Company provides for death benefit, a defined benefit plan (death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non funded.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan), based on actuarial reports as on 31 March 2012 are as under:

	Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
i)	<u>Changes in Defined Benefit Obligation</u>		
	Opening defined benefit obligation	441.04	288.25
	Current service cost	84.84	91.59
	Interest cost	35.28	22.34
	Actuarial loss / (gain)	(35.34)	59.08
	Benefit (paid)	(25.85)	(20.22)
	Closing defined benefit obligation	499.97	441.04
ii)	<u>Changes in Fair Value of Assets</u>		
	Opening fair value of plan assets	62.95	4.48
	Diff between report as per last year & actual balance as per LIC Fund Statement	Nil	0.91
	Adjustment to the fund	13.50	Nil
	Transfers out of fund	(1.23)	Nil
	Expected return on plan assets	12.24	2.79
	Actuarial gain / (loss)	Nil	(0.01)
	Contributions of employer	146.17	75.00
	Benefits (paid)	(25.85)	(20.22)
	Closing fair value of plan assets	207.78	62.95
iii)	<u>Amount recognised in the Balance Sheet</u>		
	Present value of the obligations as at year end	499.96	441.04
	Fair value of the plan assets as at year end	207.78	62.95
	Net (asset) / liability recognised as on 31 March 2012	292.18	378.09
iv)	<u>Expenses recognised in the Statement of Profit and Loss</u>		
	Current service cost	84.84	91.59
	Interest on defined benefit obligation	35.28	22.34
	Expected return on plan assets	(12.24)	(2.79)
	Net actuarial loss/(gain) recognized in the current year	(35.34)	59.08
	Total expense	72.54	170.22
v)	<u>Asset information</u>		
	Others – Policy of Insurance	100%	100%
vi)	<u>Principal actuarial assumptions used</u>		
	Discount rate (p.a.)	8.50%	8.00%
	Expected rate of return on plan assets (p.a.)	9.00%	8.50%
	Annual increase in salary cost (p.a.)	6.00%	6.00%

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

36.3. Leave Encashment:

From the current year, employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rules and the same is being provided based on report of independent actuary using Projected Unit Credit Method.

Accordingly ₹ 223.80 Lacs (including towards current liability of ₹ 24.68 Lacs) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

37. Employees Stock Options Scheme ('ESOS')

The Company has instituted an Employees Stock Options Scheme 2011 ('ESOS – 2011') during the year which was approved by the shareholders vide their resolution dated 1 July 2011. The Board of Directors of the Company has granted 30,000 stock options to its employees pursuant to the 'ESOS -2011' on 24 October 2011. Each option entitles an employee to subscribe to one equity share of the Company at an exercise price of ₹ 10/- per share. Details of the options granted during the year under ESOS-2011 are as under:

Grant Date	No. of Options	Exercise price	Vesting Period
24 October 2011	9,000	10	24.10.2011 to 31.03.2013
24 October 2011	9,000	10	24.10.2011 to 31.03.2014
24 October 2011	12,000	10	24.10.2011 to 31.03.2015
Total	30,000		

Employees Stock Options Scheme 2011 ('ESOS – 2011')

Particulars	31 March 2012 (FV ₹ 10)	31 March 2011 (FV ₹ 10)
Options outstanding as at the beginning of the Year	Nil	N.A.
Add: Options granted during the Year	30,000	N.A.
Less: Options lapsed during the Year	2,000	N.A.
Less: Options Exercised during the Year	Nil	N.A.
Options outstanding as at the Year End (refer note no. 30)	28,000	N.A.

The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

The key assumption used in Black-Scholes model for calculating fair value is: expected life of the option - between 1 to 3.2 years, volatility - 96%, risk free rate of return - 8.5% and dividend yield - 1.73%.

38. Disclosure for operating leases under Accounting Standard 19-" Leases":

The Company has taken various residential /godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally cancellable and range between 11 months and 5 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments of ₹ 344.65 Lacs (Pr.Yr. ₹ 289.90 Lacs) are recognised in the Statement of Profit and Loss under "Rent" under Note 29.

The future lease payments and payment profile of non cancellable operating leases are as under:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Not later than one year	333.02	322.62
Later than one year but not later than five years	1,274.73	1,270.08
Later than five years	1,270.08	1,587.60

39. Excise duty related to differences between closing and opening stock and other adjustments are stated under operating and other expenses. Excise duty related to turnover is reduced from the Gross Revenue from Operations.
40. In terms of the requirements of the Accounting standards-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period by the management based on present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.
41. As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS) 29 "Provision, Contingent Liabilities and Contingent Assets" as notified by the Companies (Accounting Standards) Rules 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.

42. **Research and Development expenditure:**

Revenue expenses on research and development incurred during the year except depreciation are as under:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Cost of Material/Consumable/Spare	1,617.87	1,079.93
Employee benefits expenses	870.01	711.37
Utilities	76.81	66.18
Other Expenses	1,175.60	630.89
Total	3,740.29	2,488.37

43. **Foreign Currency outflow**

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
<u>C.I.F. Value of Imports:</u>		
Raw Materials	3,442.34	3,150.80
Capital Goods	471.29	297.17
Others	41.03	58.69
<u>Expenditure in Foreign Currency:</u>		
Travelling	92.80	107.62
Interest	79.20	64.53
Legal & Professional Expenses	32.59	106.17
Marketing & Other Expenses	2,611.79	2,254.07

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Remittance in foreign currency on account of dividend*:		
Number of non-resident shareholders	83	71
Number of shares held by them	39,535	28,114
Amount of dividend (₹ in Lacs)	1.98	0.98
Year to which the dividend relates	2010-11	2009-10

* The Company has paid dividend in respect of shares held by Non-Resident Shareholders, on repatriation basis. This inter-alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External A/c. The exact amount of dividend remitted in foreign currency cannot be ascertained.

44. Earning in Foreign Currency:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
FOB value of Exports	34,268.39	26,186.08
Freight & Insurance	1,159.39	762.19
Technology Transfer Fees	50.87	42.36

45. Remuneration to Auditors (excluding service tax) :

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Audit Fees	6.25	6.25
Tax Audit Fees	1.00	1.00
For Certification and Other Matters	6.58	6.50
Out of Pocket Expenses	0.31	0.70

46. Related party disclosure with whom transactions have taken place during the year as required by Accounting Standards 18 are given below: -

Relationships:

Category I- Subsidiaries:

Ajanta Pharma (Mauritius) Ltd	(APML)
Ajanta Pharma Inc.	(AP Inc. USA)
Ajanta Pharma Philippines Inc.	(APPh Inc.) (Subsidiary of APML)
Ajanta Pharma UK Ltd	(AP UK)

Category II- Associate Companies:

Turkenderman Ajanta Pharma Ltd.	(TDAPL)
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Category III- Directors, Key Management Personnel & their Relatives:

Mr. Mannalal B. Agrawal	Chairman
Mr. Purushottam B. Agrawal	Executive Vice Chairman
Mr. Madhusudan B. Agrawal	Executive Vice-Chairman
Mr. Yogesh M. Agrawal	Managing Director

& Relatives of Key Management Personnel

Category IV-Enterprise over which persons covered under Category III above are able to exercise significant control:

Gabs Investment Private Limited

* The following transactions were carried out with related parties:

(₹ in Lacs)

Particulars	Category I	Category II	Category III	Category IV	Total
Sale of Goods					
APML	6,522.49	Nil	Nil	Nil	6,522.49
	(11,337.70)	(Nil)	(Nil)	(Nil)	(11,337.70)
APPh Inc.	795.13	Nil	Nil	Nil	795.13
	(273.51)	(Nil)	(Nil)	(Nil)	(273.51)
Expenses Reimbursement to					
AP Inc. USA	330.00	Nil	Nil	Nil	330.00
	(380.17)	(Nil)	(Nil)	(Nil)	(380.17)
Remuneration, Commission & Sitting fees to Directors (Include Perquisites)	Nil	Nil	435.76	Nil	435.76
	(Nil)	(Nil)	(380.62)	(Nil)	(380.62)
Rent to					
Mrs. Manisha Agrawal	Nil	Nil	79.38	Nil	79.38
	(Nil)	(Nil)	(66.15)	(Nil)	(66.15)
Mr. Aayush Agrawal	Nil	Nil	79.38	(Nil)	79.38
	(Nil)	(Nil)	(66.15)	(Nil)	(66.15)
Salaries to					
Mr. Rajesh Agrawal	Nil	Nil	78.05	Nil	78.05
	(Nil)	(Nil)	(71.33)	(Nil)	(71.33)
Dividend Paid	Nil	Nil	350.48	19.95	370.43
	(Nil)	(Nil)	(245.34)	(13.96)	(259.30)
Deposits Refunded From					
Mrs. Manisha Agrawal	Nil	Nil	55.00	Nil	55.00
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Mr. Aayush Agrawal	Nil	Nil	55.00	Nil	55.00
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Gurantee for Loan availed					
APML	763.05	Nil	Nil	Nil	763.05
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)

* Amount outstanding as on 31 March 2012

(₹ in Lacs)

Particulars	Category I	Category II	Category III	Category IV	Total
Trade Receivables					
APML	Nil	Nil	Nil	Nil	Nil
	(700.45)	(Nil)	(Nil)	(Nil)	(700.45)
APPh Inc.	582.73	Nil	Nil	Nil	582.73
	(273.43)	(Nil)	(Nil)	(Nil)	(273.43)
Investment in					
AP Inc. USA	66.10	Nil	Nil	Nil	66.10
	(66.10)	(Nil)	(Nil)	(Nil)	(66.10)
APML	943.81	Nil	Nil	Nil	943.81
	(943.81)	(Nil)	(Nil)	(Nil)	(943.81)
TDAPL	Nil	695.13	Nil	Nil	695.13
	(Nil)	(695.13)	(Nil)	(Nil)	(695.13)

* Amount outstanding as on 31 March 2012

(₹ in Lacs)

Particulars	Category I	Category II	Category III	Category IV	Total
Deposit given against Premises					
Mr. Aayush Agrawal	Nil	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(55.00)	(Nil)	(55.00)
Mrs. Manisha Agrawal	Nil	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(55.00)	(Nil)	(55.00)
Trade Payables					
AP Inc. USA	60.35	Nil	Nil	Nil	60.35
	(60.57)	(Nil)	(Nil)	(Nil)	(60.57)
Advance Received					
APML	474.97	Nil	Nil	Nil	474.97
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
Commission Payable to Non-Executive Director					
	Nil	Nil	80.00	Nil	80.00
	(Nil)	(Nil)	(52.00)	(Nil)	(52.00)
Gurantee for Loan availed					
APML	763.05	Nil	Nil	Nil	763.05
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)

* Figures in brackets are for the previous year.

47. Note on hedge and unhedged foreign currency assets and liabilities:

The Company has entered into forward exchange contract, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. Forward Exchange Contracts to sell USD 10 Lacs (Pr.Yr. USD 45 Lacs) are outstanding as at the year end. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Particulars	₹ in Lacs	₹ in Lacs	Foreign Currency Amt in Lacs	Foreign Currency Amt in Lacs	Foreign Currency
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	
Amount Receivable	8,621.47 89.34 Nil	3,895.01 9.40 69.79	169.48 1.32 Nil	87.35 0.15 0.97	USD EURO POUND
Amount Payable	9,254.86 495.94	6,191.34 Nil	181.93 7.30	138.85 Nil	USD EURO

48. The Company has not granted any loan/advances in the nature of loans, as stipulated in the clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy, security deposits paid towards premises taken on leave and license basis have not been considered. Hence, there are no investments by loans in the shares of the Parent Company and/or subsidiary companies.

49. Materials Consumed

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Active Pharma Ingredient & Excipients	18,280.00	11,981.86
Others	600.65	493.84
Raw Material Consumed	18,880.65	12,475.70
Packing Material Consumed	4,147.94	2,890.34
Total	23,028.59	15,366.04

Particulars	31 March 2012		31 March 2011	
	%	₹ in Lacs	%	₹ in Lacs
Indigenous	86%	19,753.34	77%	11,908.57
Imported	14%	3,275.25	23%	3,457.47
Total	100%	23,028.59	100%	15,366.04

No single raw or packing material accounts for more than 10% of total consumption.

50. Purchase of Traded Goods

Category	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Tablets	389.15	852.06
Capsules	429.36	442.02
Liquids	449.21	238.88
Injectibles	306.75	378.98
Powder	62.30	70.26
Ointment	187.47	358.28
Others	222.59	55.53
Total	2,046.83	2,396.01

51. Sale of Products comprises

	Manufactured Goods *		Traded Goods	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Category	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Tablets	31,502.31	21,348.65	1,700.99	2,392.78
Capsules	4,108.73	3,993.80	1,463.15	969.93
Liquids	9,209.66	6,709.16	762.84	746.42
Injectibles	796.43	800.89	443.15	547.99
Powder	1,019.52	1,508.94	94.62	95.11
Ointment	7,051.64	4,836.29	524.66	431.93
Others	180.79	164.87	1,776.98	1,619.83
Total	53,869.08	39,362.60	6,766.39	6,803.99

*including manufactured by others on job work basis

52. Details of Closing Stock as on 31 March :

	Manufactured Goods*			Stock in Trade		
	2012	2011	2010	2012	2011	2010
Category	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Tablets	3,457.67	1,949.76	1,479.96	128.67	145.18	829.60
Capsules	508.05	239.19	193.29	70.06	78.01	23.64
Liquids	506.66	463.44	1,003.84	139.27	44.41	78.31
Injectibles	98.80	82.03	74.52	82.25	202.92	67.06
Powder	197.18	58.61	155.33	19.78	37.53	19.42
Ointment	406.49	107.25	536.23	50.49	29.76	13.41
API	217.55	230.98	Nil	Nil	Nil	Nil
Others	20.58	19.51	52.93	26.33	21.07	64.36
Total	5,412.98	3,150.77	3,496.09	516.85	558.88	1,095.80

*including manufactured by others on job work basis

53. Consumption of consumable stores is wholly indigenous in the current and previous year.

54. Previous year's figures are regrouped and recast wherever required.

For and on behalf of the Board

Mannalal B. Agrawal
ChairmanPurushottam B. Agrawal
Vice ChairmanYogesh M. Agrawal
Managing DirectorDeodatta Pandit
Company Secretary

Mumbai, 26 April 2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT

To,
The Board of Directors
AJANTA PHARMA LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Ajanta Pharma Limited** ("the Company") and its Subsidiaries (collectively referred as "the Group") as at **31 March 2012** and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 5,942.40 Lacs as at 31st March, 2012, total revenues of ₹15,132.01 Lacs and total cash inflow of ₹416.84 Lacs for the year then ended. The unaudited financial statements of the subsidiaries are certified and converted by the management as per the requirement of Indian GAAP. Our opinion in so far as it relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on these unaudited certified financial statements.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and unaudited financial statements of the subsidiaries of the Company as certified by the management, included in consolidated financial statements.
5. Subject to the matters referred to in paragraph 4 above, based on our audit and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2012 ;
 - ii) In the case of Consolidated Statement of Profit and Loss, of the profit of the Group for the year then ended ; and
 - iii) In the case of the Consolidated Cash Flow Statement, of the cash flow of the Group for the year then ended.

For KAPOOR & PAREKH ASSOCIATES

Chartered Accountants
(ICAI FRN 104803W)

S.S. KAPOOR

Partner

M.No.5399

Mumbai, 26th April, 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(₹ in Lacs)

	Note No	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,179.61	1,179.61
Reserves and Surplus	4	28,623.36	21,703.49
Non-Current Liabilities			
Long-Term Borrowings	5	7,608.91	5,955.30
Deferred Tax Liabilities (Net)	6	1,709.09	1,092.09
Other Long Term Liabilities	7	249.76	249.76
Long-Term Provisions	8	491.31	266.38
		10,059.07	7,563.53
Current Liabilities			
Short-Term Borrowings	9	9,526.65	10,871.19
Trade Payables	10	10,132.05	7,119.39
Other Current Liabilities	11	4,314.60	2,958.99
Short-Term Provisions	12	1,045.28	820.52
		25,018.58	21,770.09
TOTAL		64,880.62	52,216.72
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	13A	23,185.32	21,336.21
Intangible Assets	13B	1,427.20	66.72
Capital Work-in-Progress		251.31	1,721.82
		24,863.83	23,124.75
Non-Current Investments	14	846.67	846.42
Long-Term Loans and Advances	15	5,074.59	3,354.41
Other Non Current Assets	16	128.44	332.24
		30,913.53	27,657.82
Current Assets			
Inventories	17	16,780.12	11,312.07
Trade Receivables	18	14,099.62	10,398.19
Cash and Bank Balances	19	1,147.35	1,153.13
Short-Term Loans and Advances	20	1,867.10	1,692.61
Other Current Assets	21	72.90	2.90
		33,967.09	24,558.90
TOTAL		64,880.62	52,216.72
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

Balance Sheet (Consolidated)

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner

Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal

Chairman

Purushottam B. Agrawal

Vice Chairman

Yogesh M. Agrawal

Managing Director

Deodatta Pandit

Company Secretary

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lacs)

	Note No	31 March 2012	31 March 2011
INCOME :			
Revenue from operations (Gross)	22	68,549.76	50,377.34
Less : Excise Duty		810.07	494.39
Revenue from operations (Net)		67,739.69	49,882.95
Other Income	23	622.25	945.49
TOTAL INCOME		68,361.94	50,828.44
EXPENSES :			
Cost of Materials Consumed	24	23,250.74	15,836.43
Purchase of Stock-in-Trade	25	1,815.55	2,040.43
Changes in Inventories of Finished Goods/Work-in-process/ Stock-in-Trade	26	(2,071.92)	459.63
Employee Benefits Expenses	27	9,383.92	7,085.14
Finance Costs	28	2,413.32	1,802.28
Depreciation and Amortisation Expenses	13A & 13B	3,186.92	2,474.85
Other Expenses	29	21,287.58	15,491.15
TOTAL EXPENSES		59,266.11	45,189.91
Profit Before Tax		9,095.83	5,638.53
Tax Expense :			
Current Tax		1,638.55	1,031.24
MAT Credit Entitlement		(874.50)	(1,031.22)
Deferred Tax		617.00	566.70
Income Tax of Earlier Years Written Off (Back)		(11.79)	0.55
Profit After Tax For The Year From Continuing Operations		7,726.57	5,071.26
There are no Exceptional Items, Extra Ordinary Items and Discontinuing Operations.			
Earning Per Equity Share (Face Value ₹ 10/-)			
Basic (₹)	30	65.99	43.31
Diluted (₹)	30	65.84	43.31
Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner
Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal	Chairman
Purushottam B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Deodatta Pandit	Company Secretary

STATEMENT OF CONSOLIDATED CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lacs)

	31 March 2012	31 March 2011
A. Cash Flow from Operating Activities		
Profit before Tax	9,095.83	5,638.53
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation	3,186.92	2,474.85
Loss (Profit) on Sale / Discard of Assets (Net)	(11.73)	(1.76)
Interest Expense	2,413.32	1,802.28
Expense on Employee Stock Option Scheme (ESOP)	0.13	-
Receivable Written Off	203.67	0.59
Exchange Fluctuation	213.78	-
Operating Profit before Movements/Adjustments :	15,101.93	9,914.49
Movements/Adjustments for :		
Decrease(Increase) in trade receivable	(3,905.10)	(726.33)
Decrease(Increase) in long-term loans and advances	(845.68)	309.93
Decrease(Increase) in Short-term loans and advances	(86.43)	(131.85)
Decrease(Increase) in Other non-current assets	203.80	(332.24)
Decrease(Increase) in Other current assets	(70.00)	(2.90)
Decrease(Increase) in inventories	(5,468.05)	650.40
Increase(decrease) in other Long term liabilities	-	5.01
Increase(decrease) in other current liabilities	1,319.29	(542.54)
Increase(decrease) in other Long term provisions	224.93	(17.39)
Increase(decrease) in short term provisions	(90.01)	6.05
Increase(decrease) in Trade Payables	3,012.66	1,378.28
Cash generated from/(used in) Operations	9,397.35	10,510.91
Direct Taxes Paid (Net of Refunds)	(1,743.23)	(974.32)
Net Cash Generated from (Used in) Operating Activities	7,654.12	9,536.59
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets-including intangible assets & CWIP	(4,931.94)	(4,290.00)
Proceeds from Sale of Fixed Assets	17.62	11.57
Proceeds of non-current Investment	-	0.10
Decrease(Increase) in fixed deposit - Net (Bank fixed deposit having maturity of more than 3 months)	462.37	(792.24)
Purchase of non-current Investments	(0.25)	-
Net Cash Generated from (Used in) Investing Activities	(4,452.19)	(5,070.56)

Statement of Cashflow (Consolidated)

STATEMENT OF CONSOLIDATED CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in Lacs)

	31 March 2012	31 March 2011
C. Cash Flow from Financing Activities		
Increase(decrease) in long-term Borrowings-Net	1,653.61	(4,351.77)
Increase(decrease) in short-term Borrowings-Net	(1,344.53)	1,061.33
Interest Paid	(2,377.00)	(1,823.04)
Dividend Paid	(582.44)	(407.45)
Dividend Distribution Tax Paid	(94.97)	(68.06)
Net Cash Generated from (Used in) Financing Activities	(2,745.33)	(5,588.99)
 Net Increase (Decrease) in Cash & Cash Equivalents	 456.59	 (1,122.97)
 Cash and Cash Equivalents as at the Beginning of the Year	 360.89	 1,483.86
Cash and Cash Equivalents as at the End of the Year	817.48	360.89
 Components of cash and cash equivalents		
Balance with Banks - In Current Accounts	798.93	345.56
Earmarked balances with banks-Unpaid Dividend	12.64	9.66
Cash on Hand	5.91	5.67
Total cash and cash equivalents	817.48	360.89

As per our report of even date attached
For Kapoor & Parekh Associates
Chartered Accountants

S. S. Kapoor
Partner
Mumbai, 26 April 2012

For and on behalf of Board of Directors

Mannalal B. Agrawal	Chairman
Purushottam B. Agrawal	Vice Chairman
Yogesh M. Agrawal	Managing Director
Deodatta Pandit	Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. GENERAL INFORMATION

Ajanta Pharma Limited ("the Parent Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The parent Company is engaged in the business of pharmaceutical and related activities, including research.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Accounting

2.1.1. The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Parent Company, namely 31 March 2012.

2.1.2. The accompanying financial statements have been prepared under historical cost convention and on accrual basis of accounting, in accordance with the generally accepted accounting principles in India and comply with the mandatory Accounting Standard issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, unless otherwise stated.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2. Principles of Consolidation:

2.2.1. Consolidated Financial Statements present the consolidated accounts of Ajanta Pharma Limited ("the Parent Company") and following Subsidiary Companies (herein after referred as "Foreign Entities") (and collectively referred to as "the Ajanta Group") considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% voting power held as at
		31 March 2012
Ajanta Pharma (Mauritius) Ltd. (herein after referred as "APML")	Mauritius	100%
Ajanta Pharma Inc.	U.S.A.	100%
Ajanta Pharma Philippines Inc. *	Philippines	100%
Ajanta Pharma UK Ltd.	England & Wales	100%

* Wholly owned subsidiary of APML

2.2.2. In respect of Subsidiary Company, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and transactions as per Accounting Standard (AS) - 21 "Consolidated Financial Statements".

2.2.3. Investment in the Turkmenderman Ajanta Pharma Ltd, an associate company, is being considered for divestment and the Parent Company had ceased to have significant influence in the said associate company. Further, associate company operates under severe restriction that significantly impairs its ability to transfer the funds to the Parent Company. Considering the above, "Equity Method" of accounting has been discontinued from financial year 2007-08 and said investment is being accounted in accordance with AS 13 'Accounting for Investments'. Accordingly, carrying amount of investments of ₹846.42 Lacs as on 31 March 2007 has been regarded as cost in compliance with the AS 23 'Accounting for Investments in Associates'.

2.2.4. Accounts of the Subsidiaries are certified and converted by the Managements as per the requirement of Indian GAAP and are not audited.

2.2.5. Ajanta Pharma UK Ltd., a wholly owned subsidiary has been incorporated as on 30 November 2010. However there are no transactions up to 31 March 2012.

2.3. Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles, requires estimates and assumption to be made, that affect reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reported period. Actual results could differ from these estimates and differences between the actual results and estimates are recognized in the period in which results are known/ materialized.

2.4. Fixed Assets

Tangible assets are stated at cost of acquisition, installation or construction including other direct expenses, less accumulated depreciation, and impairment losses, if any. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably.

2.5. Expenditure During Construction Period

All identifiable revenue expenses including interest incurred in respect of various projects/expansions are allocated to capital cost of respective assets on their completion/installation.

2.6. Investments

Long term investments are stated at cost of acquisition. Provision for diminution in value, is made only if, in the opinion of management such a decline is other than temporary. Investments in foreign currency are stated at cost by converting at exchange rate prevailing at the time of acquisition / remittance.

2.7. Inventories

2.7.1. Raw materials, packing materials, finished/ traded goods are valued at cost or net realisable value, whichever is lower

2.7.2. Works in process are valued at estimated cost

2.7.3. Sales promotional items are valued at cost

2.8. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. The net gain or loss on account of exchange differences arising on settlement of foreign currency transactions are recognised as income or expenses of the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported using the rate prevailing as on that date. The resultant exchange differences are recognised in the statement of profit and loss. In cases where forward contracts are entered, the relevant foreign currency assets / liabilities are translated at the forward rate. The resulting exchange difference, if any, is charged to the revenue.

The financial statements of foreign subsidiaries have been translated to Indian Rupees on the following basis:

2.8.1. All income and expenses are translated at the average rate of exchange prevailing during the period.

2.8.2. Monetary and Non-monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.

2.8.3. The resulting exchange difference is accounted in 'Exchange Fluctuation Reserve' where operations of subsidiaries are considered as "non-integral" and the same is charged to the revenue where operations of subsidiaries are considered as "integral".

2.9. Revenue Recognition

Revenue on sales is recognised when risk and rewards of ownership of products are passed on to customers, which are generally on dispatch of goods. Incomes from services are recognised when services are rendered. Sales are net of discounts, sales tax and returns; excise duty collected on sales is shown by way of deduction from sales. Dividend income is recognised when right to receive dividend is established and there is no uncertainty as to its reliability. Revenue in respect of other income is recognised when a reasonable certainty as to its realisation exists.

Revenue from sale of technology / know how (rights, licences and other intangibles) are recognised when performance obligation is completed as per the terms of the agreement.

2.10. Export Benefits

Export benefits available under prevalent schemes are accounted to the extent considered receivable.

2.11. Depreciation/Amortization

2.11.1. In case of Parent Company:

Depreciation is provided on Written Down Value method at the rates specified in Schedule XIV of the Companies Act, 1956. Premium on leasehold land is being written off over the period of lease. Expenditure incurred on ANDA development cost are amortised over estimated useful life.

2.11.2. In case of Subsidiary Company at Mauritius :

Depreciation is calculated on the straight line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Annual rate
Leasehold Improvement	5%
Motor Vehicles	20%
Furniture, Fixture & Fittings	15% - 50%
Office Equipments	25% - 50%
Plant and Machinery	5% - 20%

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

In case of Intangible Assets

I. Registration costs

Costs incurred on product registration are deferred and released to the income statement over the period of registration which is normally 5 years.

II. Development costs

Development costs represent fees for acquisition of technical know-how and are amortised over a period of 10 years.

III) In case of Subsidiary Company at Philippines :

Depreciation and amortization is calculated on the straight line basis over the estimated useful lives of the assets as follows:

Particulars	Useful Life
Transportation Equipment	5 years
Office Equipments	2 years
Offices Furniture & Fixture	2 years
Communication Equipment	2 years

Leasehold improvements are amortized over the life of the assets or the lease term, whichever is shorter.

The residual values, estimated useful lives and depreciation & amortization method are reviewed periodically to ensure that the residual values of the assets, periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited or charged to current operations. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in the statement of comprehensive income.

2.12. Employee Benefits

Short Term Employee Benefits:

Short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the period employee renders services.

Post Employment Benefits:

Company's contribution for the period paid / payable to defined contribution retirement benefit schemes are charged to statement of Profit and Loss. Company's liability towards defined benefit plan viz. gratuity is determined using the Projected Unit Credit Method as per the actuarial valuation carried out at the balance sheet date.

Defined benefit in the form of compensated absences is provided for based on actuarial valuation at the year-end in accordance with Company's rules.

Stock Based Compensation:

Employee stock options are accounted as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

2.13. Research and Development

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

2.14. Excise and Custom Duty

Excise duty in respect of finished goods lying in factory premises and customs duty on goods lying in custom bonded warehouse are provided for and included in the valuation of inventory.

2.15. Cenvat, Service Tax and Vat Credit

Cenvat, Service Tax and Vat credit receivable/availed are treated as an asset with relevant expenses being accounted net of such credit and the same is reduced to the extent of their utilisations.

2.16. Income Tax

Current tax is accounted on the basis of as per the tax provisions of the respective countries. Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax, to the extent that the timing differences are expected to crystallize.

In case of the Parent Company, MAT Credit Entitlement as per the provisions of Income Tax Act, 1961 is treated as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, by credit to the statement of profit & loss.

2.17. Impairment of Assets

The fixed assets and producing properties are reviewed for impairment at each balance sheet date. An asset is impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed, if there has been a change in the estimate or recoverable amount.

2.18. Accounting for Leases

In case of the Parent Company, Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

In case of the Subsidiary Company, Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are debited to the income statement unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

2.19. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by 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 amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

2.20. Borrowing Cost:

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

(₹ in Lacs)

	31 March 2012	31 March 2011
3. SHARE CAPITAL		
Authorised :		
1,50,00,000 Equity Shares of Rs. 10 each	1,500.00	1,500.00
1,50,00,000 Preference Shares of Rs. 10 each	1,500.00	1,500.00
	<u>3,000.00</u>	<u>3,000.00</u>
Issued :		
1,18,61,800 Equity Shares of Rs.10 each	<u>1,186.18</u>	<u>1,186.18</u>
Subscribed & Paid-up :		
1,17,08,500 Equity Shares of Rs.10 each fully paid up	<u>1,170.85</u>	<u>1,170.85</u>
	1,170.85	1,170.85
1,53,300 Equity Shares Forfeited-Amount originally paid up	8.76	8.76
	<u>1,179.61</u>	<u>1,179.61</u>

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2012		31 March 2011	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Number of shares outstanding as at the beginning of the year	11,708,500	1,170.85	11,708,500	1,170.85
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	<u>11,708,500</u>	<u>1,170.85</u>	<u>11,708,500</u>	<u>1,170.85</u>

(b) Terms/Rights attached to equity shares

The company has issued only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The company declares & pays dividend in indian rupees. The dividend proposed by Board of Directors is subject to approval of shareholders in ensuing Annual General Meeting.

During the year ended 31 March 2012 amount per share of dividend recognised as distributions to equity shareholders was ₹ 7.50 (31 March 2011 ₹ 5.00)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of Equity Shares held by each shareholders holding more than 5%

	31 March 2012		31 March 2011	
	No. of Shares	% holding	No. of Shares	% holding
Mannalal B. Agrawal	720,896	6.16	720,896	6.16
Purushottam B. Agrawal	718,590	6.14	718,590	6.14
Madhusudan B. Agrawal	718,500	6.14	718,500	6.14
Vimal Agrawal & Mamta Agrawal	685,000	5.85	685,000	5.85
Gabs Investments Private Limited	754,896	6.45	N.A.	N.A.

(d) Shares reserved for issue under options

1,80,000 (P.Y. Nil) shares reserved and 28,000 (P.Y. Nil) granted for issue under the Employee Stock Option Plan (ESOP), 2011 of the company.

(₹ in Lacs)

	31 March 2012	31 March 2011
4. RESERVES & SURPLUS		
Capital Reserve	47.77	47.77
Capital Redemption Reserve	750.00	750.00
Share Premium	6,545.57	6,545.57
Exchange Fluctuation Reserve	330.15	116.37
General Reserve :		
Balance at the beginning of the year	11,100.00	7,100.00
Add: Transferred from statement of Profit & Loss	7,459.27	4,000.00
	<u>18,559.27</u>	<u>11,100.00</u>
Employee Stock Option Outstanding		
Employee Stock Option Outstanding		
Balance at the beginning of the year	-	-
Add : Options granted during the year	81.62	-
Less : Amortised during the year	-	-
Balance as at the year end (A)	<u><u>81.62</u></u>	<u><u>-</u></u>
Deferred Employee Stock Option Cost		
Balance at the beginning of the year	-	-
Add : Options granted during the year	81.49	-
Less : Amortised during the year	-	-
Balance as at the year end (B)	<u><u>81.49</u></u>	<u><u>-</u></u>
(A) - (B)	<u>0.13</u>	<u>-</u>
Surplus in Statement of Profit and Loss		
Balance Brought Forward from Previous Year	3,143.78	2,752.92
Profit for the year	7,726.57	5,071.26
Less: Appropriations		
Proposed Dividend on Equity Shares	878.14	585.43
Dividend Distribution Tax on Proposed	142.46	94.97
Transferred to General Reserve	7,459.27	4,000.00
Net Surplus in the Statement of Profit and Loss	<u><u>2,390.48</u></u>	<u><u>3,143.78</u></u>
Total Reserves & Surplus	<u><u>28,623.36</u></u>	<u><u>21,703.49</u></u>
5. LONG TERM BORROWINGS		
Term Loan (Secured)		
from Banks (Rupee)	4,261.22	2,086.70
from Others (Rupee)	1,625.01	2,524.97
Vehicle Loans (Secured)		
from Banks (Rupee)	301.72	177.70
from Others (Rupee)	21.14	23.59
Other Loans & Advances (Unsecured)		
Deferred Sales Tax Loans	1,399.82	1,138.34
Other Loans	-	4.00
	<u><u>7,608.91</u></u>	<u><u>5,955.30</u></u>

Notes to Financial Statements (Consolidated)

(₹ in Lacs)

		31 March 2012	31 March 2011
i)	Term loans are secured by first charge on all fixed assets of the company and second charge on entire current assets of the company, present & future on pari passu basis in addition to personal guarantee of some of the directors.		
ii)	Vehicle loans are secured against vehicles acquired under the scheme.		
iii)	Term of Repayments		
a)	Secured Loans from banks are repayable in equal Quarterly/Monthly instalment upto 31 March 2016.		
b)	The rate of interest on secured term loans vary between 11.25% p.a to 14% p.a.		
c)	Vehicle Loans from banks are repayable in equal Monthly instalment upto 31 July 2016.		
b)	The rate of interest on vehicle loans vary between 10% p.a to 11% p.a.		
6.	DEFERRED TAX (LIABILITY) ASSET		
	Deferred Tax Liabilities		
	Depreciation	1,878.64	1,886.36
	(A)	1,878.64	1,886.36
	Deferred Tax Assets		
	Unabsorbed Depreciation	-	251.33
	Unabsorbed Losses	-	415.40
	Others	169.55	127.54
	(B)	169.55	794.27
	Deferred Tax Liabilities (Net)	(A) - (B)	1,709.09
7.	OTHER LONG - TERM LIABILITIES		
	Trade deposit	249.76	249.76
		249.76	249.76
8.	LONG - TERM PROVISIONS		
	Provision for employee benefit (Net)		
	Provision for Gratuity (Net)	292.19	266.38
	Provision for Leave Benefits (Net)	199.12	-
		491.31	266.38
9	SHORT TERM BORROWINGS		
	Working Capital Loans repayable on demand from banks (Secured)		
	Rupee Loan	399.89	908.25
	Foreign Currency Loan	9,126.76	8,977.31
	Working Capital Loans repayable on demand from banks (Unsecured)		
	Rupee Loan	-	985.63
		9,526.65	10,871.19
	Working capital loans are secured by first charge on all current assets and second charge on all fixed assets of the company on pari passu basis in additions to the personal guarantee of some of the directors.		
10.	TRADE PAYABLES	10,132.05	7,119.39
		10,132.05	7,119.39
11.	OTHER CURRENT LIABILITIES		
	Current Maturities of long-term debt	2,827.66	2,236.58
	Unpaid Dividend*	12.64	9.65

(₹ in Lacs)

	31 March 2012	31 March 2011
Interest Accrued but not due on borrowings	49.54	13.22
Other Payables	1,424.76	699.54
	<u>4,314.60</u>	<u>2,958.99</u>

*There are no amounts due & outstanding to be credited to Investor Education & Protection Fund as on 31 March 2012.

12. SHORT TERM PROVISIONS

Provision for employee benefits (Net)

Provision for Gratuity (Net)

Provision for Leave Benefits (Net)

Other Provisions

Proposed Dividend on Equity Shares

Tax on Proposed Dividend

Provision for Tax (Net of Payment)

	-	111.71
	24.68	-
	878.14	585.43
	142.46	94.97
	-	28.41
	<u>1,045.28</u>	<u>820.52</u>

13. FIXED ASSETS												₹ in Lacs
GROSS BLOCK						DEPRECIATION / AMORTISATION					NET BLOCK	
Particulars	As at 01.04.2011	Consolidation Adjustments	Additions	Deductions	As at 31.03.2012	As at 01.04.2011	Consolidation Adjustments	For the Year	Deductions	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
(A) Tangible Assets												
Freehold Land	767.70	-	53.35	-	821.05	-	-	-	-	-	821.05	767.70
Leasehold Land	355.48	-	-	-	355.48	48.66	-	4.64	-	53.30	302.18	306.82
Leasehold Improvement	96.07	(13.35)	-	-	109.42	49.69	(7.07)	2.54	-	59.30	50.12	46.38
Buildings	10,260.28	-	1,412.08	1.42	11,670.94	2,491.84	-	671.70	0.87	3,162.67	8,508.27	7,768.44
Plant & Equipments	13,388.81	(167.39)	1,829.67	111.30	15,274.57	4,217.22	(94.88)	1,321.16	111.30	5,521.96	9,752.61	9,171.59
Furniture & Fixtures	2,587.96	(10.38)	774.38	-	3,372.72	772.17	(7.18)	376.95	-	1,156.30	2,216.42	1,815.79
Vehicles	681.18	(23.86)	224.50	11.46	918.08	246.05	(9.51)	143.40	6.12	392.84	525.24	435.13
Leasehold Vehicles	7.65	-	-	-	7.65	6.70	-	-	-	6.70	0.95	0.95
Office Equipments	770.65	(30.50)	265.98	-	1,067.13	418.90	(24.88)	67.42	-	511.20	555.93	351.75
Computers	1,882.41	(0.06)	59.87	-	1,942.34	1,210.73	(0.01)	279.06	-	1,489.80	452.54	671.68
Total Tangible Assets	30,798.19	(245.54)	4,619.84	124.18	35,539.38	9,461.96	(143.53)	2,866.86	118.29	12,354.06	23,185.31	21,336.23
Previous Year	23,783.20	(96.15)	6,983.89	65.05	30,798.19	7,016.00	(56.34)	2,444.89	55.24	9,461.96		
Note : Addition to fixed assets includes ₹214.09 Lacs (Previous Year ₹ 2,299.52 Lacs) used for Research & Development.												
(B) Intangible Assets												
Computer Softwares	-	-	17.98	-	17.98	-	-	0.88	-	0.88	17.10	-
ANDA Development Cost	-	-	1,592.53	-	1,592.53	-	-	283.67	-	283.67	1,308.86	-
Knowhow	516.44	(75.58)	59.22	-	651.24	449.72	(64.77)	35.51	-	550.00	101.24	66.72
Total Intangible Assets	516.44	(75.58)	1,669.73	-	2,261.75	449.72	(64.77)	320.06	-	834.55	1,427.20	66.72
Previous Year	474.40	(28.27)	13.77	-	516.44	395.64	(24.12)	29.96	-	449.72		
(C) Capital Work in Progress											251.31	1,721.82
Total Fixed Assets (A) + (B) + (C)											24,863.82	23,124.77
Note : Capital Works in Progress includes ANDA development cost amounting to ₹ NIL Lacs (Previous Year ₹ 1592.53 Lacs)												

(₹ in Lacs)

	31 March 2012	31 March 2011
14. NON-CURRENT INVESTMENTS		
Trade Investments - Unquoted		
In Associates Companies :		
Turkmenderman Ajanta Pharma Ltd.		
2,00,000 Shares of US \$ 10 each fully paid-up	846.42	846.42
Non - Trade Investments - Unquoted		
The Saraswat Co-Op Bank Ltd.		
2,500 (PY Nil) Equity Shares @ Rs. 10 each	0.25	-
	<u>846.67</u>	<u>846.42</u>
15. LONG-TERM LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Capital Advances	1,751.07	689.77
Security Deposits	89.48	305.10
MAT Credit Entitlement	3,234.04	2,359.54
	<u>5,074.59</u>	<u>3,354.41</u>
16. OTHER NON CURRENT ASSETS		
In Deposit Accounts (Under Lien with Banks)	109.58	322.92
Interest Accrued on fixed deposit	18.86	9.32
	<u>128.44</u>	<u>332.24</u>
17. INVENTORIES		
(As certified by the management)		
Raw Materials	6,735.02	3,887.12
Packing Materials	1,905.83	1,390.14
Work-in-Process	1,939.02	889.33
Finished Goods	5,518.42	3,260.97
Stock-in-Trade	562.77	1,797.99
Sales Promotion Materials	119.07	86.52
	<u>16,780.12</u>	<u>11,312.07</u>
18. TRADE RECEIVABLE		
(Unsecured, Considered Good)		
Over Six Months from the date they are due for payment	451.60	513.13
Others from the date they are due for payment	13,648.02	9,885.06
	<u>14,099.62</u>	<u>10,398.19</u>
19. CASH AND BANK BALANCE		
Cash and Cash Equivalents		
Balance with Banks - In Current Accounts	798.93	345.56
Earmarked balances with banks - Unpaid Dividend	12.64	9.66
Cash on Hand	5.91	5.67
	<u>817.48</u>	<u>360.89</u>
Other Bank Balances		
In Deposit Accounts (Under Lien with Banks)	329.87	792.24
(a) + (b)	<u>1,147.35</u>	<u>1,153.13</u>

(₹ in Lacs)

	31 March 2012	31 March 2011
20. SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Income Tax Paid (Net of Provision)	88.06	-
Balance with Statutory/Govt. Authorities		
Balance with Excise Authorities	559.25	629.65
Vat Receivable	184.20	168.01
Octroi Refund Receivable	52.39	49.85
Prepaid Expenses	38.77	33.76
Advances to Creditors	345.85	341.94
Advances Recoverable in Cash or Kind	598.58	469.40
	<u>1,867.10</u>	<u>1,692.61</u>
21. OTHER CURRENT ASSETS		
Interest Accrued on fixed deposit	72.90	2.90
	<u>72.90</u>	<u>2.90</u>
22. REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	60,006.47	50,057.76
Traded Goods	7,941.82	176.18
Other Operating Revenues		
Duty Drawback Received	246.02	-
Licensing Fees	93.01	42.36
Sale of Scrap	31.24	31.89
Sale of Brand	95.24	-
Insurance Claim	135.96	69.15
	<u>68,549.76</u>	<u>50,377.34</u>
23. OTHER INCOME		
Exchange Fluctuation	497.27	881.33
Profit on Sale of Assets	11.73	1.76
Interest on Bank Deposits	98.90	27.25
Interest From Others	14.35	16.64
Miscellaneous Income	-	18.51
	<u>622.25</u>	<u>945.49</u>
24. COST OF MATERIALS CONSUMED		
Raw Material Consumed	19,020.70	12,803.14
Packing Material Consumed	4,230.04	3,033.29
	<u>23,250.74</u>	<u>15,836.43</u>
25. Purchase of Traded Goods	<u>1,815.55</u>	<u>2,040.43</u>

Notes to Financial Statements (Consolidated)

(₹ in Lacs)

	31 March 2012	31 March 2011
26 Changes in Inventories of Finished Goods/Work-in-progress/Stock-in-Trade		
Inventories at the end of the year :		
Work-in-Process	1,939.02	889.33
Finished Goods	5,518.42	3,260.97
Traded Goods	562.77	1,797.99
(A)	8,020.21	5,948.29
Inventories at the beginning of the year :		
Work-in-Process	889.33	475.94
Finished Goods	3,260.97	3,593.64
Traded Goods	1,797.99	2,338.34
(B)	5,948.29	6,407.92
Net (Increase)/Decrease in Inventories	(B) - (A)	(2,071.92)
27 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages, Bonus and Allowances	8,687.96	6,465.75
Expense on Employee Stock Option Scheme (ESOP)	0.13	-
Contribution to Provident and Other Funds	553.82	521.65
Staff Welfare Expenses	142.01	97.74
	9,383.92	7,085.14
28 FINANCE COST		
On Term Loans	1,197.60	1,388.03
Other Borrowing Cost	345.38	413.13
Applicable net gain/loss on foreign currency transactions and translations	870.34	1.12
	2,413.32	1,802.28
29 OTHER EXPENSES		
Selling Expenses	9,529.63	6,943.87
Clearing and Forwarding	2,594.29	1,756.81
Travelling Expenses	1,643.19	1,260.99
Processing Charges	833.94	587.03
Power and Fuel	782.80	615.89
Advertisement and Publicity	594.93	368.19
Consumption of Stores & Spare Parts	569.70	273.03
Licence and Registration Fees	427.64	175.14
Rent	385.42	319.16
Rates and Taxes	12.91	5.44
Legal and Professional Fees	387.55	264.57
Telephone, Telex and Postage	380.74	276.54
Repairs to Buildings	24.16	27.41
Repairs to Machinery	202.96	124.14
Insurance	197.21	158.54
Exchange Rate Difference (Net)	122.00	57.20
Miscellaneous Expenses	2,598.51	2,277.20
	21,287.58	15,491.15

30. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	31 March 2012	31 March 2011
Basic and Diluted Earnings Per Share:		
Nominal value of Equity Share (₹)	10	10
Profit attributable to Equity shareholders-considered for Basic EPS (₹ in Lacs) (A)	7,726.57	5,071.26
Add: Dilutive effect on profit (₹ in Lacs) (B)*	Nil	Nil
Profit attributable to Equity shareholders for computing Diluted EPS (₹ in Lacs) (C=A+B)	7,726.57	5,071.26
Number of Equity Shares outstanding - considered for Basic EPS (D)	1,17,08,500	1,17,08,500
Add: Dilutive effect of option outstanding-Number of Equity Shares (E)*	27,059	Nil
Number of Equity Shares considered for computing Diluted EPS (F=D+E)	1,17,35,559	1,17,08,500
Basic Earnings Per Share (₹) (A/D)	65.99	43.31
Diluted Earnings Per Shares (₹)(C/F)	65.84	43.31

*Dilutive effect on number of equity shares and profit attributable is on account of Employee Stock Option Scheme (ESOS)- (refer note no. 36). There are no Exceptional Items, Extra Ordinary Items and Discontinuing Operations.

31. Contingent Liabilities:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
i. Letter of Credit opened	1,813.51	1,529.44
ii. Guarantees given by the Bankers on behalf of the company	2,027.19	1,951.28
iii. Income tax demands disputed by Company pending in appeal. Amount paid under protest ₹182.00Lacs (Pr.Yr. ₹80.00Lacs)	369.18	379.92
iv. Sales tax demands disputed by Company pending in appeal	21.67	-
v. Custom Duty on import under Advance License Scheme, pending fulfillment of Exports obligation	132.62	58.39
vi. Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances	2,363.08	1,322.60

Future cash outflows in respect of liability under clause (iii) to (v) is dependent on decisions by relevant authorities of respective disputes, in respect of clause (vi) liability is dependent on terms agreed upon with the parties and in respect of clause.

32. The Board of Directors of the Parent Company have recommended dividend of ₹ 7.50 (Pr.Yr. ₹ 5) per equity shares, which is subject to approval of shareholders.
33. The Group has one segment of activity namely "Pharmaceuticals".

34. In case of the Parent Company, Pre-operative expenses included in Capital work in Progress representing expenses incurred for projects yet to be commissioned are as under:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Opening Balance	Nil	288.93
Add: Incurred during the year		
- Other Expenses	9.86	3.83
Total	9.86	292.76
Less: Capitalised to Fixed Assets	Nil	292.76
Closing Balance	9.86	Nil

35. **Employee Benefits in respect of the Parent Company**

As required by Accounting Standard-15 'Employee Benefits' the disclosures are as under:

35.1. **Defined Contribution Plans**

The Company offers its employees defined contribution plans in the form of Provident Fund (PF) and Employees' Pension Scheme (EPS) with the government, and certain state plans such as Employees' State Insurance (ESI). PF and EPS cover substantially all regular employees and the ESI covers certain workers. Contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into the Pension Fund is made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Account:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Provident Fund and Employee's Pension Scheme	463.91	329.70
Employees State Insurance	21.88	16.17
TOTAL	485.79	345.87

35.2. **Defined Benefit Plans:**

Gratuity: The Company makes annual contributions to Employees' Group Gratuity-cum Life Assurance (Cash Accumulation) Scheme of LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

- On normal retirement / early retirement / withdrawal / resignation:
As per the provisions of Payments of Gratuity Act, 1972 with vesting period of 5 years of service.
- On the death in service:
As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

Death Benefit: The Company provides for death benefit, a defined benefit plan (death benefit plan) to certain categories of employees. The death benefit plan provides a lump sum payment to vested employees on death, being compensation received from the insurance company and restricted to limits set forth in the said plan. The death benefit plan is non funded.

Disclosures for defined benefit plans i.e. Gratuity (Funded Plan), based on actuarial reports as on 31 March 2012 are as under :

	Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
i)	<u>Changes in Defined Benefit Obligation</u>		
	Opening defined benefit obligation	441.04	288.25
	Current Service Cost	84.84	91.59
	Interest Cost	35.28	22.34
	Actuarial loss / (gain)	(35.34)	59.08
	Benefit (paid)	(25.85)	(20.22)
	Closing defined benefit obligation	499.97	441.04
ii)	<u>Changes in Fair Value of Assets</u>		
	Opening fair value of plan assets	62.95	4.48
	Diff between report as per last year & actual balance as per LIC Fund Statement	Nil	0.91
	Adjustment to the fund	13.50	2.79
	Transfers out of fund	(1.23)	Nil
	Expected return on plan assets	12.24	Nil
	Actuarial gain / (loss)	Nil	(0.01)
	Contributions of employer	146.17	75.00
	Benefit (paid)	(25.85)	(20.22)
	Closing fair value of plan assets	207.78	62.95
iii)	<u>Amount recognized in the Balance Sheet</u>		
	Present value of obligations as at year end	499.96	441.04
	Fair value of the plan assets as at year end	207.78	62.95
	Net (asset) / liability recognized as on 31 March 2012	292.18	378.09
iv)	<u>Expenses recognized in the Statement of Profit and Loss</u>		
	Current Service Cost	84.84	91.59
	Interest on defined benefit obligation	35.28	22.34
	Expected return on plan assets	(12.24)	(2.79)
	Net actuarial loss / (gain) recognized in the current year	(35.34)	59.08
	Total expense	72.54	170.22
v)	<u>Asset information</u>		
	Others – Policy of Insurance	100%	100%
vi)	<u>Principal actuarial assumptions used</u>		
	Discount rate (p.a.)	8.50%	8.00%
	Expected rate of return on plan assets (p.a.)	9.00%	8.50%
	Annual increase in salary cost (p.a.)	6.00%	6.00%

The estimate of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

35.3. Leave Encashment:

From the current year, employees are entitled for compensated absences which are allowed to be accumulated and encashed as per the Company's rules and the same is being provided based on report of independent actuary using Projected Unit Credit Method.

Accordingly ₹ 223.80 Lacs (including towards current liability of ₹ 24.68 Lacs) being liability as at the year-end for compensated absences as per actuarial valuation has been provided in the accounts.

Employee Retirement And Other Benefit Obligations in respect of the Subsidiary Company at Mauritius :

No provision has been made in respect of employee retirement and other benefit obligations. The company holds an Export Enterprise Certificate under the Consolidated Industrial Expansion Act 1993 (amended). As provided in the Act, section VI of the Labour Act in respect of severance allowance (except in cases of unjustified dismissal) does not apply. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

36. Employees Stock Options Scheme ('ESOS')

The Parent Company has instituted an Employees Stock Options Scheme 2011 ('ESOS - 2011') during the year which was approved by the shareholders vide their resolution dated 1 July 2011. The Board of Directors of the Company has granted 30,000 stock options to its employees pursuant to the 'ESOS -2011' on 24 October 2011. Each option entitles an employee to subscribe to one equity share of the Company at an exercise price of ₹ 10/- per share. Details of the options granted during the year under ESOS-2011 are as under:

Grant Date	No. of Options	Exercise price	Vesting Period
24th October, 2011	9,000	10	24.10.2011 to 31.03.2013
24th October, 2011	9,000	10	24.10.2011 to 31.03.2014
24th October, 2011	12,000	10	24.10.2011 to 31.03.2015
Total	30,000		

Employees Stock Options Scheme 2011 ('ESOS - 2011')

Particulars	31 March 2012 (FV ₹ 10)	31 March 2012 (FV ₹ 10)
Options outstanding as at the beginning of the Year	Nil	N.A.
Add: Options granted during the Year	30,000	N.A.
Less: Options lapsed during the Year	2,000	N.A.
Less: Options Exercised during the Year	Nil	N.A.
Options outstanding as at the Year End (refer note no. 30)	28,000	N.A.

The Compensation cost of stock options granted to employees is measured by the fair value method and is amortised uniformly over the vesting period.

The key assumption used in Black-Scholes model for calculating fair value is: expected life of the option - between 1 to 3.2 years, volatility - 96%, risk free rate of return - 8.5% and dividend yield - 1.73%.

37. Disclosure for operating leases under Accounting Standard 19 - "Leases":

The Parent Company and Subsidiary Companies have taken various residential /godowns / office premises (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancelable and range between 11 months and 5 years under leave and license, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Parent Company has given refundable interest free security deposits in accordance with the agreed terms.

The lease payments of ₹385.42Lacs (Pr.Yr. ₹319.16Lacs) are recognised in the Statement of Profit and Loss under "Rent" under Note 29.

Operating Lease

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Not later than one year	366.58	352.09
Later than one year but not later than five years	1,405.83	1,379.71
Later than five year	1,270.08	1,587.60

Finance Lease

Particulars	Total Minimum Lease Payments Outstanding ₹ in Lacs	Future Interest on Outstanding ₹ in Lacs	Present Value of Minimum Lease Payments ₹ in Lacs
Within one year	16.77 (10.90)	Nil (Nil)	16.77 (10.90)
Later than one year and not later than five years	72.90 (50.06)	Nil (Nil)	72.90 (50.06)
Total	89.67 (60.96)	Nil (Nil)	89.67 (60.96)

Future obligations towards lease rentals under the lease agreements as on 31 March 2012 amounts to ₹3,132.16Lacs (Pr.Yr. ₹3,380.35Lacs)

38. The consolidated financial statements have been prepared in compliance of clause 32 of the listing agreement with the stock exchange.
39. In case of the Parent Company, excise duty related to differences between closing and opening stock and other adjustments are stated under operating and other expenses. Excise duty related to turnover is reduced from Gross Revenue from Operations.
40. In terms of the requirements of the Accounting Standard-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the amount recoverable against Fixed Assets has been estimated for the period by the management based on present value of estimated future cash flows expected to arise from the continuing use of such assets. The recoverable amount so assessed was found to be adequate to cover the carrying amount of the assets, therefore no provision for impairment in value thereof has been considered necessary, by the management.
41. As per the best estimate of the management of the Parent Company, no provision is required to be made as per Accounting Standard (AS) 29 "Provision, Contingent Liabilities and Contingent Assets" as notified by the Companies (Accounting Standards) Rules 2006, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources which would be required to settle the obligation.
42. **Research and Development expenditure:**

Revenue expenses on research and development incurred during the year and shown in respective head of accounts, except depreciation, are as under:

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Cost of Material/Consumable/Spare	1,617.87	1,079.93
Employee Benefit Expenses	870.01	711.37
Cost of Utilities	76.81	66.18
Other Expenses	1,175.60	630.89
Total	3,740.29	2,488.37

43. **Remuneration to Auditors (excluding service tax):**

Particulars	31 March 2012 ₹ in Lacs	31 March 2011 ₹ in Lacs
Audit Fees	12.88	10.73
Tax Audit Fees	1.00	1.00
For Certification and Other Matters	6.92	6.76
Out of Pocket Expenses	0.31	0.70

44. Related party disclosure with whom transactions have taken place during the year as required by Accounting Standards 18 are given below:

Relationships:

Category I-Directors, Key Management Personnel & their Relatives:

Mr. Mannalal B. Agrawal	Chairman
Mr. Purushottam B. Agrawal	Executive Vice Chairman
Mr. Madhusudan B. Agrawal	Executive Vice Chairman
Mr. Yogesh M. Agrawal	Managing Director
Mr. Ravi P. Agrawal	Director (API)
Dr. Ramesh Jhavar	Director (API)
& Relatives of Key Management Personnel	

Category II-Enterprise over which persons covered under category I above are able to exercise significant control:

Gabs Investment Pvt. Ltd.

*** Following transactions were carried out with related parties: (₹ in Lacs)**

Particulars	Category I	Category II	Total
Remuneration, Commission & Sitting Fees to Directors(Includes Perquisites)	462.89 (380.62)	Nil (Nil)	462.89 (380.62)
Rent Paid	158.76 (132.30)	Nil (Nil)	158.76 (132.30)
Salaries	78.05 (71.33)	Nil (Nil)	78.05 (71.33)
Dividend Paid	350.48 (245.34)	19.95 (13.96)	370.43 (259.30)
Deposits Refunded From	110.00 (Nil)	Nil (Nil)	110.00 (Nil)

*** Amount outstanding as at 31 March 2012 (₹ in Lacs)**

Deposit given against Premises	Nil (110.00)	Nil (Nil)	Nil (110.00)
Commission Payable to Non-Executive Director	80.00 (52.00)	Nil (Nil)	80.00 (52.00)

* Figures in brackets are for the previous year.

45. **Note on hedge and unhedged foreign currency assets and liabilities:**

The Parent Company has entered into Forward Exchange Contract, being derivative instruments for hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. Forward Exchange Contract to buy/sell USD 10Lacs (USD 45Lacs) is outstanding as at the year end. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Particulars	₹ in Lacs	₹ in Lacs	Amount Lacs in Foreign Currency	Amount Lacs in Foreign Currency	Foreign Currency
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	
Amount Receivable / Recoverable	9,228.69 1,039.99 Nil	5,866.11 860.06 69.79	181.42 15.31 Nil	131.56 13.56 0.97	USD EURO POUND
Amount Payable	9,044.41 145.48	6,191.34 336.71	177.79 2.14	138.85 5.31	USD EURO

46. Previous year's figures are regrouped and recast wherever required.

For and on behalf of Board

Mannalal B. Agrawal
Chairman
Mumbai, 26 April 2012

Purushottam B. Agrawal
Vice Chairman

Yogesh M. Agrawal
Managing Director

Deodatta Pandit
Company Secretary

NOTICE

NOTICE is hereby given that the thirty-third Annual General Meeting of the Members of Ajanta Pharma Limited will be held on Saturday, the 7 day of July, 2012 at 11.00 a.m. at Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivali (West), Mumbai- 400092 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 March 2012 and the Balance Sheet as on that date together with the Report of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31 March 2012.
3. To appoint a Director in place of Mr. Mannalal B. Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Purushottam B. Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Anil Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:**7. BORROWING POWERS OF THE BOARD**

To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956 and other enabling provisions if any, of the said Act, and in supersession of the earlier resolutions passed for borrowing any sum or sums of money from time to time at their discretion, from banks or one or more bodies corporate or financial institutions or from other person(s) by way of cash credit, advances, term loans or other loans whether secured or unsecured, by mortgage, charge, hypothecation or pledge of the company's assets and properties whether movable and/or immovable or stock in trade (including raw-materials, stores in-stock or in-transit), work-in-process and debts and advances notwithstanding that the sum or sums so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free-reserves which have not been set apart for any specific purpose but so that the total amount upto which the moneys may be so borrowed shall not at any time exceed Rs. 1000,00,00,000/- (Rupees One Thousand crores only)."

8. CREATION OF CHARGES

To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded pursuant to section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and in supersession of the earlier resolutions passed under Section 293(1)(a) of the Act, to the Board of Directors of the Company to mortgage and/or charge all or any of the immovable and/or moveable, tangible or intangible properties or assets of the Company, wheresoever located or situated, both present and future, or the whole or substantially the whole of the undertaking

or undertakings of the Company on such terms, in such form and in such manner as the Board of Directors may think fit, together with power to take over the management of the business and concern of the company in certain events to or in favour of all or any of the following, namely Financial Institutions, State Financial Institutions/ Companies, banks, Insurance Companies, Trustees for holders of debentures and secured lenders or any creditors/ lenders (hereinafter referred to as 'the Lenders') for securing any loan/(s) (both in Rupee currency as well as foreign currency) and/or advances already obtained or debts already incurred or that may hereafter be obtained or incurred from any of the Lenders and/or to secure any debentures issued/that may be issued, all financial obligations/ commitments altogether with interest at the respective agreed rates, compound interest, additional interest in case of default etc., accumulated interest, liquidated damages, commitment charges, remuneration of Trustees/ agents all other costs, charges, expenses and monies payable by the company to the concerned Lenders, and/or Agents and Trustees for debentures in terms of respective Loan Agreements/ Heads of Agreement/ Hypothecation Agreement/Trustees' Agreement/ Letter of Sanction or other document entered or that may be entered (hereinafter referred to as "the Loans") provided that the principal amount of the Loans (other than temporary loans (including working capital facilities) obtained from the Company's bankers in the ordinary course of business) shall not exceed the limits of Rs. 1000,00,00,000/- (Rupees One Thousand crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to finalise with any of the lenders, or other persons, jointly or severally the documents for creating aforesaid mortgage/charge and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for implementing the Resolution and to resolve any question, difficulty or doubt which may arise in relation thereto or otherwise considered by the Board of Directors to be in the best interest of the Company."

9. APPOINTMENT OF RELATIVE OF DIRECTOR U/S. 314(1B)

To consider and if thought fit, to pass with or without modification(s) if any, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, consent of the Company be and is hereby accorded to the appointment of Mr. Rajesh M. Agrawal, as Chief Operating Officer and to hold an office or place of profit in the Company w.e.f. 01/04/2012, for a period of 5 years on a remuneration in the scale of Rs. 4,65,000 per month with an annual increment of 20% on the last drawn basic Salary and the perquisites such as House Rent Allowance, Provident Fund and other benefits as per the Company's Rules and/or Scheme applicable to his Grade from time to time, the more details whereof are as set out in the explanatory statement annexed hereto by the Company.

RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation or re-enactment by the Central Government to Section 314 of the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration including the salary, perquisites, allowances, etc., within such prescribed limit or ceiling without any further reference to the Company in general meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution."

10. ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass with or without modification if any, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Clause V of the Memorandum of Association of the Company be altered by substituting the following in place of the existing Clause V:

V. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty crores only) divided into 3,00,00,000 (Three crores) Equity Shares of Rs. 5/- (Rupees Five only) each and 3,00,00,000 (Three crores) Preference Shares of Rs. 5/- (Rupees Five only) each with power for the Company to increase, reduce, cancel, reclassify, subdivide or consolidate and to issue any part of its capital, original or increased with or without any preference, priority or special privileges or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue be otherwise, shall subject to the powers herein before contained.

11. ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass with or without modification if any, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Article 4 of the Articles of Association of the Company be altered by substituting the following in place of the existing Article 4:

4. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty crores only) divided into 3,00,00,000 (Three crores) Equity Shares of Rs. 5/- (Rupees Five only) each and 3,00,00,000 (Three crores) Preference Shares of Rs. 5/- (Rupees Five only) each subject to being increased as hereinafter provided and in accordance with the regulations of the Company and the legislative provisions for the time being in force. Subject to the provisions of the said Act, the Shares in the capital of the Company for the time being whether original or increased or reduced may be divided into classes with the preferential deferred, qualified or other rights, privileges conditions or restrictions attached thereto whether in regard to dividend, voting, return of capital or otherwise.

12. SUB-DIVISION OF SHARES

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subject to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company, and subject to such other approvals, consents, sanctions, if any, required from any authority, the 3,00,00,000 Shares of Rs. 10/- each of the Company be sub-divided into 6,00,00,000 Shares of Rs. 5/- each.

RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares of the Company, the 1,17,08,500 Issued Equity Shares having a face value of Rs. 10/- each, shall stand sub-divided into 2,34,17,000 Equity Shares of the face value of Rs. 5/- each.

RESOLVED FURTHER THAT upon the sub-division of the Equity Shares as aforesaid, the existing physical share certificates in relation to the Issued Equity Shares of the Company shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date fixed by the Board of Directors of the Company (hereinafter referred to as "the Board", which terms shall also include any Committee thereof) and the Company may without requiring the surrender of the existing share certificate(s), issue new share certificates in lieu thereof, with regard to the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 and in case of Members who hold the Equity Shares/opt to receive the sub-divided Equity Shares in dematerialised form, the sub-divided Equity Shares shall be credited to the respective beneficiary account of the Members, with their respective Depository Participants and the Company shall undertake such corporate actions as may be necessary in relation to the existing Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as may be necessary, in the best interests of the Company, for giving effect to the aforesaid resolution, including but not limited to signing and execution of necessary forms, papers, writings, Agreements and documents, including giving customary representations and warranties, together with such indemnities as may be deemed necessary and expedient in its discretion and settling any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding on all the Members."

13. LOANS/ INVESTMENTS/ CORPORATE GUARANTEES

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

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, consents, sanctions and permissions of appropriate authorities, departments or bodies as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and/or acquire by way of subscription, purchase or otherwise the securities of any body corporate up to a limit not exceeding Rs. 250,00,00,000/- (Rupees Two Hundred Fifty Crores only) notwithstanding that the aggregate of the loans, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

By order of the Board of Directors

Mumbai
26 April 2012

Deodatta Pandit
General Manager – Legal & Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

2. The Register of Members and the Transfer Books in respect of the Equity Shares will remain closed from 2 July 2012 to 7 July 2012 (both days inclusive) for the purpose of payment of dividend for the year ended 31 March 2012.
3. In terms of Sections 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants are requested to write to the Registrars & Share Transfer Agents.
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days (except Saturdays, Sundays and Holidays) up to the date of the Annual General Meeting between 11.00 a.m. to 1.00 p.m.
5. The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 7 July 2012 to those Members whose names shall appear on the Company's Register of Members as on 30 June 2012. In respect of shares held in dematerialised form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of business on 30 June 2012.
6. The Company has decided to value the options using Fair Value method in accordance with schedule III of SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
7. The maximum number of options granted to an individual employee/director during any one year shall not equal to or exceed 1% of the issued capital of the company.
8. The certificate from the Auditors of the Company certifying that the Company's Employees Stock Option Scheme (ESOS), 2011 is being implemented in accordance with SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, and in accordance with the resolution of the members passed at the general meeting will be available for inspection by the members at the Annual General Meeting.

9. In order to ensure safety against fraudulent encashment of dividend warrants, members holding shares in physical form are requested to furnish to the Company or Company's R&T Agents, Link Intime India Private Limited, bank account details which will be printed on the dividend warrants.
10. A Member may avail of the facility of nomination by nominating in the prescribed "NOMINATION FORM" a person to whom his/her shares in the Company shall vest in the event of his/her death.
11. Shareholders seeking any information with regard to Annual Report are requested to write to the Company at an early date so that the information can be kept ready.
12. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing companies to dispatch documents to the shareholders through electronic mode. Considering the above theme, your company has decided to send Annual Report through electronic mode. We request all shareholders to communicate their email ID's to their DP or shareholders holding physical shares can provide their email ID's to our Registrar & Transfer agent by sending a mail or writing to them. Please note that if required, copy of the Annual Report shall be provided to the shareholder at the Annual General Meeting. Please help us to prevent Global warming. Shareholders' attention is also invited to the company's website www.ajantapharma.com, where its annual report for the last three financial years are available. The annual reports for the last three financial years can be downloaded from the said website anytime anywhere.

The members are requested to:

- i. Intimate to the registrars / Company, changes if any, in their registered address at an early date along with the pin code number;
- ii. Quote Registered Folio / Client ID & DP ID in all their correspondence;
- iii. Dematerialise the shares held in physical form at the earliest as trading in the Equity Shares of the Company shall be only in dematerialised form for all the investors.

By order of the Board of Directors

Mumbai
26 April 2012

Deodatta Pandit
General Manager – Legal
& Company Secretary

Regd. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai – 67

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the Explanatory Statement relating to the special business under Item Nos. 7 to 13 of the accompanying Notice dated 26 April 2012 are as follows:-

ITEM NOS. 7 & 8

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting, borrow monies in excess of the aggregate of the paid-up capital of the Company and its free reserves.

The increasing business operations and future growth plans of the Company would necessitate restructuring of the borrowing limits by authorizing the Board of Directors to borrow monies which may exceed

at any time the aggregate of the paid-up capital of the Company and its free reserves but not exceeding Rs. 1000 crores.

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the lenders/agent(s)/trustees, with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence it is necessary to obtain approval for the same from the Shareholders.

Your Directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

ITEM NO. 9

Mr. Rajesh M. Agrawal was appointed as President – Latin America & Asia for a period of 5 years w.e.f. 01.04.2007. His appointment was approved by the Central Government vide their approval no. 12/148/2007-CL.VII dt. 22 November 2007. His term expires on 31.03.2012.

The Central Government had approved his salary in the salary grade of Rs. 3,35,000 – 50,000 – 5,35,000 subject to an overall remuneration of Rs. 52.00 lakhs in the first financial year.

During his tenure he transformed the domestic marketing from general Pharma business to speciality segment focussed business. Under his able leadership currently the company has emerged among the top companies in ophthalmology & dermatology specialities in the country. The company is one of the fastest growing in the country as per IMS ORG. The company has launched many new innovative products first time in the country, which was the result of detailed study and assessment of gap in the patient needs by Mr. Rajesh M. Agrawal. The entire credit for this massive growth goes to him.

During the last 5 years, he has spread company's brands into international markets aggressively. Today company has a step down subsidiary in Philippines which has become an important market for the company's products. Ajanta Pharma Limited has emerged as 3rd largest Indian pharma company in the Philippines market. This business is expected to grow exponentially in the coming years.

Ajanta Pharma also has a very strong IT infrastructure built on in-house software, which has integrated entire operations of the company on one platform. This has enabled quick decision making, better control on operations, cost savings through better management of resources and many more benefits. The said IT platform has been developed by a highly productive team, under the leadership of Mr. Rajesh Agrawal. The entire designing integration and controls have all been guided by him step by step to ensure the best results. Even today, the development work is continuing in different areas to bring more and more efficiencies in the organisation. It was the vision of Mr. Rajesh Agrawal which has transformed the company's operations into an IT enabled most efficient organisation.

Mr. Rajesh Agrawal's contribution to company's R & D initiative was also phenomenal. The entire process of identifying the gap in patient care and then getting that implemented through R & D team was massive task, needing creativity, patience, leadership and above all the faith in the work. It was his efforts that there were more than 10 brands of the company which were enjoying brand leadership in their sub therapeutic segments.

There were many more contributions of Mr. Rajesh Agrawal which has enabled the company to achieve a Compounded Average Growth Rate (CAGR) of 21% in sales and 37% in net profit during last 10 years.

Mr. Rajesh M. Agrawal be paid remuneration in the Salary Grade of Rs. 4,65,000/- per month with an annual increment of 20% on the last drawn basic Salary alongwith the perquisites such as House Rent Allowance/ Rent Free Accommodation, Medical Benefits, Leave Travel Assistance, Provident Fund, Gratuity, superannuation and other benefits as per the Company's Rules and/or Schemes applicable to his Grade. Section 314 of the Companies Act, 1956 and the existing guidelines of the Central Government prescribes that where the monthly remuneration proposed to be paid to a relative of any director exceeds Rs. 2,50,000/-, approval of shareholders by way of a special resolution and further approval of Central Government is required for the purpose of appointment and payment of remuneration in excess of prescribed limits.

The Board of Directors recommends the Resolution for the approval of the Members.

Mr. Mannalal B. Agrawal and Mr. Yogesh M. Agrawal, Directors being relatives of Mr. Rajesh M. Agrawal, are deemed to be concerned or interested in the resolution. No other Director of the Company is concerned or interested in the said resolution.

ITEM NOS. 10 to 12

Over the last 3 years, the market price of the Company's Equity Shares has risen from Rs. 100/- to Rs. 490/- on 31 March 2012. The number of investors has however not increased substantially.

In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to the small investors, it is proposed to sub-divide the Company's Equity Shares, which currently have a face value of Rs. 10/- each, to Rs. 5/- each. Accordingly, 1,17,08,500 Issued Equity Shares of the Company having face value of Rs. 10/- each shall also stand sub-divided into 2,34,17,000 Equity Shares of the face value of Rs. 5/- each.

The proposed sub-division of the face value of the Equity Shares of the Company from Rs. 10/- per share to Rs. 5/- per share, requires an amendment to the Memorandum and Articles of Association of the Company. Accordingly, Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company are proposed to be altered in the manner set out in the Resolutions, to reflect the alteration in the Authorised Share Capital of the Company.

The approval of the Members of the Company is sought pursuant to the provisions of Sections 16 and 31 of the Act, for the proposed alterations to the Memorandum of Association and the Articles of Association of the Company, respectively.

A copy of the Memorandum and Articles of Association of the Company, together with the proposed alterations, is open for inspection by the Members of the Company at the Registered Office of the Company between 10.00 a.m. and 12 noon on all working days of the Company excluding Saturdays and holidays.

The Directors commend the Resolutions at Item Nos. 10 to 12 of the accompanying Notice for acceptance by the Members of the Company. The Directors of the Company may be deemed to be concerned or interested in the above resolutions to the extent of their respective holdings in the Company or to the extent of the shareholdings of the companies/institutions/trusts of which they are directors or members or trustees without any beneficial interest.

ITEM NO. 13

The Company is proposing to make substantial investments in the areas of business of the Company. As a measure of achieving greater financial flexibility and to enable optimal financial structuring to facilitate speedy implementation of various projects, it is proposed that the Board of Directors be authorized to invest upto Rs. 250 crores in any form i.e. by way of subscription and /or purchase of equity/equity related securities and/or debentures, grant of loan, guarantee and/or providing of security from time to time.

As per Section 372A of the Companies Act, 1956, a Company cannot make investment, give loan or guarantee or provide any security in excess of the limits set out therein unless it is previously authorized by a special resolution. Hence, it is necessary to obtain approval for the same from the Members by passing a resolution. The funds required for the investment will be sourced through internal accruals, equity proceeds and/or borrowings from time to time.

Your Directors commend the resolution for your approval. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

By order of the Board of Directors

Mumbai
26 April 2012

Deodatta Pandit
General Manager – Legal & Company Secretary



Regd. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai-400 067.

ATTENDANCE SLIP

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

I hereby record my presence at the thirty-third Annual General Meeting of the Company on Saturday, 7 July 2012 at 11.00 a.m. at Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivli (West), Mumbai- 400 092.

Name of the Member/Proxy (IN BLOCK LETTERS) _____

Registered Folio No.:

DP ID *:

No. of Shares:

Client ID *:

*Applicable for investors holding shares in electronic form

Member's/Proxy's Signature



Regd. Office: "Ajanta House", Charkop, Kandivli (West), Mumbai-400 067.

PROXY FORM

I/We _____ of _____ being member/ members of Ajanta Pharma Limited hereby appoint _____ of _____ failing him _____ of _____ or failing him _____ of _____ as my / our proxy to attend and vote for me/us and on my/ our behalf at the thirty-third Annual General Meeting of the Company to be held on Saturday, 7 July 2012 at 11.00 a.m. at Prabodhankar Thackrey Natyagrah, Sodawala Lane, Borivli (West), Mumbai- 400 092 and at any adjournment thereof.

Registered Folio No.:

DP ID *:

No. of Shares:

Client ID *:

Affix
Revenue
Stamp of
Re. 1/-

Member's Signature _____

*Applicable for investors holding shares in electronic form

Notes : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



CONSOLIDATED HISTORICAL PERFORMANCE											(₹ in Crs.)
YEAR ENDED MARCH 31	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
OPERATING PERFORMANCE											
Revenue from Operations	122	145	199	230	238	309	349	409	499	677	
EBITDA	25	28	29	35	40	53	68	80	99	147	
EBITDA %	21%	19%	14%	15%	17%	17%	19%	19%	20%	22%	
Profit after tax	0	2	10	12	15	22	25	34	51	77	
Return on Capital employed	5.7%	6.8%	8.7%	14.0%	15.2%	17.0%	15.0%	14.3%	17.5%	28.0%	
Return on Networth	0.2%	1.7%	8.1%	12.1%	13.2%	17.6%	17.4%	19.9%	24.5%	29.2%	
R&D Expenditure											
a) Capital	0	0	-	1	16	22	6	1	23	2	
b) Revenue	1	1	1	2	2	10	16	21	25	37	
c) % of Operating Revenue	0.7%	0.8%	0.4%	0.9%	6.5%	9.9%	6.3%	5.3%	9.3%	6.5%	
FINANCIAL POSITION											
Equity Share Capital	12	12	12	12	12	12	12	12	12	12	
Reserve and surplus	131	135	86	96	104	123	145	173	217	286	
Netblock	172	165	71	72	75	126	193	215	231	249	
Investments	3	4	0	0	8	8	8	8	8	8	
Net current & non current assets	95	99	110	122	139	172	206	194	191	134	
STOCK INFORMATION											
Number of Shares (in Mn.)	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	
Earnings Per Share (in Rs.)	0.7	4.8	8.4	10.5	12.5	18.7	21.7	29.0	43.3	66.0	



Registered Office "Ajanta House", Charkop, Kandivali (West), Mumbai 400 067. Tel. : 91-22-66061000, Fax : 91-22-66061200/300
www.ajantapharma.com