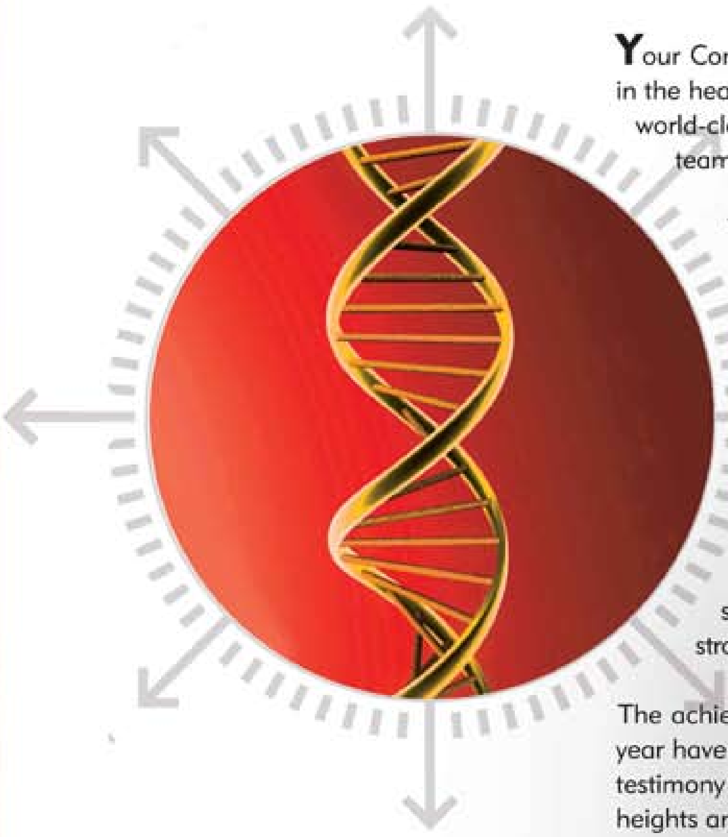
53rd Annual Report 2008
Aventis Pharma Limited

People, Processes, Products
The DNA of our Success

sanofi aventis Group
Because health matters

53rd Annual Report 2008

Aventis Pharma Limited



Your Company, Aventis Pharma Limited, is fast emerging as a leader in the healthcare industry, setting trends through innovative approaches, world-class products and services. Your Company has a dedicated team of employees with a single-minded focus on patient care.

The DNA of your Company is made up of People, Processes and Products. The hard work of your People, the precision of their Processes and the quality of Products have ensured your Company's success and sustained growth over the years. These are the three pillars of Aventis Pharma's performance and the fuel for its operations.

The team's dedication and pride have been integral to your Company's success. We have built trust and reliability among doctors and consumers for our products, which are leaders in the market. Aventis Pharma's products are known for quality, safety and efficacy. We have set high quality standards with our strong operating procedures and world-class processes.

The achievements of our People, Processes and Products over the past year have made your Company financially robust. This Annual Report is testimony to that. Your unwavering trust has helped us reach new heights and a promising future awaits us.

Our PEOPLE: Our Pride

We have always believed that we are only as good as our people, whose hard work, dedication, training and determination have contributed a lot to your Company's success. Quality-consciousness is a deeply ingrained trait across your Company. We, on our part, have trained our people in the art and science of healthcare management. Our team makes every effort to ensure that quality healthcare is synonymous with your Company.

Every member of Aventis Pharma contributes to the success of your Company.


Committed to excellence – Packaging in Goa

Our diligent sales force has consistently set benchmarks of excellence. They are the difference between us and the competition in the marketplace.

Their ability to add value and solve doctors' queries, and their detailed knowledge of our products enable them to provide quality inputs to doctors and make Aventis Pharma a preferred healthcare Company today.

Your Company's sales force is given extensive scientific training and has a better understanding of customers and their needs. The sales force is constantly adapting and changing its approach to


Scientific detailing session in progress

meet the unique needs of different doctors. They help doctors increase their knowledge and find newer ways of handling patients.

Today, your Company commands respect among doctors because of its valued team of people. One of the key achievements in 2008 was to systematically observe, in a stimulated and protected environment, behaviours of the sales force that constitute effective performance in the doctor's clinic and to certify them for detailing. The learning from this four-month long intervention across the country was reinforced by subsequent Messaging workshops.

We also conducted a series of coaching workshops for Area Managers across the country to increase their awareness of behavioral anchors that constitute in-clinic excellence.

One of your Company's key business goals is to sustain and reinforce these initiatives in 2009 to further develop the sales force.

Your Company's plants at Ankleshwar and Goa are testimony to the relentless pursuit of excellence through the years and to the spirit, hard work, sincerity and skills of the people who work there. Every member of the team adheres to the highest standards of quality and precision. It comes as no surprise that our plants have set benchmarks of excellence in the industry.

PRODUCTS

Insuman 25/75
100 IU/ml Optiset
Baralgan® D
TARGOCID
Cardace # 2.5
Actonel Once-a-Week
35
allegra
Lasilactone 50
Lantus® SoloStar®
Daonil
Tarivid
Arava
10
Festal® N
Lasix
40
Cardace 10
Cosavil
Cetapin XR
1000
Ibuprofen and Paracetamol Tablets
Combiflam®
Semi-Daonil™
Avil 50
Arava
20
LANTUS
Frisium®10
Cefrom
1.0
proctosedyl® ointment
Hostacycline®
Soframycin® Skin Cream
TAVANIC
500
Amaryl M
CLEXANE
Aventis

Your Company owes a large part of its success to the quality of products. Our products help save the lives of millions. Today, Aventis Pharma enjoys the trust and respect of patients and medical practitioners across the country. The success of some of our key brands in 2008 reinforces your Company's commitment to excellence.

Lantus® is Aventis Pharma's global blockbuster basal insulin analogue brand. With sales exceeding 2 billion euros worldwide, Lantus® is the world's No.1 insulin brand and its global success is reflected in its growing sales in India. Lantus® has shown a growth rate of more than 30%, and is the fifth-largest insulin brand in the country today.

Lantus® is expected to reach new heights in 2009, which indicates that basal insulin has become the preferred way of initiating insulin in Type 2 diabetic patients. Lantus® has been declared a global strategic product and will fuel the growth of your Company in the days to come.

In 2008, Lantus® was awarded the prestigious Organisation of Pharmaceutical Producers of India (OPPI) Marketing Excellence Award. It is a great achievement for your Company, as the award acknowledges the major role Lantus® has played in bringing about a paradigm shift in the market. The year also saw the launch of Lantus® SoloStar®, the new disposable pen with cutting-edge technology. The product makes it significantly easier for patients to inject insulin and therefore receive effective therapy.

Lantus® SoloStar® bagged the Best Design Award from the Chicago Athenaeum Museum of Architecture and Design.

The Cardio-Metabolism Business Unit team with the prestigious OPPI Marketing Excellence Award

Special cardiovascular risk screening as part of the World Heart Day campaign

Amaryl®
active ingredient: glimepiride
The Balanced Sulphonylurea

The Amaryl® group crossed the Rs. 500 million sales mark in 2008. Amaryl® is today the No. 1 brand in the oral anti-diabetes segment and one of the largest brands of your Company.

Your Company improved brand perceptions for Amaryl® with good scientific content, intensive patient management and doctor education. Independent market research studies have concluded that the key messages that Amaryl® conveys to doctors have been well perceived and accepted.

Add **Cardace™** ramipril *for life*

Cardace® is the largest-selling product in the cardiovascular segment. According to ORG, Cardace® group achieved sales of Rs. 1,084 million in 2008. The success of Cardace® is the result of numerous initiatives. Current medical literature indicates that Cardace® is the undisputed leader when it comes to cardiovascular protection.

Your Company has been continuously striving to enhance the Cardace® image. As part of its efforts to project your Company as a socially responsible Company and to promote Cardace®, we screened thousands of patients, nationwide, for cardiovascular risk profiles on World Heart Day. We will continue our endeavors on these lines in the future.

Your Company will launch line extensions in the next three years to accelerate the growth of Cardace® and enhance its position in the ever-changing scenario of cardiovascular treatment and management.

Yet another flagship product of your Company is Allegra® - the widely-respected and preferred anti-allergy product in the market.

In 2008, Allegra® consolidated its undisputed leadership in the antihistamine market, recording a 18% growth rate. The Allegra® Group recorded a 8.5% prescription growth rate as against a 5.4% antihistamine market growth and achieved the coveted 'most prescribed brand' status among antihistamines in the country.

In January 2008, your Company launched a knowledge exchange in allergy academic platform called SYNAPSE. The initiatives under this banner augment in-clinic efforts with innovative doctor and patient-centric activities. State-of-the-art international speaker programmes were also conducted under this platform. A major highlight of the programme was to engineer a strategic shift in the positioning of Allegra® from 'non-sedating symptom relief' to 'the experience of breathtaking performance' in allergic inflammation.

The pediatric formulation of Allegra® Suspension has become the second-most prescribed brand by pediatricians in just two-and-a-half years. Key to this success was a very innovative 'Share of Voice' campaign that talked of making children 'Active Again'.

In 2009, Allegra® plans to leverage its brand equity among the doctor and patient community to consolidate its No. 1 status in the market.

An International Speaker at the Knowledge Exchange forum in Allergy management - SYNAPSE

PROCESSES

One of the things that has stood us in good stead over the years, and especially in 2008, is our processes. Your Company's processes are built on the core values of Solidarity, Performance, Audacity, Respect, Courage and Creativity. These values make every process of Aventis Pharma reliable, efficient and flexible. As a result, despite adverse economic conditions, your Company was able to churn out optimal performance.

Your Company's adherence to high-quality processes is reflected in its products and performance. When consumers pick up a product of Aventis Pharma, they take its quality for granted.

In the absence of local legislation regulating product promotional practice, your Company strongly enforces a self-regulatory mechanism to ensure ethical product promotion. Our medical, regulatory and marketing teams strictly comply with the local Standard Operating Procedures, which are in line with the Organisation of Pharmaceutical Producers of India (OPPI) guidelines based on International Federation of Pharmaceutical Manufacturers Association (IFPMA) Code of Pharmaceutical Marketing Practices.


The SAP team celebrating 100 successful months of operations

People responsible for the adherence to the Standard Operating Procedures and Code of Practice are trained and their training records are documented to make our processes stronger and fool-proof.

One such process that has benefited us tremendously and improved the way we function is our high-end Enterprise Resource Planning (ERP) - SAP. This hi-tech lifeline of our backend operations completed 100 successful months of operation in 2008. Not only were we the first Pharmaceutical Company to go live in over 40 locations simultaneously, today your Company is setting an example of `cross-functional teamwork' for the entire industry with SAP.

Another example of our stringent process is OPTIMA, a tool that allows us to optimize our performance through various steps and systems. Started in 2005, OPTIMA was created by sanofi-aventis Group's regional IS team in Singapore. OPTIMA's Electronic Territory Management System connects your Company's field force across the country via the Internet. The field force use it to report their calls without any delay. The tool is also used to measure the performance of our sales force and enables your Company to minimize wastage of resources and optimize performance.

INDUSTRIAL AFFAIRS

Aventis Pharma has two state-of-the-art manufacturing facilities - at Ankleshwar, Gujarat (Chemistry and Pharmaceuticals) and Verna, Goa (Pharmaceuticals). Incorporating the latest designs and processes in manufacturing, both sites have been identified as global sourcing units and are managed by highly trained, experienced and committed personnel. Our sites comply with prevailing Good Manufacturing Practice and Health, Safety and Environment standards and score highly in terms of performance.

Ankleshwar

The Ankleshwar site in Gujarat manufactures bulk drugs and intermediates and also has a Pharmaceuticals plant for the production of tablets.

In 2008, this site produced the highest ever volume of 3,859 million tablets, and the Chemistry plant produced 184 tonnes of Active Pharmaceutical Ingredients (API).

The Chemistry plant started supplies to the regulated markets after the successful inspection from the U.S. Food and Drug Administration (USFDA) for Glibenclamide in 2005 and AFSSAPS (French regulatory agency) for Glibenclamide and Articaine Hydrochloride in 2006.

Ankleshwar also obtained ISO 14001:2004 accreditation for its Environment Management Systems.

Ankleshwar's safety record has been exemplary. It won the Gujarat Safety Award 2008 for the second consecutive year from a field of 72 local industries.

The Ankleshwar Team

With the recent rollout of the 124-tonne Pentoxifylline project, Ankleshwar will be the source for a majority of sanofi-aventis customers worldwide.

'Mission Ankleshwar' was launched in 2008 with an investment of Rs. 70 million from the sanofi-aventis Group. The mission focuses on providing social, infrastructure and health support to employees by specifically initiating and driving various projects for them.

Goa

The Goa facility was conceptualized in 1996 and set up in 1997. The eco-friendly greenfield site with ISO 14001-1996 accreditation is located at the Verna Industrial Estate. Accreditation of ISO 14001:2004 was also successfully carried out with no non-conformance observed. The site is cGMP certified by the World Health Organization (WHO), German Regulatory Authority, Therapeutic Goods Administration (TGA), Australia and by the Medicines Control Commission (MCC), South Africa.

The Goa site saw new product introductions in 2008 with the launch of Lantus® Solostar® and Apidra®. Goa was the location for the manufacture of eight different Stock Keeping Units (SKU) of the Mersyndol range exported to Australia for the first time. Yet another new product to be exported to the UK was Co-dydramol.

The thrust on exports last year led to Rs. 64 million in exports of the Paracetamol range to the UK, Rs. 42 million in the Mersyndol range to Australia and Rs. 20 million worth of Glibenclamide bulk tablet exports to Germany. The Goa site also exported Panadeine to Singapore.

The shelf-life of the Cardace® range was increased from two to three years through more robust manufacturing process technology. The improved manufacturing process enhanced the stability of the product, leading to an approval for the increase in shelf-life by the local FDA.

CONTENTS

INFORMATION

Board of Directors
(as on March 1, 2009)

Dr. Vijay Mallya
Chairman

Dr. Shailesh Ayyangar
Managing Director

Mr. O. Charmeil

Mr. J. M. Gandhi

Mr. J. M. Georges

Mr. C. Germain

Mr. S. R. Gupte

Mr. Eric Le-Bris

Mr. A. K. R. Nedungadi

Mr. J. L. Grunwald
(Alternate to Mr. O. Charmeil)

Mr. M. G. Rao
(Alternate to Mr. J. M. Georges)

Mr. S. C. Ghoge
(Alternate to Mr. Eric Le-Bris)

Company Secretary
Mr. K. Subramani

Registered Office
Aventis House
54/A, Sir Mathuradas Vasanji Road,
Andheri (East), Mumbai 400093

Factories
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 Pvt. Limited
(formerly called Intime
Spectrum Registry 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

53rd ANNUAL GENERAL MEETING

DATE
Tuesday, April 28, 2009

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 immense pleasure to bring to you the 53rd Annual Report of your Company.

In spite of a difficult year, with the economy slowing down and rising input costs, I am pleased to report that your Company has had an impressive performance. Not only have our domestic sales shown a healthy double-digit growth, but our exports too have delivered a sterling performance with 23% growth. Consequently, our profit before tax has revealed strong growth.

I would also like to share with you that we have received an overwhelming response from our trade partners in the past year. The medical fraternity continues to express trust and confidence in our products. Overall, our excellent performance especially in a difficult year would not have been possible without the dedicated efforts and contribution of each and every member working in your Company. I take this opportunity to thank them all.

In 2009, I believe that the impact of the financial meltdown is bound to be felt in India as well. Fortunately your Company is privileged to have an excellent team of People, sound Processes and world class Products. In this Annual Report we have tried to capture some elements of our capabilities in these three pillars of our success story.

The challenges of 2009 are formidable. The vast majority of India's population living in Tier 2 towns has little or no access to medicine. Your Company is working on an innovative model to ensure that high quality products at affordable prices are made available in these towns. Your Company will also contribute towards building awareness, knowledge and diagnostic skills amongst healthcare workers and doctors based in rural areas. At the same time, we will remain focused on core areas such as the management of diabetes and other chronic ailments in which we have traditionally been strong. I do believe that with our stalwart heritage presence in the country coupled with our commitment to meet India's healthcare challenges, your Company is well placed to serve the healthcare needs of the nation in the years to come.

I take this opportunity to thank you for your continued support, which is a source of great motivation to all employees of your Company.

Yours sincerely,

Dr. Shailesh Ayyangar

FINANCIAL SUMMARY

Financial Summary

(FOR LAST 10 YEARS)

(Rs. in Million)

SALES, PROFITS & DIVIDENDS	2008	2007	2006	2005	2004	2003	2002	2001[&&]	2000 (9 months)	99-00
Sales (Gross)	10294	9317	9367	8581	7904	7061	6666	5923	4155	5352
Profit before depreciation interest & tax (PBDIT)	2781	2415	2677	2536	2431	1627	1081	1125	486	686
Profit before interest & tax (PBIT)	2599	2230	2499	2364	2263	1453	911	954	381	546
Profit before tax (PBT)	2596	2228	2497	2364	2262	1451	907	939	353	454
Profit after tax (PAT)	1662	1444	1693	1451	1485	986	611	666	239	275
Dividend (Amount)	368	368	737	368	368	368	368	138	92	104
Rate%	160%	160%	320%[$]	160%	160%	160%	160%[*]	60%	40%	45%

SHARE CAPITAL & CAPITAL EMPLOYED	2008	2007	2006	2005	2004	2003	2002	2001[&&]	2000 (9 months)	99-00
Share capital	230	230	230	230	230	230	230	230	230	230
Shareholders' funds#	8291	7069	6082	5238	4218	3213	2692	2464	1972	1906
Capital employed#	8291	7069	6082	5238	4218	3365	3072	2803	2563	2716
Represented by:										
Fixed assets (net) & investments#	1543	1503	1509	1472	1597	1701	1677	1791	1953	1957
Net current & other assets	6748	5566	4573	3766	2621	1816	1395	1012	610	759

RETURN	2008	2007	2006	2005	2004	2003	2002	2001[&&]	2000 (9 months)	99-00
On sales (PBT)%	25.2%	23.9%	26.7%	27.5%	28.6%	20.5%	13.6%	15.9%	8.5%	8.5%
On capital employed (PBIT)%	31.3%	31.5%	41.1%	45.1%	53.7%	43.2%	29.7%	34.0%	14.9%★	20.1%
On shareholders' funds (PAT)%	20.0%	20.4%	27.8%	27.7%	35.2%	30.7%	22.7%	27.0%	12.1%★	14.4%
Per share (PAT) Rs.	72.16	62.71	73.51	63.00	64.48	42.80	26.53	28.92	10.39 ★	11.92
Personnel cost	1192	1037	785	735	632	549	521	603	511	586
No. of employees	2070	2065	1811	1465	1250	1284	1242	1262	1327	1400

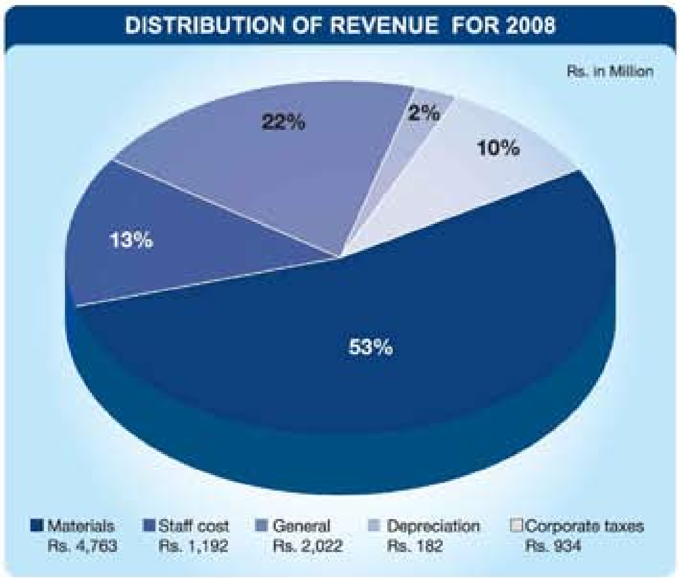
Includes revaluation of fixed assets since 1986

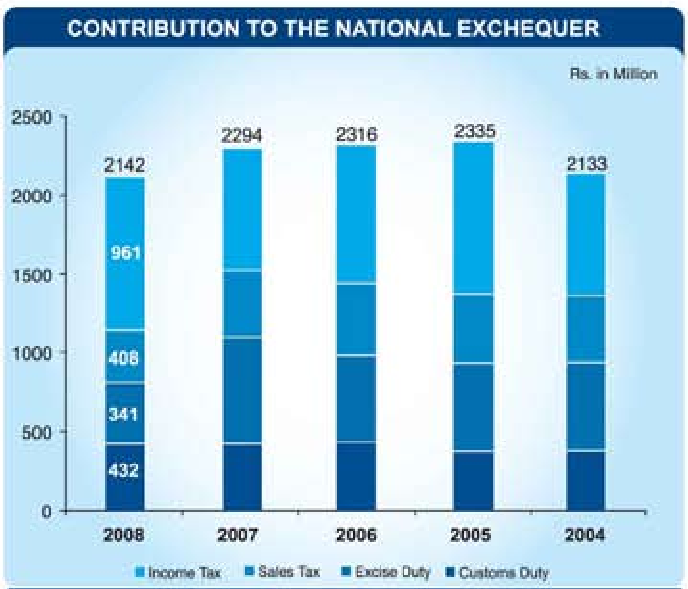
&& After consolidation of accounts due to merger of Rhone-Poulenc Rorer (India) Private Limited

$ Includes Special One -Time Golden Jubilee dividend of 160%

* Includes Special dividend of 80%

★ Not annualised





In 2008 our contribution was Rs. 2,142 Million equivalent to 22% 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-third financial year ended 31st December 2008.

FINANCIAL RESULTS

	Rs. Million
The working of your Company for the financial year under review after making provision for depreciation of Rs. 182 million resulted in a profit of	2596.4
Less: Provision for Taxation	934.4
Profit after Taxation	1662.0
Add: Balance brought forward	5040.8
Available for appropriation	6702.8

Which your Directors have appropriated as follows:

To First Interim Dividend (paid in August 2008)	80.6
To provision for Final Dividend	287.9
To tax on Interim and proposed Final Dividend	62.6
To General Reserve	166.2
Balance carried to Balance Sheet	6105.5

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 2008.

Your Directors recommend payment of a Final Dividend of Rs.12.50 per Equity Share of Rs. 10 to:

i) those Members whose names appear on the Register of Members of the Company on 28th April 2009; and

ii) those whose names appear as beneficial owners as at the close of business on 8th April 2009, as per details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited.

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, Dr. Vijay Mallya retires by rotation and is due for election.

Mr. O. Charmeil who had been appointed a Director of the Company with effect from 30th October 2006 in the casual vacancy caused by the resignation of Mr. M. Lienard holds office upto the date of the Annual General Meeting. He is eligible for election.

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 2008 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 2008 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, 17th February 2009

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 2008:

a) Heat recovery pump installed to utilize hot condensate for HVAC

b) Energy saver lamps at API plants in Ankleshwar

c) Cooling water pump equipped with variable frequency drive to save power

d) Dual fuel burner with Oxygen trimming installed on 6 Ton boiler

e) Economizer installed at exhaust stake chimney to preheat boiler feed water

f) Power factor improved to average 0.995

g) Replacement of shell and coil for Boiler to reduce insulation losses and improve combustion efficiency

h) Replacement of 250 watts Mercury Vapor lamps by 85 watts CFL lamps in warehouse receiving area in Goa

Energy Conservation measures proposed to be undertaken in 2009:

a) Replacement of mercury vapor light fittings by metal halide light fittings in Goa warehouse

b) Replacement of window AC by Central AC in packing material testing department of Goa

c) Teroglass ceramic coating in casing of 120 HP cooling water pump to save power

d) Conventional lights to be replaced by energy efficient CFL lamps in pharma packaging area and corridor in Ankleshwar

REQUISITE DATA IN RESPECT OF ENERGY CONSUMPTION ARE GIVEN BELOW:

				YEAR ENDED 31-12-2008	YEAR ENDED 31-12-2007	REASONS FOR VARIATION
POWER & FUEL CONSUMPTION						
1.		ELECTRICITY				
	(a)	Purchased				
		Units	Million KWH16.992	15.392		
		Total Amount	Rs. Million	116.997	91.404	
		Rate/Unit	Rs.	6.885	5.938	Increase in tariff
	(b)	Own Generation				
	(i)	Through Diesel Generator				
		Units	Million KWH0.308	0.273		
		Units per litre of Diesel Oil	KWH	3.054	3.049	
		Cost/Unit	Rs.	13.487	11.229	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	162	175	
		Total amount	Rs. Million	4.849	3.603	
		Average rate per K.Lit	Rs.	30,027	20,566	Increase in rates
4.		NATURAL GAS				
		Quantity	M3	3,460,617	3,674,814	
		Total Amount	Rs. Million	40.379	40.589	
		Average Rate	Rs.	11.668	11.045	Increase in rates

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Product	Unit of Production	Standards(If any)	YEAR ENDED 31.12.2008	YEAR ENDED 31.12.2007	REASONS FOR VARIATION
1.	ELECTRICITY-KWH					
	Bulk Drugs	Tonnes	NONE	5,494	6,367	Consumption depends on product mix
	Bulk Drugs	K.Lits	NONE	-	-	
	Formulations	Million Units	NONE	2,993	9,267	
2.	FURNACE OIL / LSHS (K.LIT)					
	Bulk Drugs	Tonnes	NONE	-	-	Consumption depends on product mix
	Bulk Drugs	K. Lits.	NONE	-	-	
	Formulations	Million Units	NONE	0.147	0.103	
3.	NATURAL GAS (IN THOUSAND M3)					
	Bulk Drugs	Tonnes	NONE	0.175	0.204	Consumption depends on product mix
	Bulk Drugs	K. Lits.	NONE	-	-	
	Formulations	Million Units	NONE	0.053	0.054	

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

a) Capital Rs. 3 Million

b) Revenue Rs. 47 Million

c) Total Rs. 50 Million

d) Total R&D Expenditure as a percentage of total turnover: 0.51%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, towards technology absorption, adaptation and innovation:

   The Company interacted with its collaborators who continued to give the latest technology.

2. Benefits derived as a result of the above:

   It has helped the Company to retain its market share.

3. 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

a) Total Foreign Exchange used Rs. 2532 Million

b) Total Foreign Exchange earned Rs. 2291 Million

MANAGEMENT DISCUSSION AND ANALYSIS

PHARMACEUTICAL MARKET

Total pharmaceutical market in India during the year ended 31st December 2008 was estimated at Rs. 341 billion. The retail market grew by 9.8% over the previous year.

Key drivers have been new introductions (7.2%) and volumes (1.9%). Prices contributed only 0.7% to the growth.

Your Company has a market share of 2.26% in the retail market.

Five brands of your Company, Combiflam®, Cardace®, Amaryl®, Allegra® and Lantus® feature in the top 100 brands of the retail market.

SALES AND PROFITABILITY

During the year ended 31st December 2008, your Company had net sales (excluding Excise Duty) of Rs. 9833 million as against Rs. 8735 million during the previous year. This represents a growth of 12.5%.

Profit before Tax increased by 16.5% from Rs. 2228 million to Rs. 2596 million.

The growth in domestic sales and exports helped to increase the profits.

DOMESTIC SALES REVIEW

In a highly competitive market, domestic sales grew by 10% from Rs. 7031 million to Rs. 7731 million during the year under review.

The top 6 brands grew by 21.6%. In the key therapeutic segments that your Company participates, these brands have grown faster than their respective markets.

MAJOR BRAND PERFORMANCE REVIEW

Cardace® continues to be the number one brand in the cardiovascular market. It is the No. 1 ACE inhibitor prescribed by cardiologists, diabetologists and consulting physicians.

Cardace® group registered a growth of 17.5% over the previous year. It has a market share of 26.3%.

Lantus® had a sales growth of 36.4%. It has a market share of 7.2% in the insulin market and is the 5th largest insulin brand in India.

As part of its continuing efforts to improve the quality of life of diabetics, your Company launched the world class Solostar®, the disposable pen alternative for the Optiset.

Apidra® Solostar® was also launched in 2008. This product would help to achieve synergies with Lantus®.

Amaryl® group grew by 27% in 2008. It continues to be the largest brand in the crowded anti-diabetic market. It is one of the five most prescribed brands in the oral anti-diabetic market.

Clexane® had a growth of 16%. It continues to rank no.1 in the injectable anticoagulant market with a market share of 32% in the retail and hospital market.

Targocid® had a growth of 15%. It ranks no.1 in its defined market and has a market share of 49% in the retail and hospital market.

Allegra® had a growth of 18%. It continues to be the no.1 in the antihistaminic market. Allegra® Suspension is ranked no.3 in the liquid antihistaminic market. Over the last three years, Allegra® group has doubled its turnover.

Combiflam®, the main product in Base Business, recorded sales of 1.6 billion tablets.

Soframycin® had a growth of 5%. Improved supplies of this product (which were impacted in 2007 due to non-availability of an imported raw material used in its manufacture) helped to increase sales. It has a market share of 10.8%.

Avil® tablets continued its volume leadership in the antihistaminic market with sales of over 1 billion tablets.

In an effort to reach newer medicines to patients, your Company revived heritage brands and launched Cosavil® flu tablets and Baralgan® D in select markets.

The Oncology Business Unit recorded a growth of 14%. Sales of Taxotere® grew by 29%. However, sales of Granocyte® declined due to price reductions by generic manufacturers and ongoing clinical trials by three generic manufacturers which resulted in reducing the number of patients available for treatment.

EXPORT SALES

Export sales during the year were Rs. 2102 million, a growth of 23% over 2007.

Increased sales volumes of Baralgin® and Trental® range contributed to the growth of 26% in the Russian market.

However, sales of Festal® and Sofradex® declined due to delay in receiving the re-registration certificates from the Russian Ministry of Health.

Sales to Ukraine grew by 11% but were impacted by delay in receipt of GMP certification for Festal® from the Ukraine Ministry of Health.

Sourcing of products from your Company to sanofi-aventis Group companies grew by 11%, partly due to favourable exchange rates.

Exports of Pentoxyfylline commenced to Germany. While sales of Articaine increased, there were reduced purchases of Ramipril Precursor, Lasamide and Glibenclamide.

Exports of Paracetamol range to U.K. were impacted due to scaling down of purchases on account of high inventory levels.

Export of Mersyndol tablets to Australia commenced in April 2008. The product was well received and volumes are showing an increasing trend.

MANUFACTURING OPERATIONS

During the year two new products were manufactured and launched :

a) Cosavil® Flu tablets

b) Baralgan® D Tablets & ampoules

Mersyndol range of tablets, Panadeine tablets, Co-codamol and Co-dydramol tablets - all manufactured in the Goa plant - were exported.

Your Company's plant in Ankleshwar was inspected and approved by the Ukraine health authorities.

The Ankleshwar plant produced 3895 million tablets in 2008 – the highest ever.

A second manufacturing train was put up in Ankleshwar for manufacture of Combiflam® tablets to cater to increased requirements of the product.

Changes were made in pack sizes of two products – Cardace® and Amaryl® which resulted in cost savings.

MEDICAL AND REGULATORY AFFAIRS

International speakers were invited to share experiences in management of diseases.

Over 100 Continuing Medical Education Programmes (CMEs) were conducted in various parts of India aimed at optimizing drug utilization leading to better outcomes in various disease areas. They provided information to doctors to enhance disease and drug awareness.

In order to impart knowledge on "Good Clinical Practice" and "Clinical research", ten "Clinical Excellence" Programmes were conducted across India for key opinion leaders involved in clinical research.

Based on the results of a study, the indication of Taxotere® was expanded to include operable as well as non operable head and neck cancer.

CLINICAL RESEARCH

To address the increasing twin epidemics of diabetes and cardiovascular disease (including hypertension) in India, a very big initiative was undertaken by your Company in the form of the SITE (Screening India's Twin Epidemic) study. SITE is an observational study which will estimate the prevalence of diabetes mellitus and cardiovascular disease (hypertension, hyperlipidemia, obesity) in major cities of India. This study will give a snapshot of the twin epidemics which would aid in identifying risk factors and improving their management. The study will identify the prevalence of diagnosed and undiagnosed cases of diabetes mellitus and hypertension. In addition, it will help in understanding the management and level of control of these conditions and estimate the prevalence of cardiovascular risk factors.

Your Company conducted a very large observational study with about 8000 patients to assess the adherence to the basal insulin therapy after a period of 6 months in everyday practice. This study involved about 600 doctors.

A study with Targocid® was conducted with about 25 doctors and 500 patients. The objective of this study is to observe the clinical effects and tolerability of Teicoplanin containing regimen in patients with chemotherapy induced febrile neutropenia in hospital settings in India.

A prospective post-authorization Registry was also initiated to observe the clinical effects and tolerability of Teicoplanin containing regimen in patients with Hospital acquired Pneumonia (Nosocomial Pneumonia) or Hospital acquired Blood stream infections in India. This study will involve 800 patients and 40 Doctors.

PERSONNEL

Your Company had 2070 employees as on 31st December 2008.

Industrial relations continued to be cordial.

A settlement has been signed with the Union representing the employees in the field. The settlement is valid from 1st April 2007 to 31st March 2010.

A settlement has also been signed with the Union representing the workmen in your Company's factory in Goa. The settlement is valid from 1st October 2007 to 31st December 2010.

A fresh Charter of Demands has been received from the Union representing the workmen in the Ankleshwar factory as the earlier settlement expired on 31st December 2008.

There was a reduction in attrition which the Company faced in 2007. Your Company has put in place measures to attract and retain talent.

INTERNAL AUDIT AND CONTROL

Your Company's internal control systems are adequate and commensurate with the size of operations.

The Internal Audit Department carried out audits in different areas of the 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. (formerly called Chiron Corporation)

As stated in the Management Discussion and Analysis for 2007, Chiron Behring Vaccines Private Limited (CBVPL) [the joint venture company in which your Company holds 49% and Novartis Vaccines & Diagnostics Inc. (Novartis) holds 51%] had given Notice of non-renewal, effective 1st May 2008, of the distribution Agreement under which the Company had the exclusive right to distribute the anti-rabies vaccine, Rabipur in India and Nepal. The Company had filed a suit in the Bombay High Court contesting the Notice of non-renewal.

As the Bombay High Court had rejected the arbitration petitions filed by CBVPL and Novartis, Special Leave Petitions (SLPs) had been filed by them in the Supreme Court. The Company and the said parties had submitted consent terms before the Supreme Court that all disputes between all parties be referred to the sole Arbitrator, Mr. Justice S. P. Bharucha, former Chief Justice of India.

The Arbitrator passed an award on 4th February 2009 holding that the said distribution agreement was not renewed with effect from 1st May 2008. However, CBVPL and Novartis had agreed and undertaken during the arbitration proceedings that the distribution agreement would operate until the award was made and for two weeks thereafter.

Sales of Rabipur for the year ended 31st December 2008 were Rs. 1179 million.

Your Company continues to hold 49% in CBVPL and will derive the economic benefits therefrom.

Your Company is looking at measures to compensate for the loss of sales and profits.

DRUG POLICY

The draft National Pharmaceutical Policy is being considered by a Group of Ministers (GOM) which was constituted in January 2007. The GOM has held four meetings. However, the policy has not yet been finalised.

CORPORATE SOCIAL RESPONSIBILITY

Your Company endeavours to be a trusted and responsible member of the local community. Your Company has been present in India for decades and, over time, has undertaken several projects and initiatives that go beyond the business of discovering and developing medicines.

Your Company's key philanthropic initiatives in 2008 were:

SOS Children's Villages: Your Company has been offering assistance to SOS Children's Villages for the last two years. SOS Children's Villages help orphaned and homeless children by giving them a family, a home and a strong foundation for an independent, secure life. Your Company has sponsored two family homes for 30 children each in Latur and Pune in Maharashtra.

Childline: The employees of your Company participated in The Standard Chartered Marathon to support Childline, a 24-hour free helpline for children in distress. Your Company's employees have participated in the marathon for the past three years to express their solidarity for this important cause and to ensure a secure future for these children.

In 2008, your Company partnered with non-government organisations (NGOs) on philanthropic projects that are self-sustainable in the long term. Your Company thus widened its scope of work with select organisations across Mumbai, Chennai and Kolkata. These organisations are:

The Akanksha Foundation, which aims to make a difference to the lives of children in slums, who live in difficult conditions and do not have access to basic education. Akanksha volunteers offer non-formal education through centres in Mumbai and Pune. Your Company has sponsored one such centre in Khar, Mumbai.

The Banyan provides mental healthcare for destitute women. This organisation has established scientific and humane care systems in mental health and also helps rehabilitate such women and restore them to their communities. Your Company has supported well-being and rehabilitation activities for several residents for one year.

Samaritan Help Mission (SHM) is a humanitarian educational institution that works in the slums of Tikiapara in Howrah District, West Bengal. Most of these slum-dwellers are deprived of basic health facilities. Your Company will build a medical centre in the locality, which will offer the slum-dwellers better medical and health facilities.

Sanofi-aventis Values Environment (SAVE) is a unique initiative of your Company. In 2008, more than 150 doctors were approached and were conveyed the message of valuing the environment.

Your Company also supported the rehabilitation of people affected by the floods in Bihar by donating funds for post-flood relief work by NGOs. Your Company's employees also contributed to this cause.

PROSPECTS FOR 2009

As your Company will stop distributing its largest selling product Rabipur® from 19th February 2009, sales turnover and profitability will be impacted significantly in 2009.

However, sales of other products are likely to grow which would partially offset the loss in turnover.

A generic version of your Company's product, Lantus® has been launched at a lower price which could impact its sales.

Export turnover is likely to grow but not to the same extent as in 2008.

Your Company launched Combiflam® cream in January 2009. Initial response has been encouraging.

Your Company expects to export Panadeine tablets to Malaysia from the Goa Plant.

As your Company sees a big potential in India's Tier two towns (population less than 1 lakh) and in order to cater to the specific needs of patients in these towns, an ambitious project has been launched under which new products would be introduced in these towns which would be marketed by a dedicated sales force.

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 17th February 2009)

The Board of Directors comprises of a Non-Executive Chairman, a Managing Director, a Wholetime Director and six other Non-Executive Directors.

Two employees of the Company are Alternates for Directors based abroad and are, therefore, deemed to be Executive Directors.

During the year ended 31st December 2008, 4 Board Meetings were held on 21st February 2008, 23rd April 2008, 24th July 2008 and 23rd October 2008.

Attendance of each Director at the Board Meetings in 2008 and the last Annual General Meeting and the number of Compa nies and Committees where he is Director/Member (as on 17th February 2009):

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM held on 24th April 2008	No. of other Companies in which Director (including Private Limited Compnies)	No. of Committees (other than Aventis Pharma Limited) in which Member
Dr. Vijay Mallya	Non Executive Chairman	4	Yes	22 (In India) 33 (Outside India)	NIL***
Dr. Shailesh Ayyangar	Managing Director	3	Yes	2 (In India) 1 (Outside India)	NIL
Mr. J. M. Gandhi	Independent NED	2	No	4 (In India)	1
Mr. C. Germain	ED (Wholetime Director)	4	Yes	2 (In India) 1 (Outside India)	Nil
Mr. O. Charmeil	NED**	-	-	1 (In India) 10 (Outside India)	2
Mr. S. R. Gupte	Independent NED	4	Yes	10 (In India)	6***
Mr. A.K.R. Nedungadi	Independent NED	4	Yes	12 (In India) 6 (Outside India)	4***
Mr. J. M. Georges	NED**	-	-	1 (Outside India)	Nil
Mr. Eric Le Bris	NED**	-	-	1 (In India) 26 (Outside India)	2****
Mr. M. G. Rao*	ED (Alternate to Mr. J. M. Georges)	4	Yes	Nil	Nil
Mr. S.C.Ghoge*	ED (Alternate to Mr. Eric Le Bris)	4	Yes	Nil	Nil
Mr. J. L. Grunwald*	NED** (Alternate to Mr. O. Charmeil)	-	-	25 (Outside India)	Nil****

ED - Executive Director

NED - Non Executive Director

*For part of the year

**Employees of sanofi-aventis Group Companies

***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. Eric Le Bris also holds positions such as Auditor, Liquidator and Supervisor in five other Companies outside India and Mr. Grunwald is Liquidator of one Company outside India.

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

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 and Dr. S. Ayyangar.

Mr. Gupte and Mr. Nedungadi are Independent Directors.

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

6 Meetings were held during the year ended 31st December 2008. Mr. Gupte and Mr. Nedungadi attended all the Meetings and Dr. Ayyangar attended 4 of the six Meetings.

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 2008 are given below :

a) Executive Directors

Names of Directors	Salary and Allowances Rs.	Perquisites** Rs.	Retirement Benefits*** Rs.
Dr. S. Ayyangar	5,547,928	953,320	-
Mr. C. Germain	2,980,164	6,454,027	-
Mr. M. G. Rao*	5,094,296	457,013	620,671
Mr. S. C. Ghoge*	4,830,778	336,627	536,103

*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 acturial valuation done on an overall basis for the Company.

NOTES

1. The agreements with each of the Executive Directors is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' 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	220,000
Mr. A. K. R. Nedungadi	220,000
Mr. J. M. Gandhi	60,000

*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 2008 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 523 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 2005	12.6.2006	3.00 p.m.	Y.B. Chavan Centre – Auditorium, Mumbai
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

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

a) 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.

b) 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.

c) 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 2008. 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 or Business Standard

ii) Maharashtra Times or Sakal

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

Yes

9. General Shareholder Information

AGM Date, Time and Venue: Tuesday, 28th April 2009 at 2.45 p.m. at Y.B. Chavan Centre – Auditorium, Gen. J. Bhosale Marg, Nariman Point, Mumbai 400 021

Financial Calendar – 2009 /2010

Financial Year -		January to December
First Quarter Results	-	4th week of April 2009
Half Yearly Results	-	3rd/4th week of July 2009
Third Quarter Results	-	3rd/4th week of October 2009
Audited Results for the year ending 31st December 2009	-	February/March 2010

Dates of Book Closure:

9th April 2009 to 28th April 2009 (both days inclusive)

Dividend payment date:

On or after 29th April 2009, if declared at Annual General Meeting on 28th April 2009

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 2008-2009 and is in the process of paying the fees for 2009-2010:

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 2008	1170.00	1,190.00	855.00	912.75
February 2008	932.00	980.00	872.00	942.30
March 2008	974.00	974.80	724.80	769.60
April 2008	770.00	865.00	679.90	823.15
May 2008	822.15	840.00	763.00	792.95
June 2008	791.30	804.90	712.50	745.60
July 2008	730.10	815.60	690.00	772.15
August 2008	770.00	861.40	743.10	822.40
September 2008	825.00	840.00	758.55	799.50
October 2008	772.00	820.00	662.00	710.00
November 2008	720.00	822.00	705.00	814.90
December 2008	805.05	960.00	800.00	953.30

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

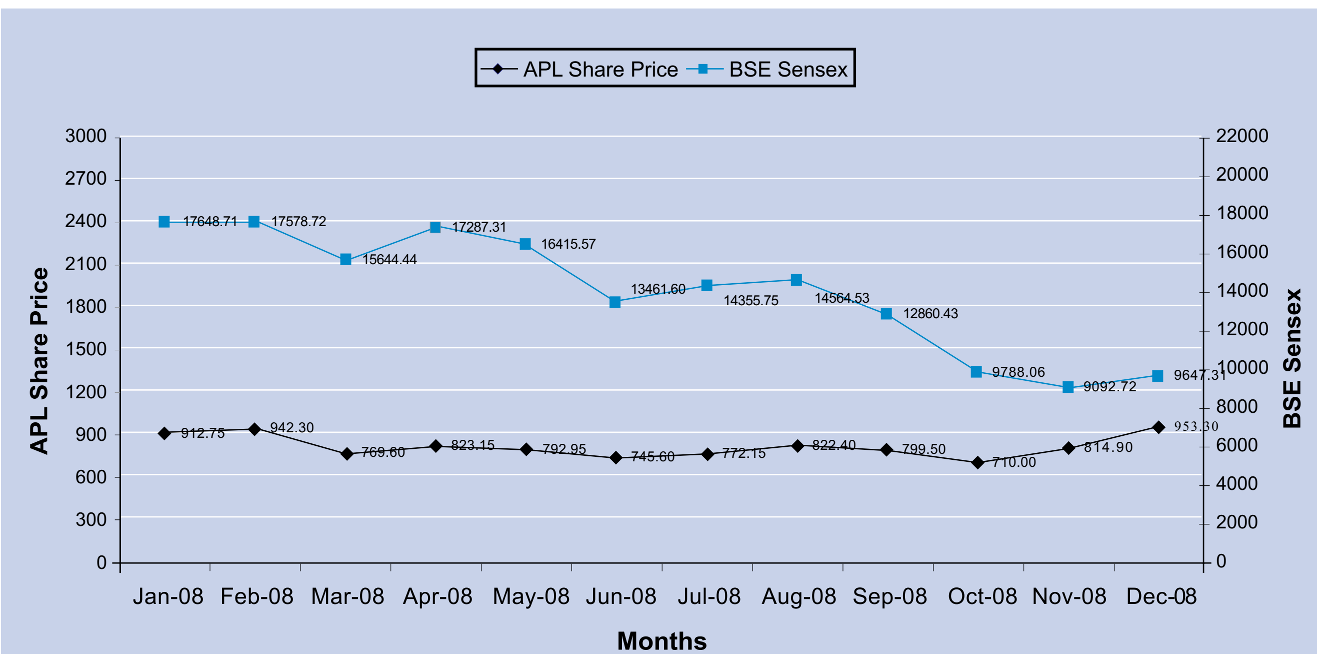
January – December 2008 (in percentage %)

Aventis Pharma Limited (-) 18.52%

BSE Sensex (-) 52.54%

BSE 200 (-) 56.60%

BSE 100 (-) 55.41%



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

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 31.12.2008:

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 to 100	16628	90.92	915874	3.98
101 to 200	881	4.82	153031	0.66
201 to 300	250	1.37	67551	0.29
301 to 400	118	0.65	44665	0.19
401 to 500	108	0.59	52248	0.23
501 to 1000	138	0.75	107900	0.47
1001 to 2000	58	0.32	85153	0.37
2001 to 3000	17	0.09	45027	0.20
3001 to 4000	7	0.04	25992	0.11
4001 to 5000	12	0.07	55552	0.24
5001 to 10000	17	0.09	120172	0.52
10001 and above	55	0.30	21357457	92.74
TOTAL	18289	100	23030622	100

Shareholding Pattern as on 31.12.2008

	Percentage %
Foreign Promoters	50.12
Indian Promoters	10.28
Mutual Funds	14.42
Foreign Institutional Investors	7.12
Banks	0.006
Insurance Companies	5.71
Other Bodies Corporate	4.98
Trusts / Clearing Member	0.008
Individuals holding upto Rs.1 lakh in nominal capital	6.46
Individuals holding more than Rs.1 lakh in nominal capital	0.9
Total	100

Dematerialisation of Shares and liquidity:

As on 31.12.2008, 98.60% 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 No. (022) 28278530/ 28242260 Fax No. (022) 28360862 E.Mail – 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 2008.

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 2008.

For AVENTIS PHARMA LIMITED

DR. SHAILESH AYYANGAR
MANAGING DIRECTOR

Mumbai, 17th February 2009

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, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 17, 2009

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
Sanofi-Synthelabo 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
Chinonin Pharmaceutical and 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

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

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

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 S.A.

Australia

Sanofi-aventis australia pty. Limited
Symbion CP Holdings Pty Ltd.
sanofi-aventis Consumer Healthcare Pty Ltd.
MCP Direct Pty Ltd.
MCP Operations Pty Ltd.
Bullivant's Natural Health Products (International) 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

Israel

Sanofi-aventis Israël

Lebanon

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.
Sanofi-Synthelabo Maroc

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

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

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

Symbion Consumer Products (NZ) Ltd.

Auditors' Report
to The Members of Aventis Pharma Limited

1. We have audited the attached Balance Sheet of Aventis Pharma Limited "the Company" as at December 31, 2008 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, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. 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, 2008;

      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 17, 2009

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 has 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. 325,000 thousands and the year-end balance of loan granted was Rs. 170,000 thousands.

(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 are not prima facie prejudicial to the interest of the Company.

(c) As informed, the loan granted is re-payable on demand. There has been no default for repayment on the part of the party to whom the money has been lent. The payment of interest has been regular.

(d) There is no overdue amount of loans granted to the Company 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.

(f) As the Company has not taken any loans, 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, employees' state insurance, income-tax, sales-tax, service tax, wealth-tax, customs duty, excise duty, cess 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 customs 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	73,011	Assessment Year 2005-06	Commissioner of Income Tax (Appeals)
	Income Tax- Due to disallowances and abatement of relief/ rebate	33,479	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)
	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.

Apart from the above, there are no dues of wealth tax, service tax, customs duty & 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 17, 2009

Balance Sheet
as at December 31, 2008

	Schedule	31.12.2008 Rupees '000	31.12.2007 Rupees '000
Sources of funds			
Shareholders' funds :			
Share capital	1	230,306	230,306
Reserves and surplus	2	8,060,741	6,838,225
TOTAL		**8,291,047**	**7,068,531**
Application of funds			
Fixed assets			
Gross block	3	3,209,163	3,043,031
Less: Accumulated depreciation		1,780,917	1,686,364
Net block		1,428,246	1,356,667
Capital work-in-progress and advances on capital account		62,532	93,198
		1,490,778	**1,449,865**
Investments	4	**51,866**	**53,088**
Deferred tax assets (net)	5	**153,169**	**126,166**
Current assets, loans and advances			
Inventories	6	1,725,536	1,807,985
Sundry debtors	7	895,022	575,052
Cash and bank balances	8	4,973,724	3,906,161
Loans and advances	9	1,363,214	1,249,407
		8,957,496	**7,538,605**
Less: Current liabilities and provisions			
Current liabilities	10	1,384,371	1,145,663
Provisions	11	977,891	953,530
		2,362,262	**2,099,193**
Net current assets		**6,595,234**	**5,439,412**
TOTAL		**8,291,047**	**7,068,531**
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 17, 2009

Dr. Vijay Mallya	Chairman
Dr. Shailesh Ayyangar	Managing Director
J. M. Gandhi	Director
C. Germain	Director
S. R. Gupte	Director
A. K. R. Nedungadi	Director
M. G. Rao	Director
S. C. Ghoge	Director
K. Subramani	Company Secretary

Mumbai : February 17, 2009

Profit and Loss Account
for the year ended December 31, 2008

	Schedule	31.12.2008 Rupees '000	31.12.2007 Rupees '000
Income:			
Sales (gross)		10,294,480	9,316,980
Less : Excise duty (refer note 25 of sch 16)		461,749	581,577
Sales (net)		9,832,731	8,735,403
Other income	12	925,629	739,468
		10,758,360	**9,474,871**
Expenditure:			
Materials	13	4,762,567	4,320,222
Personnel expenses	14	1,192,045	1,037,205
Operating and other expenses	15	2,021,768	1,702,570
Depreciation / amortisation (Gross)		190,501	192,898
Less: Transferred from revaluation reserve		8,359	8,359
Depreciation / amortisation (net)		182,142	184,539
Interest- others		3,405	1,924
		8,161,927	**7,246,460**
Profit before taxation		2,596,433	2,228,411
Taxation :			
- Current (refer note 2 of Sch 16)		905,375	725,800
- Deferred		(27,003)	14,343
- Fringe benefit tax		56,066	44,022
Profit after taxation		1,661,995	1,444,246
Balance brought forward		5,040,867	4,177,741
Profit available for appropriation		**6,702,862**	**5,621,987**
Appropriation :			
Interim dividend		80,609	80,609
Proposed final dividend		287,885	287,885
Tax on interim / proposed final dividend		62,626	62,626
Transfer to general reserve		166,200	150,000
Surplus carried to balance sheet		6,105,542	5,040,867
		6,702,862	**5,621,987**
Notes to Accounts	16		
Earnings per share-basic and diluted (Rs)		72.16	62.71
(per equity share of 10 each)			
(refer note 9 of Sch 16)			
Number of equity shares (in thousands)		23,031	23,031

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 17, 2009

Dr. Vijay Mallya Chairman
Dr. Shailesh Ayyangar Managing Director
J. M. Gandhi Director
C. Germain Director
S. R. Gupte Director
A. K. R. Nedungadi Director
M. G. Rao Director
S. C. Ghoge Director
K. Subramani Company Secretary
Mumbai : February 17, 2009

Cash Flow Statement
for the year ended December 31, 2008

	31.12. 2008 Rupees '000	31.12.2007 Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	**2,596,433**	**2,228,411**
Adjustment for :		
Depreciation	182,142	184,539
Unrealised net exchange (gain)/loss	(17,804)	(3,626)
(Gain) / Loss on sale of fixed assets	5,733	(8,553)
Interest expense	3,405	1,924
Interest income	(374,317)	(287,689)
Provision for doubtful debts and advances	9,812	1,759
Dividends	(19,753)	(24,695)
Operating profit before working capital changes	**2,385,651**	**2,092,070**
Movements in working capital		
Decrease/(Increase) in sundry debtors & other receivables	(551,755)	203,882
Decrease/(Increase) in inventories	82,449	(219,956)
(Decrease)/ Increase in current liabilities and provisions	260,820	(27,002)
Cash generated from operations	**2,177,165**	**2,048,994**
Direct taxes paid	982,411	973,850
Net inflow /(outflow) from operating activities (A)	**1,194,754**	**1,075,144**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	1,699	13,147
Dividend received	19,754	24,695
Interest received	366,707	241,704
Refund of Inter corporate deposit given	-	50,000
Loan given	-	(325,000)
Refund of loan given	155,000	-
Purchase of assets	(238,846)	(191,154)
Bank term deposit (net) with original maturity of more than three months	1,736,740	(2,596,740)
Sale of Investment	1,222	-
Net cash inflow/(outflow) from investing activities (B)	**2,042,276**	**(2,783,348)**
CASH FLOW FROM FINANCING ACTIVITIES		
Interim and final dividend paid (including tax thereon)	(431,120)	(842,741)
Interest paid	(3,405)	(1,924)
Net cash inflow / (outflow) from financing activities (C)	**(434,525)**	**(844,665)**
Net Increase / (decrease) in cash & cash equivalents (A + B + C)	**2,802,505**	**(2,552,869)**
Cash and Cash Equivalents at the beginning of the year	1,302,833	3,855,766
Cash and Cash Equivalents at the end of the year	**4,105,338**	**1,302,897**

	31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and Bank Balances (as per schedule 8)	**4,973,724**	**3,906,161**
Less: Not considered as cash equivalent		
Term Deposit with original maturity of more than three months	860,000	2,596,740
Unclaimed Dividend Account	7,061	6,588
Net Cash and Cash Equivalent as per AS 3	**4,106,663**	**1,302,833**
Increase/(decrease) in cash & cash equivalents on account of exchange fluctuation	(1,325)	64
Cash and Cash Equivalents (as restated)	**4,105,338**	**1,302,897**

Note:

1) The above cash flow statement has been prepared under 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements, issued by the Institute of Charetered Accountant of India.
2) Comparative figures have been regrouped wherever necessary.

As per our report of even date
For S. R. Batliboi & Co.
Chartered Accountants
per **Ravi Bansal**
Partner
Membership No. 49365
Mumbai : February 17, 2009

Dr. Vijay Mallya	Chairman
Dr. Shailesh Ayyangar	Managing Director
J. M. Gandhi	Director
C. Germain	Director
S. R. Gupte	Director
A. K. R. Nedungadi	Director
M. G. Rao	Director
S. C. Ghoge	Director
K. Subramani	Company Secretary

Mumbai : February 17, 2009

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

	31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
1. SHARE CAPITAL		
Authorised:		
23,500,000 (2007:23,500,000) Equity Shares of Rs.10/- each	235,000	235,000
Issued, subscribed and paid-up:		
23,030,622 (2007 :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 (2007: 18,376,831) Equity shares were issued as fully paid bonus shares by capitalisation of reserves and security premium		
b) 11,538,342 (2007 : 11,538,342) equity shares are held by Hoechst GmbH, Germany, holding company and 4,865 (2007 : 4,865) Equity shares are held by Sanofi-Aventis SA, France, ultimate holding company		
2. RESERVES AND SURPLUS		
Capital reserve		
Balance as per last balance sheet	34,905	36,156
Less: Transfer to General Reserve on disposal of Land	-	1,251
	34,905	**34,905**
Securities premium account		
Balance as per last balance sheet	20,440	20,440
	20,440	**20,440**
Revaluation reserve		
Balance as per last balance sheet	152,999	161,358
Less: Transferred to profit and loss account	8,359	8,359
	144,640	**152,999**
General reserve		
Balance as per last balance sheet	1,589,014	1,456,059
Add: Transfer from capital reserve	-	1,251
Add: Transfer from profit and loss account	166,200	150,000
Less : Transitional Liability for employee benefits (net of deferred tax) (refer note 8 of Sch 16)	-	18,296
	1,755,214	**1,589,014**
Profit and loss account	6,105,542	5,040,867
	8,060,741	**6,838,225**

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

3. FIXED ASSETS

Rupees '000

	COST OR VALUATION				DEPRECIATION / AMORTISATION				NET BLOCK AS AT	
	As at 01.01.2008	Additions	Deductions	As at 31.12.2008	As at 01.01.2008	For the Year	Deductions	As at 31.12.2008	31.12.2008	31.12.2007
Intangible Assets										
Software	74,290	-	-	74,290	71,953	2,076	-	74,029	261	2,337
Marketing and technical rights for formulations	200,386	-	-	200,386	193,717	6,669	-	200,386	-	6,669
Technical know-how**	11,960	17,576	-	29,536	2,592	4,446	-	7,038	22,498	9,368
Tangible Assets										
Freehold land	34,755	-	-	34,755	-	-	-	-	34,755	34,755
Leasehold land	52,773	-	-	52,773	5,953	534	-	6,487	46,286	46,820
Buildings	927,596	48,283	283	975,596	304,033	32,015	21	336,027	639,569	623,563
Plant & machinery	1,402,105	165,634	67,054	1,500,685	871,234	109,588	61,341	919,481	581,204	530,871
Furniture & fixtures	74,000	12,230	3,434	82,796	38,517	9,185	3,056	44,646	38,150	35,483
Office equipment	52,586	12,994	3,304	62,276	32,406	5,575	2,864	35,117	27,159	20,180
Computers	211,513	12,795	29,305	195,003	165,400	20,263	28,666	156,997	38,006	46,113
Motor vehicles	1,067	-	-	1,067	559	150	-	709	358	508
Total	**3,043,031**	**269,512**	**103,380**	**3,209,163**	**1,686,364**	**190,501**	**95,948**	**1,780,917**	**1,428,246**	**1,356,667**
Previous Year	**2,841,122**	**229,907**	**27,998**	**3,043,031**	**1,516,872**	**192,898**	**23,406**	**1,686,364**	**1,356,667**	

Notes:

1) ** Remaining amortisation period from 35 months to 54 months
2) Buildings include investments representing ownership of Office premises and Residential flats in co-operatives societies.
3) Buildings include buildings given on operating lease (refer note 11 of Sch 16).

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

	31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
4. INVESTMENTS (AT COST) - LONG TERM		
UNQUOTED		
(A) Trade Investments		
(i) Joint Venture -Chiron Behring Vaccines Private Limited 4,900,000 (2007: 4,900,000) Equity shares of Rs.10/- each fully paid up.	49,000	49,000
(ii) Bharuch Enviro Infrastructure Limited 2188 (2007: 2188) Equity shares of Rs 10 /- each fully paid up.	22	22
(iii) Bharuch Eco-Acqua Infrastructure Limited 159,500 (2007: 159,500) Equity shares of Rs.10/- each fully paid up.	1,595	1,595
(B) Other Than Trade	-	1,222
6.75% Tax Free US 64 Bonds Nil (2007: 12,224) Bonds of Rs 100/- each fully paid up.		
	50,617	**51,839**
QUOTED		
Other Than Trade		
(i) United Breweries (Holdings) Limited 99,636 (2007:99,636) Equity shares of Rs 10/- each fully paid up.	750	750
(ii) United Breweries Limited 332,120 (2007: 332,120) Equity shares of Rs 1/- each fully paid up	499	499
	1,249	**1,249**
	51,866	**53,088**

(Aggregate market value of quoted investments Rs. 36,714 thsd, 2007: Rs. 233,691 thsd)

5. DEFERRED TAX ASSETS (NET)		
Provision for doubtful debts and advances	7,698	4,418
Employee retirement and other long term benefits	81,589	76,305
Expenses allowed in income tax on payment basis	156,570	147,792
Other timing differences	36,253	37,591
Gross deferred tax assets	**282,110**	**266,106**
Difference in depreciation and other differences in block of fixed assets as per tax books and financial books	128,941	139,940
Gross deferred tax liabilities	**128,941**	**139 ,940**
Net Deferred Tax Assets	**153,169**	**126,166**

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

		31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
6.	**INVENTORIES**		
	Raw Materials and packing materials [including in-transit Rs. 90,604 thsd; (2007: Rs.65,402 thsd)]	648,604	507,465
	Work-in-process	282,086	195,815
	Finished goods	794,846	1,104,705
		1,725,536	**1,807,985**
7.	**SUNDRY DEBTORS (Unsecured)**		
	Outstanding over six months		
	Considered - good	43,100	65,683
	- doubtful	17,044	11,144
		60,144	76,827
	Others - considered good	851,922	509,369
		912,066	586,196
	Less : Provision for doubtful debts	17,044	11,144
		895,022	**575,052**
	Includes dues from Companies under the same management -		
	Sanofi Winthrop Industrie S.A., France (Aventis Intercontinental, France merged during the year with the above)	470,002	158,438
	P T Aventis Pharma, Indonesia	525	1,715
	Sanofi- aventis australia Pty Ltd, Australia	17,609	-
	Sanofi-aventis Egypt SAE, Egypt	855	-
	Sanofi-Aventis Deutschland GmbH, Germany	76,785	78,120
	sanofi-aventis Lanka Limited, Sri lanka (formerly known as Aventis Pharma Ltd.)	27,845	19,028
	Sanofi aventis Singapore Pte Ltd., Singapore	130	-
	Winthrop Pharmaceuticals UK Ltd., UK	38,267	13,366
8.	**CASH AND BANK BALANCES**		
	Cash on hand	242	253
	With scheduled banks in		
	Current accounts	226,421	214,580
	Term deposits	4,740,000	3,684,740
	Unpaid dividend accounts	7,061	6,588
		4,973,724	**3,906,161**

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

		31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
9.	**LOANS AND ADVANCES (Unsecured)**		
	Considered doubtful		
	Advances recoverable in cash or in kind or for value to be received	5,604	1,854
	Less: Provision for doubtful advances	5,604	1,854
		-	-
	Considered Good		
	Advances recoverable in cash or in kind or for value to be received	399,410	343,747
	Advance tax (net of provision)	500,486	481,678
	Loan to other	170,000	325,000
	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. 325,000 thsd (2007: 325,000 thsd)		
	Deposits others	132,129	77,303
	Balances with customs, excise etc. (refer note 3 of Sch 16)	129,038	17,333
	Margin money deposit	26,899	614
	VAT credit (input) receivable	5,252	3,732
		1,363,214	**1,249,407**
	Advances recoverable in cash or in kind or for value to be received include dues from Companies under the same management -		
	Sanofi Winthrop Industrie S.A.,France	-	1,498
	(Aventis Intercontinental, France merged during the year with the above) {maximum amount outstanding during the year Rs. 50,165 thsd (2007: Rs.4,029 thsd)}		
	Sanofi-Aventis Deutschland GmbH, Germany	-	29,900
	{maximum amount outstanding during the year Rs. 81,872 thsd (2007: Rs. 49,438 thsd)}		
	Sanofi Aventis Recherche et Développement SA,France	1,257	1,540
	{maximum amount outstanding during the year Rs. 1,555 thsd (2007: Rs.1,540 thsd)}		
	Sanofi-aventis Singapore Pte Ltd, Singapore	-	3,194
	{maximum amount outstanding during the year Rs. 3,194 thsd (2007: Rs. 3,754 thsd)}		
	Sanofi-Aventis Groupe SA, France	36	-
	{maximum amount outstanding during the year Rs.36 thsd (2007: 137 thsd)}		
	Sanofi-Synthelabo (India) Ltd, India	42,138	34,061
	{maximum amount outstanding during the year Rs. 47,535 thsd (2007: Rs. 93,478 thsd)}		
	Sanofi Aventis SA, France	-	55
	{maximum amount outstanding during the year Rs. 55 thsd (2007: Rs. 55 thsd)}		
	Sanofi Chimie SA, France	-	211
	{maximum amount outstanding during the year Rs. 211 thsd (2007: Rs. 211 thsd)}		

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

	31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
10. CURRENT LIABILITIES		
Sundry creditors :		
- Micro, Medium and Small Enterprises (refer note 14 of Sch 16)	9,937	3,079
- Others	1,262,342	981,497
Security deposits	15,400	17,747
Advances from customers and others	8,531	14,396
Unclaimed dividend which shall be credited to Investor Education and Protection Fund as and when due	7,061	6,588
Other liabilities	81,100	122,356
	1,384,371	**1,145,663**
11. PROVISIONS		
Fringe benefit tax (net of advance tax payments)	2,248	4,410
Proposed final dividend	287,883	287,883
Tax on proposed dividend	48,926	48,926
Employees' retirement and other long term benefits (refer note 8 of Sch 16)	224,157	208,753
Other provisions (refer note 12 of Sch 16)	414,677	403,558
	977,891	**953,530**
12. OTHER INCOME		
Interest (tax deducted at source Rs. 80,894 thsd; 2007: Rs. 62,166 thsd)		
Bank deposits	337,080	272,405
Others	37,196	15,201
Income from services rendered	301,010	222,953
Rent	100,461	62,552
Export Incentives	58,803	33,082
Indirect taxes set off/ refunds	28,894	14,714
Insurance claims	8,763	9,539
Commission	-	3,930
Exchange difference (net)	5,661	1,661
Gain on disposal of fixed assets (net)	-	8,553
Provision for Indirect tax written back	-	49,935
Miscellaneous	27,967	20,165

Schedules annexed and forming part of accounts
for the year ended December 31, 2008

		31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
	OTHER INCOME (Contd.)		
	Income from investments:		
	i) Trade - dividends	19,604	24,512
	ii) Other - dividends	149	183
	iii) Others - interest on bonds	41	83
		925,629	**739,468**
13.	**MATERIALS**		
	Raw material and packing material consumed		
	Opening stock	507,465	470,080
	Add: Purchases	3,218,439	2,809,839
	Less: Closing stock	648,604	507,465
		3,077,300	**2,772,454**
	Purchase of finished goods	**1,582,550**	**1,635,320**
	(Increase)/Decrease in inventories		
	Opening Stock		
	Work-in-process	195,815	181,595
	Finished goods	1,104,705	936,354
		1,300,520	**1,117,949**
	Closing Stock		
	Work-in-process	282,086	195,815
	Finished goods	794,846	1,104,705
		1,076,932	**1,300,520**
		223,588	**(182,571)**
	Increase/(decrease) of excise duty on inventories, samples, etc. (refer note 25 of sch 16)	(120,871)	95,019
		4,762,567	**4,320,222**
14.	**PERSONNEL EXPENSES**		
	Salaries, wages and bonus (refer note 8 of Sch 16)	1,017,244	880,574
	Contribution to Provident fund/ other funds (refer note 8 of Sch 16)	96,875	88,206
	Workmen and staff welfare expenses	77,926	68,425
		1,192,045	**1,037,205**

	31.12. 2008 Rupees '000	31.12. 2007 Rupees '000
15. OPERATING AND OTHER EXPENSES		
Traveling and conveyance	415,823	378,916
Advertisement and sales promotion	395,640	305,891
Service Charges	211,264	171,475
Power and fuel	204,161	155,871
Sub-contracting charges	192,053	193,166
Legal and professional fees	182,220	77,841
Freight and warehousing	164,106	142,368
Training & meetings	79,221	76,667
Repairs - building	6,032	12,646
- plant and machinery	16,734	17,079
- others	53,986	51,561
Insurance	56,614	46,515
Rent	52,810	46,763
Auxiliary and other materials	44,433	36,083
Rates and taxes	17,278	23,781
Stores and spares	17,075	17,015
Provision for doubtful debts and advances	9,812	1,759
Loss on disposal of fixed assets (net)	5,733	-
Auditor's remuneration (refer note 20 of Sch 16)	4,317	4,156
Donations	3,390	1,557
Others	217,737	198,375
	2,350,439	**1,959,485**
Less: Reimbursement of expenses (refer note 24 of Sch 16)	328,671	256,915
	2,021,768	**1,702,570**

16 Notes to accounts

A. Significant accounting policies:

Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 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 presentation of financial statement requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

Fixed assets

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

Description of Assets	Rate (SLM)
Intangible Assets	Amortised over:
Software	3 years
Marketing and technical rights for formulations	10 years
Technical know how	5 years
Tangible Assets	
Leasehold land	Amortised over lease period
Buildings	3.34 %
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 at lower of cost and net realisable value. Cost of work in process and finished goods includes materials, labour, manufacturing overheads and other cost incurred in bringing the inventory to its present location. Cost is determined using standard cost method adjusted for variances, which approximates actual cost based on weighted average cost formula. The Company accrues for excise duty liability in respect of inventories of finished goods.

Cash and Cash equivalents

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

Foreign currency transactions

i) 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 setlement 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 statments, are recognised as income or as expenses in the year in which they arise.

ii) 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.

Dividends

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. Scheme of Provident Fund and Gratuity are recognised by the Income-tax authorities. Liability for Defined Benefit Plans is provided on the basis of valuations, 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) Termination benefits are recognised as an expense as and when incurred.

(iii) Actuarial gains and losses 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.

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 reflects 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 are 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 management 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 thsd in 1988 being the liability determined by the Special Team appointed by the Government. However, during 1990, fresh demands aggregating to Rs.781,000 thsd 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 thsd 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 contest ing the above demand.

2. a) 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, 2008 and the provision based on the profit for the remaining nine months up to December 31, 2008, the ultimate liability of which will be determined on the basis of the profit for the tax year April 1, 2008 to March 31, 2009.

   b) Current tax for the year ended December 31, 2008 includes the short provision for earlier years amounting to Rs. Nil (2007: Rs. 10,500 thsd). Further current tax includes provision for wealth tax Rs. 975 thsd (2007:1,500 thsd).

3. Balance with customs and excise authorities includes excise and cenvat deposit Rs. 31,412 thsd (2007: Rs. 9,625 thsd) with toll manufacturers and DEPB claims receivable Rs 44,363 thsd (2007: Rs. 17,480 thsd).

4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs: 129,086 thsd (2007: Rs. 92,967 thsd).

5. Contingent Liabilities and commitments:

Rupees '000

	Dec 2008	Dec 2007
a) Export commitments to be fulfilled under EPCG and Advance license scheme	81,079	131,300
b) Tax demands in respect of which*:		
● Tax authorities have appealed against Income tax orders which were ruled in favour of the Company	637,929	637,929
● Company's appeals are pending before appropriate authorities	739,326	594,503

* 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:

Rupees '000

	Dec 2008		Dec 2007	
Particulars	India	Outside India	India	Outside India
Sales (Net)	7,729,948	2,102,783	7,030,116	1,705,287
Carrying amount of debtors	263,005	632,017	338,713	236,339
Carrying amount of segment assets	9,103,339	1,293*	7,948,429	36,399*
Capital expenditure for the year	238,846	-	191,154	-

*Represents receivable from companies under the same management shown under Loan and Advances.

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, 2008)

b) Sanofi-Aventis SA, France, ultimate holding company

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

a) Fellow subsidiaries

Aventis Intercontinental, France (merged with Sanofi Winthrop Industrie S.A., France during the year)	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 Groupe S A, France
Fisons Limited, UK	Sanofi-aventis Egypt SAE, Egypt
Gruppo Lepetit, Italy	Sanofi-Aventis Spa, Italy
Sanofi-Aventis US Inc., USA	Sanofi-Aventis US LLC, USA
Francopia S A R L, France	Sanofi-aventis Singapore Pte. Ltd., Singapore
Aventis Pharma Limited, UK	Sanofi-Synthelabo (India) Limited, India
PT Aventis Pharma, Indonesia	sanofi-aventis gestion S.A., Switzerland
Sanofi-Aventis Recherche & Développement S A, France	Sanofi-Aventis Bangladesh Limited, Bangladesh (formerly known as Hoechst Marion Roussel Limited, Bangladesh)
Sanofi Winthrop Industrie S A, France	Sanofi-aventis (Malaysia) SDN.BHD, Malaysia
Winthrop Pharmaceuticals UK Ltd., UK	Chinoin Pharmaceutical and Chemical Works Co. Ltd. , Hungary
Sanofi Chimie S A, France	

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 Garimella Rao	Executive Director
Mr. Christophe Germain	Executive Director
Mr. Shirish Chandrakant Ghoge	Executive Director

d) Transactions during the year:

Rupees '000

	Dec 2008	Dec 2007
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	1,519,946	1,228,275
Sanofi –Aventis Deutschland GmbH, Germany	316,459	285,473
Others	276,454	190,697
Total	**2,112,859**	**1,704,445**
Purchase of Goods		
Sanofi –Aventis Deutschland GmbH, Germany	744,890	1,106,651
Chiron Behring Vaccines Private Ltd., India	653,193	744,897
Sanofi Winthrop Industrie S.A., France	870,461	250,756
Aventis Pharma S.A., France	334,653	246,940
Others	160,456	275,577
Total	**2,763,653**	**2,624,821**
Recovery of expenses		
Sanofi –Aventis Deutschland GmbH, Germany	-	157,206
Sanofi Winthrop Industrie S.A., France	226,078	-
Chiron Behring Vaccines Private Ltd., India	35,892	40,362
Others	9,390	20,507
Total	**271,360**	**218,075**
Commission income		
Sanofi – Synthelabo (India) Ltd., India	-	3,930
Service charges recovered		
Sanofi-Synthelabo (India) Ltd., India	299,146	209,798
Dividend income		
Chiron Behring Vaccines Private Ltd., India	19,600	24,500
Refund of Inter-company Deposit given		
Sanofi-Synthelabo (India) Ltd., India	-	50,000
Refund of Loan given		
Sanofi-Synthelabo (India) Ltd., India	155,000	-

Rupees '000

Particulars	Dec 2008	Dec 2007
Loan given		
Sanofi-Synthelabo (India) Ltd., India	-	325,000
Interest income on loan/inter company deposits given		
Sanofi-Synthelabo (India) Ltd., India	24,660	14,464
Payment of Common shared expenses		
Sanofi aventis Groupe S.A., France	12,831	11,461
Sanofi-aventis Singapore Pte Ltd., Singapore	12,322	6,254
Sanofi Synthelabo (India) Ltd., India	7,223	1,230
Others	834	2,440
Total	**33,210**	**21,385**
Commission Expense		
sanofi-aventis Lanka Ltd., Sri-Lanka	264	247
Key Management Personnel		
Remuneration (refer note 15)		
Dr. Shailesh Ayyangar	6,501	8,988
Mr. Christophe Germain	9,434	8,446
Mr. Madhusudan Garimella Rao	6,172	6,014
Mr. Shirish Chandrakant Ghoge	5,704	3,969
Dr. S Bhattacharya	-	849
	27,811	**28,266**

e) Outstanding as at December 31, 2008

Rupees '000

Particulars	Dec 2008	Dec 2007
Fellow Subsidiaries and joint venture		
Receivables:		
Sanofi Winthrop Industrie S.A., France	470,002	159,936
Sanofi –Aventis Deutschland GmbH, Germany	76,785	108,020
Others	134,129	77,525
Total	**680,916**	**345,481**
Payables:		
Sanofi Winthrop Industrie S.A., France	152,052	46,137
Sanofi –Aventis Deutschland GmbH, Germany	115,891	153,569
Aventis Pharma SA, France	57,343	12,579
Others	74,529	33,666
Total	**399,815**	**245,951**
Loan to other		
Sanofi-Synthelabo (India) Ltd., India	170,000	325,000

8. Employee Benefits

a) Effective January 1 2007, the Company adopted accounting standard 15 (revised 2005) on "Employee Benefits". Pursuant to the adoption, the transitional liability as required by the Standard, the Company has recorded the difference between the transitional liability and the liability that would have been recognised at the same date as per the pre-revised AS 15 in respect of Provident Fund, amounting to Rs. 18,296 thsd (net of deferred tax credit of Rs. 9,420 thsd.), as a deduction from General Reserve as at January 1, 2007.

b) The Company has classified various employee benefits as under:

A) Defined Contribution Plans

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

Rupees '000

Particulars	Dec 2008	Dec 2007
i) Contribution to Employees' Provident Fund (Ankleshwar Unit)	912	1,086
ii) Contribution to Employees' Superannuation Fund	8,920	8,674
iii) Contribution to Employee's Pension Scheme 1995	12,982	12,574

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 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
(a) Discount Rate (per annum)	7.00%	8.00%	7.00%	8.00%	7.00%	8.00%
(b) Expected Rate of Return on Plan Assets	7.00%	8.00%	NA*	NA*	8.1%	8.50%
(c) Salary Escalation rate#	4.75%	6.00%	NA*	NA*	4.75%	6.00%
(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 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Liability at the beginning of the period	193,734	166,930	26,342	26,095	714,653	668,794
Interest Cost	14,168	12,670	2,010	1,988	63,490	55,015
Current Service Cost	13,350	11,176	765	734	37,373	33,709
Employees Contribution	-	-	-	-	53,937	49,930
Benefits Paid	(34,056)	(20,210)	(3,108)	(2,424)	(68,732)	(91,194)
Transfer from previous employer's	-	5,355	-	-	22,437	2,269
Provision for diminution in fair value of plan assets	-	-	-	-	-	(900)
Actuarial (gain)/loss on Obligations	20,993	17,813	(4,019)	(51)	(3,643)	(2,970)
Liability at the end of the year	**208,189**	**193,734**	**21,990**	**26,342**	**819,515**	**714,653**
Funded benefit obligation	141,886	135,260	-	-	792,263	682,887
Non funded benefit obligation	66,303	58,474	21,990	26,342	27,252	31,766

ii) Fair value of plan Assets

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Fair Value of Plan Assets at the beginning of the year	135,260	100,185	-	-	682,887	637,492
Expected Return on Plan Assets	10,821	8,065	-	-	60,949	52,511
Employer's Contributions	8,719	32,350	-	-	35,983	29,502
Employees Contribution	-	-	-	-	53,937	49,930
Benefits Paid	(14,280)	(12,474)	-	-	(68,732)	(87,917)
Transfer from Other Approved Funds	-	4,325	-	-	22,437	2,269
Provision for diminution in fair value of plan assets	-	-	-	-	-	(900)
Actuarial gain/(loss) on Plan Assets	1,366	2,809	-	-	-	-
Fair Value of Plan Assets at the end of the year	**141,886**	**135,260**	**-**	**-**	**787,461**	**682,887**
Contributions expected to be paid to the plan in 2009	9,500		-		-	

iii) Actual Return on Plan Assets

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Expected Return on Plan Assets	10,821	8,065	-	-	60,949	52,511
Actuarial gain/(loss) on Plan Assets	1,366	2,809	-	-	-	-
Actual Return on Plan Assets	**12,187**	**10,874**	**-**	**-**	**60,949**	**52,511**

iv) Amount Recognised in the Balance Sheet

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Liability at the end of the year	208,189	193,734	21,990	26,342	819,515	714,653
Fair Value of Plan Assets at the end of the year	141,886	135,260	-	-	787,461	682,887
Difference	66,303	58,474	21,990	26,342	32,054	31,766
Unrecognized Past Service Cost	-		-		-	
Amount Recognised in the Balance Sheet	**66,303**	**58,474**	**21,990**	**26,342**	**32,054**	**31,766**

v) Expenses Recognised in the Income Statement

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Current Service Cost	13,350	11,176	765	734	32,571	29,502
Interest Cost	14,168	12,670	2,010	1,988	63,490	55,015
Expected Return on Plan Assets	(10,821)	(8,065)	-	-	(60,949)	(52,511)
Interest Guarantee	-	-	-	-	4,802	4,207
Net Actuarial (Gain)/Loss to be Recognised	19,627	15,004	(4,019)	(51)	(3,643)	(2,970)
Expense Recognised in Profit and Loss under personnel expenses	**36,324**	**30,785**	**(1,244)**	**2,671**	**36,271**	**33,243**

vi) Experience adjustment

Rupees '000

Particulars	Gratuity		Pension Plan		Provident Fund	
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
Experience adjustment on benefit obligation						
Net Actuarial (Gain)/Loss due to Experience	25,266	17,813	(4,480)	(51)	(4,220)	-
Net Actuarial (Gain)/Loss due to Change in Assumption	(4,274)	-	461	-	577	-
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	-	-	-	-	-	-

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 2008	Dec 2007	Dec 2008	Dec 2007
Government of India securities	-	-	14%	12%
Bonds	-	-	34%	28%
Special Deposit Scheme, 1975	-	-	46%	53%
Other assets	-	-	6%	7%
Administered by Life Insurance Corporation of India	100%	100%	-	-
	100%	**100%**	**100%**	**100%**

9. Earnings per share:

Particulars	Dec 2008	Dec 2007
Numerator used for calculating basic and diluted earnings per share – profit after taxation (Rs.'000)	1,661,995	1,444,246
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)	72.16	62.71

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, 2008 (Rs in 000's)		For the year (Rs in 000's)		
Assets	**Liabilities**	**Income**	**Expenses**	**Tax**
778,132	75,587	468,347	313,322	55,370
(684,973)	(59,151)	(436,559)	(300,711)	(46,277)

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

	Dec 2008	Dec 2007
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	6,503	-
Bond given to Excise Authorities	2,374	10,992
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. 17,961 thsd (2007: Rs. 11,442 thsd)

e) **Export commitments to be fulfilled as required in EPCG licences scheme amounted to Rs. Nil (2007: 59,882 thsd)**

f) **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, 2008.**

11. Operating leases-

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

Where company is the lessee:

Rupees '000

Particulars	Dec 2008	Dec 2007
Charged to Profit and Loss Account *	23,827	20,045
Not later than one year	24,593	24,060
Later than one year but not later than five years	21,064	43,638

*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 2008	Dec 2007
Car Lease Charges	5,816	3,641
Premises Lease Charges	39,361	35,578
Subcontracting Lease Charges	192,053	193,166
Total	**237,230**	**232,385**

Where company is the lessor:

In respect of non-cancellable operating leases

Rupees '000

Particulars	Dec 2008	Dec 2007
Credited to Profit and Loss Account #	79,945	42,960
Not later than one year	70,107	60,864
Later than one year but not later than five years	106,804	144,397

Uncollectible minimum lease payments receivable at the balance sheet date Rs Nil. (2007: 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 2008	Dec 2007
Gross carrying amount of buildings after revaluation	196,297	196,297
Accumulated depreciation on cost and re-valued amount	81,467	74,911
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			
	Indirect tax	Provision for Sales Returns	Others	Total
Balance as at January 1, 2008	90,080 (140,015)	101,398 (110,462)	212,080 (210,370)	403,558 (460,847)
Amount provided during the year	Nil (Nil)	59,935 (25,421)	7,569 (1,710)	63,954 (27,131)
Amount written back/adjusted during the year	Nil (49,935)	56,385 (34,485)	Nil (Nil)	52,835 (84,420)
Balance as at December 31, 2008	90,080 (90,080)	104,948 (101,398)	219,649 (212,080)	414,677 (403,558)

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 2008	
Particulars of Derivatives	**Purpose**
Purchase	
EURO 450,000	Hedge of expected future payable
US $ 400,000	Hedge of expected future payable
Dec 2007	
Particulars of Derivatives	**Purpose**
Sale	
US $ 500,000	Hedge of expected future receivable

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

Particulars	Foreign currency	Dec 2008		Dec 2007	
		Foreign currency Value	Rupees '000	Foreign currency Value	Rupees '000
Sundry Creditors	EUR	5,076,526	344,950	478,489	27,604
	JPY	2,320,000	1,250	1,080,000	378
	USD	25,150	1,228	6,018,345	235,859
	SGD	293,751	9,960	35,261	961
	NPR	-	-	9,089	6
Advances Recoverable in cash or kind	NPR	182,270	111	-	-
	CHF	-	-	6,035	210
Sundry Debtors	EUR	8,895,969	604,481	30,350	1,751
	USD	590,397	28,826	7,290,623	285,720
Bank Balances	EUR	254,387	17,286	-	-
	USD	207,710	10,141	290,159	11,371

14. Micro, Small and Medium Enterprises Development Act, 2006:

Rupees '000

Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006	Dec 2008	Dec 2007
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	9,937	3,079
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	-	-
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

	Dec 2008	Dec 2007
Remuneration	18,453	16,291
Salaries	8,201	11,024
Perquisites*	1,157	951
Contribution to provident	27,811	28,266
fund/other fund	580	660
Directors' fees	28,391	28,926

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 2008	Dec 2007	Dec 2008	Dec 2007
I. Basic drugs:					
Pharmaceuticals	Tonnes	253.00	253.00	125.40	117.39
II. Formulations:					
Liquid injectibles	KL	-	-	304.61	288.38
Tablets/Dragees	Mio Nos	7,600.00*	7,600.00*	5,403.37	5,736.12
Capsules	Mio Nos	-	-	203.77	159.29
Ointments Granules *	Tonnes Tonnes	- -	- -	793.84 1.15	393.37 0.87
Drops, syrup and other liquids	KL	-	-	455.86	417.75

Production figures include goods manufactured at third party facilities

* Includes installed capacity of granules.

(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	Quantity	Value	Quantity	Gross Value	Quantity	Gross Value
			Rs. '000		Rs. '000		Rs. '000		Rs. '000
I Basic Drugs									
Pharmaceuticals	Tons	9.94	28,915	35.93	96,505	50.35	254,947	-	-
		(9.54)	(27,589)	(9.94)	(28,915)	(46.05)	(228,340)	-	-
						49.06 *			
						(70.94)*			
			** 28,915		** 96,505		254,947		-
			(27,589)		(28,915)		(228,340)		-
II Formulations									
Liquid Injectibles	Kl	69.60	230,901	74.86	152,103	498.72	2,887,319	204.32	1,137,363
		(104.89)	(257,081)	(69.60)	(230,901)	(488.23)	(2,675,355)	(166.92)	(1,188,384)
Tablets / Dragees	Mio. Nos.	1,277.38	757,822	919.97	481,655	5,875.71	5,580,066	119.01	114,102
		(853.10)	(471,519)	(1277.38)	(757,822)	(5,430.56)	(4,981,853)	(148.64)	(138,795)
Capsules	Mio. Nos.	16.17	1,377	29.90	16,984	187.66	144,473	-	-
		(36.72)	(21,366)	(16.17)	(1,377)	(178.68)	(143,318)	-	-
Ointments	Tons	6.48	6,792	110.54	57,502	730.73	530,346	49.46	60,718
		(74.83)	(41,761)	(6.48)	(6,792)	(491.79)	(430,799)	(36.39)	(50,487)
Sterile Powders	Mio. Nos.	0.12	93,881	0.09	59,408	0.48	567,460	0.45	270,367
		(0.14)	(107,478)	(0.12)	(93,881)	(0.45)	(490,733)	(0.44)	(257,654)
Drops ,Syrups & Other Liquids	Kl	83.82	13,932	84.78	27,194	432.41	251,499	-	-
		(172.69)	(37,149)	(83.82)	(13,932)	(484.55)	(297,530)	-	-
Granules	Tons	-	-	-	-	1.16	962	-	-
		-	-	-	-	(0.87)	(690)	-	-
			1,104,705		794,846		9,962,125		1,582,550
			(936,354)		(1,104,705)		(9,020,278)		(1,635,320)
III Others			-		-		77,408		-
			-		-		(68,362)		-
			1,133,620		891,351		10,294,480		1,582,550
			(963,943)		(1,133,620)		(9,316,980)		(1,635,320)

* 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 2008	Dec 2007
Raw and packing materials	1,803,563	1,598,516
Components, spares and auxiliary.	6,205	1,333
Capital goods	21,303	14,869
Finished goods	631,075	590,979

Rupees '000

18. Expenditure in foreign currency (on accrual basis)	Dec 2008	Dec 2007
Commission	232	272
Travelling	42,524	29,737
Telecommunication Charges	17,109	15,037
Consultancy Charges	2,050	2,938
Others	7,540	5,005

19. Consumption of raw materials, spare parts and components	Dec 2008		Dec 2007	
	Rupees '000	%	Rupees '000	%
Raw Materials*:				
Indigenous	1,296,747	42	1,071,802	39
Imported*	1,780,553	58	1,700,652	61
	3,077,300	**100**	**2,772,454**	**100**
Spare parts and components:				
Indigenous	16,035	94	17,015	100
Imported	1,040	6	-	-
	17,075	**100**	**17,015**	**100**

* Ramipril Substance (Imported) accounts for 7 % of total consumption Rs 206,540 thsd (2007: Rs 307,013 thsd (13% of total consumption)) and Ibuprofen IP (Imported) accounts for 10% of total consumption Rs. 294,866 thsd (2007: Rs. 38,494 thsd (1% of total consumption)). 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

	Dec 2008	Dec 2007
As Statutory auditors:		
-Statutory audit	1,625	1,540
-Tax audit and tax accounts	991	930
-Other Services	1,182	1,165
-Out of Pocket expenses	44	64
Service tax	475	457
	4,317	**4,156**

21. Research and development expenditure included in:

Rupees '000

	Dec 2008	Dec 2007
Salary, wages and bonus	5,877	6,831
Contribution to provident fund / other funds	673	549
Staff welfare expenses	14	55
Traveling and conveyance	3,884	3,323
Power and fuel	195	101
Repairs -plant and machinery	154	109
Repairs others	76	87
Auxiliary and other materials	20,971	18,017
Rent	174	258
Others	10,798	10,164
Insurance	507	395
Depreciation	214	491
Rates and taxes	22	27
Legal and professional fees	3,002	4,495
Advertisement and sales promotion	14	315
Freight & Warehousing	1	72
Total Revenue Expenses	46,576	45,289
Capital Work in Process	3,511	-
Total Capital Expenditure	3,511	-
Total	50,087	45,289

22. Dividend remittances in foreign currency:

Rupees '000

	Dec 2008	Dec 2007
Dividend remitted in foreign currency		
Interim for the year 2006	-	328,981
Interim for the year 2007	-	40,401
Final for the year 2007	144,290	-
Interim for the year 2008	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

	Dec 2008	Dec 2007
FOB value of exports	2,054,932	1,667,610
Reimbursement of expenses & Market Support	236,044	177,960

24. Reimbursement of expenses includes expenses recovered for common shared utilities and services from Bayer CropScience Limited and Chiron Behring Vaccines Private Limited. Further, it also includes market support and clinical trials reimbursement from fellow subsidiaries.

25. Excise duty on sales amounting to Rs. 461,749 thsd (2007: 581,577 thsd) has been reduced from sales in profit & loss account and increase/(decrease) of excise duty on inventories, sample etc. amounting to Rs. (120,871) thsd (2007:95,019 thsd) has been considered as (income)/expense in Schedule 13 of financial statements.

26. Dispute between the Company, Chiron Behring Vaccines Private Limited (Chiron) (in which the Company holds 49%) and Novartis Vaccines & Diagnostics Inc. (the Company's Joint Venture Partner in Chiron) referred to a sole arbitrator for notice of non-renewal of the distribution agreement for Rabipur Vaccine between the Company and Chiron for distributing it in India and Nepal has been awarded on February 4, 2009 rejecting the Company's claim of invalid notice for non-renewal of the agreement from May 1, 2008. However Chiron and Novartis Vaccines & Diagnostics Inc. had agreed & undertaken during arbitration proceedings that the distribution agreement would operate until the award was made and for two weeks thereafter.
Sales of Rabipur for the year ended December 31, 2008 were Rs. 1,179,430 thsd.
The Company, however, will continue to hold 49% shareholding in Chiron & will derive benefits therefrom.

27. Previous year's figures have been regrouped wherever necessary to confirm 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 17, 2009

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
C. Germain	Director
S. R. Gupte	Director
A. K. R. Nedungadi	Director
M. G. Rao	Director
S. C. Ghoge	Director
K. Subramani	Company Secretary

Mumbai : February 17, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.09794

State Code 11

Balance Sheet Date 31.12.2008

II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs.Thousands)

	Total Liabilities	Total Assets
Sources of Funds	8,291,047	8,291,047
	Paid-up Capital	Reserves & Surplus
	230,306	8,060,741
	Secured Loans	Unsecured Loans
Application of Funds	Nil	Nil
	Net Fixed Assets	Investments
	1,490,778	51,866
	Net Current Assets	Misc.Expenditure
	6,748,403	Nil
Accumulated Losses	Nil	

IV. Performance of company (Amount in Rs.Thousands)

Turnover*	Total Expenditure
10,758,360	8,161,927
* Includes Other Income	
Profit/Loss before Tax	Profit/Loss After Tax
+2,596,433	+ 1,661,995
Earnings per Share in Rs.	Dividend Rate %
72.16	160

V. Generic Names of Three Principal Products/Services of company (as per monetary terms)

Item Code No. (ITC Code)	:	3002 10 13
Product Description	:	ANTI RABIES VACCINE
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

Group
sanofi aventis
Because health matters

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