

Annual Report 2010 - 2011



Constantly Evolving...
Consistently Excelling



ANNUAL REPORT



Vision

To improve the quality of life by making available products of highest quality at affordable prices.

To ensure that quality becomes a habit, a commitment that finds expression at every stage from production, testing, marketing to employee relations.

To be a research based globally known company present in all continents of the world.

Mission



To continue to be quality driven, research based, focused pharmaceutical company.

To adapt and assimilate cGMP (current Good Manufacturing Practices) with strict adherence to environment safety.

To build on the trust generated by the medical fraternity.

To share management goals with employees and celebrate corporate successes with them.



Corporate Information

Board of Directors:

Mr. Suresh G. Kare, *Chairman & Managing Director*
Mr. Sundeep V. Bambolkar, *Whole time Director*
Ms. Aditi Kare Panandikar, *Whole time Director*
Dr. M.R. Narvekar
Mr. D.M. Sukthankar
Mr. D.N. Mungale
Mr. D.M. Gavaskar
Mr. Rajiv P. Kakodkar
Mr. Sharad P. Upasani
Mr. F. X. Coutinho, *Whole time Director (part of the year)*

Company Secretary:

Mr. Jagdish B. Salian

Auditors:

Patkar & Pendse, Chartered Accountants
9 Chartered House CHS,
Marine Lines, Mumbai - 400 002.

Bankers:

Citi Bank NA
DBS Bank Ltd
HDFC Bank Ltd
IDBI Bank Ltd
Kotak Mahindra Bank Ltd
Saraswat Co-op. Bank Ltd
Standard Chartered Bank
State Bank of India
The Bank of Nova Scotia

Registered Office:

Indoco House, 166 CST Road, Kalina,
Santacruz (E), Mumbai – 400 098
Tel No: +91 22 26541851
Fax. No: +91 22 26523067
Website: www.indoco.com

Registrar & Share Transfer Agent:

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

Company Identification Number:

CIN: L85190MH1947PLC005913



Chairman's Note

Chairman's Note

Dear Stakeholders,

I am glad to report yet another year of gratifying performance by your Company. The strategic restructuring implemented in the recent past has delivered more than satisfactory results. We have further improved on revenue streams and streamlined operations besides optimizing resources and increasing productivity across the organisation. This has also demonstrated the robustness of our business model. Analysts have predicted that the Global Pharma market is expected to grow between 5-7% for the year to approximately US \$ 880 billion. During the next five years, it is expected that the pharmaceutical industry will witness major imbalance between new product introductions and patent expiries. The trend in the emerging markets has however been encouraging. It is expected that the emerging markets will continue their rapid expansion in the next four to five years. The growth potential is on account of rising income levels and higher healthcare spend due to increasing awareness. IMS Health has predicted that major developed markets will grow between 4-6% through 2014 and the pharma emerging markets will grow between 14-17% through 2014.

At Indoco, the performance of International business has been very encouraging with a growth rate of 32% at ₹ 1565 million compared to ₹ 1188 million last year. The formulation exports achieved a growth of 30% at ₹ 1416 million compared to ₹ 1090 million last year. The performance of emerging markets was excellent with a growth of 60% at ₹ 305 million from ₹ 191 million last year. Our tie-ups with international players such as Watson Pharmaceuticals, Inc. (3rd largest generic company in USA) and Aspen Pharmacare Limited (a global pharmaceutical company based in South Africa) are growing stronger and during the year, Indoco saw major extensions to their product portfolio through these tie-ups. Indoco will further aim at strengthening its presence in other geographies in regulated as well as emerging markets.

On the domestic business front, the formulation business achieved a growth of 14% at ₹ 3073 million compared to ₹ 2707 million last year. We believe that the future outlook for Indian domestic pharma business during the next decade looks highly optimistic. The growth will mainly be driven by a growing middle class population, increasing income levels, rapid urbanization, demand for quality healthcare services and changing lifestyle, among other factors. We shall also focus our attention on marketing our products in high

potential territories such as tier-III towns and rural areas, strategise product introduction in newer segments expanding at double-digit growth rates and finally, speedup the launch of new products in various therapies.

During the last fiscal year, the economy grew at 8.6% as against 8.8% which was predicted by the Economic Survey Report (ESR). This fiscal year the ESR has predicted that the Indian economy will grow by 9%. The main concerns in the ESR report are deceleration in the industrial output, rising inflation and oil prices which pose a threat to both the domestic as well as the global economy. The report has mentioned that maintaining growth with control on food inflation would be one of the main challenges going forward.

The Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) as on 31st March 2011 is 17% of net sales. The Profit before Tax (PBT) for the year at ₹ 566 million as against ₹ 431 million last year shows a growth of 31% and the Profit after Tax (PAT) at ₹ 511 million as against ₹ 421 million last year shows a growth of 21%.

I am proud to inform that our API division had initiated a project proposal for a pilot plant facility with The Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt. of India. DSIR has sanctioned partial funding of ₹ 110 million under the prestigious scheme named "Technology Development and Demonstration Program (TDDP)". Indoco plans to develop commercially viable API processes pertaining to certain niche molecules going off patent in the next 5 to 7 years. This scheme will also support duty free import of analytical instrumentation. The project is expected to produce commercial APIs by March 2016.

We are at the threshold of a new decade and find ourselves amidst exciting prospects for the Pharma Industry. We shall continue to improve our performance on the Domestic as well as the International front and endeavour to take Indoco to newer heights. We re-affirm our assurance to all our shareholders of adhering to our core values which are in line with Indoco's vision and mission.

As part of corporate social responsibility, Indoco has always been on the forefront in meeting its obligations towards the betterment of society.

I would like to express my gratitude to all our stakeholders including shareholders, customers, bankers, vendors and the medical fraternity for their unstinted support. I thank all Indocoites for their contribution towards building a great organization.



Suresh G Kare

Chairman and Managing Director

Indian Business



Indoco is a strong ethical and prescription driven company. There are various marketing divisions covering groups of doctor specialties and top therapeutic segments of the Pharma market. Indoco generates more than 50 million prescriptions annually from 124300 doctors. The doctor specialties include General Practitioners and Consultant Physicians, besides Gynecologists, Orthopaedicians, Dentists, Ophthalmologists, Pediatricians and ENT specialists. The product portfolio has a balance of acute and chronic though slightly tilted towards acute therapy areas. Acute therapy helps garner seasonal uplifts and chronic therapy which is being actively developed will be a major growth driver in the future.



The marketing divisions have a mix of some of the top and fast growing therapy areas with each concentrating on 2 to 3 therapy areas majorly.



febrex plus

CYCLOPAM

Vepan

ATM

OXIPOD

SENSODENT-K

cital

SENSOFORM

CLOBEN-G

TUSPEL PLUS





This is the oldest and the most contributing division accounting for 47% of the total domestic sales. The division focuses on therapies like Anti-Infective, Gastro-intestinal, Respiratory, Anti-Diabetic, Vitamin / Nutrients / Minerals and Dermatology. It caters to General Practitioners, Consulting Physicians, ENT specialists, Gynecologists and Pediatricians.

Indoco also has a special **Task Force** for promotion of its lifestyle products to Consulting Physicians, Cardiologists and Diabetologists.

SPADE

Spade division, which contributes 21% of the total domestic sales, ranks next to Indoco main division. This division has a strong presence in Anti-Cold, Anti-Infective, Hematinics and Calcium Supplements. The division's main focus is on General Practitioners, Pediatricians, Consulting Physicians, Chest Physicians, Gynecologists and ENT specialists.



This division was launched in the year 2007 and is continuously showing a sizeable growth through development of its total product range. It has consistently retained its leadership position in Urinary Alkalizer segment and is very close to the leaders in other segments like Anti-Flatulent and Scabicides.

warren

Warren is the third largest division and has been consistently ranked No. 1 in the oral care segment in the Indian Pharma Market. It is continuously increasing its market share through innovative products and aggressive marketing strategies. With a huge growth in dentist population as well as rapid increase in prescriptions from dental surgeons, this division will continue to be one of the major contributing divisions for Indoco.

Indian Business

Xtend

excel

Eterna

Xtend

This division was launched in April 2010. As the name suggests, Xtend has been launched to extend Indoco's reach to extra urban markets. The division caters to therapies like Anti-Infectives, Analgesics, Antipyretics, Cough Syrups and Anti-Ulcerants which are routinely prescribed in extra urban markets.

excel

The division is making rapid strides in the super specialty Ophthalmology segment and making its presence felt through improved performance during the last two years. It has presence in Anti-Oxidants, Tear Substitutes & newer Anti-Infective markets. In addition to Ophthalmologists, it covers ENT Specialists and General Practitioners.

Eterna

This division was launched in July 2010 in half the country with the strategic intent to capture business from Specialty doctors and have a strong foothold in chronic segment. The key doctor specialties covered are Orthopaedicians, Consulting Physicians and Gastroenterologists.

Some of the brands of the company occupy leadership positions (among top 5) in their respective markets due to the loyalty of doctors towards Indoco and its brands, reflecting Indoco's strength in generating sustainable prescription business.



Brand	Therapeutic Areas	Rank	MKT Share %
HOMIDE	Ophthalmic	1	91.7
CYCLOPAM	Anti-Spasmodic	1	54.3
CITAL	Urinary Alkaliser	1	30.8
SENSODENT-K	Desensitising Toothpaste	1	7.3
SENSOFORM	Desensitising Toothpaste	1	5.3
SCABEX	Scabies Skin Cream	2	23.8
CLOBEN-G	Antifungal Skin Cream	2	11.9
CARMICIDE	Anti-Flatulent	2	17.0
ATM	Anti-Infective	2	9.3
VEPAN	Anti-Infective	3	16.2
FEBREX PLUS	Anti-Cold	3	9.2
KARVOL PLUS	Nasal Decongestant	4	6.3
NOSIC	Anti-Emetic	4	4.7
HEMSYL	Gynaec	5	10.3
GLYCHEK-M	Anti-Diabetic	5	6.9
TUSPEL PX	Cough Syrup	5	4.1
OXIPOD	Anti-Infective	5	3.6

International Business

International Business remains a focus area of our business strategy and the Company has deployed adequate resources to achieve the targeted growth. Thanks to the consistent efforts to service the customers across the Globe, Indoco today has achieved a reputation of being a reliable manufacturer and research related service provider (CRAMS). Bearing in mind the growth rate registered in the Emerging Markets and the future potential therein, we have laid a special emphasis on these markets. The results have been encouraging and quick with the sales in the Emerging Markets registering a growth of 60% and overall growth of International Business of 32% in the financial year.



Indoco's presence in the global arena now spans over 40 Countries across the Continents. Regulatory requirements from these markets are becoming stringent thereby increasing the cost and timelines for registration of products. This trend is more obvious in some of the Emerging Markets. These markets are trying to amend their regulatory requirements to match those of the Regulated Markets, involving plant inspections and bio-equivalence studies. The Company's facilities have therefore witnessed a spate of inspections and audits by Regulatory Authorities from various countries. Indoco also had to undertake a number of clinical and bio-equivalence studies to comply with the complex regulatory requirements. Though these developments have a potential to stagger our new product launches, we have geared ourselves well to augment our product portfolio in a short span of time in the lesser Regulated Markets. Thus, while exerting pressure on Emerging Markets, we also continued to keep our focus on Regulated Markets.

Regulated Markets : During the year 2010-2011, the Regulated Markets generated revenue of ₹ 1111 million registering a growth of 24%. Indoco and Aspen extended the relationship by signing off a number of additional deals during the year. Under the New Product Development agreement, Indoco will develop a range of products for Aspen, for a wider territory. Aspen's assignments for new product developments are growing which shows confidence in the relationship. The contract manufacturing deal covers a number of products, in the Liquid Orals and Oral Solid range to cater to Aspen's requirement in the Latin American and Sub-Saharan African Markets.

Having successfully completed the obligations under the earlier AOK tender for Metformin, Indoco has now teamed up with the winner of the new AOK tender in Germany and shall continue to supply Metformin tablets to cater to over 35% of the market share. The winner this time has won 7 territories as against 5 territories won by Axcount in the last tender. We, therefore, anticipate that there will be substantial growth in our sales in Germany, in view of expansion of territory.



The Company saw its own dossiers getting registered in the European territory. This opens up opportunities for Indoco to run Mutual Recognition Procedures (MRPs) in various countries in EU and get benefit of the out-licensing deals with other customers. Indoco also filed its own dossiers/new product applications in Australia, UK and few other markets in the EU through its marketing partners through DCP (Decentralisation Procedure) route as well.

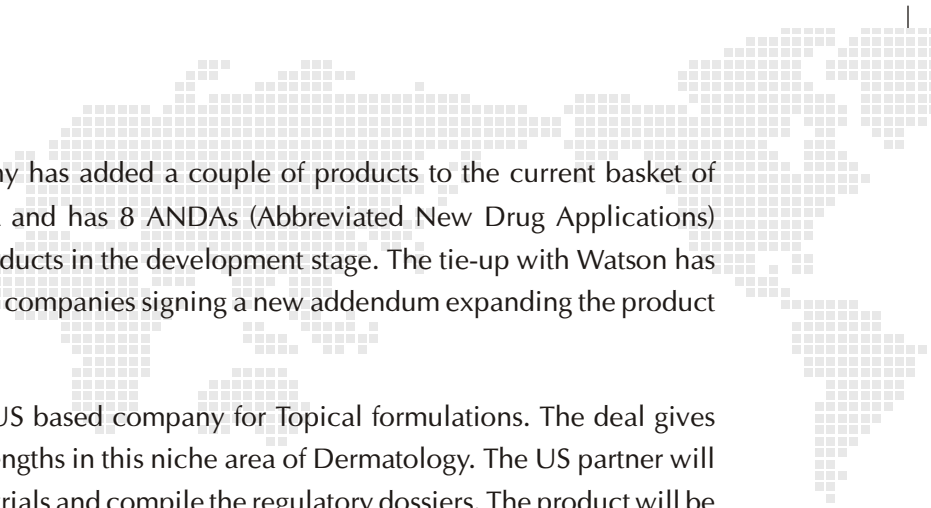
The Company participated in the EuroPLX - Berlin, CPhI - Paris and EuroPLX - Portugal to promote the licensing-out / sale of dossiers to customers in Europe. It was a great success in terms of our dossier as well as CRAMS business.

Our Goa I Plant received the FWC (Fair Working Conditions) approval. FWC is an organization that formally accredits best employment practices worldwide. This organization recognizes the working hours, individual earnings and overtime payments, occupational health and safety procedures with respect to employees in the plants. The Company's facility can now start using FWC approved logo, even on products other than those sponsored by our customer, Galpharm / Perrigo. This approval facilitates the easy acceptance of our products in UK retail pharmacy chains.

Indoco's Goa facility for Oral Solids, Liquid Orals and Semi Solids received GMP certification by the Therapeutic Goods Administration (TGA), Australia.

Indoco's Goa III facility for Oral Solids will be operational by June 2011. The state-of-the-art facility will be approved by the regulatory authorities from UK-MHRA, TGA Australia & MCC South Africa to further enhance the existing capacity. We anticipate that this plant will contribute to the growth in sales during the next financial year and thereafter.

The successful UK-MHRA audit at Baddi has reaffirmed our quality commitment and the plant continues to supply pharmaceutical products to UK, Germany, Slovenia and other Regulated Markets.



US Generics : During the year, the company has added a couple of products to the current basket of ophthalmic products being distributed in USA and has 8 ANDAs (Abbreviated New Drug Applications) pending FDA approval and a pipeline of 21 products in the development stage. The tie-up with Watson has been strengthened as a consequence of both the companies signing a new addendum expanding the product basket.

Indoco has forged one more alliance with an US based company for Topical formulations. The deal gives Indoco a platform to utilize its development strengths in this niche area of Dermatology. The US partner will work jointly with Indoco to conduct the clinical trials and compile the regulatory dossiers. The product will be marketed & distributed by the US company and will be supplied from Indoco's manufacturing facility in Goa.

Indoco is thus building up its presence in the US generic market by adding on products in Ophthalmology and dermatology segments.

Emerging Markets : Revenues from Emerging Markets have shown an impressive growth of 60% over the last financial year. Kenya, Uganda, Sri Lanka, Myanmar and Tanzania continue to be the top five contributors. The company has successfully commercialized products in three new markets including Botswana, Namibia and Philippines. The Company was able to revive the marketing activities in Ghana by switching to another distributor.

Indoco has actively pursued registration activities across all Emerging Markets and has received several new registrations as per the details below:

Countries	Dossiers Submitted	Registrations Received	Under Registration
CIS & Middle East	30	6	24
Asia	24	13	11
Africa	66	23	44
Latin America	19	8	11
Total	139	50	90

The company has received 50 new registrations across all the Emerging Markets and the products are at various stages of commercialization.

Indoco signed marketing and distribution contracts with business partners in Central America and the products are under registration in these countries. New territory from Francophone Africa including Cameroon is set to be tapped for registration of first set of 9 products across various therapeutic categories and the products will be promoted through an exclusive field force.

The promising growth in secondary sales from the Emerging Markets and the repeat orders from Regulated Markets for CRAMS opportunities has given the Company the confidence that it can keep growing consistently and that the Company is on track in achieving its goals.

API Business

The company has restructured its API manufacturing operations and has completed the expansion & modernization of its Patalganga facility. A new mid-volume production block at Patalganga facility for ophthalmic API's has also become operational. API products manufactured by the Company have added value to our ANDA filings. The Company has leveraged its strong R&D base, manufacturing skills, vertical integration and allied service capabilities to position itself as a “complete solution provider” in the global pharmaceutical space.

Indoco presently holds nine USDMFs and six CEP certifications for APIs developed by in house R&D and many products are under various stages of development & regulatory approvals. These approvals have helped the company to begin sale of APIs in regulated markets & expand customer base in more than 30 countries of which the major markets are Latin America, Middle East and South East Asia.



Research & Development

Indoco's ultra modern R&D Centre spread across an area of 100,000 square feet, located at Rabale, Navi Mumbai, nurtures a culture that fuels the development of innovative processes and newer technology platforms. A team of 150 scientists with the qualifications of Doctorates, Post Graduates in Pharmacy and Chemistry are working in three research areas:

- API Synthesis
- Finished Dosage Development
- Kilolab/Pilot plant

The above activities are supported by skilled and technically qualified professionals in the area of analytical method development, regulatory affairs and intellectual property. In view of pressure to hasten product to market, strategies for development of non-infringing processes/synthesis of Active Pharmaceutical Ingredients (APIs), Intermediates for APIs and Finished Dosage forms have become critical. The company's R&D efforts are, therefore, directed towards development of novel or non-infringing processes and continuous optimization of manufacturing economics through higher product yields.

The innovative research work has also been acknowledged by The Department of Scientific and Industrial Research during the year 2010–2011 and two of our technologies for which patents have been filed, are supported under the Technology Development and Demonstration Programme (TDDP).

The Company's services include the following:

- Generic and branded formulation Development
- Research activities to include patent and regulatory review
- Characterization of Reference drug product, Screening of Excipients and their selection Development of new dosage forms
- Process validation and technology transfer to GMP facility
- Development of fixed dose combination and line extension
- Manufacturing and supply of Clinical Trial samples



Analytical Research & Development Laboratory:

- Development and Validation of Analytical Methods
- Study of Reference Drug product
- Compatibility Study of Excipients with drugs
- Forced degradation studies
- Stability study of Development batches as per ICH guidelines
- Technology transfer of Analytical methods to Mfg. site



Intellectual Property : The Company has adapted itself to the new regime and respects the Intellectual Property Rights. The scientists and IPR professional of high caliber can now decipher information from cobwebs of patents and develop non-infringing process.

Due to availability of sophisticated instruments / equipments, R&D is filing patents for novel platform technologies and has done value addition by creating company's own intellectual property.

The company has filed 34 patent applications in the area of novel Route of Synthesis of API and Formulations, with 8 applications being filed in the year 2010-2011. Keeping in view, our expansion in the international markets, we have even filed 8 International Applications with 2 being filed in the year 2010-2011. We also intend to follow-up our International Applications (PCT filing) into the regional phase of various countries, thus protecting our technologies internationally. The company is also focused on opportunities of licensing out the patented technologies. We have four granted patents for novel formulation in our patent portfolio and are striving to expand it.

Regulatory and Clinical Research Services :

Our regulatory experience has refined our operating systems and procedures. Simultaneously, the function specific knowledge and competence of our regulatory team continues to grow. We believe in offering the best quality products, supported by exhaustive documentation in accordance with the Regulatory Guidelines of the particular country. Indoco, therefore has built a strong track record of complying with the most stringent regulatory requirements, facilitating delivery of high-quality APIs and formulations worldwide. During the year, Indoco adopted a software solution to file its e-CTD dossiers electronically.



● **Corporate Office**

Indoco House, Mumbai (Maharashtra)

★ **Research & Development Centre**

Rabale, Navi Mumbai (Maharashtra)

▲ **Manufacturing Facilities**

1. Aurangabad (Maharashtra)
2. Baddi (Himachal Pradesh)
3. Patalganga (Maharashtra)
4. Rabale (Maharashtra)
5. Verna Plant I (Goa)
6. Verna Plant II (Goa)
7. Verna Plant III (Goa)

▶ **Sales Offices & Depots**

1. Ahmedabad (Gujarat)
2. Bengaluru (Karnataka)
3. Bhiwandi (Maharashtra)
4. Bhubaneswar (Orissa)
5. Chandigarh (UT)
6. Chennai (Tamil Nadu)
7. Cochin (Kerala)
8. Cuttack (Orissa)
9. Delhi
10. Ghaziabad (Uttar Pradesh)
11. Guwahati (Assam)
12. Hyderabad (Andhra Pradesh)

13. Indore (Madhya Pradesh)
14. Jaipur (Rajasthan)
15. Kolkata (West Bengal)
16. Lucknow (Uttar Pradesh)
17. Margao (Goa)
18. Nagpur (Maharashtra)
19. Patna (Bihar)
20. Palakkad (Kerala)
21. Pune (Maharashtra)
22. Raipur (Chhattisgarh)
23. Ranchi (Jharkhand)
24. Rohtak (Haryana)
25. Roorkee (Uttaranchal)
26. Zirakpur (Punjab)





Approvals

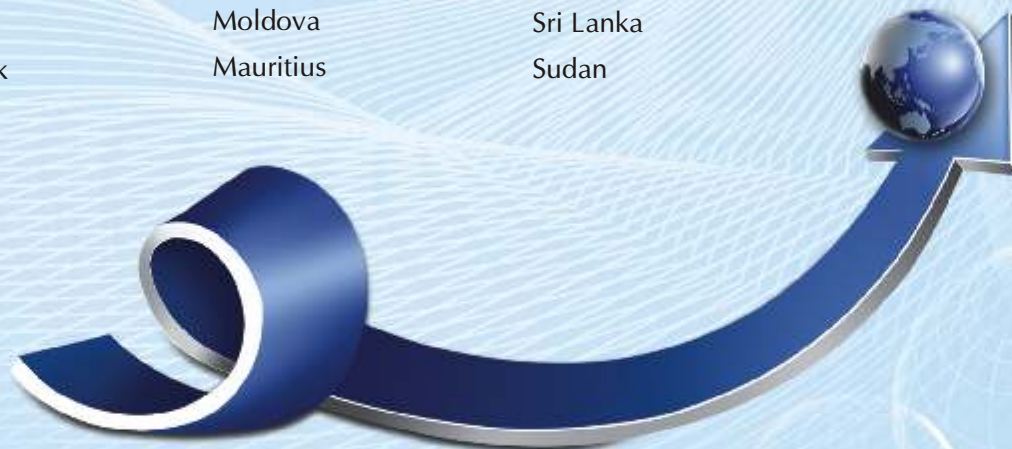
Global Presence

Australia
Azerbaijan
Algeria
Belgium
Bolivia
Botswana
Brazil
Canada
Chile
Colombia
Costa Rica
Croatia
Cyprus
Denmark

Egypt
Ethiopia
Germany
Guatemala
Ghana
Hungary
Honduras
Ireland
Japan
Kenya
Liberia
Myanmar
Moldova
Mauritius

Malaysia
Namibia
Netherlands
New Zealand
Phillippines
Peru
Prednistrov
Romania
Russia
South Africa
Slovenia
Spain
Sri Lanka
Sudan

Turkey
Tanzania
Trinidad
Thailand
United Kingdom
United States of America
Uganda
Ukraine
West Indies
Yemen
Zambia



Safe Harbour

Statements made in this Annual Report describing the Company's objectives, projections, estimates and expectations may be 'Forward-looking statements' within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied due to risks, uncertainties and inaccurate assumptions.

Manufacturing Plants



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INDOCO REMEDIES LIMITED

INDOCO HOUSE, 166 CST ROAD, KALINA, SANTACRUZ (E), MUMBAI - 400 098

Notice

Notice is hereby given that the Sixty-Fourth Annual General Meeting of the members of INDOCO REMEDIES LIMITED will be held on Thursday, the 28th July, 2011, at 10.30 a.m., at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sundeep V. Bambolkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Ms. Aditi Kare Panandikar, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. Sharad P. Upasani, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory Auditors and to fix their remuneration.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE INSTRUMENT APPOINTING THE PROXY MUST BE FILLED, STAMPED, DULY SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Bodies Corporate who are members of the company are requested to send duly certified copy of the Board resolution authorising their representatives to attend and vote at the Meeting on or before 26th July, 2011.
3. Members are requested to bring their Attendance Slip while attending the Annual General Meeting.
Members holding shares in demat form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their Folio Numbers on the attendance slip for attending the meeting.
4. Government of India in Ministry of Corporate Affairs has recently announced "Green Initiative in the Corporate Governance" by permitting the Companies to send the Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report etc. to their members through email instead of mailing physical copies.

Members are requested to support the Green Initiative by the Government and get their email addresses registered with their Depository Participants in case of shares held in demat form or with Link Intime India Pvt. Ltd. (Registrars) in case of shares held in physical form.

5. Annual Report copies will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report.

6. As required by clause 49 IV (G) of the Listing Agreement, a brief profile of Directors seeking appointment or re-appointment at ensuing Annual General Meeting is given separately in this Annual Report.
7. In case of joint holders attending the meeting, joint holder ranked higher in the order of names will be entitled to vote at the meeting.
8. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 21st July, 2011 to Thursday, 28th July, 2011 (both days inclusive).
9. Members holding shares in demat (electronic) account are requested to notify changes, if any, in their address, e-mail address, bank mandate etc. to their respective Depository Participants (DPs). Members holding shares in physical form are requested to intimate the changes to the Company's Registrars.
10. The dividend for the year ended 31st March, 2011 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members on 28th July, 2011. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend will be paid on and from 8th August, 2011.
11. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate to the Company's Registrars the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:
 - (i) Name of the Sole/First joint holder and the Folio Number
 - (ii) Particulars of Bank Account, viz:
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code number
 - Account type whether Saving or Current
 - Bank Account Number
- (b) Members holding shares in demat form may please note that their Bank account details, as furnished by their Depositories to the Company, shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their bank details or particulars are requested to contact their Depository Participants.
- (c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through Electronic Clearing System (ECS). The ECS facility is available at locations designated by Reserve Bank of India. Members holding shares in physical form and desirous of availing the facility are requested to contact the Registrars.
12. Pursuant to the provisions of Section 205 of the Companies Act, 1956, all unclaimed dividends declared up to the financial year 1998-1999 have been transferred to the General Revenue Account of the Central Government in compliance of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Members who have not so far claimed or encashed their dividends declared up to the said financial year are requested to claim such dividend from the Office of the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, A Wing, CBD -Belapur, Navi Mumbai - 400 614 by making an application in Form II of the aforesaid rules.

13. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and incorporation of Section 205C to the said Act, the Company has transferred the unpaid or unclaimed dividends for the financial years from 1999-2000 to 2002-2003 to Investor Education and Protection Fund (the IEPF) established by the Central Government.

Dividends for the financial years 2003-2004 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not yet encashed their dividend warrants for financial year 2004-05 onwards and seek revalidation of their warrants are requested to write to Company's Registrars without any delay.

Members are requested to note that any sum transferred to IEPF shall stand forfeited and no claims shall lie against the Company for the amounts of dividends transferred to IEPF.

14. Facility of nomination is now available and members are requested to make use of the same by contacting the Registrars in case of physical holding and DPs in case of demat holdings.
15. For any assistance or information about shares, dividend etc., members may contact the Company or the Registrars.
16. Members are requested to quote their Folio Number / Demat Account Number and contact details such as email address, contact number and complete address in all correspondences with the Company or its Registrars.
17. Members who hold shares in multiple folios and in identical names are requested to contact the Registrars for consolidating their holdings into a single folio.
18. Member desirous of getting any information, on the accounts and operations of the Company, may please forward their queries to the Company atleast seven days prior to the meeting so as to enable the Company to provide appropriate response thereto at the meeting.

Mumbai, 28th May, 2011

By order of the Board

JAGDISH B. SALIAN

VP (Legal) & Company Secretary



**As required by clause 49 (IV)(G)(i) details of Directors seeking re-appointment
at the forthcoming Annual General Meeting**

Name of the Director	Mr. Sundeep V. Bambolkar	Ms. Aditi Kare Panandikar	Mr. Sharad P. Upasani
Date of Birth	23rd October, 1960	22nd January, 1970	1st October, 1938
Date of appointment on the Board	1st April, 2004	1st April, 2004	28th February, 2008
Qualifications	B.Sc. PGDEM, MAM, Management Program from Indian School of Business, Hyderabad and Kellogg School of Business, Chicago, USA	B. Pharm, Masters in Business Management, Ohio State University, USA	M. Com, LL.B., IAS, MBA
Expertise in specific functional area	International Business, Corporate Management, Finance and Operations	Business Development, Human Resource and Marketing functions	Retired Public Servant, Corporate Law Advisory Services and Public Administration
Directorships held in other Companies	1. Spa Holdings Private Limited 2. Indoco Industrial Designers and Engineers Private Limited 3. Indoco UK Limited	1. Shanteri Investment Private Limited 2. Indoco Industrial Designers and Engineers Private Limited 3. Indoco UK Limited	1. Blue Dart Express Limited 2. M Visvesvaraya Industrial Research & Development Centre
Committee positions held in other companies	Nil	Nil	Audit Committee Blue Dart Express Limited (Chairman)
No. of shares held in the Company	91010 Equity Shares of Rs.10/- each	727350 Equity Shares of Rs.10/- each	Nil

Directors' Report

Dear Members,

Your Directors are pleased to present the Sixty-Fourth Annual Report on the business operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2011.

FINANCIAL PERFORMANCE

The highlights of the performance of the Company for the year ended 31st March, 2011 is summarized below:

(₹ lakhs)

Particulars	Financial Year ended 31st March, 2011	Financial Year ended 31st March, 2010
Sales & Operations	48356	40231
Less: Excise Duty	(509)	(402)
Net Sales	47847	39829
Other Income	800	446
Total Income	48647	40275
Profit Before Interest, Depreciation and Tax	7244	5814
Less: Interest	240	291
Depreciation	1345	1210
Profit Before Tax	5659	4313
Less: Provision for Taxation		
- Current	1128	731
- Deferred	147	126
- Prior year	—	(22)
- MAT Credit Entitlement	(728)	(731)
Profit After Tax	5112	4209
Balance brought forward	7406	5700
Amount available for appropriation	12518	9909
Appropriations :		
Proposed Dividend	983	860
Dividend Tax	159	143
Transfer to General Reserve	1500	1500
Balance carried forward	9876	7406
	12518	9909

Results from Operations:

During the year 2010-11, the total income of the Company increased by 20.8 % at ₹ 48647 lakhs as compared to ₹ 40275 lakhs last year. Overall the performance of the Company was good and all the segments of the business contributed well to the growth of the business. The Profit before Tax (PBT) increased by 31.2 % at ₹ 5659 lakhs as compared to ₹ 4313 lakhs last year. The Profit after Tax (PAT) increased by 21.5 % at ₹ 5112 lakhs as against ₹ 4209 lakhs over the last year.

A detailed discussion on the business performance and future outlook is included in Management Discussion & Analysis which forms part of the Directors' Report.

Dividend & Reserves:

Your Directors are pleased to recommend a dividend of ₹ 8/- per share (80 %) for the financial year ended 31st March, 2011. The dividend payout will aggregate ₹ 983 lakhs and the tax on distributed profits payable by the Company would amount to ₹ 159 lakhs.

The Directors have recommended transfer of an amount of ₹ 1500 lakhs to General Reserves (last year ₹ 1500 lakhs).

Credit Rating:

Company's commercial paper program and working capital facilities are rated A1+ and long term borrowings are rated LA+ by ICRA.

A1 + rating indicates highest credit quality rating and LA+ rating indicates adequate credit quality rating.

New Initiatives:

India is one of the fastest growing pharmaceutical markets in the world. This dramatic growth can be attributed to several factors such as growing middle class population, rapid urbanization, increase in life style related diseases and acceptance of health insurance. All these factors have opened new opportunities for us.

This year saw the emergence of 2 new divisions - Xtend and Eterna. Xtend targeted to focus on extra urban, rural markets and Eterna to capture business from Specialty doctors. Both these divisions have stood true to the Company's strategy to explore untapped geographies. The Company launched a basket of new products to enable all divisions to perform at par. The launch of Snowdent, the first ever dentrifice in the market using bleaching agents used by dentists offers each and every individual the sparkling white smile they wish for. We have also decided to strengthen our product portfolio considering the market potential and encourage prescription trends from a group of specialty doctors.

Following is the list of products launched by Indoco in the year:

BRAND	DIVISION	CATEGORY
APISPUR	INDOCO	Vitamins/Minerals/Nutrients
CYCLOCHEK	INDOCO	Gastro Intestinal
OXIPOD-CV	INDOCO	Anti Infective
VCEF-O	XTEND	Anti Infective
FLAMAR-P	XTEND	Pain/Analgesic
V-CEF	XTEND	Anti Infective
OSTEOCHEK	ETERNA	Pain/Analgesic
GEMSHARP	ETERNA	Anti Infective
LORCHEK-MR	ETERNA	Pain/Analgesic
ZOLORAB-D	ETERNA	Gastro Intestinal
LORCHEK-P	ETERNA	Pain/Analgesic
DEFLACHEK	ETERNA	Hormones
PGB-12	ETERNA	Neuro/CNS
ZOLORAB	ETERNA	Gastro Intestinal
VISCID-OD	SPERA	Gastro Intestinal
SCABEX-P	SPERA	Dermatology
G-FLOREN	SPADE	Anti Infective
AXL-CV	EXCEL	Anti Infective
SNOWDENT	WARREN	Stomatological

On the International Business front, Indoco signed contract research deals with Aspen to develop products for Aspen's global requirement. The manufacturing contract with Aspen saw major extensions to increase the product portfolio, including products in the liquid oral range. During the year, we successfully tied up with the winner of new AOK tender and hope to resume supplies of Metformin tablets to AOK, Germany. The winner this time has won 7 territories as against 5 territories won by Axcount in the last tender. Indoco's agreement with Watson was further expanded to include a fresh basket of sterile products.

Indoco's Goa III facility for Oral Solids would be operational during the first quarter of the coming year. The state of the art facility awaits audits and approvals from regulatory authorities such as UK-MHRA, MCC-South Africa and TGA-Australia to further expand the deliverable capacities of Indoco in the regulated markets.

SOCIAL INITIATIVES

Indoco's Corporate Social Responsibility initiatives are focused on promoting education, health and hygiene specially amongst young school going children. This year, the Company donated to schools in Goa as part of this program.

The other Corporate Social Responsibility initiative by the Company, during the year, was substantial donation of free medicine to charitable bodies for distribution among the needy.

CORPORATE GOVERNANCE

In compliance with the provisions of Clause 49 of the Listing Agreement, the Report on the Corporate Governance is annexed and forms part of the Annual Report. The Report is duly certified by the Statutory Auditors of the Company whose certificate is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

- i. that in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that year;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a 'going concern' basis.

DIRECTORS

During the year, Mr. F. X. Coutinho resigned from the Directorship of the Company. His resignation was accepted by the Board with effect from 20th October, 2010. The Board places on record its appreciation for the valuable contribution made by Mr. F. X. Coutinho during his tenure as Executive Director - Marketing.

In terms of provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sundeep V. Bambolkar, Ms. Aditi Kare Panandikar and Mr. Sharad P. Upasani retire by rotation at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment. Pursuant to Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges, the profile of directors seeking re-appointment is included in the annual report.

AUDITORS

M/s. Patkar & Pendse, Chartered Accountants, hold office as Auditors till the conclusion of the ensuing Annual General Meeting, and are eligible for re-appointment. M/s. Patkar & Pendse have confirmed their eligibility as required by Section 224(1B) of the Companies Act, 1956 to act as Auditors of the Company. They have also conveyed their willingness to accept the office as Auditors, if re-appointed. The Audit Committee of the Board has recommended their re-appointment.

COST AUDIT

In terms of the Order issued by the Central Government under Section 233B of the Companies Act, 1956, the Company was required to appoint cost auditors to get the audit of the cost records of the Company done by a member of the Institute of Cost & Works Accountants of India (ICWA). Accordingly, the Company has appointed Mr. Prakash A. Sevekari, a fellow member of ICWA, as the Cost Auditor to get the audit of the cost records done in respect of formulations manufactured by it for the financial year 2009-10. Mr. Sevekari was required to submit his report by 30th September, 2010 and he has submitted the report on 9th September, 2010. For the financial years 2010-11 and 2011-12 too, Mr. Sevekari has been appointed the cost auditor for formulations manufactured by the Company. He would be required to submit the reports by 30th September, 2011 and 30th September, 2012 respectively.

The Government of India, recently on 2nd May, 2011 has made cost audit compulsory in respect of bulk drugs manufactured by companies for whom the Cost Accounting Records (Bulk Drug) Rules, 1974 is applicable. Since the said Rule is applicable to the Company, it has appointed Mr. Sevekari as the cost auditor for the financial year 2011-12 to comply with the new requirement.

INFORMATION IN TERMS OF SECTION 217 (2A) & SECTION 217 (1)(e)

Information in terms of the provision of Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended, is contained in Annexure-I to this report and forms part of the Report.

Information in terms of the provision of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is contained in Annexure-II to this report. However, in terms of the provisions of Section 219(1)(b) of the Companies Act, 1956, the said annexure has not been forwarded to the members and those members interested in the said information may write to the Company Secretary at the registered office of the Company.

EMPLOYEES RELATIONS

The employees' relation at all levels and at all units continued to be cordial during the year.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the dedicated efforts by its 4000 employees at all levels. The Directors also wish to place on record their word of sincere appreciation to the bankers & financial institutions, the investors, the vendors, the customers, the medical profession and all other business associates for their continued support.

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman & Managing Director

Mumbai, 28th May, 2011



Annexure-I to the Directors' Report

Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A CONSERVATION OF ENERGY -

- (a) - Details of Energy Conservation measures taken in 2010-11
 1. Installation of screw air compressor;
 2. Optimisation of operation of utility equipments to conserve energy;
 3. Installation of Variable Frequency Drive (VFD) for major motors & Air Handling Units (AHU);
 4. Replacement of existing lamps with energy efficient CFL Lamps;
 5. Utilising condensate water recovery of process steam as feed water for boiler;
 6. Generation of steam by briquette fired boiler.
- (b) - Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
 1. Proposal for changeover from Reliance Energy to Goa Electricity Board to reduce power tariff;
 2. Replacement of the old compressors with screw air compressor;
 3. Rain harvesting proposed to save water.
- (c) - Impact of measures at (a) & (b) above for reduction of energy consumption & consequent on the cost of production of good
 1. Saving in fuel & water consumption;
 2. Improvement in boiler efficiency;
 3. Reduction in energy cost.
- (d) Total energy consumption and energy consumption per unit of production:

FORM A

1. Power and Fuel Consumption

Particulars	Current Year	Previous Year
1) Electricity		
a) Purchased Units (in lakhs)	158.56	137.78
Total Amount (₹ lakhs)	1344.67	1104.99
Rate/Unit (₹)	8.48	8.02
b) Own generation		
i) Through diesel generator		
Units (KWH'000)	548.81	520.48
Units per ltr. of diesel oil (KWH)	3.55	3.45
Rate/Unit (₹)	9.90	8.73
ii) through steam turbine/generator		
Units	Nil	Nil
Units per ltr of fuel oil/gas		
Cost/Unit (₹)		
2) Coal	Nil	Nil
Qty		
Total cost		
Average rate		
3) Furnace Oil		
Qty (Kilo litres)	379.22	323.16
Total Amount (₹ lakhs)	105.74	84.86
Average rate (₹)	27.88	26.26
4) Others/internal generation (briquettes, cashew seeds etc.)		
Quantity		
Total Cost (₹ lakhs)	174.26	126.06
Rate/Unit		

2. Consumption per unit of production

On account of the manufacture of products with varied pack sizes/units of measures, it is not practicable to express the consumption of power per unit of production.

B TECHNOLOGY ABSORPTION

efforts made in technology absorption:

FORM B

Research and development (R&D)

1. Specific areas in which Research and Development are carried out by the Company are:

Development of manufacturing processes and analytical methods for APIs, intermediates and finished dosages. This includes development of non-infringing route of synthesis/formulations, generation of data to meet regulatory market requirement for submission of Drug Master Files (DMF's) and Abbreviated New Drug Applications (ANDA's)/Common Technical Documents (CTD) dossiers. Efforts were made to develop patentable New Drug Delivery Systems (NDDS). Also the Company carried out assignments for Multinational Companies pertaining to impurity profiling and characterization studies.

2. Benefits derived as a result of above effort are :

The major benefits derived from the Company's R&D efforts were filing of patents for novel formulations and process to prepare formulations with the thrust being in the area of sustained release technology. This has resulted in creation of Company's own intellectual property which can be exploited for commercial benefits. The Company's patent portfolio currently consists of four granted formulation patents and nine patent applications applied for in the area of formulations/ process to prepare formulations. Some of the patents granted to the Company were selected by the industry organizations like, IDMA and PHARMEXCIL for patent appreciation award.

The Company's Research & Development capabilities were well acknowledged by overseas customers and have been rewarded with increased research projects.

3. Future plan of action

Development of generic products for molecules going off-patent; focusing on patentable Novel Drug Delivery Systems (NDDS) formulations / formulations under Para IV or 505(b)2 applications by using new technology platforms. Value added analytical services will also be an area of focus, offering services for Isolation and Characterization of Impurities. Services for Polymorphism study, Lyophilization study, Analytical method development and validation will be promoted.

4. Expenditure on R & D:

(₹ lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Capital	199.21	234.73
2	Recurring	934.15	1022.26
3	Total	1133.36	1256.99
4	Total R&D expenditure as a % of total net sales	2.37	3.16

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation and
2. benefits derived as a result of such efforts

During the year the following processes were successfully implemented:

- a. **Quetiapine** - The technology was developed in R & D Rabale (Navi Mumbai) and successfully commercialized. The raw material cost was drastically reduced by technology up-gradation during the process of commercialization which is now competitive in all aspects.
 - b. **Glimepiride** - The indigenous technology to manufacture superfine API was developed in Company's R & D. USDMF has been filed for this product.
 - c. **Dorzolamide hydrochloride** - The earlier commercialized process was further enhanced to make it more cost effective. The Company has also filed USDMF for this product.
 - d. **Bromfenac Sodium sesquihydrate** - Process for Bromfenac Sodium sesquihydrate was developed. The technology was commercialized.
 - e. **Atorvastatin Calcium** - Economical and commercially viable Atorvastatin Calcium of high purity and crystallinity was developed in R & D and was subsequently commercialized.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
- a) Technology Imported - None
 - b) Year of import - N.A.
 - c) Has technology been fully absorbed - N.A.
 - d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action - N.A.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company participates in International Conferences and exhibitions in US, Europe, Japan and other countries. Such participation helps us in expanding our network of customers. During the year, the Company has taken new initiative of filing own Dossiers in Europe through DCP (Decentralization Procedure) route and filing own ANDAs with USFDA. The product basket has been expanded and scope of services offered is also extended to analytical and synthesis of impurities, reference standards and building blocks of NCEs for MNCs. The Company's plan to move up in the value chain by offering new products/services and expanding into newer territories is well on track.

- (b) total foreign exchange used and earned

(₹ lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Total foreign exchange earned (CIF)	15651.25	11878.89
2	Total foreign exchange used	4946.44	2839.24



Annexure to the Directors' Report

Report on Corporate Governance for the year ended 31st March, 2011

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

Indoco's Philosophy on Code of Governance:

Indoco fully subscribes to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The management believes that these principles will enable it to achieve the long-term objectives and goals. As part of its Corporate Governance philosophy, Indoco focuses its energies in safeguarding the interests of its stakeholders by utilising its resources for maximum benefits.

The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best international practices in that regard.

BOARD OF DIRECTORS

Composition and size:

The Company's policy is to have a proper blend of Executive and Non-Executive Directors to maintain independence of the Board and at the same time separate Board functions of governance from management. Presently, the Board consists of nine members - three Wholtime Executive Directors and six Non-Executive Independent Directors.

The day-to-day management of the Company is conducted by the Chairman & Managing Director subject to the supervision and control of the Board of Directors and he is assisted by two Wholtime Directors.

The Directors are not related to each other in terms of the definition of "relative" under the Companies Act, 1956, except Ms. Aditi Kare Panandikar, who is the daughter of Mr. Suresh G. Kare, Chairman & Managing Director.

None of the Directors on the Board is a member on more than 10 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The Composition of the Board of Directors, the number of other Directorships and Committee positions held by each Director as on 31st March, 2011 is as under:

Name of Director	Category of Directorship	No. of Directorships in other companies *	Number of Chairmanship/Membership in committees of other companies**	
			Chairmanship	Membership
Mr. Suresh G. Kare	Promoter, Chairman & Managing Director	1	Nil	Nil
Dr. M. R. Narvekar	Independent Non-Executive	Nil	Nil	Nil
Mr. D. M. Sukthankar	Independent Non-Executive	4	1	Nil
Mr. D. N. Mungale	Independent Non-Executive	10	2	6
Mr. D. M. Gavaskar	Independent Non-Executive	1	1	Nil
Mr. Rajiv P. Kakodkar	Independent Non-Executive	1	Nil	Nil
Mr. Sharad P. Upasani	Independent Non-Executive	1	1	Nil
Mr. Sundeep V. Bambolkar	Executive Wholtime	Nil	Nil	Nil
Ms. Aditi Kare Panandikar	Promoter, Executive Wholtime	Nil	Nil	Nil
Mr. F. X. Coutinho @	Executive Wholtime	Nil	Nil	Nil

* Does not include Directorships in Private Limited /Foreign Companies, Section 25 Companies and Alternate.

** Represents Membership/Chairmanship of Audit Committee and Shareholders'/Investors' Grievance Committee in other Companies.

@ Part of the year upto October 20, 2010.

Attendance of each Director at the Board Meetings held in financial year 2010-2011 and at the last Annual General Meeting of the Company:

<i>Name of the Director</i>	<i>No. of Board Meetings held during the year</i>	<i>No. of Board Meetings attended</i>	<i>Attendance at the last AGM held on July 22, 2010</i>
Mr. Suresh G. Kare	5	5	Present
Dr. M. R. Narvekar	5	5	Present
Mr. D. M. Sukthankar	5	5	Present
Mr. D. N. Mungale	5	5	Present
Mr. D. M. Gavaskar	5	5	Present
Mr. Rajiv P. Kakodkar	5	3	Present
Mr. Sharad P. Upasani	5	5	Present
Mr. Sundeep V. Bambolkar	5	5	Present
Ms. Aditi Kare Panandikar	5	5	Present
Mr. F. X. Coutinho**	5	3	Present

** Part of the year upto October 20, 2010.

Board Meeting details:

During the year 5 Board Meetings were held and the gap between two Board Meetings did not exceed four months.

<i>Date on which Board Meeting was held</i>	<i>Total Strength of the Board</i>	<i>No. of Directors present</i>
26th April, 2010	10	10
31st May, 2010	10	9
22nd July, 2010	10	10
20th October, 2010	10	8
20th January, 2011	9	9

Shareholding by Non-Executive Directors:

<i>Name of Director</i>	<i>No. of shares held</i>
Dr. M. R. Narvekar	73608
Mr. D.N. Mungale	6506
Mr. D. M. Sukthankar	1600

COMMITTEES OF THE BOARD:

Currently, the Board has two Committees viz, the Audit Committee and the Shareholders'/Investors' Grievance Committee. The Board decides the terms of reference of these Committees.

a) AUDIT COMMITTEE:

Composition :

The Audit Committee comprises of following four members, all of whom are independent directors:

1. Mr. D. N. Mungale - Chairman
2. Mr. D. M. Gavaskar - Member
3. Dr. M. R. Narvekar - Member
4. Mr. Rajiv P. Kakodkar - Member

Terms of reference:

The terms of reference of the Audit Committee are wide covering the matters specified under Clause 49 of the Listing Agreement and the provisions contained in Section 292A of the Companies Act, 1956. They can be broadly stated as follows:

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and fair.
- b) Recommending to the Board, the appointment, re-appointment of the statutory auditors, fixation of audit fees and fees for other services.
- c) Reviewing with the management the quarterly financial statements before submission to the board for approval.
- d) Reviewing the adequacy of internal control systems and internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- e) Discussing with internal auditors any significant findings and follow-up thereon.
- f) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- g) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- h) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- i) In addition to the above, all items listed in Clause 49(II)(D) of the Listing Agreement.

Meetings and attendance:

During the financial year 2010-11, five (5) Audit Committee Meetings were held and the attendance of the Members of the Committee at the said Meetings were as follows:

Name of Member	Dates of Audit Committee Meetings				
	26th April, 2010	31st May, 2010	22nd July, 2010	20th October, 2010	20th January, 2011
Mr. D. N. Mungale	Present	Present	Present	Present	Present
Mr. D. M. Gavaskar	Present	Present	Present	Present	Present
Mr. Rajiv P. Kakodkar	Present	Absent	Present	Absent	Present
Dr. M. R. Narvekar	Present	Present	Present	Present	Present

The auditors, the internal auditors and the Wholetime Director - Finance & Operations are the permanent invitees at the Meeting.

The Company Secretary acts as the Secretary of the Committee.

The Statutory Auditors of the Company were present at four (4) audit committee meetings held during the year.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

b) SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

The Committee comprises of:

1. Mr. Rajiv P. Kakodkar, Chairman
2. Mr. Sundeep V. Bambolkar, Member
3. Ms. Aditi Kare Panandikar, Member

Mr. Rajiv P. Kakodkar, a Non-Executive and Independent Director, heads the Committee.

Mr. Jagdish B. Salian, Company Secretary, acts as the Secretary of the Committee and also acts as the Compliance Officer of the Company.

Terms of reference:

The Committee looks into the redressal of shareholders/investors complaints related to non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee oversees the performance of the Registrars and Share Transfer Agents of the Company and recommends measures for overall improvement of the quality of service.

During the financial year, the Committee met on 23rd April, 2010, 1st July, 2010, 23rd October, 2010, 10th January, 2011 and 31st March, 2011 to review the investor complaints and redressal of their grievances.

The Company during the year had received 17 complaints. The complaints pertained to revalidation of dividend warrants, non receipt of Annual Reports etc.

The Company has resolved all the complaints as at the end of financial year March 31, 2011 to the satisfaction of the shareholders and no complaints were pending for redressal.

c) REMUNERATION COMMITTEE:

The Remuneration Committee is a non-mandatory requirement. The Company at present does not have a Remuneration Committee.

REMUNERATION TO DIRECTORS:

Remuneration Policy

The Executive Directors are paid remuneration as approved by the Board and the members in General Meeting. The remuneration comprises of salary, perquisites, allowances and commission/performance incentive.

The Non - Executive Independent Directors are paid remuneration by way of sitting fees for attending the meetings of the Board or Committees thereof.

Other than the said sitting fees, the Non-Executive Directors have no pecuniary relationships or transactions vis-à-vis the Company.

Details of remuneration paid to Directors during the financial year 2010-11 are as follows:

1) Executive Directors:

Name of Director	Salary (₹)	Benefits & Perquisites (₹)	Commission/ Performance Linked Incentives (₹)	Stock Options (₹)	Total (₹)
Mr. Suresh G. Kare	96,00,000/-	10,48,062/-	60,00,000/-	Nil	1,66,48,062/-
Mr. Sundeep V. Bambolkar	48,16,000/-	17,00,215/-	5,00,000/-	Nil	70,16,215/-
Ms. Aditi Kare Panandikar	36,36,000/-	14,66,353/-	5,00,000/-	Nil	56,02,353/-
Mr. F.X.Coutinho #	31,12,667/-	11,06,877/-	7,91,667/-	Nil	50,11,211/-

Resigned with effect from 20th October, 2010 and hence for part of the year.

2) Non-Executive Directors:

Name of Director	Sitting fees (₹)
Dr. M. R. Narvekar	50000/-
Mr. D. M. Sukthankar	25000/-
Mr. D. N. Mungale	50000/-
Mr. D. M. Gavaskar	50000/-
Mr. Rajiv P. Kakodkar	55000/-
Mr. Sharad P. Upasani	25000/-

Notes:

- The sitting fees indicated above includes fees paid for attending Meetings of the Board and Committee.
- The Company has entered into an agreement with Chairman & Managing Director for a period of 5 years. The notice period for severance of the contract is six months.
Similarly the Company has entered into agreements with the executive directors for a period of 3 years. The notice period for severance of the contract is three months.
- There is no severance fee payable.

DETAILS OF GENERAL BODY MEETINGS:

Annual General Meeting:

The details of the last three Annual General Meetings held:

Financial Year	AGM	Date	Time	Venue of the AGM (61st, 62nd and 63rd)
2009-10	63rd	July 22, 2010	10.30 am	} MIG Cricket Club MIG Colony, Bandra (E), Mumbai - 400 051
2008-09	62nd	September 18, 2009	10.30 am	
2007-08	61st	September 26, 2008	11.00 am	

DISCLOSURES:

- There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relative etc., during the year, that may have the potential conflict with the interests of the Company at large.
- The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially

significant related party transactions which have potential conflict with the interest of the Company at large.

- 3) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- 4) All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- 5) The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- 6) In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the Executive Wholetime Director (Finance) made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

MEANS OF COMMUNICATION:

Financial Results

The quarterly and annual financial results are generally published in Economic Times, Maharashtra Times, Financial Express, Gomantak and Navhind. The results are also displayed on Company's website: www.indoco.com. The official news releases are also displayed on the website of the Company.

Since the half-yearly financial results are published in leading newspapers and displayed on the website, the same are not mailed to the shareholders of the Company.

Presentation to Institutional Investors/Analysts

4 Tele-conferences were held with Institutional Investors/Analysts on 26th April, 2010, 22nd July, 2010, 20th October, 2010 & 20th January, 2011. The transcript of the same were put on the Company's website: www.indoco.com.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Date and Time	: 28th July, 2011 at 10.30 am
Venue	: MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051
Financial Year	: 1st April to 31st March
Date of Book Closure	: 21st July, 2011 to 28th July, 2011 (both days inclusive)
Dividend Payment Date	: On and from 8th August, 2011
Corporate Identity Number (CIN)	: The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L85190MH1947PLC005913. The Company is registered at Mumbai in the State of Maharashtra, India.

Insider Trading :

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Dealing in Securities" at the meeting of the Board of Directors held on April 26, 2004. The Company keeps updated the Code as per the requirements of SEBI from time to time.

Code of Conduct:

The Company has adopted a Code of Conduct for Directors and Senior Management, which is hosted on the website of the Company. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes whistle blower provisions, where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

The Chairman of the Company has given a declaration of due compliance with Code of Conduct by the Directors and Senior Management.

Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The annual listing fees have been paid and there is no outstanding payment towards the Exchanges, as on date.

Stock Code

Bombay Stock Exchange Limited : 532612

The National Stock Exchange of India Limited : INDOCO EQ

MARKET PRICE DATA

The High and Low prices of the Company's share (of the face value of ₹ 10/- each) from April, 2010 till March, 2011 are as below:

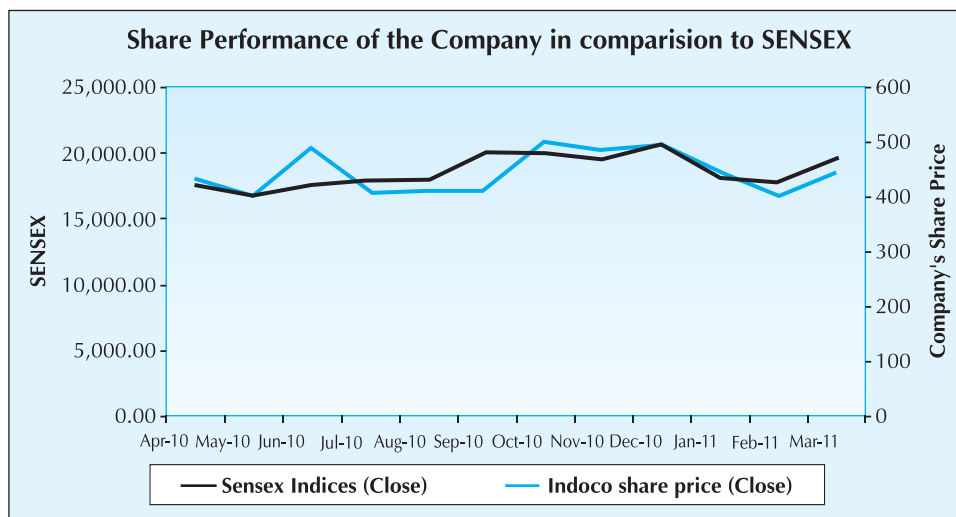
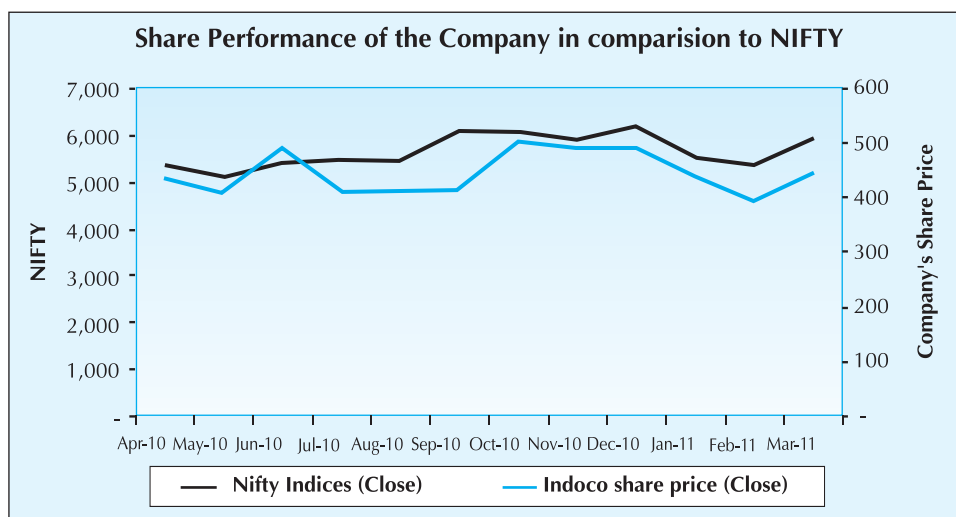
National Stock Exchange of India Limited (NSE)

Month	IRL Share Price			No. of Shares traded during the month	Turnover (₹ lakhs)
	High (₹)	Low (₹)	Close (₹)		
April '10	436.30	375.30	433.20	333126	1378.35
May'10	439.85	374.10	407.75	81352	334.14
June'10	524.00	395.00	489.10	304522	1457.14
July '10	513.50	400.70	408.85	427711	1890.50
August '10	437.00	336.00	414.05	178067	737.86
September'10	454.75	399.00	413.25	194680	842.00
October '10	549.95	408.10	501.75	702075	3345.28
November '10	554.00	450.00	487.35	227078	1170.45
December'10	514.60	455.00	495.00	77415	380.57
January '11	520.00	432.05	435.00	130902	622.35
February '11	459.75	364.10	390.00	8984	382.89
March '11	446.00	387.50	445.00	40109	167.36

Bombay Stock Exchange Limited (BSE)

Month	IRL Share Price			No. of Shares traded during the month	Turnover (₹ lakhs)
	High (₹)	Low (₹)	Close (₹)		
April '10	438.00	375.00	433.65	6132	1329.17
May'10	441.50	366.80	407.20	3111	372.74
June'10	523.00	400.00	492.20	7499	1223.10
July '10	511.00	401.30	409.85	6427	1280.40
August '10	432.50	387.10	414.00	3666	516.09
September'10	453.95	398.00	413.95	4065	694.53
October '10	529.80	410.75	500.40	12087	1909.24
November '10	552.00	453.00	486.90	3789	570.57
December'10	513.85	450.05	495.10	1573	197.31
January '11	519.85	432.05	441.45	2353	261.98
February '11	458.45	393.00	402.95	1342	192.95
March '11	448.50	385.50	445.15	929	87.64

Performance of Indoco share price to broad based index - Nifty, BSE Sensex:



Distribution of Shareholding as on 31st March, 2011

No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1 to 500	10706	94.75	672965	5.48
501 to 1000	250	2.21	191004	1.55
1001 to 2000	130	1.15	186168	1.52
2001 to 3000	52	0.46	131226	1.07
3001 to 4000	19	0.17	68539	0.56
4001 to 5000	21	0.19	97767	0.80
5001 to 10000	47	0.42	337562	2.75
10001 & above	74	0.65	10601483	86.28

Shareholding Pattern as on 31st March, 2011

Category	No. of shares held	Percentage of shareholding
Promoter & Promoter Group		
Indian		
- Individuals	2808137	22.85
- Bodies Corporates	4683474	38.12
Foreign	Nil	Nil
Public Shareholdings		
Institutions		
- Mutual Funds/UTI	1346972	10.96
- FII's	638878	5.20
- Financials Inst./Banks	8460	0.07
Non Institutions		
- Bodies Corporates	257984	2.10
- Individuals:		
Upto 1 lakh	1585977	12.91
Above 1 lakh	900015	7.33
- Clearing Members	6760	0.06
- Trust	1975	0.02
- NRI's	48082	0.39
Custodian	Nil	Nil
Total :	12286714	100

Disclosure of information on pledged shares:

The details of shares pledged by promoter are as follows:

Name of Promoter/Promoter Group	No. of shares held	No. of shares pledged	% of total shares pledged to total no of shares held by entity in the Company	% of shares pledged to the total no of outstanding shares of the Company
Mr. Ramnath G. Kare	8200	8200	100%	0.07%

ADR/GDR:

The Company has not issued any ADR/GDR.

Dematerialisation Information:

The shares of your Company are available in Dematerialised form with National Securities Depository Limited (NSDL) & Central Depository Services (I) Limited (CDSL). The ISIN of the company is INE873D01016.

Dematerialisation of shares:

As on March 31, 2011, 96% of the total shares of the Company have been dematerialised as shown below:

No. of shares dematted	-	11796211
Total no. of shares of the Company	-	12286714
% of total no. of shares of the Company	-	96%
No. of shareholders with dematerialised shares	-	11,202
% to total no. of shares	-	99.14%

Shareholders, who continue to hold shares in physical form, are requested to dematerialise their shares and avail various benefits of dealing in securities in electronic/dematerialised form. For any clarification, assistance or information, please contact the Registrars and Share Transfer Agents of the Company. The shareholders have the option to hold Company's shares in demat form through the National Securities Depository Limited (NSDL) or Central Depository Services (I) Limited (CDSL).

The break-up of shares in physical and demat form as on March 31, 2011 is given below:

<i>Particulars</i>	<i>No. of shares</i>	<i>% of total shares</i>
No. of shares in physical form	490503	4.00
No. of shares in demat form		
- with NSDL	11310790	92.05
- with CDSL	485421	3.95
Total no. of shares	12286714	100.00

Share Transfer System

The share transfer, transmission, consolidation, sub-division and matters related thereto are delegated to a Share Transfer Committee headed by a Non- Executive Director. The requests are processed within 15 days of lodgment. In case of requests for dematerialisation of shares, if the documents are clear in all respects, the requests are processed and confirmation given by Company's Registrars to the Depository i.e. NSDL or CDSL within 15 days.

Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd (**formerly INTIME SPECTRUM REGISTRY LIMITED**), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

e-mail : rnt.helpdesk@linkintime.co.in

Tel No. : 022-25946970

Fax : 022 25946969

Address for correspondence:

Shareholders may address their communication to Company's Registrars and Share Transfer Agent or the Secretarial Department of the Company at the following address:

(1) Link Intime India Private Limited
Unit: Indoco Remedies Limited
C-13, Pannalal Silk Mills Compound,
L.B. S. Road, Bhandup (West),
Mumbai - 400078

Contact Person: Ms. Sadhana Tripathi/
Mr. Dyanesh Gharote

Tel. No.:022-25946970

Email id: rnt.helpdesk@linkintime.co.in

(2) Secretarial Department
Indoco Remedies Limited
Indoco House, 166 CST Road,
Kalina, Santacruz (East),
Mumbai - 400098

Contact Person: Mr. Jagdish B. Salian

Tel No.: 022-26541851-55

Email id: jagdishes@indoco.com

Nomination Facility:

Shareholders holding physical shares may send their nominations in prescribed form 2B to the Company. Those holding shares in dematerialised form may contact their respective Depository Participant (DP) for availing the nomination facility.

UNPAID/ UNCLAIMED DIVIDENDS

In terms of Sections 205A and 205C of the Companies Act, 1956, the Company is required to transfer the amount of dividend remaining unpaid/unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before it is transferred to the Investor Education and Protection Fund.

The due dates for transfer to IEPF of dividends remaining unclaimed/unpaid since 2003-04 are given below:

<i>Financial year</i>	<i>Unclaimed dividend amount as on 31.03.2011</i>	<i>Due date for transfer to IEPF</i>
2003-04 - Interim	106800.00	03.06.2011
2004-05 - Final	144115.00	05.11.2012
2005-06 - Final	197363.00	14.12.2013
2006-07 - Final	254654.00	28.01.2015
2007-08 - Final	183110.00	02.11.2015
2008-09 - Interim	154784.50	02.01.2016
2008-09 - Final	89368.00	25.10.2016
2009-10 - Final	216979.00	27.08.2017

Plant Locations:

- 1) L-14, Verna Indl. Estate,
Verna - Goa 403 722
- 2) L-32,33,34, Verna Indl Estate,
Verna - Goa 403722
- 3) R-104 Rabale, TTC Area,
MIDC Thane Belapur Rd,
Navi Mumbai 400 701
- 4) A-26 MIDC Industrial Area,
Patalganga, Village Kaire,
Dist Raigad 410220,
Maharashtra
- 5) B- 20 MIDC,Waluj,
Aurangabad 431136,
Maharashtra
- 6) Village Katha, P.O. Baddi,
Tehsil Nalagarh,
Dist. Solan, HP-173205

R&D Centre:

R-92/93, Rabale TTC Area,
MIDC Thane Belapur Rd,
Navi Mumbai 400 701

Registered Office:

Indoco Remedies Limited
Indoco House, 166 CST Road,
Kalina, Santacruz (East),
Mumbai 400 098.
Tel : +91- 22-2654 1851- 55
Fax : +91- 22-26523067

Presently the Company has not adopted any non - mandatory provisions of Clause 49 of the Listing Agreement.



Auditor's Certificate **on Corporate Governance** **to the Members of Indoco Remedies Limited**

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

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For **PATKAR & PENDSE**
Chartered Accountants
Firm Registration No:107824W

Place : Mumbai
Date : 28th May, 2011

BM PENDSE
Partner
M. No. 32625



Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Suresh G. Kare, Chief Executive Officer, Chairman and Managing Director and Sundeep V. Bambolkar, Chief Financial Officer, Whole Time Director - Finance & Operations, of Indoco Remedies Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls and we have taken steps to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee that there are no
 - a) significant changes in internal control during the year, if any;
 - b) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements, if any and
 - c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

SURESH G. KARE

*Chairman & Managing Director
(Chief Executive Officer)*

SUNDEEP V. BAMBOLKAR

*Whole Time Director- Finance & Operations
(Chief Financial Officer)*

Mumbai, 28th May, 2011



Chairman's Certification **Declaration on Code of Conduct** to the Members of Indoco Remedies Limited

This is to inform that the Company has adopted a Code of Conduct for its Board Members and Senior Management. The Code is posted on the Company's website.

I confirm that the Company has in respect of the year ended 31st March, 2011, received from the senior management team of the Company and the Members of the Board affirmations of compliance with the Code of Conduct as applicable to them.

Mumbai, 28th May, 2011

SURESH G. KARE
Chairman & Managing Director



Management Discussion And Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

The Global Pharmaceutical Market is slated to cross a trillion dollar in revenues by 2012 and is growing at a CAGR of 8%. However, the recent trends indicate that the focus is shifting from developed markets to Emerging Markets comprising of Asia, Africa, Australia and Latin America. The CAGR for the last 5 years for Asia, Africa & Australia together is 13.7% and 12.4% for Latin America as per IMS. Despite a small base of sales in emerging markets, these growth rates look impressive, when you look at the CAGR of Japan, North America and Europe at 3.2%, 5.1% and 6.6% respectively, during the same period.

The country wise in-depth analysis show interesting findings with countries like Mexico losing out in the ranking and small countries like Venezuela featuring in the first 15 ranks.

The Top 15 Countries by Sales as per IMS report are as follows:

Rank	2004	2009	2014
1	USA	USA	USA
2	Japan	Japan	Japan
3	France	Germany	China
4	Germany	France	Germany
5	UK	China	France
6	Italy	Italy	Brazil
7	Spain	Spain	Italy
8	Canada	UK	Spain
9	China	Canada	UK
10	Mexico	Brazil	Canada
11	Brazil	Russia	India
12	Australia	Mexico	Venezuela
13	South Korea	India	Russia
14	India	Turkey	South Korea
15	Netherlands	South Korea	Turkey

It is interesting to note that within Europe, the top five markets are expected to remain sluggish and there is a shift in the ranking among the major markets with UK deteriorating rapidly. Thus, dwindling drug pipelines and patent expiration of a number of blockbuster drugs remains a serious challenge to the growth of pharmaceutical markets in advanced countries. However, the markets of Asia Pacific and Latin America will emerge as lucrative markets in the near future, thanks to the large untapped population and strong economic growth in these regions.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian Pharmaceutical Industry is a high technology industry and over the last three decades has transformed into a world leader in production of high quality drugs. The Indian Pharma Market is valued at ₹ 46,787 Crores. The industry has been growing due to contribution coming from existing products as also successful new product launches although the number of new launches in the recent times have reduced which has been pushing companies to work more on Brand building.

Mergers, acquisitions and in-licensing on one hand and the changing dynamics of the market-place on the other, are forcing the industry players to constantly find newer ways to succeed. As the market is getting fiercely competitive, companies need to look at exploiting the newer opportunities to augment growth.

There is a general increase in healthcare needs owing to population growth along with higher disposable income in the hands of urban population and healthcare accessibility significantly increasing, even in rural markets. The Specialist doctors are gaining importance due to the increased number of prescriptions by them compared to General Practitioners. Significant growth is being witnessed in the Chronic therapy space although Acute therapy continues to grow at a healthy pace. The nature of Doctors' practice is also changing with more Specialists getting trained in newer procedures. At the same time, the importance of Hospitals is increasing as the patients are finding comfort in comprehensive care under one roof.

The industry, simultaneously has its share of challenges like mushrooming of small-time companies, Price controls by the Government despite increasing raw material and operational costs and price pressure due to sheer competition thereby eroding the operating margins.

However, the future outlook of the Indian Pharma Market seems to be positive and is expected to grow approximately @ 14 - 15 % for the next four to five years.

INDOCO'S PERFORMANCE

Domestic Business

The Company's domestic business registered an overall growth of 13.5% during the year. The domestic business has generated more than 50 million prescriptions from 1,24,300 doctors and is placed at 23rd rank as per the IMS prescription audit, establishing itself as a strong prescription driven company. The domestic business showed satisfactory performance and almost all the divisions contributed to a healthy growth.

INDOCO: This is the main division contributing around 47% of the total domestic turnover.

Being the oldest division it has presence in the maximum therapy areas among all divisions. The major focus therapy areas are Anti-infective, Gastro-intestinal, Respiratory, Anti-diabetics, Vitamin / Minerals / Nutrients, Dermatological.

Major products that contributed to the growth are Oxipod, Clamchek, Karvol Plus, Cyclopam, Cloben-G, Hemsyl, Nasic, Glychek, Losamax. Prospective new products launched include Cyclochek, Apispur & Oxipod-CV.

Indoco division has a strong field force of 590 Medical Representative's with pan India presence including Nepal. These MRs cater to doctor specialties like General Practitioners, Consulting Physicians, Gynecologists, Pediatricians and ENTs.

Indoco division has a team of Special Task Force who promotes the cardiac & Diabetic (Chronic) segment products to super specialists like Cardiologists, Diabetologists & also Consulting Physicians. Special Task Force is a step towards strengthening the Company's presence in the chronic therapy segment

SPADE: Spade is the second highest sales contributor by value. This division contributed 20% to the total domestic turnover and has grown by 16.8% over the previous financial year.

Spade started full fledged operations in the metro cities of Mumbai and Bangalore with a field force of 51 which also contributed to the growth of the division.

Matured products like Febrex Plus and ATM are the volume contributors. Products like Aloha XT and Methycal are the growth drivers growing at 47% and 37% respectively as per ORG-IMS. In 2010-11, Spade successfully launched ATM XL liquids and achieved a value of ₹ 1.43 Crore. In the coming year 2011-12, the division is poised to grow rapidly by increasing its penetration and reach in terms of adding field force, tapping new markets like Chennai and Delhi, strategically increasing Doctor specialty focus with Consulting Physicians, Chest Physicians & ENTs and introducing Brand extensions and new products.

WARREN: Warren, the third largest Division commands No.1 position in the dental segment in the Indian Pharmaceutical Industry. This division has maintained its leadership position in Stomatological segment with a growth of more than 20% in the highly competitive medicated toothpaste market. This division contributed 17% to the total domestic turnover.

Warren has developed its product basket and continues its leadership position in the Stomatological segment. The major contribution has come from Amclaid and Acecloren alongwith our blockbuster Stomatological brands, Sensodent-K, Sensodent-KF & Sensoform.

At Warren, the marketing team is committed to develop innovative products and creative strategies to enhance the market share as well as the corporate image. The same has been evident with launch of Snowdent, a product which has been developed by our own R&D. The next move will be the launch of Senolin SF a new solution for dental hypersensitivity. There are more products in the pipeline which will expand Warren's horizon in the dental segment.

EXCEL: Indoco has been making rapid strides in the super specialty Ophthalmology segment with its Excel Division, and is making its presence felt with better performance during the last two years. This division has contributed 5.3% to the total domestic turnover and has grown by 22.8% over the previous financial year. Excel has been growing with contribution from old brands like Homide, Renolen, Dexoren-S Otorex as also from increasing contribution of newer products like Macuchek, Irivisc, Mofloren, Mofloren- KT.

Although Excel has the challenges of low margins due to Price control on some of its products, the division is increasing its presence in the high growth anti-oxidants, tear substitutes and newer anti-infectives market and is drawing its strength from this growth opportunity. Excel also covers ENTs and GPs where they have a good presence with brand such as Otorex. A few more brands have been launched to strengthen the Otological segment.

SPERA: Spera as a Division is contributing close to 7.6% of the domestic sales revenue and has grown at 14.6% over previous year. This division has products that are prescribed by GPs, Pediatricians & Gynaecologists. Spera has maintained its leadership position in the urinary alkaliser market with Cital and is continuously improving its market share in other segments with brands like Carmicide and Triz. Despite having a strong presence in GP category, this Division has managed a multifold increase in the prescription from the Gynecologists which has encouraged Spera to develop itself as a specialized Gynaec focused Division. Currently Spera is present in West Zone as well as South Zone.

XTEND: Xtend is a new division launched in April 2010. Xtend, as the name suggests has been launched to extend Indoco's reach to extra-urban, markets. In its very first year of existence, the division has achieved sales of ₹ 511 lakhs. The product basket of Xtend has products like Anti-infectives, Analgesics-Antipyretics, Cough syrups and Anti ulcerants which are routinely prescribed.

Xtend caters to General Practitioners, Pediatricians, and Gynecologists & Consulting Physicians in extra-urban markets.

Top products of Xtend include V-Cef-O, Pepchek, Osteoflam range and Kefsurge injection.

ETERNA: Eterna division was introduced in July 2010 in half of the country with the strategic intent to capture business from Specialty doctors and have a strong foot hold in chronic segment. The division made inroads with 125 field personnel and 8 Brands in the product kitty.

With the able team it has, the division was able to achieve sales worth ₹ 182 lakhs in its very first year. The Key specialty doctor categories focused were Orthopedicians, Consulting Physicians and Gastroenterologists. The key therapeutic segments include Calcium Supplements, Cholesterol reducers, Pain Management and anti-ulcerant.

Atherochek, Lorchek, Osteochek are the highest contributor to the division. The division is still in its infancy and is poised to go ahead in a big way with Specialty focus in years to come. More molecules are planned for launch thus fortifying the product basket for better growth & higher margin contribution.

International Business (Finished Dosages)

In line with the recent developments in the global pharmaceutical sector, the Company exerted its efforts in emerging markets, keeping its focus on the Regulated markets intact. The strategy worked very well with emerging markets registering a spectacular growth during the year. The growth in the region was achieved through a two prong approach of promoting the branded business and pursuing the tender business. In Regulated markets, the Company concentrated on the CRAMS model and at the same time pursued dossier development for building its own Intellectual Property. These efforts in the Regulated Market were well augmented through the company's strategy of partnering with big pharma players to leverage on their marketing skills and distribution strengths. The tender business even in Regulated markets has gained momentum and we continue to be a major supplier for some of these tenders, including the AOK tender in Germany.

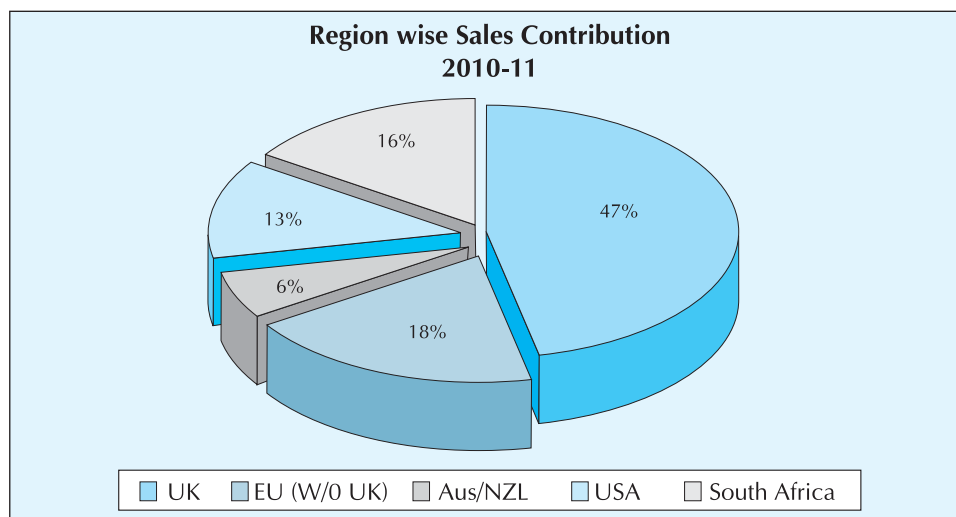
The revenue from International Business during the year grew by 31.8% at ₹ 15651 lakhs including API as compared to ₹ 11879 lakhs in the previous financial year.

Regulated Markets

While registering a growth of 23.5% in sales, the Company has continued expansion in its coverage to 19 countries during the year, from 5 in 2007-08, 9 in 2008-09 and 14 in 2009-10. The key highlights of the performance indicators:

- Out-licensing own dossiers across the European Union to various customers.
- New contract research projects contributing 24% of the International business for the year.
- Product pipeline and research projects across all the dosage forms viz. Ophthalmic, Dermatology, Orals solids, Liquid Orals and Injectables.
- Successful completion of obligation under AOK, Germany & MEDSAFE, New Zealand tenders through timely supply of products.
- Co-operation with Watson, and ASPEN progressing well with add-on projects and territories to the existing deals.
- Addition of basket of products for supplies to USA and submission of own ANDAs for solid oral dosages.

- New territories adding substantially to the sales with spread across territories as shown in the graph below :



Emerging Markets

Emphasis on these markets has borne fruitful results and the Company has registered a sales growth of 59.7%, clocking sales of ₹ 3047 lakhs during the year, as compared to ₹ 1908 lakhs in the previous year. Following are the key highlights:

- Kenya, Uganda, Sri Lanka, Myanmar and Tanzania continue to be the top five contributors to the revenues.
- Opening of new territories such as Botswana, Namibia and Philippines.
- Re-alignment of distributors in a few territories for better penetration of markets.
- New product registrations in various territories with submission of 139 dossiers. Registration of 50 new products during the year across various countries.
- Signing marketing and distribution agreements with business partners in Central America during the year and the product dossiers under registration in these countries.
- Cameroon opens up with registration of first set of 9 products across various therapeutic categories.
- Promotion of dental range of products under OTC segments leveraging the Company's strength in Stomatological segment.
- Effective planning and implementation of promotional activities with proper monitoring of field force for effective brand promotion.
- Active Participation in the tender business, especially in Africa.

API Business

The Company's API business recorded revenues of ₹ 2961 lakhs during the year as compared to ₹ 1858 lakhs last year. API facilities at Rabale and Patalganga are consistently meeting the ambitious targets of regulated and semi-regulated markets. During this financial year, kilo Plant facility at Rabale and the mid volume and multi-Ton plant at Patalganga have been approved by WHO authorities for good manufacturing practices.

The Multi-Ton plant at Patalganga (as per cGMP standards) has undergone expansion & modernization in preparation for regulatory inspections by USFDA, TGA and European Authorities. The APIs manufactured

by the company are also used for captive consumption in various formulations as a part of the backward integration strategy. While selecting the future product pipeline in R&D, the formulation product launches are given top priority.

Research & Development

Research and development is a vital area of the Company's focus and has been a key factor in maintaining the Company's growth. Leveraging on its strong research and development department, company is constantly evolving with newer products and dosage forms and keeps abreast with the latest trends in product development.

Each formulation is unique and each drug candidate is unique. The formulation projects start with a strategic formulation development plan. The formulation strategy is the result of a thorough analysis of the pre-formulation data, the intended manufacturing process, patient compliance issues and the strategic goals of the company.

Our research projects are geared to enable us develop formulations of the latest molecules and bring them to market, at a reasonable cost and ahead of competition. Focused development of generics in defined specialty areas, and creating difficult to mimic generics based on complex technologies, is key to our efforts.

During the year, an amount of ₹ 1133 lakhs was incurred on research and development activities on a total basis as against ₹ 1257 lakhs last year. The recurring R&D expenditure amounted to ₹ 934 lakhs as compared to ₹ 1022 lakhs last year. The capital expenditure was ₹ 199 lakhs as against ₹ 235 lakhs in the last year. The R&D spend as a percentage of net sales is 2.4%.

The aim of the research centre is to develop and scale up the formulations to the commercial batch sizes as per the regulatory requirements.

The formulation development team works on four types of projects

- In-house generic drug development
- Contract Research & Development
- Site transfer projects
- Domestic Product Development

Formulation development capabilities:

- Design and development of pharmaceutical products of International standards.
- Development of Controlled Release Technologies
- Neutraceutical Product Development
- Ophthalmic product development for solutions and suspensions

With regard to in-house generic drug development, the marketing team identifies the potential molecules based on the IPR situation, sales potential and feasibility studies. The formulation team designs parameters and develops the products at lab scale. Thereafter, the R&D team in coordination with Manufacturing undertakes technology transfer activities through scale-up batches in the pilot plant and validation batches at commercial scale. The data generated from these batches is then compiled by the Regulatory Affairs team for preparation of the Dossiers in CTD format for submission to regulatory agencies.

Apart from the in-house development work, Indoco is involved in Contract Research where Indoco research team develops the products for customers and prepares the Dossiers for submissions to the various global regulatory agencies

Indoco also undertakes the manufacturing site transfer (Toll / Contract manufacturing) projects for generic companies from Europe, US, South Africa and Australia.

R & D center is constantly involved in catering the services to domestic market by upgrading the existing products as well as developing new products.

With these capabilities, Indoco's R&D Centre at Rabale is well positioned to offer a wide range of dosage forms under one roof. This team of highly skilled and knowledgeable professionals will provide the cutting edge advantage to the group in its quest to develop and register new products across the globe. The Company's R&D center -"The Single Window for Global Dossiers", has become a center of excellence.

Manufacturing facility Approvals

Indoco has had to continuously invest in expanding manufacturing capacity to meet the growing demand for its products, in both the domestics as well as international markets. The company has seven manufacturing facilities.

Solid and Semi-solid dosage facility: Indoco has built up a reputation in the international Pharma Market for its manufacturing excellence and has successfully completed inspections and audits from several Regulatory Authorities and Customers. The Company's manufacturing facility for solid dosages at Baddi originally dedicated to production for domestic market is now MHRA-UK approved facility. The Baddi facility has also received GMP approval from JAZMP, Agency for Medical Products and Medical Devices of the Republic of Slovenia.

Indoco's manufacturing facility at Goa is approved by number of Regulatory Agencies like TGA Australia, UK MHRA, German FDA , ANVISA Brazil , MCC South Africa, NDA Uganda , MOH Kenya, MOH Namibia, MOH Oman , MOH Tanzania , MOH Zimbabwe, MOH Sudan, Pharmacy Board MOH Sierra-leone

Sterile facility: During the year, the Company's sterile facility at Goa for injectables & ophthalmic was certified as GMP compliant in accordance with EU-GMP principles and guidelines laid down in the Directive 91/412/EC. This facility is approved by Regulatory Agency by JAZMP, Slovenia. The facility already has a USFDA approval in force for ophthalmic solutions & was successfully re-inspected by US-FDA in Feb'2011. This facility is also approved by other Regulatory Agencies like NDA Uganda, MCC South Africa, Food & Drug Authority Tanzania, Republic of Yemen (Supreme board of Drugs & Medical Appliance) & MOH Sudan.

Regulatory Services

Our regulatory expertise backed by sophisticated product development and manufacturing capabilities, enables us to offer APIs and formulations in global markets. We will, therefore, continue to nurture new and existing partners, who can complement our capabilities in foreign markets.

Our Complete Regulatory Support involves:

eCTD Compilation (Module 1-5)

Customized compilations

Regulatory Submissions

API (Drug Master Files - DMFs)

Region	Approved	Filed	Under Filing
US	Not Applicable	8	5
Europe	6 (CoS)*	9	5

• CoS - Certificate of Suitability

Finished Dosage Dossiers (ANDAs/CTDs)

Region	Approved	Filed	Under Filing
US	4	8	15
Europe	6	12	16
South Africa	2	6	12
Australia / New Zealand	2	2	3

Financial Performance

The overall financial performance of the Company was reasonably good for the year ended 31st March 2011 with domestic business growth at 15.2% and international business growth at 31.8%. The domestic business contributed to 67.3% of the total business and international business contributed to 32.7% of the total business. Formulation business contribution stood at 93.8% as against API business contribution of 6.2%.

The domestic business which comprise of formulation business and active pharmaceutical Ingredients (APIs) business has grown as follows:

(₹ Lakhs)

Particulars	FY 10-11	FY 09-10	% Change
Formulation	30725	27067	13.5
API	1471	883	66.6
Total	32196	27950	15.2

Brands which have contributed to the volume of the domestic formulation business are FEBREX PLUS, CYCLOPAM, SENSODENT, ATM, VEPAN, SENSOFORM, OXIPOD, CLOBEN G and CITAL. The contribution of these brands account for 55% of the domestic formulation revenues.

The international business which comprise of formulation exports and active pharmaceutical Ingredients (APIs) business has grown as follows:

(₹ Lakhs)

Particulars	FY 10-11	FY 09-10	% Change
Regulated markets	11114	8996	23.5
Emerging markets	3047	1908	59.7
Formulation total	14161	10904	29.9
API	1490	975	52.8
Total	15651	11879	31.8

The material consumption to net sales is 44.5% at ₹ 21314 lakhs as compared to 43.5% at ₹ 17331 lakhs last year. This increase in the material cost is due to the various product mix. The staff cost to net sales is 14.0% at ₹ 6702 lakhs as compared to 14.2% at ₹ 5646 lakhs last year. The increase is mainly on account of normal annual increase in salary and new recruitments across the organization. The research and development expenses to net sales are 2.0% at ₹ 934 lakhs as compared to 2.6% at ₹ 1022 lakhs. Other expenses to net sales are at 26.0% at ₹ 12452 lakhs as compared to 26.3% at ₹ 10462 lakhs. The interest cost to net sales is at 0.5% at ₹ 240 lakhs as compared to 0.7% at ₹ 291 lakhs. The interest cost was lower despite the increase in the interest rates by most of the banks. This was mainly due to borrowings in foreign currencies and better working capital management. Depreciation was at ₹ 1345 lakhs as against ₹ 1210 lakhs in the last year.

The operating profit increased by 23.9% from ₹ 5319 lakhs to ₹ 6589 lakhs. The increase in profit is mainly on account of increase in revenues. Profit before tax is at ₹ 5659 lakhs as compared to ₹ 4313 lakhs showing an increase of 31.2%. Profit after tax was ₹ 5112 lakhs as against ₹ 4209 lakhs during the previous year, thereby showing an increase of 21.4%.

Basic and diluted earnings per share (EPS) for the year is ₹ 41.60 as against ₹ 34.26 in the last year.

The outstanding debt as on 31st March, 2011 was ₹ 9994 lakhs as compared to ₹ 6604 lakhs as on 31st March, 2010.

The cash outflow on account of capital expenditure (CAPEX) during the year was ₹ 8071 lakhs as compared to ₹ 4809 lakhs in the last year, primarily on account of the various expansion programs undertaken by the Company at its manufacturing facilities.

During the year an amount of ₹ 1184 lakhs was contributed to the national exchequer by way of payment of income tax and ₹ 1466 lakhs by way of sales tax.

The net worth of the company as at 31st March, 2011 is ₹ 35019 lakhs as against ₹ 31045 lakhs previous year which is on account of retained profits.

The debt-equity ratio during the year was 0.29 times as compared to 0.21 times in the last year. The improved profitability resulted in increased return on net worth at 14.6 % as at 31st March, 2011 against 13.6 % as at 31st March, 2010.

Human Resources

Indoco strongly believes that the growth of the organization can be sustained through the continuous development of its people who contribute to the business success. Today the Company is proud of its performance driven team of 4000 employees, which includes 150 scientists and a field force of 1800. It is the strategy of the leadership team and the execution skills of our people that will take the organization to greater heights.

Hence HR's role at Indoco is not restricted to processes, procedures and policies. It is extended to create a learning culture shaping people's minds to reach out to higher levels by continuously keeping them motivated to raise the bar.

Today HR at Indoco has become a critical catalyst for continuous transformation during a phase of rapid growth and transition from a mid sized company to a large corporation, in line with the company's vision.

Training and Team Building Initiatives

During the year, the company initiated a management development programme named "IMPACT" (Indoco's Management Programme for achieving Competitive Talent"). The idea behind the programme is aimed at developing in-house facilitators who would impart training on management and leadership skills, keeping in view the future growth requirements of the organization. The IMPACT facilitators through their core

competencies would also work on customized training programmes for nurturing team development within the organization.

Safety Health and Environment

Safety Week was observed in March 2011 across all facilities to promote a culture of safety at work place. By this initiative we have tried to create awareness among our people with the help of various competitions during that week like Poster, Safety Quiz, and Essay etc. There were trainings conducted on regular basis at all facilities regarding fire fighting and awareness of use of safety equipments.

There was an awareness brought in about the use of Environmental friendly products by celebrating festival of Ganesha by Competition of "Eco-Friendly Ganpati".

This was an eye -opener as to how plaster of Paris and other harmful products can damage our environment.

Our Goa Facility had conducted a campaign on "No Smoking Day" with the help of Anti Smoking Slogan to bring insight about harmful effects of Smoking.

Our Baddi Facility had celebrated "World Environment Day" by educational programmes in the form of Poster competitions designed to enhance awareness of environmental issues.

Risks, Concerns and Threats

The business and operations of INDOCO are susceptible to risks which are inherent to any Pharma business, as well as to those inherent to international operations. Apart from these, there is always an exposure to general commercial risks which accrue to any commercial organization. Some of these risks have been addressed below:

Price Control

Indian Pharma industry is subject to price control by the Government, which is operated through the Drugs (Prices Control) Order, 1995 (DPCO) issued under the Essential Commodities Act, 1955. Under the DPCO, the Government has the power to fix prices for the formulations which are covered by the Schedule of DPCO. Further, the Government has powers to cover additional formulations under the Schedule of DPCO.

INDOCO complies with the prices fixed by the Government under DPCO. However, any further reduction in these prices by the Government, poses a potential risk of loss of revenue and margins. The Government continuously monitors and reviews the drug policy and can announce new drug policy that may have an impact on the operations of pharmaceutical companies including Indoco.

Forex Transactions

INDOCO's exposure to forex transactions is increasing year-on-year, along with its growing international business. The company has a well defined policy to mitigate the risks associated with foreign exchange fluctuations. The currency associated risks are hedged by measures like forward contracts. Global interest rate risks are covered by Interest Rate Swap agreements. During the year the company borrowed long term funds to the tune of USD 8.5 million under the ECB route for various expansion activities. The total borrowings under ECB route as on 31st March, 2011 are USD 17.17 million Company has hedged the LIBOR to cover risk of fluctuations in the interest rates globally.

Patent Regime Risks

The onset of the new patent regime in 2005, has put limitation to the New Product launches in the domestic pharma sector. INDOCO seeks to hedge this through an out-licensing and partnering approach, and by directing its efforts towards an end-to-end "complete solution provider" to global pharmaceutical companies thus enhancing the possibility of higher growth in its international business.

Internal Control Systems

Indoco conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that governs its business. Indoco has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines. Considering the growing Capital Expenditure programme, the company continuously reviews the documented approval policy besides the Capex Budget being approved by the Audit Committee and the Board of Directors. These controls are constantly reviewed and revised with the changing business dynamics. Internal audit is carried out by the in-house team as well as the external agency, covering areas like CNF operations and expenditure approval mechanism. Significant findings are reported to the Audit Committee of the Board of Directors. The management duly considers and takes appropriate action on recommendations made by the statutory auditors, internal auditors and the Audit committee of the Board of Directors.

Future Outlook

The pharmaceutical industry continues to witness major challenges such as pricing pressure, intense generic competition, an increasing tender business thanks to change in government policies across the globe, Foreign Exchange fluctuations, stringent regulatory requirements and increase in the spate of plant inspections even from regulatory authorities of countries from Emerging markets. Higher input cost and interest rates are also turning out to be a cause of concern. Some of these factors have contributed in raising the bar for competitors and the future outlook still remains favourable.

According to IMS Health, the global pharmaceutical industry should record a growth of 5-7 % in 2012 representing sales of approximately US\$ 880 billion. Emerging markets, consisting of 17 countries, are slated to grow in the range of 15-17 % in 2011 representing business potential of US\$ 170 - US\$ 180 billion.

The Company envisages opportunities from a strengthening growth trend in Emerging markets and expansion in various territories. The Company was able to leverage its various Intellectual Property by out-licensing its own dossiers in Europe and other Regulated markets in addition to the ANDAs and dossiers developed and compiled in fulfillment of the contractual obligations with customers in USA and Europe. The Company is also embarking on launches on the day of patent expiry by developing products and submitting dossiers well ahead of time. The Company is contemplating registration of own dossiers in Europe through DCP (Decentralized Procedure) and MRP (Mutual Recognition Procedure) to be able to offer the Marketing Authorizations as against out-licensing of dossiers. Amongst the Emerging Markets, Africa and Latin America will be the focus of attention in registration of maximum number of products.

The Company has advanced considerably in the development of NDDS (New Drug Delivery System) since pilot bio-studies in a few products have been completed successfully, paving the way for early completion of the ANDA / CTD dossiers.

While the ophthalmic segment will continue to drive the organization's growth, the Company shall continue to focus on high value products in the niche area of dermatology and controlled substances. We will, thus, aim to increase our footprint and expand our product offering across the globe, in line with our motto of "Constantly Evolving, Consistently Excelling".

Indoco is looking at providing high level of analytical services to global generic and innovator pharmaceutical companies. This initiative will offer value added services like Impurity Profiling and characterization, Chromatography, Forced Degradation Studies, Method Development and Validation, Polymorphism, Lyophilisation Studies, Trace Analysis and Carry Over Studies (Organic and Inorganic), Reference Standards and Stability Studies.



Auditors' Report to the Members of Indoco Remedies Limited

We have audited the attached Balance Sheet of INDOCO REMEDIES LIMITED as at 31st March, 2011 and also the Profit & Loss Account and Cash Flow Statement for the year ended on 31st March, 2011 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.

1. 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.
 2. As required by Companies (Auditors' Report) Order, 2003 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 hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 3. Further to our comments in the Annexure referred to in paragraph 2 above we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us and read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
- and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **PATKAR & PENDSE**
Chartered Accountants
Firm Registration No:107824W

BM PENDSE
Partner
M. No. 32625

Place : Mumbai
Date : 28th May, 2011

Annexure to the Auditors' Report

Referred to in our report of even date for the year ended 31st March, 2011

1. (a) The Company had maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
(b) As explained to us the fixed assets had been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) In our opinion, the Company had not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventory:
(a) as explained to us, inventories had been physically verified by the management at the end of the year.
(b) in our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) the Company had maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. The Company had not granted or taken any loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and on the basis of information and explanations given to us, the Company had adequate internal control system commensurate with its size and the nature of its business for the purchase of finished goods, spares, plant and machinery, equipment and other assets and for the sale of goods and services. During the course of the audit we have not observed any major weakness in internal controls.
5. (a) The particulars of contracts or arrangements referred to in section 301 of the Act had been entered in the register required to be maintained under that section; and
(b) Transactions made in pursuance of such contracts or arrangements had been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company had not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
7. In our opinion the Company had an internal audit system commensurate with its size and nature of its business.
8. 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. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues:
(a) according to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in

respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

- (b) the disputed statutory dues aggregating to RS.1388.46 lakhs have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Particulars	Financial Years to which matter pertains	Forum where dispute is pending	Amount (Rs lakhs)
1	Income Tax Act, 1961	2001-02	CIT (A), ITAT, Mumbai	358.54
		2002-03	CIT (A), Mumbai	11.42
		2003-04	CIT (A), Mumbai	4.30
		2004-05	ITAT, Mumbai	17.68
		2005-06	IT AT, Mumbai	28.81
		2006-07	ITAT, Mumbai	16.17
		2007-08	CIT (A) , Mumbai	226.59
		2008-09	CIT (A), Mumbai	164.56
2	Central Excise Act, 1944	1995 - 96	CESTAT	0.64
		1997 - 98	Divisional Dy. Comn. Boisar	3.39
		1997 - 98	Divisional Dy. Comm. Mumbai	0.79
		1997 - 98	Honbl. Supreme Court	2.92
		1998 - 99	Divisional Dy. Comn. Boisar	1.63
		2003 - 04	CESTAT	2.71
		2005 - 06	Divisional Dy. Comn. Goa	1.25
		2006 - 07	CESTAT	91.97
			Commissioner Central Excise - Mumbai	4.82
		2007-08	Commissioner Service Tax - Mumbai	247.21
		2008 - 09	Commissioner (Appeals) Mumbai	2.05
			CEST AT Mumbai	11.20
3	Sales Tax	2005- 06 to 2008-09	The Commercial Tax Officer, Nacharam Circle, A.P.	189.81

10. The Company does not have accumulated losses. The Company had not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company had not defaulted in repayment of dues to a financial institution, bank or debenture holder.
12. The Company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, 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 are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us the Company had not given any guarantees for loans taken by others from banks or financial institutions.

16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans had been applied for the purpose for which they were raised.
17. In our opinion and 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 had been used for long term investment and vice versa.
18. According to the information and explanations given to us, the Company had not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company had not issued debentures.
20. The Company had disclosed the end use of money raised by public issue during earlier years and the same was verified.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company had been noticed or reported during the year.

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

BM PENDSE

Partner

M. No. 32625

Place : Mumbai
Date : 28th May, 2011



Balance Sheet

As at 31st March, 2011

	Schedule	Current Year As at 31.03.2011	(₹ lakhs) Previous Year As at 31.03.2010
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,228.67	1,228.67
(b) Reserves & Surplus	B	33,791.26	29,821.89
		35,019.93	31,050.56
2) Loan Funds :			
(a) Secured Loans	C	9,196.76	5,695.94
(b) Unsecured Loans	D	796.82	907.98
3) Deferred Tax :	E		
(a) Deferred Tax Liability		2,708.61	2,553.51
(b) Deferred Tax Asset		(136.59)	(128.23)
		2,572.02	2,425.28
TOTAL		47,585.53	40,079.76
APPLICATION OF FUNDS			
1) Fixed Assets :	F		
(a) Gross Block		29,588.32	26,758.84
Depreciation / Amortisation		(8,326.60)	(7,020.87)
Net Block		21,261.72	19,737.97
(b) Capital Work in Progress including Capital Advances		8,218.19	3,052.98
		29,479.91	22,790.95
2) Investments	G	2.10	2.28
3) Current Assets, Loans & Advances :	H		
(a) Inventories		8,042.10	6,912.00
(b) Sundry Debtors		9,178.65	9,071.48
(c) Cash and Bank Balances		2,704.87	3,754.57
(d) Loans & Advances		6,912.77	5,369.73
		26,838.39	25,107.78
4) Current Liabilities and Provisions :	I		
(a) Current Liabilities		(7,098.25)	(6,365.79)
(b) Provisions		(1,638.02)	(1,460.67)
		(8,736.27)	(7,826.46)
Net Current Assets		18,102.12	17,281.32
5) Miscellaneous Expenditure :	J	1.40	5.21
(to the extent not written off or adjusted)			
TOTAL		47,585.53	40,079.76

Schedules "A" to "J" and Notes to Accounts in Schedule "Q" form an integral part of Balance Sheet

As per our Report attached

For **Patkar & Pendse**

Chartered Accountants

Firm Registration No. : 107824W

BM Pendse

Partner

Membership No. 32625

Mumbai, 28th May, 2011

Jagdish B Salian

Company Secretary

Mumbai, 28th May, 2011

Suresh G Kare

Chairman & Mg. Director

Sundeep V Bambolkar

Aditi Kare Panandikar

Whole Time Directors

Mumbai, 28th May, 2011

Profit and Loss Account

For the year ended 31st March, 2011

	Schedule	Current Year Apr'10- Mar'11	(₹ lakhs) Previous Year Apr'09 - Mar'10
INCOME			
1) Sales & Operations		48,355.73	40,230.75
Less : Excise Duty		(508.68)	(402.27)
Net Sales		47,847.05	39,828.48
2) Other Income	K	800.07	446.89
		48,647.12	40,275.37
EXPENDITURE			
3) Materials	L	21,314.42	17,331.35
4) Staff Cost	M	6,702.21	5,646.32
5) Other Expenditure	N	12,452.26	10,462.08
		40,468.89	33,439.75
PROFIT BEFORE R & D, INTEREST			
DEPRECIATION & TAX			
6) R&D Expenses	O	8,178.23	6,835.62
7) Interest	P	934.15	1,022.26
8) Depreciation / Amortisation		240.22	290.58
		1,345.41	1,210.05
PROFIT BEFORE TAX			
9) Provision for Tax		5,658.45	4,312.73
(a) Current		1,127.75	730.75
(b) Deferred		146.73	125.36
(c) Earlier years		—	(21.84)
(d) Mat Credit Entitlement		(727.81)	(730.75)
PROFIT AFTER TAX			
10) Balance brought forward from last year		5,111.78	4,209.21
		7,406.42	5,700.13
PROFIT AVAILABLE FOR APPROPRIATION			
11) Appropriations :		12,518.20	9,909.34
(a) Proposed Dividend		982.94	860.07
(b) Dividend Tax		159.46	142.85
(c) Transfer to General Reserve		1,500.00	1,500.00
(d) Balance Carried to Balance Sheet		9,875.80	7,406.42
		12,518.20	9,909.34
12) Earning Per Share			
Basic & Diluted (₹)		41.60	34.26

Schedules "K" to "P" and Notes to Accounts in Schedule "Q" form an integral part of Profit and Loss Account.

As per our Report attached

For **Patkar & Pendse**

Chartered Accountants

Firm Registration No. : 107824W

BM Pendse

Partner

Membership No. 32625

Mumbai, 28th May, 2011

Jagdish B Salian

Company Secretary

Mumbai, 28th May, 2011

Suresh G Kare

Chairman & Mg. Director

Sundeep V Bambolkar

Aditi Kare Panandikar

Whole Time Directors

Mumbai, 28th May, 2011

Schedules

Forming part of the Balance Sheet

SCHEDULE 'A' : Share Capital

(₹ lakhs)

Current Year
As at 31.03.2011

Previous Year
As at 31.03.2010

1) Authorised : 1,80,00,000 Equity Shares of ₹ 10/- each	<u>1,800.00</u>	<u>1,800.00</u>
2) Issued, Subscribed and Paid up: 1,22,86,714 (Previous Year 1,22,86,714) Equity Share of ₹ 10/- each fully paid up.	<u>1,228.67</u>	<u>1,228.67</u>

Out of the above Equity Shares issued & subscribed :

- 3,500 Equity Shares are allotted as fully paid up to vendors pursuant to a contract without payment being received in cash in the year 1948-49
- 4,300 Equity Shares are allotted as fully paid up to a Director as consideration for purchase of land and building without payment being received in cash in the year 1948-49.
- 32,84,260 Equity Shares are issued as Bonus Shares by capitalising an equivalent amount from the Revaluation and General Reserve.
- 4,65,000 Equity Shares of ₹ 10/- each fully paid up are allotted to the share holders of Spa Pharmaceuticals P. Ltd. in pursuant to the scheme of Amalgamation of their demerged pharmaceutical division with the company.

SCHEDULE 'B' : Reserves and Surplus

1) Capital Reserve	0.02	0.02
2) Share Premium As per last Balance Sheet	7,035.27	7,035.27
3) Revaluation Reserve As per last Balance Sheet	0.04	0.05
Less : Transfer to Profit and Loss Account	(0.01)	(0.01)
	<u>0.03</u>	<u>0.04</u>
4) Capital Subsidy		
(a) Tarapur Unit, Maharashtra	7.50	7.50
(b) Baddi Unit, Himachal Pradesh	30.00	30.00
(c) Verna Unit, Goa	25.00	25.00
	<u>62.50</u>	<u>62.50</u>
5) General Reserve :		
As per last Balance Sheet	15,317.64	13,817.64
Add : Transfer from Profit and Loss Account	1,500.00	1,500.00
	<u>16,817.64</u>	<u>15,317.64</u>
6) Profit & Loss Account	9,875.80	7,406.42
TOTAL	<u>33,791.26</u>	<u>29,821.89</u>

Schedules

Forming part of the Balance Sheet

SCHEDULE 'C' : SECURED LOANS

	Current Year As at 31.03.2011	(₹ lakhs) Previous Year As at 31.03.2010
1) Working Capital Facilities from Banks*		
(a) Cash Credit Facility	836.47	801.02
(b) Foreign Currency Packing Credit	644.11	359.12
2) Overdraft against Fixed Deposits	—	8.70
3) External Commercial Borrowings **	7,663.33	4,493.63
4) Interest Accrued but not due on Loans	52.85	33.47
TOTAL	9,196.76	5,695.94

* Working Capital Facilities from banks are secured by hypothecation of Stocks and Book Debts, both present and future.

** ECB Loans are secured by

- A) Hypothecation of Present & Future movable Fixed Assets at
 - i) Patalganga
 - ii) R & D Centre, Rabale
 - iii) Manufacturing plants at L/32, 33, 34 Verna Industrial Area, Verna, Goa - 403 722 &
 - iv) B-20, M.I.D.C., Waluj, Aurangabad - 431 133.
- B) Equitable Mortgage of Land & Building at
 - i) L/32, 33, 34 Verna Industrial Area, Verna, Goa - 403 722
 - ii) B-20, M.I.D.C., Waluj, Aurangabad - 431 133 (Creation of charge is in process as on Balance Sheet Date)

SCHEDULE 'D' : Unsecured Loans

1) Foreign Currency Loan		
(a) Packing Credit	633.00	799.04
(b) Buyer's Credit	163.82	108.94
TOTAL	796.82	907.98

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability		
(a) Depreciation	2,708.14	2,551.74
(b) Deferred Revenue Expenses	0.47	1.77
	2,708.61	2,553.51
Less :		
2) Deferred Tax Assets		
(a) Provision for Leave Encashment	(92.14)	(87.01)
(b) Provision for Doubtful Debts	(44.45)	(31.89)
(c) Voluntary Retirement Scheme	—	(9.33)
	(136.59)	(128.23)
TOTAL	2,572.02	2,425.28

Schedules

Forming part of the Balance Sheet

SCHEDULE 'F' : Fixed Assets

	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 1st April 2010	Additions during the year ****	Deductions/ Sales during the year	As at 31st March 2011	For the Year	Deductions/ Sales during the year	As at 31st March 2011	As at 31st March 2010
I) Tangible Assets								
1) Land (Lease Hold)	525.89	–	–	525.89	0.26	–	519.13	519.39
2) Buildings & Premises *	7,687.65	260.28	–	7,947.93	243.19	–	6,052.38	6,035.29
3) Plant & Machinery **	4,856.52	1,253.10	–	6,109.62	264.26	–	4,820.32	3,831.48
4) Handling Equipments	529.60	15.67	–	545.27	25.14	–	276.51	285.98
5) Pollution Control Equipments	245.07	–	–	245.07	11.73	–	129.54	141.27
6) Laboratory Equipments	1,625.11	610.97	–	2,236.08	94.04	–	1,858.44	1,341.51
7) R&D Equipments	1,760.70	5.93	–	1,766.63	83.78	–	1,153.28	1,231.13
8) Plant - Utilities	2,901.21	145.54	6.50	3,040.25	144.28	2.75	2,271.90	2,274.39
9) Electrical Installations	1,562.29	38.32	–	1,600.61	77.45	–	1,095.11	1,134.24
10) Furniture & Fixtures and Office & Data Processing Equipments	2,207.27	188.10	0.36	2,395.01	211.19	0.09	1,033.84	1,057.20
11) Air-conditioning Unit	1,625.63	145.02	–	1,770.65	83.41	–	1,254.32	1,192.71
12) Vehicles	198.45	142.21	69.93	270.73	35.73	36.85	168.82	95.42
Tangible Assets.....Total	25,725.39	2,805.14	76.79	28,453.74	1,274.46	39.69	20,633.59	19,140.01
II) Intangible Assets								
1) Trade Mark	1,032.30	–	–	1,032.30	57.93	–	539.89	597.82
2) Technical Knowhow	1.15	–	–	1.15	0.03	–	0.11	0.14
3) ANDAs, DMFs, Dossiers, etc.	–	101.13	–	101.13	13.00	–	88.13	–
Intangible Assets.....Total	1,033.45	101.13	–	1,134.58	70.96	–	628.13	597.96
Total	26,758.84	2,906.27	76.79	29,588.32	1,345.42	39.69	21,261.72	19,737.97
Previous Year	23,432.30	3,383.73	57.19	26,758.84	1,210.05	27.91	19,737.97	
Capital Work-in-Progress*** (Including Capital advances)							8,218.19	3,052.98
Total							29,479.91	22,790.95

* Buildings & Premises at cost includes ₹ 250/- in respect of 5 unquoted shares of ₹ 50/- each of Gokul Nandanvan Co-operative Housing Society Limited and ₹ 250/- in respect of unquoted shares of ₹ 50/- each of Apna Ghar Unit No-54 Co-operative Housing Society Limited.

** Depreciation on Plant and Machinery to the extent revalued is debited to Revaluation Reserve Account.

*** Capital work in Progress includes ₹ 1,972.29 Lakhs (P.Year ₹ 958.82 Lakhs) expenditure incurred on DMF/Dossiers/ANDAs as the same are yet to be commercialised.

**** Addition during the period includes Additions to R&D Assets amounts to ₹ 199.21 Lakhs (P.Year ₹ 234.73 Lakhs) (for details refer Note no. 6)

Schedules

Forming part of the Balance Sheet

SCHEDULE 'G' : Investments

	Current Year As at 31.03.2011	(₹ lakhs) Previous Year As at 31.03.2010
1) Unquoted : (at cost)		
(a) <i>Non-Trade - Others</i>		
Other Companies		
(i) Shares of Shivalik Solid Waste Management Ltd., Baddi (H.P.) (20,000 Shares of ₹ 10/- each)	2.00	2.00
(b) <i>Non-Trade - Government Securities</i>	—	0.18
(i) 7 Yrs National Savings Certificates		
(c) <i>Shares of Saraswat Co-op. Bank Ltd.</i> (1,000 Ordinary Shares of ₹ 10/- each)	0.10	0.10
TOTAL	2.10	2.28

SCHEDULE 'H' : CURRENT ASSETS, LOANS AND ADVANCES

1) **Current Assets :**

(As certified by the Management)

Inventories (At Cost)

(a) Stock of Consumables	112.35	116.28
(b) Stock in trade :		
(i) Raw and Packing Materials	3,170.43	3,225.91
(ii) Finished Goods	3,808.27	2,949.11
(iii) Work in Process	951.05	620.70
	8,042.10	6,912.00

Sundry Debtors

Unsecured

(a) Debts outstanding for more than six months		
Considered Good	1,303.91	1,165.46
Considered Doubtful	133.81	93.82
	1,437.72	1,259.28
Less : Provision for Doubtful Debts	(133.81)	(93.82)
	1,303.91	1,165.46
(b) Other Debts - Considered Good	7,874.74	7,906.02
	9,178.65	9,071.48

Schedules

Forming part of the Balance Sheet

SCHEDULE 'H' : *contd.*

(₹ lakhs)

Current Year
As at 31.03.2011

Previous Year
As at 31.03.2010

Cash and Bank Balances:

(a) Cash on hand	3.87	11.03
(b) Balances with Scheduled Banks :		
(i) In Current Accounts	467.31	582.44
[including Equity Shares Application Money of ₹ 7.60 lakhs (Previous Year ₹ 8.21 lakhs)]		
(ii) In EEFC Accounts	62.87	349.68
(iii) In Fixed Deposit Accounts	1,939.79	2,675.70
(iv) In Margin Accounts	217.18	123.07
(v) In Unpaid Dividend Accounts	13.85	12.65
	2,704.87	3,754.57

2) Loans and Advances:

(Unsecured, Considered Good, unless stated otherwise)

(a) Advances recoverable in cash or in kind or for the value to be received	4,977.11	4,141.59
(b) Advance Income Tax (Net)	395.50	338.98
(c) Balances in Excise Accounts	1,540.16	889.16
	6,912.77	5,369.73
TOTAL	26,838.39	25,107.78

Schedules

Forming part of the Balance Sheet

SCHEDULE 'I' : Current Liabilities & Provisions

Current Year
As at 31.03.2011

(₹ lakhs)
Previous Year
As at 31.03.2010

1) Current Liabilities :

(a) Sundry Creditors	4,590.93	4,155.32
(b) Unclaimed Dividend *	13.75	12.45
(c) Equity share application money refundable	7.60	8.21
(d) Security Deposit Payable	644.40	632.03
(e) Other Liabilities	1,841.57	1,557.78
	<u>7,098.25</u>	<u>6,365.79</u>

* Liability towards Investor Education and Protection Fund - Not Due.

2) Provisions :

(a) Provision for Bonus	218.24	201.78
(b) Proposed Dividend	982.94	860.07
(c) Dividend Tax	159.46	142.85
(d) Provision for Leave Encashment	277.38	255.97
	<u>1,638.02</u>	<u>1,460.67</u>
TOTAL	<u><u>8,736.27</u></u>	<u><u>7,826.46</u></u>

SCHEDULE 'J' : Miscellaneous Expenditure (to the extent not written off or adjusted)

As per last Balance Sheet	5.21	13.95
Add : Additions during the year	—	—
Less : Amortised during the year	(3.81)	(8.74)
TOTAL	<u><u>1.40</u></u>	<u><u>5.21</u></u>

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'K' : Other Income*

	Current Year Apr'10-Mar'11	(₹ Lakhs) Previous Year Apr'09-Mar'10
1) Interest Received	271.25	185.58
2) Exchange Gain (Net of Exchange Loss ₹ 360.70 Lakhs)	252.50	—
3) Export Incentives	190.66	189.83
4) Sundry Balances Written Back	2.86	0.47
5) Analytical Income	58.91	34.24
6) Sundry Receipts	18.65	20.79
7) Dividend Received (Tax free)	0.02	12.94
8) Profit on Sale of Fixed Assets	5.22	2.73
9) Profit on Sale of Investments	—	0.31
TOTAL	800.07	446.89

* (Refer Note No. 9 of Schedule 'Q')

SCHEDULE 'L' : Materials

1) Cost of Material Consumed :		
Opening Stock	3,225.91	2,142.59
Add : Purchases	19,752.11	16,873.26
Less : Closing Stock	(3,170.43)	(3,225.91)
	19,807.59	15,789.94
2) Purchase of Finished Goods	3,197.69	2,521.16
3) Excise Duty	(501.35)	(386.28)
4) (Increase)/Decrease in Stock of Finished Goods and WIP:		
(a) Opening Stock	3,569.81	2,976.34
(b) Closing Stock	(4,759.32)	(3,569.81)
	(1,189.51)	(593.47)
TOTAL	21,314.42	17,331.35

SCHEDULE 'M' : Staff Cost

1) Salaries, Wages and Bonus	5,910.14	5,077.51
2) Contribution to Provident and Other Funds ..	674.48	484.21
3) Staff Welfare Expenses	117.59	84.60
TOTAL	6,702.21	5,646.32

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'N' : Other Expenditure

	Current Year Apr'10-Mar'11	(₹ lakhs) Previous Year Apr'09-Mar'10
1) Consumable Stores	166.02	163.74
2) Job Work Charges	470.61	203.06
3) Power and Fuel	1,728.83	1,394.90
4) Rent, Rates and Taxes	177.07	126.20
5) Insurance	127.50	88.32
6) Repairs :		
(a) Buildings	105.81	112.63
(b) Plant and Machinery	204.97	318.13
(c) Others	425.21	412.14
	735.99	842.90
7) Packing and Delivery Expenses	1,615.03	1,469.00
8) Analytical Expenses	383.74	327.87
9) Turnover and Additional Tax	93.60	50.09
10) Advertising and Sales Promotion Expenses ..	1,717.44	1,218.64
11) Commission and Incentives on sales	1,149.30	760.45
12) Travelling, Conveyance and Motor Car Expenses	2,245.71	2,075.72
13) Legal and Professional Fees	90.52	63.74
14) Director's Sitting Fees	2.55	1.95
15) Postage & Telephone Expenses	205.82	169.93
16) Printing and Stationery Expenses	207.74	186.60
17) Payments to Auditors:		
(a) Audit Fees	2.50	2.50
(b) Tax Audit Fees	0.75	0.75
(c) Other Services	0.40	0.40
	3.65	3.65
18) Loss on sale of Investments	-	0.22
19) Loss on sale of Assets	3.02	12.02
20) Miscellaneous Expenditure Written off	3.81	8.74
21) Provision for Doubtful Debts	39.98	24.76
22) Exchange Loss		
[Net of Exchange Gain ₹ 360.70 lakhs]	-	31.85
23) Other Expenses	1,284.33	1,237.73
TOTAL	12,452.26	10,462.08

SCHEDULE 'O' : R&D Expenses

1) R&D Employee Cost	349.95	357.04
2) Other R&D Expenses	584.20	665.22
TOTAL	934.15	1,022.26

SCHEDULE 'P' : Interest

1) Interest on Term Loans from Banks	85.41	47.71
2) Interest on Working Capital Facilities from Banks	89.96	124.40
3) Interest - Other	64.85	118.47
TOTAL	240.22	290.58

Notes Forming Part of Accounts for the year ended March 31, 2011.

SCHEDULE 'Q' :

1) Significant Accounting Policies

(a) Basis of preparation of financial statements –

- (i) The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under Companies (Accounting Standards) Rules, 2006.
- (ii) Accounting policies not specifically referred to otherwise, are consistent with Generally Accepted Accounting Principles.
- (iii) The Company generally follows mercantile system of accounting and all income and expenditure items having a material impact on the financial statements are recognised on accrual basis.

(b) Use of Estimates –

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialise.

(c) Fixed Assets, Depreciation and Amortization –

(i) Tangible Assets :

Tangible Assets are stated at historical cost, net of recoverable taxes such as CENVAT. In case of fixed assets acquired for new projects / expansion, interest cost on borrowings and other related revenue expenses such as salaries etc. are capitalised.

Depreciation on Fixed Assets is provided on the straight line method on all assets except assets at Waluj, Rabale and HO which is provided on written down value at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. However, depreciation on residential Flat at HO and Plant & Machinery at Rabale is provided on straight line method.

(ii) Intangible Assets :

Trademarks / Technical Knowhow are recorded at their acquisition costs and amortized on the straight-line-method over their estimated economic life.

All revenue expenditure incurred till the development of ANDAs / DMFs / Dossiers etc. are grouped under Capital WIP. Once the development is complete, the expenditure incurred on the said project is capitalized, grouped under "Intangible Assets" and amortized based on best estimated commercial revenue period, not exceeding 5 years. The carrying value of the capitalized project is reviewed for impairment annually.

(d) Investments –

Current Investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

(e) Inventories –

- (i) Raw Materials, Packing Materials and Consumables are valued at cost or net realizable value, whichever is lower.
- (ii) Work-in-process is valued at cost including proportionate related overheads or net realizable value, whichever is lower.
- (iii) Finished goods are valued at cost or net realizable value, whichever is lower.
- (iv) All materials are valued at weighted average cost.

(f) Foreign Currency Transactions –

- (i) Transactions denominated in foreign currencies are recorded at exchange rate prevailing on the date of transaction or that approximates the actual rate on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items covered by forward exchange contracts are denominated at forward rate. The premium/(discount) paid on forward contract is recognized over the life of the contract.
- (iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account.

Notes Forming Part of Accounts for the year ended March 31, 2011.

(g) Revenue Recognition –

- (i) Sales of products are recognized when risk and rewards of ownership of the product are passed on to the customers.
- (ii) Export sales are recognized on the basis of Bill of Lading / Airway Bills.
- (iii) All sales revenues are stated at net of returns, discounts and sales tax.
- (iv) Interest income is recognized on accrual basis.
- (v) Export benefits available under prevalent scheme are accrued and accounted in the year in which the goods are exported, to the extent considered receivable.

(h) Excise Duty –

Excise duty is accounted for as and when paid on the clearance of the goods from bonded premises. Excise duty in respect of finished goods lying in bonded premises is provided for and included in the valuation of inventory.

(i) Employees Retirement and Other Benefits –

Company's contribution to Provident, Superannuation Funds is accounted on accrual basis and charged to Profit & Loss account. The Company also provides for unutilized leave benefits to its employees on actuarial valuation. The company's contribution to LIC for group gratuity policy is charged to Profit and Loss account each year. The contribution for group gratuity policy is based on values as actuarially determined and demanded by LIC.

(j) Borrowing Cost –

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, till the asset is ready for its intended use, are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit & Loss account.

(k) Research & Development Expenses –

Research & Development costs of revenue nature are charged to Profit & Loss account when incurred. Expenditure of capital nature is capitalised and depreciation is provided on these assets as per the provisions of the Companies Act, 1956.

(l) Government Grants / Subsidies –

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital grants related to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognized in the Profit & Loss account. Subsidies received from the State Government are treated as reserves.

(m) Taxes on Income –

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal tax after tax holiday period. Accordingly it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

(n) Impairment of Fixed Assets –

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate of recoverable amount.

Notes Forming Part of Accounts for the year ended March 31, 2011.

(o) Provisions, Contingents Liabilities and Contingent Assets –

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

(p) Earning Per Shares (EPS) –

The basic and diluted EPS is calculated by dividing the Profit/(Loss) after Tax by the weighted average number of Equity Shares outstanding.

	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
2) Contingent Liabilities Not Provided For :		
(a) Matters under dispute		
(i) Sales Tax	189.81	199.48
₹ 72.65 lakhs has been paid under protest Previous year ₹ 72.65 lakhs)		
(ii) Excise / Service Tax	370.58	370.58
(iii) Income Tax.....		
– Where the Company is in appeal	564.09	120.27
₹ 48.30 lakhs has been paid under protest Previous year ₹ 48.30 lakhs)		
– Where the department is in appeal	263.98	269.97
(iv) In respect of claims made against the Company not acknowledged as debts (Labour matters)	6.12	3.57
(b) Bank Guarantees	150.85	205.82
(c) Letters of Credit	564.84	792.24
(d) Estimated amount of contracts remaining to be executed on Capital Account, net of advances of ₹ 2,163.32 lakhs (Previous year ₹ 338.41 lakhs)	2,985.02	1,056.30
(e) Discounting of debtors to the extent not actually realized on Balance Sheet date	Nil	70.33
3) Remuneration / Perquisites paid / payable to Managing / Whole-time Directors (Included in staff cost)		
(a) Salary.....	211.65	203.43
(b) Commission.....	77.92	75.00
(c) Provident & Super Annuation Fund Contribution.....	30.69	30.85
(d) Other Perquisites.....	22.52	11.18
	<u>342.78</u>	<u>320.46</u>

Notes Forming Part of Accounts for the year ended March 31, 2011.

	Current Year (₹ in Lakhs)	Previous Year (₹ in Lakhs)
4) Computation of Net Profit u/s. 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account.....	5,658.45	4,312.73
Add : (i) Loss on sale of Fixed Assets	3.02	12.02
(ii) Loss on sale of Investments	—	0.22
(iii) Depreciation	1,345.41	1,210.05
(iv) Directors' sitting Fees	2.55	1.95
(v) Directors' remuneration	342.78	320.46
	<u>7,352.21</u>	<u>5,857.43</u>
Less : (i) Profit on sale of Fixed Assets	5.22	2.73
(ii) Depreciation u/s 350	1,345.41	1,210.05
(iii) Profit on sale of Investment	—	0.31
	<u>1,350.63</u>	<u>1,213.09</u>
Net Profit	<u>6,001.58</u>	<u>4,644.34</u>
(b) Commission Payable to the Managing Director	60.00	60.00
5) Research & Development expenses include salary & wages, chemicals/materials consumed, electricity, travel, repairs, insurance premium and such similar expenses.		
6) Additions during the year include addition to R & D assets which are as follows:		

	Apr'10-Mar'11	Apr'09-Mar'10
Building	2.02	33.34
Plant & Machinery	0.92	8.04
Handling Equipments	0.29	0.36
Laboratory Equipments	143.35	108.82
R&D Equipments (Instruments)	5.93	—
Plant Utility (Equipments)	4.33	36.41
Electric Installation	1.30	1.52
Furniture & Fixtures and Office & Data Processing Equipments	27.47	29.41
Vehicle	13.60	5.11
Air Conditioning & Ventilation	—	11.72
	<u>199.21</u>	<u>234.73</u>

Notes Forming Part of Accounts for the year ended March 31, 2011.

- 7) Expenditure incurred on R&D activities from F.Y. 2005 - 06 are as follows:

(For the period April - March.)

	(₹ in Lakhs)					
Years	2005 - 06	2006 - 07	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Building	684.22	164.02	80.75	17.36	33.34	2.02
Equipments & other capital expenditure	1,166.41	536.16	408.20	172.77	201.39	197.19
Total Capital Expenditure	1,850.63	700.18	488.95	190.13	234.73	199.21
Revenue Expenditure	238.58	515.81	858.70	923.49	1,022.26	934.15
Total R&D Expenditure	2,089.21	1,215.99	1,347.65	1,113.62	1,256.99	1,133.36

- 8) Company's proposal to the "Department of Scientific and Industrial Research" (DSIR) "Ministry of Science & Technology", Government of India for financial support under TDDP project of DSIR has been approved by the DSIR during the year and Company has received ₹ 20 Lakhs as an advance under the said project. The said advance is grouped under the head "Other Liabilities" at "Schedule I" forming part of the Balance Sheet.

- 9) Tax deducted at source from Other Income consists of:

- ₹ 4.45 Lakhs on account of Professional or Tech Services(Previous year ₹ 8.87 Lakhs)
- ₹ 29.55 Lakhs on account of Interest received (Previous year ₹ 20.75 Lakhs)

10) Segment Reporting:

Primary Segment:

The Company has only one business segment i.e. Pharmaceutical.

Secondary Segment: (Geographical)

	(₹ in Lakhs)	
	Current Year	Previous Year
Sales& Operating Income (Net)	32,195.80	27,949.59
India	15,651.25	11,878.89
Outside India	47,847.05	39,828.48
Total		

In view of the interwoven/ intermixed nature of business and manufacturing facilities, other segmental information is not ascertainable.

- 11) A) The Company is exposed to risk associated with foreign currency fluctuations as well as interest rate. The Company has entered into forward contracts and derivative contracts to hedge the interest rate risk and currency risk. These transactions are in consistence with the Company's Risk Management Policy. However the company does not use these contracts for any speculative purposes.

The outstanding position of the forward contracts as at 31st March, 2011 is ₹ 7,101.91 Lakhs with Banks. Category wise break up is given here under:

Category

	(₹ in Lakhs)
Forward Contract	
- Receivables	5,541.27
- Import/Loans	1,560.64

Un-hedged foreign currency exposure as at 31st March, 2011 is:

	2010-2011		2009-2010	
	In FCY	₹ In Lakhs	In FCY	₹ In Lakhs
ECB Loan	\$ 1,65,00,000.00	7,357.35	\$ 9,733,333.00	4,369.29
PCFC	\$ 8,00,000.00	356.72	\$ 400,000.00	179.56

Notes Forming Part of Accounts for the year ended March 31, 2011.

- B) Out of total ECB loans, part of ECB is availed in JPY & SGD which are converted into USD by entering into derivative contracts. The Company has also entered into Interest Rate Swap agreements for all the ECBs. Thus, any cross currency movement in USD/JPY & USD/SGD as well as any movement in LIBOR has no impact on the future financials of the company.

- 12) Miscellaneous Expenditure to the extent not written off includes ₹ Nil (Previous year ₹ 3.64 Lakhs) on account of product registration charges and ₹ 1.40 Lakhs (Previous year ₹ 1.57 Lakhs) on account of preliminary expenses incurred by erstwhile M/s. Shree Herbal Technologies Ltd.

	Current Year	Previous Year
13) Earnings Per Share (EPS) :		
(a) Profit After Tax (₹ lakhs)	5,111.78	4,209.21
(b) Weighted Average Number of Ordinary Shares for Basic EPS.....	12,286,714	12,286,714
(c) Weighted Average Number of Ordinary Shares for Diluted EPS	12,286,714	12,286,714
(d) Earnings Per Share (Face Value ₹ 10/- Per Share)		
(i) Basic (a/b)	41.60	34.26
(ii) Diluted (a/c)	41.60	34.26

- 14) Related Party Disclosures as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

I Related Parties

A. Enterprises that control or are controlled by the reporting company

Holding Companies	Nil
Subsidiary Companies	Nil
Fellow Subsidiaries	Nil

B. Associates and Joint Ventures of reporting company

Associates	Nil
Joint Ventures	Nil

C. (i) Individuals owning and having control of the reporting company

Mr. Suresh G. Kare, Mrs. Aruna S. Kare, Mrs. Aditi M. Panandikar, Mrs. Madhura A. Ramani

(ii) their relatives

Dr. Milind P. Panandikar, Dr. Anup Ramani, Mr. Ramnath Kare, Mr. Ashok Kare, Mrs. Suman Naik, Mrs. Sudha Pai, Mrs. Laxmi Bambolkar, Mrs. Pratima Vaidya, Mrs. Amita Rajadhyaksha, Mrs. Meera Karnik

D. (i) Key Management personnel

Mr. Suresh G. Kare, Mrs. Aditi Kare Panandikar, Mr. Sundeep Bambolkar, Mr. F. X. Coutinho (Part of the year)

(ii) their relatives :

Mrs. Aruna S. Kare, Mrs. Madhura A. Ramani, Mr. Ramnath Kare, Mr. Ashok Kare, Mrs. Suman Naik, Mrs. Sudha Pai, Mrs. Laxmi Bambolkar, Dr. Milind P. Panandikar, Ms. Ivy Coutinho, Ms. Sushma D'souza, Ms. Karen Lemos, Mr. John Coutinho, Mrs. Celine Elias, Mrs. Alice Pillai, Mrs. Neeta Bambolkar, Mr. Vasant Bambolkar, Ms. Manali Bambolkar, Mr. Paresh Bambolkar,

E. Enterprises controlled by key management personnel

SPA Holdings Pvt Ltd, Shanteri Investments Pvt Ltd, Indoco Industrial Designs and Engineers Pvt. Ltd., Indoco Capital Markets Ltd, A K Services

Notes Forming Part of Accounts for the year ended March 31, 2011.

II. Transactions in respect of which disclosures to be made

		(₹ in lakhs)				
Particulars of transaction		Enterprises that control or are controlled by reporting company	Associates and Joint Ventures of reporting company	Individuals owning and having control over the reporting company and their relatives (C)	Key Management personnel and their relatives (D)	Enterprises controlled by key management personnel (E)
		(A)	(B)	(C)	(D)	(E)
Purchases or sales of goods (finished or unfinished)		—	—	—	—	—
Purchases or sales of fixed assets		—	—	—	—	—
Rendering or receiving of services	C.Y.	—	—	—	—	70.45
Agency arrangements	P.Y.	—	—	—	—	44.14
Remuneration paid	C.Y.	—	—	—	342.78	—
	P.Y.	—	—	—	320.46	—
Transfer of research and development		—	—	—	—	—
License agreements	C.Y.	—	—	—	—	24.48
	P.Y.	—	—	—	—	24.48
Finance (including loans and equity contributions in cash or in kind)		—	—	—	—	—
Guarantees and collaterals		—	—	—	—	—
Management contracts including for deputation of employees		—	—	—	—	—

III. Transactions with related parties in ordinary course/not in normal course/not on arms length basis

(i) Transactions in the ordinary course	C.Y.	—	—	—	342.78	94.93
	P.Y.	—	—	—	320.46	68.62
(ii) Transactions not in the normal course		—	—	—	—	—
(iii) Transaction not on arm's length basis		—	—	—	—	—
(iv) Justification for (iii)		—	—	—	—	—

15) Capacities and Production* :

		Current Year		Previous Year	
	Unit	Installed Capacity Per annum	Actual Production	Installed Capacity Per annum	Actual Production
Liquid-Orals & Externals	K.L.	3255	3070.84	3255	2605.60
Tablets & Capsules	Million	4000	3993.11	4000	3038.53
Injectables & Eye Preparations	K.L.	275	195.73	222	201.24
Powders	Tonnes	—	41.31	—	28.55
Toothpaste, Creams & Ointments	Tonnes	1282	1193.22	1282	998.57
API	Tonnes	454	246.06	454	238.77

* Actual production includes goods manufactured at third party manufacturing facilities on loan licence basis.

Notes Forming Part of Accounts for the year ended March 31, 2011.

	Current Year		Previous Year	
	₹ in lakhs	%	₹ in lakhs	%
16) Imported and Indigenous Materials Consumed :				
(a) Raw and Packing Materials –				
(i) Imported	3,706.58	18.71	2,305.58	14.60
(ii) Indigenous	16,101.01	81.29	13,484.36	85.40
Total	19,807.59	100.00	15,789.94	100.00
(b) Stores and Spares consumed				
(i) Imported	2.30	1.39	–	–
(ii) Indigenous	163.72	98.61	163.74	100.00
Total	166.02	100.00	163.74	100.00
	₹ in lakhs		₹ in lakhs	
17) Earnings in Foreign Currency (FOB value)	14,990.62		11,265.38	
18) Expenditure in Foreign Currency :				
(a) On Travel and Export Promotion	133.41		109.14	
(b) On Interest on Foreign Currency Loan	532.01		115.71	
(c) Others	81.27		172.67	
19) Value of Imports CIF Basis				
(a) Raw Materials	3480.14		2,097.80	
(b) Capital Goods	632.59		343.90	
(c) Consumable Stores	87.02		–	
20) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.				
21) Previous year's figures have been regrouped and reclassified wherever necessary.				

Jagdish B Salian
Company Secretary

Mumbai, 28th May, 2011

Suresh G Kare
Chairman & Mg. Director

Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai, 28th May, 2011

Cash Flow Statement for the year ended 31st March, 2011

	Current Year	(₹ lakhs) Previous Year
A) Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	5,658.45	4,312.73
Adjustments for :		
(a) Depreciation / Amortisation	1,345.41	1,210.05
(b) Profit on sale of Fixed Assets	(5.22)	(2.73)
(c) Profit on sale of Investment	—	(0.31)
(d) Loss on sale of Fixed Assets	3.02	12.02
(e) Loss on sale of Investments	—	0.22
(f) Deferred expenses written off	3.81	8.74
(g) Sundry Balance written back	(2.86)	(0.47)
(h) Provision for Doubtful Debts	39.98	24.76
(i) Interest Income	(271.25)	(185.58)
(j) Dividend received on Investments	(0.02)	(12.94)
(k) Unrealised Foreign Exchange (Gain) / Loss	(254.19)	(178.64)
(l) Interest Expense	240.22	290.58
	<u>1,098.90</u>	<u>1,165.70</u>
Operating Profit before Working Capital Change	6,757.35	5,478.43
Adjustments for :		
(a) Trade and Other Receivables	(1,000.60)	343.94
(b) Inventories	(1,130.10)	(1,676.02)
(c) Trade Payables and Other Liabilities	771.22	1,271.20
	<u>(1,359.48)</u>	<u>(60.88)</u>
Cash generated from Operations	5,397.87	5,417.55
Income Tax Paid (Net of Refund)	(1,184.27)	(633.59)
Net Cash generated from Operating Activities (A)	4,213.60	4,783.96
B) Cash flow from Investing Activities :		
(a) Purchases of Fixed Assets and change in Capital Work-in-Progress	(8,071.48)	(4,808.70)
(b) Sale of Fixed Assets	39.30	19.99
(c) Purchases of Investments	—	(1,602.92)
(d) Investments matured	0.18	—
(e) Sale of Investments	—	1,603.01
(f) Interest Received	341.26	105.06
(g) Dividend received on Investments	0.02	12.94
Net Cash used in Investing Activities (B)	<u>(7,690.72)</u>	<u>(4,670.62)</u>

Contd...

Cash Flow Statement for the year ended 31st March, 2011

... Contd. from previous page

	Current Year	(₹ lakhs) Previous Year
C) Cash flow from Financing Activities :		
(a) Interest Paid	(239.54)	(295.44)
(b) Dividend Paid	(1,001.62)	(287.63)
(c) Proceeds from CC/WCDL/OD	311.74	—
(d) Repayment of CC/WCDL/OD	—	(1,278.50)
(e) Proceeds from External Commercial Borrowings	3,468.83	3,240.64
(f) Repayment of Short Term borrowings	(111.99)	(640.11)
Net Cash inflow from Financing Activities (C)	2,427.42	738.96
Net Increase in Cash or Cash equivalents (A+B+C)	(1,049.70)	852.30
Cash and Cash Equivalents (Opening)	3,754.57	2,902.27
Cash and Cash Equivalents (Closing)	2,704.87	3,754.57
Cash and Cash Equivalents Comprise:		
Cash on hand	3.87	11.03
Balance with Scheduled Banks:		
(a) In Current Accounts	467.31	582.44
(b) In EEFC Accounts	62.87	349.68
(c) In Fixed Deposit Accounts	1,939.79	2,675.70
(d) In Margin Accounts	217.18	123.07
(e) In Unpaid Dividend Accounts	13.85	12.65
	2,704.87	3,754.57

Notes :

1. The above Cash Flow Statement has been prepared under "Indirect Method" set out in AS-3, issued by Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outgo.
3. Previous year's figures have been regrouped and reclassified wherever necessary.

As per our Report attached

For **Patkar & Pendse**

Chartered Accountants

Firm Registration No. : 107824W

BM Pendse

Partner

Membership No. 32625

Mumbai, 28th May, 2011

Jagdish B Salian

Company Secretary

Mumbai, 28th May, 2011

Suresh G Kare

Chairman & Mg. Director

Sundeep V Bambolkar

Aditi Kare Panandikar

Whole Time Directors

Mumbai, 28th May, 2011

Financial Highlights

	Current Year 2010-11	(₹ lakhs) Previous Year 2009-10
<u>OPERATIONAL REVIEW</u>		
1) Gross Sales (Inclusive of excise duty)	48,356	40,231
2) EBIDTA	8,177	6,829
3) Depreciation / Amortisation	1,345	1,210
4) Interest	240	291
5) PBT	5,659	4,313
6) PAT	5,112	4,209
<u>FINANCIAL STRUCTURE</u>		
1) Net Fixed Assets	29,480	22,791
2) Investments	2	2
3) Net Current Assets	18,102	17,282
4) Total Assets	47,584	40,075
5) Net Worth	35,019	31,045
6) Borrowings	9,994	6,604
7) Deferred Tax Liability	2,572	2,426
8) Total Liabilities	47,584	40,075
<u>MARGINS & RATIOS</u>		
1) EBIDTA Margins on Net Sales (%)	17.09	17.14
2) PAT Margins on Net Sales (%)	10.68	10.57
3) Debt-to-Equity (times)	0.29	0.21
4) Interest Cover (times)	22.28	15.49
5) Return on Net Worth (%)	14.60	13.56
6) Return on Capital Employed (%)	10.74	10.50



Financial Highlights

(₹ lakhs)

OPERATIONAL RESULTS

Particulars	2010-11	2009-10	2008-09	2007-08 *	2006-07
1) Net Sales and Other Income	48,647.12	40,275.37	35,429.00	26,518.46	32,891.83
2) Material Cost	21,314.42	17,331.35	14,928.96	11,272.68	14,304.24
3) Staff Cost	6,702.21	5,646.32	4,792.92	3,226.63	3,415.46
4) Manufacturing, Administrative and Selling Exps.	12,452.26	10,462.08	9,769.45	6,774.06	8,395.77
5) R&D Expenses	934.15	1,022.26	923.49	718.32	544.65
6) Interest	240.22	290.58	584.59	361.74	508.68
7) Depreciation / Amortisation	1,345.41	1,210.05	1,115.54	777.95	902.53
8) Profit before tax (before exceptional item)	5,658.45	4,312.73	3,314.05	3,387.08	4,820.49
9) Exceptional items	—	—	—	182.79	159.16
10) Profit before tax (after exceptional item)	5,658.45	4,312.73	3,314.05	3,204.29	4,661.33
11) Provision For Taxation	1,274.48	834.27	540.32	549.55	875.72
12) MAT Credit Entitlement	(727.81)	(730.75)	(370.40)	(354.92)	(418.20)
13) Profit after Tax	5,111.78	4,209.21	3,144.13	3,009.67	4,203.82
14) Retained Earnings	3,969.38	3,206.29	2,389.45	2,290.92	3,269.46
15) Earnings Per Share (After exceptional items)	41.60	34.26	25.59	24.50	35.21
16) Book Value	285.02	252.72	226.62	206.93	189.65
17) Debt: Equity Ratio	0.29	0.21	0.20	0.13	0.15

FINANCIAL SUMMARY

Assets Employed

1) Gross Fixed Assets	29,588.32	26,758.84	23,432.30	21,899.12	20,671.85
2) Net Fixed Assets	29,479.91	22,790.95	19,221.58	17,344.68	16,875.42
3) Investments	2.10	2.28	2.28	0.30	0.30
4) Net Current Assets	18,102.12	17,281.32	16,480.17	13,653.74	11,997.75
Total Assets	47,584.13	40,074.55	35,704.03	30,998.72	28,873.47

FINANCED BY

1) Share Capital	1,228.67	1,228.67	1,228.67	1,228.67	1,182.17
2) Share Capital Suspense	—	—	—	—	46.50
3) Reserves & Surplus	33,791.26	29,821.89	26,615.61	24,196.17	22,072.95
4) Total Shareholders' Funds	35,019.93	31,050.56	27,844.28	25,424.84	23,301.62
5) Miscellaneous Expenditure (to the extent not written-off)	1.40	5.21	13.95	43.22	52.55
6) Net Worth	35,018.53	31,045.35	27,830.33	25,381.62	23,249.07
7) Borrowings	9,993.58	6,603.92	5,573.77	3,425.08	3,555.24
8) Deferred Tax Liability	2,572.02	2,425.28	2,299.93	2,192.02	2,069.16
Total Fund	47,584.13	40,074.55	35,704.03	30,998.72	28,873.47

* Nine Months Period



Statement Pursuant to Part IV to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –

Registration No.....	5913
State Code.....	11
Balance Sheet Date	31-03-2011

(II) Capital raised during the year (Amount in ₹ Lakhs) –

Public Issue.....	–
Rights Issue.....	–
Bonus Issue.....	–

(III) Position of Mobilisation and Deployment of Funds (Amount in ₹ Lakhs) –

Total Liabilities.....	47,585.53
Total Assets.....	47,585.53

Sources of Funds –

Paid-up Capital.....	1,228.67
Reserves & Surplus.....	33,791.26
Secured Loans.....	9,196.76
Unsecured Loans	796.82
Deferred Tax Liability.....	2,572.02

Application of Funds –

Net Fixed Assets	29,479.91
Investments	2.10
Net Current Assets	18,102.12
Miscellaneous Expenditure	1.40
Accumulated Losses	–

(IV) Performance of Company (Amount in ₹ Lakhs) –

Total Income	48647.12
Total Expenditure	42988.67
Profit Before Tax	5658.45
Profit After Tax	5111.78
Earnings per share in Rs.	41.60
(Basic & Diluted - After Extraordinary items)	
Dividend %	80

(V) Generic Names of Three Principal Products/Services of the Company (as per monetary terms) –

Item Code No (ITC Code)	30049093
Product Description	FEBREX PLUS SYRUP
Item Code No (ITC Code)	30042070
Product Description	VEPAN TABLETS
Item Code No (ITC Code)	30049039
Product Description	CYCLOPAM TABLETS

As per our Report attached

For **Patkar & Pendse**

Chartered Accountants

Firm Registration No. : 107824W

BM Pendse

Partner

Membership No. 32625

Mumbai, 28th May, 2011

Jagdish B Salian

Company Secretary

Mumbai, 28th May, 2011

Suresh G Kare

Chairman & Mg. Director

Sundeep V Bambolkar

Aditi Kare Panandikar

Whole Time Directors

Mumbai, 28th May, 2011

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

INDOCO REMEDIES LIMITED
Indoco House, 166 CST Road,
Kalina, Santacruz (E), Mumbai - 400 098.

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP. Id

Client Id

FOR OFFICE USE ONLY

ECS
Ref. No.

Name of Sole / First holder

Bank Name

Branch Name

Branch Code

(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type
[Please Tick (✓) wherever applicable]

Savings

Current

Cash Credit

A/c. No. (as appearing
in the cheque book)

Effective date of this
mandate

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

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

Dated : _____

(Signature of Sole / First holder)

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

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INDOCO REMEDIES LIMITED

INDOCO HOUSE, 166 CST ROAD, KALINA, SANTACRUZ (E), MUMBAI - 400 098.

PROXY FORM

64th Annual General Meeting – 28th July, 2011

DP ID

Regd. Folio No./Client ID

No. of Shares

I/We of in the district of being a Member / Members of the Company hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to vote for me / us on my / our behalf at the **64th Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 28th July, 2011 at 10.30 am or at any adjournment(s) thereof.

Signed this day of 2011

Signed

Affix Re. 0.15 Revenue Stamp

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

INDOCO REMEDIES LIMITED

INDOCO HOUSE, 166 CST ROAD, KALINA, SANTACRUZ (E), MUMBAI - 400 098.

ATTENDANCE SLIP

64th Annual General Meeting – 28th July, 2011

DP ID

Regd. Folio No./Client ID

No. of Shares

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

I hereby record my presence at the **64th Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 28th July, 2011 at 10.30 am

.....
Name of the Member / Proxy
(in BLOCK letters)

.....
Signature of Member / Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

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Indoco House, 166, C.S.T Road, Kalina, Mumbai - 400 098, India.

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Web: www.indoco.com

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