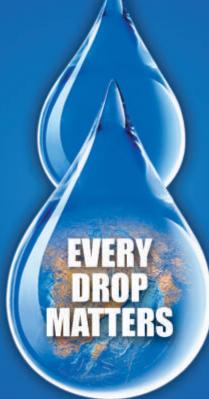


18th Annual Report 2009-10



Optimal Efficiencies
Strategic Expansion
Strong Growth





BOARD OF DIRECTORS

Mr. Bikramjit Ahluwalia

Chairman

Dr. Rohini Ahluwalia

Executive Vice Chairperson, CEO

DIRECTORS

Ms. Sudarshan Walia Mr. Arun Kumar Gupta Prof. G.P. Talwar Dr. S.S. Arora

Dr. S.C.L. Gupta

Mr. S.K. Sachdeva

COMPANY SECRETARY

Mr. Ranjan Kumar Sahu

BANKERS

Punjab & Sind Bank Syndicate Bank State Bank of Bikaner & Jaipur

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Vision Statement

To be one of the world's leading and most admired pharmaceutical companies in the global generics industry. To continually create value and bring pride to our stakeholders, partners, customers and the community at large. To preserve earth's most precious resource...



Mission

A world class organization built on,

- · Outstanding performance led by entrepreneurial culture.
- · Product quality through emotional pharmacopoeia.
- · Management capability, efficient processes and technology.
- · Youth, hard work and discipline.

Achieved in a manner of fairness, honesty and corporate responsibility.





Ahlcon's Diary

For Ahlcon Parenterals, 2009-10 was a year of strong growth enabled through optimal efficiencies, backed by strategic moves across products, markets and capacities.

A year when the focused efforts of the Company's directors and employees, in internal initiatives on productivity enhancement and cost optimization, enabled excellent growth in numbers and value on the back of optimal efficiencies.

When constant innovative approach in technical excellence, boosted by a spirit of nurturance of a congenial work environment, was utilized to the fullest, resulting in higher competencies across business operations.

When a far-sighted strategy to domestically produce/manufacture products formulations and market the same in the international market by exporting these products helped the Company further boost its margins.

It was a strategy that was primed to make the most of the growing opportunity in the highly promising Parenterals market, with its total size of \$3 billion.

And that was geared to further encash the lucrative market scenario underlined by the following key facts and figures:

- Overall, the Pharma market is expected to grow at a CAGR of 15% through 2015, with follow-on biologics making big inroads in the small molecules market.
- With increasing approvals of biologics and Neutraceuticals applications, this market is expected to grow further by ~31% - 35% by 2012.
- Indian companies possess the necessary infrastructure and facilities to produce world-class Parenterals / ophthalmic products.
- All the major Parenterals-producing Indian companies are already exporting Parenterals to the US, European and other emerging markets.
- With increasing approval of innovator biologics and possible entry of bio-generics, Parenterals / ophthalmic requirement will increase, providing an opportunity for Indian Parenterals / ophthalmic producers to work in conjunction with the global pharmas.
- In the Neutraceutical markets too, wherein Parenterals play a big role, Indian Parenterals companies, with their world-class quality and established brands, are expected to do well.





Driving strong growth

Geared to deliver optimal efficiencies

Ahlcon Parentrals (India) Ltd. is a well established Parenterals / ophthalmic company engaged in the business of manufacturing and exporting the entire range of Parenterals / ophthalmic products, in addition to the domestic markets.

Based in New Delhi (India), the Company supplies its products to almost all top Indian pharma companies.

An experienced and qualified team with diverse functional expertise - spanning production, quality assurance, marketing, distribution, etc - powers the growth of the Company.

The Company which employs a highly sophisticated production process, `The Aseptic Form-Fill-Seal

Technology', imported from Switzerland and the US and fully geared to deliver optimal efficiencies.

The Company's business structure operates around the following:

Contract manufacturing - The Company is manufacturing on contract basis for various brand leaders in India, such as Ranbaxy, Cipla, Cadila, etc.

Domestic formulations - The Company markets its in-house products through stockists appointed in nominated regions, with sales being done on a propaganda basis.

Exports to International markets - The Company makes direct and indirect exports to CIS countries (Russia, Ukraine, Kazakhstan), the African sub-continent, GCC countries, Eastern European countries and South East Asia.

Our extensive product portfolio

The Company's Parenterals / Ophthalmic product portfolio comprises: Dextrose, Saline, Electrolytes, Amino Acids, Fat Emulsion, Blood Substitutes, Small Volume Injectables and Eye Drops.

Parenterals

LVPs

- Replacement Solutions
- Nutritional Fluids
- Anti Microbial Therapies

SVPs

- Injectables & Pharmaceutical Diluents for Injections
- Ophthalmic (Eye and Ear Care Products)
- Nebulizers (Nose Care Products)





Our growing world-class capacities

The Company's efficiencies are augmented by its highly sophisticated production process, carried out at the Bhiwadi plant which is spread over 36000 sq.m. of land, around 70 kms from Delhi.

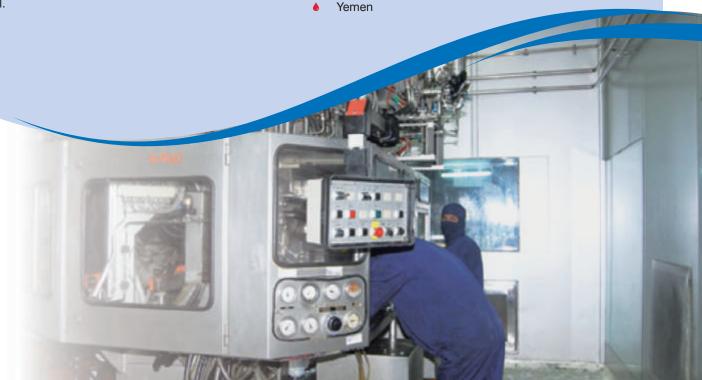
The Company started production in 1994 with only one FFS machine for Large Volume Parenterals with installed capacity of 14 million bottles per annum in 100 ml / 250ml /300ml / 500 ml. Today, the manufacturing capacity involves five machines in operation, of which four are from Rommelag, Germany and one from Weiler Engineering Ltd, US, with total installed capacity of 32 million bottles in LVP (Large Volume Parenterals) and 144 million vials in SVP (Small Volume Parenterals). A latest generation super heated water spray sterilizer manufactured by SBM Austria is employed for terminal sterilization, while the facility has a water system well designed to meet the international standards.

The Company has been awarded WHO GMP for manufacturing practices and has international quality acceptance certification of ISO 9001:2008. The Company's manufacturing capacity is approved by its international clients as well.

The Company's success odyssey is led by a core of robust and diverse strengths, encompassing: skilled manpower, quality products, state-of-the-art manufacturing facilities, excellent systems and high-end operational capacities.

Our international business reaches the following approved sites by International buyers:

- Denmark
- Belgium
- Tanzania
- Slovak Republic
- Russia
- Ukraine
- Kenya
- Namibia
- Sudan
- Sri Lanka
- Turkmenistan
- Belarus
- Uganda
- Nigeria
- Ivory coast







Our stringent quality commitment

Armed with the motto 'Life flows from technological excellence', Ahlcon is an ISO 9001:2008 company and the proud recipient of international quality acceptance, endorsing its international quality standards and the high level of its efficiencies and growth.

With quality assurance a key growth driver, the Company is

continually striving to uplift its production processes to global standards. Endorsing the success of this endeavour is the WHO GMP (Good Manufacturing Practice) certification, which the Company was awarded within a short time of its inception. The GMP Standards upgradation was implemented and achieved under the supervision of Pharma Plan, Germany

Driving strategic expansion

Strategic expansion is the key to the Company's growth plans for the future. With its eyes set on spectacular growth in both revenues and profit from its expanded capacities, the Company plans to complete/commission its new additional LVP line of production during the second quarter of financial year 2010-11, thereby further enhancing efficiencies and boosting growth.

The Company is currently in its 5th expansion plan for setting up a new LVP machine, imported from Switzerland, to further augment its LVP capacity from 32 millions to 45

millions in addition to SVP capacity of 144 millions.

The Company is fully geared to take on the global pharma market challenges, underlined by price discrimination, cut throat competition, entry of new entities in the market, government price regulatory mechanism, as well as manufacturing units at SEZ. Armed with its core of manufacturing and distribution strengths, the Company is all set to take continued advantage of the increased demand of Indian pharmaceutical products in the international market. For this purpose, the Company has undertaken registration and arrangements with several







international agencies for increasing its base of export markets. Further plans are under way to increase the direct and indirect exports to many countries.

Expansion of its product pipeline to new markets is another key component of the expansion strategy of the Company, which is in the process of registration of its product dossiers in both the regulated as well as unregulated markets. The Company has obtained registration certificates in some countries, while the process is under way in several others.

Taking advantage of the increase demand of Indian pharmaceutical products in the international market, the Company has undertaken registration and arrangements with several international agencies for increasing the base of its export markets. Further, plans are under way to increase the direct and indirect exports to many countries.

Further, the Company has launched its own brand in the local market (ethical market) by its own marketing network to sustain its growth in the ensuing and coming years.

It has also entered into a number of marketing pacts with leading pharmaceutical companies in India and abroad for supply of its products.

The Company is in the process of upgradation of the organization, existing formulations, manufacturing process, packing materials and development of new formulations.



















Dear Shareholders,

It gives me immense satisfaction and is pleased to welcome you all to 18th Annual General Meeting of the company.

This year under report has been an inflection pointing Ahlcon Parenteral,s journey to success, and thus with a deep sense of satisfaction, I share with you, the results of your company for the Financial Year 2009-10, and the Company's strategy going forward.

Financial Excellence: The year 2009-10, for your company was of sterling performance across several financial and operating indicators. The Turnover for this fiscal stood at an impressive Rs.5063 lacs, representing a 32 percent increase from the last years Rs.3830 lacs. This was reflective of the company's exemplary management capabilities in pharmaceutical arena. Consequently the Net Profit (PAT) was of up by 216 percent to Rs. 715 lacs, as against Rs. 226 lacs in previous fiscal.

I am confident that this trend shall be maintained for the future years also. We have been putting untiring efforts to continuously upgrade the technical and business skills, by employing a task force of motivated and committed professionals.

At "AHLCON", we stress "Value for Money". Qualitative product is the measure of achievement here. Production facilities have been upgraded to conform to latest GMP standards as per international guidelines and the specified requirement of the giant pharma customers. To achieve the desired plans to export a substantial portion of its production meeting the standards of GMP, WHO Geneva standards, your company has already started the process of product registration in more than 15 countries.

Strategic investments, robust business plans, sound management practices and contribution by our dedicated employees have collectively resulted in the company performing exceedingly well.

Industry review: India has emerged as an attractive destination for outsourcing as it provides low cost manufacturing at a world-class quality of products. The scientific, technical and manufacturing skills available in India match the requirements of global drug manufacturers those are increasingly seeking to offshore research and manufacturing activities previously performed in-house.

With the recognition of India as a high quality and low cost manufacturing base, we are well placed to grab maximum