

Transforming with a vision





54th Annual Report 2009

Aventis Pharma Limited



Origami is the unique Japanese art form in which plain sheets of folded paper are transformed into beautiful shapes, for example representing flowers and birds. Likewise, our philosophy of change is reshaping the future of your Company, Aventis Pharma Limited.

Your Company's innovative, patient-centric approach and commitment backed with a strong drive and resolve will ensure that your Company continues in its endeavour to be the most admired pharmaceutical company in India.

The government aims to improve and increase healthcare access in the remotest parts of the nation and your Company shares this vision. We are determined to work towards improving the quality of healthcare practices in rural India through various initiatives and ensuring that all patients have access to our high-quality medicines. Further, your Company has launched path breaking programmes to develop fresh insights into major disease areas.

This Annual Report highlights your Company's achievements over the past year. And with your support it looks forward to rapidly continuing its journey to transform illness into health and well-being with its high-quality and efficacious medicines.



Our Brands



Get to A1C goal with 24-hour control

Your Company has some of the world's most admired products - Lantus® being one of them. With a growth of more than 45% in volume, Lantus® is the fastest growing and the third largest insulin brand in India (Source: Qtr. Dec. 09, SSA, ORGims). With a commitment to controlling diabetes in India, your Company has taken various initiatives that will enable Lantus® to scale greater heights in the years to come.

In November 2009, your Company launched SITE (Screening India's Twin Epidemic), a first-time-ever, cross-sectional study that aims to estimate the prevalence of diagnosed and undiagnosed cases of diabetes and hypertension. The study will involve

Screening India's

TWIN
epidemic



A Saath7 counsellor helping a patient live at ease with diabetes.

1000 general practitioners and consulting physicians and over 20,000 patients from 10 states. This would be one of the largest studies of its kind in India. This study would help your Company in reinforcing its commitment to an in-depth involvement in one of India's key public health issues and in creating awareness amongst doctors and patients on how to detect these diseases at the earliest.

To add to that, as a part of the brand strategy, your Company has also formed Saath7, an innovative patient relationship programme that works seamlessly with clinicians to counsel patients on diabetes management and help patients on insulin to live at ease with diabetes.

Through these initiatives, your Company hopes to make it significantly easier for medical professionals to curb the spread of diabetes.



Cardace®

ramipril

Protection is Prevention

Cardace® is today amongst the top 25 brands of the Indian Pharmaceutical industry. Its tremendous success is demonstrated by its superior performance in the market, where it was the third chronic care brand to cross the Rs. 100 crore mark. Cardace® group sales grew by 13% as compared to the previous year. Cardace® improved its market share in 2009 and currently has a share of 26.3%.



Cardace® 100 crore celebrations at your Company's Head Office in Mumbai



Your Company recently launched a campaign that highlighted the benefits of Cardace® in maintaining the integrity of vasculature. This was

done with a view to transforming patients' outlook towards vascular functions. With support from the doctor community, patients at high risk of having a vascular event were screened for A1C levels, and were prescribed Cardace® by the treating physicians. This activity significantly improved the prescriber base among Diabetologists and General Physicians.

Your Company also launched a campaign called 'We care for those who care'. This campaign, specially aimed at Cardiologists, positively influenced

the brand image of Cardace®. As part of the programme, leading Cardiologists of the country, who otherwise have very little time to take care of their own health, were offered a package of tests. These tests threw up the status of their vascular health and general well-being.

The protective benefits of Cardace® were further confirmed by the publication of landmark trials such as ONTARGET and TRANSCEND.

The proposed launch of a line extension of Cardace®, called Cardace® am will further augment your Company's presence in the ACEI category. Such transformation will enable us to accomplish the goals we have set for the years to come.



Combiflam®

Combiflam® is today the third highest prescribed brand in the pharmaceutical industry, with more than 2.25 crore prescriptions per annum. Though it was launched 25 years ago, even today it enjoys continued patronage of more than 55,000 doctors across the country. In terms of volume, the turnover of Combiflam® is more than the population of India, with sales of more than 1.5 billion tablets every year.

For the last 25 years, Combiflam® has been a trusted household brand in Indian homes. And now, owing to its tremendous success, your Company has launched an equally outstanding product - Combiflam® Cream. It aims to provide consumers a quick solution to mild



and moderate muscular pain. In a short time, it has achieved wide acceptance at both Doctor and Channel levels.



Retail promotion of Combiflam® Cream



Healing the masses - widespread endorsement activities spearheading the success of Combiflam® Cream



Reaching Out To Rural India



With 72% of India's population living in rural areas, there are only 20,000 primary healthcare centres struggling to serve 600,000 villages. Many of these healthcare centres lack quality medicines, trained professionals, sophisticated diagnostic tools and other essential facilities.

To help reduce these inequalities, your Company decided to enter the remote villages of India. As part of this initiative, your Company launched 'Prayas'. It is part of a two-pronged approach in transforming the quality of healthcare practices in rural India. It is aimed at bridging the diagnosis-treatment gap and providing quality medicines at affordable prices.

Through a structured and continuous education programme for rural doctors across India, your Company partnered with specialists from semi-urban areas. These medical practitioners share the latest medical knowledge and clinical experiences with



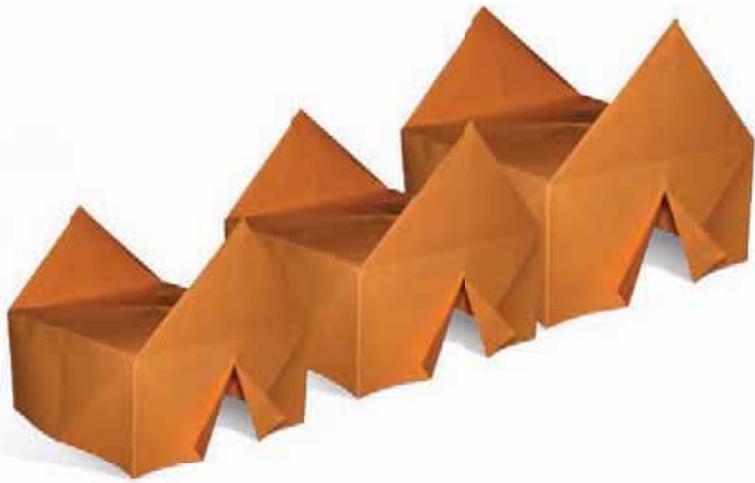
general practitioners based in smaller towns and villages. As part of this project, various workshops were conducted for general practitioners in disease areas that are a major concern in rural India. 554 workshops and three modules on respiratory diseases were conducted in just 5 months. During this pilot phase, over 3,200 doctors across Bihar, Uttar Pradesh and West Bengal were part of the programme.

To complement this knowledge-based programme, your Company has launched a new range of quality medicines at affordable prices. This product range will help address the challenge of accessibility, affordability and availability of quality medicines to patients in remote villages.

Through these initiatives your Company has forayed into the rural market, seeking to transform the lives of those who are in need of quality healthcare.



Together in effort : Doctors attending the Prayas Workshop held in Bareilly



Our Sites



Goa

The Goa facility is an eco-friendly site, located at the Verna Industrial Estate. Being an accredited site, it caters to the domestic market, as well as exports formulations to UK, Australia, Spain, Singapore, Hong Kong, Malaysia, South Africa and Sri Lanka. The site is GMP certified by the World Health Organization (WHO), the German Regulatory authority, Therapeutic Goods Administration (TGA), Australia and by the Medicines Control Commission (MCC), South Africa.

The site witnessed new product introductions in 2009, with the registration and supply of Panadeine tablets to Malaysia and Hong Kong and Daonil finished packs to Australia.

The emphasis on exports led to 600 million tablets being exported to UK and 100 million tablets to Australia.

The site also initiated a number of capacity improvement projects which enhanced exports to Australia and the United Kingdom. There was also a greater focus on reducing the Cost of Goods manufactured. Material substitution initiatives, by



The new Ambulance handed over to the site during the launch of the project 'Mission Ankleshwar'

replacing imported materials with local materials, led to substantial savings. Yield improvements and increased batch sizes also led to reduced costs.

Ankleshwar

The Ankleshwar Pharma Plant saw some significant changes in 2009. Firstly, it witnessed the highest ever tablets production. The capacity of the warehouse was increased by 40%. The inspection & rejection on blister packing lines have been computerised, which helped in improving the quality of the output at this plant.

'Mission Ankleshwar' was launched at the site which focuses on providing employees with a feeling of ownership towards your Company. It covers three important areas such as improving the social life of employees, their educational needs and looking after their health. With this in mind, a new ambulance was handed over to the site, during the launch of the project 'Mission Ankleshwar'.

On the energy conservation front, the Ankleshwar plant won the award in the continuous improvement category for 'Excellent planning and achievement year after year', given by the sanofi-aventis group. The Pentoxifylline Project has now been completed and your Company will now supply Pentoxifylline to all companies in the sanofi-aventis group. The site recently added another feather in its cap, in the form of the US FDA approval for Articaïne Hydrochloride. With this approval, it is now available across the world. The site had a target of completing the whole year's requirements in only 10 months, which was successfully achieved.



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Information



Board of Directors

(as on February 24, 2010)

Dr. Vijay Mallya

Chairman

Dr. Shailesh Ayyangar

Managing Director

Mr. O. Charmeil

Mr. J.M. Gandhi

Mr. S.R. Gupte

Mr. A.K.R. Nedungadi

Mr. M. Dargentolle

(Alternate to Mr. O. Charmeil)

Company Secretary

Mr. K. Subramani

Registered Office

Aventis House
54/A, Sir Mathuradas VasANJI Road
Andheri (East), Mumbai 400093

Manufacturing Sites

3501-15, 6310, B - 14, GIDC Estate
Ankleshwar 393002

GIDC, Plot No. L - 121
Phase III, Verna Industrial Estate
Verna, Goa 403722

Registrars & Transfer Agents

Link Intime India Private Limited
C - 13, Pannalal Silk Mills Compound
L.B.S.Marg, Bhandup (West)
Mumbai 400078

Auditors

M/s. S.R. Batliboi & Co.

Solicitors

M/s. Crawford Bayley & Co.

Bankers

Citibank N.A.
Deutsche Bank
Hongkong & Shanghai Banking Corpn. Ltd.
State Bank of India
HDFC Bank Limited
BNP Paribas

54th ANNUAL GENERAL MEETING

DATE

Tuesday, April 27, 2010

TIME

2:45 P.M.

VENUE

Y.B. Chavan Centre - Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400021



Message From The Managing Director



Dear Shareholders,

It gives me great pleasure to share with you the 54th Annual Report of your Company.

As we look back, 2009 began with the world facing its worst financial crisis and as we moved into the year, for your Company, with the discontinuation of the distribution of its then largest selling product, Rabipur®. Despite these trials, your Company turned out an impressive performance, besides making some rapid strides towards the strategic objectives it had set for itself, both in the domestic and export market.



You would be happy to note that in 2009, one of our key brands, Cardace® touched the coveted Rs. 100 crore milestone, being only the second chronic therapy brand in the Indian Pharmaceutical Industry to achieve this distinction.

In the diabetes therapy area, your Company has launched several programmes (including the Site [Screening India's Twin Epidemic] study) to develop fresh insights into cardio-metabolic diseases and has, through the years, launched new combinations to demonstrate its commitment to empower doctors to manage diseases efficiently.

Your Company is steadily transforming itself in keeping with the changing times and is now more focused towards patient-centricity. One of the many initiatives that your Company embarked upon in 2009 was - 'Prayas' (meaning 'endeavour'), through which it aims to bridge the diagnosis-treatment gap in rural India. Your Company has also launched a range of quality medicines at affordable prices to cater to the needs of the rural population.

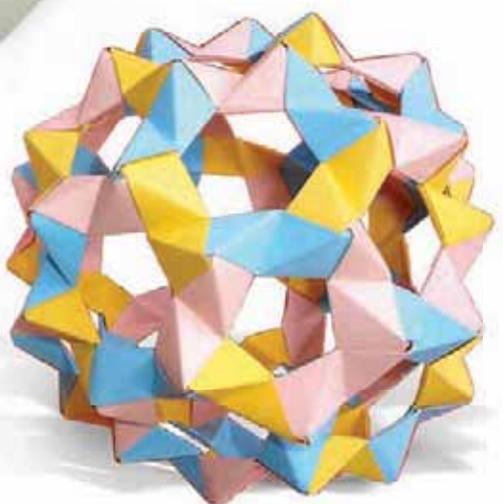
Your Company has laid down a clear strategic agenda for competing in the domestic market which revolves around a customised approach for Tier I markets, a socio-commercial model for Tier II geographies, a focused strategy aimed at improving diabetes care and leveraging the over-the-counter opportunity. As far as the export market is concerned, your Company continues to work on being cost-competitive and is also considering exporting to newer markets.

Your Company continues to support several socially relevant projects which help in uplifting the most needy sections of our society.

Your Company's growth agenda in 2010 will aim at expansion, innovation and diversification – the three pillars that will transform it in pursuing our vision of becoming the most admired healthcare company.

I thank you for your support over the years and look forward to 2010 as a year of continued progress on all strategic growth levers.

Yours sincerely,
Dr. Shailesh Ayyangar



Financial Summary



Financial Summary

(Rs. in Million)

SALES, PROFITS & DIVIDEND	2009	2008	2007	2006	2005	2004	2003	2002	2001 ^{&&}	2000 (9 months)
Sales (Gross)	9958	10294	9317	9367	8581	7904	7061	6666	5923	4155
Profit before depreciation interest & tax (PBDIT)	2589	2781	2415	2677	2536	2431	1627	1081	1125	486
Profit before interest & tax (PBIT)	2416	2599	2230	2499	2364	2263	1453	911	954	381
Profit before tax (PBT)	2415	2596	2228	2497	2364	2262	1451	907	939	353
Profit after tax (PAT)	1574	1662	1444	1693	1451	1485	986	611	666	239
Dividend (Amount)	461	368	368	737	368	368	368	368	138	92
Rate (Rs. per share)	20	16	16	32 \$	16	16	16	16*	6	4

SHARE CAPITAL & CAPITAL EMPLOYED	2009	2008	2007	2006	2005	2004	2003	2002	2001 ^{&&}	2000 (9 months)
Share capital	230	230	230	230	230	230	230	230	230	230
Shareholders' funds #	9318	8291	7069	6082	5238	4218	3213	2692	2464	1972
Capital employed #	9318	8291	7069	6082	5238	4218	3365	3072	2803	2563
Represented by:										
Fixed assets (net) & investments #	1772	1543	1503	1509	1472	1597	1701	1677	1791	1953
Net current & other assets	7546	6748	5566	4573	3766	2621	1816	1395	1012	610

RETURN	2009	2008	2007	2006	2005	2004	2003	2002	2001 ^{&&}	2000 (9 months)
On sales (PBT)%	24.3%	25.2%	23.9%	26.7%	27.5%	28.6%	20.5%	13.6%	15.9%	8.5%
On capital employed (PBIT)%	25.9%	31.3%	31.6%	41.1%	45.1%	53.7%	43.2%	29.7%	34.0%	14.9%★
On shareholders' funds (PAT)%	16.9%	20.0%	20.4%	27.8%	27.7%	35.2%	30.7%	22.7%	27.0%	12.1%★
Per share (PAT) Rs.	68.35	72.16	62.71	73.51	63.00	64.48	42.80	26.53	28.92	10.39★
Personnel cost	1440	1192	1037	785	735	632	549	521	603	511
No. of employees	2106	2070	2065	1811	1465	1250	1284	1242	1262	1327

Includes revaluation of fixed assets since 1986

&& After consolidation of accounts due to merger of Rhone-Poulenc Rorer (India) Private Limited

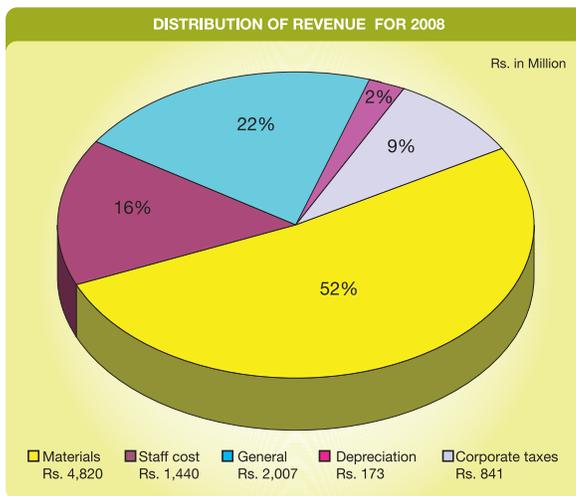
\$ Includes Special One -Time Golden Jubilee dividend of Rs. 16 per share of Rs. 10

* Includes Special dividend of Rs. 8 per share of Rs. 10

★ Not annualised



Financial Summary



In 2009 our contribution was Rs. 1,846 Million equivalent to 19% of total Sales



Report of the Directors to the Members of the Company

Your Directors have pleasure in presenting the Audited Accounts of your Company for the Fifty-fourth financial year ended 31st December 2009.

FINANCIAL RESULTS

	Rs. in Million	
	2009	2008
Net Sales	9,744.0	9,832.7
Other Income	1,111.0	925.6
Profit before Tax	2,414.6	2,595.4
Provision for Taxation	840.5	933.4
Profit after Tax	1,574.1	1,662.0
Balance brought forward from previous year	6,105.5	5,040.8
Available for appropriation	7,679.6	6,702.8
Which your Directors have appropriated as follows :		
To Interim Dividend (paid in August 2009)	80.6	80.6
To Provision for Final Dividend	380.0	287.9
To Tax on Interim and proposed Final Dividend	78.2	62.6
To General Reserve	157.4	166.2
Balance carried to Balance Sheet	6,983.4	6,105.5

Dividend

An Interim Dividend of Rs. 3.50 per Equity Share of Rs. 10 was declared by the Board of Directors and paid in August 2009. Your Directors recommend payment of a Final Dividend of Rs.16.50 per Equity Share of Rs.10 to:

- i) those Members whose names appear on the Register of Members of the Company on 27th April 2010; and
- ii) those whose names appear as beneficial owners as at the close of business on 8th April 2010, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

The total dividend for the year is Rs.20 per Equity Share of Rs.10. The dividend payout is 29.3% of the Net Profit for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is appended.

DIRECTORATE

In accordance with the Articles of Association of the Company, Mr. A. K. R. Nedungadi and Mr. J. M. Gandhi retire by rotation and are due for election.

Mr. C.Germain resigned as Wholetime Director with effect from 1st August 2009.

Mr. Eric Le Bris and Mr. J. M. Georges resigned as Directors and Mr. J. L. Grunwald resigned as Alternate to Mr. O. Charmeil with effect from 27th October 2009.

Your Directors have placed on record their appreciation of the services rendered by them during their tenures as Directors.



Mr. M. Dargentolle, Chief Financial Officer, was appointed as Alternate to Mr. O. Charmeil from 27th October 2009. He, being an employee of the Company, has been appointed as Wholetime Director for a period of five years, subject to the approval of the Central Government and the Members of the Company.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexe to this Report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the annexe to the Directors' Report.

Your Directors place on record their appreciation of the valuable contribution made by the employees of your Company.

CASH FLOW AND CONSOLIDATED FINANCIAL STATEMENTS

As required by Clause 32 of the Listing Agreement, a Cash Flow Statement is appended.

As the Company does not have any subsidiaries, it is not required to publish Consolidated Financial Statements.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended along with a Certificate of Compliance from the Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, your Directors certify as follows:

1. The annexed accounts for the financial year ended 31st December 2009 have been prepared on a going concern basis.
2. In preparation of the said Accounts all the applicable accounting standards have been duly followed and complied with and which fact has been confirmed by the Auditors of the Company in their Report on these Accounts.
3. Your Directors have selected such accounting policies and applied them consistently along with proper explanation relating to departures, if any and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st December 2009 and of the profit of the Company for that year.
4. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

AUDITORS

M/s. S. R. Batliboi & Co., your Company's Auditors, are eligible for re-appointment and it is necessary to fix their remuneration.

By Authority of the Board

DR. VIJAY MALLYA
CHAIRMAN

Mumbai, 24th February 2010



Annexe to the Report of the Directors

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Report of the Directors.

A. CONSERVATION OF ENERGY

Energy Conservation measures undertaken in 2009:

- a) Replacement of conventional lights by CFL lamps
- b) Solar based street lights
- c) Variable frequency drives in AHU
- d) Installation of Economiser in 6T Boiler for utilising preheat boiler feed water
- e) Installation of cooling tower for enhancing capacity for cooling water by 500 CuM
- f) Control air System installed in compressed air circuit to maintain constant pressure
- g) Mercury Vapour Lamps of 250 W replaced by 85 W CFL lamps in warehouse receiving area and lamps replaced by 70 W metal halide bulbs in warehouse storage area in Goa

Energy Conservation measures proposed to be undertaken in 2010:

- a) Generation of electricity from natural gas
- b) Utilise hot exhaust gas and jacket water to generate chilled water at 7° C
- c) Generate hot water at 80° C using solar panels for feed water
- d) Incorporate variable frequency drives for full water circulation pumps

REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION ARE GIVEN BELOW:

		YEAR ENDED 31-12-2009	YEAR ENDED 31-12-2008	REASONS FOR VARIATION
POWER & FUEL CONSUMPTION				
1.	ELECTRICITY			
	(a) Purchased			
	Units	Million KWH	16.048	16.992
	Total Amount	Rs. Million	111.929	116.997
	Rate/Unit	Rs.	6.975	6.885
				Increase in fuel tariff
	(b) Own Generation			
	(i) Through Diesel Generator			
	Units	Million KWH	0.158	0.308
	Units per litre of			
	Diesel Oil	KWH	2.194	3.054
	Cost/Unit	Rs.	16.813	13.487
				Increase in rates of High Speed Diesel
	(ii) Through Steam Turbine / Generator		NIL	NIL
2.	COAL		NIL	NIL
3.	FURNACE OIL / LSHS			
	Quantity	K.Lit	149	162
	Total amount	Rs. Million	4.968	4.849
	Average rate per K.Lit	Rs.	33,345	30,027
				Increase in rates
4.	NATURAL GAS			
	Quantity	M3	2,987,019	3,460,617
	Total Amount	Rs. Million	40.193	40.379
	Average Rate	Rs.	13.456	11.668
				Increase in rates

CONSUMPTION PER UNIT OF PRODUCTION

Product	Unit of Production	Standards(If any)	YEAR ENDED 31.12.2009	YEAR ENDED 31.12.2008	REASONS FOR VARIATION
1. ELECTRICITY-KWH					
Bulk Drugs	Tonnes	NONE	4,934	5,494	Consumption depends on product mix
Bulk Drugs	K.Lits	NONE	-	-	
Formulations	Million Units	NONE	2,397	2,993	
2. FURNACE OIL / LSHS (K.LIT)					
Bulk Drugs	Tonnes	NONE	-	-	Consumption depends on product mix
Bulk Drugs	K. Lits	NONE	-	-	
Formulations	Million Units	NONE	0.096	0.147	
3. NATURAL GAS (IN THOUSAND M3)					
Bulk Drugs	Tonnes	NONE	0.171	0.175	Consumption depends on product mix
Bulk Drugs	K. Lits	NONE	-	-	
Formulations	Million Units	NONE	0.052	0.053	

B. TECHNOLOGY ABSORPTION RESEARCH & DEVELOPMENT (R&D)

Specific areas in which R&D carried out:

No basic research is carried out by the Company.

The Company, however, carried out process development and clinical trials for existing and future products.

Expenditure on R&D

- Capital Rs. 81 Million
- Revenue Rs. 51 Million
- Total Rs.132 Million
- Total R&D Expenditure as a percentage of total turnover: 1.35%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts, in brief, towards technology absorption, adaptation and innovation:
The Company interacted with its collaborators who continued to give the latest technology.
- Benefits derived as a result of the above:
It has helped the Company to retain its market share.
- Imported Technology:
Technology imported, year of import and whether technology has been fully absorbed
Based on prescriptions received from the collaborators, a number of products were taken up for manufacture and are in regular production. The technology for such products has been fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Total Foreign Exchange used Rs. 3,569 Million
- Total Foreign Exchange earned Rs. 2,770 Million



MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL MARKET

Total pharmaceutical market in India during the year ended 31st December 2009 was estimated at Rs. 400 billion. The retail market grew by 17% over the previous year.

Key drivers have been new introductions (7.68%) and volumes (8.64%). Prices contributed only 0.68% to the growth.

Your Company has a market share of 1.63% in the Pharma market.

Five brands of your Company, **Cardace®**, **Combiflam®**, **Amaryl®**, **Lantus®** and **Allegra®** feature in the top 100 brands of the Indian pharmaceutical market. **Cardace®** is the 23rd largest brand and **Combiflam®** is the 28th largest brand.

OPPORTUNITIES & THREATS

The world is looking closely at seven key markets (called pharmerging markets), the four BRIC countries (Brazil, Russia, India and China), Turkey, Korea and Mexico for growth. The BRIC countries contribute 7 to 8% in the total market size. The seven markets are expected to double in size by 2013 to match the size of Europe with an expected compounded annual growth rate (CAGR) of 13 to 16%.

Growing disposable income, increased healthcare spending, increase in health insurance coverage, growth in medical infrastructure, rising prevalence of chronic diseases and patent legislation are key factors that will drive the pace of market evolution.

SALES AND PROFITABILITY

During the year ended 31st December 2009, your Company had net sales of Rs. 9744 million as against Rs. 9833 million during the previous year. This represents a decline of 0.9 %.

The decline was due to the discontinuance of distribution of the anti rabies vaccine, Rabipur from 19th February 2009. Excluding the impact of Rabipur distribution, comparable sales growth for the year under review was 11.5%.

Profit before Tax declined by 6.97% from Rs.2596 million to Rs. 2415 million. Excluding Rabipur, the growth would have been 7.9%.

DOMESTIC SALES REVIEW

Domestic sales (excluding Rabipur) increased from Rs. 6552 million to Rs. 7362 million, a growth of 12.4%.

MAJOR BRAND PERFORMANCE REVIEW

Cardace® touched the coveted Rs.100 crores mark in sales in the fifteenth year of its launch. It is only the second brand in chronic therapy to achieve this distinction in the Indian pharmaceutical market.

It continues to be the No.1 cardiovascular brand. It had a growth of 13.3% over the previous year.

Lantus® had a sales growth of 38.6%. It has a market share of 8.7%. It has become the third largest insulin brand in the last quarter of 2009.

Amaryl® celebrated 10 years of its launch in India. It had a growth of 18.8%. It is the leading oral anti-diabetic drug in a crowded and fragmented market and has a market share of 4.5%.

Apidra®, in its first full year of launch, has achieved a market share of 2% in the rapid acting insulin analogue segment.

Cetapin® group grew at 64%. Within three years of its launch it has become the No. 4 metformin brand and has a 6% market share.

Clexane® grew at 3.4%. It continues to rank No.1 in the injectable anti-coagulant market with a market share of 31.4% in the retail and hospital market. It continues to face challenge from low priced generics.

Targocid® registered a growth of 19%. It ranks No.1 in its defined market and has a market share of 46.5% in the retail and hospital market.



Allegra® group registered a growth of 18.4%. It has a market share of 7.8%. **Allegra®** is ranked No.1 in the oral market and solids market. **Allegra®** Suspension is ranked No. 3 in the liquid anti-histaminic market.

Your Company received the prestigious **OPPI Marketing Excellence Award for Allegra®**. With this, your Company has received the highest number of marketing excellence awards in the Pharma industry.

Combiflam® celebrated 25 years of its launch by recording a turnover of nearly Rs.100 crores, a growth of 19.5%. **Combiflam®** group has a market share of 4.6%. It ranks second in the NSAID combinations market.

Combiflam® Cream, a line extension, was launched in the first quarter of 2009 and has surpassed expectations. It has generated a market share of 1.5% in the heavily crowded topical anti-rheumatics market.

Soframycin® recorded a marginal sales decline of 1.3%. A mailer campaign was undertaken to revive the prescription base.

Avil® recorded a growth of 6%. It continues to have volume leadership in the anti histaminic market and enjoys a market share of 6.2%.

Daonil® group recorded a growth of 2.9%.

Cosavil® Flu which was launched in the rest of India in 2008 was launched in U.P. in the first quarter of 2009. It had a growth of 65%.

Festal®, Hostacyline® and **Novalgin®** registered growth rates between 13.8% and 15%.

Baralgan® D which was launched in 2008 in U.P. was launched in the rest of the country in 2009.

Baralgan® group (**Baralgan®** M, **Baralgan®** D and **Baralgan®** DM) recorded a growth of 70%.

Sofradex® recorded a marginal decline in sales of 2%.

Frisium® recorded a growth of 22%. It is the No.1 anti-epileptic drug (AED) in the uncontrolled epilepsy segment and the fourth ranked brand in the AED market.

Taxotere® had a growth of 4.5%. As part of your Company's access programme to make life saving drugs available to patients, the unit sales price of **Taxotere®** was significantly reduced. The resultant unit sales increased more than 2.5 times and it was gratifying to observe that significantly more number of patients were put on **Taxotere®**.

PRAYAS

Your Company initiated a unique project called 'Prayas' (meaning endeavour in Sanskrit) in 2009 dedicated to the Tier II market with a special mission to :

- Improving healthcare practice in rural India
- Bridging diagnosis treatment gap for ensuring early management of diseases
- Training rural medical practitioners and giving them access to latest medical knowledge
- Making quality medicines available at affordable prices

India has the second largest population with 72.2% living in rural areas. A little over 20,000 primary healthcare centres struggle to serve 600,000 villages. Many centres lack quality medicines, trained professionals, sophisticated diagnostic tools and facilities. There is also a bias towards providing healthcare to urban areas with only 0.04 doctors/1000 persons in rural India vs. 1.90 doctors/1000 persons in urban India.

Hence, your Company embarked on this project which is a knowledge based initiative programme, aimed at empowering doctors in rural India with the latest developments and updates in medicine.

The project involves understanding the rural healthcare needs and development of scientific activities for the doctors in order to build a long term commitment and engagement for the rural doctors. The aim of the project is to address the burning issue of capacity building for better health care in rural India and also to provide high quality generic drugs for the rural patients.

The first phase of this project was launched in the states of Uttar Pradesh, Bihar and West Bengal. More than 3,500 doctors have been trained for management of respiratory medicine through over 550 scientific workshops.

Your Company has launched five products catering to the rural population under the name 'Hoechst' which continues to enjoy a substantial equity with the medical fraternity, trade and patients across the country.

EXPORT SALES

In a difficult year for exports due to the economic meltdown, your Company's export sales were Rs. 2290 million, reflecting a



growth of 9% over 2008.

Your Company was awarded the 'Gold Trophy' for outstanding Export performance for formulations in the category of 'Fast Emerging Company'.

Your Company secured the status of 'Trading House' from DGFT, an upgrade from its earlier status as an 'Export House'.

Sales of **Festal®** to Russia grew significantly. However, sales of **Baralgin®** tablets had to be stopped due to the decision to scrap the local packaging project in Russia.

Sales to Ukraine declined due to the economic crisis that impacted the country in 2008. The GMP Certification issue which had impacted sales of **Festal®** to Ukraine in 2008 was finally resolved in Q3 2009.

Sales to Sri Lanka grew by 9%.

Sourcing of products from your Company to sanofi-aventis Group Companies grew by 76%. It contributed to 39% of the total exports.

Daonil® tablets were exported for the first time to Australia.

Panadeine tablets were exported to Malaysia, Singapore and Hongkong.

A new temperature controlled warehouse facility was commissioned in February 2009 in Bhiwandi (near Mumbai) to safeguard the temperature of goods in-transit storage.

MANUFACTURING OPERATIONS

The Ankleshwar plant achieved a record production of 4 billion tablets.

New products were manufactured and launched in the domestic Tier II markets.

Supplies of Panadeine, Metformin granules and Glibenclamide granules commenced from the Goa plant.

The shelf life of **Cardace®** H range has been increased from 2 years to 3 years after successful stability studies and regulatory approvals.

Expansion of the warehouse in Ankleshwar has commenced.

The dispensing capacity at Ankleshwar for **Combiflam®** Tablets was enhanced resulting in considerable savings.

The upgradation of the laboratory at Ankleshwar was completed and it was made operational.

A new purified water generation system has been installed in the laboratory in Goa with increased capacity and provision for sanitation.

A plant for generation of electricity in Ankleshwar has been set up.

MEDICAL AND REGULATORY AFFAIRS

8 International speakers shared best practices and newer advances at nearly 40 meetings to help improve knowledge on scientific matters amongst large number of doctors. Over 100 continuing Medical Education Programmes were conducted on guidelines for using your Company's products.

Clexane® was registered for a new indication and became the first enoxaparin in India to be indicated for use in ST segment elevation myocardial infarction (STEMI) and percutaneous coronary intervention (PCI).

Your Company's products **Apidra®**, **Lantus®** and **Solostar®** were registered in Nepal and **Cetapin®XR** in Sri Lanka. Dossiers have also been submitted for registering your Company's products in Bhutan and Maldives.

CLINICAL RESEARCH

In order to address the growing twin epidemic of diabetes and hypertension in India, the SITE (Screening India's Twin Epidemic) Study was launched initially in Maharashtra and subsequently in some other states. Over 13,000 patients were screened in these States. It will be conducted in some more states in 2010.

PERSONNEL

Your Company had 2106 employees as on 31st December 2009.

Industrial relations continued to be cordial.



Several initiatives have been taken for attracting and retaining talent. This resulted in below industry average attrition in 2009.

INTERNAL AUDIT AND CONTROL

Your Company's internal control systems were adequate and commensurate with the size of operations. These controls ensure that transactions are authorised, recorded and reported in time. They also ensure that assets are safeguarded and protected against loss or unauthorised disposal.

The Internal Audit department carried out audits in different areas of your Company's operations. Post audit reviews were carried out to ensure that audit recommendations were implemented. The Audit Committee of the Board of Directors reviewed the audit programme and findings of the Internal Audit department.

JOINT VENTURE WITH NOVARTIS VACCINES & DIAGNOSTICS INC.

Your Company stopped distributing Rabipur, anti-rabies vaccine from 19th February 2009 following the award of the Arbitrator holding that the Distribution Agreement between your Company and Chiron Behring Vaccines Private Limited (CBVPL) for distribution of the said product was not renewed. CBVPL thereafter appointed a new distributor.

As there was nothing in the Joint Venture Agreement with Novartis Vaccines & Diagnostics Inc. (NVD) or in law to prevent your Company from marketing and distributing any other anti-rabies vaccine, your Company decided to market and distribute the anti-rabies vaccine Verorab® of Sanofi Pasteur, France. Your Company started distributing Verorab® (imported by Sanofi Pasteur India Private Limited) from 16th September 2009 under a Consignment Agency Agreement.

NVD filed an Arbitration Petition in the Bombay High Court against your Company seeking an interim order restraining your Company from distributing Verorab®. NVD also referred the dispute for arbitration before the International Court of Arbitration of the International Chamber of Commerce (ICC).

The Bombay High Court has passed an order restraining your Company from distributing Verorab® until constitution of the Arbitral Tribunal by the ICC and for a period of eight weeks thereafter. Your Company has, therefore, stopped distributing Verorab® which is now distributed directly by Sanofi Pasteur India Private Limited.

Your Company continues to hold 49% of the share capital of CBVPL.

DRUG POLICY

The Drug Policy is under consideration by the Group of Ministers freshly appointed after the new Government took over in May 2009. No meeting has been held so far.

PRICING ISSUES

Price increases as per norms of the National Pharmaceutical Pricing Authority (NPPA) were obtained for **Combiflam®** tablets, **Hostacycline®** and Analgin formulations.

Suo moto price reduction of 21% was notified for **Novalgin®** 30 ml vials.

Lantus® Solostar® price was reduced by 9.4%, consequent on reduction in MAPE on imported insulins.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is privileged to be working in the healthcare industry in which it has the opportunity to contribute towards improving the health of patients.

Your Company continued its efforts in making a difference to the lives of people. It supported initiatives which benefit people in need and also assisted in disaster management and relief activities.

Key initiatives in 2009 were:

CHILDLINE – Your Company continued its support to this 24 hour free helpline service for children in distress through its participation in the Standard Chartered Mumbai Marathon. Your Company's support will ensure that children can look forward to a secure future.



GOONJ – It is a reputed Non Governmental Organisation (NGO). Your Company joined hands with Goonj for helping the victims of the Bihar floods by generating funds.

Goonj's project Sujni is a twin benefit initiative that helped empower the affected community by providing employment to the women who recycled old and waste cloth, turning them into beautiful warm quilts for the flood affected victims.

FUN CENTER – Your Company is the first to introduce an innovative concept for children who are admitted into hospitals for long duration. A Fun Center is a recreational area integrated with a paediatric unit. Children can take their minds off their treatment regimen to enjoy and have fun times with a host of recreational activities. The first Fun Center was launched in Apollo Hospital, New Delhi.

AKANSHA – Your Company's ongoing initiatives with the children in slums who are helped by the Akansha Foundation were enhanced with employees volunteering to spend time with children. They took them to the Aarey Milk Colony in Mumbai to see the manufacturing process and then to the SNTD College to learn how to do block printing.

PROSPECTS FOR 2010

The prospects for 2010 are expected to be reasonable barring the risks of an unfavourable Drug Price Control Order.

Export turnover is likely to stay at current levels.

New products will be launched in the Tier II market and your Company will continue to invest in market expansion.

Your Company also plans to launch line extensions of some existing products and also some new products for sale in the domestic market.

Cepacol and Cepasat lozenges are planned to be exported to Hongkong, Singapore and Thailand.

A new Engineering store will be set up in Ankleshwar and the dispensing area will be upgraded.

The Pharma plant in Goa is proposed to be extended. The packaging process will be automatised.

CAUTIONARY NOTE

Certain statements in the above Report may be forward looking and are stated as required by legislations in force. The actual results may be affected by many factors that may be different from what the Directors / Management envisage in terms of future performance and outlook.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

The Company believes in and practises good corporate governance. The Company's philosophy is aimed at assisting the top management of the Company in the efficient conduct of the business and in meeting its obligations to all its stakeholders.

2. Board of Directors

(As on 24th February 2010)

The Board of Directors comprises of a Non-Executive Chairman, a Managing Director and four other Non-Executive Directors. An employee of the Company is Alternate for a Director based abroad and is, therefore, deemed to be an Executive Director.

During the year ended 31st December 2009, 4 Board Meetings were held on 17th February 2009, 28th April 2009, 22nd July 2009 and 27th October 2009.

Attendance of each Director at the Board Meetings in 2009 and the last Annual General Meeting and the number of Companies and Committees where he is Director/Member (as on 24th February 2010):

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 28th April 2009	No. of other Companies in which Director (including Private Limited Companies)	No. of Committees (other than Aventis Pharma Limited) in which Member
Dr. Vijay Mallya	Non Executive Chairman	4	Yes	23 (In India) 36 (Outside India)	1***
Dr. Shailesh Ayyangar	Managing Director	4	Yes	1 (In India) 1 (Outside India)	NIL
Mr. J. M. Gandhi	Independent NED	4	No	4 (In India)	1***
Mr. O. Charneil	NED**	-	No	2 (In India) 11 (Outside India)	1
Mr. S. R. Gupte	Independent NED	4	Yes	10 (In India)	5***
Mr. A.K.R. Nedungadi	Independent NED	3	Yes	11 (In India) 9 (Outside India)	5***
Mr. M. Dargentolle*	ED (Alternate to Mr. O. Charneil)	1	-	2 (In India) 1 (Outside India)	Nil

ED - Executive Director

NED - Non Executive Director

*For part of the year

**Employee of sanofi-aventis Group Company

***Dr. Mallya, Mr. Gupte, Mr. Gandhi and Mr. Nedungadi are also Members of some Committees in other Companies which are not specified in Clause 49 of the Listing Agreement or are to be excluded (such as Remuneration Committee, Share Transfer Committee, Committees of Private Limited Companies, etc.).

Mr. Gupte is Chairman of two Committees of other companies. Mr. Gandhi is Chairman of the Audit Committee of three companies (including two private limited companies). Mr. Nedungadi is Chairman of a Committee of another company.



3. Audit Committee

Terms of Reference and Composition, Names of Members and Chairman:

The Audit Committee comprises of Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi, Mr. J. M. Gandhi and Dr. S. Ayyangar. Mr. Gupte, Mr. Nedungadi and Mr. Gandhi are Independent Directors.

The terms of reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement.

5 Meetings were held during the year ended 31st December 2009. Mr. Gupte and Dr. Ayyangar attended all the Meetings and Mr. Nedungadi attended 4 of the five Meetings. Mr. Gandhi attended the one Meeting held after he became a Member.

4. Remuneration Committee

The Company has not formed a Remuneration Committee.

Remuneration of Directors

The details of remuneration paid to the Directors during the financial year January – December 2009 are given below :

a) Executive Directors

Names of Directors	Salary and Allowances Rs.	Perquisites** Rs.	Retirement Benefits*** Rs.
Dr. S. Ayyangar	7,080,780	1,431,961	647,335
Mr. C. Germain*	1,932,159	4,793,014	167,820
Mr. M. G. Rao*	4,914,844	420,791	578,638
Mr. S. C. Ghoge*	4,490,392	315,998	496,141
Mr. M. Dargentolle*	304,053	1,051,612	27,300

*For part of the year

**Evaluated as per Income-tax Rules wherever applicable

***The above excludes provision for leave encashment, gratuity, long service award, pension and provident fund (to extent actuarially valued) which are determined on the basis of actuarial valuation done on an overall basis for the Company.

NOTES

1. The agreements with each of the Executive Directors are for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice in writing to the other party.
2. No severance pay is payable on termination of contract.
3. Presently, the Company does not have a scheme for grant of stock options either to the Executive Directors or employees. However, Executive Directors and some Senior Executives of the Company are granted stock options of the ultimate holding Company, sanofi-aventis.
4. The Executive Directors are entitled to Performance Linked Incentives with target payouts fixed and payout ranges of 0% to 120% of the target amounts to be paid at the end of the financial year as may be determined by the Board of Directors and are based on certain pre-agreed performance parameters.

b) Non-Executive Directors

Non-Executive Directors are paid only sitting fees for attending Board and Committee Meetings.

Names of Directors	Sitting Fees paid Rs.
Dr. Vijay Mallya*	80,000
Mr. S. R. Gupte	200,000
Mr. A. K. R. Nedungadi	160,000
Mr. J. M. Gandhi	120,000

*Dr. Vijay Mallya holds 80 Shares of the Company (jointly with Mrs. Ritu Mallya). The other Non-Executive Directors do not hold any Shares.

5. Investors'/Shareholders' Grievance Committee

The Members of the Committee are Mr. S. R. Gupte, Chairman, Mr. A.K.R. Nedungadi and Mr. J. M. Gandhi.

One Meeting of the Committee was held during the year ended 31st December 2009 which was attended by all three Members of the Committee.

Mr. K. Subramani, Company Secretary is the Compliance Officer of the Company.

The Company's Registrars, Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) had received 552 letters/ requests during the year, dealing with various subjects such as revalidation/non-receipt of dividend warrants, change of address, registration of nominations, non-receipt of Share Certificates, etc. All these matters were resolved to the satisfaction of the Shareholders/Investors.

The Company had no transfers pending at the close of the financial year.

The power to approve transfers upto 1000 Shares purchased by one individual has been delegated to the Company Secretary.

6. General Body Meetings

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
January – December 2006	15.6.2007	3.30 p.m.	Y.B. Chavan Centre – Auditorium, Mumbai
January – December 2007	24.4.2008	11.00 a.m.	Y.B. Chavan Centre – Auditorium, Mumbai
January – December 2008	28.4.2009	2.45 p.m.	Y.B. Chavan Centre – Auditorium, Mumbai

All the resolutions set out in the respective Notices were passed by the Shareholders.

No special resolutions were required to be put through postal ballot last year.

At this meeting, there are no Special Resolutions for which Clause 49 of the Listing Agreement or Section 192A of the Companies Act has recommended/mandated postal ballot.

7. Disclosures

- There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Statements of transactions with related parties have been placed periodically before the Audit Committee. Transactions with related parties have also been disclosed in Note no.7 of the Notes to the Accounts.
- There were no instances of non-compliance nor have any penalties, strictures been imposed by Stock Exchanges or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.
- The Company has also complied with and adopted the mandatory requirements of the amended Clause 49 of the Listing Agreement.



- d) In line with the requirements of the amended Clause 49 of the Listing Agreement, the Audit Committee and the Board of Directors reviewed the Management's perception of the risks facing the Company and measures taken to minimise the same.
- e) As required by Clause 49(V) of the Listing Agreement, the Managing Director and the Chief Financial Officer have submitted a Certificate to the Board of Directors in the prescribed format for the financial year ended 31st December 2009. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

8. Means of Communication

Half yearly report sent to each household of shareholders:

No, as the Results of the Company are published in the Newspapers.

Quarterly Results:

No, as the Results of the Company are published in the Newspapers.

Any Website where displayed:

www.AventisPharmaIndia.com

Whether it also displays official News releases and the presentations made to institutional Investors or to the analysts:

Yes

Newspapers in which Results are normally published in:

- i) Economic Times
- ii) Maharashtra Times

Whether Management Discussion and Analysis is a part of the Annual Report:

Yes

9. General Shareholder Information

AGM Date, Time and Venue: Tuesday, 27th April 2010 at 2.45 p.m. at Y.B. Chavan Centre – Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400 021

Financial Calendar – 2010 / 2011

Financial Year	-	January to December
First Quarter Results	-	4th week of April 2010
Half Yearly Results	-	3rd/4th week of July 2010
Third Quarter Results	-	3rd/4th week of October 2010
Audited Results for the year ending 31st December 2010	-	February/March 2011

Dates of Book Closure:

9th April 2010 to 27th April 2010 (both days inclusive)

Dividend payment date:

On or after 28th April 2010, if declared at Annual General Meeting on 27th April 2010

Listing on Stock Exchanges:

The Company's Shares are listed on the Stock Exchanges mentioned below and the Company has paid the Listing Fees to them for 2009-2010. The fees for 2010-2011 will be paid in April 2010.

The Bombay Stock Exchange Limited

The National Stock Exchange of India

Stock Code – Physical:

500674 on the Bombay Stock Exchange Limited

Demat ISIN Number for NSDL & CDSL:

INE 058A01010



Market Price Data:

High/Low during year/month in the last financial year

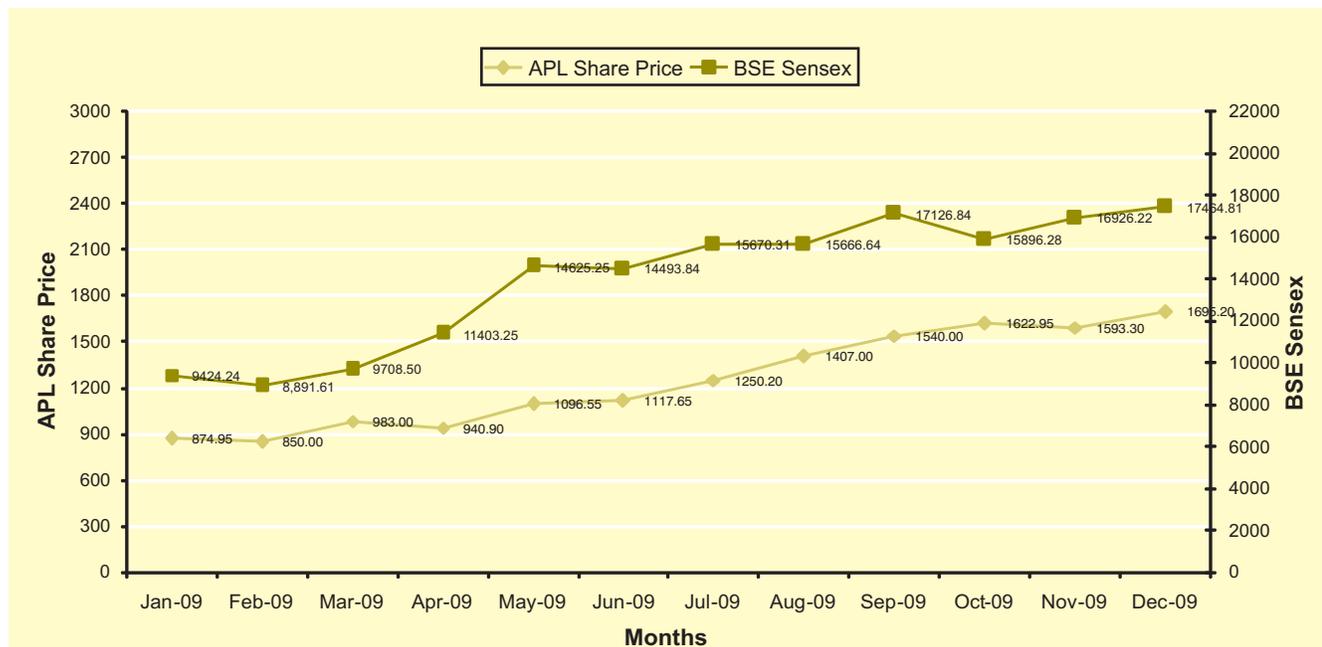
Share Price on the Bombay Stock Exchange Limited (Face Value Rs. 10)

Months	Open Rs.	High Rs.	Low Rs.	Close Rs.
January 2009	945.00	971.00	812.00	874.95
February 2009	841.00	914.00	822.00	850.00
March 2009	822.00	1005.00	803.15	983.00
April 2009	940.50	999.00	851.20	940.90
May 2009	960.00	1250.00	910.00	1096.55
June 2009	1115.00	1310.00	1030.40	1117.65
July 2009	1088.30	1279.90	1040.20	1250.20
August 2009	1268.50	1422.00	1255.00	1407.00
September 2009	1399.90	1600.00	1366.50	1540.00
October 2009	1512.00	1635.00	1492.25	1622.95
November 2009	1572.60	1635.00	1530.00	1593.30
December 2009	1593.00	1735.00	1474.00	1695.20

Stock Performance in comparison to broad based indices such as BSE Sensex

January – December 2009 (in percentage %)

Aventis Pharma Limited	79.39%
BSE Sensex	79.67%
BSE 200	87.36%
BSE 100	83.80%



Registrars & Transfer Agents:

Link Intime India Pvt. Ltd. (formerly called Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup West, Mumbai 400 078.

Persons to contact:

Mr. Manohar Shirwadkar / Mr. Kirtikumar Kanchan / Mr. Raghunath Poojary / Mr. Mahadevan Iyer

Telephone No. : (022) 25963838

Fax No. : (022) 25946969

Email : helpline@linkintime.co.in



Share Transfer System :

The power of approving transfers upto 1000 Shares purchased by any individual has been delegated to the Company Secretary. Transfers are approved every week.

Distribution of Shareholding as on 31.12.2009:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 100	14485	90.65	842511	3.66
101 to 200	781	4.89	137534	0.60
201 to 300	221	1.38	59697	0.26
301 to 400	107	0.67	40130	0.17
401 to 500	89	0.56	43093	0.19
501 to 1000	143	0.89	110327	0.48
1001 to 2000	53	0.33	76243	0.33
2001 to 3000	16	0.10	42593	0.18
3001 to 4000	6	0.04	20471	0.09
4001 to 5000	10	0.06	44859	0.19
5001 to 10000	10	0.06	75536	0.33
10001 and above	59	0.37	21537628	93.52
TOTAL	15980	100.00	23030622	100.00

Shareholding Pattern as on 31.12.2009

	Percentage %
Foreign Promoters	50.12
Indian Promoters	10.28
Mutual Funds	14.372
Foreign Institutional Investors	7.57
Banks	0.006
Insurance Companies	4.60
Other Bodies Corporate	5.73
Clearing Member	0.45
Trusts	0.002
Individuals holding upto Rs.1 lakh in nominal capital	5.86
Individuals holding more than Rs.1 lakh in nominal capital	1.01
Total	100

Dematerialisation of Shares and liquidity:

As on 31.12.2009, 98.67% of the paid-up Share Capital had been dematerialised.

Outstanding GDRs / ADRs / warrants or any Convertible instruments, Conversion date and likely impact on equity:

Not Issued

Plant locations:

Ankleshwar (Gujarat) and Verna (Goa)

Address for correspondence:

Shareholder correspondence should be addressed to the Company's Registrars, Link Intime India Pvt. Ltd. (formerly called Intime Spectrum Registry Limited) at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup West, Mumbai 400 078.

Investors may also write to or contact the Company Secretary, Mr. K. Subramani at the Registered Office for any assistance that they may need. Telephone Nos. (022) 28278530 / 28242260 Fax No. (022) 28360862 [E.Mail – K.Subramani@sanofi-aventis.com](mailto:K.Subramani@sanofi-aventis.com) ; igrc.apl@sanofi-aventis.com

Shareholders holding Shares in dematerialised form should address all their correspondence (including change of address, nominations, ECS mandates, bank details to be incorporated on dividend warrants, powers of attorney, etc.) to their Depository Participant.



(B) NON-MANDATORY REQUIREMENTS

- a) **Chairman of the Board :**
Whether Chairman of the Board is entitled to maintain a Chairman's Office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties:
Yes
- b) **Remuneration Committee :**
The Company has not set up a Remuneration Committee.
- c) **Shareholder Rights:**
Half yearly declaration of financial performance including summary of the significant events in last six months to be sent to each household of Shareholders:
The Company's half yearly Results are published in English and Marathi newspapers having wide circulation and are also displayed on the Company's website. Hence, same are not sent to the Shareholders.
Second half yearly Results are not taken on record by the Board as audited Results are approved by the Board. The audited Results for the financial year are communicated to the Shareholders through the Annual Report.
- d) **Audit Qualifications:**
The Auditors have issued an unqualified opinion for the year ended 31st December 2009.
- e) **Training of Board Members:**
All the Directors have expertise in their areas of specialisation.
- f) **Mechanism for evaluating Non- Executive Directors:**
The Board of Directors may consider adopting this requirement in future.
- g) **Whistle Blower Policy:**
The Board of Directors may consider adopting this requirement in future.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and Senior Management personnel of the Company have confirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st December 2009.

For AVENTIS PHARMA LIMITED

DR. SHAILESH AYYANGAR
MANAGING DIRECTOR

Mumbai, 24th February 2010



AUDITORS' CERTIFICATE

To
The Members of Aventis Pharma Limited

We have examined the compliance of conditions of Corporate Governance by Aventis Pharma Limited for the year ended on December 31, 2009 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 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 the above mentioned Listing Agreement.

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

For S. R. Batliboi & Co.,
Chartered Accountants
per Ravi Bansal
Partner
Membership No.: 49365

Mumbai, February 24, 2010



Sanofi-aventis Group Companies

Aventis Pharma Limited is a part of the worldwide sanofi-aventis Group. The names of the sanofi-aventis Group companies are given below:

Germany

Sanofi-Aventis Deutschland GmbH
Hoechst GmbH
Winthrop Arzneimittel GmbH

Austria

Sanofi-Aventis GmbH

Belgium

Sanofi-Aventis Belgium S.A.N.V.

Bulgaria

Sanofi-aventis Bulgaria EOOD

Croatia

Sanofi-aventis Croatia d.o.o.

Cyprus

Sanofi-aventis Cyprus Ltd.

Denmark

Sanofi-Aventis Denmark A/S

Spain

Sanofi-Aventis SA

Finland

Sanofi-Aventis OY

France

Sanofi-Aventis Europe S.A.S.
Sanofi-Aventis Participations S.A.S.
Sanofi-Aventis Amerique du Nord S.N.C.
Sanofi Pasteur Holding S.A.
Aventis Pharma S.A.
Sanofi Pasteur S.A.
Aventis Agriculture S.A.
Francopia S.A.R.L.
Winthrop Medicaments S.A.
Sanofi Chimie S.A.
Sanofi Participations S.A.S.
Sanofi-Aventis S.A.
Sanofi-Aventis France S.A.
Sanofi-Aventis Groupe S.A.
Sanofi-Aventis Recherche et Developpement S.A.
Sanofi Winthrop Industrie S.A.

Greece

Sanofi-Aventis A.E.B.E

Hungary

Chinoin Private Chemical Works Co. Ltd.
Sanofi-Aventis Private Co. Ltd.

Ireland

Cahir Insurance Ltd.

Carraig Insurance Ltd.
Sanofi-Aventis Ireland Ltd.

Italy

Sanofi-Aventis Spa

Norway

Sanofi-aventis Norge AS

Netherlands

Sanofi-Aventis Netherland BV
Zentiva N.V.

Poland

Sanofi-Aventis Spolska Z.o.o.
Sanofi Pasteur Spolska Z.o.o.

Portugal

Winthrop Farmaceutica Portugal Lda
Sanofi-Aventis Produtos Farmaceuticos SA

Romania

Sanofi-Aventis Romania

Czech Republic

Sanofi-Aventis s.r.o.

United Kingdom

Aventis Pharma Ltd.
Sanofi Pasteur Holding Limited
Sanofi-aventis UK Holdings Ltd.
Sanofi-Synthelabo Ltd.
Sanofi-Synthelabo UK Ltd.
Winthrop Pharmaceuticals UK Ltd.
Fisons Limited
May and Baker Limited
Merial Ltd.

Russia

ZAO Aventis Pharma

Serbia

Sanofi-aventis d.o.o.

Slovakia

Sanofi-aventis Slovakia s.r.o.
Sanofi-aventis Pharma Slovakia s.r.o.

Slovenia

Sanofi-Aventis d.o.o.

Sweden

Sanofi-Aventis AB

Switzerland

Sanofi SA-AG
Sanofi-Aventis (Suisse) SA



Turkey

Sanofi-Aventis Ilaclari Ltd. Sirketi
Winthrop Ilac AS
Sanofi-Synthelabo Ilac AS

United States of America

Sanofi-Aventis US Inc.
Sanofi-Synthelabo Inc.
Sanofi-Aventis US LLC
Aventis Pharmaceuticals Inc.
Carderm Capital L.P.
Carderm Investments Inc.
Aventisub Inc.
Aventis Holdings Inc.
Aventisub II, Inc.
Starlink Logistics Inc. (SLLLI)
Armour Pharmaceutical Company
Merieux America Holdings, Inc.
Aventis Pharmaceuticals Puerto Rico Inc.
Aventis Inc.
VaxServe Inc.
Sanofi-Aventis Puerto Rico Inc.
Sanofi Pasteur Biologics Co.
Sanofi Pasteur Inc.

South Africa

Sanofi-Aventis South Africa (Proprietary) Limited
Winthrop Pharmaceuticals (Proprietary) Limited
Pharmachoice Healthcare (Proprietary) Limited
Sisonke Pharmaceuticals (Pty) Ltd.
Roussel Laboratories (Pty) Ltd.

Algeria

Sanofi-Aventis Algerie
Winthrop Pharma Saidal SPA

Argentina

Sanofi-aventis (Argentina) S.A.

Australia

Sanofi-aventis Australia Pty. Limited
Sanofi-aventis Healthcare Pty Ltd.
Sanofi-aventis Healthcare Holding Pty Ltd.
MCP Direct Pty Ltd.
Bullivant's Natural Health Products Pty Ltd.
Cenovis Pty Ltd.
Carlson Health Pty Ltd.

Brazil

Sanofi-Aventis Farmaceutica Ltda

Cameroon

Sanofi-aventis AFC

Canada

Sanofi Pasteur Limited
Sanofi-Aventis Canada Inc.

Chile

Sanofi-aventis de Chile SA

China

Sanofi-aventis Pharma Beijing Co., Ltd.
Hangzhou Sanofi-aventis Minsheng Pharmaceuticals Co. Ltd.
Shenzhen Sanofi Pasteur Biological Products Co. Ltd.

Colombia

Winthrop Pharmaceuticals de Colombia SA
Sanofi-aventis de Colombia SA

Korea

Sanofi-aventis Korea Co. Ltd.

Egypt

Sanofi-Aventis Egypt SAE

Ecuador

Sanofi-aventis del Ecuador S.A.

Hong Kong

Sanofi-Aventis Hong Kong Limited

India

Sanofi-Synthelabo (India) Limited
Aventis Pharma Limited
Sanofi Pasteur India Private Limited
Shantha Biotechnics Limited

Israel

Sanofi-aventis Israël

Libya

Sanofi-aventis Liban S.A.L.

Malta

Sanofi-aventis Malta

Sri Lanka

sanofi-aventis Lanka Limited

Indonesia

PT Sanofi-Aventis Indonesia
PT Aventis Pharma (Indonesia)

Japan

Sanofi-Aventis KK
Sanofi-Aventis Meiji Pharmaceuticals Co. Ltd.
Winthrop Pharmaceutical Japan Co. Ltd.
Sanofi-Aventis Yamanouchi Pharmaceutical Inc.

Malaysia

Winthrop Pharmaceuticals (Malaysia) SDN BHD.
Sanofi-aventis (Malaysia) SDN BHD.

Morocco

Maphar
Sanofi-Aventis Maroc
Hostim S.A.
SAIP S.A.

Mexico

Sanofi-Aventis de Mexico SA de CV
Sanofi-aventis Winthrop SA de CV
Winthrop Pharmaceuticals de Mexico SA de CV



Panama

Sanofi-Aventis de Panama SA

Peru

Sanofi-Aventis del Peru S.A.

Philippines

Sanofi-Aventis Philippines Inc.

Winthrop Pharmaceuticals Philippines Inc.

Dom. Rep.

Sanofi-Aventis de la Rep. Dominicana S.A.

Sénégal

Winthrop Pharma Sénégal

Singapore

Aventis Pharma (Manufacturing) Pte. Ltd.

Sanofi-Aventis Singapore Pte. Ltd.

Taiwan

Sanofi-Aventis Taiwan Co. Ltd.

Winthrop Pharmaceutical Taiwan Co. Ltd.

Thailand

Sanofi-Synthelabo (Thailand) Ltd.

Sanofi-Aventis Thailand Ltd.

Sanofi Pasteur Ltd.

Tunisia

Sanofi-Aventis Pharma Tunisie

Winthrop Pharma Tunisie

Sanofi-Aventis Tunisie

AIMS Aventis Pharma

AIMS

U.A.E.

Sanofi-Aventis Gulf F.Z.E.

Ukraine

Sanofi-Aventis Ukraine LLC

Venezuela

Sanofi-aventis de Venezuela S.A.

Vietnam

Sanofi-Synthelabo Vietnam Pharmaceutical Shareholding Company

Sanofi-aventis Vietnam Company Limited

New Zealand

Sanofi-aventis Consumer Healthcare New Zealand Ltd.



Auditors' Report to The Members of Aventis Pharma Limited

1. We have audited the attached Balance Sheet of Aventis Pharma Limited as at December 31, 2009 and also the Profit and Loss account 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 (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on December 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Chartered Accountants
per Ravi Bansal
Partner
Membership No. 49365

Mumbai
February 24, 2010



Annexure referred to in paragraph [3] of our report of even date

Re: Aventis Pharma Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
(c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had granted loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 170,000 thousands which was fully repaid before the year end.
(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans were not prima facie prejudicial to the interest of the Company.
(c) As informed, the loan granted was re-payable on demand. There had been no default for repayment on the part of the party to whom the money had been lent. The payment of interest had been regular.
(d) There is no overdue amount of loans granted to the Companies listed in the register maintained under section 301 of the Companies Act, 1956.
(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause iii (f) and (g) of the companies (Auditor's report) Order, 2003 (as amended) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, excise duty and custom duty on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs) '000s	Period to which the amount relates	Forum where dispute is pending
Income Tax Act ,1961	Income Tax- Due to disallowances and abatement of relief/ rebate	42,140	Assessment Year 2006-07	Commissioner of Income Tax (Appeals)
	Income Tax- Due to disallowances and abatement of relief/ rebate	22,012	Assessment Year 2005-06	Income tax Appellate Tribunal (ITAT)
	Penalty under section 271 (1) (c) of the Income Tax, 1961	30,880	Assessment Year 2002-03	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Wrongful Availment of Modvat	18,900	1994-1995	Customs Excise and Service tax Appellate tribunal.
	Duty on Samples	529	1994 to 1999	Customs Excise and Service tax Appellate tribunal.
	Disallowance of Modvat	1,720	1993	Commissioner of Appeals, Surat.
	Disallowance of Modvat	361	1993	Commissioner of Appeals, Surat.
Medicinal & Toilet Preparations (Levy of Excise Duty) Act, 1955	Dispute Whether Central or State Excise duty	23,156	1990 to 1997	Central Board of Excise and Customs.
	Dispute Whether Central or State Excise duty	13,207	1996 to 1999	Commissioner of State Excise Maharashtra.
Karnataka Sales tax Act of 1957	Order passed under section 12A and 25	845	1999-2000	Karnataka Appellate Tribunal.
Foreign Trade (Development & Regulation) Act 1992	Demand for refund of customs duty & interest on account of rejection of input/output norms	5,955	2005	Director General of Foreign Trade, Delhi

* Net of amount paid under protest or otherwise.

There are no dues of wealth tax, service tax & cess which have not been deposited on account of any dispute.



- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. Batliboi & Co.
Chartered Accountants
per **Ravi Bansal**
Partner
Membership No. 49365

Mumbai : February 24, 2010



Balance Sheet

as at December 31, 2009

	Schedule	31.12.2009 Rupees '000	31.12.2008 Rupees '000
Sources of funds			
Shareholders' funds :			
Share capital	1	230,306	230,306
Reserves and surplus	2	9,087,632	8,060,741
TOTAL		9,317,938	8,291,047
Application of funds			
Fixed assets			
Gross block	3	3,345,749	3,209,163
Less: Accumulated depreciation		1,896,840	1,780,917
Net block		1,448,909	1,428,246
Capital work-in-progress including capital advances (Refer note 25 of schedule 16)		271,444	62,532
		1,720,353	1,490,778
Investments	4	51,866	51,866
Deferred tax assets (net)	5	145,720	153,169
Current assets, loans and advances			
Inventories	6	2,311,387	1,725,536
Sundry debtors	7	527,351	895,022
Cash and bank balances	8	5,859,521	4,973,724
Loans and advances	9	1,437,171	1,363,214
		10,135,430	8,957,496
Less: Current liabilities and provisions			
Current liabilities	10	1,581,714	1,384,369
Provisions	11	1,153,717	977,893
		2,735,431	2,362,262
Net current assets		7,399,999	6,595,234
TOTAL		9,317,938	8,291,047
Notes to Accounts	16		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S. R. Batliboi & Co.

Chartered Accountants

per Ravi Bansal

Partner

Membership No. 49365

Mumbai : February 24, 2010

For and on behalf of the Board of
Directors of Aventis Pharma Limited

Dr. Vijay Mallya

Dr. Shailesh Ayyangar

J. M. Gandhi

M. Dargentolle

S. R. Gupte

A. K. R. Nedungadi

K. Subramani

Mumbai : February 24, 2010

Chairman

Managing Director

Director

Director

Director

Director

Company Secretary



Profit and Loss Account for the year ended December 31, 2009

	Schedule	31.12.2009 Rupees '000	31.12.2008 Rupees '000
Income:			
Sales (gross of excise duty)		9,957,883	10,294,480
Less : Excise duty (refer note 26 of Schedule 16)		213,826	461,749
Sales (net)		9,744,057	9,832,731
Other income	12	1,111,272	925,629
		10,855,329	10,758,360
Expenditure:			
Materials	13	4,819,609	4,762,567
Personnel expenses	14	1,439,521	1,192,045
Operating and other expenses	15	2,007,420	2,022,743
Depreciation / amortisation (Gross)	3	181,800	190,501
Less: Transferred from revaluation reserve		8,359	8,359
Depreciation / amortisation (net)		173,441	182,142
Interest- others		743	3,405
		8,440,734	8,162,902
Profit before taxation		2,414,595	2,595,458
Taxation: (refer note 2 of Schedule 16)			
Current [Net of excess provision written back for earlier years Rs.14,582 thousands (2008: Rs. Nil)]		812,353	904,400
Deferred [Includes Rs. 19,900 thousands (2008: Rs. Nil) for earlier years]		7,449	(27,003)
Fringe benefit tax		20,647	56,066
Total Tax Expense		840,449	933,463
Profit after taxation		1,574,146	1,661,995
Balance brought forward		6,105,542	5,040,867
Profit available for appropriation		7,679,688	6,702,862
Appropriations:			
Interim dividend		80,609	80,609
Proposed final dividend		380,005	287,885
Tax on interim / proposed final dividend		78,282	62,626
Transfer to general reserve		157,420	166,200
Surplus carried to balance sheet		6,983,372	6,105,542
Notes to Accounts			
Earnings per share-basic and diluted (Rs) (per equity share of Rs.10 each) (refer note 9 of Schedule 16)	16	68.35	72.16
Number of equity shares		23,030,622	23,030,622

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For **S. R. Batliboi & Co.**
Chartered Accountants
per **Ravi Bansal**
Partner
Membership No. 49365
Mumbai : February 24, 2010

For and on behalf of the Board of
Directors of Aventis Pharma Limited

Dr. Vijay Mallya Chairman
Dr. Shailesh Ayyangar Managing Director
J. M. Gandhi Director
M. Dargentolle Director
S. R. Gupte Director
A. K. R. Nedungadi Director
K. Subramani Company Secretary
Mumbai : February 24, 2010



Cash Flow Statement

for the year ended December 31, 2009

	31.12. 2009	31.12.2008
	Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	2,414,595	2,595,458
Adjustment for :		
Depreciation	173,441	182,142
Unrealised net exchange (gain)/loss	(3,733)	(17,804)
(Gain) / Loss on sale of fixed assets	2,429	5,733
Interest expense	743	3,405
Interest income	(310,863)	(374,317)
Provision for doubtful debts and advances	(3,125)	9,812
Dividends	(19,650)	(19,753)
Operating profit before working capital changes	<u>2,253,837</u>	<u>2,384,676</u>
Movements in working capital		
Decrease/(Increase) in Sundry Debtors	383,773	(313,303)
Decrease/(Increase) in Loans and Advances	(15,424)	(238,451)
Decrease/(Increase) in inventories	(585,850)	82,449
(Decrease)/Increase in current liabilities and provisions	257,226	261,293
Cash generated from operations	<u>2,293,562</u>	<u>2,176,664</u>
Direct taxes paid	(922,063)	(981,436)
Net inflow/(outflow) from operating activities (A)	<u>1,371,499</u>	<u>1,195,228</u>
CASH FLOW FROM INVESTMENT ACTIVITIES		
Proceeds from sale of fixed assets	1,971	1,699
Dividend received	19,650	19,753
Interest received	349,570	366,707
Refund of Loan given	170,000	155,000
Loan given	(180,000)	-
Purchase of assets	(415,775)	(238,846)
Deposits (with original maturity more than three months)	(6,220,000)	(8,536,500)
Proceeds of deposits matured (with original maturity more than three months)	5,970,000	10,273,240
Sale of investment	-	1,222
Net cash inflow/(outflow) from investing activities (B)	<u>(304,584)</u>	<u>2,042,275</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interim and final dividend paid (including tax thereon)	(431,120)	(431,120)
Interest paid	(743)	(3,405)
Net cash inflow / (outflow) from financing activities (C)	<u>(431,863)</u>	<u>(434,525)</u>
Net Increase in cash & cash equivalents (A + B + C)	<u>635,052</u>	<u>2,802,978</u>
Cash and Cash Equivalents at the beginning of the year	4,113,724	1,309,421
Cash and Cash Equivalents at the end of the year	<u>4,748,776</u>	<u>4,112,399</u>



	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and Bank Balances (as per schedule 8)-(Refer note 3 below)	5,859,521	4,973,724
Less: Not considered as cash equivalent		
Term Deposit with original maturity of more than three months	(1,110,000)	(860,000)
Net Cash and Cash Equivalent as per AS 3	4,749,521	4,113,724
Increase/(decrease) in cash & cash equivalents on account of exchange fluctuation	(745)	(1,325)
Cash and Cash Equivalents (as restated)	4,748,776	4,112,399

Notes:

- 1) Comparative figures have been regrouped wherever necessary.
- 2) The cash flow statement has been prepared under the indirect method as set out in the Accounting standard -3 on cash flow statements issued by the Institute of Chartered Accountants of India.
- 3) Cash and Bank Balance as per Schedule 8 includes Rs 7,988 thousands (2008 : Rs 7,061 thousands) which are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For S. R. Batliboi & Co.

Chartered Accountants

per **Ravi Bansal**

Partner

Membership No. 49365

Mumbai : February 24, 2010

For and on behalf of the Board of
Directors of Aventis Pharma Limited

Dr. Vijay Mallya

Chairman

Dr. Shailesh Ayyangar

Managing Director

J. M. Gandhi

Director

M. Dargentolle

Director

S. R. Gupte

Director

A. K. R. Nedungadi

Director

K. Subramani

Company Secretary

Mumbai : February 24, 2010



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12.2008
	Rupees '000	Rupees '000
1. SHARE CAPITAL		
Authorised:		
23,500,000 (2008:23,500,000) Equity Shares of Rs.10/- each	235,000	235,000
Issued, subscribed and paid-up:		
23,030,622 (2008:23,030,622) Equity Shares of Rs.10/- each fully paid up.	230,306	230,306
	230,306	230,306
Of the above :		
a) 18,376,831 (2008:18,376,831) Equity shares were issued as fully paid bonus shares by capitalisation of reserves and security premium		
b) 11,538,342 (2008:11,538,342) equity shares are held by Hoechst GmbH, Germany, holding company and 4,865 (2008 : 4,865) Equity shares are held by Sanofi-Aventis SA, France, ultimate holding company		
2. RESERVES AND SURPLUS		
Capital reserve	34,905	34,905
Securities premium account	20,440	20,440
Revaluation reserve		
Balance as per last balance sheet	144,640	152,999
Less: Transferred to profit and loss account	8,359	8,359
	136,281	144,640
General reserve		
Balance as per last balance sheet	1,755,214	1,589,014
Add: Transfer from profit and loss account	157,420	166,200
	1,912,634	1,755,214
Profit and loss account	6,983,372	6,105,542
	9,087,632	8,060,741



Schedules annexed and forming part of accounts for the year ended December 31, 2009

3. FIXED ASSETS

Rupees '000

	COST OR REVALUATION			DEPRECIATION / AMORTISATION			NET BLOCK AS AT		
	As at 01.01.2009	Additions	Deductions	As at 31.12.2009	As at 01.01.2009	For the Year	Deductions	As at 31.12.2009	31.12.2008
Intangible Assets									
Software (1)	74,290	5,920	-	80,210	74,029	928	-	74,957	5,253
Marketing and technical rights for formulations	200,386	-	-	200,386	200,386	-	-	200,386	-
Technical know-how (2)	29,536	-	-	29,536	7,038	5,907	-	12,945	16,591
Tangible Assets									
Freehold Land	34,755	-	-	34,755	-	-	-	-	34,755
Leasehold Land	52,773	-	-	52,773	6,487	534	-	7,021	45,752
Buildings (3 and 4)	975,596	29,967	-	1,005,563	336,027	36,727	-	372,754	632,809
Leasehold Improvement	-	5,338	-	5,338	-	445	-	445	4,893
Plant & Machinery	1,512,349	117,455	21,105	1,608,699	920,497	102,994	17,910	1,005,581	603,118
Furniture & Fixtures	82,796	7,232	3,627	86,401	44,646	7,030	3,374	48,302	38,099
Office Equipment	50,612	7,357	1,086	56,883	34,101	5,857	942	39,016	17,867
Computers	195,003	27,892	43,623	179,272	156,997	20,702	43,529	134,170	45,102
Motor Vehicles	1,067	5,702	836	5,933	709	676	122	1,263	4,670
Total	3,209,163	206,863	70,277	3,345,749	1,780,917	181,800	65,877	1,896,840	1,448,909
Previous Year	3,043,031	269,512	103,380	3,209,163	1,686,364	190,501	95,948	1,780,917	1,428,246

Notes:

- 1) Remaining amortisation period upto 35 months
- 2) Remaining amortisation period from 23 months to 42 months
- 3) Buildings include investments representing ownership of Office premises and Residential flats in co-operatives societies
- 4) Buildings include buildings given on operating lease (refer note 11 of Schedule 16)



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
4. INVESTMENTS (AT COST) - LONG TERM		
UNQUOTED		
(A) Trade Investments		
(i) Joint Venture-Chiron Behring Vaccines Private Limited 4,900,000 (2008:4,900,000) Equity shares of Rs.10/- each fully paid up.	49,000	49,000
(ii) Bharuch Enviro Infrastructure Limited 2188 (2008:2188) Equity shares of Rs 10 /- each fully paid up.	22	22
(iii) Bharuch Eco-Acqua Infrastructure Limited 159,500 (2008:159,500) Equity shares of Rs.10/- each fully paid up.	1,595	1,595
	50,617	50,617
QUOTED		
Other Than Trade		
(i) United Breweries (Holdings) Limited 99,636 (2008:99,636) Equity shares of Rs 10/- each fully paid up.	750	750
(ii) United Breweries Limited 332,120 (2008:332,120) Equity shares of Rs 1/- each fully paid up	499	499
	1,249	1,249
(Aggregate market value of quoted investments Rs. 87,560 thsd, 2008: Rs. 36,714 thousands)	51,866	51,866
5. DEFERRED TAX ASSETS (NET)		
Employee retirement and other long term benefits	72,527	80,223
Effect of expenditure debited to Profit & Loss Account in current year but allowed for tax purposes in following years	218,879	194,189
Provision for doubtful debts and advances	6,636	7,698
Gross deferred tax assets	298,042	282,110
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	152,322	128,941
Gross deferred tax liabilities	152,322	128,941
Net Deferred Tax Assets	145,720	153,169

Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
6. INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)		
Raw Materials and packing materials (Including in transit Rs 74,374 thousands ; 2008: Rs. 90,604 thousands)	615,594	648,604
Work-in-process	213,380	282,086
Finished goods (Including in transit Rs 289,313 thousands; 2008:Rs. Nil)	1,482,413	794,846
	2,311,387	1,725,536
7. SUNDRY DEBTORS (Unsecured)		
Outstanding over six months		
Considered - good	38,047	43,100
- doubtful	14,343	17,044
	52,390	60,144
Others - considered good	489,304	851,922
	541,694	912,066
Less : Provision for doubtful debts	14,343	17,044
	527,351	895,022
Includes dues from Companies under the same management -		
Sanofi Winthrop Industrie S.A., France	249,828	470,002
P T Aventis Pharma (Indonesia), Indonesia	644	525
Sanofi-aventis australia Pty Ltd, Australia	29,572	17,609
Sanofi-Aventis Egypt SAE, Egypt	-	855
Sanofi-Aventis Deutschland GmbH, Germany	46,030	76,785
sanofi-aventis Lanka Limited, Sri Lanka	30,504	27,845
Sanofi Aventis Singapore Pte Ltd., Singapore	-	130
Winthrop Pharmaceuticals UK Ltd. UK	37,103	38,267
8. CASH AND BANK BALANCES		
Cash on hand	217	242
<u>With scheduled banks in</u>		
Current accounts	86,316	226,421
Term deposits	5,765,000	4,740,000
Unpaid dividend accounts	7,988	7,061
	5,859,521	4,973,724



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
9. LOANS AND ADVANCES (Unsecured)		
Considered doubtful		
Advances recoverable in cash or in kind or for value to be received	5,180	5,604
Less: Provision for doubtful advances	5,180	5,604
	-	-
Considered Good		
Advances recoverable in cash or in kind or for value to be received	184,414	194,454
Advance tax (net of provision)	587,302	500,486
Balances with customs, excise etc. (refer Note 3 of Schedule 16)	210,078	203,694
VAT credit (input) receivable	4,754	5,252
Loan to others	180,000	170,000
Rs. 180,000 thousands (2008: Nil) due from Sanofi Pasteur India Private Limited, a company under same management [Maximum balance due during the year Rs. 180,000 thousands (2008: Nil)]		
Rs. Nil (2008:170,000 thousands) due from Sanofi Synthelabo (India) Limited, a company under same management and in which few directors are interested, [Maximum balance due during the year Rs. 170,000 thousands (2008: 325,000 thousands)]		
Deposits others	135,468	132,129
Other Receivables (Services / Recovery of expenses)#	103,837	62,192
Interest Accrued on Fixed Deposits	28,926	67,632
Margin money deposit	2,392	26,899
Unamortized premium on forward contract	-	476
	1,437,171	1,363,214

Other Receivables (Services / Recovery of expenses)
includes dues from Companies under the same management -

Sanofi Aventis Recherche & Développement SA, France {(maximum amount outstanding during the year Rs. 1,257 thousands (2008: Rs.1,555 thousands))}	-	1,257
Sanofi-Aventis Singapore Pte Ltd, Singapore {(maximum amount outstanding during the year Rs. 530 thousands (2008: Rs. 3,194 thousands))}	530	-
Sanofi-Aventis Groupe S.A. France {(maximum amount outstanding during the year Rs.1,626 thousands (2008: 36 thousands))}	1,626	36
Sanofi-Synthelabo (India) Ltd, India {(maximum amount outstanding during the year Rs. 78,193 thousands (2008: Rs. 47,535 thousands))}	78,193	42,138
Sanofi Pasteur India Pvt. Ltd. {(maximum amount outstanding during the year Rs. 13,328 thousands (2008: Rs. Nil thousands))}	5,395	-
Sanofi-aventis (Malaysia) SDN BHD , Malaysia {(maximum amount outstanding during the year Rs. 1,966 thousands (2008: Rs. Nil thousands))}	1,966	-



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
10. CURRENT LIABILITIES		
Sundry creditors		
- Micro, Medium and Small Enterprises (refer note 14 of schedule 16)	5,340	9,937
- Others	1,176,848	1,036,618
Employee related and other current liabilities	271,205	211,305
Other liabilities	81,740	81,100
Security deposits	15,386	15,400
Advances from customers and others	23,173	22,948
Unclaimed dividend which shall be credited to Investor Education and Protection Fund as and when due	7,988	7,061
Unamortized discount on forward contract	34	-
	1,581,714	1,384,369
11. PROVISIONS		
Employees' retirement and other long term benefits (refer note 8 of schedule 16)	214,110	192,103
Employees' Retirement benefits - Provident fund (refer note 8 of schedule 16)	24,760	32,054
Fringe benefit tax (net of advances)	-	2,248
Proposed final dividend	380,005	287,885
Tax on proposed dividend	64,582	48,926
Other provisions (refer note 12 of schedule 16)	470,260	414,677
	1,153,717	977,893
12. OTHER INCOME		
Interest		
Bank deposits	292,248	337,080
(tax deducted at source Rs 64,469 thousands; 2008: Rs 75,306 thousands)		
Others	18,615	37,196
(tax deducted at source Rs 2,051 thousands; 2008: Rs 5,588 thousands)		
Income from services rendered	444,714	301,010
Rent	122,524	100,461
Export Incentives	79,692	58,803
Indirect taxes set off/ refunds	23,604	28,894
Insurance claims	11,722	8,763
Exchange difference (net)	9,978	5,661
Provision for doubtful debts written back (net)	3,125	-
Provision no longer required written back	65,958	-
Miscellaneous Income	19,442	27,967



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
Income from investments:		
i) Trade - dividends	19,600	19,604
ii) Other - dividends	50	149
ii) Others - interest on bonds	-	41
	1,111,272	925,629
13. MATERIALS		
Raw material and packing material consumed		
Opening stock	648,604	507,465
Add: Purchases	3,491,546	3,218,439
Less: Closing stock	615,594	648,604
	3,524,556	3,077,300
Purchase of finished goods	1,918,129	1,582,550
(Increase)/Decrease in inventories		
<u>Opening Stock</u>		
Work-in-process	282,086	195,815
Finished goods	794,846	1,104,705
	1,076,932	1,300,520
<u>Closing Stock</u>		
Work-in-process	213,380	282,086
Finished goods	1,482,413	794,846
	1,695,793	1,076,932
	(618,861)	223,588
Increase/(decrease) of excise duty on inventories, samples, etc. (refer note 26 of Schedule 16)	(4,215)	(120,871)
	4,819,609	4,762,567
14. PERSONNEL EXPENSES		
Salaries, wages and bonus (refer note 8 of schedule 16)	1,244,285	1,017,244
Contribution to Provident fund/ other funds (refer note 8 of schedule 16)	107,619	96,875
Workmen and staff welfare expenses	87,617	77,926
	1,439,521	1,192,045



Schedules annexed and forming part of accounts for the year ended December 31, 2009

	31.12. 2009	31.12. 2008
	Rupees '000	Rupees '000
15. OPERATING AND OTHER EXPENSES		
Advertisement and sales promotion	578,164	395,665
Traveling and conveyance	417,787	415,823
Selling and distribution expenses	383,736	375,370
Power and fuel	195,008	204,161
Toll Manufacturing Charges	229,729	192,053
Legal and professional fees	87,297	182,220
Training & meetings	90,832	79,221
Repairs - building	13,887	6,032
- plant and machinery	23,285	16,734
- others	54,668	53,986
Insurance	52,706	56,614
Rent	59,520	52,810
Auxiliary and other materials	50,297	44,757
Rates and taxes	50,911	18,253
Stores and spares	25,208	17,075
Provision for doubtful debts and advances (net)	-	9,812
Loss on disposal of fixed assets (net)	2,429	5,733
Auditors remuneration (refer note 20 of schedule 16)	4,457	4,317
Donations (other than political parties)	1,114	3,390
Others	248,602	217,388
	<hr/>	<hr/>
	2,569,637	2,351,414
Less: Reimbursement of expenses (refer note 24 of schedule 16)	562,217	328,671
	<hr/>	<hr/>
	2,007,420	2,022,743
	<hr/> <hr/>	<hr/> <hr/>



Schedules annexed and forming part of accounts for the year ended December 31, 2009

16 Notes to accounts

A. Significant accounting policies:

Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Freehold land and buildings are recorded at revalued amounts and the incremental values are shown as capital reserve and revaluation reserve respectively. Capital and revaluation reserves are adjusted to the extent of revalued assets disposed off.

Depreciation/amortisation

Depreciation is provided on all fixed assets, considering the useful life estimated by the management at rates not lower than those prescribed in Schedule XIV of the Companies Act 1956, on straight line method (SLM) at the following rates per annum on the cost / enhanced cost.

Description of Assets	Rate (SLM)
<u>Intangible Assets</u>	Amortised over:
Software	3 years
Marketing and technical rights for formulations	10 years
Technical know how	5 years
<u>Tangible Assets</u>	
Leasehold land	Amortised over lease period
Buildings	3.34 %
Leasehold Improvements	Amortised over lease period
Plant and machinery	10.34 %
Furniture and fixtures	10.34 %
Office equipments	9.50 %
Computer	25.00 %
Motor vehicles	16.21 %

The incremental depreciation on revalued amount is transferred to profit and loss account from revaluation reserve. Fixed assets costing Rs. 5,000 or less are fully depreciated in a year from acquisition.

Research and development cost

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding five years.



Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Leases

Company is the Lessee

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the lease term, are classified as operating leases. In respect of operating lease, rentals and all other expenses are treated as revenue expenditure. Operating lease payments are recognised as an expenses in the Profit and Loss Account on a straight line basis over the lease term.

Company is the Lessor

Assets subject to operating leases are included in fixed assets. Lease income is treated as revenue and the same is credited to the Profit and Loss Account. Costs including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage etc are recognised immediately in the Profit and Loss Account.

Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments (including investment in jointly controlled entity) are carried at cost. However, provision is made for any diminution in value, other than temporary.

Inventories

Inventories are valued as follows:

Raw Material and Packing Material

Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined using standard cost method adjusted for variances, which approximates actual cost based on weighted cost formula.

Work-in-progress and finished goods

Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined using standard cost method adjusted for variances, which approximates actual cost based on weighted cost formula.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term investments with an original maturity of three months or less.

Foreign currency transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transactions. Foreign currency monetary items are translated into rupees at the rate of exchange prevailing on the date of the balance sheet. Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward exchange contracts not intended for trading or speculation purposes

The premium or discounts arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as



income or expense for the year.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales (product and material) are stated net of sales tax, VAT, Excise duty and returns.

Service Income

Income from service rendered is recognised based on the terms of the agreements as and when services are rendered and are net of service tax.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

Retirement & Other employee benefits

(i) Long-term Employee Benefits

(a) Defined Contribution Plans

The Company has defined contribution plans for post employment benefits in the form of Superannuation Fund which is recognised by the Income-tax authorities and administered through trustees and/or Life Insurance Corporation of India (LIC). Further the Company also has a defined contribution plan in the form of a provident fund scheme for its staff and workmen at the Ankleshwar unit & Nepal and pension scheme under the Employee's Pension Scheme, 1995 for its all employees, which are administered by the Provident Fund Commissioner.

All the above mentioned schemes are classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the profit and loss Account as incurred.

(b) Defined Benefit Plans

The Company has for all employees other than Ankleshwar Staff & Workmen, defined benefit plans for post employment benefits in the form of Provident Fund which is administered through trustees (treated as a defined benefit plan on account of guaranteed interest benefit). Further Company has defined benefit plan for post retirement benefit in the form of Gratuity which is administered through trustees and/or LIC for all its employees and pension for certain employees. Schemes of Provident Fund and Gratuity are recognised by the Income-tax authorities. Liability for Defined Benefit Plans is provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit method.

(c) Other Long-term Employee Benefit

The Company has for all employees other long-term benefits in the form of Long Service Award and Leave Encashment as per the policy of the Company. Liabilities for such benefits are provided on the basis of valuation, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by an independent actuary for measuring the liability is the Projected Unit Credit method.

- (ii) Actuarial gains and losses (for defined benefit and other long term benefit) comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the profit and loss Account as income or expense.
- (iii) Termination benefits are recognised as an expense as and when incurred.



Taxation

Tax expense comprises of current, deferred and fringe benefit tax. Provision for Income tax and fringe benefit tax is made on the basis of the estimated taxable income/fringe benefits as per the provisions of Income Tax Act, 1961 and the relevant Finance Act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors. Tax payments are set off against provisions.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event, for which it is probable that outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when the Company has a possible obligation and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

B. NOTES

1. Consequent upon the decision of the Supreme Court in the matter of prices of certain bulk drugs fixed by the Government of India under the Drug (Prices Control) Order, 1979, the Company paid an amount of Rs.31,200 thousands in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to Rs.781,000 thousands alleged to be payable into the Drug Prices Equalisation Account (DPEA) were made by the Government on account of alleged unintended benefit enjoyed by the Company. The Government has also made certain claims for applicable interest. On a Writ Petition filed by the Company in 1991, the Bombay High Court passed an order whereby the demands were to be treated as show cause notices. The High Court directed the Company and the Government to furnish relevant data to each other based on which the Government was to rework the figures. The Government did not furnish the requisite data to the Company. In 1995, a further demand of Rs.79,500 thousands was made by the Government.

In the meantime, a Committee was constituted by the Government to determine the liabilities of the Drug Companies. The Company filed written submissions with the Committee and contended during the personal hearing that in the absence of the Government furnishing the requisite data as directed by the Bombay High Court, the Company was not in a position to make an effectual presentation before the Committee.

In January 1999, the Company filed an Application before the Bombay High Court seeking directions to the Government to furnish the requisite data. The Application is pending. In the meantime, the Committee has deferred further hearing of the Company's case, until the Application is heard and decided by the Bombay High Court. In any event, the Company is contesting the above demand.

2. The tax year for the Company being the year ending March 31, the provision for taxation for the year is the aggregate of the provision made for the three months ended March 31, 2009 and the provision based on the profit for the remaining



nine months up to December 31, 2009, the ultimate liability of which will be determined on the basis of the profit for the tax year April 1, 2009 to March 31, 2010.

3. Balance with customs and excise authorities includes excise and cenvat deposit Rs. 46,967 thousands (2008: Rs. 31,412 thousands) with toll manufacturers.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs: 171,519 thousands (2008: Rs. 129,086 thousands).
5. Contingent Liabilities and commitments:

	Rupees '000	
	Dec 2009	Dec 2008
Tax demands in respect of which*:		
• Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	708,399	637,929
• Company's appeals are pending before appropriate authorities	696,733	739,326

* Contingent liabilities in respect of pending tax assessments in relation to similar matters are not determinable and hence not disclosed.

6. The operations of the Company represent a single primary business segment relating to pharmaceuticals. Secondary segment reporting is performed on the basis of location of the customers. All the business assets of the Company are situated in India except assets which are directly identifiable:

Particulars	Dec 2009			Dec 2008		
	India	Outside India	Total	India	Outside India	Total
	Sales (Net)	7,454,477	2,289,580	9,744,057	7,729,948	2,102,783
Carrying amount of segment assets	10,922,544	397,803	11,320,347	9,366,347	633,310	9,999,657
Capital expenditure for the year	415,775	-	415,775	238,846	-	238,846

7. Related parties

i. Parties where control exists:

- a) Hoechst GmbH, Germany, holding Company (holds 50.1% of the equity share capital as at December 31, 2009)
- b) Sanofi-Aventis S.A., France, ultimate holding Company

ii. Other related parties with whom transactions have taken place during the year: -

a) Fellow subsidiaries

Sanofi-Aventis Sp. Zoo, Poland	Sanofi-aventis australia pty Limited, Australia
Aventis Pharma S.A., France	Sanofi-Aventis Deutschland GmbH, Germany
sanofi-aventis Lanka Ltd., Sri Lanka (formerly known as Aventis Pharma Limited)	Sanofi-aventis Korea Co. Ltd., Korea Sanofi-Aventis Egypt SAE, Egypt
Sanofi-Aventis Groupe S.A., France	Sanofi-Aventis SpA, Italy
Sanofi Pasteur S.A., France	Sanofi-Aventis US LLC, USA
Francopia S.A.R.L., France	Sanofi-Aventis US Inc., USA
Sanofi-Aventis Recherche & Développement S.A., France	Sanofi-Aventis Singapore Pte. Ltd., Singapore
Sanofi Winthrop Industrie S.A., France	Sanofi-Aventis gestion S.A., Switzerland



Sanofi Chimie S A, France	Sanofi-Synthelabo (India) Limited, India
Aventis Pharma Limited, UK	Fisons Bangladesh Limited, Bangladesh
Winthrop Pharmaceuticals UK Ltd., UK	Sanofi-aventis (Malaysia) SDN BHD., Malaysia
PT Aventis Pharma (Indonesia), Indonesia	Chinoin Pharmaceutical and Chemical Works Co. Ltd., Hungary
Sanofi Pasteur India Private Limited, India	Sanofi-Aventis Private Co. Ltd., Hungary

b) Joint venture:

Chiron Behring Vaccines Private Limited, India

c) Key management personnel of the company for the year

Name	Category of Directorship
Dr. Shailesh Ayyangar	Managing Director
Mr. Madhusudan Garimela Rao	Executive Director till 26th October 2009
Mr. Christophe Germain	Executive Director till 31st July 2009
Mr. Shirish Chandrakant Ghoge	Executive Director till 26th October 2009
Mr. Michel Dargentolle	Executive Director from 27th October 2009

d) Transactions during the year:

Rupees '000

Particulars	Dec 2009	Dec 2008
Holding Company		
Dividend		
Sanofi-aventis SA, France	78	78
Hoechst GmbH, Germany	184,613	184,613
Fellow subsidiaries and joint venture		
Sale of Raw Material and Finished Goods		
Sanofi Winthrop Industrie S.A., France	1,320,040	1,519,946
Sanofi-Aventis Deutschland GmbH, Germany	440,016	316,459
Winthrop Pharmaceuticals UK Ltd., UK	275,209	123,844
Others	260,365	151,559
Total	2,295,630	2,111,808
Purchase of Raw Material and Finished Goods		
Sanofi-Aventis Deutschland GmbH, Germany	1,616	744,890
Chiron Behring Vaccines Private Ltd., India	43,075	653,193
Sanofi Winthrop Industrie S.A., France	2,824,660	870,461
Aventis Pharma S.A., France	-	334,653
Aventis Pharma Limited, UK	135,743	52,031
Others	78,196	108,425
Total	3,083,290	2,763,653
Recovery of expenses		
Sanofi Winthrop Industrie S.A., France	477,639	226,078
Chiron Behring Vaccines Private Ltd., India	33,646	35,892
Others	6,527	9,390
Total	517,812	271,360



	Dec 2009	Dec 2008
Income from Service rendered		
Sanofi-Synthelabo (India) Ltd., India	396,925	300,197
Sanofi-Aventis Deutschland GmbH	33,090	-
Sanofi Pasteur India Private Limited	14,697	-
Total	444,712	300,197
Dividend income		
Chiron Behring Vaccines Private Limited, India	19,600	19,600
Refund of Loan given		
Sanofi-Synthelabo (India) Limited, India	170,000	155,000
Loan given		
Sanofi Pasteur India Private Limited	180,000	-
Interest income (others) on loan/inter Company deposits given		
Sanofi-Synthelabo (India) Limited, India	5,087	24,660
Sanofi Pasteur India Private Limited	6,682	-
Total	11,769	24,660
Payment of Common shared expenses		
Sanofi aventis Groupe S.A., France	7,393	12,831
Sanofi-Aventis Singapore Pte Ltd, Singapore	6,865	12,322
Sanofi-Synthelabo (India) Limited, India	7,441	4,604
Others	539	834
Total	22,238	30,591
Payment towards Intangibles under development		
Sanofi Synthelabo (India) Limited, India	80,939	3,511
Commission Expense		
sanofi-aventis Lanka Limited, Sri-Lanka	-	264
Key Management Personnel Remuneration (refer note 15)		
Dr. Shailesh Ayyangar	9,160	6,501
Mr. Christophe Germain	6,893	9,434
Mr. Madhusudan Garimela Rao	5,914	6,172
Mr. Shirish Chandrakant Ghoge	5,303	5,704
Mr. Michel Dargentolle	1,383	-
Total	28,653	27,811

e) Outstanding as at December 31, 2009

Rupees '000

Particulars	Dec 2009	Dec 2008
Fellow Subsidiaries and joint venture		
Sundry Debtors		
Sanofi Winthrop Industrie S.A., France	249,828	470,002
Sanofi-Aventis Deutschland GmbH, Germany	46,030	76,785
Others	97,823	85,231
Total	393,681	632,018
Other Receivable (Services / Recovery)		
Sanofi-Synthelabo (India) Ltd.	78,193	42,138
Others	15,762	6,761
Total	93,955	48,899
Sundry Creditors		
Sanofi Winthrop Industrie S.A., France	482,685	152,052
Sanofi-Aventis Deutschland GmbH, Germany	-	115,891
Aventis Pharma SA, France	-	57,343
Others	47,080	74,529
Total	529,765	399,815
Loan to other		
Sanofi-Synthelabo (India) Ltd., India	-	170,000
Sanofi Pasteur India Pvt. Ltd.	180,000	-

8. Employee Benefits

A) Defined Contribution Plans

The Company has recognised the following amounts in the Profit and Loss Account for the year:

Rupees '000

Particulars	Dec 2009	Dec 2008
i) Contribution to Employees' Provident Fund (Ankleshwar and Nepal)	1,426	912
ii) Contribution to Employees' Superannuation Fund	9,259	8,920
iii) Contribution to Employees' Pension Scheme, 1995	13,185	12,982

B) Post Employment Defined Benefit Plans

Valuations in respect of Gratuity, Pension Plan and Interest shortfall on Provident Fund have been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
(a) Discount Rate (per annum)	8.00%	7.00%	8.00%	7.00%	8.00%	7.00%
(b) Expected Rate of Return on Plan Assets	8.00%	7.00%	NA*	NA*	8.00%	8.10%
(c) Salary Escalation rate#	6.00%	4.75%	NA*	NA*	6.00%	4.75%
(d) Mortality	LIC-Ultimate 94-96	LIC-Ultimate 94-96	LIC-Ultimate 94-96	LIC-Ultimate 94-96	NA*	NA*
(e) Employees' turnover	Age related	Age related	Age related	Age related	Age related	Age related

*NA - Not Applicable

#The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



i) Change in Benefit Obligation

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Liability at the beginning of the period	208,189	193,734	21,990	26,342	819,515	714,653
Interest Cost	17,263	14,168	1,795	2,010	67,641	63,490
Current Service Cost	14,915	13,350	471	765	42,353	37,373
Employees Contribution	-	-	-	-	61,383	53,937
Benefits Paid	(21,134)	(34,056)	(3,555)	(3,108)	(77,740)	(68,732)
Transfer from previous employer's	-	-	-	-	8,515	22,437
Provision for diminution in fair value of plan assets	-	-	-	-	-	-
Actuarial (gain)/loss on Obligations	28,489	20,993	(2,781)	(4,019)	(11,584)	(3,643)
Liability at the end of the year	247,722	208,189	17,920	21,990	910,083	819,515
Funded benefit obligation	163,854	141,886	-	-	885,323	787,461
Non funded benefit obligation	83,868	66,303	17,920	21,990	24,760	32,054

ii) Fair value of plan Assets

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Fair Value of Plan Assets at the beginning of the year	141,886	135,260	-	-	787,461	682,887
Expected Return on Plan Assets	11,949	10,821	-	-	65,031	60,949
Employer's Contributions	24,969	8,719	-	-	40,673	35,983
Employees Contribution	-	-	-	-	61,383	53,937
Benefits Paid	(14,708)	(14,280)	-	-	(77,740)	(68,732)
Transfer from Other Approved Funds	-	-	-	-	8,515	22,437
Provision for diminution in fair value of plan assets	-	-	-	-	-	-
Actuarial gain/(loss) on Plan Assets	(242)	1,366	-	-	-	-
Fair Value of Plan Assets at the end of the year	163,854	141,886	-	-	885,323	787,461
Contributions expected to be paid to the plan in 2010	20,500	9,500	-	-	-	-

iii) Actual Return on Plan Assets

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Expected Return on Plan Assets	11,949	10,821	-	-	65,031	60,949
Actuarial gain/(loss) on Plan Assets	(242)	1,366	-	-	-	-
Actual Return on Plan Assets	11,707	12,187	-	-	65,031	60,949

iv) Amount Recognised in the Balance Sheet

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Liability at the end of the year	247,722	208,189	17,920	21,990	910,083	819,515
Fair Value of Plan Assets at the end of the year	163,854	141,886	-	-	885,323	787,461
Difference	83,868	66,303	17,920	21,990	24,760	32,054
Unrecognized Past Service Cost	-	-	-	-	-	-
Amount Recognised in the Balance Sheet	83,868	66,303	17,920	21,990	24,760	32,054

v) Expenses Recognised in the Income Statement

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Current Service Cost	14,915	13,350	471	765	42,353	37,373
Interest Cost	17,263	14,168	1,795	2,010	67,641	63,490
Expected Return on Plan Assets	(11,949)	(10,821)	-	-	(65,031)	(60,949)
Interest Guarantee	-	-	-	-	-	-
Net Actuarial (Gain)/Loss to be Recognised	28,731	19,627	(2,781)	(4,019)	(11,584)	(3,643)
Expense Recognised in Profit and Loss under personnel expenses	48,960	36,324	(515)	(1,244)	33,379	36,271

vi) Amount for the current period and previous periods are as follows

Rupees '000

Particulars	Gratuity			Pension Plan			Provident Fund		
	Dec 09	Dec 08	Dec 07	Dec 09	Dec 08	Dec 07	Dec 09	Dec 08	Dec 07
Defined Benefit Obligation	247,722	208,189	193,734	17,920	21,990	26,342	910,083	819,515	714,653
Plan assets	163,854	141,886	135,260	-	-	-	885,323	792,263	682,887
Surplus/(deficit)	83,868	66,303	58,474	17,920	21,990	26,342	24,760	27,252	31,766
Experience adjustment on benefit obligation									
Net Actuarial (Gain)/Loss due to Experience	27,309	25,266	17,813	(2,876)	(4,480)	(51)	(11,584)	(3,643)	-
Net Actuarial (Gain)/Loss due to Change in Assumption	1,180	(4,274)	-	95	461	-	-	-	-
Experience adjustment on Plan assets									
Net Actuarial Gain/(Loss) due to Experience	-	1,366	(2,809)	-	-	-	-	-	-
Net Actuarial Gain/(Loss) due to Change in Assumption	(242)	-	-	-	-	-	-	-	-



vii) **Basis used to determine expected rate of return on assets**

Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year.

viii) **General descriptions of significant defined Plans**

Gratuity Plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement in terms of provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn base salary.

Pension Plan

Under the Company's Pension scheme, certain executives are eligible for fixed pension for five years, depending on their level at the time of retirement on superannuation, death or early retirement with the consent of the Company.

Provident Fund

The Company manages the provident fund through a Provident Fund Trust for its employees (except Staff and Workmen at Ankleshwar unit) which are permitted under The Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The Plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement.

ix) **Broad category of plan assets relating Gratuity and Provident Fund as a percentage of total plan assets**

Particulars	Gratuity		Provident Fund	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Government of India securities	-	-	16%	14%
Bonds	-	-	38%	34%
Special Deposit Scheme, 1975	-	-	44%	46%
Other assets	-	-	2%	6%
Administered by Life Insurance Corporation of India	100%	100%	-	-
	100%	100%	100%	100%

9. **Earnings per share:**

Particulars	Dec 2009	Dec 2008
Numerator used for calculating basic and diluted earnings per share – profit after taxation (Rs. '000)	1,574,146	1,661,995
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.	23,030,622	23,030,622
Nominal value per share (Rs)	10	10
Basic and diluted earnings per share (Rs) (Profit after tax divided by weighted average number of shares)	68.35	72.16

10. **Joint venture – Jointly controlled entity:**

a) **Disclosure**

Name of the entity	Description of the Interest	Proportion of Ownership Interest	Country of Incorporation
Chiron Behring Vaccines Private Limited	Purchase of manufactured vaccines	49 %	India

b) Financial interest in Chiron Behring Vaccines Private Limited (Jointly controlled entity)

As at December 31, 2009 (Rs. in 000's)		For the year 2009 (Rs. in 000's)		
Assets	Liabilities	Income	Expenses	Tax
832,871	81,570	412,648	329,474	11,487
(778,132)	(75,587)	(468,347)	(313,322)	(55,370)

Note: Figures in brackets relate to previous year.

c) Company's share in contingent liabilities and commitments of Chiron Behring Vaccines Private Limited (Joint Venture Entity)

Rupees '000

Particulars	Dec 2009	Dec 2008
Bond given to Customs Authorities for clearance of plant and machinery	18,680	18,680
Tax demands in respect of which Company's appeals are pending before appropriate authorities	4,652	6,503
Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	10,196	-
Bond given to Excise Authorities	8,043	2,374
Counter guarantee given by the Company to Bank of America	1,987	1,987
Guarantee given by the Company to GIDC	349	349

d) The estimated amount of unexecuted capital contract not provided by Chiron Behring Vaccines Private Limited (Joint Venture Entity) amounted to Rs. 263 thsd (2008: Rs. 17,961 thsd)

e) The information given in preceding sub-paragraphs are based on audited Financial Statements of Chiron Behring Vaccines Private Limited (joint venture entity) as at December 31, 2009.

11. Operating leases-

Future lease commitments in respect of non-cancellable operating leases:

Where company is the lessee:

Rupees '000

Particulars	Dec 2009	Dec 2008
Charged to Profit and Loss Account*	18,935	23,827
Not later than one year	13,537	24,593
Later than one year but not later than five years	11,219	21,064

*Premises and Cars are obtained on operating lease. The lease is for a period of five years for cars and one to three years for premises and there is no provision for renewal. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.

In respect of cancellable operating leases, lease charges charged to Profit and Loss Account.

Rupees '000

Particulars	Dec 2009	Dec 2008
Car Lease Charges	6,560	5,816
Premises Lease Charges	52,641	39,361
Total	59,201	45,177



Where company is the lessor:

In respect of non-cancellable operating leases

Rupees '000

Particulars	Dec 2009	Dec 2008
Credited to Profit and Loss Account #	122,524	79,945
Not later than one year	93,671	70,107
Later than one year but not later than five years	114,691	106,804

Uncollectible minimum lease payments receivable at the balance sheet date Rs. Nil. (2008: Rs. Nil)

#The Company has leased out building on operating lease. The lease term is for a period ranging from 33-60 months and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Details in respect of assets given on operating lease:

Rupees '000

Particulars	Dec 2009	Dec 2008
Gross carrying amount of buildings	196,297	196,297
Accumulated depreciation on cost and re-valued amount	88,023	81,467
Depreciation recognised in profit and loss account	6,556	6,556
Less: Transferred from revaluation reserve	6,326	6,326
Net depreciation as per Profit and Loss account	230	230

In respect of cancellable operating leases, lease income is credited to Profit and Loss Account

12. Other provisions:

Movements in provisions:

Rupees '000

	Class of provisions			Total
	Indirect tax	Provision for Sales Returns	Others	
Balance as at January 1, 2009	90,080 (90,080)	104,948 (101,398)	219,649 (212,080)	414,677 (403,558)
Amount provided during the year	Nil (Nil)	135,746 (59,935)	145 (7,569)	135,891 (67,504)
Amount written back/adjusted during the year	Nil (Nil)	69,323 (56,385)	10,985 (Nil)	80,308 (56,385)
Balance as at December 31, 2009	90,080 (90,080)	171,371 (104,948)	208,809 (219,649)	470,260 (414,677)

Note: Figures in brackets are for the previous year.

- i) Provision for indirect taxes represents differential excise duty, sales tax, custom duty and service tax in respect of which the claims are pending before various authorities for a considerable period of time and based on management's estimate of claims provision is made on prudent basis that possible outflow of resources may arise in future.
- ii) Other provisions on prudent basis are towards possible outflow of resources in respect of legal cases pending against the Company or in respect of contractual obligations of the Company.
- iii) Provision for sales returns are on account of expected date expiry and breakages returns based on historical trends.
- iv) The management intends to continue legal actions against all the claims and defend its position.

13. Derivative Instruments and Un-hedged Foreign Currency Exposure:

Dec 2009	
Particulars of Derivatives	Purpose
Sale	
EURO 500,000	Hedge of expected future Receivable
Dec 2008	
Particulars of Derivatives	Purpose
Forward Contract for Purchase of	
EURO 450,000	Hedge of expected future payable
US \$ 400,000	Hedge of expected future payable

Particulars of un-hedged Foreign Currency exposure as at Balance sheet date

Particulars	Foreign currency	Dec 2009		Dec 2008	
		Foreign currency Value	Rupees '000	Foreign currency Value	Rupees '000
Sundry Creditors	EUR	4,816,095	333,187	5,076,526	344,950
	JPY	260,000	136	2,320,000	1,250
	USD	7,313	341	25,150	1,228
	SGD	-	-	293,751	9,960
	GBP	1,499	116	-	-
Advances Recoverable in cash or kind	NPR	68,847	43	182,270	111
Sundry Debtors and other receivable	EUR	4,913,661	329,412	8,895,969	604,481
	USD	697,691	32,468	590,397	28,826
	AUD	57,329	2,401	-	-
Bank Balances	EUR	314,384	21,076	254,387	17,286
	USD	69,967	3,256	207,710	10,141

14. Micro and Small Enterprises:

Rupees '000

Details of dues to Micro and Small Enterprises as per Micro, Small and Medium Enterprise Development Act, 2006	Dec 2009	Dec 2008
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	5,340	9,937
Amount of interest paid in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
Amount of interest accrued and remaining unpaid at the end of each accounting year; and	135	197
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-



15. Managerial remuneration:

Rupees '000

Particulars	Dec 2009	Dec 2008
Remuneration		
Salaries	18,722	18,453
Perquisites*	8,013	8,201
Contribution to PF/Other Fund	1,918	1,157
Total	28,653	27,811
Directors' fees	560	580
Grand Total	29,213	28,391

The above excludes provision for leave encashment, gratuity, long service award, pension and provident fund (to the extent actuarially valued) which are determined on the basis of actuarial valuation done on an overall basis for the Company.

* Evaluated as per Income-tax Rules wherever applicable

16. Particulars relating to licensed/installed capacity, production, stocks and sales.

A) License capacity is not applicable.

B) Installed capacity (as certified by management and relied upon by auditors) and actual production:

	Units	Installed capacities		Production	
		Dec 2009	Dec 2008	Dec 2009	Dec 2008
I. Basic drugs:					
Pharmaceuticals	Tonnes	253.00	253.00	173.92	125.40
II. Formulations:					
Liquid injectibles#	KL	-	-	386.39	304.61
Tablets/Dragees	Mio Nos	7,600.00*	7,600.00*	5,998.43	5,403.37
Capsules#	Mio Nos	-	-	215.49	203.77
Ointments#	Tonnes	-	-	727.62	793.84
Granules#	Tonnes	-	-	1.26	1.15
Drops, syrup and other liquids#	KL	-	-	544.99	455.86

Production figures include goods manufactured at third party facilities

* Includes installed capacity of granules.

Represents produced only at third party locations.

(C) Opening and Closing stocks and Sales in respect of each class of finished goods purchased / produced :-

	Unit	Opening Stock		Closing Stock		Sales		Purchases	
		Quantity	Value Rs. '000	Quantity	Value Rs. '000	Quantity	Gross Value Rs. '000	Quantity	Gross Value Rs. '000
I Basic Drugs Pharmaceuticals	Tons	35.93 (9.94)	96,505 (28,915)	20.56 (35.93)	49,169 (96,505)	62.14 (50.35) 41.89 * (49.06)*	344,233 (254,947)	- -	- -
		**	96,505 (28,915)	**	49,169 (96,505)		344,233 (254,947)		- -
II Formulations									
Liquid Injectibles	Kl	74.86 (69.60)	152,103 (230,901)	90.91 (74.86)	655,239 (152,103)	469.21 (498.72)	1,900,353 (2,887,319)	569.21 (204.32)	1,218,801 (1,137,363)
Tablets / Dragees	Mio. Nos.	919.97 (1,277.38)	481,655 (757,822)	1043.64 (919.97)	584,691 (481,655)	6,051.66 (5,875.71)	5,998,061 (5,580,066)	7,134.88 (119.01)	199,204 (114,102)
Capsules	Mio. Nos.	29.90 (16.17)	16,984 (1,377)	32.06 (29.90)	24,743 (16,984)	213.10 (187.66)	160,975 (144,473)	246.20 -	1,806 -
Ointments	Tons	110.54 (6.48)	57,502 (6,792)	136.53 (110.54)	72,700 (57,502)	742.19 (730.73)	513,286 (530,346)	889.73 (49.46)	72,087 (60,718)
Sterile Powders	Mio. Nos.	0.09 (0.12)	59,408 (93,881)	0.13 (0.09)	117,506 (59,408)	0.52 (0.48)	617,448 (567,460)	0.66 (0.45)	424,337 (270,367)
Drops ,Syrups & Other Liquids	Kl	84.78 (83.82)	27,194 (13,932)	116.77 (84.78)	27,403 (27,194)	495.77 (432.41)	290,574 (251,499)	632.98 -	1,894 -
Granules	Tons	- -	- -	0.15 -	131 -	1.11 (1.16)	1,906 (962)	1.26 -	- -
			794,846 (1,104,705)		1,482,413 (794,846)		9,482,603 (9,962,125)		1,918,129 (1,582,550)
III Others		- (-)	- -	- (-)	- -	- (-)	131,047 (77,408)	- (-)	- -
			891,351 (1,133,620)		1,531,582 (891,351)		9,957,883 (10,294,480)		1,918,129 (1,582,550)

* Represents used for captive consumption

** Included as part of raw materials

Notes

- 1) Figures in brackets relate to previous year
- 2) Closing stocks are after adjustments for in-transit breakages or damages, date expired products and free issues
- 3) Others represents sale of intermediates and raw materials



Rupees '000

17. Value of imports on CIF basis:	Dec 2009	Dec 2008
Raw and packing materials	1,938,682	1,803,563
Components, spares and auxiliary.	4,357	6,205
Capital goods	49,212	21,303
Finished goods	1,526,780	631,075

Rupees '000

18. Expenditure in foreign currency (on accrual basis)	Dec 2009	Dec 2008
Commission	-	232
Traveling and conveyance	25,224	42,524
Telecommunication Charges (included in Others of Schedule 15)	16,121	17,109
Legal and professional fees*	1,351	2,050
Others	7,294	7,540

* Excludes Rs. 10,089 thousands paid in the current year (provided in the previous year) after determination of the currency of billing.

19. Consumption of raw materials, packing materials, spare parts and components	Dec 2009		Dec 2008	
	Rupees '000	%	Rupees '000	%
Raw Materials and Packing materials				
Indigenous	1,319,052	37	1,296,747	42
Imported*	2,205,504	63	1,780,553	58
	3,524,556	100	3,077,300	100
Spare parts and components:				
Indigenous	24,994	99	16,035	94
Imported	214	1	1,040	6
	25,208	100	17,075	100
Raw Materials Consumed Product wise*:				
Ramipril Substance (Imported)	299,552	8	206,540	7
Ibuprofen IP (Imported)	306,656	9	294,866	10
Glimepiride (Imported)	203,037	6	137,543	4
Others	2,715,311	77	2,438,351	79
	3,524,556	100	3,077,300	100

*It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

20. Auditor's remuneration:

Rupees '000

Particulars	Dec 2009	Dec 2008
As auditors:		
- Statutory audit	1,700	1,625
- Tax audit and tax accounts	1,039	991
- Limited review	755	722
- Group reporting	380	350
- Other certification	115	110
- Out of Pocket expenses	51	44
Service tax	417	475
	4,457	4,317

21. Research and development expenditure included in:

Rupees '000

Particulars	Dec 2009	Dec 2008
Salary, wages and bonus	6,618	5,877
Contribution to provident fund / other funds	584	673
Staff welfare expenses	39	14
Traveling and conveyance	3,077	3,884
Power and fuel	128	195
Repairs -plant and machinery	-	154
Repairs others	37	76
Auxiliary and other materials	21,412	20,971
Rent	483	174
Others	16,664	10,798
Insurance	382	507
Depreciation	210	214
Rates and taxes	11	22
Legal and professional fees	1,784	3,002
Advertisement and sales promotion	-	14
Freight & Warehousing	-	1
Total Revenue Expenses	51,429	46,576
Capital Work in Process (also refer note 25)	84,450	3,511
Total Capital Expenditure	80,939	3,511
Total	132,368	50,087

22. Dividend remittances in foreign currency:

Rupees '000

Particulars	Dec 2009	Dec 2008
Dividend remitted in foreign currency		
Final for the year 2007	-	144,290
Interim for the year 2008	-	40,401
Final for the year 2008	144,290	-
Interim for the year 2009	40,401	-
Number of non-resident shareholders	2	2
Number of shares held	11,543,207	11,543,207

All Remittances are made in EURO.

23. Earnings in foreign exchange (on accrual basis)

Rupees '000

Particulars	Dec 2009	Dec 2008
FOB value of exports	2,247,983	2,054,932
Income from services rendered	33,090	-
Reimbursement of expenses & Market Support	488,589	236,044



24. Reimbursement of expenses includes expenses recovered for common shared utilities and services from Bayer Crop science Limited and Chiron Behring Vaccines Private Limited. Further, it also includes market support and clinical trials reimbursement from fellow subsidiaries.
25. Capital work in progress as at December 31, 2009 includes intangibles under development amounting to Rs. 84,450 thousands (2008: Rs. 3,511 thousands)
26. Excise duty on sales amounting to Rs. 213,826 thousands (2008: Rs. 461,749 thousands) has been reduced from sales in profit & loss account and increase/(decrease) of excise duty on inventories, sample etc. amounting to Rs. (4,215) thousands (2008: Rs. (120,871) thousands) has been considered as (income)/expense in Schedule 13 of financial statements.
27. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date

For S. R. Batliboi & Co.
Chartered Accountants
per **Ravi Bansal**
Partner
Membership No. 49365
Mumbai : February 24, 2010

Signature to Schedule 1 to 16

For and on behalf of the Board of
Directors of Aventis Pharma Limited

Dr. Vijay Mallya	Chairman
Dr. Shailesh Ayyangar	Managing Director
J. M. Gandhi	Director
M. Dargentolle	Director
S. R. Gupte	Director
A. K. R. Nedungadi	Director
K. Subramani	Company Secretary

Mumbai : February 24, 2010



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	State Code 11
	Registration No.09794	
	Balance Sheet Date 31.12.2009	
II.	Capital Raised during the year (Amount in Rs.Thousands)	
	<u>Public Issue</u>	<u>Rights Issue</u>
	Nil	Nil
	<u>Bonus Issue</u>	<u>Private Placement</u>
	Nil	Nil
III.	Position of Mobilisation and Deployment of Funds (Amounts in Rs.Thousands)	
	<u>Total Liabilities</u>	<u>Total Assets</u>
	9,317,938	9,317,938
	Sources of Funds	
	<u>Paid-up Capital</u>	<u>Reserves & Surplus</u>
	230,306	9,087,632
	<u>Secured Loans</u>	<u>Unsecured Loans</u>
	Nil	Nil
	Application of Funds	
	<u>Net Fixed Assets</u>	<u>Investments</u>
	1,720,353	51,866
	<u>Net Current Assets</u>	<u>Misc.Expenditure</u>
	7,545,719	Nil
	Accumulated Losses	Nil
IV.	Performance of company (Amount in Rs.Thousands)	
	<u>Turnover*</u>	<u>Total Expenditure</u>
	10,855,329	8,440,734
	* Includes Other Income	
	<u>Profit/Loss before Tax</u>	<u>Profit/Loss After Tax</u>
	+ 2,414,595	+ 1,574,146
	<u>Earnings per Share in Rs.</u>	<u>Dividend Rate %</u>
	68.35	200
V.	Generic Names of Three Principal Products/Services of company (as per monetary terms)	
	Item Code No. (ITC Code) :	3004 90 71
	Product Description :	RAMIPRIL TABLETS
	Item Code No. (ITC Code) :	3004 90 63
	Product Description :	IBUPROFEN AND PARACETAMOL TABLETS
	Item Code No. (ITC Code) :	2935 00 90
	Product Description :	GLIMEPIRIDE



Aventis Pharma Limited: Aventis House, 54/A, Sir Mathuradas VasANJI Road, Andheri (E), Mumbai 400093, INDIA. Tel.: (91-22) 2827 8000.

AVENTIS PHARMA LIMITED

Registered Office: Aventis House, 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400 093

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-fourth Annual General Meeting of the Members of Aventis Pharma Limited will be held on Tuesday, 27th April 2010 at 2.45 p.m. at Y. B. Chavan Centre – Auditorium, Gen. J. Bhosale Marg, near Sachivalaya Gymkhana, Nariman Point, Mumbai 400 021 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To confirm the declaration and payment of Interim Dividend for the year ended 31st December 2009 and to declare a Final Dividend for the year ended 31st December 2009.
3. To appoint a Director in place of Mr. A. K. R. Nedungadi who retires by rotation and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. J. M. Gandhi who retires by rotation and who, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution :
“RESOLVED THAT M/s. S. R. Batliboi & Co., Chartered Accountants, (Registration No. 301003E) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to fix the remuneration payable and the reimbursement of out-of-pocket expenses, if any, to the said Auditors.”

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:
“RESOLVED THAT, subject to the approval of the Central Government, the Company hereby accords its approval and consent under Sections 198, 269, 309 and 314 of the Companies Act, 1956 and all other applicable provisions, if any, to the appointment of Mr. M. Dargentolle (presently an Alternate to Mr. O. Charneil) as Wholetime Director of the Company for a period of five years from 27th October 2009 and to his receiving remuneration, benefits and amenities as Wholetime Director of the Company upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Dargentolle, a draft whereof is placed before the Meeting and, for the purposes of identification is initialled by the Chairman of the Meeting. Provided that the aforesaid approval and consent shall not be impaired by reason of Mr. Charneil returning to the State of Maharashtra and Mr. Dargentolle being appointed as an Alternate Director to Mr. Charneil or Mr. Dargentolle being appointed as Alternate Director to any other Director or Mr. Dargentolle filling in any casual vacancy or being appointed as Additional Director or as a Director in his own right by the Company in General Meeting.

RESOLVED FURTHER THAT the remuneration including benefits, amenities and perquisites as set out in the said draft agreement shall nevertheless be paid and allowed to Mr. Dargentolle as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the approval of the Central Government, if required, but shall not in any such year exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act, 1956, from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps or do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :
“RESOLVED THAT pursuant to the provisions of Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act,

1956, the Company's Directors other than the Managing Director or Wholetime Directors or Directors who are employees of sanofi-aventis Group Companies, in addition to sitting fees paid to them for attending the Meetings of the Board of Directors or its Committees, be paid every year for a period of five years from 1st January 2009, commission of an amount as may be determined by the Board of Directors from time to time, subject to a ceiling of one per cent of the net profits of the Company computed in the manner laid down in Section 198(1) of the Companies Act, 1956, with authority to the Board of Directors to distribute the commission amongst such Directors in such manner as the Board of Directors may from time to time decide."

By Order of the Board

K. SUBRAMANI
COMPANY SECRETARY

Registered Office:

Aventis House,
54/A, Sir Mathuradas VasANJI Road,
Andheri East, Mumbai 400 093
Mumbai, 4th March 2010

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company. The Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.
2. The Register of Members of the Company shall remain closed from Friday, 9th April 2010 to Tuesday, 27th April 2010 (both days inclusive).
3. The relevant Explanatory Statement in respect of Item Nos. 6 and 7 of the Notice is annexed to and forms part of the Notice.
- 4 (i) The Company has transferred all unclaimed dividends upto the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required under Section 205A of the Companies Act, 1956. Members who have not encashed their dividend warrants for the said years are requested to claim the amount from the Registrar of Companies, Maharashtra.
(ii) Pursuant to Section 205A and 205C of the Companies Act, 1956, unclaimed dividends upto the Interim Dividend for the year ended 31st December 2001 have been transferred to the Investor Education and Protection Fund.
In terms of Section 205A and 205C, any dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund. Once unclaimed dividends are so transferred, Members will not be entitled to claim these dividends. Members who have not encashed their dividend warrants towards the Final Dividend for the year ended 31st December 2002 or thereafter are requested to write to the Company's Registrars and Transfer Agents.
5. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the Meeting. This would enable the Company to compile the information and provide replies at the Meeting.

PROFILE OF DIRECTORS BEING APPOINTED

As required by Clause 49 of the Listing Agreement, the particulars of Directors who are proposed to be appointed are given below.

1. Name : Mr. A. K. R. Nedungadi
 Age : 52 Years
 Qualifications : B.Com., ACA, AICWA
 Experience : Mr. Nedungadi started his career in McNeill & Magor Limited as Regional Accounts Manager. After working for six years he joined Pentagon Fasteners Limited as Financial Controller.

He joined the UB Group in January 1990 as Corporate Treasurer. In 1992 he became Group Finance Director of UB International Limited which position he held for 5 years.

He returned to India in April 1997 to head Finance at McDowell & Co. He was elevated to the position of President and Chief Financial Officer of the UB Group in October 1999.

Director of the Company since 13th January 2000.

Other Directorships (as on 24th February 2010)

<u>Name of the Company</u>	<u>Position held</u>
Kingfisher Airlines Limited	Director
Bayer CropScience Limited	Director
Deccan Charters Limited	Director
United Breweries Limited	Director
Idea Streamz Consultants Pvt. Ltd.	Director
Millennium Alcobev Pvt. Ltd.	Director
Pie Education Limited	Director
Millenea Vision Advertising (P) Ltd.	Director
Shaw Wallace Breweries Limited	Director
DCL Holdings Pvt. Ltd.	Director
SWEW Benefit Company	Member of Managing Committee
Orange India Holdings S.A.R.L.	Director
Wotan Pte. Limited, Singapore	Director
Whyte and Mackay Limited, U.K.	Director
Whyte and Mackay Group Limited, U.K.	Director
Whyte and Mackay Warehousing Limited, U.K.	Director
Bouvet Ladubay S.A., France	Director
Force India Formula One Limited	Director
Force India Formula One Team Limited	Director
Force India Brand Limited	Director

Membership of Committees

<u>Name of the Company</u>	:	<u>Member of Committee</u>
Kingfisher Airlines Limited	:	Audit Committee Share Allotment, Transfer and Investor Grievance Committee Remuneration and Compensation Committee
United Breweries Limited	:	Share Transfer Committee (Chairman)
Bayer CropScience Limited	:	Audit Committee Investors' Grievance Committee (Chairman)
Deccan Charters Limited	:	Audit Committee (Chairman)

Mr. Nedungadi does not hold any shares in the Company.

2. Name : Mr. J. M. Gandhi
 Age : 48 Years
 Qualifications : B.Com., FCA
 Experience : Mr. Gandhi is a practising Chartered Accountant in the fields of Audit and Management Consultancy. He is a partner of M/s. N. M. Raiji & Co., Chartered Accountants for the last 20 years. He is a Member of the Managing Committee, Accounting and Auditing Committee and Information Technology Committee of the Bombay Chartered Accountants Society. Director of the Company since 5th March 2001. Other Directorships (as on 24th February 2010)

<u>Name of the Company</u>	<u>Position held</u>
Raiji & Horwath Consultancy Services Pvt. Ltd.	Director
i-Process Services (India) Pvt. Ltd.	Director
SBI Funds Management Pvt. Ltd.	Director
ICICI Home Finance Company Limited	Director

Membership of Committees

<u>Name of the Company</u>	:	<u>Member of Committee</u>
SBI Funds Management Private Limited	:	Audit Committee (Chairman) Remuneration Committee
i-Process Services (India) Private Limited	:	Audit Committee (Chairman)
ICICI Home Finance Company Limited	:	Audit Committee (Chairman)

Mr. Gandhi does not hold any shares in the Company.

3. Name : Mr. M. Dargentolle
 Age : 48 Years
 Qualifications : MBA (HEC)
 Experience : Mr. Dargentolle was Internal Auditor of Rhone-Poulenc SA, France from 1984 to 1988. He was Head of Controlling of Rhone-Poulenc Animal Nutrition, France from 1988 to 1992. Between 1992 and 1997 he was Finance and Administration Director of Rhone-Poulenc Jardin and European Garden Care Business. He was Managing Director of Rhone-Poulenc PVT Pakistan from 1997 to 1999. Mr. Dargentolle was Integration Project Team Leader of Aventis Crop Science SA from 1999 to 2001. Between January 2001 and May 2002 he was Head of Corporate Auditing of Aventis Crop Science SA. Mr. Dargentolle was Head of Business Planning of Aventis SA from 2003 to September 2004. He was in charge of Management Control Procedures & Processes of Sanofi-aventis from September 2004 to December 2005. Mr. Dargentolle was Chief Financial Officer of Sanofi-aventis Hungary from January 2006 to August 2009. Mr. Dargentolle was appointed Chief Financial Officer of the Company from 15th September 2009. He was appointed Alternate to Mr. O. Charmeil and Wholetime Director from 27th October 2009. Other Directorships (as on 24th February 2010)

<u>Name of the Company</u>	<u>Position held</u>
Chiron Behring Vaccines Private Limited	Director
Sanofi-Synthelabo (India) Limited	Director
sanofi-aventis Lanka Limited	Director

Mr. Dargentolle is not a Member of any Committee in the above companies. He does not hold any shares in the Company.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

The following Explanatory Statement sets out all material facts relating to Item Nos. 6 and 7 of the accompanying Notice of the Annual General Meeting to be held on 27th April 2010:

1. Item No. 6

Mr. M. Dargentolle was appointed Chief Financial Officer of the Company from 15th September 2009.

By a Resolution passed by the Board of Directors at its Meeting held on 27th October 2009, Mr. M. Dargentolle was appointed as Alternate to Mr. O. Charmeil.

Mr. Dargentolle, being an employee of the Company, was appointed a Wholetime Director for a period of five years from 27th October 2009, subject to the approval of the Central Government and the Members of the Company.

Mr. Dargentolle is deemed to be holding an office or place of profit within the meaning of Section 314(1) of the Companies Act, 1956. The appointment of and remuneration payable to Mr. Dargentolle require your approval by Special Resolution.

The remuneration proposed to be paid and perquisites proposed to be provided to Mr. Dargentolle are set out below :

- i) (a) Salary - Rs.105,000 per month
(b) Increments - Such increments as may be fixed by the Board of Directors from time to time in the salary range of Rs.105,000 to Rs. 300,000 per month.
- ii) Performance Bonus with a target payout of 25% of Annual Base Salary and a payout range of 0% to 120% of target amount to be paid at the end of the financial year as may be determined by the Board of Directors.
- iii) Provident Fund – Company’s contribution not to exceed 12% of salary.
- iv) Housing - The Company to provide rent free partially furnished, partly airconditioned residential accommodation and reimbursement of salary of servant with telephone, gas and electricity, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- v) Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed one month’s salary per year.
- vi) Free use of the Company’s car and reimbursement of salary of driver for use on the Company’s business as well as for own use.
- vii) The Company to pay the premium for the Personal Accident Insurance Policy taken for Mr. Dargentolle along with other Officers of the Company.
- viii) The Company to pay the premium for the Group Insurance Policy taken for Mr. Dargentolle as per rules of the Company.
- ix) The Company to pay fees for one Club (including admission or entrance fees and monthly or annual subscriptions).
- x) Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
- xi) The Company to pay or reimburse packing, forwarding, loading and unloading expenses as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of the personal effects of Mr. Dargentolle and also passage moneys at the time of repatriation.
- xii) Reimbursement of actual travelling, mobile phone and entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.

(All the above perquisites shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.)

MINIMUM REMUNERATION

The above remuneration (including perquisites) shall be paid to Mr. M. Dargentolle as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company.

OTHER TERMS AND CONDITIONS

- a) He shall not be paid any sitting fees for attending Board / Committee Meetings.
- b) He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency without prior approval of the Central Government.
- c) The appointment may be terminated by the Company or Mr. M. Dargentolle by giving not less than three months' prior notice in writing.

No Director, excepting Mr. Dargentolle, is interested or concerned in the Resolution at Item No. 6 of the Notice.

2. Item No. 7

Under Section 309(2) read with Section 309(4) of the Companies Act, 1956, Non Executive Directors may receive remuneration by way of a fee for each Meeting of the Board or a Committee attended and by way of a monthly, quarterly or annual payment with the approval of the Central Government or by way of commission if the Company by special resolution authorises such payment. The remuneration paid to such Director or where there is more than one such Director to all of them together, shall not exceed one percent of the net profits of the Company if the Company has a Managing Director or three percent of the net profits of the Company, in any other case.

The Company presently pays sitting fees of Rs. 20,000 for each Board / Committee Meeting attended by Non Executive Directors which payment was authorised by resolution passed at the Annual General Meeting held on 22nd June 2005.

Considering the time spent by the Non Executive Directors and the valuable advice given by them to the Management of the Company, the Board of Directors considers it desirable that they may be paid commission in addition to sitting fees which is also the practice followed by large sized companies.

The payment of commission would need your approval by Special Resolution. Such approval would be valid for a period of five years at a time. It is proposed that this resolution remain in force for a period of five years from 1st January 2009.

Non Executive Directors who are employees of sanofi-aventis group companies would not be eligible for such commission.

The Board recommends the resolution for approval by the Members.

All the Directors, other than the Managing Director, Wholetime Directors and Directors who are employees of sanofi-aventis group companies, are interested in this item of business to the extent of the remuneration proposed for them.

By Order of the Board

K. SUBRAMANI
COMPANY SECRETARY

Registered Office:

Aventis House
54/A, Sir Mathuradas VasANJI Road,
Andheri East
Mumbai 400 093
Mumbai, 4th March 2010

AVENTIS PHARMA LIMITED

Registered Office: Aventis House, 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400 093

PROXY FORM

Reg. Folio No.

I/We
of.....
.....in the district of
being a member/members of the above named Company hereby appoint.....
.....of
in the district ofor failing him
of in the district of
as my/our proxy to vote for me/us on my/our behalf at the FIFTY-FOURTH ANNUAL GENERAL MEETING of the Company to be held on 27th April 2010 and at any adjournment(s) thereof.

Signed this day of

Signature

15 paise Revenue Stamp

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

AVENTIS PHARMA LIMITED

Registered Office: Aventis House, 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400 093

ATTENDANCE SLIP

Fifty-fourth Annual General Meeting – 27th April 2010

Reg. Folio No.

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the FIFTY-FOURTH ANNUAL GENERAL MEETING of the Company at Y. B. Chavan Centre - Auditorium, near Sachivalaya Gymkhana, General J. Bhosale Marg, Mumbai 400 021 on Tuesday, 27th April 2010.

.....
Member's/Proxy's name in full

.....
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL

ANNEXE TO THE REPORT OF THE DIRECTORS

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended December 31, 2009 and forming part of the Directors' Report for the said financial year.

A. Employed throughout the year under review and were in receipt of remuneration in aggregate of not less than Rs. 2,400,000

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Dr. Ayyangar Shailesh	55	B.V.Fc & A.H., P.G.D.M. IIM (Ahmedabad)	Managing Director	25-Oct-05	30	8,689,761	Wholetime Director, Sanofi-Synthelabo (India) Limited
Mr. Baadkar Avinash	50	B.Sc.	Senior Director - Purchasing	8-Jul-93	27	3,346,832	Assistant Manager - Purchase, Pfizer Limited
Mr. Bhatnagar Tarun	58	B.Sc.	Resident Director	11-Dec-74	35	3,754,793	Sales Representative, Cosmos Enterprises
Ms. Cama Yasmin	55	B.A., LL.B., LL.M.	Senior Director - Legal Affairs	16-Sep-85	30	5,112,450	Advocate Assistant - Legal, Crawford Bayley & Co.
Mr. Dharwadkar Sanjeev	48	M.Pharm, D.B.M., M.A.M.	Senior Director - External Manufacturing Site	1-Jun-94	25	3,663,706	Development Executive, Boots Pharmaceuticals Limited
Mr. Gangopadhyay Amitabha	44	Master of Science in Human Physiology, GATE qualified	Senior Director - Business Excellence & Strategy	14-Apr-04	19	3,306,460	Marketing Manager, Glaxo Smithkline Limited
Mr. Ghoge Shirish	58	M.Com., LL.B., A.C.S., I.C.W.A., D.M.A.	Senior Director- Public Affairs, Supply Chain, Institutional Business and CHMC	15-Feb-79	38	6,458,946	Management Accountant, Guest Keen Williams Limited
Mr. Khettry Alok	44	B.Sc.	Senior Director - CNS & IM BU	12-Jan-88	22	3,178,161	First Employment
Mr. Madhu Pattabhiraman	57	B.Sc. (Tech)	Senior Director - Goa Site (Pharmaceuticals)	20-Feb-79	30	3,650,964	First Employment
Mr. Mukherjee Ashis Kumar	45	M.M.M. (Masters in Marketing Management), M.Sc. (Human Physiology)	Senior Director - Hospital & Oncology BU, and Corporate Hospitals	16-Apr-97	21	3,326,466	Area Sales Manager, Glaxo India Limited
Mr. Narayanaswamy M. K.	55	B. Com., A.I.C.W.A.	Senior Director - Accounting & Taxation	6-Feb-84	32	3,398,869	Cost Accountant, Godfrey Phillips India Limited
Mr. Parwani Bharatkumar	52	B.Pharm., D.A.M., P.G.D.M.	Senior Director - Business Development	1-Jun-84	31	3,329,128	Pharmacist Supervisor, Sandoz (India) Limited
Mr. Rao Madhusudan	59	M.Sc. (Organic Chemistry) & D.B.M.	Senior Director - Industrial Affairs, India	20-Jun-73	36	6,936,631	First Employment
Mr. Sekar S	50	B.Sc	Senior Director - Diabetes Protect BU and Diabetes Sales	1-May-97	29	3,184,408	Regional Business Manager, Fulford India Limited
Mr. Shirali Sanat	59	B.Sc.	Director - Tier II Sales & Business Support	1-Sep-71	39	2,745,635	First Employment
Mr. Subramani K.	55	B.Com., Grad C.W.A., LL.B., A.C.S.	Senior Director - Internal Audit & Company Secretary	10-Oct-78	34	3,875,763	Officer Cost, The Associated Cement Company Limited
Mr. Umesh Susheel	43	MBA Marketing	Senior Director - Diabetes BU	22-Aug-94	19	3,871,705	Product Manager, Rallis India Limited
Dr. Vadivale Muruga	51	M.Sc., M.B.B.S.	Senior Director - Medical & Regulatory Affairs	1-Dec-07	27	5,071,765	Medical Director, Brunei, Singapore & Malaysia, Sanofi-Aventis
Mr. Vaishnav Pradeep	53	B.Sc., Masters in Social Work	Senior Director - Human Resources	27-Jan-03	28	4,407,546	General Manager - Human Resources (Sales), Aventis Pharma Limited
Mr. Vete Pratin	42	Masters in Management Studies (Marketing)	Senior Director - Hoechst BU	4-Aug-03	20	3,866,047	Manager Business Planning & MIS, Novartis India Limited
Mr. Wadhwa Sunir	59	B.Sc. (Chemistry)	Senior Director - Emerging Markets, CNS & IM BU	11-Dec-72	37	4,462,249	First Employment

B. Employed for part of the year under review and were in receipt of remuneration in aggregate of not less than Rs. 200,000 per month

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Mr. Dargentolle Michel	49	HEC, CEDEP (General Mgmt. Program)	Chief Financial Officer	15-Sep-09	26	1,827,142	Chief Financial Officer, Sanofi-Aventis, Hungary
Mr. Germain Christophe	42	Graduate Engineer in Agricultural School, Graduate in Mgmt. School, Graduate in Accounting & Finance	Chief Financial Officer	1-May-05	18	6,909,361	Head of Corporate Consolidation Planning, Forecasting & Sales, Sanofi-Aventis
Mr. Rajkondawar Satish	60	M. Pharm., D.I.M.	Senior Director - External Manufacturing Site	2-Nov-90	36	1,979,471	Dy. General Manager - Production, Burroughs Wellcome India Limited

NOTES :

1. All appointments are/were contractual
2. Remuneration includes salary, bonus, rent/house rent allowance and other allowances, Company's contribution to Provident Fund, Superannuation Fund, leave travel assistance, medical expenses, depreciation of furniture/appliances and perquisite value of car as per Income Tax rules, but excludes Company's contribution to Gratuity Fund.
3. Other terms and conditions of employment are as per agreement of service and rules of the Company.
4. None of the employees is a relative of any Director of the Company.

By Authority of the Board

DR. VIJAY MALLYA
CHAIRMAN

24th February 2010

AVENTIS PHARMA LIMITED

Registered Office: Aventis House, 54/A, Sir Mathuradas VasANJI Road, Andheri East, Mumbai 400 093

TO: ALL MEMBERS OF AVENTIS PHARMA LIMITED

ABSTRACT AND MEMORANDUM UNDER SECTION 302 OF THE COMPANIES ACT, 1956

The Members of the Company had, by resolution passed at the Annual General Meeting held on 12th June 2006, approved, inter alia, payment of salary, allowances and perquisites to Dr. S. Ayyangar, Managing Director as follows:

- a) Salary - Rs. 291,308 per month with effect from 1st April 2006 with authority to the Board to grant such increments as it may determine from time to time in the salary range of Rs. 264,825 to Rs. 400,000 per month
- b) Rent free, partially furnished residential accommodation
- c) Performance Bonus with target payout of 30% of annual salary and payout range of 0% to 120% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors.

By resolutions passed by the Board of Directors at its Meetings held on 16th April 2007, 21st February 2008 and 17th February 2009 and by resolution passed at the Annual General Meeting held on 28th April 2009, Dr. Ayyangar's remuneration package had been revised as follows:

- (a) Salary - Rs. 320,438 per month with effect from 1st April 2007, Rs. 358,890 per month with effect from 1st April 2008 and Rs. 400,000 per month from 1st April 2009.
- (b) Range of salary in which Board of Directors entitled to grant increments revised to Rs. 400,000 to Rs. 600,000 per month.
- (c) Company's contribution of 12% of basic salary to his Provident Fund Account with effect from 1st November 2008 subject to a matching contribution by him.
- (d) Interest subsidy @ Rs. 4,500 per lakh per annum towards interest on loan taken by him for purchase of a house, subject to a maximum loan amount of Rs. 25,00,000.

At its Meeting held on 24th February 2010, the Board has, having regard to the services rendered by Dr. S. Ayyangar, varied his salary with effect from 1st April 2010. In compliance with the requirements of Section 302 of the Companies Act, 1956, abstract of the variation in terms together with Memorandum of Concern or Interest are set out herein:

Abstract of variation in terms:

- a) Salary: Rs. 440,000 per month
- b) Performance Bonus with a target payout of Rs. 1,774,080 for the financial year ending 31st December 2010 and payout range of 0% to 120% of target amount to be paid at the end of the financial year, as may be determined by the Board of Directors.

Memorandum of concern or interest

Dr. S. Ayyangar is concerned or interested in the variation of his terms. No other Director is concerned or interested in the variation.

K. SUBRAMANI
COMPANY SECRETARY

Mumbai, 25th February 2010