



Niche is Nice





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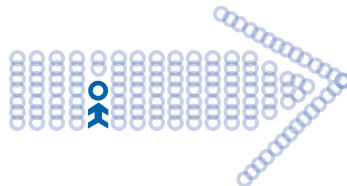
Consolidated

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Forward looking statement



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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

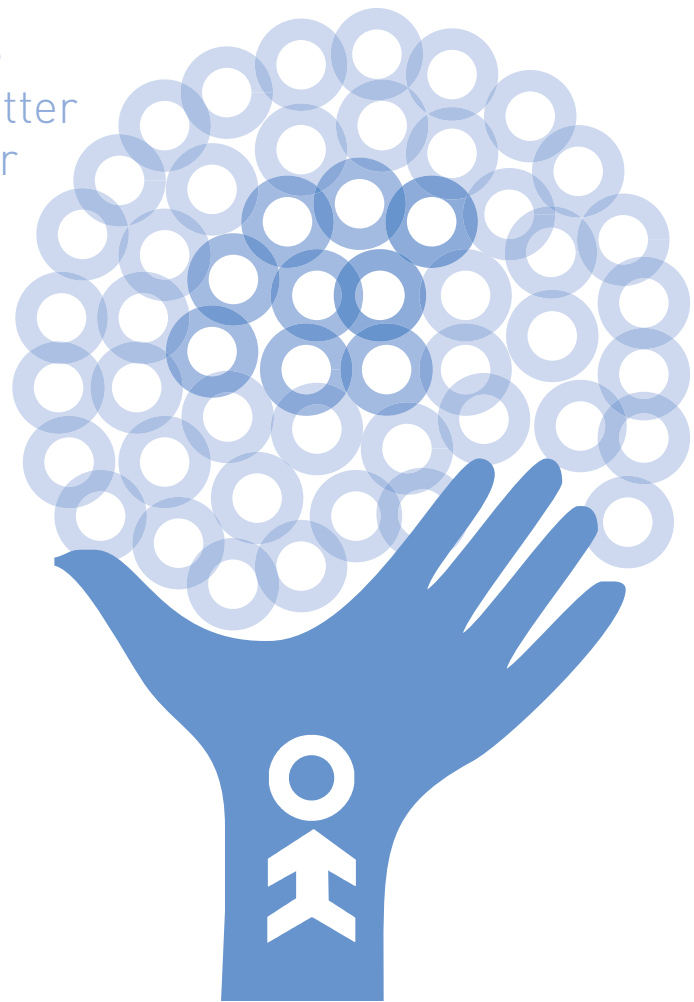
At Elder Pharmaceuticals,

niche is a small word with a wider significance.

In the domestic formulations market, we have a leading presence in niche therapeutic segments, such as women's health, wound care and pain management, nutraceuticals and lifestyle disease care.

A fortuitous combination of strategic alliances, synergetic acquisitions, internal capacities and intellectual capital has made Elder Pharmaceuticals one of the top five fastest growing pharmaceutical companies in India and a truly global corporate.

Our **niche** is our collective experience and expertise, which helps us counter future industry challenges, drives better health outcomes and grow our business sustainably.





Niche is the result of innovative spirit and enterprise

INCEPTION

in 1988 as an
integrated
pharmaceuticals
company

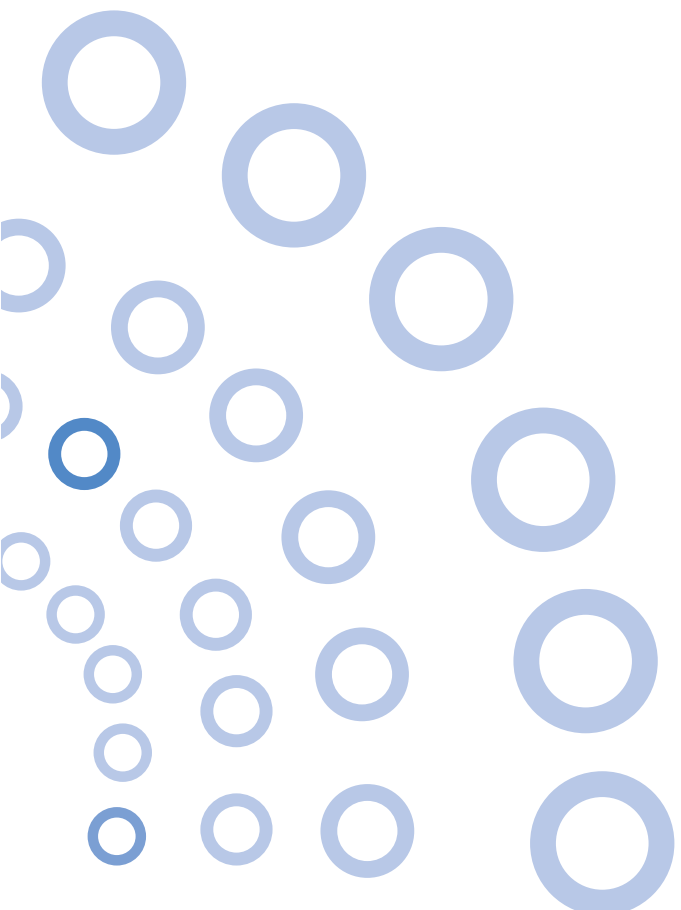
RANKED 27

(IMS data-MAT June'11)

among the largest
pharmaceuticals
companies

TOP 5

Amongst India's
top five fastest
growing
pharmaceutical
companies



STRATEGIC ALLIANCES

with around 24 international innovator companies for marketing (in-licensing), their products into India, augmenting the product portfolio.

ACTIVE

across the domestic pharmaceutical chain from in-house manufacturing, in-licensing agreements, Active Pharmaceutical Ingredients (API) and Dosage Formulations, supported by intensive Research & Development programmes.

PRESENCE

in niche therapeutic segments, such as Women's healthcare, Wound care and Pain management, Nutraceuticals and Lifestyle disease care.

EXPANDING INTERNATIONAL FOOTPRINT

with around 24 international innovator companies for marketing (in-licensing), their products into India, augmenting the product portfolio.

Chairman's Message

Dear Shareholders,

After two consecutive years of gloom, some cheer returned to the global economy in 2010-11, though not enough to qualify as a sustained recovery yet. India was shielded against the worst economic headwinds, and our GDP responded with a robust growth performance. This stability is expected to continue, with GDP growth estimates ranging from 8.2% to 8.6%. Notwithstanding the optimism, inflationary pressures, a policy initiative slowdown, as well as an overheated commodity price ecosystem are matters of considerable concern.

This sets the context for the performance of the global pharmaceutical industry, which grew by 4.1% to USD 856 billion, and is expected to touch USD 880 billion in 2011, growing from 5% to 7%. The global pharma market is expected to cross the trillion dollar milestone by 2014, reflecting a significant market expansion.

A substantial part of this growth will be contributed by generics at a product level, and by the 'pharmerging' markets like China, Brazil, Turkey, Mexico, Russia etc. at a geography level.

These economies are expected to double their spending on medicines by 2015 – to almost USD 300 billion, contributing 28% of the global pharma market. India will be an important participant in this growth. Not only will there be a significant growth in chronic therapies, such as diabetes and hypertension, but also a high degree of government expenditure (approximately 1.5% of GDP) is expected.

Today, Elder Pharmaceuticals ranks among the top five fastest growing pharmaceutical companies in India by virtue of strategic alliances, synergetic acquisitions, globally accredited manufacturing facilities, and above all an extensive marketing and distribution network. We concluded the 100% acquisition in the UK-based Nutraceutical major NeutraHealth PLC' in November 2010. NeutraHealth offers advanced Vitamins and Mineral Supplements (VMS) and Probiotics. On the one hand, Neutrahealth will provide raw materials for certain Elder brands, while Elder will provide the API to them on the other. We have also enhanced our stake in Biomeda Bulgaria. Elder currently holds 92.2% stake in Elder Biomeda. It is primarily involved in two sets of businesses that include distribution and products manufacturing. We are building an enormous plant in Bulgaria which will act as a large manufacturing base.

Our financial performance reflects our growing strength. The organization registered a topline growth of 33% from ₹ 7,208.98 million to ₹ 9,592.03 million. This growth can be primarily attributed to revenue generation from our own brands, such as Shelcal, Chymoral, Formic and Eldervit, among others. These brands delivered robust growth. Operating in a highly inflationary regime the bottomline growth was 11% from ₹ 553.92 million to ₹ 616.76 million. We also witnessed attractive growth across all divisions. We intend to double the



Jagdish Saxena | Chairman



We believe in innovation and introduction of new concepts, rather than competing in an already fiercely competitive market. This strategy of building a niche for our brands is challenging, but in the long run it generates enhanced revenues and drives higher market recall than operating in a 'me-too' market.

turnover within the next two-and-a-half years. Our subsidiaries overseas will contribute significantly in revenue generation in the years to come.

Elder's business strategy is simple: we believe in innovation and introduction of new concepts, rather than competing in an already fiercely competitive market. This strategy of building a niche for our brands is challenging, but in the long run it generates enhanced revenues and drives higher market recall than operating in a 'me-too' market. Since inception, we have always followed this principle, which helped carve a niche for our products. Over the preceding two decades, Elder has created an extensive intellectual asset base and a powerful research and development division. Intellectual capital represents our principal asset, which creates and sustains our brand leadership in the markets of our presence.

Elder's domestic operations are growing significantly. In the domestic market, the Women's Healthcare division is performing exceedingly well. Going forward, our objective is to foray into the segment of women's hygiene as well. In addition to urban markets, Elder is also focusing on growth opportunities in the rural and semi-urban markets through its rural marketing team ELVISTA. We also launched the Mass Market Initiative-Adventus. Besides, there will be a greater thrust on exports in future. We received accreditation from Ministry of Health-Japan for our Active Pharmaceutical Ingredients (API) plant at Patalganga, Maharashtra, opening up the fast growing Japanese markets for the company's products, which is a positive step towards strengthening the organization's position as a supplier of APIs and intermediates in the Japanese market.

I am confident that despite all our past achievements and milestones, our best is still to come. Our vision is to enhance the quality of life of patients by focusing on better health outcomes through our products. With our motivated employees, we will keep raising the standards of our performance in all spheres of activities so as to generate more value for all the stakeholders.

I take this opportunity to convey my sincere gratitude and thanks to all the lenders, vendors, the doctor fraternity and service providers for their continuous patronage and faith in the company.

Thanks for your enduring faith in our efforts. That's our biggest motivation.

Warm Regards,

Jagdish Saxena
Chairman



Topline growth of 33%
from ₹ 7,208.98 million to
₹ 9,592.03 million



Bottomline growth
of 11% from
₹ 553.92 million to
₹ 616.76 million.



A robust model of financial stewardship

(Standalone)

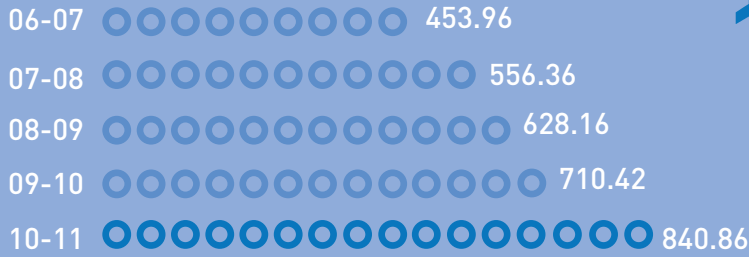
(₹ in crore)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Total Income	453.96	556.36	628.16	710.10	840.86
EBIDTA	82.71	110.49	105.92	136.99	180.23
Profit Before Tax	61.09	78.57	58.59	64.67	89.06
Profit After Tax and minority interest	52.77	68.64	50.64	55.39	71.40
FINANCIAL POSITION					
Networth	323.42	384.95	415.33	474.67	611.12
Gross Block	172.37	211.53	224.87	535.40	570.94
Net Block (incl. Capital WIP)	277.48	332.52	423.41	531.05	568.80
Investments	37.53	61.88	3.92	19.68	10.87
Cash & Bank Balance	56.44	66.71	63.79	77.31	251.67
Net Current Assets	250.41	337.30	393.15	483.44	783.31
RATIOS					
EBITDA margin(%)	18.22	19.86	16.86	19.29	21.43
PAT margin(%)	11.62	12.34	8.06	7.80	8.49
Return on Capital Employed(ROCE)(%)	13.11	14.14	10.75	10.63	10.35
Return on Net Worth (RONW)(%)	16.32	17.83	12.20	11.67	11.68
Earnings Per Share (in ₹)	29.41	36.74	26.86	29.37	35.88

TOTAL REVENUE

(₹crore)

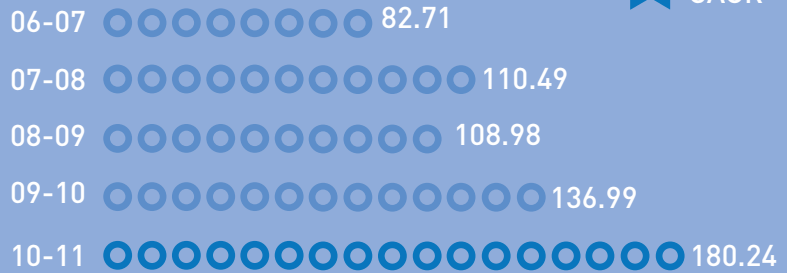
16.67%
CAGR



EBITDA

(₹crore)

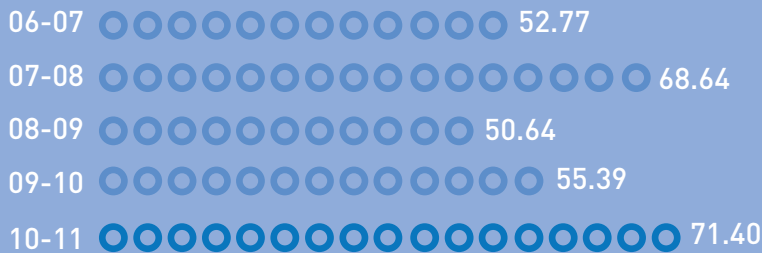
21.50%
CAGR



PAT

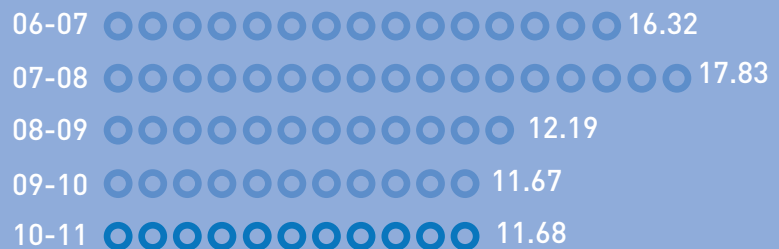
(₹crore)

7.85%
CAGR



ROE

(in %)



2010-11, the big talking points

FINANCIAL SNAPSHOT

Mobilised close to ₹ 69.7 crore by way of Qualified Institutional Placements (QIPs)

Raised secured NCDs (Non-Convertible Debentures) to augment medium to long-term resources, including regular capital expenditure. First tranche of ₹ 118.80 crore and second tranche of ₹ 73.00 crore were completed on 23rd Dec 2010 and 31st March 2011, respectively.

₹ 69.7 crore
by way of QIPs

Raised secured
NCDs to augment
medium to long
term resources

OPERATIONAL SNAPSHOT

Received accreditation from the Japanese Health Ministry for the Patalganga API plant;

Completed 100% acquisition of the UK based Nutraceutical major NeutraHealth PLC UK' in November 2010 through the wholly-owned Dubai Subsidiary, Elder International FZCO for GBP 9.8 million, to gain access to multiple brands in the UK and to establish a footprint in the regulated EU markets;

Enhanced stake in Biomeda, Bulgaria to 92.20% through our wholly-owned subsidiary in Dubai, FZCO, U.A.E., by acquiring additional 31.2% stake;

Launched the Rural Market Initiative-Elvista and the Mass Market Initiative-Adventus;

100%
acquisition of
NeutraHealth PLC UK'

Enhanced stake
in Biomeda,
Bulgaria to
92.20%

'Carnisure' -
₹ 16 crore in
revenues in the
year of launch

Launched the brand 'Carnisure' which has been well accepted by the cardiologists and physicians; it is the biggest brand in its division touching ₹ 16 crore in revenues in the year of launch;

Entered into a 50:50 Joint Venture in Guernsey, UK for web marketing of VMS products.

Introduced new products across several therapeutic categories, comprising Acebrolin capsules and syrup, Bronconil Syrup, Eldocort, Plasmorid, Samplus, Eldoflam MR, Prexan, Eldervit Plus tabs, Elfecol syrup and Elmecob PG.



NEW PRODUCTS COMPRISE:

Shelcal - HD

Each tablet contains Calcium Carbonate (derived from oyster shells) with a high dose of Vitamin D3. Calcium and adequate Vitamin D supplements are known to act favourably on bone strength (BMD) and form the first-line of treatment for osteoporosis.

Shelcal - K

Each tablet of Shelcal K is a combination of 100 mcg of Vitamin K, 1250 mcg of Calcium Carbonate and 0.25 mcg of Calcitriol.

Our target is the ₹ 400-crore osteoporosis market, growing at almost 17%. Shelcal K contains high dosage of Vitamin K and reduces the risk of osteoporosis. Shelcal K can be prescribed in severe cases of osteoporosis with a pre-existing vertebral fracture.



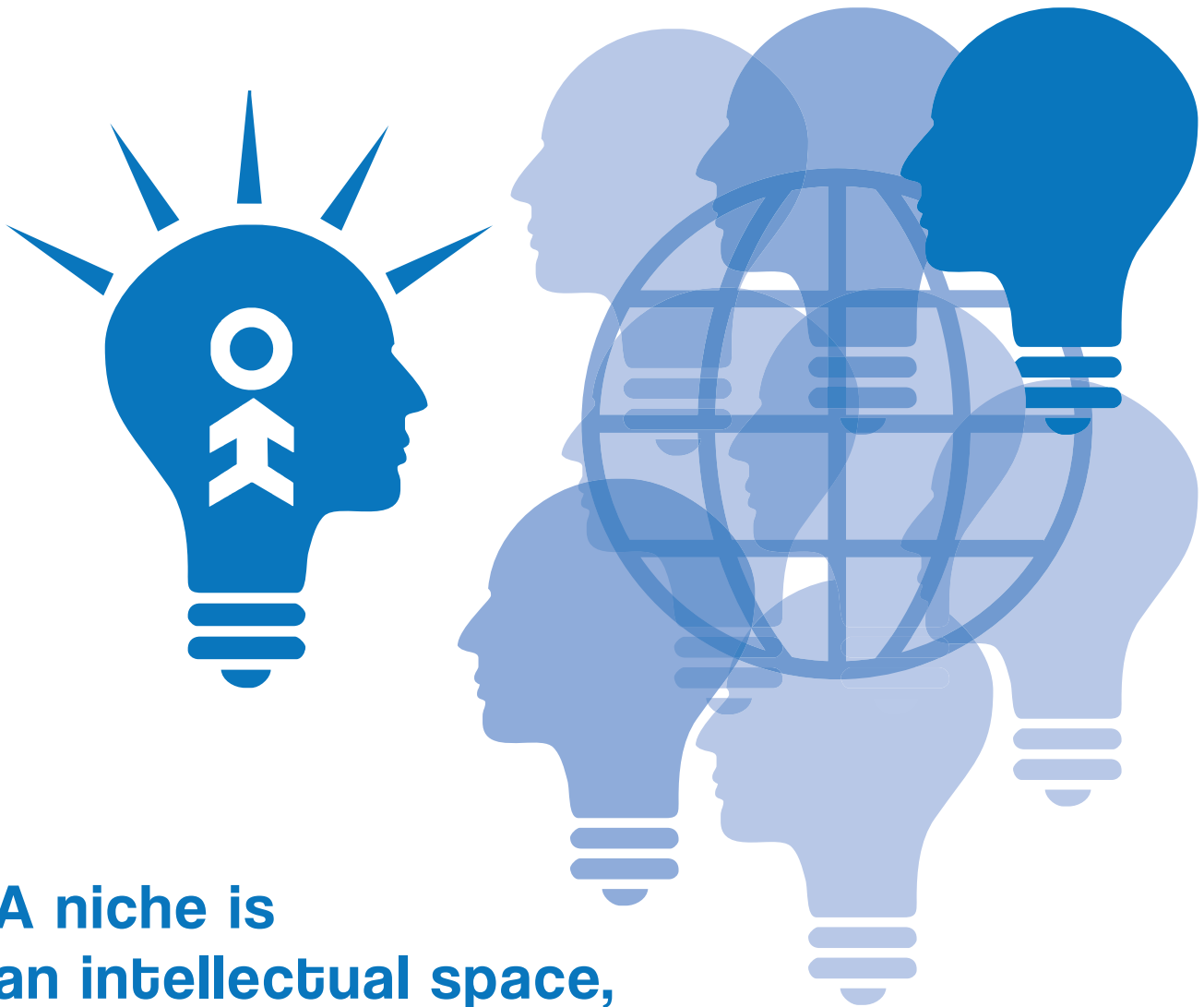
I-Vit Plus

I-Vit Plus is a blend of micro-nutrients, helpful in managing chronic medical conditions, providing adequate mineral/vitamin and essential nutrient supplement for correcting suboptimal vitamin/mineral intake as well as to improve general wellness.



Somazina Plus

Somazina Plus represents a unique combination of Citicholine, along with Piracetam that improves brain function and stimulates the central nervous system. It is a comprehensive therapy that offers neuroprotection and enhances cognition. Somazina Plus is an ideal brain-specific nutrient therapy.



A niche is an intellectual space, which needs to be constantly enriched through a combination of global acquisitions and alliances.

Our global alliances and acquisitions have one overriding objective: to reinforce our domestic presence and expand our international footprint by providing access to foreign markets and new products.

INVESTMENTS

Cumulative investment around ₹ 134 crore in Neutrahealth PLC, UK and around ₹ 40 crore in Elder Biomeda, Bulgaria.



100% acquisition of NeutraHealth PLC in UK

It has been a year of consolidation for Elder Pharmaceuticals. We increased our stake from 21.08% to 100% in Neutrahealth PLC, a UK based company with three subsidiaries including two wholly-owned subsidiaries. It manufactures, markets and distributes VMS (Vitamins, Mineral and Supplements).

Its fully-owned subsidiaries comprise:

Brunel Healthcare Manufacturing Ltd. (Brunel)

- ✎ Primarily catering to private labels business
MHRA approved manufacturing facility in Birmingham, UK
- ✎ Specializes in the development, manufacture, distribution and packaging of high quality VMS.

Biocare Ltd.

- ✎ Involved in prescription drugs business; communication with customers/ potential clients is conducted through the Company's online portal and telephone (website caters directly to consumers and around 85% of Biocare sale is sourced through the website).
- ✎ Offers high quality vitamins and supplements (VMS) and Probiotics.

Synergetic operations

- ✎ Elder and Brunel, a subsidiary of NeutraHealth PLC (buyers of some of the same APIs), enjoy a synergy for tapping new vendors, negotiating better terms and volume discounts with existing vendors, stability and standardization of supply. Glucosamine, a major API consumed by Brunel, can be sourced from Elder's API facility on competitive terms.
- ✎ Neutrahealth's products are sold over the counter and the company is also involved in back-end manufacture of drugs for other brands. Neutrahealth will provide raw materials for certain brands of Elder; on the other hand, Elder will provide the API to them. A neat synergy.

Elder Raising stake in Elder Biomedica (Bulgaria)

Elder currently holds 92.2% stake in Elder Biomedica with a total of around ₹ 40-crore investment. It is primarily involved in two sets of businesses that include distribution and manufacturing of products. Currently most of the revenue is generated from the distribution activities.

Future operations of Elder Biomedica

- ✎ Furthermore, CAPEX to the tune of around USD 5 million (around ₹ 22.00 crore) investment will be made in Biomedica. It will be used for up-gradation of facilities and making them EU compliant.
- ✎ Also, an investment is being planned to build and buy dossiers of off-patent products and start manufacturing and distributing in Bulgaria and beyond. It will act as a large manufacturing base, ensuring ease of supply to various places across the EU because of lesser regulatory hurdles for export within the region itself.
- ✎ Commencement of in-plant manufacturing will not only generate high margins, but also change the Company's margin profile.

Other strategic alliance includes:

Joint venture with
SyncoHealth- Guernsey



We have been enjoying an Export House status since 1994. At present, we export formulations and bulk drugs to many countries viz. Caribbean Islands, Colombia, Ghana, Kenya, Madagascar, Malaysia, Maldives, Mauritius, Mexico, Nigeria, the Philippines, Singapore, Sri Lanka, Thailand, Uganda and Vietnam. This export infrastructure can be used to market NeutraHealth's products, boosting sales and profitability.



Creating
a **niche** through
owned **markets**
and **segments**

We are continually developing new brands to enhance life quality of our vast and growing patient community. Our niche focus is all about exploring new and profitable segments, rather than crowding existing segments. Elder Pharmaceuticals enjoys a strong product portfolio and premium brands, driving growth in domestic markets.

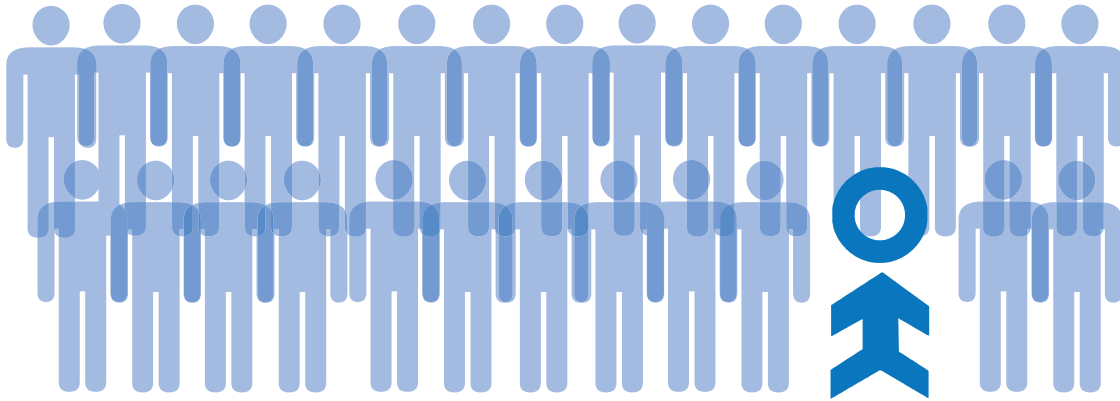
The products introduced for Lifestyle Diseases have been a major launch this year. This product category is recommended for diseases related to the heart, kidney and also for premature infants.

We also ventured into the orthopaedic segment, now a specialty care segment for us. Elder is focusing on this segment and going ahead, will progressively foray into osteoporosis and gynaecology divisions. An empowered team of salespersons promoting specialty products to consultant physicians was also formed in July 2010, with separate marketing and sales heads. Till March 2011, the segment witnessed a turnover of ₹ 68 crore. Next year's target is to cross ₹ 100 crore.

We have also made inroads into the neurology segment in the current fiscal and introduced our products to neurologists.



₹ 68 crore -
Orthopaedic
segment turnover



Niche expertise

DEVELOPING INTERNATIONALLY BENCHMARKED FACILITIES

We have invested in internationally benchmarked greenfield facilities to penetrate unexplored markets and strengthen our brand presence. We are strategically enhancing capabilities to increase the proportion of products manufactured in-house. Besides, contract manufacturing is an attractive arena, in which we are looking for strategic partners. Our Patalganga plant was awarded Japanese Health Ministry accreditation in January, 2011.



ENHANCING INTELLECTUAL CAPITAL

Our competitive edge is sustained by our research and development initiatives. We have state-of-the-art Research and Development facility located at Nerul in Navi Mumbai, Maharashtra.

The key objectives comprise:

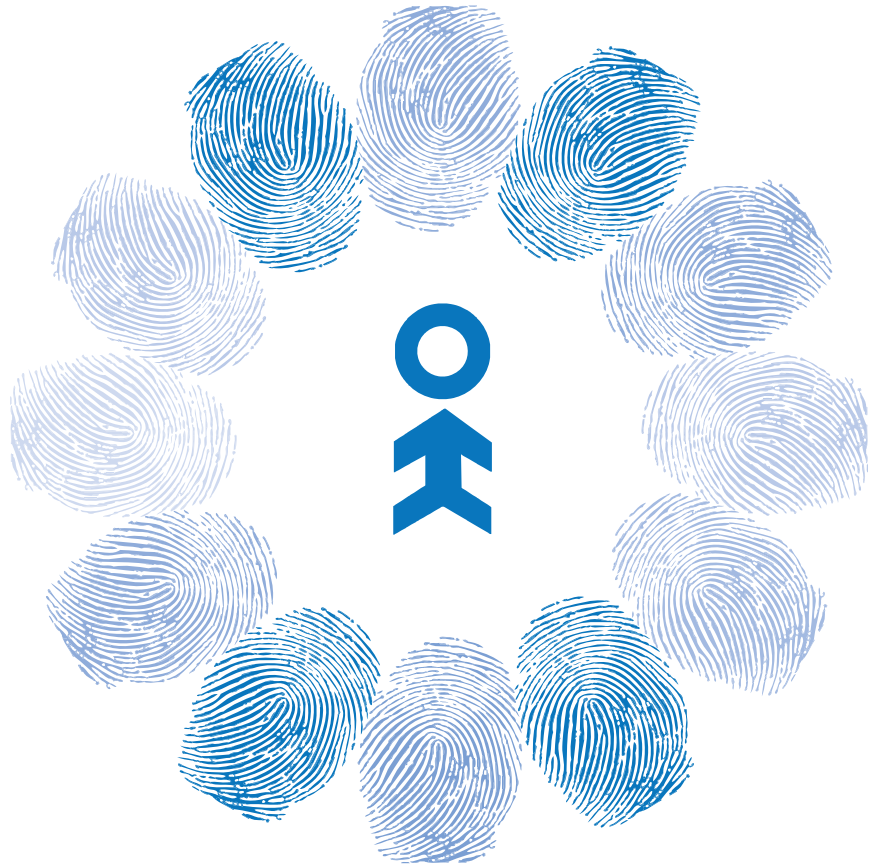
- Development of new products.
- Developing NDDS (Novel Drug Delivery Systems) for the existing products to augment the product benefits.
- Developing formulations, which are currently being outsourced, so that these can be manufactured in-house, ensuring better quality control and cost savings.
- Development of analytical methods, documentation and patent registrations.



PEOPLE

The building blocks of Elder Pharmaceuticals represent its people.

We believe in getting the best people on board and enhance retention by providing them training and attractive remuneration.



Brands represent our distinctive assets

Elder Pharmaceuticals has created an enormous intellectual asset base in the preceding two decades, creating a sustainable brand value.

We have created brands like Shelcal, which not only acts as a calcium supplement, but also helps prevent and cure osteoporosis. Shelcal ('Purity to perfection') is an outstanding product and is amongst the top three revenue generators of the company, which have performed exceptionally well in the current fiscal.

Elder's R&D centre worked extensively on the development of a chewable form of co-enzyme Q10, offering optimum dosage of 100 mg per tablet - making it more palatable and acceptable to the patient community, because of its novel form.

BUSINESS SEGMENTS AND PRODUCT LINES

We have launched various niche as well as in-licensed brands. The Company possesses a well diversified portfolio of products, across the different divisions.

Women's Healthcare

This category addresses the therapeutic needs of women ranging from pre-menstrual syndrome, infertility to menopause as well as problems related to vitamin necessities, labour/parturition and hormonal imbalance through dosage of supplements.

Products

Some of the key brands in this category are Shelcal, Deviry, B-Long and Hormorin.

Shelcal has established itself firmly as the No.1 calcium supplement in the market, having around 25% market share, and is the 23rd largest brand in the Indian pharmaceutical space. It is our own fortuitous endeavour to create other brands that would follow suit.

Market opportunities

We have already launched different variants of Shelcal to meet the growing demand. The opportunities are attractive in the gynaecology segment. The anticipated market is around ₹ 2,300 crore.



Shelcal has established itself firmly as the No.1 calcium supplement in the market, having around 25% market share



Wound care/Pain Management

Products in this segment address a wide range of wounds/injuries and pain associated during surgeries.

These products can be used in pre & post-operative stages as well as during the course of surgery.

Products

The key brands in this therapeutic segment include Chymoral supported by Oxoferin, Tantum, Clotan.

Chymoral is a market leader in its segment with a robust 82.3% market share.

Market opportunities

The total addressable size of the wound care / pain management market in India is estimated at ₹ 3,600 crore.



Chymoral is a market leader in its segment with a robust 82.3% market share.



Nutraceuticals

This segment consists of products which include vitamin supplements and vitamin combination specialized products, capable of managing problems associated with diabetes, arthritis, neurological and cardiac ailments.

Products

The Company's key brands include the Eldervit Range, I-Vit and Phytomega, each having a significant opportunity.

Eldervit has a strong 37.80% market share and enjoys the numero uno status in its category.

Market opportunities

The Ernst & Young FICCI Report estimates the Indian nutraceuticals market at ₹ 44 billion, which is less than 1% of the global nutraceuticals market size of USD 117 billion (₹ 5,148 billion) combined with a CAGR of 18% compared to the global growth rate of 7%.



Eldervit has a strong 37.80% market share



Anti-infectives

This category of products helps in the treatment of a range of infections, including several bacterial infections, UTI (Urinary Tract Infection) and RTI (Respiratory Tract Infection).

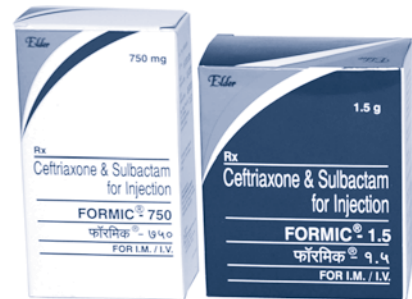
Products

The portfolio comprises cephalosporins, aminoglycosides and amoxicillin. Brands covered under these include Formic, Widcef, Kefbactam, Tobraneg and Elfi.

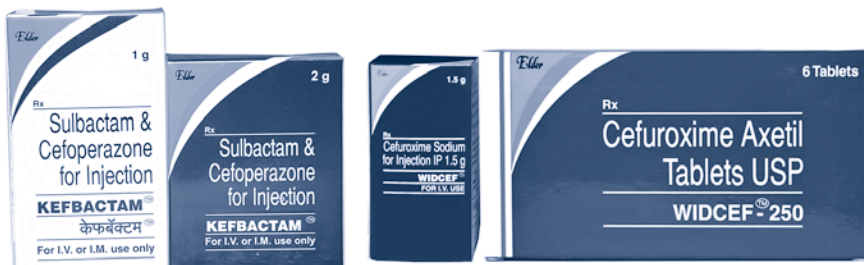
Formic O is the no. 1 brand in its category in the market and enjoys a market share of 41.10%.

Market opportunities

Although the scenario in the pharmaceutical industry is very competitive; this category of products has the benefit of having a mass target market. Therefore, the opportunities will exist by sheer virtue of size.



Formic O is the no. 1 brand and enjoys a market share of 41.10%.



Lifestyle Disease care portfolio

Elder's products in this domain are in the Anti Hypertensive category, LMWH (Low Molecular Weight Heparin) and Metabolic protection of the heart category. The gestation period for product acceptability is fairly long.

Products

'Carnisure', a cardiovascular product is on a growth trajectory and would be a major brand going forward in the heart category.

The key brands also include Somazina, Hibor and Amifru. Amifru is already the market leader having a market share of 69.50% while Somazina is ranked second in the Neuroprotective category.

Market opportunities

Lifestyle diseases are on the rise especially in the Tier 1 and Tier 2 cities owing to unhealthy lifestyles and increasing stress levels which means there is still a lot of scope for growth in this category.



Somazina is ranked second in the market in the Neuroprotective category

API

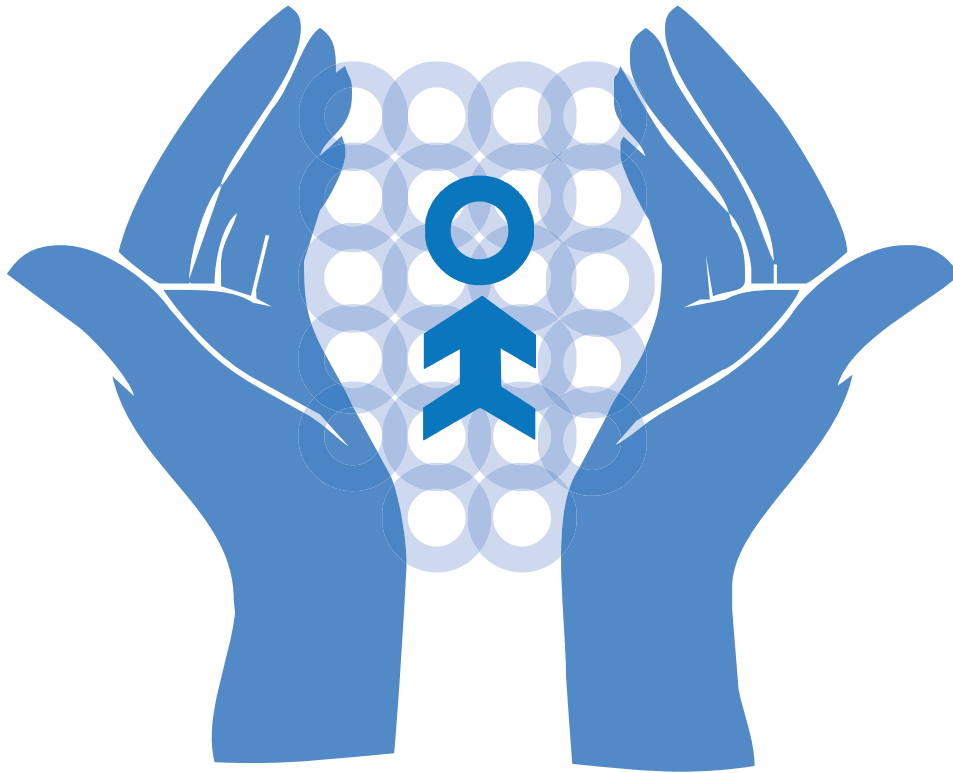
Elder manufactures API and formulations across six manufacturing plants in India, possessing a capability to manufacture various dosage forms like tablets, capsules, syrups, injectables, topical creams and ointments.

We plan to focus on high margin APIs (Active Pharmaceuticals Ingredients) and look for backward integration so as to enjoy the cost synergies for finished products. We have also received accreditation from the Japanese Health Ministry for our plant at Patalganga, Maharashtra. This accreditation will strengthen our position as a supplier of APIs and intermediates in the Japanese market.

Market opportunities

The Company has already filed a PCT patent [an international patent application] for one of the advanced intermediates for the Japanese market, and discussions are underway with Japanese generic companies for supply contracts.





Social responsibility underpins our ability to grow and create sustainable operations

We understand that responsible behaviour is the essential key to building and maintaining brand loyalty.

FOR PATIENTS

- Most of us suffer from cholesterol and triglyceride problems. As a CSR initiative, we check the lipid profile of rural patients, when we visit rural areas. We also cater to poor patients.
- The Company generates health awareness amongst women through camps. This involves organising camps wherein the Bone Mineral Density (BMD) is monitored with the help of specialised machines. This facilitates detection of osteoporosis.
- VPT (Vibration Perception Test) Camp: Neuropathic patients suffer from loss of sensation. Our free camp helps examine these patients, ensuring timely treatment.
- Respiratory Camp: With the use of a device called Peak Flow Meter, patients are tested for accurate cough diagnosis, and treated through a starter dose of the necessary medication.



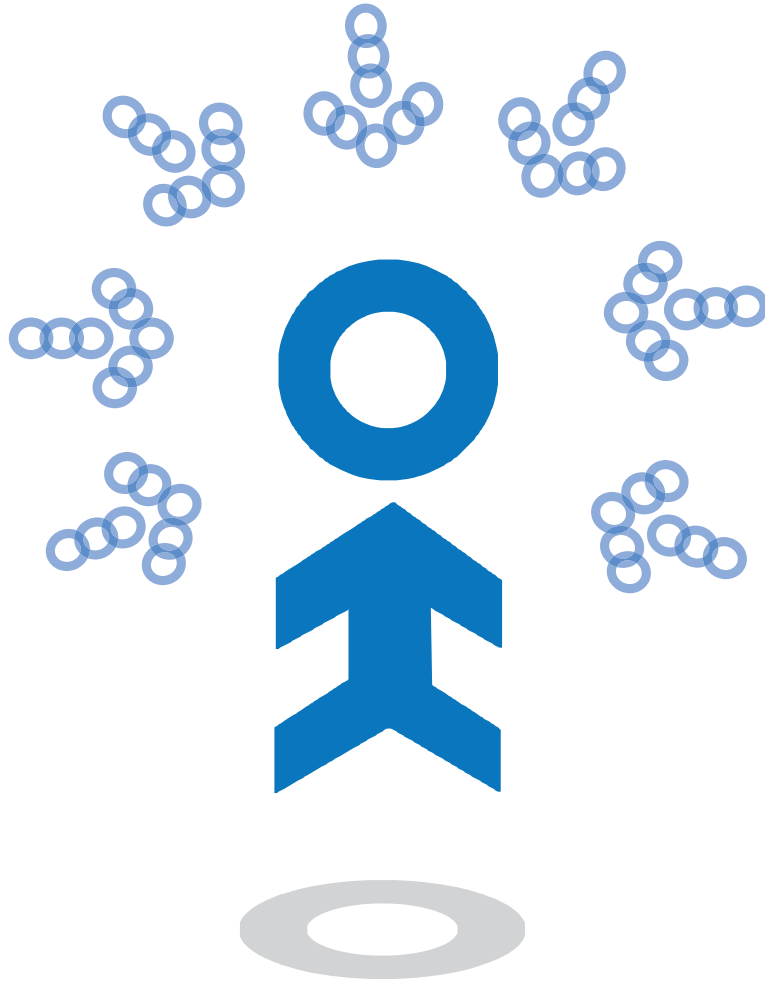
Our free camps help examine patients and ensure timely treatment for them.

FOR DOCTORS AND MEDICAL REPRESENTATIVES

- Communication strategies focus on literature, reference journals and consistent value addition. The Company has direct access to leading doctors.
- We ensure that the doctors are also satisfied with the communications held with us.
- We believe in creating value and promoting our products ethically and scientifically by educating and updating the doctors through CMEs and the medical representatives through regular training programmes, enriched by technology-enabled presentations.



We have adopted a multi-pronged growth strategy with focused promotion and wider exposure of our product range to more doctors



Crucial initiatives to strengthen product reach and elevate brands

At Elder Pharmaceuticals, we regularly undertake multiple initiatives to extend our brand presence.

IN 2010-11, WE ADOPTED THE FOLLOWING INITIATIVES:

- 👤 E-reporting tools for the field staff (sales officers).
- 👤 Product-specific campaigns are run to drive sales.
- 👤 Audio-visuals for CMEs (Continuing Medical Education).

OTHER IMPORTANT INITIATIVES COMPRISE:

Formation of Elvista - Rural Market division

- 👤 The team comprises 300 medical representatives.
- 👤 To facilitate efficient market penetration and to enhance recognition, the Company has arranged for Taxi Tours to display products in the rural regions.
- 👤 We plan to increase sales by 8-9% primarily from rural areas by strengthening the sales force in this segment.
- 👤 ELVISTA is targeting categories like anti-peptic ulcerants, anti-malaria, anti-infectives, NSAIDS, quinolones and cough medication.
- 👤 The division markets brands, such as 'Eldervit injection', as well as niche brands, such as Mucodyne, Mucobron, Protocream and Venex.
- 👤 Elvista enjoys presence in the following therapeutic segments:
 - Antibiotics
 - Nutraceuticals
 - Gastrointestinal Care
 - Pain Management
 - Cough & Cold
 - Anti-malarial



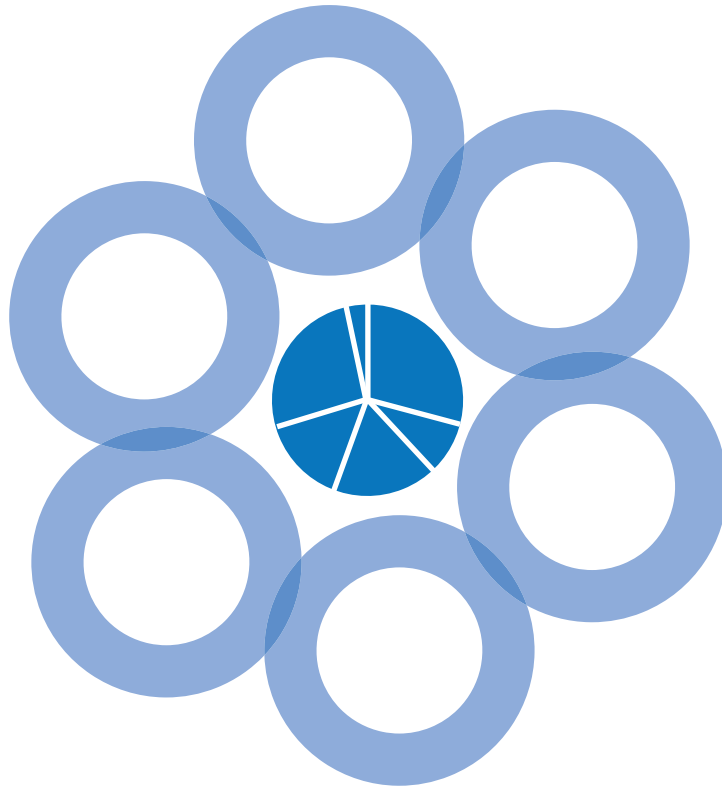
To facilitate efficient market penetration and to enhance recognition, the Company has arranged for Taxi Tours to display products in the rural regions.

Formation of Adventus - Mass Market initiative with a focus on GPs (General Practitioners)

- 👤 Adventus is a multi-specialty division present in the anti-infectives, pain management and the nutraceuticals segments.
- 👤 Comprises 300 medical representatives, targeting General Practitioners (GP) in Class 1 and 2 towns.
- 👤 Efforts are concentrated on launching economical products in these mass markets.
- 👤 Elpod, Clavactum are the products gaining traction in this segment.
- 👤 The product portfolio also comprises brands, such as Gastromax and Ondanz targeted towards gastro-intestinal disorders.



Efforts are concentrated on launching economical products in mass-markets



Management Discussion and Analysis

INDIAN ECONOMY

India sustained its momentum of growth in the year 2010-11. It has emerged as the world's second fastest growing economy, with healthy Gross Domestic Product (GDP) rates. The inherent strength of the country's domestic demand (largely driven by increased spending by India's middle class), rapidly developing services and manufacturing sectors, complemented by well formulated monetary policies of the Reserve Bank of India (RBI) and the fiscal stimulus provided by the Government of India (GOI) are key triggers for this growth.

Inflationary pressures continued to persist through fiscal 2011, with an increase in the latter part of the fiscal year due to higher than anticipated rise in food and oil prices. Inflation, measured by the Wholesale Price Index (WPI), after declining from a high of 11.0% in April 2010 to about 8.1% in November 2010 continued to remain at elevated levels of about 8.0% for the remaining part of the fiscal year.

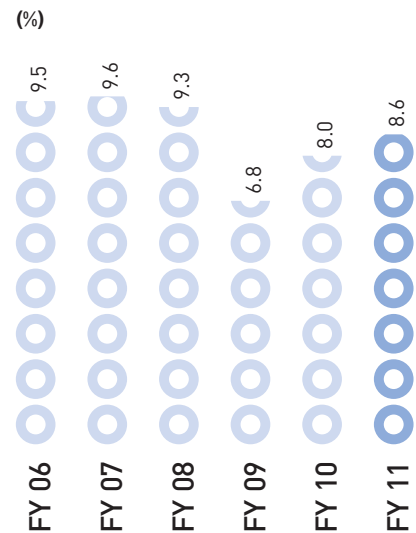
Inflationary pressures, though largely emanating from food and fuel prices, became broad based as manufactured products inflation showed an increase from February 2011.

Against this backdrop, several factors will play a role in the inflation outlook. Keeping in view the domestic demand-supply balance and the global trends in commodity prices and the likely demand scenario, Inflation is expected to remain elevated in the first half of the current year due to expected pass-through of increase in international petroleum product prices to domestic prices and continued pass-through of high input prices into manufactured products.

GLOBAL PHARMACEUTICAL INDUSTRY

The Global Pharmaceutical market is expected to have recorded a growth of about 4-6% in 2010 exceeding USD 825 billion. Also, the market sales are expected to grow at a Compounded Annual Growth Rate (CAGR) of

GDP trend-last 6 years



[Source: CSO * Growth in GDP at factor cost at 2004-2005 prices]

anywhere between 4-7% through 2013. The growth in the industry is bound to be driven on the basis of recovering global economy, changing mixture of various innovative and mature products coupled with the rising influence of accessibility to the healthcare sector and huge funding on market demand. (Source: IMS Health)

US Pharmaceutical Market

The US pharmaceutical market stood at around USD 310 billion in 2010. It is expected to continue to remain the largest market in the world in 2011, having a growth projection of 3-5% to reach USD 320-330 billion (Source: IMS Health).

European Pharmaceuticals Market

The European pharmaceutical market stood at close to USD 130 billion in 2010. Patent expiries and drug budget controls have led to a subdued growth among brands in developed markets, and will continue to do so this year also. In 2011, the five major European countries namely Germany, France, Italy, Spain, and UK are expected to grow at a collective pace of 1-3%. (Source: IMS Health).

Middle East and African Pharmaceutical Market

The Middle East and the African Pharmaceutical Markets are also on the growth trajectory. This growth can be attributable to rapid development of infrastructure in the region and rapidly changing regulatory environment. Further, the pharmaceutical sales are bound to only grow skywards on the back of high prevalence of diseases; a huge population base that resides in the region; respective government's increased inclination towards heavy infrastructure investment to raise domestic production in the Middle East etc. Currently the region is dominated by South Africa, Saudi Arabia and Israel. The combined Middle East and the African Pharmaceutical markets are estimated to grow at a CAGR of around 11% during 2010-2012.

Asia Pacific Pharmaceutical Market

The global pharmaceuticals market will experience momentary shifts. The Asia-Pacific region has strong prospects and is bound to emerge as the fastest growing pharmaceutical market in near future. This positive shift can be attributed to low cost manufacturing well supported by a favourable regulatory environment. The industry in this region is estimated to grow at a CAGR of 12.6% between 2010 and 2012. It is well poised to become a global API production hub in a few years from now.

Due to the rise in disposable incomes, numerous health insurance schemes (that ensure sale of branded drugs), and a very healthy competitive environment because of a presence of a large number of players, the pharmaceuticals sales are growing at a very fast pace in India, China, Malaysia, South Korea and Indonesia. The most notable one being China's pharmaceutical market. It is expected to grow at a rate of 20% plus annually. It will contribute 21% of overall global growth through 2013.

INDIAN PHARMACEUTICAL INDUSTRY OVERVIEW

The Indian Pharmaceuticals market is primarily a branded generics market with a small percentage of unbranded generics. Within the emerging markets, it ranked third at USD 11 billion after China at USD 16.2 billion and Turkey at USD 11.2 billion in 2010. The industry is the third largest industry in the world in terms of volume and 14th largest in terms of value. Between January-December 2010,

Global Pharmaceutical Market

4-7% CAGR

US Pharmaceutical Market

3-5% Growth

European Pharmaceuticals Market

1-3% Growth

Middle East and African Pharmaceutical Market

11% CAGR

Asia Pacific Pharmaceutical Market

12.6% CAGR

the industry recorded a 16.5% growth Y-o-Y. (Source: Outlook Business, Dated 5th February, 2011) India accounts for close to 8% of the global pharmaceutical drug production. It also ranks very high in terms of technology, quality and range of medicines manufactured. The industry caters to the demand of close to 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables.

MAJOR GROWTH DRIVERS

- Increased disposable incomes and the number of middle class households.
- Expansion of medical infrastructure.
- Greater penetration of Health Insurance.
- Rising prevalence of chronic diseases.
- Aggressive market penetration by the smaller players.
- Increase in technical capabilities of the manufacturing plants which are a healthy demonstration of the Indian companies to develop quality products.
- Reduced manufacturing costs as compared to other leading world players.
- Healthcare reforms and cost-saving initiatives coupled with more than 150 billion worth of brands going off-patent by 2015.

The growth trajectories have been stepped-up on the basis of a rise in income levels and enhanced medical infrastructure. This growth has been spread across various therapeutic and geographical segments. The launch of branded generics businesses and significant expansion of market coverage by multinationals illustrates

this point. As a result, the expectations from the Indian businesses have risen and aspirations have become bolder.

GOVERNMENT INITIATIVES

Government of India (GoI) has also played an active role and has taken several initiatives which will only help the industry grow upwards.

Few of the initiatives include the following-

- **Reduction in approval time**
GoI has extended a helping hand to the manufacturers and exporters of various drug formulations. The approval time for No Objection Certificate (NOC) manufacturer and NOC export license has been reduced from 12 weeks to just 2 weeks.
- **Collaboration within the industry, academia and the government**
The GoI has signed a number of Memorandum of Understanding (MOUs) with developed countries and has extended collaborations with these countries which include US FDA, World Health Organisation (WHO), Health Canada and EMEA region (comprising Europe, Middle East and Asia). It is also actively promoting collaboration among industry, academia and government through various programmes such as the New Millennium Indian Technology Leadership (NMITLI) and Drugs and Pharmaceuticals Research Programme (DPRP).
- **Focus on specialised pharmaceutical education**
The GoI has set up seven National Institute of Pharmaceutical Education and Research (NIPERs) which are now regarded as institutes of national importance. These will help achieve excellence

in pharmaceutical sciences and technologies, education and training.

- **Duty relief for technology upgrades**
Through the Export Promotion Capital Goods Scheme (EPCG) scheme, GoI has introduced zero duty for any technological upgradation in the pharmaceutical sector.
- **Promotion of Indian drug discovery platforms**
In order to fulfill the vision of catapulting India into one of the top five pharmaceutical innovation hubs by 2020, the Government is counting upon a major multi-billion dollar initiative with 50 per cent public funding through a public-private partnership (PPP) model to strap up India's innovation capability. It targets to achieve a global niche by having one out of every five to ten drugs discovered worldwide by 2020 to originate from India.

COMPANY OVERVIEW

Elder Pharmaceuticals Ltd. is engaged in the manufacturing of a variety of pharmaceuticals-based intermediates, formulations and bulk drugs and also undertakes extensive Research and Development programmes in collaboration with foreign companies.

The Company is a leader in women's healthcare, wound care and nutraceuticals segments and is also making efforts to gain a better foothold in the lifestyle disease care and anti-infective segments. The Company also offers medical equipment, including oxygen concentrators and nebulisers. In addition, the Company provides industrial equipment for instrumentation and weighing based automation applications.

The Company manufactures API and formulations across 6 manufacturing plants in India. It can manufacture dosage forms such as tablets, capsules, syrups, injectables, topical creams and ointments.

Geographical Performance

The revenue generated from domestic sale grew by around 17% rising from ₹ 683.93 crore in 2009-10 to ₹ 803.20 crore. The Company was able to generate a healthy growth of 28% Y-o-Y. The Company's exports rose from ₹ 18.16 crore in 2009-10 to ₹ 23.28 crore in 2010-11. The Company exports to the non-regulated and semi-regulated markets also among others.

The combined revenue generated from Elder Biomedica and NeutraHealth PLC UK, the step-down subsidiaries of the Company, stood at ₹ 132.72 crore during the fiscal under review (Not included in Domestic and Exports figures in mentioned above).

The Company is also in the process of tapping the opportunities in the rural markets through its rural market division 'Elvista' thereby increasing the geographical reach.

Financial highlights

Net Revenue

The Company recorded a strong consolidated net revenue growth of around 30% from ₹ 720.90 crore in the previous year to ₹ 959.20 crore in the current fiscal. The growth is mostly attributable to the new products and inclusion of the revenues from the step-down subsidiaries.

EBITDA

The Company posted a strong EBITDA growth of 33% on the back of higher consolidated sales. It rose to ₹ 182.11 crore for the current year from ₹ 136.99 crore, in the previous financial

year. Though the expenditure on staff and depreciation had a sharp increment of around 36% and around 72% respectively, the Company still managed to record an enviable growth. There was a negligible correction in the EBITDA margin from 19% to 18.98%, though the absolute numbers show a very high growth. (This year has been the first year when the revenues from the step-down subsidiary in UK has been consolidated in the Company's consolidated financial performance, that again for a part of the year, hence correction in EBITDA level is not comparable in stricter sense.)

PAT

The Company recorded a consolidated PAT growth of 11% from ₹ 55.39 crore to ₹ 61.68 crore in 2010-11. The PAT margin reduced to 6.43% from 19% in the previous year.

Operational review

Has been covered elaborately in the initial section of the Report.

OUTLOOK

The global pharmaceuticals market is in the midst of major discontinuities. The developed markets are expected to slow down and the emerging markets are all set to lead the growth in the global pharmaceuticals market. The Indian pharmaceutical market along with China, Brazil and Russia will spearhead this growth.

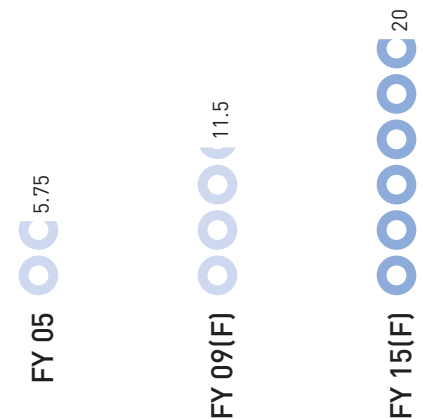
The Indian pharmaceuticals market is poised for exciting times ahead. The growth of Indian pharmaceutical market has considerably accelerated in the past few years; however it cannot be denied, the industry structure has also been changed. This is on the back of a wave of various high-profile acquisitions. Newer opportunities are

being presented in the market. The pace of innovation in business models has also been exceptional.

According to the Indian Brand Equity Foundation (IBEF), the Indian Pharmaceutical market is poised to reach USD 20 billion by 2015 and establish itself amongst the world's leading 10 markets.

Market Size of the Indian Pharmaceutical industry

(USD billion)



(Source: IBEF)

As per the India Pharma Report 2020 by McKinsey & Company, the Indian Pharmaceuticals market will reach USD 55 billion by 2020. This growth will be driven by a steady increase in affordability and an ease of market penetration by the players. At this projected scale, the market will be comparable to all developed markets other than the US, Japan and China. India will be at the top in terms of volumes, a close second, next only to the US market. The merger of value and volume growth will provide for excellent opportunities for upgrading therapy and treatment levels.

Rural market

A majority of growth in the Pharmaceuticals market is driven by urban markets which include metros and Tier I cities. The market in the Tier

II to Tier VI cities is classified as peri-urban. The rural market comprises approximately 67% of the population (6,00,000 villages). According to the IMS Health estimates, peri-urban markets accounted for USD 3.4 billion in terms of value and constituted to 38% of total industry sales whereas rural markets were valued at USD 2 billion in terms of value and accounted for close to 17% of total industry sales, in 2010. As per the PricewaterhouseCoopers estimates for the next decade, the rural markets are poised to grow at a CAGR of a conservative 15% to an overtly aggressive 20%. Thus, reaching an expected valuation of between USD 8 billion and USD 12 billion, this will be subject to implementation of growth drivers referred to earlier in this discussion.

The opportunity

Around 742 million people reside in rural areas of the country. A significant gap exists between the number of people residing in villages that require treatment, and quality treatment and medicines reaching these villages. Accessibility to proper medication in rural areas is very poor, with less than 20% of the population having access. This gap represents a huge opportunity for pharmaceutical companies to expand, and we believe that these markets will be the future volume drivers of the industry.

HUMAN RESOURCE

We lay particular emphasis on attracting and retaining the best talent in the industry. We have implemented various human resource programmes at every level in the organisation, which has helped in developing and retaining our talent pool. We believe it is imperative that we have a well trained and experienced pool of resources in order to execute our global strategy and manage the substantial business and capacity growth that is expected. We intend to continue attracting the appropriate level of talent on a global basis through the right mix of recruitment and retention strategies and become an employer of choice and pride. The Company's employee strength is 3,609.

INTERNAL CONTROL SYSTEMS

The Company has an adequate internal control system to safeguard all assets and to ensure efficient productivity. Timely reviews ensure that all transactions are correctly authorised and reported. Wherever deemed necessary, internal control systems are also reassessed and corrective actions are taken.

CAUTIONARY STATEMENTS

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.





Directors' Report

The Directors are pleased to present the Twenty Eighth Annual Report of the Company together with the audited Accounts for the year ended 31st March 2011. The working results of the Company for the year ended 31st March 2011 vis-à-vis those of the previous year are summarized below:

	Year ended 31.03.2011 (₹ In Crores)	Year ended 31.03.2010 (₹ In Crores)
1. Operating Income	832.44	702.79
2. Other Income	8.43	7.63
3. Profit before Tax	89.07	64.68
4. Less: Provision for Tax		
Current Year	18.00	10.50
Deferred Tax	(0.33)	(1.21)
5. Profit after Tax	71.40	55.39
6. Less: Prior year Tax adjustments	0.61	-
7. Add: Profit as per the Balance Sheet	192.34	173.54
8. Profit available for Appropriation	263.13	228.93
Out of which Directors recommend Appropriation as under:		
a) Proposed Dividend	6.16	5.66
b) Tax on Dividend	1.00	0.94
c) Transfer to General Reserve	30.00	30.00
d) Transfer to Debenture Redemption Reserve	40.00	-
e) Surplus carried forward to Balance Sheet	185.97	192.34

OPERATIONS:

Your Company's Operating Income during the year under review was ₹ 832.44 crores as against ₹ 702.79 crores in the previous year. This represents an increase of ₹ 129.65 crores which is equivalent to 18.45% increase over the previous year. However, in view of ever rising oil prices and resultant increase in the all round input costs, increased finance costs, etc. have in effect brought the pre and post tax profits under pressure. However, there has been slight improvement in the pre tax and post-tax profit although it is less than the top line growth with profit before tax for the year under review being ₹ 89.07 crores and profit after tax of ₹ 71.40 crores.

During the year under review the Company introduced a number of new products across several therapeutic categories, such as 'Acebrolin' capsules and syrup, 'Bronconil' syrup and 'Elfecol' syrup for Cough & cold, 'Eldocort' and 'Eldoflam MR' for pain management, 'Plasmorid' as anti-malarial, 'Prexan' for

hematinic use, 'Eldervit Plus' tablets, 'I-VIT Plus' and 'Samplus' as nutritional supplements, 'Elmecob PG' for neuropathy, 'Shelcal HD' tablets for Calcium supplementation, 'Shelcal K' tablets for Osteoporosis and 'Somazina Plus' tablets as neuroprotective.

All the products of the Company including new introductions have been well accepted by the medical fraternity in India. The main therapeutic area of interest to the Company continues to be Women's healthcare, Wound care and Pain Management, Nutraceuticals / Vitamin Supplements, Life Style Diseases & Diabetes, and Antibiotics.

All the three units of the Company in North India, one at Sela Qui and the other at Village Charba, Langha Road, near Dehradun in the State of Uttarakhand and the third at Paonta Sahib in Himachal Pradesh have been enjoying the Central Government's excise and income tax incentives. The production capacities have been expanded at the Sela Qui unit in Uttarakhand. The said unit is also being upgraded to meet UK MHRA accreditation. This accreditation will help the Company cater to some of the export markets. The manufacturing units of the Company at Nerul, Navi Mumbai, Paonta Sahib, Himachal Pradesh and Sela Qui, Uttarakhand, are WHO GMP accredited. The bulk drug unit of the Company at Patalganga in the Raigad district of Maharashtra received accreditation from the Japanese Health Ministry in January 2011.

GLOBAL DEPOSITORY RECEIPTS:

The Company had made an issue of Global Depository Receipts (GDR) during the year 2004-05. All the issued GDRs have been converted into shares and no GDR is outstanding as on 31st March 2011. The Company's listing for the GDRs, however, continues on the Luxembourg Stock Exchange and as on 31st March 2011 the quote for Company's GDRs was \$ 17.51.

DIVIDEND:

The Directors have pleasure in recommending a dividend of 30% i.e. ₹ 3.00 per share of ₹ 10/- each for the year ended 31st March 2011 and the same, once approved by the shareholders, will be paid on or before 23rd October 2011 to those shareholders whose names appear in the Register of Members as on 16th September 2011.

DIRECTORS:

During the Accounting year under review Mr. M. V. Thomas, a Founder Director who was appointed by the General Meeting as an Executive Director of the Company designated as Director (Finance) and whose period of office as such Director (Finance) expired on 30th June 2010, resigned as Director vide his letter dated 1st July 2010. The Board has accepted his resignation at its meeting held on 27th July 2010. He had, however, continued as the Company's 'Chief Financial Officer' up to 12th November 2010.

Dr. J. S. Juneja, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for re-appointment.



Mr. Edoardo Richter, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. He, however, being eligible, has offered himself for re-appointment.

Mrs. Urvashi Saxena, Director, is due to retire by rotation at the ensuing Annual General Meeting of the Company. She, however, being eligible, has offered herself for re-appointment.

As required under Clause 49 of the Listing Agreement, the details of Dr. J. S. Juneja, Mr. Edoardo Richter and Mrs. Urvashi Saxena. Directors who are due to retire by rotation at the ensuing Annual General Meeting but having offered for their re-appointment are given in the Report on Corporate Governance, forming part of this Annual Report.

The Board of Directors at its meeting held on 12th August 2011, consequent to the approval of the Remuneration Committee, at its meeting held on 9th August 2011, has subject to provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the consent and approval of Shareholders and /or any other statutory approvals, if any, that may be required, appointed Mr. Alok Saxena as Joint Managing Director for a period of Five years effective from 12th August, 2011.

AUDITORS:

M/s. S. S. Khandelwal & Co., Chartered Accountants, Mumbai retire as the Auditors of the Company at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to get re-appointed and have given a declaration that if re-appointed their appointment will be within the limits specified under Section 224(1)(B) of the Companies Act, 1956. On the recommendation of the Audit Committee, the Board proposes, for consideration of the Shareholders, the re-appointment of M/s. S. S. Khandelwal & Co. as Statutory Auditors of the Company for the financial year 2011-12. You are requested to appoint Auditors and fix their remuneration.

COST AUDITOR:

The Directors have appointed M/s. Sevekari, Khare and Associates, Cost Accountants, Mumbai, having registration No. 00084, as Cost Auditors of the Company for the formulations and bulk drugs activities of the Company for the financial year 2011-12 and their appointment has been approved by the Central Government.

INCREASE IN SHARE CAPITAL:

During the year under review the Company made an issue of its equity shares to Qualified Institutional Buyers on a private placement basis. The Company issued 1,679,450 equity shares of ₹ 10/- each at a price of ₹ 415/- per share including a premium of ₹ 405/- per share. The paid-up share capital of the Company, therefore, stands increased to ₹ 205,369,360/- divided into 20,536,936 equity shares of ₹ 10/- each.

Attached hereto at Appendix 1 are the details of funds raised through Qualified Institutional Placement as above and their utilization.

NON-CONVERTIBLE DEBENTURES:

Your Company made two issues of Rated Secured Redeemable Non-Convertible Debentures on a private placement basis during the year under review. The first issue was of 1,188 units of ₹ 10.00 lacs each aggregating ₹ 118.80 crores carrying interest @ 10.75% p.a. payable half yearly and redeemable in twelve equal quarterly installments starting from the end of the 9th quarter from the date of allotment i.e. 23rd December 2010 and ending at the end of the 20th quarter from the date of allotment. The installments will commence after two years of moratorium from the date of allotment. The second issue aggregated ₹ 73.00 crores comprising of 730 units of ₹ 10.00 lacs each having seven year maturity. This issue carries interest @ 11.25% p.a. which is payable half yearly from the date of allotment i.e. 30th March 2011 and is redeemable in ten equal semi annual installments starting from six months after the end of the second year from the date of allotment & ending at the end of seventh year from the date of allotment. Both the issues were rated by Credit Analysis and Research Limited (CARE) who had assigned 'A+' rating to the said NCD issues of the Company. NCD units issued under both the issues have been listed with the WDM Segment of National Stock Exchange of India Limited (NSE). The purpose of the NCD issue was retirement of high cost debt and to augment the medium to long term resources of the Company, including regular capital expenditure (not constituting a project).

Attached hereto at Appendix 2 are the details of funds raised through Non-Convertible Debentures as above and their utilization.

The directors take this opportunity to express their sincere thanks to the investors in NCDs for the confidence reposed by them in the Company.

JOINT VENTURES / SUBSIDIARIES / INVESTMENTS:

'ELDER INTERNATIONAL FZCO' the wholly owned subsidiary (WOS) of the Company in Jebel Ali, Dubai, United Arab Emirates, was holding 21.1% stake in NeutraHealth PLC, U.K. (Neutra). During the year under review it acquired 100% stake through a Scheme of Offer (Scheme) recommended by Directors of Neutra. The Scheme was approved by the High Court of the United Kingdom and has become effective from 16th November 2010. The Offer was made @ 6.5 pence per share and the total outlay was approximately ₹ 68.50 crores.

Mr. Jagdish Saxena, Chairman and Managing Director of your Company continues to be a Director on the Board of Neutrahealth PLC.

The Dubai WOS had been holding 61% interest in Elder Biomeda AD, Bulgaria, a step down subsidiary. During the year under review the stake was increased to 92.2% by acquiring shares of two shareholders. Elder Biomeda AD holds 100% interest in Elder Bulgaria EOOD, a pharmaceuticals & nutraceuticals manufacturing company and Biomeda 2000 EOOD, a distribution company. Bulgaria, being a part of the European Union, offers an excellent opportunity for the Company to enter the Eastern



European as well as CIS countries. The manufacturing unit in Bulgaria is proposed to be upgraded and expanded for manufacturing products for the Eastern European, CIS and other markets. The distribution business in Bulgaria has started picking up. It is looking at exporting some products to nearby countries which hitherto were distributed within Bulgaria.

The Dubai WOS has also entered into a 50 : 50 joint venture in Syncro Health Limited, Guernsey, which is engaged in web marketing of certain nutraceutical products. Guernsey offers certain tax concessions and this would make the products offered by Syncro Health Limited competitive as compared to buying them in stores. Your directors expect that the said joint Venture will do well in the years to come..

The Company continues to hold its investment in the Nepal Joint Venture. During the recent past there have been certain issues on decisions taken by the Nepalese partner whereby the Company's stake in terms of percentage to total capital was reduced from earlier 40% to 30.6%. The Company has notified its dissent to the action taken by the partner and has written to the Ministry of Industry, Government of Nepal, seeking an amicable solution in the matter. The discussions are going on with the Nepalese partner as directed by the Director of Industry, Government of Nepal, for arriving at an acceptable solution.

The Company had incorporated a wholly owned subsidiary in Cyprus by the name 'Somerta Holdings Co. Limited'. Since inception no activity was carried out in the said subsidiary. Application was made for striking the name of the company off the Register under the applicable Companies Law in Cyprus and the company was closed on 28th April 2010.

BANKERS AND FINANCIAL INSTITUTIONS:

The Directors wish to put on record their sincere gratitude to the consortium of Banks for working capital comprising State Bank of India, Canara Bank, Syndicate Bank, Axis Bank Ltd., Development Credit Bank Ltd., DBS Bank Ltd. and Bank of Baroda for their continued and timely support to the Company.

The Directors also wish to put on record their sincere gratitude to the various term lenders for their continued and timely support to the Company.

EXPORT HOUSE STATUS:

The Company continues to enjoy 'Export House' status. The Company's APIs and Formulations are exported to countries like Italy, Bangladesh, Egypt, Brazil, Mexico, Japan, South Korea, Vietnam, Nigeria, Georgia, France, Switzerland, Cambodia, Kosovo, Thailand etc. The registration procedures are presently going on in a number of countries such as Kenya, Netherlands, Ukraine, Ethiopia, Ghana, Botswana etc. and once their formalities are completed, the Company's exports are expected to increase.

COMMERCIAL PAPER PROGRAMME:

The Company continues to enjoy the highest rating of "PR1+" assigned to its Commercial Paper programme by Credit Analysis

and Research Limited (CARE) for an amount of ₹ 105.00 crores for working capital to be carved out of Working Capital Facilities from banks. As at 31st March 2011 the Company had issued such Commercial Papers to the extent of ₹ 85.00 crores and placed them with investors at the most competitive rates of interest. The subscription amount of the Commercial Papers is utilized for earmarking working capital limits.

During the accounting year under review standalone Commercial Paper programme of a value of ₹ 75.00 crores was rated by CARE assigning to it the highest "PR1+" rating. These Commercial Papers are being placed by the Company at the most competitive rates of interest. As at 31st March 2011 the Company had placed such Commercial Papers to the extent of ₹ 75.00 crores. The Commercial Paper programme of the Company has helped it in reducing the interest cost.

ISO / WHO GMP ACCREDITATION:

The Company's Corporate Office continues to be certified as conforming to ISO 9001 : 2000 as along with the manufacture units at Pawane, Nerul and Patalganga for development, manufacturing and marketing of pharmaceutical products. The Company's bulk drug manufacturing plant at Patalganga was upgraded according to ICH Q7A guidelines for manufacturing products for the US and UK markets. While the Sela Qui formulations plant of the Company has been accredited for WHO GMP, the said plant is being upgraded for UK MHRA accreditation. The formulations plants at Nerul and Paonta Sahib have also received WHO GMP accreditation. The upcoming formulations plant at Langha Road near Dehradun is designed as per US FDA compliance requirements.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors, on the basis of compliance certificate received from Managing Director, CFO and other executives of the Company and subject to disclosures in annual accounts as on 31st March 2011 and on the basis of discussions with the Statutory Auditors of the Company from time to time, declare and confirm:

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March 2011 and the profit of the Company for that year;
- c) That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March 2011 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;



d) That the Directors had prepared the accounts for the financial year ended 31st March 2011 on a 'going concern basis'.

CORPORATE GOVERNANCE:

In pursuance of the system of Corporate Governance instituted by SEBI and forming part of the Listing Agreement with the Stock Exchanges, a report thereon is separately attached to this report.

RESEARCH AND DEVELOPMENT ACTIVITY:

The Research and Development activities of the Company continue to be recognized by the Department of Science and Technology, Government of India. The Research and Development laboratory of the Company has successfully developed certain import substitute molecules / intermediates and has been working on development of a number of other molecules. It has also been continuously working on process developments of the molecules already developed by it. It has been engaged in development of new products and their improvement in terms of delivery, absorption and efficacy. The Company has applied for sixteen Indian patents with seven PCT applications. Out of these one PCT application has been entered in the USA, Europe and Japan. The Company enjoys "approved" status for its Research & Development Facility from the Secretary, DSIR u/s 35 (2AB) of the Income Tax Act, 1961 for claiming rebate on the expenses incurred by the Company on Research and Development.

INSURANCE OF ASSETS:

All the fixed assets, finished goods, semi-finished goods, raw materials, packing materials and other goods and assets of the Company lying at different locations and in-transit have been insured against fire, burglary, transit, riots, strike, malicious damage and allied risks.

CAPITALISATION:

During the year under review the Company has added fixed assets worth ₹ 37.38 crores whereas disposal and adjustment of fixed assets amounted to ₹ 0.12 crores. The Company had capital work in progress amounting to ₹ 93.03 crores as at 31st March 2011 at various project sites.

DEPOSITS:

The Company's public deposit scheme has been receiving good response from depositors. The Company is regular in repayment and payment of interest and has not defaulted therein. The Company has been complying with the provisions of Section 58A and other applicable provisions, if any of the Companies Act, 1956 and the rules made thereunder. As at 31st March 2011 the fixed deposits outstanding under the public deposit scheme were ₹ 52.06 crores. During the accounting year under review the Company has appointed Bajaj Capitals Limited as the Managers to the Fixed Deposit Schemes of the Company.

AUDITORS' REPORT:

Note(s) on accounts as referred to in the Auditors Report is / are self-explanatory and therefore do not call for further comments or explanation.

PARTICULARS OF EMPLOYEES:

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended is available at the registered office of the Company. As per the provisions of Section 219(i)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all Shareholders of the Company and others entitled to it excluding the aforesaid information. Any Shareholder interested in obtaining a copy of the statement under Section 217(2A) of the Companies Act, 1956 may write to the Company Secretary at the address of the registered office of the Company.

EMPLOYER / EMPLOYEE RELATIONS:

The relationship with the workers of the Company's manufacturing units and other staff continues to be cordial. The Directors wish to place on record their sincere appreciation and gratitude for the services rendered by the workers and staff at all levels.

EMPLOYEE STOCK OPTION PLAN:

The Shareholders at the 21st Annual General Meeting of the Company passed a resolution approving the Employee Stock Option Plan called 'Elder ESOP 2004'. A total of 1,439,274 equity shares of the Company are available under Elder ESOP 2004 for grant of Options at an exercise price of 15% discount to the market rate. The Company had granted Options in respect of 399,250 shares which were to be exercised in four equal parts ending on 27th March 2008 at an exercise price of ₹ 209/- per share inclusive of a premium of ₹ 199/- per share. Out of the Options granted 285,748 were exercised. Options that were not exercised within the stipulated period have lapsed. There are 1,153,526 shares for which Options can still be granted to Employees under Elder ESOP 2004.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In accordance with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as applicable, the particulars relating to conservation of energy and technology absorption are given in Annexure 1 to this Report.

The foreign exchange outgo during the year under review was ₹ 35.66 crores for imports of raw materials / trading and other items, and ₹ 31.46 lacs for foreign travel. The Company also paid ₹ 2.83 crores in foreign exchange as interest on the External Commercial Borrowing of Japanese Yen equivalent of USD 15 million. The foreign exchange earnings during the year were ₹ 22.78 crores on account of exports on FOB basis.

For and on behalf of the Board

Mumbai, 12th August, 2011

Jagdish Saxena
Chairman



Annexure – I

A. POWER & FUEL CONSUMPTION	2010-11	2009-10
1. ELECTRICITY PURCHASED:		
Units	7061768	5373715
Total Amount	₹ 36,321,049	₹ 29,597,187
Rate/Unit	₹ 5.14	₹ 5.51
2. COAL	Not Applicable	Not Applicable
3. FURNACE OIL (L.D.O):		
Quantity (Ltrs)	143730	134,455
Total Amount	₹ 6,996,832	₹ 5,650,919
Average Rate	₹ 48.68	₹ 42.03
4. FURNACE OIL:		
Quantity (Ltrs)	191843	210,000
Total Amount	₹ 6,138,976	₹ 4,147,500
Average Rate	₹ 32.00	₹ 19.75
5. FURNACE OIL (DIESEL)		
Quantity (Ltrs)	8740	11,405
Total Amount	₹ 332,183	₹ 405,615
Average Rate	₹ 38.01	₹ 35.56
6. Liquified Petroleum Gas (LPG):		
Quantity (Kgs)	228560	139,810
Total Amount	₹ 14,595,100	₹ 7,653,197
Average Rate	₹ 63.86	₹ 54.74
5. OTHER/INTERNAL GENERATION		
Units	728899	501675
Quantity H.S.D. (Ltrs)	277412	158,885
Total Amount	₹ 11,088,475	₹ 5,629,815
Rate/Unit	₹ 15.21	₹ 11.22

CONSUMPTION PER UNIT OF PRODUCTION:

For finished Packed Production per lac packs of formulations/per Kg. of Bulk Drug

Item	2010-11	2009-10
1. Electricity:		
For Formulations	₹ 29,404.34	₹ 26,009.76
For Bulk Drugs	₹ 60.53	₹ 82.80
2. L.D.O.		
For Formulations	₹ 10,308.80	₹ 9246.73
For Bulk Drugs	₹ 8.21	₹ 11.95
3. Furnace Oil		
For Bulk Drugs	₹ 160.63	₹ 363.55
4. Furnace Oil (Diesel)		
For Formulations	₹ 15,939.84	₹ 5482.54
5. Liquified Petroleum Gas:		
For Formulations	₹ 20,724.96	₹ 15914.73
6. Coal:	Not Applicable	Not Applicable
7. a) LSHS	Not Applicable	Not Applicable
b) HSD	Not Applicable	Not Applicable



Form ' B '

The company has established Research and Development (R&D) facilities in the field of APIs and Formulations. This facility has earned recognition from the Department of Scientific & Industrial Research, Ministry of Science & Technology, New Delhi u/s 35 (2AB) of the Income Tax Act, 1961 for claiming rebate on the expenses incurred on R&D. The Strength of these development activities lies in the innovative chemistry-driven research leading to generation of cost effective and non-infringing routes for APIs / Intermediates/Dosage forms. The Company has filed a total of Sixteen Indian patents with Seven PCT applications. Out of these one PCT application has been entered in the USA, Europe and Japan.

The objectives of the Company's Research & Development initiatives are as under:

- Development of new products including those outsourced for in-house manufacture thereof
- Developing Novel Drug Delivery Systems for existing products to augment the product benefits
- Development of analytical methods, documentation and patent registrations
- Customer assistance

Specific areas in which R & D is being done are antispasmodic, urinary track infection, wound healing and anti-malarial along with the Non-steroidal, anti-inflammatory, muscle relaxants & woman health care etc. The following major APIs namely, Piperazine phosphate, Amiloride hydrochloride, Flavoxate hydrochloride, Diosmin, Tolfenamic acid, Diacerein, Zolpidem tartrate and Tizanidine hydrochloride have been developed in-house and successfully commercialized on plant scale.

R&D Division has successfully developed the Intermediate molecules such as 2-hydroxypyridine-N-oxide, 1, 2, 4-Triazole [4, 3-a] pyridine-3- one and zolpidic acid, etc.

New Pharmaceutical preparations including mouth dissolving tablets, taste mask tablets, sustained release / controlled release formulations in different dosage forms utilizing the latest technology have been developed.

BENEFITS DERIVED:

- a. The development of innovative methods to synthesize & manufacture import constituents will support the nation in building up a strong technological base.
- b. The APIs so manufactured shall ensure an uninterrupted flow of these APIs into the Indian market thus help controlling cost and quality of formulations.
- c. The new products and novel drug delivery systems will provide better health to mankind with minimum side effects.

FUTURE PLAN OF ACTION:

To develop and commercialize the latest antibiotics, anti-bacterial, anti-cancer and specialized dermal products and make them available at affordable cost to the common man.

EXPENDITURE ON R&D:

	2010-11 (₹ in lacs)	2009-10 (₹ in lacs)
a. Capital Expenditure	54.30	76.22
b. Recurring Expenditure	435.55	463.43



APPENDIX 1

Details of funds raised in the Qualified Institutional Placement and their utilization during the year ended 31st March 2011

Amount raised	₹	696,972,000
The said funds were utilized as under:		
a) Repayment of debt	₹	314,400,000
b) Capital expenditure including in R & D	₹	110,125,334
c) Working capital	₹	159,314,185
d) General corporate purposes	₹	102,326,786
e) Issue expenses	₹	10,805,695
Total	₹	696,972,000

APPENDIX 2

Details of funds raised in the issues of the Non-Convertible Debentures and their utilization during the year ended 31st March 2011:

Amount raised	₹	1,918,000,000
The said funds were utilized as under:		
a) Retirement of high cost debt	₹	752,247,752
b) Capital expenditure	₹	91,545,235
c) Augmenting medium to long term resources	₹	79,954,765
d) Issue expenses	₹	34,042,019
e) Balance lying unutilized	₹	960,210,229
Total	₹	1,918,000,000



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

Name of the Subsidiary	:	Elder International FZCO, Dubai, U.A.E.
Financial Year of the subsidiary Company	:	1 st April to 31 st March every year
Extent of Interest	:	100%
No. of Shares held by Elder Pharmaceuticals Limited	:	4 Shares of DHS 1,00,000 each held in the name of Elder Pharmaceuticals Limited and 1 Share of DHS 1,00,000 each held in the name of Mr. Jagdish Saxena for the benefit of Elder Pharmaceuticals Limited
Net aggregate amount Profits / (Losses) of the Subsidiary so far as it concerns to the members of Elder Pharmaceuticals Limited as it is not dealt with the Company's Accounts for the year ended 31 st March 2011 of the subsidiary	:	Not Applicable
Net aggregate amount Profits / (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in the accounts of Elder Pharmaceuticals Limited for subsidiary's Financial Year ended 31 st March 2011	:	The accounts of the Subsidiary were audited for the year ended 31 st March 2011. The loss of ₹ 656.90 lacs(after minority interest) has been dealt with in the consolidated accounts of Elder Pharmaceuticals Limited.
Name of the Subsidiary	:	Somerta Holdings Co. Limited (upto 28 th April 2010)
Financial Year of the subsidiary Company	:	1 st April 2010 to 28 th April 2010
Extent of Interest	:	100%
No. of Shares held by Elder Pharmaceuticals Limited	:	5,000 Shares of Euro 1 each held in the name of Elder Pharmaceuticals Limited
Net aggregate amount Profits / (Losses) of the Subsidiary so far as it concerns to the members of Elder Pharmaceuticals Limited as it is not dealt with the Company's Accounts for the year ended 31 st March 2011 of the subsidiary	:	Not Applicable.
Net aggregate amount Profits / (Losses) of the Subsidiary so far as dealt with or provision is made for those losses in the accounts of Elder Pharmaceuticals Limited for subsidiary's Financial Year ended 31 st March 2011	:	The accounts of the Subsidiary were audited for the year ended 31 st March 2011. The Profit / loss of ₹ Nil has been dealt with in the consolidated accounts of Elder Pharmaceuticals Limited.



Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges the Directors submit for the information of the Shareholders the following Report on Corporate Governance.

1. CORPORATE PHILOSOPHY:

The Management has always believed in good corporate governance and has been practicing it since inception to the extent feasible and beneficial for the enhancement of long term shareholder value and protecting the interests of the other elements involved in the working of the Company. It has adopted the philosophy of openness and transparency in its dealings with the insiders and outsiders alike.

2. BOARD OF DIRECTORS:

The Board of Directors of the Company comprises eleven Directors, three (27%) of whom are executive Directors and the remaining eight (73%) are independent Non-Executive Directors. Mr. Jagdish Saxena, Managing Director of the Company is the Promoter Director and also the Chairman of the Board. The Company is in compliance with Clause 49 of the Listing Agreement regarding composition of the directors.

With effect from 27th March 2008 the Company had been paying sitting fees of ₹ 15,000/- to the Non-Executive Directors for the meetings of the Board or Committees of the Board attended by them.

THE STATEMENT OF OTHER DIRECTORSHIPS, MEMBERSHIPS OF COMMITTEES, ETC. IS GIVEN BELOW.

	Name of Directors	Chairmanships	Directorships	Member of Committees	Attendance at The last AGM
1	Mr. Jagdish Saxena	Two	Four	One	Yes
2	Mr. M. V. Thomas (up to 30 th June 2010)	None	None	None	N. A.
3	Mr. Yusuf Karim Khan	None	One	None	Yes
4	Mr. Alok Saxena	One	Five	Two	Yes
5	Dr. R.Srinivasan	Two	Ten	Eleven	Yes
6	Dr.J.S.Juneja	One	Three	One	Yes
7	Dr. Sailendra Narain	None	None	None	Yes
8	Mr. Michael Bastian	Three	Four	Six	Yes
9	Dr. S. Jayaram	None	None	None	Yes
10	Mr.Saleem I. Shervani	Two	Nine	One	No
11	Mr. Edoardo Richter	None	None	None	No
12	Mrs. Urvashi Saxena	None	Two	None	Yes

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:

During the year ended 31st March 2011 the Board of Directors met on Eleven occasions. The dates on which the Board Meetings were held are as follows: 5th May 2010, 27th July 2010, 18th August 2010, 15th September 2010, 24th September 2010, 28th September 2010, 12th November 2010, 23rd December 2010, 7th February 2011, 3rd March 2011 and 30th March 2011. The time gap between two meetings was not more than four months.

	Name of Director	Number of Board Meetings held	Number of Meetings attended
1	Mr. Jagdish Saxena	Eleven	Eleven
2	Mr. M. V. Thomas (up to 30 th June 2010)	One	One
3	Mr. Alok Saxena	Eleven	Ten
4	Mr. Yusuf Karim Khan	Eleven	Eleven
5	Dr. R. Srinivasan	Eleven	Eleven
6	Dr. J. S. Juneja	Eleven	Six
7	Dr. Sailendra Narain	Eleven	Five
8	Dr. S. Jayaram	Eleven	Ten
9	Mr. Saleem Shervani	Eleven	Three
10	Mrs. Urvashi Saxena	Eleven	Eight
11	Mr. Edoardo Richter	Eleven	None
12	Mr. Michael Bastian	Eleven	Seven



BOARD PROCEDURE:

The Board of Directors of the Company meets at regular intervals at meetings of the Board and also informally as and when required.

The following information is placed before the Board as its meetings:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial non payment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Statutory Compliances.
17. Disclosure of interest by Directors.

18. Cost Audit Reports.

19. Appointment of Cost Auditor.

3. AUDIT COMMITTEE:

The Board of Directors has set up an Audit Committee which presently has four members namely, Dr. J. S. Juneja, Dr. R. Srinivasan, Dr. Sailendra Narain and Mr. Michael Bastian all of whom are non-executive and independent Directors having financial and accounting knowledge. Mr. Michael Bastian is the Chairman of the Audit Committee. The Managing Director, the executive directors, Chief Financial Officer, the statutory auditors and internal auditors may be invited to attend meetings of the Audit Committee as and when required, The Committee met on six occasions on 5th May 2010, 27th July 2010, 18th August 2010, 12th November 2010, 7th July 2011 and 3rd March 2011 during the accounting year under review.

The role of the Audit Committee is as under:

1. Oversight of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial information is correct, sufficient and credible.
2. Recommending to the Board, appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.



6. Reviewing with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue) the statement of funds utilized for purpose other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
9. Discussion with internal auditors, any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

The attendance at the meetings of the Audit Committee was as under:

Name	No. of meetings	
	Held	Attended
Mr. Michael Bastian	Six	Six
Dr. R. Srinivasan	Six	Six
Dr. J. S. Juneja	Six	Six
Dr. Sailendra Narain	Six	Four

Necessary quorum was present at the Audit Committee meetings. Mr. S. P. Date, Company Secretary acts as the Secretary of the Audit Committee.

QIP Committee:

For the specific purpose of taking decisions on the matters relating to the issue of Company's Equity Shares under the Qualified Institutional Placement a committee of Directors called 'QIP Committee' was constituted with Mr. Jagdish Saxena as its Chairman and Dr. R. Srinivasan, Dr. S. Jayaram, Mrs. Urvashi saxena Mr. Alok Saxena, and Mr. Yusuf Karim Khan as the other members thereof. The terms of reference of the QIP Committee were as under:

1. To determine the quantum of the Issue, i.e. the number of shares to be issued, the pricing of the Issue including the premium, if any, in consultation with the Lead Managers to the Issue;
2. To consider and appoint Lead Managers, Underwriters, Legal Counsels, Bankers, Listing Agents, Brokers, Sub-Brokers and any other intermediaries as may be required and to determine the fees or remuneration payable to them;
3. To consider and finalise the terms and conditions of the proposed Issue in consultation with the Lead Managers to the Issue;
4. To prepare and finalise the Placement Documents in consultation with the Lead Managers, Legal Counsels, Auditors of the Company and various intermediaries to be appointed in this regard;
5. To approve the schedule of the Issue and application forms etc.;
6. To authorize employees to prepare, sign, execute, deliver and receive such documents as may be required in this regard;
7. To consider approve and effectuate listing of any of the securities of the Company on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.; and
8. To deal with any other matters relating to the Issue.

The QIP Committee meetings were held on 27th August 2010, 16th September 2010 and 22nd September 2010 during the year under review. The attendance at the meetings of the QIP Committee was as under.



Name	No. of Meetings	
	Held	Attended
Mr. Jagdish Saxena	Three	Three
Dr. R. Srinivasan	Three	Three
Dr. S. Jayaram	Three	Three
Mrs. Urvashi Saxena	Three	One
Mr. Alok Saxena	Three	One
Mr. Yusuf Karim Khan	Three	Three

The QIP Committee has since been dissolved.

NCD Committee:

For the specific purpose of taking decisions on the matters relating to the issue of Rated Secured Redeemable Non Convertible Debentures of the Company a Committee of Directors called 'NCD Committee' was constituted under the chairmanship of Mr. Jagdish Saxena with Dr. R. Srinivasan, Dr. S. Jayaram, Mrs. Urvashi Saxena, Mr. Alok Saexna and Mr. Yusuf Karim Khan as its other members. The terms of reference of the NCD Committee were as under:

- To determine the quantum of the Issue, i.e. the number of Debentures to be issued, the Coupon rate including the premium on redemption, if any, in consultation with the Lead Managers to the Issue;
- To consider and appoint Lead Managers or additional/ joint Lead Managers, Underwriters, Legal Counsels, Bankers, Listing Agents, Brokers, Sub-Brokers and any other intermediaries as may be required, including Debenture Trustee and to determine the fees or remuneration payable to them;
- To consider and finalise the terms and conditions of the proposed Issue in consultation with the Lead Managers to the Issue;
- To prepare and finalise the Information Memorandum/Disclosure Document in consultation with the Lead Managers, Legal Counsels, Auditors of the Company and various intermediaries to be appointed in this regard;
- To authorize application to Stock Exchange(s) for in-principle approval.
- To approve the schedule of the Issue and application forms etc.;
- To open one or more separate banking current account(s) for collecting the NCD proceeds;
- To authorize employees to prepare, sign, execute, deliver and receive such documents as may be required in this regard;
- To consider approve and effectuate listing of any of the securities of the Company on National Stock Exchange of India Ltd.; and

- To deal with any other matters relating to the Issue

During the year under review the Company made two issues of NCDs. The NCD Committee met on 18th October 2010, 1st November 2010, 6th December 2010, 28th January 2011, 1st March 2011 and 25th March 2011 covering both NCD issues. The attendance at the meetings of the NCD Committee was as under:

Name	No. of Meetings	
	Held	Attended
Mr. Jagdish Saxena	Six	Six
Dr. R. Srinivasan	Six	Six
Dr. S. Jayaram	Six	Six
Mrs. Urvashi Saxena	Six	Five
Mr. Alok Saxena	Six	Five
Mr. Yusuf Karim Khan	Six	Six

The NCD Committee has since been dissolved.

4. REMUNERATION OF DIRECTORS:

Non-executive Directors:

The Company does not pay any remuneration to non-executive Directors except by way of sitting fee which with effect from 27th March 2008 was ₹ 15,000/- for every meeting of the Board or the Committee thereof attended by them.

Details of payments made to Non-Executive Directors during the year ended 31st March 2011 are given below:

	Name	Sitting Fees (₹)
1.	Dr. R. Srinivasan	4,05,000
2.	Dr. J. S. Juneja	1,80,000
3.	Dr. Sailendra Narain	1,35,000
4.	Mr. Saleem Shervani	45,000
5.	Dr. S. Jayaram	3,00,000
6.	Mr. Michael Bastian	1,95,000
7.	Mr. Edoardo Richter	NIL
8.	Mrs. Urvashi Saxena	2,10,000

Dr. J. S. Juneja was issued 15,000 Options and Mr. Saleem Shervani was issued 5,000 Options under Employees Stock Option Scheme called 'Elder ESOP 2004', While Dr. J. S. Juneja has fully exercised Options granted to him Mr. Saleem Shervani exercised only 1,250 Options and remaining 3,750 Options have lapsed.

Whole-Time Directors:

The Whole-Time Directors of the Company received their remuneration by way of monthly salary. Such remuneration (inclusive of perquisites) made to the Whole-Time Directors during the year ended 31st March 2011 is given in the table below.



Name/Designation	Amount (₹)			
	Salary	Perquisites & Allowances	Retiral Benefits	Total
Mr. Jagdish Saxena Managing Director	22,167,600	11,172,400	2,660,112	36,000,112
Mr. M. V. Thomas Director (Finance) (up to 30 th June 2010)	717,450	724,224	179,362	1,621,036
Mr. Alok Saxena Whole-Time Director	5,444,400	5,636,240	1,361,100	12,441,740
Mr. Yusuf Karim Khan Executive Director	3,226,800	2,566,700	806,700	6,600,200

Notes:

- The agreement with each Whole-Time / Executive Director is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' prior notice in writing to the other party.
- Under the Employee Stock Option Scheme 'Elder ESOP 2004', Mr. M. V. Thomas and Mr. Yusuf Karim Khan were given Options entitling them to subscribe to 25,000 and 5,600 Equity Shares of ₹ 10/- each, respectively for cash at a price of ₹ 209/- per share. Both Mr. M. V. Thomas and Mr. Yusuf Karim Khan have fully exercised Options granted to them.

Remuneration Committee:

The Company has formed a sub-committee of the Board called Remuneration Committee which consists of three Directors namely, Dr. R. Srinivasan, Dr. S. Jayaram and Mr. Jagdish Saxena with Dr. R. Srinivasan a non-executive independent director as its Chairman. The remuneration committee reviews the remuneration of Working Directors/ Executive Directors of the Company and recommends to the Board periodical revisions in their remuneration. During the year this Committee met once on 18th August 2010.

Mr. S. P. Date, Company Secretary acts as the Secretary to the Remuneration Committee.

Remuneration Policy:

The Company decides the remuneration package of Working /Executive Directors after considering employment scenario, remuneration package of the industry for the like candidate and remuneration package of managerial talent of other industries. The annual pay is also linked to the performance of the Company in general and individual achievement measured against specific key result areas based on Company's objectives.

MANAGEMENT:

The Management Discussion and Analysis Report on various matters is appearing elsewhere in this Annual Report.

5. SHAREHOLDERS:

A sub-Committee of the Board under the Chairmanship of Dr. R. Srinivasan, a non-executive Independent Director with Dr. S. Jayaram and Mr. M.V. Thomas as the other members

thereof designated as "Shareholders/Investors Grievances Committee" has been formed to look into the redressing of shareholders and investors complaints. Upon resignation of Mr. M.V.Thomas, the Board at its meeting held on 27th July 2010 has appointed Mr. Alok Saxena to replace Mr. M.V.Thomas as a member on the said Committee. Since there have not been major complaints the Committee did not meet during the year under review to attend to and address the complaints/grievances of the shareholders and investors. The Company has appointed M/s. Link Intime India Pvt. Ltd. as its Registrar and Share Transfer agent to whom has been delegated the power for transfer of shares, settlement of shareholder complaints, etc. The periodical transfers of shares effected by the Share Transfer agent are reported to the Board on a regular basis. The shareholder complaints are also effectively handled by the Share Transfer agents and only in exceptional cases they are referred to the Company for its indulgence.

Mr. S. P. Date, the Company Secretary acts as the Compliance Officer of the Company. It is the policy of the Company to attend to and sort out the complaints of shareholders and investors as early as they can be. During the year under review the Company had received 39 complaints/requests from shareholders and all of them have been promptly attended to and addressed. As on 31st march 2011 no requests/complaints were pending to be attended to.

The Company's Registrars and Share Transfer Agents namely, Link Intime India Pvt. Ltd. apart from attending to the work of share transfers attend to dematerialisation of shares at regular periodicity. The share transfer and dematerialisation work is overseen by the Company Secretary and reported to Directors at their meetings.



6. DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS HELD:

For the Year		Date & Time of AGM	Venue
2009-10	27 th AGM	28 th September 2010 10.30 a.m.	Juhu Vile Parle Gymkhana Club, Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
2008-09	26 th AGM	29 th September 2009 10.30 a.m.	Juhu Vile Parle Gymkhana Club, Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.
2007-08	25 th AGM	27 th September 2008 10.30 a.m.	Juhu Vile Parle Gymkhana Club, Plot No.U-13, 13 th Road, JVPD Scheme, Juhu, Mumbai 400 049.

During the last three AGMs the following Special Resolutions were passed.

25th AGM – Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, etc. for an amount of USD 50 million.

26th AGM – a) Special Resolution for appointment of Mr. Jagdish Saxena as a Director in whole time service not liable to retirement by rotation to be designated as Managing Director effective 1st May 2009.

b) Special Resolution for authorizing the Board of Directors to issue FCCBs/ADRs/GDRs, etc. pursuant to provisions of Section 81 and or 81(1A) as applicable and other applicable provisions of the Companies Act, 1956.

27th AGM – No Special Resolution was passed in the 27th AGM.

No Special Resolution was passed last year through postal ballot.

No Special Resolution is proposed to be conducted by postal ballot.

7. DISCLOSURES:

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have any potential conflict with the interests of the Company.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets. There were no penalties imposed or any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

Code of Conduct:

The Code of Conduct for Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company. As required under Clause 49(I)(D) of the Listing Agreements the CEO declares that the Board Members and Senior Management of the Company covered by the Code of Conduct affirmed compliance with the Code of Conduct of the Company, as applicable to them.

CEO / CFO Certification:

The CEO / CFO of the Company have certified to the Board as required under Clause 49(v) of the Listing Agreement.

8. MEANS OF COMMUNICATION:

The quarterly/annual unaudited provisional financial results are published in the newspapers Free Press Journal and Nav Shakti as per the following indicative schedule.

For the quarter ending 30th June – first /second week of August

For the quarter ending 30th September – first /second week of November

For the quarter ending 31st December – first /second week of February

For the quarter/year ending 31st March – first /second week of May.

The audited annual accounts for the year ending on 31st March are despatched to the shareholders in the last week of August/first week of September.

The provisional un-audited quarterly financial results as well as annual audited financial results and quarterly shareholding pattern are available on the Company's website viz. <http://www.elderindia.com>

9. GENERAL SHAREHOLDER INFORMATION:

Date, time and venue of the AGM : 26th September 2011
at 10.30 a.m. at
Juhu Vile Parle Gymkhana Club,
Plot No. U-13, 13th Road,
JVPD Scheme, Juhu,
Mumbai 400 049.

Financial Year : April to March



Date of Book Closure : 17th September 2011 to
26th September 2011
(Both days inclusive)

Dividend Payment Date : On or before 23rd October 2011

Listing on Stock Exchanges : Equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees as prescribed for both the exchanges have been paid for the year 2011-12.

Stock Code:

The Stock Exchange, Mumbai (BSE) - **532322**

Scrip ID on Bolt - **ELDERPH**

The National Stock Exchange of India (NSE) - **ELDERPHARM**

NSDL/CDSL - ISIN - for fully paid-up Equity Shares is **INE 975A01015**

Corporate Identity Number (CIN)

The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L24239MH1983PLC029714.

STOCK MARKET DATA

The monthly high and low quotations and volume of shares traded during April 2010 to March 2011 on the Bombay Stock Exchange Limited, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) are as follows:

Month	The National Stock Exchange Ltd. (NSE)			The Bombay Stock Exchange Ltd. (BSE)		
	High	Low	Volume (No. of Shares)	High	Low	Volume (No. of Shares)
April 2010	408.00	352.00	330,609	408.00	335.30	690,163
May 2010	382.00	348.00	99,712	382.30	327.00	132,570
June 2010	365.90	346.60	122,964	364.90	321.75	227,789
July 2010	374.95	342.55	408,269	374.10	345.00	589,204
August 2010	422.70	354.00	1,661,269	424.00	353.00	1,784,383
September 2010	440.00	397.00	1,045,004	439.75	395.00	1,673,489
October 2010	435.00	381.05	1,317,549	435.00	380.30	1,802,829
November 2010	413.45	309.20	1,059,967	417.00	340.25	1,443,763
December 2010	400.00	347.00	1,257,933	406.45	347.10	1,057,190
January 2011	398.90	365.25	1,056,199	398.00	357.75	742,164
February 2011	392.00	355.00	919,954	389.85	354.00	588,170
March 2011	396.00	350.00	1,274,649	396.00	350.00	897,628

REGISTRAR AND SHARE TRANSFER AGENTS:

The Company has appointed Link Intime India Pvt. Ltd. (Link Intime) as its Registrar and Share Transfer Agents for both Demat as well as Physical segment. The Office of Link Intime is situated at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078. They are available on Phone No.(022) 2596 3838 and their Fax No. is (022) 2594 6969. Their e-mail ID is mumbai@linkintime.co.in

SHARE TRANSFER SYSTEM:

Link Intime India Pvt. Ltd., the Registrars and Share Transfer Agents follow the following transfer procedure.

All the documents received by them are numbered and inwarded. After specimen signatures are checked and tallied with those on record the transfer documents are edited, checked and in case of objections, objection code is marked and communicated to the Transferee. After the objection is cleared all valid cases are allotted transfer numbers. A dummy transfer register is generated for checking and after corrections, if any, final transfer register is prepared. Endorsement stickers are affixed on the share certificates and covering letters are attached to the transferred certificates. A journal for registration is created and the transfer documents checked with the journal are despatched. Simultaneously shareholder records are updated.

In case of demat transfers the data of transfers is received from the depositories once in a week. The same is downloaded and the shareholder records are updated.



DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2011.

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Upto 500	15785	97.42	924106	4.50
501 to 1000	182	1.12	142983	0.70
1001 to 2000	78	0.48	118266	0.57
2001 to 3000	42	0.26	102730	0.50
3001 to 4000	22	0.14	79955	0.39
4001 to 5000	12	0.07	55063	0.27
5001 to 10000	19	0.12	133850	0.65
10001 and above	63	0.39	18979983	92.42
Grand Total	16203	100.00	20,536,936	100.00

Out of the above as on 31st March, 2011.

NUMBER OF SHARES IN PHYSICAL MODE: 398,415 Equity Shares in respect of 4,668 holders.

NUMBER OF SHARES IN DEMAT MODE: 20,138,521 Equity Shares in respect of 11,535 holders.

CATEGORY OF SHAREHOLDERS AS ON MARCH 31, 2011

Category	No. of Shares	% of Shareholding
Promoters & Group Companies	7,899,099	38.46
Financial Institutions/Banks/Insurance companies	1,695,559	8.26
NRI/Foreign Holding	6,626,960	32.27
Private Corporate Bodies	1,537,633	7.49
Indian Public	2,777,685	13.52
Total	20,536,936	100.00

GDRs:

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange. The said GDRs were quoted at US\$ 17.51 as on 31st March 2011. As at the end of the accounting year under review no GDRs were outstanding.

Elder ESOP 2004:

At the 21st Annual General Meeting of the Company held on 28th September 2004 the Shareholders of the Company had approved Employees Stock Option Scheme called 'Elder ESOP 2004'. On 28th March 2006 the Compensation Committee allotted 3,99,250 Options to eligible Grantees entitling them to subscribe to one equity share of ₹ 10/- each per Option granted at an Exercise Price of ₹ 209/- per share inclusive of ₹ 199/- per share as premium. These Options were to be exercised in four equal parts every three months upto 27th March 2008 after initial Vesting Period of one year. Accordingly, Grantees have exercised their Options in respect of 285,748 equity shares of ₹ 10/- each from 28th March 2007 to 27th March 2008. The Options that were granted but not exercised within the prescribed period have lapsed. However, Elder ESOP 2004 still has a balance

of 1,153,526 shares for which Options can be issued to Employees.

Plant Locations:

The Company's plants are situated at the following locations:

1. Plot Nos. D-219 & 220 T.T.C. Industrial Area, Thane-Belapur Road, Village – Shirvane Navi Mumbai 400 706
2. Plot No. C-21/2, T.T.C. Industrial Area, Village – Pawane, Navi Mumbai 400 704
3. Plot No. A-36 Patalganga Industrial Area, Village Khaire, Taluka Khalapur District - Raigad, Maharashtra 410 220
4. Plot No. C-11/2, Sela Qui Industrial Area Near Dehradun Uttarakhand
5. Plot No. 103, Paonta Sahib Industrial Area Village- Gondpur, Tehsil- Paonta Sahib, District- Sirmour, Himachal Pradesh
6. Village Charba Pargana Pachwa Doon, Tehsil – Vikasnagar, District – Dehradun Uttarakhand



Address for Correspondence:

The Company has appointed Link Intime India Pvt. Ltd. as its Share Transfer Agents. All communications with regard to transfer, transmission, instructions / enquiries on Electronic Clearing Service (ECS), dividend, dematerialising of shares, etc. should be addressed to the Share Transfer Agents at the following address.

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai 400 078.
Email: mumbai@linkintime.co.in

The Shareholders are also welcome to communicate directly with the Company at the following address.

Registered Office : Department of Corporate Affairs
Elder Pharmaceuticals Limited
'Elder House', Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road, Andheri (West),
Mumbai 400 053
E-mail: corporate@elderindia.com

Details of directors seeking re-appointment given pursuant to clause 49 of the listing agreement:

As required by Clause 49 of the Listing Agreement given hereunder are the details of Dr. Joginder Singh Juneja, Mr. Edoardo Richter and Mrs. Urvashi Saxena, the retiring Directors seeking re-appointment.

Dr. Joginder Singh Juneja:

As per the provisions of Section 256 of the Companies Act, 1956 and clauses 134 and 135 of the Articles of Association of the Company Dr. Juneja is due to retire at the ensuing Annual general Meeting but being eligible has offered himself for re-appointment.

Dr. Juneja, 74, is an MBA from the University of Oregon, USA and a Ph.D from the University of Mumbai in Applied Economics. He has unique experience of over three decades both in public and private sector managements covering most of the segments of industrial and business development such as Corporate Strategic Planning, Organisation Development & Restructuring, Turnaround Strategies, International Business, Financial Management, Resource Mobilisation, Budgeting, Development Financing, Marketing, Exports, Human Resource Development etc. He is also an international & national consultant, an author, and has been a Visiting professor to the University of Rhonde Island, USA and Indian Institute of Technology, New Delhi.

Dr. Juneja retired as the Chairman and Managing Director of the National Small Industries Corporation Ltd., an apex SME development government company. Presently, Dr. Juneja represents/advises a number of national and international funds, organizations and bodies for development of SMEs, exports, industrial policies, etc.

Dr. Juneja was conferred the coveted International Legion of Honour Award for 1993-95 by WASME at the International

Conference held in Cairo in April 1995 which is given by world body to an outstanding individual every two years. He has also been the recipient of 1992 IMM Top Professional Manager of the year Gold Award(1995), Shiromani Award(1987), Udyog Ratna Award (1986) and several other awards.

Dr. Juneja is a Director on the Board of the following Companies:

1. Global Projects & Services Pvt. Ltd.
2. Elder Health Care Ltd.
3. Eastman Cast & Forge Ltd.

Dr. Juneja holds 12000 shares of the Company.

The presence of Dr. Juneja on the Board will immensely benefit the Company.

The Board recommends the appointment of Dr. Joginder Singh Juneja as a Director.

Mr. Edoardo Richter:

As per the provisions of Section 256 of the Companies Act, 1956 and clauses 134 and 135 of the Articles of Association of the Company Mr. Richter is due to retire at the ensuing Annual general Meeting but being eligible has offered himself for re-appointment.

Mr. Edoardo Richter, is an Authorised Representative of Aziende Chimiche Riunite Angelini Francesco A.C.R.A.F, S.P.A, Italy. He is also a Councilman of Angenerico S.P.A, Italy and A.C.R.A.F International S.A and a General Manager of CSC Pharmaceuticals Handels GmbH. In his various positions as above Mr. Richter has gathered vast knowledge and experience in the field of pharmaceutical marketing.

Mr. Richter does not hold any shares of the Company.

The presence of Mr. Richter will be of great benefit to the Company

The Board recommends the appointment of Mr. Edoardo Richter as a Director.

Mrs. Urvashi Saxena:

As per the provisions of Section 256 of the Companies Act, 1956 and clauses 134 and 135 of the Articles of Association of the Company Mrs. Urvashi Saxena is due to retire at the ensuing Annual general Meeting but being eligible has offered herself for re-appointment.

Mrs. Urvashi Saxena, 66, a post graduate in Arts and a Law Graduate has retired from Indian Revenue Services (IRS). Mrs. Saxena has worked in various capabilities in Income Tax department and retired as the Settlement Commissioner of Delhi, a post equivalent to the Secretary to the Government of India. She brings with her immense experience and expertise in taxation.

Mrs. Saxena is presently on the Board of the following companies:

1. Gammon India Limited.



2. Elder Health Care Limited

Mrs. Saxena does not hold any shares of the Company either directly or indirectly.

The presence of Mrs. Urvashi Saxena will immensely benefit the Company.

The Board recommends appointment of Mrs. Urvashi Saxena as a Director.

Details of Director being appointed as Joint Managing Director

Mr. Alok Saxena was appointed as Whole Time Director by the shareholders at the 24th Annual General Meeting held on 27th September 2007 for a period of five years effective 29th August 2007. Board of Directors at their meeting held on 12th August 2011, consequent to the approval of the Remuneration Committee, at their meeting held on 9th August 2011, has subject to provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the consent and approval of Shareholders and /or any other statutory approvals, if any, that may be required, appointed Mr. Alok Saxena as Joint Managing Director for a period of Five years effective from 12th August, 2011 on the following terms and conditions:

Salary ₹ 4,73,700 p.m plus monthly allowance of ₹ 4,32,000 with such suitable increments as the Board may decide from time to time. Mr. Alok Saxena is also entitled to LTA, Retirement Benefits, Car, Telephone and Other allowances, Commission, etc. which are allowed and are within limit fixed by Section I of Part II of Schedule XIII to the Companies Act, 1956.

Notwithstanding anything to the contrary herein contained, if in any or all of the financial years during the tenure of the Joint Managing Director, the Company has no profits, or its profits are inadequate, the Company will pay to Mr. Alok Saxena minimum remuneration by way of salary, allowances and perquisites as specified herein above.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms and conditions of appointment of Mr. Alok Saxena, as specified above, are now being placed before the Members for approval.

This statement may be treated as an abstract of the terms and conditions governing the appointment of and payment of remuneration to the Joint Managing Director, pursuant to section 302 of the Companies Act, 1956.

Mr. Alok Saxena, 46, is a graduate in Arts from the University of Mumbai and holds an M.B.A. degree. He holds a number of memberships of professional bodies from India and abroad such as Institute of Management (U. K.), Institute of Commercial Management (U.K.), Institute of Sales and Marketing Management (U. K.), Institute of Directors (U. K.), Singapore Institute of Management (Singapore), etc.

Mr. Alok Saxena is the son of Mr. Jagdish Saxena, Chairman and Managing Director of the Company and has been associated with the Company from its inception. He has varied work experience and exposure and heads international business, Sales & marketing and production functions.

He is presently director on the Board of the following Companies:

1. Elder Projects Ltd.
2. Elder Healthcare Ltd.
3. Elder Instruments Pvt. Ltd.
4. Maveer Prints Pvt. Ltd.
5. Redle Pharmaceuticals Pvt. Ltd.
6. Elder Universal Pharmaceuticals (Nepal) Pvt. Ltd., Nepal
7. Elder Biomedica A.D., Bulgaria
8. Elder International FZCO, Dubai, UAE

He is also a proprietor of Anshul Printers.

Mr. Alok Saxena holds 259,390 shares of the Company.

The Board is of the opinion that appointment of Mr. Alok Saxena as Joint Managing Director shall be very useful in the working of the Company and recommends his appointment to the Shareholders.

Unclaimed Dividend:

The unclaimed dividend in respect of the Financial years up to 2002-03 has been transferred to Investor Education and Protection Fund (IEPF) established under the Revenue A/C of Central Government.

The following Dividend, if unclaimed for 7 years, will be transferred to IEPF as follows:

Financial year	Unclaimed Dividend As on 31/03/2011 (₹)*	Unclaimed dividend A/C with
2003-04**	464,420.10	Corporation Bank
2004-05	354,062.00	Standard Chartered Bank
2005-06	584,050.00	Standard Chartered Bank
2006-07	536,121.00	Standard Chartered Bank
2007-08	345,077.50	State Bank of India
2008-09	331,139.50	State Bank of India
2009-10	411,795.00	State Bank of India

* The actual amounts transferred to IEPF on due dates may differ from these amounts if any claims made by shareholders in respect of dividends not received by them are paid by the Company before the transfer to IEPF.



shareholder who has not encashed their dividend warrant for the year 2003-04 may claim it from the Company before that date.

10. RISK ASSESSMENT AND MITIGATION:

The Company has formulated an appropriate policy for identification, assessment and mitigation of risks. The policy will be reviewed as and when required depending upon the change in the circumstances affecting the Company and its business.

11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate well established control procedures for internal control are already in place. The well qualified Internal Audit Team implements these procedures and controls. Risk evaluation procedures have also been introduced. However, in view of growing activities the internal audit team is continuing being strengthened and the scope of internal audit is widened.

12. FINANCIAL AND OPERATIONAL PERFORMANCE:

Sales: Company's operating income for the year ended 31st March 2011 was ₹ 832.44 crores as against ₹ 702.79 crores in the previous year marking an increase of about 18.45%.

Depreciation: Depreciation / Amortisation was at a higher figure of ₹ 26.87 crores which was higher by ₹ 10.10 crores as compared to previous year. The increase was because of the provision of depreciation on additional fixed assets acquired during the year.

PBT and PAT: Profit before tax during the year under review was higher at ₹ 89.07 crores as against ₹ 64.68 crores in the previous year. Profit after tax was also higher at ₹ 71.40 crores as against ₹ 55.39 crores in the previous year. The

increase in the profit before and after tax is because of the higher operating income.

Earning Per Share/Book Value Per Share: Earning per Share for the year under review was ₹ 35.88 as basic and on diluted basis per share as against ₹ 29.37 as basic and on diluted basis per share in the previous year. The EPS was higher because of the increase in Net Profit.

Book value Per Share was ₹ 275.65 as on 31st March 2011 as against ₹ 249.65 as on 31st March 2010.

Net Worth: Net Worth of the Company as on 31st March 2011 was ₹ 566.11 crores as against ₹ 470.78 crores as on 31st March 2010 which has increased by ₹ 95.28 crores as compared to that on 31st March 2010.

WEBSITE OF THE COMPANY:

The Company's website address is <http://www.elderindia.com> and the quarterly un-audited financial results, annual audited financial results and shareholding pattern are uploaded on the website on a regular basis. The website has a separate section for the investors through which they can reach the Company for redressing their complaints/grievances, if any.

ELECTRONIC CLEARANCE SYSTEM (ECS) FOR DIVIDEND:

Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use bank account details furnished by the investors for distributing dividends payable to them by using Electronic Clearance Service (ECS) wherever ECS facility is available. Necessary form for registering the details is enclosed with this annual report. The registration details should reach the Registrars and Share Transfer Agents of the Company on or before 16th September 2011 to enable them to accept the request.



Declaration

As per Clause 49 of Listing Agreement with Stock Exchanges, this is to confirm that all Board Members and Senior Management personnel have affirmed compliance with Code of Conduct of the Company for the Financial Year 2010-11.

For and on behalf of the Board

Jagdish Saxena
Chairman

Mumbai, 12th August, 2011

Certificate on Corporate Governance

To The Members of

ELDER PHARMACEUTICALS LIMITED

We have examined the compliance of conditions of Corporate Governance by Elder Pharmaceuticals Limited (the Company) for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

For **S.S.KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No:105064W)

S.S. Khandelwal
Proprietor
Membership No. 31487

Mumbai, 12th August, 2011



Auditors' Report

To the Members of Elder Pharmaceuticals Ltd.

- 1) We have audited the attached Balance Sheet of **ELDER PHARMACEUTICALS LIMITED** as at March 31, 2011, the related Profit and Loss Account of the Company and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of the section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, the Cash Flow Statement, Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956
 - e) On the basis of the written representation received from the Directors and taken on record by the Board of Directors, we report that none of the said Directors is disqualified as on 31st March, 2011 from being appointed as director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011;
 - ii) In the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement of the cash flows of the Company for the year ended on that date.

For S S KHANDELWAL & CO.
Chartered Accountants
(Registration No.105064W)

Mumbai,
12th August, 2011

S S KHANDELWAL
Proprietor
Membership No. 31487



Annexure to the Auditors' Report.

(Referred to paragraph 3 of our report of even date)

- 1) a) The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
b) As explained to us, the management during the year has physically verified the fixed assets in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
c) In our opinion, the Company has not disposed of a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- 2) a) As explained to us, the management at regular intervals during the year, has physically verified inventories.
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 nature of its business.
c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventory.
- 3) a) The Company has not granted unsecured loans, to any company listed in the register maintained under section 301 of the Companies Act, 1956.
b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of loan given are prima facie not prejudicial to the interest of the Company.
c) The loan outstanding at the year end is at call and has not been recalled during the year. The Company is generally regular in payment of interest.
d) There are no overdue amounts exceeding ₹ 1.00 lac.
e) According to the information and explanations given to us, the Company has not taken loans from the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- 5) a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
b) Based on the information and explanations given to us, we are of the opinion that the transactions made in pursuance of the contracts or agreements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹5 lakhs in respect of any party during the year have been made at reasonable prices, having regard to the prevailing market price at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- 7) The Company has an internal audit system commensurate with the size and the nature of its business.
- 8) The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- 9) a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities.
b) The disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under.



No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (₹ Lacs)
1	Income Tax	Block assessment dues	High Court, Mumbai	216.53
2	Income Tax	Assessment dues	High Court, Mumbai	23.66
3	Income Tax	Assessment dues	Commissioner of Income Tax	28.39
4	Customs Act	Adjudication Order	Customs, Excise & Service Tax Appellate Tribunal	25.00
5	Sales Tax	Assessment dues	Asst. Commissioner Commercial Tax, Bihar	17.56

- 10) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11) According to information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to banks as at the balance sheet date.
- 12) In our opinion and 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 nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ society.
- 14) According to information and explanations given to us and based on the documents and records produced before 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 and the records examined by us, the terms and conditions of the guarantee given by the Company for loans taken by others from a bank are not prejudicial to the interest of the Company.
- 16) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
- 17) According to the Cash Flow statement and other records examined by us and the information and explanations given to us, on overall basis, funds raised on short term basis, have prima facie, not been used during the year for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) As per information and explanations given to us and based on records examined by us the Company has created charge in respect of debentures issued during the year.
- 20) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised any money through a public issue during the year.
- 21) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, which causes the financial statements to be materially misstated.

For S S KHANDELWAL & CO.
Chartered Accountants
(Registration No.105064W)

Mumbai,
12th August, 2011

S S KHANDELWAL
Proprietor
Membership No. 31487



Balance Sheet

as at 31st March 2011

		(₹ in Lacs)	
		As at	As at
		31st March 2011	31st March 2010
SCHEDULE	No.		
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	1	2,056.67	1,888.72
Reserves and Surplus	2	59,055.13	45,578.39
LOAN FUNDS :			
Secured Loans	3	57,153.65	40,408.58
Unsecured Loans	4	17,715.14	15,159.19
DEFERRED TAX LIABILITY :			
(Refer Note No.4 In Schedule 20)			
Deferred Tax Liability		1,435.84	1,372.11
Less : Deferred Tax Asset		1,087.68	990.79
		348.16	381.32
TOTAL		136,328.75	103,416.20
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	57,094.09	53,540.35
Less: Depreciation / Amortisation		9,516.86	7,009.67
Net Block		47,577.23	46,530.68
Capital Work In Progress		9,302.74	6,574.09
INVESTMENTS	6	1,087.47	1,967.75
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	7	18,489.77	14,255.56
Sundry Debtors	8	22,665.74	19,324.46
Cash And Bank Balances	9	25,167.42	7,730.99
Other Current Assets	10	776.85	345.77
Loans And Advances	11	26,968.05	18,784.15
		94,067.83	60,440.93
Less : CURRENT LIABILITIES AND PROVISIONS:			
Current Liabilities	12	12,140.48	9,577.57
Provisions	13	3,566.04	2,519.68
		15,706.52	12,097.25
NET CURRENT ASSETS		78,361.31	48,343.68
TOTAL		136,328.75	103,416.20
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20		

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



Profit & Loss Account

for the year ended 31st March 2011

	SCHEDULE	(₹ in Lacs)	
		Year Ended 31st March 2011	Year Ended 31st March 2010
INCOME			
Operating Income	14	83,243.62	70,279.14
Other Income	15	842.80	763.10
TOTAL		84,086.42	71,042.24
EXPENSES			
Materials Cost	16	37,623.84	33,101.35
Other Expenses	17	28,003.15	23,778.25
Reserch & Development Expenditure	18	435.55	463.44
		66,062.54	57,343.04
PROFIT BEFORE INTEREST & FINANCE CHARGES, DEPRECIATION, EXCEPTIONAL ITEMS			
		18,023.88	13,699.20
Interest & Finance Charges	19	5,929.03	5,078.28
Exchange loss/(gain)(net) on loans		500.55	475.57
Depreciation and Amortisation		2,687.35	1,677.36
TOTAL		9,116.93	7,231.21
PROFIT BEFORE TAX			
		8,906.95	6,467.99
Less : Provision for Tax			
Current		1,800.00	1,050.00
Deferred		(33.17)	(121.17)
PROFIT AFTER TAX		7,140.12	5,539.16
Less : Tax for earlier years		61.00	--
		7,079.12	5,539.16
Balance brought forward		19,233.78	17,354.30
BALANCE AVAILABLE FOR APPROPRIATION		26,312.90	22,893.46
APPROPRIATIONS:			
i) Proposed Dividend		616.09	565.72
ii) Tax on Dividend		99.95	93.96
iii) Transfer to General Reserve		3,000.00	3,000.00
iv) Transfer to Debenture Redemption Reserve		4,000.00	--
iv) Balance carried forward		18,596.86	19,233.78
		26,312.90	22,893.46
EARNING PER SHARE			
(Face Value ₹ 10/- per share)			
- Basic		₹ 35.88	₹ 29.37
- Diluted		₹ 35.88	₹ 29.37
(Refer Note No.13 in Schedule 20)			

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



Cash Flow Statement

for the year ended 31st March 2011

	2010 - 2011		2009 - 2010
			(₹ in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before tax & extraordinary items	8,906.95		6,467.99
Add <u>Adjustment for</u>			
Depreciation	2,679.69		1,649.17
Interest paid	5,929.03		5,078.28
Exchange loss/(gain)(net) on loans	500.55		475.57
Dividend Received	(115.04)		(3.94)
Interest Received	(217.39)		(173.40)
Other income (considered separately)	(510.37)		(585.76)
	<u>8,266.47</u>		<u>6,439.92</u>
Operating Profit before working capital changes	17,173.42		12,907.91
Working capital changes			
Less (Increase) / Decrease in Sundry Debtors	(3,341.28)		(1,561.77)
(Increase) / Decrease in Loans & Advances	(8,066.42)		(1,369.67)
(Increase) / Decrease in Inventories	(4,234.21)		(5,445.04)
(Increase) / Decrease in Other Current Assets	(431.08)		(88.07)
Increase / (Decrease) in Current Liabilities (including working capital finance)	<u>11,868.63</u>		<u>2,577.95</u>
	<u>(4,204.36)</u>		<u>(5,886.60)</u>
CASH GENERATED FROM OPERATIONS	12,969.06		7,021.31
Interest paid	(5,929.03)		(5,078.28)
Tax adjustments	(1,861.00)		(1,050.00)
Cash flow before Extraordinary Items	5,179.03		893.03
Net Cash Flow from Operating Activities - I	5,179.03		893.03
(B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(6,466.62)		(12,472.53)
Sale of Fixed Assets	11.74		59.84
Purchase of Investments	880.28		(1,575.00)
Exchange loss / (gain) (net) on loans	(500.55)		(475.57)
Interest Received	217.39		173.40
Dividend Received	115.04		3.94
Other Income Received	510.37		585.76
Net Cash Used in Investing Activities - II	(5,232.35)		(13,700.16)
Cash flow after investing Activities - III = (I-II)	(53.32)		(12,807.13)



Cash Flow Statement

for the year ended 31st March 2011 (Contd...)

	2010 - 2011		2009 - 2010
(C) CASH FLOW FROM FINANCING ACTIVITIES :			
Share Capital Money received	167.94		--
Share Premium Money received	6,801.77		--
Proceeds from Long Term Borrowings (net of repayment)	11,179.72		14,710.50
Dividend Paid	(565.72)		(471.44)
Tax on distributed Dividend	(93.96)		(80.12)
Net Cash flow from Financing Activities - IV	17,489.75		14,158.94
Net Cash flow after Financing Activities	17,436.43		1,351.81
Cash and Cash Equivalents			
Opening Cash and Cash Equivalents	7,730.99		6,379.18
Closing Cash and Cash Equivalents	25,167.42		7,730.99
	17,436.43		1,351.81

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August,2011



Schedules to Balance Sheet

as at 31st March 2011

(₹ in Lacs)

	As at 31st March 2011	As at 31st March 2010
SCHEDULE 1		
SHARE CAPITAL :		
AUTHORISED :		
3,00,00,000 Equity Shares of ₹ 10/- each	3,000.00	3,000.00
(Previous Year 3,00,00,000 Equity Shares of ₹ 10/-each)	<u>3,000.00</u>	<u>3,000.00</u>
ISSUED, SUBSCRIBED AND PAID - UP :		
2,05,36,936 Equity Shares of ₹ 10/- each	2,053.69	1,885.74
(Previous Year 1,88,57,486 Equity Shares of ₹ 10/-each)		
fully paid up.		
Add : Forfeiture of Shares	2.98	2.98
	<u>2,056.67</u>	<u>1,888.72</u>
SCHEDULE 2		
RESERVES AND SURPLUS :		
SHARE PREMIUM		
Opening Balance	18,272.80	18,272.80
Add :Addition during the year	<u>6,801.77</u>	<u>-</u>
	25,074.57	18,272.80
HEDGING RESERVE		
(Refer Note No.14(b) in Schedule 20)	501.29	383.81
GENERAL RESERVE		
Opening Balance	9,118.51	6,118.51
Add :Transfer from Profit & Loss Account	<u>3,000.00</u>	<u>3,000.00</u>
	12,118.51	9,118.51
Less :Transitional loss recognised pursuant to early adoption of Accounting Standard-30 "Financial Instruments Recognition and Measurement. (Refer Note No.14(a) in Schedule 20)	<u>(1,236.10)</u>	<u>(1,430.51)</u>
	10,882.41	7,688.00
DEBENTURE REDEMPTION RESERVE		
	4,000.00	-
PROFIT AND LOSS ACCOUNT		
	18,596.86	19,233.78
	<u>59,055.13</u>	<u>45,578.39</u>



Schedules to Balance Sheet

as at 31st March 2011

	As at 31st March 2011	As at 31st March 2010
(₹ in Lacs)		
SCHEDULE 3		
SECURED LOANS :		
(A) Non Convertible Debentures	19,180.00	-
(B) Loans from Banks		
- Long Term Loans	15,117.00	24,150.47
- Loans from Banks for Working Capital	19,256.95	10,941.31
(C) External Commercial Borrowing	3,593.42	5,315.95
(D) Others	6.28	0.85
	57,153.65	40,408.58
<p>(i) Non Convertible Debentures are secured by- A first mortgage and charge on all immovable and movable fixed assets situated at Andheri (w), Mumbai, Navi Mumbai and Patalganga in Maharashtra, Selaqui and Langa Road in Uttrakhand and Paonta Sahib in Himachal Pradesh ranking pari passu with the existing charge holders for their Term loans.</p> <p>(ii) Long Term Loans and External Commercial Borrowing from Banks are secured by -</p> <p> a. A first mortgage and charge on all the immovable and movable fixed assets both present and future (excluding 3rd Floor of Elder House at Andheri (w), Mumbai) ranking pari-passu with the existing charge holders for their Term loans and Non Convertible Debentures and also secured by second pari passu charge over current assets of the company.</p> <p> b. Irrevocable and unconditional personal guarantees of two of the Directors.</p> <p>(iii) Loans from Banks for Working capital are secured by hypothecation of stocks-in-trade and Book Debts on pari passu basis and second charge on pari passu basis over fixed assets of the company and also personal guarantees of some of the Directors.</p> <p>(iv) Other loans are secured by hypothecation of the assets acquired.</p>		
SCHEDULE 4		
UNSECURED LOANS :		
Fixed Deposits	5,205.54	3,987.69
Trade Deposits	1,334.60	1,271.50
Banks	9,000.00	7,750.00
Others	2,175.00	2,150.00
	17,715.14	15,159.19



Schedules to Balance Sheet

as at 31st March 2011

SCHEDULE 5

FIXED ASSETS :

(₹ in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010	Additions	Adjustment	Cost as at 31.03.2011	Upto 31.03.2010	Adjustment	For the Year	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010
Tangible										
Land-Freehold	2,377.96	-	-	2,377.96	-	-	-	-	2,377.96	2,377.96
Land-Leasehold	256.18	-	-	256.18	-	-	-	-	256.18	256.18
Buildings	15,062.61	163.98	-	15,226.59	1,350.56	-	490.51	1,841.07	13,385.52	13,712.05
R&D-Building	77.94	-	-	77.94	5.42	-	2.60	8.02	69.92	72.52
Plant & Machinery	31,986.95	2,704.78	(2.98)	34,688.75	4,174.03	(2.34)	1,829.96	6,001.65	28,687.10	27,812.92
R&D-Plant & Machinery	445.25	54.30	-	499.55	105.68	-	23.72	129.40	370.15	339.57
Furniture & Fixtures	2,130.75	34.57	-	2,165.32	886.32	-	142.76	1,029.08	1,136.24	1,244.43
R&D-Furniture & Fixtures	107.37	-	-	107.37	16.38	-	13.59	29.97	77.40	90.99
Motor Vehicles	398.91	11.11	(8.76)	401.26	218.40	(5.32)	38.54	251.62	149.64	180.51
Intangible										
Technical Know-How *	523.93	769.24	-	1,293.17	80.38	-	145.67	226.05	1,067.12	443.55
TOTAL	53,367.85	3,737.98	(11.74)	57,094.09	6,837.17	(7.66)	2,687.35	9,516.86	47,577.23	46,530.68
Previous Year	22,486.63	31,113.56	(59.84)	53,540.35	5,360.50	(28.18)	1,677.35	7,009.67	46,530.68	17,126.13

*The cost of aquisition of the Technical Know-how is amortised over their estimated useful lives.



Schedules to Balance Sheet

as at 31st March 2011

SCHEDULE 6 INVESTMENTS :

(Value ₹ in Lacs)

	Nature of Investment	Face Value ₹	Numbers		Value	
			As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
LONG TERM INVESTMENTS						
(At Cost, Other than Trade)						
(A) UNQUOTED						
Maharashtra Apex Corp.Limited	Non-Conv. Debentures	1000	25	25	0.21	0.21
Bombay Mercantile Co-Op.Bank Limited	Equity Shares	30	533	533	0.16	0.16
Elder Instruments Private Limited	Equity Shares	10	765,000	765,000	76.50	76.50
The Saraswat Co-operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
Elder Universal Pharmaceuticals (Nepal) P. Ltd.	Equity Shares	NRs 100	50,000	50,000	50.00	50.00
(B) QUOTED						
Elder Projects Limited	Equity Shares	10	300,200	300,200	22.52	22.52
Elder Health Care Limited	Equity Shares	10	321,200	321,200	32.12	32.12
The Karnataka Bank Limited	Equity Shares	10	63,400	63,400	38.04	38.04
(C) SUBSIDIARY						
Elder International FZCO, Dubai, U.A.E.	Equity Shares	100000 DHS	5	5	62.41	62.41
Somerta Holdings Co. Limited, Cyprus	Equity Shares	1 Euro	5000	5000	3.16	3.16
TOTAL (A)					292.47	292.47
CURRENT INVESTMENTS						
In Mutual Funds (Other than Trade)						
NAME OF MUTUAL FUND	Units	Units	Units	Units	Value	Value
	As at 1st April 2010	Purchased 2010-11	Redeemed 2010-11	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
UTI Liquid Cash Plan Inst-DIO-reinvestment	604.06	--	604.06	--	--	5.95
UTI Infrastructure Advantage Fund-DDP	50000.00	--	--	50000.00	5.00	4.33
UTI Infrastructure Advantage Fund	200000.00	--	--	200000.00	20.00	25.00
HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	--	--	--	--	100.00	70.00
SBI Infrastructure Fund-I Growth	250000.00	--	--	250000.00	25.00	25.00
Canara Bank Robeco	244498.78	--	--	244498.78	25.00	25.00
AXIS EF-DIV	200000.00	--	--	200000.00	20.00	20.00
UTI MONEY MKT FUND	49836.80	--	49836.80	--	--	500.00
ICICI PRUDENTIAL-DDR	499966.05	--	499966.05	--	--	500.00
TARUS BOND	46389.27	--	46389.27	--	--	500.00
SBI PSU Fund Dividend Plan	--	1000000.00	--	1000000.00	100.00	--
SBI Premier Liquid Fund ip DDR	--	5000000.00	--	5000000.00	500.00	--
TOTAL (B)					795.00	1675.28
TOTAL (A+B)					1,087.47	1,967.75

Aggregate Value of Investment :

	As at 31st March 2011		As at 31st March 2010	
	Market Value	Book Value	Market Value	Book Value
Quoted	412.77	92.68	420.84	92.68
Unquoted	--	994.79	--	1,875.07



Schedules to Balance Sheet

as at 31st March 2011

	(₹ in Lacs)	
	As at 31st March 2011	As at 31st March 2010
SCHEDULE 7		
INVENTORIES :		
Stores and Spares	35.54	24.76
Raw Materials	1,757.83	1,087.06
Packing Materials	485.99	368.54
Work-in-Process	2,055.93	1,153.63
Finished Goods	14,154.48	11,621.57
	18,489.77	14,255.56
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured, Considered Good)		
More than Six Months	1,571.20	1,714.75
Less: Provision for Doubtful Debts	<u>180.34</u>	<u>142.78</u>
	1,390.86	1,571.97
Other Debtors	21,274.88	17,752.49
	22,665.74	19,324.46
SCHEDULE 9		
CASH AND BANK BALANCES :		
1. Cash in hand	19.36	25.83
2. With Scheduled Banks in		
i) Current Accounts	23,213.74	7,047.84
ii) Fixed Deposit Accounts	1,029.25	5.50
iii) Margins Accounts	874.80	578.09
iv) Unpaid Dividend Accounts	30.27	31.22
3. Cheques in transit	--	42.51
	25,167.42	7,730.99



Schedules to Balance Sheet

as at 31st March 2011

	As at 31st March 2011	As At 31st March 2010
(₹ in Lacs)		
SCHEDULE 10		
OTHER CURRENT ASSETS :		
Interest Accrued on Deposits	43.08	38.99
Sales Tax Refund Receivable	688.44	279.27
Licence and Other Recoverables	45.33	27.51
	776.85	345.77
SCHEDULE 11		
LOANS AND ADVANCES :		
(Unsecured, Considered Good)		
Advances to Subsidiaries	7,055.33	4,996.37
Loans and Advances	81.00	267.50
Advances recoverable in cash or in kind or for value to be received	17,342.35	11,603.58
Balance with Central Excise	433.66	465.66
Advance Income Tax	2,055.71	1,451.04
	26,968.05	18,784.15
SCHEDULE 12		
CURRENT LIABILITIES :		
Sundry Creditors :		
Total outstanding dues of micro and small enterprises (Refer Note No.5 in Schedule 20)	490.18	605.86
Total outstanding dues of creditors other than micro and small enterprises.	4306.73	3180.80
	4,796.91	3,786.66
Other Liabilities	7,313.30	5,759.69
Unclaimed Dividend*	30.27	31.22
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
	12,140.48	9,577.57
SCHEDULE 13		
PROVISIONS :		
For Taxation	2,850.00	1,860.00
For Proposed Dividend	616.09	565.72
For Tax on Dividend	99.95	93.96
	3,566.04	2,519.68



Schedules to Profit & Loss Account

year ended 31st March 2011

	(₹ in Lacs)	
	Year Ended 31st March 2011	Year Ended 31st March 2010
SCHEDULE 14		
OPERATING INCOME :		
Sales	84,118.93	70,876.48
Less: Excise Duty	<u>975.97</u>	<u>667.05</u>
	83,142.96	70,209.43
Other Services	100.66	69.71
	83,243.62	70,279.14
SCHEDULE 15		
OTHER INCOME :		
Dividend	115.04	3.94
Interest earned (including tax deducted at source of ₹ 14.53 lacs previous year ₹ 5.26 lacs)	217.39	173.40
Miscellaneous	510.37	585.76
	842.80	763.10
SCHEDULE 16		
MATERIAL COST		
Raw Materials consumed	9,475.71	7,584.65
Packing Materials consumed	2,964.43	2,647.28
Finished Goods purchased	28,618.91	28,046.70
Increase/Decrease in work-in-process & finished goods		
Opening Stock :		
Work-in-Process	1,153.63	343.98
Finished Goods	<u>11,621.57</u>	<u>7,253.94</u>
	12,775.20	7,597.92
Less:		
Closing Stock :		
Work-in-Process	2,055.93	1,153.63
Finished Goods	<u>14,154.48</u>	<u>11,621.57</u>
	16,210.41	12,775.20
(Increase)/Decrease	(3,435.21)	(5,177.28)
	37,623.84	33,101.35



Schedules to Profit & Loss Account

year ended 31st March 2011

(₹ in Lacs)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
SCHEDULE 17		
OTHER EXPENSES :		
Salaries, Wages and Allowances	9,488.92	8,175.32
Contribution To Provident and Other Funds	597.87	481.68
Staff Welfare	443.28	409.90
Rent	426.49	359.76
Rates and Taxes	652.17	358.66
Power, Fuel and Electricity	854.86	657.37
Spares & Tools	176.94	156.53
Manufacturing charges	840.98	686.72
Repairs and Maintenance:		
To Building	3.85	12.95
To Machinery	123.06	187.36
To Others	210.21	133.33
	337.12	333.64
Insurance	114.88	106.60
Travelling and Conveyance	4,347.73	3,864.32
Printing and Stationery	246.86	206.30
Selling Expenses	5,100.66	4,742.83
Communication	431.87	391.15
Packing, Freight and Forwarding	781.19	658.68
Vehicles Maintenance	135.46	121.47
Payment to Auditors:		
Audit Fees	16.55	13.24
Qualified Institutional Placement Fees	5.52	
Certifications, Quarterly Review & Other Services	9.45	8.42
Taxation Matters	2.21	1.65
Reimbursement of Expenses	0.64	1.25
	34.37	24.56
Legal and Professional charges	699.25	652.79
Loss on Sale of Assets	2.87	21.52
Provision for Doubtful Debts	180.34	122.73
Miscellaneous	2,109.04	1,245.72
	28,003.15	23,778.25



Schedules to Profit & Loss Account

year ended 31st March 2011

	Year Ended 31st March 2011	(₹ in Lacs) Year Ended 31st March 2010
SCHEDULE 18		
RESERCH & DEVELOPMENT		
R & D Chemicals & Expenses	66.35	78.96
Manufacturing charges	0.29	-
Power, Fuel and Electricity	11.21	9.54
Salaries, Wages and Allowances	320.02	338.83
Contribution to Provident and other Funds	14.03	13.75
Staff Welfare	17.86	14.61
Communication	0.69	1.25
Conveyance	2.75	2.82
Vehicles Maintenance	2.35	3.68
	435.55	463.44
SCHEDULE 19		
INTEREST & FINANCE CHARGES :		
To Bank and Financial Institution	2806.92	1648.07
To Others	3122.11	3430.21
	5,929.03	5,078.28



Schedules Forming Part of the Financial Statements

For the year ended 31st March 2011

Schedules Forming Part Of The Financial Statements For The Year Ended March 31, 2011

SCHEDULE 20

NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub-section (3C) of section 211 of the Companies Act, 1956.

ii. Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balance of Assets & Liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iii. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

iv. Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The softwares are an integral part of hardware and accordingly considered part of computers.

v. Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in terms of Para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallized, is charged against revenue of the year.

vi. Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided for.

vii. Intangible Assets:

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

viii. Inventories:

- a) Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- b) Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value.
- c) Cost (net of input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.



- d) Cost of Finished Goods and Work-in-Progress is determined by taking Raw Material/Packing Material cost (net of input tax credit availed), labour and relevant appropriate overheads.

ix. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

Exchange differences arising as a result of the above are recognised as income or expense, as the case may be, in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure, as the case may be, over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

x. Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

xi. Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to the operation are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied from the date of the change in classification.



xii. Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services is recognized on completion of service.

xiii. Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive the same is established.

xiv. Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xv. Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvi. Retirement Benefits :

- a). Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.
- b). Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.

xvii. Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account.

xviii. Taxation:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosures have been made towards contingent liabilities, if any

xix. Provisions and Contingent Liabilities:

A provision is recognized when the Company has a present obligation as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

xx. Earning Per Share:

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.



	As at 31st March 2011 (₹ in Lacs)	As at 31st March 2010 (₹ in Lacs)
2. CONTINGENT LIABILITIES		
a) Letters of Credit	3242.89	2933.74
b) Bank Guarantees	342.55	180.39
c) Corporate Guarantees to Subsidiary	8673.47	--
d) Disputed liability in respect of :		
i) Income tax*	268.58	73.79
ii) Sales tax	17.56	17.56
iii) Customs Duty	25.00	49.50
iv) Excise Duty	--	12.55
* includes demand of ₹ 216.53 lacs decided in favour of the Company but disputed by Income-tax Department.		
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	1869.96	1906.21
4. Deferred Tax:		
A) Deferred Tax Liability:		
i) Depreciation	1435.84	1372.11
B) Deferred Tax Asset:		
i) Leave encashment	142.47	159.96
ii) Others	945.21	830.83
	1087.68	990.79
Deferred Tax Liability (Net) (A-B)	348.16	381.32

5. Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:-

	As at 31st March 2011 (₹ in Lacs)	As at 31st March 2010 (₹ in Lacs)
(a) Dues remaining unpaid		
Principal	490.18	605.86
Interest	1.40	39.52
(b) Interest paid in terms of section 16 of the Act	--	--
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year.	23.34	31.00
(d) Amount of interest accrued and remaining unpaid	--	--
(e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	--	--



6. Particulars in respect of installed capacity and actual production :

Class of Goods	Unit of Measure	Installed Capacity		Actual Production	
		Year ended 31st March 2011	Year ended 31st March 2010	Year ended 31st March 2011	Year ended 31st March 2010
Tablets	Lacs	31138.32	29908.32	13707.49	11846.43
Capsules	Lacs	4328.40	4808.40	572.62	532.68
Injectables	Lacs	-	1560.00	454.86	379.37
Ointments	Tonnes	4156.80	1255.20	100.83	260.49
Syrups / Liquids	Kilo Ltrs	4970.40	8616.00	1007.51	736.69
Powders / Active Pharmaceutical Ingredients & Drug Intermediates	Tonnes	305.57	233.40	116.10	91.58

NOTE :

- 1) The Installed Capacity is as certified by the management and not verify by auditors, this being a technical matter
- 2) Actual Production includes:
 - i) Sample Production.
 - ii) Production at Loan Licencees locations.
 - iii) Production of goods for Captive consumption.

7. Stock & Sales of Finished Goods :

(Value ₹ in lacs)

CLASS OF GOODS	Unit of Measure	Year ended 31-03-2011						Year ended 31-03-2010					
		Sales		Opening Stocks		Closing Stocks		Sales		Opening Stocks		Closing Stocks	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
TABLETS	Lacs	19076.49	62351.73	2440.15	7060.82	3339.39	7815.40	22099.23	37597.31	1819.58	3054.87	2440.15	7060.82
CAPSULES	Lacs	1371.10	3681.48	161.66	436.67	220.64	623.49	1296.95	3572.10	253.63	357.57	161.66	436.67
INJECTABLES	Lacs	609.25	7357.97	38.69	1821.95	56.42	2411.65	567.23	6508.89	58.11	557.17	38.69	1821.95
OINTMENTS	Tonnes	185.46	3024.71	41.72	478.00	116.47	547.66	438.90	4228.07	81.98	1138.75	41.72	478.00
SYRUPS / LIQUIDS	Kilo Ltrs	2105.18	3881.36	185.02	475.21	203.59	883.77	1481.08	3455.28	208.34	687.75	185.02	475.21
POWDERS / ACTIVE PHARMACEUTICAL INGREDIENTS & DRUG INTERMEDIATES	Tonnes	13709.16	2278.02	13462.39	209.53	21.35	238.91	69215.31	10085.58	8.21	121.12	13462.39	209.53
OTHERS	--	--	1543.65	--	1139.39	--	1633.60	--	5429.25	--	1336.71	--	1139.39
TOTAL			84118.93		11621.57		14154.48		70876.48		7253.94		11621.57

Note : The closing stocks stated above is after breakages, obsolete/date expired stocks, physician samples & after considering captive consumption in case of bulk drugs.


8. Purchases of Finished Goods :

(Value ₹ in lacs)

Particulars	Unit of Measure	Year ended 31-03-2011		Year ended 31-03-2010	
		Quantity	Value	Quantity	Value
TABLETS	LACS	6268.24	19604.82	10870.37	7771.40
CAPSULES	LACS	857.46	1394.49	672.31	1456.53
INJECTABLES	LACS	172.12	2467.80	168.44	2082.79
OINTMENTS	TONNES	159.39	2220.46	138.16	2352.16
SYRUPS / LIQUIDS	KILO LTRS	1116.24	1355.04	721.06	1751.22
POWDERS / ACTIVE PHARMACEUTICAL INGREDIENTS & DRUG INTERMEDIATES	TONNES	152.03	263.08	82577.91	9152.72
OTHERS		-	1313.22	-	3479.88
TOTAL			28618.91		28046.70

9. Raw Materials Consumed :

(Value ₹ in lacs)

Particulars	Unit of Measure	Year ended 31-03-2011		Year ended 31-03-2010	
		Quantity	Value	Quantity	Value
PROTEOLYTIC ENZYME CONCENTRATE	Kgs.	4258.79	795.73	4257.17	878.75
CITICHOLIN SODIUM	Kgs.	5416.65	1121.11	4457.42	1014.59
OTHERS	--		7558.87	-	5691.31
TOTAL			9475.71		7584.65

Whereof :	AMOUNT	%	AMOUNT	%
IMPORTED	3012.85	31.80	3039.05	40.07
INDIGENOUS	6462.86	68.20	4545.60	59.93
TOTAL	9475.71	100.00	7584.65	100.00

	As At 31st March 2011 (₹ in Lacs)	As At 31st March 2010 (₹ in Lacs)
10. Value of Imports on CIF basis:		
Raw Materials/Finished goods	3506.35	2984.28
11. Expenditure in Foreign currency :		
- Travelling	31.46	42.64
- Interest paid on ECB	282.63	392.69
- Others	59.53	29.08
12. Earning in Foreign Exchange:		
Export of Goods on FOB basis	2277.64	1745.67
13. Earning per share:		
Profit attributed to equity shareholders	7079.12	5539.17
Weighted average number of equity shares	19731720	18857486
Diluted Weighted average number of equity shares	19731720	18857486
Nominal value of equity share (₹)	10/-	10/-
Earning per share (₹)	35.88	29.37
Diluted earning per share (₹)	35.88	29.37



14. Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has early adopted AS 30 with effect from October 1, 2008, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- a) Transitional Gain representing the Gain on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to ₹ 194.41 Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- b) Gain on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to ₹501.29 Lacs, on the date of adoption, has been recognised in the hedging reserve account.

Following are the outstanding forward exchange contracts and currency options entered into by the Company.

Category	Currency	Cross Currency	Amount IN JPY (Million)	Currency Option Type	Purpose
Structured Currency Option	JPY	USD	665.32	USD Put/JPYCall	Hedging

15 DEFINED BENEFIT PLAN:

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Insurer viz. (LIC). Under this plan, the settlement obligation remains with the Company, although the Employees Gratuity Trust administers the plan and determines the contribution premium required to be paid by the Company.

Change in the benefit obligation

	At at 31st March 2011 ₹ In Lacs	At at 31st March 2010 ₹ In Lacs
Projected Benefit Obligation (PBO) at the beginning of the year	856.68	750.41
Service cost	82.20	74.24
Interest cost	68.53	60.03
Benefits paid	(91.79)	(48.65)
Actuarial loss/(gain)	117.25	20.64
PBO at the end of the year	1032.87	856.68
Change in plan assets		
Fair value of plan assets at the beginning of the year	760.55	651.92
Expected return on plan assets	71.07	62.70
Employer contributions	110.56	94.57
Benefits paid	(91.79)	(48.65)
Actuarial gain/(loss)	--	62.70
Fair value of plan assets at the end of year	850.39	760.55
Present value of unfunded obligation	182.48	96.13
Recognised liability	182.48	96.13
Net gratuity cost for the year ended is as follows:		
Service cost	82.20	74.24
Interest cost	68.53	60.03
Expected return on plan assets	(71.07)	(62.70)
Actuarial loss/(gain)	117.25	(42.06)
Net gratuity cost	196.91	29.51



The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size and funding requirements.

Particulars	Gratuity 31st March 2011	Gratuity 31st March 2010
	Discount Rate	8.00%
Salary Increase for different categories of employees	5.00%	5.00%

16. Segment Information:

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment. Secondary segmental reporting is performed on the basis of the geographical locations of customers.

The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

Segment	Domestic		Exports		Total	
	Year ended		Year ended		Year ended	
	31st March 2011	31st March 2010	31st March 2011	31st March 2010	31st March 2011	31st March 2010
Segment Revenue	81869.99	69168.45	2349.60	1777.74	84219.59	70946.19
Segment Assets	21752.78	18947.88	912.96	376.58	22665.74	19324.46

Note : Segment Assets represent amount due from customers

17. Debtors are secured to the extent of security deposit of ₹ 1334.60 lacs (Previous Year ₹ 1271.50 lacs) received from Distributors and Consignment Agents.
18. Sundry Debtors and Loans & Advances includes ₹ 848.06 lacs (Previous Year ₹ 967.25 lacs) and ₹ 37.40.lacs (Previous Year ₹ 1415.56 lacs) respectively, for value to be received, due from a company in which one of the Directors of this company is interested as Director. Maximum Debit Balance outstanding during the year ₹ 848.06 lacs and ₹ 836.94 lacs (Previous Year ₹ 1097.22 lacs and ₹ 1415.56 lacs) respectively.

19 I Related Party Disclosures :-

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

Names of the related parties and description of relationship :

Related parties where control exists	
(A) Subsidiaries	Elder International FZCO, Dubai, UAE
(B) Enterprises over which key management personnel and their relatives are able to exercise significant influence	Elder Health Care Limited. Elder Projects Limited. Elder Instruments Private Limited. Maveer Prints Private Limited E W F Pharmaceuticals Private Limited. Redle Pharmaceuticals Private Limited Akshaya Holdings Private Limited. Anjay Prints Anshul Printers
(C) Key Management Personnel and their Relatives	Mr Jagdish Saxena Mr M. V. Thomas (Upto 30-06-2010) Mr Alok Saxena Mr Yusuf Karim Khan Mrs Shalini Kumar

Note: Related party relationship is as identified by the company and relied upon by the auditors.



- II The following transactions were carried out with the related parties in the ordinary course of business. Details relating to parties referred to (B) above :

Particulars	(₹ in Lacs)	
	Year Ended 31st March, 2011	Year Ended 31st March, 2010
1 Purchase of materials / finished goods.	7931.99	7767.77
2 Purchase of Assets.	3.51	--
3 Sale of materials / finished goods.	95.06	657.67
4 Expenses charged to other companies.	39.88	71.65
5 Expenses charged by other companies.	716.28	587.15
6 Outstanding receivables, net of payables*	1351.51	2024.18
7 Advances to subsidiary	7055.33	4996.37

* Transactions with the above parties are accounted in the respective current accounts.

- (2) Details relating to persons referred to in item (C) above:

Particulars	(₹ in Lacs)	
	Year Ended 31st March, 2011	Year Ended 31st March, 2010
1 Remuneration /Others	615.23	630.43

20. Previous year's figures have been regrouped / rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE
For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956.

I Registration Details		
Registration No.		29714
State Code		11
Balance Sheet Date		31.03.2011
II Capital raised during the year (Amt. ₹ in Lacs)		
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		167.95
III Position of mobilisation and deployment of funds. (Amt. ₹ In Lacs)		
Total Liabilities		136328.75
Total Assets		136328.75
Source of funds		
Paid up capital		2056.67
Reserves and Surplus		59055.13
Secured Loans		57153.65
Unsecured Loans		17715.14
Deferred Tax		348.16
Application of funds		
Net Fixed Assets		56879.97
Investments		1087.47
Net Current Assets		78361.31
Miscellaneous expenditure		Nil
Accumulated losses		Nil
IV Performance of the company (Amt. ₹ in Lacs)		
Turnover (including other income)		84086.42
Total expenditure		75179.47
(+)Profit/(-)Loss before tax		(+) 8906.95
(+)Profit/(-)Loss after tax		(+) 7140.12
Earnings per share (₹)		35.88
Dividend (₹)		3.00
V Generic names of three principle products/services of the company (as per monetary terms)		
<u>Item Code</u>	<u>Product description</u>	
300450.03	Calcium	
300490.11	Trypsin and Chymotrypsin	
3042.00	L-Carnitine	

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

Mumbai, 12th August, 2011

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary



Auditors' Report

On Consolidated Financial Statements

To The Members of Elder Pharmaceuticals Ltd.

1. We have audited the attached consolidated Balance Sheet of ELDER PHARMACEUTICALS LIMITED as at March 31, 2011, and also the consolidated Profit and Loss Account of the Company and the consolidated Cash Flow statement for the year ended on that date, 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 unaudited financial statements of the subsidiaries. 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries whose financial statements reflect net liabilities of ₹ 2129.87 lacs as at March 31, 2011, total revenues of ₹ 12708.39 lacs and net cash inflows amounting to ₹ (1409.74) lacs for the year ended on that date.

These financial statements and other information of the subsidiaries whose reports have been furnished to us, and our opinion so far as it relates to the amounts included in respect of these subsidiaries are based solely on the reports provided to us.

4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements as notified by the Companies (Accounting Standard) Rules, 2006.
 - a) On the basis of information and explanations given to us and on the consideration of separate report on individual audited financial statements of the Company and unaudited report of the subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011.
 - ii) In the case of the Consolidated Profit and Loss account, of the Profit of the Group for the year ended on that date; and.
 - iii) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Mumbai, 12th August, 2011



Consolidated Balance Sheet

as at 31st March 2011

		(₹ in Lacs)	
	SCHEDULE No.	As At 31st March 2011	As At 31st March 2010
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	1	2,056.67	1,888.72
Reserves and Surplus	2	58,863.84	46,159.40
MINORITY INTEREST		305.60	1,039.16
LOAN FUNDS :			
Secured Loans	3	70,562.97	40,408.58
Unsecured Loans	4	19,541.87	16,977.37
DEFERRED TAX LIABILITY :			
(Refer Note No.4 in Schedule 20)			
Deferred Tax Liability		1,435.84	1,372.11
Less : Deferred Tax Asset		<u>1,087.68</u>	<u>990.79</u>
		348.16	381.32
TOTAL		151,679.11	106,854.55
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	5	81,838.65	56,095.13
Less: Depreciation / Amortisation		<u>17,086.33</u>	<u>7,051.54</u>
Net Block		64,752.32	49,043.59
Capital Work in Progress		9,497.91	6,574.09
INVESTMENTS	6	1,021.90	6,595.62
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories	7	24,174.49	14,337.57
Sundry Debtors	8	28,248.26	19,534.76
Cash and Bank Balances	9	26,709.13	7,862.96
Other Current Assets	10	776.85	345.77
Loans and Advances	11	<u>18,875.35</u>	<u>14,937.08</u>
		98,784.08	57,018.14
Less : CURRENT LIABILITIES AND PROVISIONS :			
Current Liabilities	12	18,811.06	9,857.21
Provisions	13	<u>3,566.04</u>	<u>2,519.68</u>
		22,377.10	12,376.89
NET CURRENT ASSETS		76,406.98	44,641.25
TOTAL		151,679.11	106,854.55
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20		

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



Consolidated Profit & Loss Account

for the year ended 31st March 2011

	SCHEDULE	Year Ended 31st March 2011	(₹ in Lacs) Year Ended 31st March 2010
INCOME			
Operating Income	14	95,952.01	72,160.15
Other Income	15	865.53	857.76
TOTAL		96,817.54	73,017.91
EXPENSES			
Materials Cost	16	46,760.97	34,739.97
Other Expenses	17	31,703.40	24,716.17
Reserch & Development Expenditure	18	435.55	463.44
		78,899.92	59,919.58
PROFIT BEFORE INTEREST & FINANCE CHARGES, DEPRECIATION,EXCEPTIONAL ITEMS		17,917.62	13,098.33
Interest & Finance Charges	19	6,551.11	5,302.08
Exchange loss/(gain)(net) on loans		452.36	426.00
Depreciation and Amortisation		2,873.37	1,719.23
TOTAL		9,876.84	7,447.31
PROFIT BEFORE TAX		8,040.78	5,651.02
Less : Provision for Tax			
Current		1,800.00	1,050.00
Deferred		(33.17)	(121.17)
PROFIT AFTER TAX		6,273.95	4,722.19
Less : Tax for earlier years		(80.71)	--
		6,354.66	4,722.19
MINORITY INTEREST		67.56	227.94
PROFIT AFTER MINORITY INTEREST		6,422.22	4,950.13
Balance brought forward		19,814.76	18,524.31
BALANCE AVAILABLE FOR APPROPRIATION		26,236.98	23,474.44
APPROPRIATIONS:			
i) Proposed Dividend		616.09	565.72
ii) Tax on Dividend		99.95	93.96
iii) Transfer to General Reserve		3,000.00	3,000.00
iv) Transfer to Debenture Redemption Reserve		4,000.00	--
iv) Balance carried forward		18,520.94	19,814.76
		26,236.98	23,474.44
EARNING PER SHARE			
(Face Value ₹10/- per share)			
- Basic		₹ 32.55	₹ 26.25
- Diluted		₹ 32.55	₹ 26.25
[Refer Note No.5 in Schedule 20]			

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August,2011



Consolidated Cash Flow Statement

for the year ended 31st March 2011

(₹ in Lacs)

	2010 - 2011	2009 - 2010
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax & extraordinary items	8,108.34	5,878.96
Add <u>Adjustment for</u>		
Depreciation	2,873.37	1,691.04
Interest paid	6,551.11	5,302.08
Exchange loss(gain)(net) on loans	452.36	426.00
Dividend Received	(115.04)	(3.94)
Interest Received	(217.39)	(173.40)
Other income (considered separately)	(533.10)	(680.42)
	<u>9,011.31</u>	<u>6,561.36</u>
Operating Profit before working capital changes	17,119.65	12,440.32
Working capital changes		
Less (Increase) / Decrease in Sundry Debtors	(8,713.50)	(1,772.07)
(Increase) / Decrease in Loans & Advances	(3,820.79)	(2,521.86)
(Increase) / Decrease in Inventories	(9,836.92)	(5,527.05)
(Increase) / Decrease in Other Current Assets	(431.08)	(88.07)
Increase / (Decrease) in Current Liabilities (including working capital finance)	18,259.49	(5,278.61)
	<u>(4,542.80)</u>	<u>(15,187.66)</u>
CASH GENERATED FROM OPERATIONS	12,576.85	(2,747.34)
Interest paid	(6,551.11)	(5,302.08)
Tax adjustments	(1,719.29)	(1,050.00)
Cash flow before Extraordinary Items	4,306.45	(9,099.42)
Net Cash Flow from Operating Activities - I	4,306.45	(9,099.42)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(21,517.65)	(15,027.31)
Sale of Fixed Assets	11.74	59.84
Purchase of Investments	5,573.72	(1,575.00)
Exchange loss(gain)(net) on loans	(452.36)	(426.00)
Interest Received	217.39	173.40
Dividend Received	115.04	3.94
Other Income Received	533.10	680.42
Net Cash Used in Investing Activities - II	(15,519.02)	(16,110.71)
Cash flow after investing Activities - III = (I-II)	(11,212.57)	(25,210.13)



Consolidated Cash Flow Statement

for the year ended 31st March 2011 (Contd...)

(₹ in Lacs)

	2010 - 2011		2009 - 2010
(C) CASH FLOW FROM FINANCING ACTIVITIES :			
Share Capital Money received	167.94		--
Share Premium Money received	6,801.77		--
Minority Interest	(733.56)		1,039.16
Proceeds from Long Term Borrowings (net of repayment)	24,482.27		17,943.15
Dividend Paid	(565.72)		(471.44)
Tax on distributed Dividend	(93.96)		(80.12)
Net Cash flow from Financing Activities - IV		30,058.74	18,430.75
Net Cash flow after Financing Activities		18,846.17	(6,779.38)
Cash and Cash Equivalents			
Opening Cash and Cash Equivalents		7,862.96	14,642.34
Closing Cash and Cash Equivalents		<u>26,709.13</u>	<u>7,862.96</u>
		18,846.17	(6,779.38)

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

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(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



Consolidated Schedules to Balance Sheet

as at 31st March 2011

	(₹ in Lacs)	
	As At 31st March 2011	As At 31st March 2010
SCHEDULE 1		
SHARE CAPITAL :		
AUTHORISED :		
3,00,00,000 Equity Shares of ₹ 10/- each	3,000.00	3,000.00
(Previous Year 3,00,00,000 Equity Shares of ₹ 10/-each)		
	3,000.00	3,000.00
ISSUED, SUBSCRIBED AND PAID - UP :		
2,05,36,936 Equity Shares of ₹ 10/- each	2,053.69	1,885.74
(Previous Year 1,88,57,486 Equity Shares of ₹ 10/-each)		
fully paid up.		
Add : Forfeiture of Shares	2.98	2.98
	2,056.67	1,888.72
SCHEDULE 2		
RESERVES AND SURPLUS :		
SHARE PREMIUM		
Opening Balance	18,272.80	18,272.80
Add :Addition during the year	6,801.77	-
	25,074.57	18,272.80
HEDGING RESERVE	501.29	383.82
(Refer Note No.14(b) in Schedule 20)		
GENERAL RESERVE		
Opening Balance	9,118.53	6,118.53
Add :Transfer from Profit & Loss Account	3,000.00	3,000.00
	12,118.53	9,118.53
Less :Transitional loss recognised pursuant to early adoption of Accounting Standard-30 "Financial Instruments Recognition and Measurement. (Refer Note No.6(a) in Schedule 20)	(1,351.49)	(1,430.51)
	10,767.04	7,688.02
DEBENTURE REDEMPTION RESERVE	4,000.00	--
PROFIT AND LOSS ACCOUNT	18,520.94	19,814.76
	58,863.84	46,159.40



Consolidated Schedules to Balance Sheet

as at 31st March 2011

	As At 31st March 2011	As At 31st March 2010
(₹ in Lacs)		
SCHEDULE 3		
SECURED LOANS :		
(A) Non Convertible Debentures	19,180.00	--
(B) Loans from Banks		
- Long Term Loans	28,526.32	24,150.47
- Loans from Banks for Working Capital	19,256.95	10,941.31
(C) External Commercial Borrowing	3,593.42	5,315.95
(D) Others	6.28	0.85
	70,562.97	40,408.58
(i) Non Convertible Debentures are secured by- A first mortgage and charge on all immovable and movable fixed assets situated at Andheri-Mumbai, Navi Mumbai and Patalganga in Maharashtra, Sela-qui, and Langa Road in Uttrakhand and Paonta Sahib in Himachal Pradesh. ranking pari passu with the existing charge holders for their Term loans.		
(ii) Long Term Loans and External Commercial Borrowing from Banks are secured by -		
a. A first mortgage and charge on all the immovable and movable fixed assets both present and future (excluding 3rd Floor of Elder House at Andher, Mumbai) ranking pari-passu with the existing charge holders for their term loans and Non Convertible Debentures and also secured by second pari passu charge over current assets of the company.		
b. Irrevocable and unconditional personal guarantees of two of the Directors.		
(iii) Loans from Banks for Working capital are secured by hypothecation of stocks-in-trade and Book Debts and second charge over fixed assets of the company and also personal guarantees of some of the Directors.		
(iv) Other loans are secured by hypothecation of the assets acquired.		
(v) Term Loan of the Company's overseas subsidiary is secured by its investment in one of the step down subsidiary, Company's investment in the overseas subsidiary and Corporate Guarantee of the Company. Working capital facilities of the Company's overseas step down subsidiaries are secured by their specific assets.		
SCHEDULE 4		
UNSECURED LOANS :		
Fixed Deposits	5,205.54	3,987.69
Trade Deposits	1,334.60	1,271.50
Banks	9,000.00	7,750.00
Others	4,001.73	3,968.18
	19,541.87	16,977.37



Consolidated Schedules to Balance Sheet

as at 31st March 2011

SCHEDULE 5

CONSOLIDATED FIXED ASSETS :

(₹ in Lacs)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as at 01.04.2010	Additions	Adjustment	Cost as at 31.03.2011	Upto 31.03.2010	Adjustment	For the Year	Upto 31.03.2011	As At 31.03.2011	As At 31.03.2010
Tangible										
Land-Freehold	2,377.96	-	-	2,377.96	-	-	-	-	2,377.96	2,377.96
Land-Leasehold	256.18	-	-	256.18	-	-	-	-	256.18	256.18
Buildings	15,062.61	1,235.06	-	16,297.67	1,350.56	672.28	522.71	2,545.55	13,752.12	13,712.05
R&D-Building	77.94	-	-	77.94	5.42	-	2.60	8.02	69.92	72.52
Plant & Machinery	32,700.81	10,434.60	(2.98)	43,132.43	4,215.90	5,898.99	1,960.17	12,075.06	31,057.37	28,484.91
R&D-Plant & Machinery	445.25	54.30	-	499.55	105.68	-	23.72	129.40	370.15	339.57
Furniture & Fixtures	2,130.75	537.36	-	2,668.11	886.32	499.16	145.13	1,530.61	1,137.50	1,244.43
R&D-Furniture & Fixtures	107.37	-	-	107.37	16.38	-	13.59	29.97	77.40	90.99
Motor Vehicles	398.91	18.92	(8.76)	409.07	218.40	186.15	44.12	448.67	(39.60)	180.51
Intangible										
Technical Know-How *	523.93	769.24	-	1,293.17	80.38	-	145.67	226.05	1,067.12	443.55
Goodwill	1,840.92	11,306.93	-	13,147.85	-	-	-	-	13,147.85	1,840.92
Software/Licences/ Contracts	-	1,571.35	-	1,571.35	-	77.34	15.66	93.00	1,478.35	-
Total	55,922.63	25,927.76	(11.74)	81,838.65	6,879.04	7,333.92	2,873.37	17,086.33	64,752.32	49,043.59
Previous Year	22,486.63	33,668.34	(59.84)	56,095.13	5,360.50	(28.18)	1,719.22	7,051.54	49,043.59	17,126.13

*The cost of aquisition of the Technical Know-how is amortised over their estimated useful lives.



Consolidated Schedules to Balance Sheet

as at 31st March 2011

SCHEDULE 6

CONSOLIDATED INVESTMENTS :

(Value ₹ in Lacs)

	Nature of Investment	Face Value ₹	Numbers		Value	
			As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
LONG TERM INVESTMENTS						
(At Cost, Other than Trade)						
(A) UNQUOTED						
Maharashtra Apex Corp.Limited	Non-Convnt. Debenture	1000	25	25	0.21	0.21
Bombay Mercantile Co-op.Bank Limited	Equity Shares	30	533	533	0.16	0.16
Elder Instruments Private Limited	Equity Shares	10	765,000	765,000	76.50	76.50
The Saraswat Co-operative Bank Limited	Equity Shares	10	2,500	2,500	0.25	0.25
VTC Industries Limited	Equity Shares	10	10,000	10,000	2.10	2.10
The Kalyan Janata Sahakari Bank Limited	Equity Shares	25	20,000	20,000	5.00	5.00
Elder Universal Pharmaceuticals (Nepal) P Ltd	Equity Shares	NRs 100	50,000	50,000	50.00	50.00
(B) QUOTED						
Elder Projects Limited	Equity Shares	10	300,200	300,200	22.52	22.52
Elder Health Care Limited	Equity Shares	10	321,200	321,200	32.12	32.12
The Karnataka Bank Limited	Equity Shares	10	63,400	63,400	38.04	38.04
Neutra Health plc	Equity Shares	10 Pence	37,101,786	37,101,786	-	4,693.44
TOTAL (A)					226.90	4,920.34
CURRENT INVESTMENTS						
In Mutual Funds (Other than Trade)						
NAME OF MUTUAL FUND	Units	Units	Units	Units	Value	Value
	As at 1st April 2010	Purchased 2010-11	Redeemed 2010-11	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
UTI Liquid Cash Plan Inst-DIO-reinvestment	604.06	--	604.06	--	--	5.95
UTI Infrastructure Advantage Fund-DDP	50000.00	--	--	50000.00	5.00	4.33
UTI Infrastructure Advantage Fund	200000.00	--	--	200000.00	20.00	25.00
HDFC AMC-PMS-REAL ESTATE PORTFOLIO-I	--	--	--	--	100.00	70.00
SBI Infrastructure Fund-I Growth	250000.00	--	--	250000.00	25.00	25.00
Canara Bank Robeco	244498.78	--	--	244498.78	25.00	25.00
AXIS EF-DIV	200000.00	--	--	200000.00	20.00	20.00
UTI MONEY MKT FUND	49836.80	--	49836.80	--	--	500.00
ICICI PRUDENTIAL-DDR	499966.05	--	499966.05	--	--	500.00
TARUS BOND	46389.27	--	46389.27	--	--	500.00
SBI PSU Fund Dividend Plan	--	1000000.00	--	1000000.00	100.00	--
SBI Premier Liquid Fund ip DDR	--	5000000.00	--	5000000.00	500.00	--
TOTAL (B)					795.00	1675.28
TOTAL (A+B)					1,021.90	6,595.62

Aggregate Value of Investment :

	As at 31 st March 2011		As at 31 st March 2010	
	Market Value	Book Value	Market Value	Book Value
Quoted	412.77	92.68	420.84	92.68
Unquoted	--	929.22	--	6,502.94



Consolidated Schedules to Balance Sheet

as at 31st March 2011

	(₹ in Lacs)	
	As At 31st March 2011	As At 31st March 2010
SCHEDULE 7		
INVENTORIES :		
Stores and Spares	35.54	24.76
Raw Materials	2,655.66	1,087.06
Packing Materials	492.52	368.54
Work-in-Process	3,042.26	1,153.63
Finished Goods	17,948.51	11,703.58
	24,174.49	14,337.57
SCHEDULE 8		
SUNDRY DEBTORS :		
(Unsecured, Considered Good)		
More than Six Months	1,571.20	1,714.75
Less: Provision for Doubtful Debts	<u>180.34</u>	<u>142.78</u>
	1,390.86	1,571.97
Other Debtors	26,857.40	17,962.79
	28,248.26	19,534.76
SCHEDULE 9		
CASH AND BANK BALANCES :		
1. Cash in hand	19.36	25.83
2. With Scheduled Banks in		
i) Current Accounts	24,755.45	7,179.81
ii) Fixed Deposit Accounts	1,029.25	5.50
iii) Margins Accounts	874.80	578.09
iv) Unpaid Dividend Accounts	30.27	31.22
3. Cheques in transit	-	42.51
	26,709.13	7,862.96
SCHEDULE 10		
OTHER CURRENT ASSETS :		
Interest Accrued on Deposits	43.08	38.99
Sales Tax Refund Receivable	688.44	279.27
Licence and Other Recoverables	45.33	27.51
	776.85	345.77



Consolidated Schedules to Balance Sheet

as at 31st March 2011

	As At 31st March 2011	As At 31st March 2010
(₹ in Lacs)		
SCHEDULE 11		
LOANS AND ADVANCES :		
(Unsecured, Considered Good)		
Loans and Advances	81.00	267.50
Advances recoverable in cash or in kind or for value to be received	16,304.98	12,752.88
Balance with Central Excise	433.66	465.66
Advance Income Tax	2,055.71	1,451.04
	18,875.35	14,937.08
SCHEDULE 12		
CURRENT LIABILITIES :		
Sundry Creditors :		
Total outstanding dues of micro and small enterprises (Refer Note No.5 in Schedule 20)	490.18	605.86
Total outstanding dues of creditors other than micro and small enterprises.	4306.73	3180.80
	4,796.91	3,786.66
Other Liabilities	13,983.88	6,039.33
Unclaimed Dividend*	30.27	31.22
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
	18,811.06	9,857.21
SCHEDULE 13		
PROVISIONS :		
For Taxation	2,850.00	1,860.00
For Proposed Dividend	616.09	565.72
For Tax on Dividend	99.95	93.96
	3,566.04	2,519.68



Consolidated Schedules to Profit & Loss Account

year ended 31st March 2011

	Year Ended 31st March 2011		Year Ended 31st March 2010
(₹ in Lacs)			
SCHEDULE 14			
OPERATING INCOME :			
Sales	96,827.32		72,756.89
Less: Excise Duty	<u>975.97</u>		<u>667.05</u>
		95,851.35	72,089.84
Other Services		100.66	70.31
		95,952.01	72,160.15
SCHEDULE 15			
OTHER INCOME :			
Dividend		115.04	3.94
Interest earned		217.39	173.40
(including tax deducted at source of ₹ 14.53 lacs, previous year ₹ 5.26 lacs)			
Miscellaneous		533.10	680.42
		865.53	857.76
SCHEDULE 16			
MATERIAL COST			
Raw Materials consumed		9,703.41	7,606.66
Packing Materials consumed		2,978.26	2,647.28
Finished Goods purchased		42,294.86	29,638.96
Increase/Decrease in work-in-process & finished goods			
Opening Stock :			
Work-in-Process		1,153.63	343.98
Finished Goods		<u>11,621.57</u>	<u>7,253.94</u>
		12,775.20	7,597.92
Less:			
Closing Stock :			
Work-in-Process		3,042.25	1,153.63
Finished Goods		<u>17,948.51</u>	<u>11,621.57</u>
		20,990.76	12,775.20
(Increase)/Decrease		(8,215.56)	(5,152.93)
		46,760.97	34,739.97



Consolidated Schedules to Profit & Loss Account

year ended 31st March 2011

	Year Ended 31st March 2011	Year Ended 31st March 2010
(₹ in Lacs)		
SCHEDULE 17		
OTHER EXPENSES :		
Salaries, Wages and Allowances	10,864.77	8,773.16
Contribution To Provident and Other Funds	597.87	481.68
Staff Welfare	443.28	409.90
Rent	426.49	359.76
Rates and Taxes	652.17	358.66
Power, Fuel and Electricity	854.86	657.37
Spares & Tools	176.94	156.53
Manufacturing charges	840.98	686.72
Repairs and Maintenance :		
To Building	3.85	12.95
To Machinery	123.06	187.36
To Others	210.21	133.33
	337.12	333.64
Insurance	114.88	106.60
Travelling and Conveyance	4,347.73	3,864.32
Printing and Stationery	246.86	206.30
Selling Expenses	5,100.66	4,742.83
Communication	431.87	391.15
Packing, Freight and Forwarding	781.19	658.68
Vehicles Maintenance	135.46	121.47
Payment to Auditors:		
Audit Fees	16.55	13.24
Qualified Institutions Placement (QIP) Fees	5.51	
Certifications, Quarterly Review & Other Services	9.46	8.42
Taxation Matters	2.21	1.65
Reimbursement of Expenses	0.64	1.25
	34.37	24.56
Legal and Professional charges	699.25	652.79
Loss on Sale of Assets	2.87	21.52
Provision for Doubtful Debts	180.34	122.73
Miscellaneous	4,433.44	1,585.80
	31,703.40	24,716.17



Consolidated Schedules to Profit & Loss Account

year ended 31st March 2011

(₹ in Lacs)

	Year Ended 31st March 2011	Year Ended 31st March 2010
SCHEDULE 18		
RESERCH & DEVELOPMENT		
R & D Chemicals & Expenses	66.35	78.96
Manufacturing charges	0.29	-
Power, Fuel and Electricity	11.21	9.54
Salaries, Wages and Allowances	320.02	338.83
Contribution to Provident and other Funds	14.03	13.75
Staff Welfare	17.86	14.61
Communication	0.69	1.25
Conveyance	2.75	2.82
Vehicles Maintenance	2.35	3.68
	435.55	463.44
SCHEDULE 19		
INTEREST & FINANCE CHARGES :		
To Bank and Financial Institution	2806.92	1648.07
To Others	3744.19	3654.01
	6,551.11	5,302.08

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

SCHEDULE 20

NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of Accounting Policies:

The financial statements have been prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub-section (3C) of section 211 of the Companies Act, 1956.

ii. Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balance of Assets & Liabilities, revenue and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future events could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

iii. Principles of Consolidation:

The unaudited financial statements of subsidiaries used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. year ended March 31, 2011.

a) The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of assets after eliminating intra group balances and transactions.



- b) The foreign subsidiaries are identified as non integral subsidiaries and are translated into Indian rupees as follows:
- All assets are translated into Indian rupees at the exchange rate prevailing at the year end.
 - The resulting exchange rate difference is reported as a component of reserve and surplus under the head Foreign Currency Translation Reserve.
- c) The subsidiaries considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% Ownership Interest	
		As at 31st March 2011	As at 31st March 2010
ELDER INTERNATIONAL FZCO	DUBAI	100%	100%
SOMERTA HOLDINGS CO. LIMITED (Ownership 100% up to 28 th April 2010)	CYPRUS	–	100%

iv. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition or construction including incidental expenses related to acquisition and installation of the concerned assets.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Profit and Loss Account.

v. Depreciation:

Depreciation on fixed assets is provided on straight line method as per Section 205 (2) (b) of the Companies Act, 1956 at the rates and in the manner prescribed under Schedule XIV to the said Act.

The softwares are an integral part of hardware and accordingly considered part of computers.

vi. Impairment of Assets:

The Company identifies impairable fixed assets based on cash generating unit concept at the year-end in terms of Para 5 to 13 of AS-28 issued by Institute of Chartered Accountants of India (ICAI) for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallized, is charged against revenue of the year.

vii. Investments:

Long term investments are stated at cost. Diminution in value, if any, which is of a temporary nature, is not provided for.

viii. Intangible Assets:

Intangible Assets are initially measured at cost and amortized so as to reflect the pattern in which the assets' economic benefits are consumed.

Expenditure on acquiring trade marks is being amortized over a period of five years.

ix. Inventories:

- Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.
- Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods and Work-in-Process are valued at lower of cost and net realisable value.
- Cost (net of input tax credit availed) of Raw Materials, Stores & Spare Parts, Packing Materials & Finished Goods is determined on FIFO basis.
- Cost of Finished Goods and Work-in-Process is determined by taking Raw Material/Packing Material cost (net of input tax credit availed), labour and relevant appropriate overheads.

x. Foreign currency transactions:

Transactions in foreign currencies are normally recorded at the exchange rate prevailing on the date on which the transactions occur.

Outstanding balances of foreign currency monetary items are reported using the period end rates.

Non-monetary items carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.



Exchange differences arising as a result of the above are recognised as income or expense, as the case may be, in the profit and loss account.

In respect of forward contract, the premium or discount on these contracts is recognized as income or expenditure, as the case may be, over the period of the contracts. Any profit or loss arising on cancellation or renewal of such contracts is recognized as income or expense of the year.

xi. Derivatives Instruments and Hedge Accounting:

The Company is exposed to foreign currency fluctuation on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into forward exchange and option contracts, where the counter party is a bank. The forward contracts or options are not used for trading or speculation purposes.

In case of forward contract, the difference between the forward rate and the exchange rate, being the premium or discount at the inception of a forward exchange contract is recognised as income/expense over the life of the contract. Exchange differences on such contracts are recognised in the profit and loss account in the reporting period in which the rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the period.

To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows, attributable to the hedged risk. To the extent, hedges are designated effective, neither gain nor loss is recognised in the profit and loss account. In the absence of a designation as an effective hedge, loss is recognised in the profit and loss account.

xii. Foreign operations :

The financial statements of integral foreign operations are translated as if the transactions of the foreign operations have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in the financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rate prevailing during the year and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of the non-integral foreign operation, the cumulative amount of the exchange difference which has been deferred and which relate to the operation are recognised as income or expense in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the transaction procedures applicable to the revised classification are applied from the date of the change in classification.

xiii. Sales:

Revenue from sales of goods is being recognized on accrual basis on transfer of ownership to the customers. The sales are stated net of trade discounts, excise duty, sales returns and sales taxes.

Revenue from rendering of services is recognized on completion of service.

xiv. Export Benefits / Incentives :

Benefits on account of entitlement of export incentives are recognized as and when the right to receive the same is established.

xv. Leases :

Lease rentals are accounted on accrual basis in accordance with the terms of respective lease agreements.

xvi. Research and Development :

Revenue expenditure incurred on Research and Development is charged to Profit & Loss Account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets.

xvii. Retirement Benefits :

- a) Contributions to the Provident Fund are made at a pre-determined rate and charged to the Profit & Loss Account.
- b) Liability towards Gratuity and Leave Encashment is provided on the basis of actuarial determination. Liability towards Superannuation is provided in accordance with the scheme administered by Life Insurance Corporation of India.



xviii. Borrowing Costs :

Borrowing costs directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset, up to the date such assets are ready for their intended use.

Other borrowing/ financing costs are charged to the Profit & Loss Account.

xix. Taxation:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income tax as applicable to the financial year.

Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date.

In case where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosures have been made towards contingent liabilities, if any

xx. Provisions and Contingent Liabilities:

A provision is recognized when the Company has a present obligation as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is required.

	As at 31st March 2011 (₹ in Lacs)	As at 31st March 2010 (₹ in Lacs)
2. CONTINGENT LIABILITIES		
a) Letters of Credit	3242.89	2933.74
b) Bank Guarantees	342.55	180.39
c) Corporate Guarantees to Subsidiary	8673.47	--
d) Disputed liability in respect of :		
i) Income tax*	268.58	73.79
ii) Sales tax	17.56	17.56
iii) Customs Duty	25.00	49.50
iv) Excise Duty	--	12.55
* Includes demand of ₹ 216.53/- lacs decided in favour of the Company but disputed by Income Tax Department		
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	1869.96	1906.21
4. Deferred Tax:		
A) Deferred Tax Liability:		
i) Depreciation	1435.84	1372.11
B) Deferred Tax Asset:		
i) Leave encashment	142.47	159.96
ii) Others	945.21	830.83
	1087.68	990.79
Deferred Tax Liability (Net) (A-B)	348.16	381.32



	As At 31st March 2011 (₹ in Lacs)	As At 31st March 2010 (₹ in Lacs)
5. Earning per share:		
Profit attributed to equity shareholders	6,422.22	4,950.13
Weighted average number of equity shares	19731720	18857486
Diluted Weighted average number of equity shares	19731720	18857486
Nominal value of equity share (₹)	10/-	10/-
Earning per share (₹)	32.55	26.25
Diluted earning per share (₹)	32.55	26.25

6. Hedging and Derivatives

Pursuant to ICAI Announcement "Accounting for Derivatives" on the early adoption of Accounting Standard 30 - "Financial Instruments : "Recognition and Measurement" ("AS 30"), the company has early adopted AS 30 with effect from October 1, 2008, to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, company law and other regulatory requirements. Pursuant to the adoption :-

- Transitional Gain representing the Gain on fair valuation of foreign currency options, determined to be ineffective cash flow hedges on the date of adoption, amounting to ₹ 79.02 Lacs has been adjusted against the opening balance of General Reserve Account in the Balance Sheet.
- Gain on the fair valuation of forward covers, which qualify as effective cash flow hedge amounting to ₹ 501.29 Lacs, on the date of adoption, has been recognised in the hedging reserve account.

Following are the outstanding forward exchange contracts and currency options entered into by the Company.

Category	Currency	Cross Currency	Amount IN JPY (Million)	Currency Option Type	Purpose
Structured Currency Option	JPY	USD	665.32	USD Put/JPYCall	Hedging

7. Segment Information:

The company is primarily engaged and deals in pharmaceuticals & related products, which in the context of Accounting Standard-17, is the only business segment and has been identified as the primary reporting segment. Accordingly, the information appearing in these financial statements relate to the aforesaid primary reporting segment. Secondary segmental reporting is performed on the basis of the geographical locations of customers.

The geographical segments considered for disclosure are based on the revenue within India (including sales to customers located in India and service income accrued in India) and revenues outside India (sales to customers located outside India).

Segment	Domestic		Exports		Total	
	Year ended	31.03.10	Year ended	31.03.10	Year ended	31.03.10
	31.03.11	31.03.10	31.03.11	31.03.10	31.03.11	31.03.10
Segment Revenue	94,578.38	71,049.46	2349.60	1777.74	96,927.98	72,827.20
Segment Assets	27,335.30	19,158.18	912.96	376.58	28,248.26	19,534.76

Note : Segment Assets represent amount due from customers

- Debtors are secured to the extent of security deposit of ₹ 1334.60 lacs (Previous Year ₹ 1271.50 lacs) received from Distributors and Consignment Agents.
- Sundry Debtors and Loans & Advances includes ₹ 848.06 lacs (Previous Year ₹ 967.25 lacs) and ₹ 37.40.lacs (Previous Year ₹1415.56 lacs) respectively, for value to be received, due from a company in which one of the Directors of this company is interested as Director. Maximum Debit Balance outstanding during the year ₹ 848.06 lacs and ₹ 836.94 lacs (Previous Year ₹ 1097.22 lacs and ₹ 1415.56 lacs) respectively.



10 I Related Party Disclosures :-

Related party disclosures, as required by AS-18, "Related Party Disclosures" are given below :

Names of the related parties and description of relationship :

Related parties where control exists	
(A) Subsidiaries	Elder International FZCO, Dubai, UAE
(B) Enterprises over which key management personnel and their relatives are able to exercise significant influence	Elder Health Care Limited. Elder Projects Limited. Elder Instruments Private Limited. Maveer Prints Private Limited E W F Pharmaceuticals Private Limited. Redle Pharmaceuticals Private Limited Akshaya Holdings Private Limited. Anjay Prints Anshul Printers
(C) Key Management Personnel and their Relatives	Mr Jagdish Saxena Mr M. V. Thomas (Upto 30-06-2010) Mr Alok Saxena Mr Yusuf Karim Khan Mrs Shalini Kumar

Note: Related party relationship is as identified by the company and relied upon by the auditors.

II The following transactions were carried out with the related parties in the ordinary course of business. Details relating to parties referred to (B) above :

Particulars	(₹ in Lacs)	
	Year Ended 31st March, 2011	Year Ended 31st March, 2010
1 Purchase of materials / finished goods.	7931.99	7767.77
2 Purchase of Assets.	3.51	--
3 Sale of materials / finished goods.	95.06	657.67
4 Expenses charged to other companies.	39.88	71.65
5 Expenses charged by other companies.	716.28	587.15
6 Outstanding receivables, net of payables*	1351.51	2024.18
7 Advances to subsidiary	7055.33	4996.37

* Transactions with the above parties are accounted in the respective current accounts.

III Details relating to persons referred to in item (C) above:

Particulars	(₹ in Lacs)	
	Year Ended 31st March, 2011	Year Ended 31st March, 2010
1 Remuneration /Others	615.23	630.43

11. Previous year's figures have been regrouped / rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For **S S KHANDELWAL & CO.,**
Chartered Accountants
(Firm Registration No:105064W)

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

(S S KHANDELWAL)
(Proprietor)
Membership No.31487

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary

Mumbai, 12th August, 2011



CONSOLIDATED BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956.

I	Registration Details		
	Registration No.		29714
	State Code		11
	Balance Sheet Date		31.03.2011
II	Capital raised during the year (Amt. ₹ in Lacs)		
	Public Issue		Nil
	Right Issue		Nil
	Bonus Issue		Nil
	Private Placement		167.95
III	Position of mobilisation and deployment of funds. (Amt. ₹ In Lacs)		
	Total Liabilities		151679.11
	Total Assets		151679.11
	<u>Source of funds</u>		
	Paid up capital		2056.67
	Reserves and Surplus		58863.84
	Secured Loans		70562.97
	Unsecured Loans		19541.87
	Deferred Tax		348.16
	<u>Application of funds</u>		
	Net Fixed Assets		74250.23
	Investments		1021.90
	Net Current Assets		76406.98
	Miscellaneous expenditure		Nil
	Accumulated losses		Nil
IV	Performance of the company (Amt. ₹ in Lacs)		
	Turnover (including other income)		96817.54
	Total expenditure		88776.76
	(+)Profit/(-)Loss before tax		(+) 8040.78
	(+)Profit/(-)Loss after tax		(+) 6273.95
	Earnings per share (₹)		32.55
	Dividend (₹)		3.00
V	Generic names of three principle products/services of the company (as per monetary terms)		
	<u>Item Code</u>	<u>Product description</u>	
	300450.03	Calcium	
	300490.11	Trypsin and Chymotrypsin	
	3042.00	L-Carnitine	

Jagdish Saxena
Managing Director

Alok Saxena
Joint Managing Director

Yusuf Karim Khan
Executive Director

Mumbai, 12th August, 2011

Suresh V. Pai
Chief Financial Officer

S. P. Date
Company Secretary



Directors' Report

The Directors of the Company have pleasure in presenting their report along with the audited financial statements for the year ended March 31, 2011.

Financial Results:

The Company has reported a net consolidated loss after minority interest of AED 5.28 million for the year ended March 31, 2011 as compared to previous year's loss of AED 4.77 million. The Directors consider the results and financial position of the Company to be satisfactory.

Investments and acquisitions:

The Company has during the year ended March 31, 2011 made 100% acquisition of NeutraHealth PLC, one of the nutraceuticals majors in the U. K. The Company has also increased its stake in its Bulgarian subsidiary from existing 61% to 92.2%.

Directors:

The Directors throughout the year were as under:

Mr. Alok Saxena

Mr. Yusuf Karim Khan

Mr. Shrikrishna Pandurang Date

Mr. Suresh Vasant Pai was the Manager / Secretary throughout the year.

Auditors:

Grant Thornton, Dubai, United Arab Emirates, are the present Auditors of the Company and the Directors recommend their appointment for the financial year ending March 31, 2012.

Alok Saxena

Chairman of the Board

August 10, 2011



Independent Auditor's Report

To the Shareholders of

Elder International FZCO

JABEL ALI FREE ZONE
Dubai, United Arab Emirates

Report on the financial statements:

We have audited the accompanying financial statements of Elder International FZCO and its subsidiaries (here in after referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2011 and the consolidated income statement, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements:

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles as disclosed in the notes to these consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the consolidated financial statements give a true and fair view of the consolidation financial position of the Group as at March 31, 2011 and of its consolidated financial performance and its cash flows for the year ended in accordance with generally accepted accounting principles as disclosed in the notes to these consolidated financial statements.

Report on Other Legal and Regulatory Requirements:

As required by the Implementing Regulations No. 1 of 1999 issued pursuant to Dubai Local Law No. 2 of 1986, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief, no violations of the above mentioned Laws or of the Implementing Regulations or of the Memorandum and Articles of Association of the Company have occurred during the year, which would have had a material effect on the business of the Company or on its financial position.

GRANT THORNTON

Dubai, United Arab Emirates

Date: 10th August 2011



Balance Sheet

as at 31st March 2011

	As at 31st March 2011		As at 31st March 2010	
	AED in Lacs	INR in Lacs	AED in Lacs	INR in Lacs
ASSETS				
NON CURRENT				
PROPERTY .PLANT & EQUIPMENT	206.76	2,548.90	44.27	542.33
INTANGIBLE ASSETS	119.92	1,478.35	2.26	27.73
Good Will	1,066.52	13,147.85	147.90	1813.67
CWIP	15.83	195.15	13.95	171.05
	1,409.03	17,370.24	208.38	2,554.78
CURRENT				
INVESTMENTS AVAILABLE FOR SALE		-	209.36	2,566.72
INVENTORIES	461.13	5,684.72	6.69	82.00
TRADE AND OTHER RECEIVABLES	452.84	5,582.52	28.77	352.71
BANK BALANCES	125.06	1,541.71	10.76	131.94
Other Current Assets	9.68	119.33	-	-
	1,048.71	12,928.29	255.58	3,133.37
TOTAL ASSETS	2,457.74	30,298.53	463.96	5,688.15
EQUITY AND LIABILITIES				
EQUITY				
SHARE CAPITAL	5.00	61.64	5.00	61.30
CAPITAL RESERVES	174.06	2,145.78	-	-
INVESTMENTS FAIR VALUE ADJUSTMENT RESERVE			(218.70)	(2,681.30)
FOREIGN CURRENCY TRANSLATION RESERVE	(9.36)	(115.39)		-
P& L RESERVE	(85.74)	(1,056.99)	14.13	173.26
	83.96	1,035.04	(199.57)	(2,446.74)
MINORITY INTEREST	24.77	305.36	84.76	1,039.16
TOTAL EQUITY	108.73	1,340.40	(114.81)	(1,407.59)
NON CURRENT LIABILITIES				
BORROWINGS FROM - BANKS	1,087.73	13,409.32	-	-
DEFERRED TAX LIABILITIES	39.80	490.65	-	-
	1,127.53	13,899.96	-	-
CURRENT LIABILITIES				
SHORT TERM BORROWINGS	148.18	1,826.73	148.30	1,818.18
DUE TO RELATED PARTIES	572.00	7,051.50	408.69	5,010.60
ACCOUNTS & OTHER PAYABLES	501.30	6,179.93	21.77	266.96
TOTAL CURRENT LIABILITIES	1,221.48	15,058.16	578.77	7,095.73
TOTAL EQUITY AND LIABILITIES	2,457.74	30,298.53	463.96	5,688.15

These financial statements were approved and signed by director on 10th August, 2011

Alok Saxena
Chairman of the Board



Income Statement

for the year ended 31st March 2011

	Year ended 31st March 2011		Year ended 31st March 2010	
	AED in Lacs	INR in Lacs	AED in Lacs	INR in Lacs
SALES	1,023.22	12,708.39	153.43	1,881.01
COST OF SALES	(735.68)	(9,137.15)	(131.32)	(1,610.04)
GROSS PROFIT	287.54	3,571.25	22.11	270.97
OPERATING EXPENSES				
ADMINISTRATIVE AND SELLING EXPENSES	(312.90)	(3,886.22)	(82.36)	(1,009.72)
OPERATING LOSS	(25.36)	(314.97)	(60.25)	(738.75)
OTHER INCOME / (EXPENSES)				
ADJUSTMENT FOR MERGER			4.87	59.68
OTHER INCOME	1.83	22.73	2.86	35.09
FOREIGN CURRENCY EXCHANGE GAINS	3.88	48.19	4.44	54.48
FINANCE CHARGES	(50.09)	(622.12)	(18.25)	(223.80)
NET (LOSS) / INCOME BEFORE INCOME TAX	(69.74)	(866.17)	(66.33)	(813.30)
NET (LOSS) / INCOME BEFORE MONOTIRY INTEREST	(69.74)	(866.17)	(66.33)	(813.30)
NET (LOSS) / INEOME BEFORE MINORITY INTEREST	(69.74)	(866.17)	-	-
MINORITY INTEREST	5.44	67.56	18.59	227.94
	(64.30)	(798.61)		
INCOME TAX FOR EARLIER YEARS	11.41	141.71		
NET (LOSS) / INCOME FOR THE YEAR	(52.89)	(656.90)	(47.74)	(585.36)

Alok Saxena
Chairman of the Board

August 10, 2011



Directors' Report

The Board of Directors presents its report and audited financial statements of the Company for the period from 1st April 2010 to 28th April 2010.

Principal activity

The Company was dormant during the period ended.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results and Dividends

The Company's results for the period are set out on page 5.

Share Capital

There were no changes in the share capital of the Company during the period under review.

Board of Directors

The members of the Company's Board of Directors as at 28th April 2010 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all directors presently are members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 11 to the financial statements.

Independent Auditors

The independent auditors, HMI & PARTNERS LTD., have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Briantserve Limited

Director

Nicosia, 22nd July 2011



Independent Auditor's Report

To the Members of
Somerta Holdings Co. Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of Somerta Holding Co. Limited (the "Company") on pages 5 to 11, which comprise the statement of financial position as at 28 April 2010, and the statements of comprehensive income, changes in equity and cash flows for the period from 1 April 2010 to 28 April 2010, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements:

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113., and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion, the financial statements give a true and fair view of the financial position of Somerta Holdings Co. Limited as at 28 April 2010, and of its financial performance and its cash flows for the period from 1 April 2010 to 28 April 2010 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements:

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 2 is consistent with the financial statements.

Other Matter:

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

HMI & Partners Ltd.,
Chartered Accountants
Nicosia, 22 July 2011



Balance Sheet

as at 28th April 2010

	Notes	As at 28 th April 2010 (EUR)	As at 28 th April 2010 INRs in Lacs	As at 31 st March 2010 (EUR)	As at 31 st March 2010 INRs in Lacs
ASSETS					
Non-current assets					
Current Assets					
Receivables	6	5,000	3.15	5,000	3.03
		5,000	3.15	5,000	3.03
Total assets		5,000	3.15	5,000	3.03
EQUITY AND LIABILITIES					
Equity					
Share Capital	7	5,000	3.15	5,000	3.03
Accumulated Loss		(20,915)	(13.18)	(20,915)	(12.68)
Total Equity		(15,915)	(10.03)	(15,915)	(9.65)
CURRENT LIABILITIES					
Trade and other payable	8	20,915	13.18	20,915	12.68
		20,915	13.18	20,915	12.68
Total equity and liabilities		5,000	3.15	5,000	3.03

Income Statement for the period ended 28th April 2010

	Notes	Period ended 28 th April 2010 (EUR)	Period ended 28 th April 2010 INRs in Lacs	Year ended 31 st March 2010 (EUR)	Year ended 31 st March 2010 INRs in Lacs
REVENUE					
Gross Profit		-	-	-	-
Administration expenses	13	-	-	(6073)	(3.68)
Operating Loss		-	-	(6073)	(3.68)
Finance Cost	5	-	-	-	-
Loss Before Tax		-	-	(6073)	(3.68)
Net Profit /(Loss) for the period before tax		-	-	(6073)	(3.68)
Other comprehensive Income		-	-	-	-
Total comprehensive Income for the year		-	-	(6073)	(3.68)

On 22 July 2011 the Board of Directors of Sometra Holdings Co. Limited authorised these financial statements for issue.

Briantserve Limited
Director



Notice

Notice is hereby given that the 28th Annual General Meeting of the Shareholders of **Elder Pharmaceuticals Limited** will be held at Juhu Vile Parle Gymkhana Club, Plot No. U-13, 13th Road, J.V.P.D. Scheme, Juhu, Mumbai 400 049 on Monday the 26th day of September 2011 at 10.30 a.m. to transact the following business:

As Ordinary Business:

1. To receive and adopt the audited Balance Sheet as at 31st March 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint Auditors and to fix their remuneration.
4. To appoint a Director in place of Dr. Joginder Singh Juneja who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Edoardo Richter who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mrs. Urvashi Saxena who retires by rotation and, being eligible, offers herself for re-appointment.

As Special Business:

7. 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 sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to any other statutory approvals, if any, that may be required, Mr. Alok Saxena be and is hereby appointed as Joint Managing Director for a period of five years effective from 12th August, 2011 on the terms and conditions set out in the Explanatory Statement and which are within the limits fixed by Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force."

Salary ₹ 4,73,700/- p.m plus monthly allowance of ₹ 4,32,000/- p.m with such suitable increment as the Board may decide from time to time. Mr. Alok Saxena will also be entitled to LTA, Retirement Benefits, Car, Telephone and Other allowances, Commission, etc. which are allowed and are within limit fixed by Section I of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER THAT notwithstanding loss or inadequacy of profits Mr. Alok Saxena be paid the same remuneration and /or perquisites subject to approvals, if any."

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

RESOLVED THAT –

- (a) Pursuant to the provisions of Sections 81 and/or 81(1A), as applicable and other applicable provisions, if any, of the Companies Act, 1956, ("**the Act**") (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force);

- (b) subject to the relevant provisions of the Memorandum and Articles of Association of the Company;
- (c) subject to the Listing Agreement entered into by the Company with the Stock Exchanges on which the Company's Equity Shares [and / or securities] are presently listed;
- (d) subject to the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") as amended and all applicable regulations framed, notifications and circulars issued thereunder;
- (e) subject to the provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended and all applicable regulations framed, notifications and circulars issued thereunder;
- (f) subject to the provisions of the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulation, 2004, as amended, and all applicable regulations framed, notifications and circulars issued thereunder;
- (g) subject to the provisions of the Foreign Exchange (Borrowing and Lending in Rupees) Regulations, 2000, as amended, and all applicable regulations framed, notifications and circulars issued thereunder;
- (h) subject to the provisions of the Foreign Exchange (Borrowing and Lending in Foreign Currency) Regulations, 2000, as amended, and all applicable regulations framed, notifications and circulars issued thereunder;
- (i) subject to the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, ("**ICDR Regulations**") as amended as applicable, including regulations for Qualified Institutions Placement prescribed in Chapter VIII thereof;
- (j) pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 ("**FCCB Scheme**") as amended and all other applicable circulars, notifications, guidelines issued by the Ministry of Finance (Department of Economic Affairs), the Reserve Bank of India ("**RBI**"), the Securities and Exchange Board of India ("**SEBI**") and all other governmental or regulatory bodies in India;
- (k) subject to all other applicable laws, rules, regulations, notifications, circulars and guidelines, if any;
- (l) subject to obtaining and compliance with all necessary approvals, consents, permissions and/or sanctions, as applicable including that of the SEBI, Government of India ("**GOI**"), Ministry of Industry, the Foreign Investment Promotion Board ("**FIPB**"), Secretariat for Industrial Assistance ("**SIA**"), RBI, all other appropriate governmental authorities, all other relevant stock exchanges whether in India or overseas, all other regulatory and governmental authorities whether in India or overseas; subject to such conditions and modifications as may be prescribed or imposed by any



of them whilst granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall include any Committee(s) to be constituted by the Board in that regard for the purpose of any offering(s) to be made by the Company in pursuance of this Resolution); and

- (m) subject to obtaining the consents, if required, of any institutions, lenders and any other third parties, if any, the consent and approval of the Company be and is hereby accorded to the Board in its absolute discretion to create, offer, issue and allot:
 - (i) in the course of one or more domestic offering(s); and/or
 - (ii) in the course of one or more international offering(s) in one or more foreign markets,

such number of Equity Shares (including those issued pursuant to a Qualified Institutions Placement ("**QIP**"), a Rights Issue, Global Depository Receipts ("**GDRs**"), American Depository Receipts ("**ADRs**"), or any other form of Depository Receipts or by way of Bonds or Debentures convertible into Equity Shares including Foreign Currency Convertible Bonds ("**FCCBs**"), and/or Foreign Currency Exchange Bonds ("**FCEBs**") and/or convertible bonds, convertible debentures, fully or partly paid, and/or other securities, convertible into or exchangeable with Equity Shares and/or other securities convertible into Equity Shares at the option of the Company and/or the holder(s) of such securities, and/or securities linked to Equity Shares, and/ or securities with or without detachable/ non-detachable warrants and/or warrants with a right exercisable by the warrant holders to subscribe to Equity Shares and/or any instruments which would be converted into or exchanged with Equity Shares at a later date, whether Indian Rupees denominated or denominated in any foreign currency (naked or otherwise), either in registered or bearer forms or any combination of the Equity Shares and the securities with or without premium, as the Board at its sole discretion decides, whether secured by way of creating charge on the assets of the Company or unsecured or any other permitted securities / instruments, convertible into Equity Shares, at the option of the Company and/or the holder(s) of the securities, and/or securities linked to Equity Shares, (hereinafter collectively referred to as the "**Securities**"), in one or more offering(s) and/or in one or more tranches, with or without green shoe option, whether Indian Rupees denominated or denominated in foreign currency, to such investors (including but not limited to foreign, resident (whether institutions, incorporated bodies, banks, insurance companies and/or individuals or otherwise), Qualified Institutional Buyers ("**QIBs**"), Foreign Institutional Investors ("**FIIs**"), Promoters, Indian and/or Multilateral Financial Institutions and/or Mutual Funds and/ or Non Resident Indians and/or employees of the Company and/or other categories of investors whether they be holders of Equity Shares in the Company or not or whether or not such investors are members of the Company (collectively called as "**Investors**") who are eligible to acquire the Securities in accordance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals including without limitation the Act, the ICDR Regulations, FEMA,

the Foreign Exchange (Borrowing and Lending in Rupees) Regulations, 2000, the Foreign Exchange (Borrowing and Lending in Foreign Currency) Regulations, 2000, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, the FCCB Scheme, and all other applicable circulars, notifications, guidelines issued by the Ministry of Finance, Ministry of Industry, RBI, and SEBI, through public issue(s), rights issue(s), preferential issue(s), private placement(s) or any combination thereof, through a prospectus, offer document, offer letter, offering circular, placement document, information memorandum, private placement memorandum, offer memorandum or otherwise, at such time or times and at such price or prices subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, at a discount or premium to market price or prices in such manner and on such terms and conditions including as regards security, rate of interest, etc., as may be deemed appropriate by the Board in its discretion, subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, for an aggregate amount, in one or more offering(s) and/or in one or more tranches, not exceeding U.S. \$ 50 million (United States Dollars Fifty Million) (inclusive of any premium, green shoe or over allotment option subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals) or an equivalent amount in Indian Rupees as may be approved by the Board, who (subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals) shall have the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment including after considering the prevailing market conditions and all other relevant factors and wherever necessary, in consultation with Advisor(s), Lead Manager(s) and Underwriter(s). Provided however, the aggregate face value of the new Equity Shares so issued or issued upon conversion of other Securities shall not exceed 30% of the share capital of the Company on a fully diluted basis as on 31st March, 2011 the directors of the Company (hereinafter referred to as the "**Directors**") whether acting at a meeting including through any Committee constituted by the Board in that regard, be and are hereby authorized subject to compliance with applicable laws and regulations to issue and allot the aforesaid Securities to such Investors.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue(s) of the Securities may, subject to compliance with all applicable domestic and international laws, rules, regulations, circulars, notifications, guidelines and approvals, have all or any terms, or combination of terms, in accordance with prevalent market practices (whether domestic and/or international) and applicable laws and regulations including but not limited to the terms and conditions relating to payment of interest, additional interest, dividend, premium/ premia on redemption, prepayment and any other debt service payments whatsoever and all such terms as are provided in domestic/ international Issues of this nature,



including terms for issue of additional equity shares or variation of the conversion price of the Securities during the duration of the Securities or period of conversion of Securities into Equity Shares or terms pertaining to voting rights or options for redemption of Securities, and that the Company is also entitled to appoint, enter into and execute all such agreements with any Advisor(s), Lead Manager(s), Underwriter(s), Broker(s), Banker(s) including Merchant Banker(s), Guarantor(s), Depository(ies), Trustee(s), Custodian(s), Legal Counsel(s) and all such other relevant agencies as may be involved or concerned in such Issues of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the like, and also to seek the listing of the Securities in one or more domestic and/or one or more international stock exchanges (“the Stock Exchanges”).

RESOLVED FURTHER THAT the Company and/or any agencies, persons or bodies as are authorized by the Board may, subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, as amended, issue Depository Receipts (including by way of GDRs or ADRs) represented by underlying Shares in the capital of the Company or such other Securities as may be required to provide for the tradability and free transferability thereof in accordance with market practices and subject to applicable laws and regulations and the Articles of Association of the Company and subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, as amended, issue certificates including share certificates and/or other certificates of title representing the Securities with such features and attributes as are prevalent in international and/or domestic capital markets for instruments of such nature and to provide for the tradability or transferability thereof as per the international and/or domestic practices and regulations, and under the forms and practices prevalent in such international and/or domestic markets, subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals.

RESOLVED FURTHER THAT the Securities issued in pursuance of this Resolution shall be deemed to have been issued in the relevant domestic and/or foreign markets and shall be governed by the applicable laws, rules, regulations, circulars, notifications, guidelines and approvals.

RESOLVED FURTHER THAT the Securities may be redeemed and/or converted, subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, in a manner as may be provided in the terms of their issue.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any of the Securities or as may be necessary in accordance with the terms of the offering(s), subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, all such shares will rank *pari passu* with the existing Equity Shares of the Company in all respects, except such rights as to dividend and voting as may be provided under the terms of the issue and in the offer document, if any.

RESOLVED FURTHER THAT the pricing of the Securities shall be made subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals and, further that the pricing of any Equity Shares pursuant to a Preferential Issue shall be made in accordance with Chapter VII of the ICDR Regulations and the pricing of any Securities pursuant to a QIP that may be issued, shall be made in accordance with Chapter VIII of the ICDR Regulations.

RESOLVED FURTHER THAT in the event of an issue of Securities by way of a Preferential Issue under Chapter VII of the ICDR Regulations, the “**relevant date**” shall have the meaning as given in sub-clause (a) and sub-clause (b) of Clause 71 of the said Chapter VII of the ICDR Regulations, which, *inter alia* states as under:

- (a) in the case of preferential issue of equity shares shall mean, the thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue;
- (b) in case of preferential issue of convertible securities, either the relevant date referred to in clause (a) herein above or a date thirty days prior to the date on which the holders of the convertible securities become entitled to apply for the equity shares.

RESOLVED FURTHER THAT in the event of issue of Securities by way of a QIP under Chapter VIII of the ICDR Regulations, the “**relevant date**” shall have the meaning given in sub-para (c) of Regulation 81 of the said Chapter VIII of the ICDR Regulations, which states as under:

- (i) in the case of allotment of equity shares, the date of meeting in which the Board or the Committee decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of meeting in which the Board or the Committee decides to open the issue of such convertible securities or the date on which holders of such convertible securities become entitled to apply for the equity shares.

RESOLVED FURTHER THAT in the event of issue of Securities by way of FCCBs, FCEBs, ADRs or GDRs in accordance with the FCCB Scheme, the “**relevant date**” means the date of the meeting in which the Board decides to open the proposed issue; as may be altered or amended from time to time in accordance with applicable laws, rules, regulations, guidelines, circulars, notifications and approvals.

RESOLVED FURTHER THAT in the event of an issue of any other type of Securities, pricing of such Securities and the “**relevant date**” shall have the meaning as may be stipulated in any applicable law, rule, regulation, guideline, circular, notification or approval, as the case may be.

RESOLVED FURTHER THAT for the purpose of giving effect to any Issue or allotment of Securities as described in above paragraphs, the Board or any authorized person so designated by the Board be and is hereby authorized, on behalf of the Company, subject to compliance with all applicable laws, rules, regulations, circulars, notifications, guidelines and approvals, to do all such acts, deeds, matters and things as it may in its discretion deem necessary or



desirable for such purpose, as regards inter alia the issue of declarations, affidavits, certificates, consents and authorities as may be required from time to time and the issue and/ or allotment of Securities, the utilization of issue proceeds and the appointment of and entering into of Agreements with Underwriter(s), Lead Manager(s), Broker(s), Banker(s) including Merchant Bankers, Trustee(s), Custodian(s) and Depository(ies), Advisor(s), Guarantor(s), Legal Counsel(s) and all such other relevant agencies including without limitation, entering into arrangements for managing, underwriting, marketing, listing, trading, and appointing depositories, custodians, registrars, and trustees and to issue any prospectuses or offering documents and sign the same and all other required applications, filings, deeds, documents and writings and to pay any fees, commissions, remuneration and expenses relating to the Issue(s) and with power, on behalf of the Company, to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its discretion deem fit.

RESOLVED FURTHER THAT the Board and other authorized designated officers of the Company be and are hereby authorized to make all filings including as regards the requisite listing application / prospectus / offer document / offer letter / offer circular / placement document / information memorandum / private placement memorandum or otherwise, or any draft(s) thereof, or any amendments or supplements thereof, and or any other relevant documents with the Stock Exchanges, the RBI, SEBI and such other authorities or institutions in India and/ or abroad for this purpose, as may be required.

RESOLVED FURTHER THAT in addition to compliance with all applicable Indian laws, rules, regulations, circulars, notifications, guidelines and approvals, the Securities issued in pursuance of this Resolution shall also, if applicable, be governed by and comply with all applicable laws, rules, regulations, guidelines, circulars, notifications and approvals of any relevant jurisdiction outside India where they are listed or that may in any other manner apply to such Securities.

RESOLVED FURTHER THAT all acts, deeds and things already done or undertaken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions be and are hereby confirmed, approved and ratified in all respects.

RESOLVED LASTLY THAT the Board be and is hereby authorized to delegate all or any of its powers herein conferred to a Committee(s) of the Board which shall include at least one independent Director along with the authority to the said Committee(s) to further delegate specific powers to any one or more Director/ Directors or any officers of the Company, in order to give effect to the aforesaid Resolutions.

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

"RESOLVED THAT pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956 and in supercession of the earlier resolution(s) the Board of Directors of the Company be and is hereby authorized to borrow money from time to time up to a limit not exceeding in the aggregate

₹ 15,000,000,000/- (Rupees One Thousand Five Hundred Crores Only) notwithstanding that the monies already borrowed and the monies to be borrowed by the Company (apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital and its free reserves, that is to say the reserves not set apart for any specific purpose".

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of provisions of section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and / or charging all the movable and immovable assets and properties of the Company wheresoever situate, both present and future whether tangible or not and of every nature and kind whatsoever and / or creating a floating charge on all or any of the immovable assets / properties of the Company for the purpose of securing any loans, advances, credit facilities, debt instruments, etc. taken and / or issued by the Company from time to time".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby further authorized to take such necessary action for giving effect to the above Resolution".

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai 400 053.

By Order of the Board

S. P. Date
Company Secretary

Dated: 12th August 2011

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- The instrument appointing a Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
- Transfer Books of the Company shall remain closed from Saturday the 17th day of September 2011 to Monday 26th day of September 2011 (both days inclusive).
- Any queries on accounts must reach the Registered Office at least seven days before the date of the Meeting.
- The Members are requested to bring their copy of Annual Report with them.
- Any change of address should be notified to the Company immediately.
- The dividend for the year ended 31st March 2011 as recommended by the Board, if sanctioned at the Meeting, will be paid on or before 23rd October 2011 to those shareholders whose names appear in the Company's Register of Members as at the close of business hours of 16th September 2011.



9. The dividend for the year 2003-04 will become due for transfer to Investor Education and Protection Fund ('IEPF') on 4th November 2011. The members who have not encashed their dividend warrants for the said year are requested to approach the Company before 4th November 2011. After transfer of dividend to IEPF, no claim shall lie in respect thereof against the Company or the said fund.
10. Members holding shares in dematerialised mode are requested to note that bank details furnished by them to their respective Depository Participant will be printed on their Dividend Warrants, if any, who have opted for National Electronic Clearing Service(E-ECS). This is pursuant to the SEBI directive vide circular No. D&CC/FITTC/CIR-4/2001 dated 13.11.2001. The ECS format is attached with this Annual Report. The shareholders are requested to submit the duly filled form to the Registrars on or before 16th September 2011.
11. Members may note that Securities and Exchange Board of India (SEBI) has vide its circular dated January 7, 2010 made it mandatory to furnish a copy of PAN in the following cases:
 - (i) Deletion of name of deceased shareholders(s), where the shares are held in the name of two or more shareholders;
 - (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares; and
 - (iii) Transposition of shares- when there is a change in order of names in which physical shares are held jointly in the name of two or more shareholders.
12. In line with the 'Green Initiative' suggested by Ministry of Corporate Affairs vide their circular nos 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, your Company proposes to send all future correspondence, reports, notices etc. by e-mail. Page no.111 of this Annual Report may please be referred for necessary further action from your end for receiving Company communication by e-mail or otherwise.

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai 400 053.

By Order of the Board

S. P. Date
Company Secretary

Dated: 12th August 2011

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No.7

Mr. Alok Saxena was appointed as Whole Time Director by the shareholders at the 24th Annual General Meeting held on 27th September 2007 for a period of five years effective 29th August 2007. Board of Directors at their meeting held on 12th August 2011, consequent to the approval of the Remuneration Committee, at their meeting held on 9th August 2011, has subject to provisions of sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and further subject to the consent and approval of Shareholders and /or any other statutory approvals, if any, that may be required, appointed Mr. Alok Saxena

as Joint Managing Director for a period of Five years effective from 12th August, 2011 on the following terms and conditions:

Salary ₹ 4,73,700 p.m plus monthly allowance of ₹ 4,32,000 with such suitable increments as the Board may decide from time to time. Mr. Alok Saxena is also be entitled to LTA, Retirement Benefits, Car, Telephone and Other allowances, Commission, etc. which are allowed and are within limit fixed by Section I of Part II of Schedule XIII to the Companies Act, 1956.

Notwithstanding anything to the contrary herein contained, if in any or all of the financial years during the tenure of the Joint Managing Director, the Company has no profits, or its profits are inadequate, the Company will pay to Mr. Alok Saxena minimum remuneration by way of salary, allowances and perquisites as specified herein above.

In compliance with the provisions of section 309 of the Companies Act, 1956, the terms and conditions of appointment of Mr. Alok Saxena, as specified above, are now being placed before the Members for approval.

This statement may be treated as an abstract of the terms and conditions governing the appointment of and payment of remuneration to the Joint Managing Director, pursuant to section 302 of the Companies Act, 1956.

Mr. Alok Saxena, 46, is a graduate in Arts from the University of Mumbai and holds an M.B.A. degree. He holds a number of memberships of professional bodies from India and abroad such as Institute of Management (U. K.), Institute of Commercial Management (U.K.), Institute of Sales and Marketing Management (U. K.), Institute of Directors (U. K.), Singapore Institute of Management (Singapore), etc.

Mr. Alok Saxena is the son of Mr. Jagdish Saxena, Chairman and Managing Director of the Company and has been associated with the Company from its inception. He has varied work experience and exposure and heads international business, Sales & marketing and production functions.

He is presently director on the Board of the following Companies:

1. Elder Projects Ltd.
2. Elder Healthtcare Ltd.
3. Elder Instruments Pvt. Ltd.
4. Maveer Prints Pvt. Ltd.
5. Redle Pharmaceuticals Pvt. Ltd.
6. Elder Universal Pharmaceuticals (Nepal) Pvt. Ltd., Nepal
7. Elder Biomeda A.D., Bulgaria
8. Elder International FZCO, Dubai, UAE

He is also a proprietor of Anshul Printers.

Mr. Alok Saxena holds 259,390 shares of the Company.

The Board is of the opinion that appointment of Mr. Alok Saxena as Joint Managing Director shall be very useful in the working of the Company and recommends his appointment to the Shareholders.

No other Directors except Mr. Alok Saxena himself and Mr. Jagdish Saxena are directly or indirectly concerned or interested in the resolution.



Item No. 8

The Company is one of the top five fastest growing pharmaceutical companies in India. During the year 2010-11 it has through its Wholly Owned Subsidiary in Dubai completed 100% acquisition of NeutraHealth PLC, one of the neutraceuticals majors in the UK and has increased its stake from 61% to 92.2% in Bulgaria. For the ever growing Indian activities and for consolidation and expansion activities abroad both in terms of manufacturing and marketing, large amount of funding will be required. In order to improve Company's performance in the domestic as well as in international markets it would be advisable for the Company to restrict and reduce its reliance on borrowed funds as the means of financing to augment internal generation. To remain competitive, the Company would be required to put to use latest technology both in terms of processes as well as machines and to look at new projects which can be beneficially implemented. Increase in sales turnover requires additional long term working capital and investment in launching and building brands. For growing inorganically the Company will have to keep options open for a suitable acquisition or joint venture opportunity both in India and abroad.

Whereas, options like loans, ECBs, debt instruments in India and abroad are available to the Company for the purposes mentioned above it would be in the interest of the shareholder value to avoid too much reliance on the same. It is therefore proposed to raise additional funding by resorting to a fund raising programme most beneficial and cost effective to the Company. It is therefore proposed to raise funds by issuance of Securities such as equity shares and GDRs or debt instruments such as FCCBs / ECBs or a combination of debt and equity instruments as mentioned in the proposed resolution, as are permissible to the extent of USD 50 million i.e. approximately ₹ 220-225 crores for the following purposes

- a) Reduction of Debt
- b) Capital Expenditure including for new project(s)
- c) Brand building
- d) Augmenting long term working capital
- e) Acquisitions and joint ventures
- f) Issue expenses

The Board recommends the resolution for passing.

None of the Directors is directly or indirectly concerned or interested in the resolution.

Item No. 9:

The Company is one of the top five fastest growing pharmaceutical companies in India. The Company's turnover has reached more than 950 crores on consolidated basis during the year ended 31st March 2011. During the year 2010-11 the Company has through its Wholly Owned Subsidiary in Dubai, completed 100% acquisition of NeutraHealth PLC, U.K., one of the neutraceuticals majors in the U. K., and has increased the stake in Bulgarian venture from 61% to 92.2%. While these acquisitions are promising and have vast growth potential, they will require direct / indirect financial support from Indian parent.

Apart from the Company's global appetite for acquisition it has taken initiatives for registrations and marketing / distribution of its products in many countries and a sizable organic growth is planned in the domestic and export markets through own and in-license products of the Company. Existing manufacturing units both in India and abroad need continuous expansion and upgradation and at the same time new facilities may be required to be set up to meet global regulated and semi-regulated export market requirements. For this purpose the Company either directly and / or through its subsidiaries / step down subsidiaries will be required to borrow from banks / financial institutions both in India and abroad by way of funding arrangements or through debt instruments like debentures / bonds, ECBs, foreign currency bonds and loans and the like which may also require security by way of corporate guarantee of the Company.

As per the provisions of Section 293(1)(d) of the Companies Act, 1956 the Directors of the Company shall not, except with the consent of the Company in General Meeting, borrow moneys where the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose. It is therefore proposed to seek authority to the Board for borrowing to the extent of ₹ 1500.00 crores which amount exceeds the aggregate of paid-up capital and free reserves of the Company. Hence this resolution.

None of the Directors is directly or indirectly concerned or interested in the resolution.

Item No. 10:

For its business activities the Company either directly or through its subsidiaries / step down subsidiaries is required to borrow from time to time from banks, financial institutions, finance companies either by way of working capital, term loans, projects loans, corporate loans, debt instruments, etc. either in India and or abroad. These borrowings are required to be secured by creation of charge / mortgage in different forms such as hypothecation, pledge, registered or equitable mortgage, English mortgage, etc. on the movable and immovable assets of the Company in favour of the lender(s) / their agents as trustees / custodians / security trustees / debenture trustees, etc. including in respect of intangible assets of the Company. Since the resolution for authority to Directors to borrow up to ₹ 1,500.00 crores is proposed under Section 293(1)(d) of the Companies Act, 1956 it is also proposed to seek from shareholders their authority for the higher amount of up to ₹ 1,500.00 crores under Section 293(1)(a) of the Companies Act, 1956. Hence this resolution.

None of the Directors is directly or indirectly concerned or interested in the resolution.

Registered Office:
Elder House, Plot No. C-9,
Dalia Industrial Estate,
Off Veera Desai Road,
Andheri (West),
Mumbai 400 053.

By Order of the Board

S. P. Date
Company Secretary

Dated: 12th August 2011

Notes

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Green Initiative

To,
The Members,

Re: Intimation of email address for receipt of documents electronically

Your Company, being a responsible corporate citizen, welcomes and support the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India(MCA) vide its circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The above initiative will help in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company. In terms of the enabling provisions of these Circulars, the Company will henceforth effect electronic delivery of Annual reports and other corporate communications to the members at their email address registered for the said purpose.

For supporting this initiative, if you hold shares in:

Electronic Form, please intimate your email address to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/annual report/other corporate documents etc.

Physical Form, please send a letter duly signed by the first/sole holder as per the specimen signature recorded with Company's Registrar & Transfer Agents(RTA) quoting the full name and folio number at the following address:

Link Intime India Pvt Ltd

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

(A format for registering your email id is given below)

Kindly note that if you do not register your email address, a physical copy of the annual report and other corporate documents will be sent to you free of cost as per current practice. Such documents will shall also be displayed on the Company's website www.elderindia.com

We strongly recommend to you to opt for electronic mode of communication which will go a long way in supporting this 'Green Initiative' and contribute towards making the world cleaner and greener as our contribution to Corporate Social Responsibility.

For **Elder Pharmaceuticals Ltd.**

S.P. Date

Company Secretary.

Format for registering email id:

I/We, _____ holding shares of Elder Pharmaceuticals Ltd. wish to receive all documents/ notices etc. from the Company through e-mail and the Company is hereby advised to record my/our below mentioned e-mail id for this purpose.

Folio No. : _____

Client ID : _____

DP ID : _____

E-mail ID : _____

Thanking You,

Signature of First Holder
(as per specimen signature registered)

Signature of Joint Holder(s)
(as per specimen signature registered)

Notes

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Notes

A series of horizontal dotted lines for writing notes.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,
 Elder Pharmaceuticals Ltd.
 C/o. Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 L.B.S Marg, Bhandup (West), Mumbai 400 078

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY.

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP ID

Client ID

FOR OFFICE USE ONLY
ECS Ref. No. <input style="width: 80%;" type="text"/>

Name of Sole / First holder	<input style="width: 100%;" type="text"/>
Bank name	<input style="width: 100%;" type="text"/>
Branch name	<input style="width: 100%;" type="text"/>
Branch code	<input style="width: 100%;" type="text"/> <small>(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.</small>

Account type <small>[Please Tick (✓) wherever applicable]</small>	Savings <input type="checkbox"/>	Current <input type="checkbox"/>	Cash Credit <input type="checkbox"/>
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A/c. No. (as appearing in the cheque book)

Effective date of this mandate

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company/ Link Intime India Private Limited, will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI / Elder Pharmaceuticals Limited.

I further undertake to inform the Company any change in my Bank/branch code and account number.

Dated : _____

 [Signature of Sole / First holder]

Notes :

1. Whenever the Shares in the given folio are entirely dematerialised, then this ECS mandate form will stand rescinded.
2. For shares held in dematerialised mode nomination is required to be filed with the Depository Participant in their prescribed form.

PROXY FORM



Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No. * _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I/We _____ of _____

being a Member/Members of the abovenamed Company, hereby appoint _____

of _____ or failing him _____

of _____ as my/our proxy to vote for me/us on my/our behalf at the

28th ANNUAL GENERAL MEETING of the Company, to be held on **Monday, 26th September, 2011 at 10.30 a.m.** or at any adjournment thereof.

Signed this _____ day of _____ 2011.

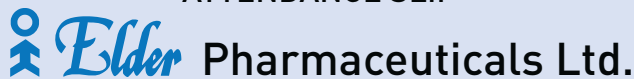
Signature _____

Affix
Re. 1/-
Revenue
Stamp

Note: This form in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

(Tear Here)

ATTENDANCE SLIP



Regd. Office : ELDER HOUSE, Plot No. C-9, Dalia Industrial Estate, Off Veera Desai Road, Andheri (West), Mumbai - 400 053

Reg. Folio No. _____ DP ID No. * _____ Client ID No.* _____

*Applicable for Member holding Shares in electronic form.

I certify that I am a registered Member/Proxy for registered member of the Company.

I hereby record my presence at the **28th ANNUAL GENERAL MEETING** of the Company held on **Monday, 26th September, 2011 at 10.30 a.m.** at Juhu Vile Parle Gymkhana Club, Plot No. U-13, 13th Road, J.V.P.D. Scheme, Juhu, Mumbai 400 049.

Member's/Proxy's name in BLOCK Letters

Member's/Proxy's Signature

Note:

Please fill in this attendance slip and hand it over at the entrance of the hall.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. JAGDISH SAXENA

Chairman & Managing Director

MR. M.V. THOMAS

Director (Finance) (upto 30th June 2010)

MR. ALOK SAXENA

Jt. Managing Director

MR. YUSUF KARIM KHAN

Executive Director

DR. R. SRINIVASAN

Director

DR. JOGINDER SINGH JUNEJA

Director

DR. SAILENDRA NARAIN

Director

MR. MICHAEL BASTIAN

Director

MR. SALEEM SHERVANI

Director

DR. S. JAYARAM

Director

MR. EDOARDO CARLO RICHTER

Director

MRS. URVASHI SAXENA

Director

Company Secretary / Compliance Officer

Mr. S. P. Date

Chief Financial Officer

Mr. Suresh V. Pai

Audit Committee

Mr. Michael Bastian,
Chairman

Dr. Joginder Singh Juneja

Dr. R. Srinivasan

Dr. Sailendra Narain

Shareholders' / Investors' Grievances Committee

Dr. R. Srinivasan
Chairman

Dr. S. Jayaram

Mr. Alok Saxena

Remuneration Committee

Dr. R. Srinivasan
Chairman

Dr. S. Jayaram

Mr. Jagdish Saxena

Compensation Committee

Dr. Joginder Singh Juneja
Chairman

Mr. Saleem Shervani

Mr. Jagdish Saxena

Auditors

M/s. S. S. Khandelwal & Co.
Chartered Accountants,
Fountain Chambers,
Nanabhai Lane,
Mumbai - 400 023.

Cost Auditors

M/s. Sevekari, Khare & Associates
A-4, Hari Nivas, 1st Floor (Rear Side),
L.J. Road, Mumbai - 400 028.

Bankers

State Bank of India

Syndicate Bank

Canara Bank

Development Credit Bank Limited

Axis Bank Limited

Bank of Baroda

DBS Bank Limited

REGISTERED OFFICE

Elder House

Plot No. C-9, Dalia Industrial Estate,
Off Veera Desai Road, Andheri (West)
Mumbai 400 053.

Tel. (022) 26730058 Fax : (022) 26730051

Email : corporate@elderindia.com

Website : www.elderindia.com

REGISTRAR &

SHARE TRANSFER AGENTS

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

Tel. (022) 25963838 / 25946970

Fax : (022) 25946979.

Email : mumbai@linkintime.co.in

ZONAL SALES OFFICES

Mumbai

Pipewala Bldg., 4th Floor, 'A' Wing,
Shahid Bhagat Singh Rd,
Mumbai - 400 005. Tel. (022) 22021878.

Kolkata

12-A, Rani Bhawani Road,
Taki House, Kolkata - 700 026.
Tel. (033) 24668875 / 6757.

Chennai

158, Arcot Road, II Floor, Eastern Wing,
Chennai - 600 026. Tel. (044) 28256336

New Delhi

11-B/8, Pusa Road, Northern Extn.
Scheme, New Delhi - 110060.
Tel. (011) 25825601 / 05.

FACTORIES

1. Plot No. D-219 & D-220, T.T.C.
Industrial Area, Thane- Belapur
Road, Navi Mumbai - 400 706.
Tel. (022) 27672343 / 27685830.
2. Plot No. C-21/2 T.T.C. Industrial
Area, Village Pawne,
Navi Mumbai - 400 704.
Tel. (022) 27682656.
3. Plot No. A-36, Patalganga Industrial
Area, Village - Khaire, Taluka
- Khalapur, District - Raigad,
Maharashtra 410 220.
Tel. (02192) 254395 / 6.
4. Plot No. C-11/1 Sela Qui Industrial
Area, Near Dehradun, Uttarakhand
Pin 248 197.
5. Plot No. 103, Paonta Sahib Industrial
Area, Village Gondpur, Dist. Sirmour,
Himachal Pradesh.
6. Village Charba, Tehsil - Vikasnagar,
Dist.: Dehradun, Uttarakhand

 **PHARMACEUTICALS LTD.**

Elder House

C-9, Dalia Industrial Estate,
Off Veera Desai Road ,
Andheri (W), Mumbai 400 053

○ www.elderindia.com