

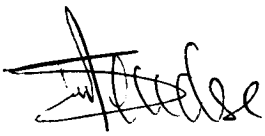



indoco remedies limited

INDOCO HOUSE, 166 C. S. T. ROAD, SANTACRUZ (EAST), MUMBAI - 400 098 (INDIA) ● Website : www.indoco.com
PHONES : 2654 1851 / 52 / 53 / 54 / 55 ● FAX : (91-22) 2652 3067 / 2652 3976 ● CIN : L85190MH1947PLC005913

FORM A

1	Name of the Company	Indoco Remedies Limited
2	Annual Financial Statement for the year ended	31 st March 2014
3	Type of Audit Observation	Unqualified
4	Frequency of Observation	Not Applicable
5a	Ms. Aditi Panandikar Managing Director	
5b	Mr. Sunil D. Joshi CFO	
5c	Mr. B. M. Pendse (M. No. 32625) For Patkar & Pendse Chartered Accountants (Regn No: 107824W) Auditor of the Company	
5d	Dr. Anil Naik Audit Committee Chairman	

Place: Mumbai

Date: May 28, 2014



**Constantly Evolving ...
Consistently Excelling**

Corporate Information

Board of Directors

MR. SURESH G. KARE, Chairman
 MS. ADITI PANANDIKAR, Managing Director
 MR. SUNDEEP V. BAMBOLKAR, Jt. Managing Director
 MR. D. M. GAVASKAR
 MR. RAJIV P. KAKODKAR
 MR. SHARAD P. UPASANI
 DR. ANIL M. NAIK
 DR. ANAND NADKARNI

Senior Management

MR. SUNIL D. JOSHI, President - Finance & Company Secretary
 MR. A. S. REGE, President - Operations
 DR. KAVITA INAMDAR, President - R&D (Formulations)
 MR. VILAS V. NAGARE, Executive Vice President - Corporate Affairs
 MR. RAJENDRA KUMAR, Vice President - Sales & Marketing
 MR. RAKESH MALIK, Vice President - Sales & Marketing
 MR. CLARENCE P. D'SOUZA, Vice President - International Business
 MR. AJAY KARAJAGI, Associate Vice President - Marketing Services
 MR. AMULYA NAYAK, Associate Vice President - Sales & Marketing
 MS. AIDA DIAS, Associate Vice President - Corporate Q.A.
 MR. P. V. RAMESAN, Associate Vice President - Tech. Operations (API)

Bankers

CITIBANK N. A.	KOTAK MAHINDRA BANK LTD.
DBS BANK LTD.	SARASWAT CO-OP BANK LTD.
HDFC BANK LTD.	STANDARD CHARTERED BANK
IDBI BANK LTD.	STATE BANK OF INDIA

Auditors

PATKAR & PENDSE, Chartered Accountants
 9 Chartered House CHS, Marine Lines, Mumbai 400 002.

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

REGISTERED OFFICE

Indoco House, 166 CST Road, Kalina, Mumbai 400098.
 Tel. No. : +91 22 26541851 - 55
 Fax No.: +91 22 26520787
 Website: www.indoco.com

Message from the Top Management

Chairman



Managing Director



Jt. Managing Director



Dear Stakeholders,

We are pleased to inform you that your Company registered an overall growth of 15.4%, with both Domestic as well as International businesses registering a double digit growth of 13.4 % and 16.3 % respectively for the financial year 2013-14.

During the year, the Indian Pharma Industry registered a modest growth of 6.2%. However, with the resolution of the new drug pricing policy and trade issues, the industry is poised for a better growth in the coming years. The macro-economic factors indicate that the growth potential of the Indian Pharma industry is promising. For our Company, thrust on chronic segment, better market penetration and promotion of legacy brands along with successful new product launches will drive the growth of the domestic formulations business.

Globally, India is among the top five emerging pharma markets and has been posting impressive growth over the last few years. With drugs worth more than US\$ 100 billion going off patent in the next five years and rising acceptance of generic drugs, the Indian Pharma industry is expected to show better performance. Indoco's international business is also slated for a high growth, thanks to right strategy and timely execution. The alliances with pharma majors are progressing well and will yield rich dividends in the coming years.

It gives us great pride in informing you that your Company recently received approval for its Goa sterile ophthalmic facility from the EU Regulatory Authority. The Company also received the 'Best Patent Award' from IDMA and 'Certificate of Appreciation' (Bulk Drug) from Pharmexcil for its outstanding contribution to India's Pharmaceutical Industry. These developments re-confirm our manufacturing and R&D excellence and give us confidence that Indoco is progressing in the right direction to meet its set goals.

We express our gratitude to all our Stakeholders, including, shareholders, customers, bankers and the medical fraternity for their whole-hearted support. We thank all Indocoites for their contribution, which we value the most.

Thanking you all,



Suresh G. Kare
Chairman



Aditi Panandikar
Managing Director



Sundeeep V. Bambolkar
Jt. Managing Director

Manufacturing Facilities

Indoco's manufacturing infrastructure encompasses facilities for manufacturing APIs and Finished Formulations in various dosage forms. With 8 manufacturing facilities spread across the country, the capacity requirement for the coming years is well taken care of. The Company's five world class manufacturing plants for Finished Dosages are located in Verna - Goa, Baddi - Himachal Pradesh and Waluj - Maharashtra. The dosages manufactured cover tablets, capsules, liquid orals, external preparations, ampoules, vials and toothpastes. APIs and Intermediates are manufactured at three locations in Patalganga and Rabale, in Maharashtra. Manufacturing excellence is Indoco's core strength and the same is evident from the approvals that the Company has received from USFDA, EU Regulatory Authorities, TGA-Australia, MCC-South Africa & various Regulatory Authorities from the emerging markets.



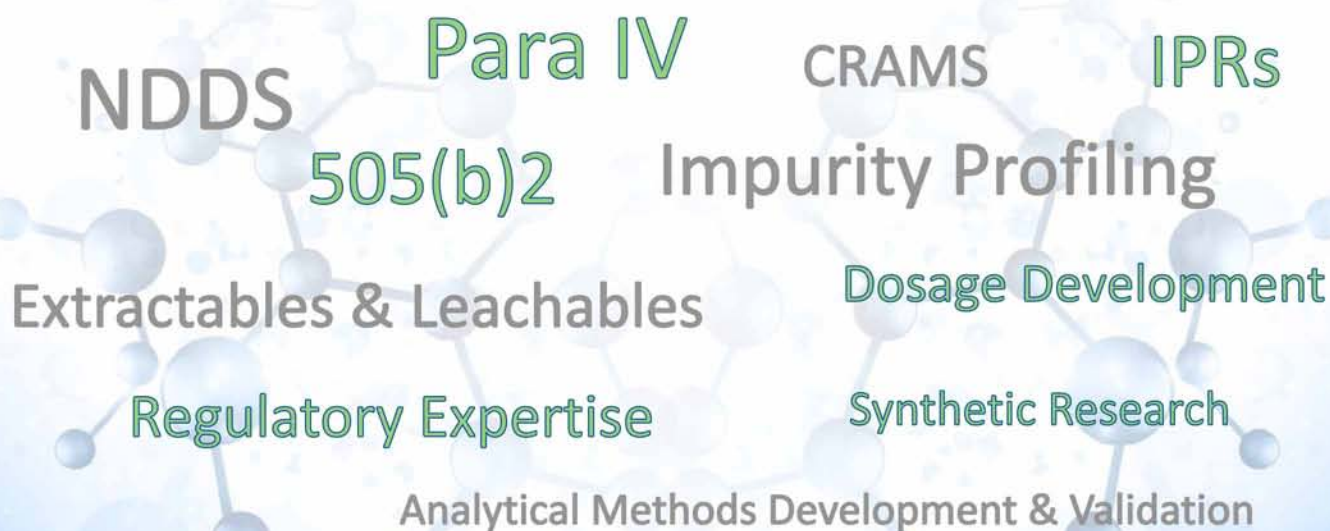


Research & Development

Spread over an area of 150,000 sq. ft., Indoco's state-of-the-art R&D centre is located at Rabale, Navi Mumbai and is well equipped with advanced technologies, high tech analytical instruments and latest research databases. Over 200 scientists work in the areas of Chemical Synthesis, Formulations Development, Analytical Methods Development and Validation, supported by Intellectual Property Rights and Regulatory Compliance teams. The robust R&D capabilities within the Company both for API Process Designing and Finished Dosages Development reflect its commitment to be a recognized player in the generics space.

Persistent R&D efforts have enabled the Company to build a strong product basket which is backed by ANDAs / e-CTD Dossiers, Drug Master Files (DMFs) / Certificate of Suitability (CoS) with complete regulatory & technical support. The R&D team has capabilities to develop products well in advance to facilitate market launch on the day of patent expiry. The team has successfully developed New Drug Delivery Systems (NDDS), compiled Para IV applications and is working on 505 (b) (2) submissions.

With over 50 patent applications filed in India and worldwide and patent awards from both Pharmexcil and IDMA, Indoco's R&D is truly an expression of its commitment towards excellence through innovation.



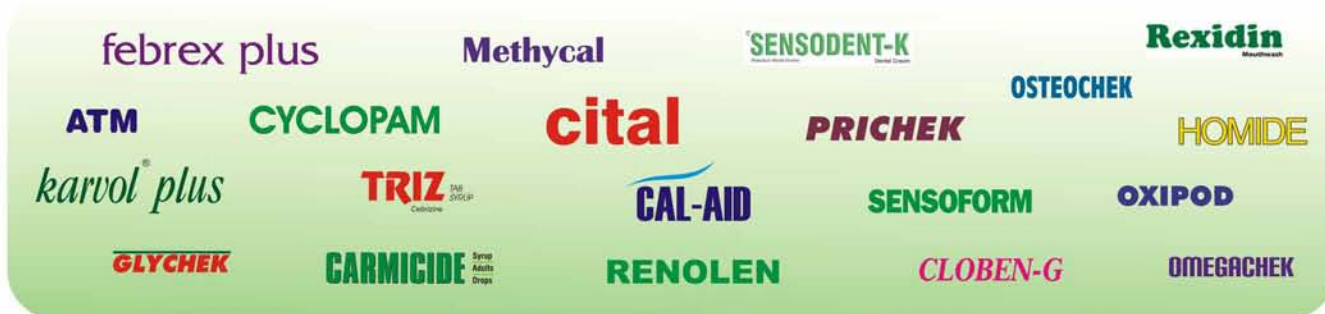
Our Business

At Home...

The Company is well positioned in the Indian Pharma market with 8 marketing divisions, a field force of 2300 and a distribution network comprising of 29 sales offices and depots. The product basket covers 18 therapeutic segments with a strong brand portfolio.

Indoco enjoys a high prescription base and generates about 70 million prescriptions annually from 200,000 doctors across the country. The Company is consistently registering sales growth above the industry average and is ranked 25th as per CMARC (Rx ranking) and 28th as per AWACS (SSA ranking).

Top Brands



And Abroad...

International Business holds significant prominence in Indoco's growth plans and its long term vision. From product development/contract research to manufacture and supply of APIs and Finished Dosages, backed by a strong technical and regulatory support, the Company offers comprehensive solutions to generic players across the globe.

Indoco has a large customer base across seven continents and tie-ups with major generic companies. With market specific strategies for different geographies, world-class manufacturing facilities and an exhaustive product pipeline, the Company's International Business is slated to enter the next orbit of growth.

Regulatory Filings

✓ 25 ANDAs

✓ 23 EU-CTD DOSSIERS

✓ 6 CoS

✓ 2 JDMFs

✓ 9 ANDS

✓ 10 USDMFs

✓ 1400 Dossiers in various countries in Emerging Markets

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INDOCO REMEDIES LIMITED

[CIN: L85190MH1947PLC005913]

Registered Office: Indoco House, 166 CST Road, Kalina, Santacruz (E), Mumbai 400 098

Tel: 26541851-55 / Fax: 26520787 / email: compliance.officer@indoco.com /

web: www.indoco.com

Notice

Notice is hereby given that the **Sixty- Seventh** Annual General Meeting of the members of **INDOCO REMEDIES LIMITED** will be held on Wednesday, the 30th July, 2014, at 11.30 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
 - a) the Audited Balance Sheet as on 31st March, 2014 and Profit and Loss Account for the year ended 31st March, 2014 together with the Reports of the Board of Directors and Auditors thereon.
 - b) the Audited consolidated Balance Sheet as on 31st March, 2014 and Profit and Loss Account for the year ended 31st March, 2014 of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 2014.
3. To re-appoint M/s Patkar & Pendse, a Firm of Chartered Accountants, (Firm Registration No. 107824W), as Statutory Auditors of the Company under Section 139 of the Companies Act, 2013 to hold office for a period of 3 years from the conclusion of the forthcoming Annual General Meeting till the conclusion of the Seventieth Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT in accordance with the provisions of Sections 152(6), 203 and all other applicable provisions of the Companies Act, 2013, (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the change in the terms of appointment of Ms. Aditi Panandikar - Managing Director of the Company (holding DIN No. 00179113) from non-retiring director to director whose period of office shall be subjected to retirement by way of rotation from the date of the Annual General Meeting.

RESOLVED FURTHER THAT all other existing Terms and conditions of Ms. Aditi Panandikar’s appointment remain unchanged.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 152(6), 203 and all other applicable provisions of the Companies Act, 2013, (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the change in the terms of appointment of Mr. Sundeep V. Bambolkar - Jt. Managing Director of the Company (holding DIN No. 00176613) from non-retiring director to director whose period of office shall be subjected to retirement by way of rotation from the date of the Annual General Meeting.

RESOLVED FURTHER THAT all other existing Terms and conditions of Mr. Sundeep V. Bambolkar’s appointment remain unchanged.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT in accordance with the provisions of Sections 152(6), 149 and all other applicable provisions of the Companies Act, 2013 (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the reappointment of Mr. Sharad P. Upasani – Independent Director of the Company (holding DIN No. 01739334) whose period of office shall not be subject to retirement by way of rotation.
RESOLVED FURTHER THAT the aforesaid appointment will be for a period of 5 years with effect from 1st April, 2014.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT in accordance with the provisions of Sections 152(6), 149 and all other applicable provisions of the Companies Act, 2013 (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the reappointment of Mr. Divakar M. Gavaskar – Independent Director of the Company (holding DIN No. 00157378) whose period of office shall not be subject to retirement by way of rotation.
RESOLVED FURTHER THAT the aforesaid appointment will be for a period of 5 years with effect from 1st April, 2014.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT in accordance with the provisions of Sections 152(6), 149 and all other applicable provisions of the Companies Act, 2013 (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the reappointment of Mr. Rajiv P. Kakodkar – Independent Director of the Company (holding DIN No. 01519590) whose period of office shall not be subject to retirement by way of rotation.
RESOLVED FURTHER THAT the aforesaid appointment will be for a period of 5 years with effect from 1st April, 2014.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT in accordance with the provisions of Sections 152(6), 149 and all other applicable provisions of the Companies Act, 2013 (the Act) or any statutory modification or re-enactment thereof, approval of the members of the Company is hereby given for the reappointment of Dr. Anil M. Naik – Independent Director of the Company (holding DIN No. 00002670) whose period of office shall not be subject to retirement by way of rotation.
RESOLVED FURTHER THAT the aforesaid appointment will be for a period of 5 years with effect from 1st April, 2014.”
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that Dr. Anand Nadkarni (holding DIN 06881461), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th May, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 135 of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive Director of the Company whose period of office shall be liable to determination by retirement by way of rotation.”

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

“RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Sevekari, Khare & Associates, the Cost Auditors, holding firm registration no. 000084 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such steps as may be necessary proper or expedient to give effect to this resolution.”

Notes :

1. The Statement setting out the material facts relating to Special Business at the meeting pursuant to section 102(1) of the Companies Act, 2013 is annexed hereto.
2. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The Instrument appointing the Proxy must be filled, stamped and duly signed and deposited at the Registered Office of the Company not less than Forty Eight hours before the commencement of the Meeting
3. 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.
4. 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.
5. Government of India in Ministry of Corporate Affairs has announced “Green initiative in the Corporate Governance” by permitting the Companies to send the Balance Sheet, Profit & Loss Account, Directors’ Report, Auditor’s 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.
6. Annual Report copies will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report.
7. 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.
8. 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.

9. The Register of Members and Share Transfer Books of the company shall remain closed from Wednesday, 23rd July, 2014 to Wednesday, 30th July, 2014 (both days inclusive).
 10. 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.
 11. The dividend for the year ended 31st March, 2014 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 30th July, 2014. 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 5th August, 2014.
 12. (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
 - MICR Code:
 - IFSC Code:
 - (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.
13. Pursuant to the provisions of Section 124 of the Companies Act, 2013, all unclaimed dividends declared up to the financial year 1998-1999 under the Companies Act, 1956 have been transferred to the General Revenue Account of the Central Government.

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.
14. Consequent upon the amendment to Section 205A of the erstwhile Companies Act, 1956 and incorporation of Section 205C to the Companies Act, 1956, the company has transferred the unpaid or unclaimed dividends for the financial years from 1999-2000 to 2005-2006 to Investor Education and Protection Fund (the IEPF) established by the Central Government.

Dividends for the financial years 2006-2007 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 2006-2007 onwards and seek revalidation of their warrants are requested to write to company's Registrars without any delay.

15. 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.
16. For any assistance or information about shares, dividend etc., members may contact the company or the Registrars.
17. 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.
18. 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.
19. Member desirous of getting any information, on the accounts and operations of the company, may please forward their queries to the company at least seven days prior to the Meeting so as to enable the company to provide appropriate response thereto at the Meeting.
20. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are having demat accounts. Members holding shares in physical form are requested to submit PAN details to the company / Registrar.
21. Pursuant to Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement with the Stock Exchanges, the Company is providing its members with the option of voting by electronic means.
 - (a) **The e-voting period commences at 10:00 a.m. on Thursday, July 24, 2014 and ends at 5:00 p.m. on Saturday, July 26, 2014. The e-voting module shall also be disabled by CDSL for voting thereafter.**
 - (b) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - (c) Voting rights shall be reckoned on the paid-up value of Shares registered in the name of the Members as on the date of dispatch of notice.
 - (d) The Board of Directors at their meeting have appointed Mr. Ajit Sathe, Practicing Company Secretary as the scrutinizer to conduct the e-voting process in a fair and transparent manner.
 - (e) **Instructions for e-voting:**
 - (1) **In case of Members receiving Notice of the Annual General Meeting by email and who wish to vote using the e-voting facility:**
 - (i) Email contains your user ID and password for e-Voting. Please note that this password is an initial password.
 - (ii) Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
 - (iii) Now click on "Shareholders" to cast your votes
 - (iv) Now, select the Electronic Voting Sequence Number ("EVSN") - **14061004** along with **"INDOCO REMEDIES LIMITED"** from the drop down menu and click on "SUBMIT"
 - (v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

*Members who have not updated their PAN with the Company / Depository Participant are requested to use default number 'IRLEV1234C' in the PAN field for e-voting.

*Members who have not updated their Date of Birth with the Company / Depository Participant are requested to use default number '23081947' in the DOB field for e-voting.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value <Default Value> in the DOB column or the <Default Value> in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in Physical form will then reach directly to the voting screen.
- (viii) Members holding shares in Demat form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password is to be also used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
- (x) If you are already registered with CDSL for e-voting, then you can use your existing login id and password for casting your vote.
- (xi) For Members holding shares in physical form, the password and default number can be used only for e-voting on the resolutions contained in this Notice.
- (xii) On the voting page, you will see Resolution Description and against the same the option 'YES/NO' for voting. Enter the number of shares (which represents number of votes) under YES/NO or alternatively you may partially enter any number in YES and partially in NO, but the total number in YES and NO taken together should not exceed your total shareholding.

- (xiii) Click on the Resolution File link if you wish to view the entire Notice of the Annual General Meeting.
 - (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - (xvi) Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at sunil.joshi@indoco.com with a copy marked to helpdesk.evoting@cdslindia.com.
 - (xvii) In case you have any queries or issues regarding e-voting, please contact helpdesk.evoting@cdslindia.com.
2. **In case of Members receiving Notice of the Annual General Meeting by post and who wish to vote using the e-voting facility :**
 - (a) Initial password is provided in the table given in the Attendance Slip.
 - (b) Please follow all steps from Sr. No. (ii) to Sl. No. (xvi) above, to cast your vote.
 3. Members are requested to carefully read the instructions and in case of any queries, you may refer to the QnA on e-Voting for Members and User Manual for Shareholders to cast their votes available in the Help section of www.evotingindia.com.
 4. Since the Company is required to provide facility to the members to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form and not casting their vote electronically, may cast their vote at the Annual General Meeting.
 5. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 6. The Results shall be declared on or after the Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.indoco.com and on the website of CDSL within two(2) days of passing of the resolutions at the Annual General Meeting of the Company on 30th July 2014 and communicated to the NSE & BSE Limited.
22. Details of Directors seeking appointment in the Annual General Meeting scheduled on Wednesday 30th July, 2014 (Pursuant to Clause 49 (IV) (G) (i) of the Listing Agreement)

Name of Director	Ms. Aditi Panandikar	Mr. Sundeep V. Bambolkar
Date of Birth	22 nd January, 1970	23 rd October, 1960
Date of Appointment	27 th March, 2004	27 th March, 2004
Expertise in Specific Functional area	Business Development, Human Resources and Marketing Functions	International Business, Corporate Management, Finance and Operations
Qualification	B. Pharm, Masters in Business Management, Ohio State University	B. Sc, PGDEM, MAM, Management Program from the Indian School of Business, Hyderabad and Kellogg School of Business, Chicago, USA
Board Membership of other Public Companies as on 31 st March, 2014	2	2
Chairman Member of the Committee of the Board of Directors of the Company as on 31 st March, 2014	Member- Stakeholder Relationship Committee Member - CSR Committee	Member - Stakeholder Relationship Committee Member - Audit Committee Member - CSR Committee
Chairman / Member of the Committee of Directors of the other companies in which he/she is a Director as on 31 st March, 2014		
a. Audit Committee	Nil	Nil
b. Stakeholders Relationship Committee	Nil	Nil
c. Other Committees	Nil	Nil
Number of Shares held on 31 st March, 2014	5549013	465000

Name of Director	Mr. Sharad P. Upasani	Mr. Divakar M Gavaskar	Mr. Rajiv Kakodkar
Date of Birth	1 st October, 1938	5 th February, 1943	23 rd December, 1956
Date of Appointment	23 rd February, 2008	11 th April, 2005	26 th April, 2007
Expertise in Specific Functional area	Retired Public Servant, Corporate Law Advisory Service and Public Administration	Management & Finance	Vast International Business experience in pharmaceutical field including Indenting, Sourcing of pharmaceuticals for global and domestic business
Qualification	M.Com, LL.B, IAS, MBA	B.Com, FCA, FCS	B. Pharm, MBA from Stuart School of Business, USA
Board Membership of other Public Companies as on 31 st March, 2014	1	1	2
Chairman Member of the Committee of the Board of Directors of the Company as on 31 st March, 2014	Member-Nomination & Remuneration Committee	Member- Audit Committee	Member - Audit Committee Chairman - Stakeholder Relationship Committee Member-Nomination & Remuneration Committee
Chairman / Member of the Committee of Directors of the other companies in which he is a Director as on 31 st March, 2014			
a. Audit Committee	1	1	Nil
b. Stakeholders Relationship Committee	Nil	Nil	Nil
c. Other Committees	2	Nil	Nil
Number of Shares held on 31 st March, 2014	Nil	Nil	Nil

Name of Director	Dr. Anil M. Naik	Dr. Anand Nadkarni
Date of Birth	22 nd May, 1942	22 nd December, 1958
Date of Appointment	14 th February, 2012	28 th May, 2014
Expertise in Specific Functional area	Consultant to Companies for various aspects of Business including Finance, Operations and HR	Consultant Psychiatrist / Corporate Trainer and Human Resource Consultant
Qualification	M.Com, MBA	M.D. in Psychological Medicine.
Board Membership of other Public Companies as on 31 st March, 2014	2	Nil
Chairman / Member of the Committee of the Board of Directors of the Company as on 31 st March, 2014	Chairman- Audit Committee Chairman - CSR Committee Chairman-Nomination & Remuneration Committee	
Chairman / Member of the Committee of Directors of the other companies in which he is a Director as on 31 st March, 2014		
a. Audit Committee	Nil	Nil
b. Stakeholders Relationship Committee	Nil	Nil
c. Other Committees	Nil	Nil
Number of Shares held on 31 st March, 2014	Nil	Nil

Mumbai, 28th May, 2014

By order of the Board
SUNIL D. JOSHI
President (Finance) & Company Secretary



Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item Nos 4, 5, 6, 7, 8, 9

Section 152(6) of the Companies Act, 2013 ("Act") provides that not less than two thirds of total number of directors of a public company shall be persons whose period of office is liable to determination by way of retirement by rotation. The Section also by way of explanation states that the total number of directors for the purpose of this sub-section shall not include Independent Directors. Hence as per the provisions of this section, the Independent Directors of the company are not to be considered to decide directors retiring by rotation.

Under the provisions of the erstwhile Companies Act 1956, Independent directors were subjected to retirement by rotation. Since under the Companies Act 2013, Independent directors are not to be considered for retirement by rotation, the composition of remaining directors is now not in accordance with the provisions of Sec.152 of the Companies Act, 2013 Hence, to make the composition of the board in line with the provisions of this section, it is now proposed to modify/ alter the terms of appointment of some of the existing executive directors of the company from the present non-retiring directors to directors retiring by rotation.

As per the provisions of the New Companies Act, 2013, the Managing Director and Jt. Managing Director of the company are now liable to retire by rotation. However as per their terms of appointment, they are not liable to retirement by rotation. It is therefore proposed to amend the Terms of appointment of the Managing Director, Ms. Aditi Panandikar and Jt. Managing Director, Mr. Sundeep V. Bambolkar to make them liable to retire by rotation. It is proposed to reappoint Mr. Divakar M Gavaskar, Mr. Sharad P. Upasani, Mr. Rajiv P. Kakodkar, Dr. Anil M. Naik, Independent Directors for a period of 5 years not liable to retire by rotation. Accordingly, the resolutions have been put up for your approval.

For Item No. 6, 7, 8 and 9 pursuant to sub section (7) of Sec.149 of the Companies Act, 2013, the Company has received declarations from the Independent Directors confirming that they meet the criteria of Independence. As required by the Proviso to sub section (5) of Sec. 152 the Companies Act, 2013, the Board of directors of the company are also of the opinion that all the Independent Directors fulfills the conditions specified in the Act and the rules made thereunder and that the proposed directors are independent of the management.

For Item no. 4 and 5 the directors named therein and their relatives as applicable- Mrs. Aruna S Kare, Mrs. Madhura Ramani, Dr. Milind Panandikar, Dr. Anup Ramani, Mrs. Neeta S Bambolkar are concerned or interested in the resolution as Directors as well as Member and Promoter of the company holding 22.32% of the shares in the company.

For Item no. 6, 7, 8 and 9 the concerned directors are only interested in the resolution concerning them as directors of the company.

The KMP or his relatives are not interested in the resolutions at item no. 4 to 9.

The Board recommends the resolution set out at item No. 4, 5, 6,7,8 and 9 for the approval by the members.

Item No. 10

The Board of Directors at their meeting held on 28th May, 2014 appointed Dr. Anand Nadkarni as an Additional Director of the company with effect from 28th May, 2014.

Dr. Anand Nadkarni, has done his MD in Psychological Medicines. He is a Consultant Psychiatrist and a Corporate Trainer and Human Resource Consultant for a number of major corporate organisations. He has a vast experience of dealing with various types of industries. The Board considers that the appointment of Dr. Anand Nadkarni as a Director would be of immense benefit to the company. Accordingly, the Board of Directors recommends his appointment for your approval as a Non-Executive Director of the company whose period of office is liable to determination by retirement by way of rotation.

Under Section 161(1) of the Companies Act, 2013 read with Article 135 of the Articles of Association of the Company, Dr. Anand Nadkarni holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Dr. Anand Nadkarni as a candidate for the office of Director of the company.

Dr. Anand Nadkarni does not hold by himself or for any other person on a beneficial basis, any shares in the company.

Except Dr. Anand Nadkarni being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item No. 11

The Board on the recommendation of the Audit Committee has approved the appointment and remuneration of ₹ 1,80,000/- to M/s Sevekari, Khare & Associates, Cost Auditors to conduct the audit of the cost records of the company for the financial year ending 31st March, 2015.

In accordance with the provisions of Section 148 of the Act, read with the Companies (audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the company.

Accordingly consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 11 of the Notice for ratification of their remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors/Key Managerial Personnel of the company/their relatives are in any way concerned or interested in the Resolution

The Board recommends the Ordinary Resolution set out at Item No. 11 of the Notice for the approval of the shareholders.

Mumbai, 28th May, 2014

By order of the Board

SUNIL D. JOSHI

President (Finance) & Company Secretary



Directors' Report

Dear Members,

Your Directors are pleased to present the Sixty-Seventh Annual Report on the business operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2014 and on the state of affairs of the Company

FINANCIAL PERFORMANCE

The highlights of the performance of the Company for the year ended 31st March, 2014 is summarized below:

(₹ lakhs)

Particulars	Financial Year ended 31 st March, 2014	Financial Year ended 31 st March, 2013
Revenue from Operations (Gross)	74045	64163
Less: Excise Duty	(1274)	(1124)
Revenue from Operations (Net)	72771	63039
Add: Other Income	175	150
Total Income	72946	63189
Profit Before Finance Cost, Depreciation & Tax	12182	9396
Less: Finance Cost	1880	2187
Less: Depreciation & Amortisation	3091	2372
Profit Before Tax	7211	4837
Less: Provision for Taxation		
- Current	1511	968
- Deferred	(428)	543
- Earlier Years Adjustment	338	28
- MAT Credit Entitlement	—	(968)
Net Profit After Tax	5790	4266
Balance brought forward	13412	11832
Amount available for appropriation	19202	16098
Appropriations :		
Proposed Dividend	1290	1014
Dividend Tax	219	172
Transfer to General Reserve	1500	1500
Balance carried forward	16193	13412
	19202	16098

Results from Operations:

The FY 2013-14 under consideration witnessed a continued slowdown in the Indian economy. Delays in project clearances and difficulties in achieving the financial closure affected the industry resulting in sluggish growth. Added to this was higher inflation and adverse climatic conditions resulting in slowdown in agriculture. The cumulative impact was lower industrial production and slower growth in GDP. In the pharmaceutical industry in particular there was confusion because of lack of clarity due to introduction of NPPA for NLEM Products which resulted in less than expected performance for many companies. Internationally also the

Indian pharmaceutical companies faced a lot of challenges from regulatory authorities in various countries resulting in the lower growth of business. However, we were proactive to take effective steps to overcome these difficulties as a result of which our overall performance was not affected to a large extent.

During the year 2013-14, the total income of the Company amounted to ₹ 72946 lakhs as compared to ₹ 63189 lakhs in the previous year. This represents a 15.44% growth. The Profit before Tax (PBT) at ₹ 7211 lakhs as compared to ₹ 4837 lakhs in the previous year representing a 49.08% growth. After providing for Income Tax and MAT, the Net Profit After Tax (PAT) amounts to ₹ 5790 lakhs as against ₹ 4266 lakhs in the previous year. The increase in PBT & PAT is mainly due to reduction in input and other costs.

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 ₹ 1.40 per share on the face value of ₹ 2/- each (70%). The dividend payout will aggregate ₹ 1290.10 lakhs (Previous year: ₹ 1013.65 lakhs) and the tax on distributed profits payable by the Company would amount to ₹ 219.25 lakhs (Previous year ₹ 172.27 lakhs).

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

Credit Rating:

Company's working capital facilities are rated A1+ and long term borrowings are rated A+ by ICRA.

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

Social Initiatives

Indoco's Corporate Social responsibilities continue to be focused on promoting education, health and hygiene. In this connection the Company during the year under consideration made donations of ₹ 45.51 lakhs.

In addition to the above, the Company during the year made substantial donation of free medicines to charitable bodies for distribution among the needy.

Subsidiaries:

The Company has two subsidiary companies:

1. Xtend Industrial Designers and Engineers Pvt. Limited (Formerly known as Indoco Industrial Designers and Engineers Pvt. Limited)
2. Indoco Pharmchem Limited.

In accordance with the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any members of the Company who may be interested in obtaining the same. The Annual Report of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statement of your Company includes the financial results of its subsidiary companies.

Consolidated Financial Statements :

In accordance with Accounting Standard AS-21, the Audited Consolidated Financial Statements are provided in the Annual Report.

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

The Company at its Board Meeting held on 28th May, 2014, appointed Dr. Anand Nadkarni as Non Executive Director of the Company liable to retire by rotation. Dr. Anand Nadkarni is a Consultant Psychiatrist and a Corporate Trainer and Human Resource Consultant for a number of major corporate organizations. The Board considers that the appointment of Dr. Anand Nadkarni would be of immense benefit to the Company. Dr. Anand Nadkarni holds office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Dr. Anand Nadkarni for appointment as a Non Executive Director.

Your Directors have proposed to alter the terms of appointment of Ms. Aditi Panandikar, Managing Director and Mr. Sundeep V. Bambolkar, Jt. Managing Director so as to make them Directors retiring by rotation for reasons as stated in the Explanatory Statement to the Notice of 67th Annual General Meeting of the Company (forming part of this Annual Report) pursuant to Section 102 of the Companies Act, 2013.

It has been proposed to make the composition of the Board in line with Section 152 of the Companies Act, 2013 on account of provisions of Section 152(6) of the Companies Act, 2013. Accordingly Independent Directors are being reappointed for a period of 5 years from the date of the AGM and they will not be liable to retire by rotation.

The profile of directors seeking reappointment pursuant to Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges is therefore 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 read with Section 139 of the Companies Act, 2013 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 for a period of 3 years from the conclusion of the forthcoming Annual General Meeting till the conclusion of the Seventieth Annual General Meeting.

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 (ICAI). Accordingly for FY 2012-2013, the Company had appointed M/s. Sevekari, Khare & Associates of the ICAI as the Cost auditor to get the audit of the cost records done. For the Financial year 2012-13 M/s. Sevekari, Khare & Associates was required to submit their report by 27th September, 2013 and they have submitted the report on 6th September, 2013.

For the financial year 2013-14, M/s Sevekari, Khare & Associates would be required to submit the reports by 27th September, 2014.

For the financial year 2014-15, M/s Sevekari, Khare & Associates has been appointed the Cost auditor by the Company. They would be required to submit the reports by 27th September, 2015.

Information in Terms of Section 217 (1)(e) & Section 217(2A)

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.

Employee 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 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

Mumbai, 28th May, 2014



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 2013-14
 1. Replacement of Reciprocating and Vapour absorption chiller to Screw chiller to save electricity and maintenance cost.
 2. Human motion sensors installed for air conditions and lamps for various locations to save electricity.
 3. Installation of LED lamps in various departments to save electricity.
 4. Installation of sophisticated Demineralised plant to reduce chemical cost and conservation of water.
 5. Installation of additional Screw air compressors.
 6. Condensate water recovery of process steam and utilizing it as a feed water for boiler.
- (b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
 1. Feasibility of gas as a fuel for boiler to reduce stack emission and cost benefit.
 2. Installation of solar system to generate electricity for plant lighting purpose.
 3. Rain harvesting to save rain water.
 4. Replacement of pending reciprocating air compressor to Screw air compressor.
- (c) Impact of measures at (a) & (b) above for reduction of energy consumption & consequent on the cost of production of good
 1. Reduction in Energy cost.
 2. Reduced Fuel and water consumption.
 3. Improved air compressor efficiency.
 4. Reduction of air pollution
- (d) Total energy consumption and energy consumption per unit of production:

FORM A

1. Power and Fuel Consumption

Particulars	Current Year 2013-14	Previous Year 2012-13
1) Electricity		
a) Purchased Units (in lakhs)	239.30	222.52
Total Amount (₹ lakhs)	1338.74	1224.49
Rate/Unit (₹)	5.59	5.50
b) Own generation		
i) Through diesel generator		
Units (KWH'000)	908.37	1119.23
Units per ltr. of diesel oil (KWH)	2.84	3.05
Rate/Unit (₹)	20.86	14.29
ii) through steam turbine/generator		
Units	Nil	Nil
Units per ltr of fuel oil/gas		
Cost/Unit (₹)		
2) Coal		
Qty	Nil	Nil
Total cost		
Average rate		
3) Furnace Oil		
Qty (Kilo litres)	410.87	322.41
Total Amount (₹ lakhs)	219.98	146.88
Average rate (₹)	53.54	45.56
4) Others/internal generation (briquettes, cashew seeds etc.)		
Quantity	Nil	Nil
Total Cost (₹ lakhs)	158.08	151.14
Rate/Unit (₹)	Nil	Nil

2. Consumption per unit of production

On account of the manufacture of products with varied pack size/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 Complex Ophthalmic Formulations like Nanosuspensions, Ophthalmic Gels, High viscosity combination products are in progress. Ophthalmic ointments and emulsions and First-To-File projects are also in the pipeline of development projects.

2. Benefits derived as a result of above efforts are

Creation of the Company's own intellectual property which can be exploited commercially and for preventing competitors from blocking ideas for design around manufacturing processes. R&D efforts give an edge over the competitors in the market place in terms of early entry and better pricing. The Company's patent portfolio consists of 4 granted formulation patents and 20 patent application applied for

3. Future plan of action

The Company intends to file multiple Para IV applications by using non-infringing strategies for different dosage forms and thereby patenting innovating ideas to create our own intellectual property.

The Company has

- Filed multiple patent applications in India and two PCT applications and plans to enter Europe and USA for the same.
- Has 3 - 4 Para IV applications in pipeline and also has plans to file with our partners in the USA, FTF Para IV applications for ophthalmic products.
- Has started scrutinizing different patented and off-patented potential molecules for 505(b)(2) applications for the USA market.
- Has plans to launch in the coming years multiple molecules in Europe

4. Expenditure on R & D:

(₹ lakhs)

Sr. No.	Particulars	Current Year 2013-14	Previous Year 2012-13
1	Capital	310.60	434.83
2	Recurring	1442.86	1290.24
3	Total	1753.46	1725.07
4	Total R&D expenditure as a % of total net sales	2.41	2.74

Technology absorption, adaptation and innovation

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

During the year the following processes were successfully implemented:

- a) Domperidone base and maleate: The Technology for synthesizing this molecule was developed in-house and successfully implemented at plant level.

- b) Betaxolol Hydrochloride - The process for manufacturing of Betaxolol Hydrochloride was improved at R&D and scaled up at plant level with better yield and quality.
 - c) Fabuxostat: The technology was developed inhouse at our R&D. The product is under commercialization.
 - d) Olopatadine HCl, bromfenac Sodium and Brimonidine Tartrate: The batch size for these API's was scaled from existing 2 kgs to 20 kgs for Olopatadine HCl, 1 kg to 2 kg for Bromfenac Sodium and 0.8 kg to 5 kg for Brimonidine Tartrate to cater the increased market demands.
2. 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 continued with its efforts of filing own Dossiers in Europe through DCP (Decentralization Procedure) route and filing own ANDA's 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 plans 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 2013-14	Previous Year 2012-13
1	Total foreign exchange earned (CIF)	25434.60	21871.04
2	Total foreign exchange used	5490.76	4303.24

For and on behalf of the Board of Directors

SURESH G. KARE
Chairman

Mumbai, 28th May, 2014



Annexure to the Directors' Report

Report on Corporate Governance for the year ended 31st March, 2014

(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's functions of governance from management. Presently, the Board consists of Eight members- Chairman, one Managing Director and one Joint Managing Director, one Non Executive Additional Director and four Non-Executive Independent Directors.

The day-to-day management of the Company is conducted by the Chairman, Managing Director and Joint Managing Director subject to the supervision, direction and control of the Board of Directors.

The Directors are not related to each other in terms of the definition of "relative" under the Companies Act, 2013, except Ms. Aditi Panandikar, Managing Director who is the daughter of Mr. Suresh G. Kare, Chairman.

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, 2014 is as under:

Name of Director	Category of Directorship	Number of Directorships in other companies *	Number of Chairmanship/Membership in committees of other companies**	
			Chairman	Member
Mr. Suresh G. Kare	Promoter & Chairman	2	Nil	Nil
Ms. Aditi Panandikar	Promoter & Managing Director	2	Nil	Nil
Mr. Sundeep V. Bambolkar	Joint Managing Director	2	Nil	Nil
Mr. D. M. Gavaskar	Independent Non-Executive	1	Nil	1
Mr. Rajiv P. Kakodkar	Independent Non-Executive	2	Nil	Nil
Mr. Sharad P. Upasani	Independent Non-Executive	1	3	2
Dr. Anil M. Naik	Independent Non-Executive	2	Nil	Nil
Dr. Anand Nadkarni	Non-Executive	Nil	Nil	Nil

* Does not include Directorships in Private Limited / Section 25 Companies.

** Represents Membership/Chairmanship of Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, CSR Committee in other Companies.

Attendance of each Director at the Board Meetings held in financial year 2013-2014 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 30, 2013</i>
Mr. Suresh G. Kare	4	4	Present
Ms. Aditi Panandikar	4	4	Present
Mr. Sundeep V. Bambolkar	4	4	Present
Mr. D. M. Gavaskar	4	4	Present
Mr. Rajiv P. Kakodkar	4	4	Present
Mr. Sharad P. Upasani	4	4	Present
Dr. Anil M. Naik	4	4	Present
Dr. Anand Nadkarni*	NA	NA	NA

* Dr. Anand Nadkarni was appointed at the Board Meeting held on 28th May, 2014

Board Meeting Details:

During the year 4 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>
28 th May, 2013	7	7
30 th July, 2013	7	7
30 th October, 2013	7	7
29 th January, 2014	7	7

COMMITTEES OF THE BOARD:

Currently, the Board has Four Committees

- Audit Committee
- Stakeholder Relationship Committee (earlier Shareholders' /Investors' Grievance Committee)
- CSR Committee (Formed by way of Circular Resolution dated April 17, 2014)
- Nomination and Remuneration Committee. (Formed at the Board meeting dated May 28, 2014)

The Board decides the terms of reference of these Committees.

a) AUDIT COMMITTEE:

Composition:

The Audit Committee comprises of following four members, out of whom three are independent directors and one is the Joint Managing Director:

1. Dr. Anil M. Naik - Chairman
2. Mr. D. M. Gavaskar - Member
3. Mr. Rajiv Kakodkar - Member
4. Mr. Sundeep V. Bambolkar - (Joint Managing Director) - 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 177 of the Companies Act, 2013 and 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) Scrutiny of corporate loans and investments
- j) Approval or subsequent modification of transactions with related parties
- k) Valuation of the undertaking or asset of the company wherever it is necessary
- l) Monitoring the end use of funds raised through public offers and related matters
- m) In addition to the above, all items listed in Clause 49(II)(D) of the Listing Agreement.

Meetings and attendance:

During the financial year 2013-14 Four (4) 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			
	28 th May, 2013	30 th July, 2013	30 th October, 2013	29 th January, 2014
Dr. Anil M. Naik	Present	Present	Present	Present
Mr. D. M. Gavaskar	Present	Present	Present	Present
Mr. Rajiv P. Kakodkar	Present	Present	Present	Present
Mr. Sundeep V. Bambolkar	Present	Present	Present	Present

The auditors 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 Three (3) 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 (RENAMED AS STAKEHOLDERS RELATIONSHIP COMMITTEE AT THE BOARD MEETING HELD ON MAY 28, 2014):

The Committee comprises of:

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

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

Mr. Sunil D. Joshi, President (Finance) & 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 28th May, 2013, 30th July, 2013 and 30th October 2013 to review the investor complaints and redressal of their grievances.

The Company during the year had received 6 complaints. The complaints pertained to revalidation of dividend warrants, non receipt of Annual Report etc.

The Company has resolved all the complaints as at the end of financial year March 31, 2014 to the satisfaction of the shareholders and no complaints were pending for redressal.

c) CSR COMMITTEE:

The Committee comprises of:

1. Ms. Aditi Panandikar, Chairperson
2. Mr. Sundeep V Bambolkar, Member
3. Dr. Anil M Naik, Member

Mr. Sunil D. Joshi, President (Finance) & Company Secretary, acts as the Secretary of the Committee and also acts as the Compliance Officer of the Company.

Terms of reference: The CSR committee will provide guidelines and assistance in order to implement the CSR activities at Indoco. The guidelines are framed so as to cover the compliances under the Companies (Corporate Social Responsibility Policy) Rules, 2014

The committee was formed by way of a Circular Resolution on April 17, 2014. The committee was formed wef 1st April, 2014. Hence, during the financial year under consideration, no meeting was held by the Committee.

d) NOMINATION AND REMUNERATION COMMITTEE:

The Committee comprises of:

1. Dr. Anil M Naik, Chairman
2. Mr. Rajiv Kakodkar, Member
3. Mr. Sharad Upasani, Member

The terms of reference of the Nomination and Remuneration Committee are wide, covering the matters specified under the provisions contained in Section 178 of the Companies Act, 2013. They can be broadly stated as follows:

To formulate the criteria for appointment to the top level management and specifically to identify screen,

review individuals qualified to serve as executive directors, non-executive directors and independent directors.

To recommend to the board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

To carry out evaluation of every director's performance in accordance with a process that it seems fit and appropriate

The committee was formed at the Board Meeting held on May 28, 2014. The Nomination and Remuneration Committee during the previous financial year was a non-mandatory requirement. Hence during the financial year under consideration, no meeting was held by the Committee.

There were no pecuniary relationships and transactions of the Non - Executive Directors vis-à-vis the Company.

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 Committee thereof.

Details of remuneration paid to Directors during the financial year 2013-14 are as follows:

1) Executive Directors:

(In ₹ Lakhs)

Name of Director	Salary	Benefits & Perquisites	Commission/ Performance Linked Incentives	Stock Options	Total
Mr. Suresh G. Kare	10837500	894600	6000000	Nil	17732100
Ms. Aditi Panandikar	7596000	2079200	1200000	Nil	10875200
Mr. Sundeep V. Bambolkar	6636000	1828800	1200000	Nil	9664800

2) Non Executive Directors:

Name of Director	Sitting fees (₹)
Mr. D. M. Gavaskar	120000/-
Mr. Rajiv P. Kakodkar	135000/-
Mr. Sharad P. Upasani	80000/-
Dr. Anil M. Naik	120000/-

Notes:

- The sitting fees indicated above includes fees paid for attending Meetings of the Board and Committees.
- There is no severance fee payable.

DETAILS OF GENERAL BODY MEETINGS:

Annual General Meeting:

The details of the last three Annual General Meetings held:

<i>Financial Year</i>	<i>AGM</i>	<i>Date</i>	<i>Time</i>	<i>Venue of the AGM</i>
2012-13	66th	July 30, 2013	11.30 am	} MIG Cricket Club MIG Colony, Bandra (E), Mumbai - 400 051
2011-12	65th	July 30, 2012	11.30 am	
2010-11	64th	July 28, 2011	10.30 am	

Subsidiary Companies:

Following companies are subsidiaries of the Company

Name	Percentage of Holding
Indoco Pharmchem Ltd	100%
Xtend Industrial Designers & Engineers Pvt. Ltd (formerly known as Indoco Industrial Designers & Engineers Pvt. Ltd)	60.04%

DISCLOSURES:

- 1) 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 relatives etc., during the year, that may have the potential conflict with the interests of the Company at large.
- 2) 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 President (Finance) & Company Secretary have 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. 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 28th May, 2013, 30th July, 2013, 30th October, 2013 & 29th January, 2014.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Date and Time	: Wednesday, 30 th July 2014 at 11.30 A.M.
Venue	: MIG Cricket Club MIG Colony, Bandra (E), Mumbai 400 051
Financial year	: 1 st April, 2013 to 31 st March, 2014
Date of Book Closure	: 23 rd July, 2014 to 30 th July, 2014 (both days inclusive)
Dividend Payment Date	: On or after 5 th August, 2014.
Corporate Identification 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 26th April, 2004. The Company keeps the Code updated 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 web site 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 upto 31st March 2015 and there is no outstanding payment towards the Exchanges, as on date.

Stock Code

Bombay Stock Exchange Limited	: 532612
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 ₹ 2/- each) from April, 2013 till March, 2014 are as below:

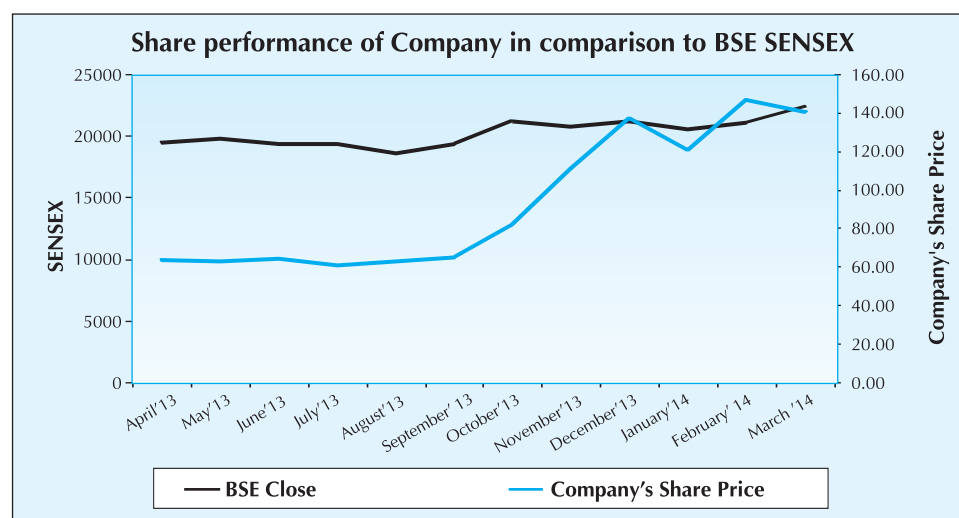
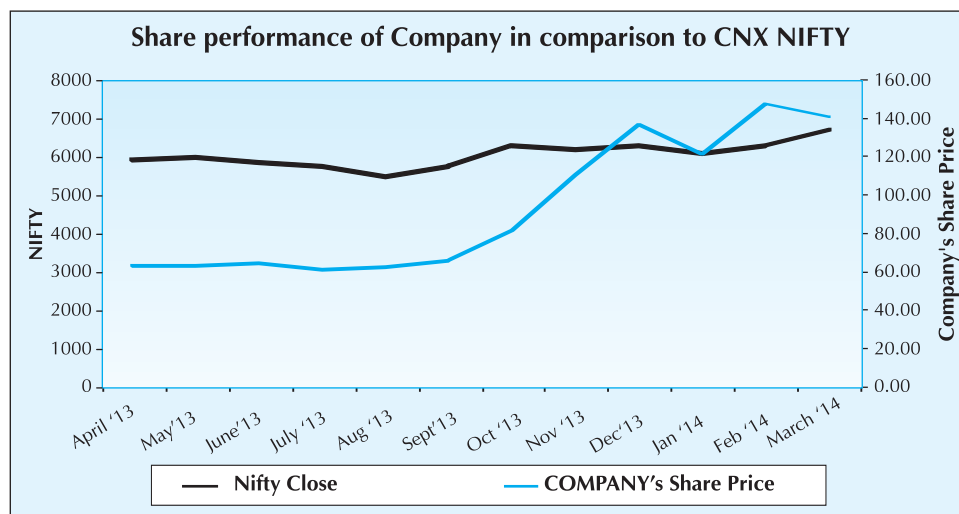
National Stock Exchange of India Limited (NSE)

Month	Company's Share Price			No. of Shares traded during the month	Turnover (₹ lakhs)
	High (₹)	Low (₹)	Close (₹)		
April '13	66.80	58.60	63.15	483446	302.31
May'13	65.80	59.00	63.00	613687	383.24
June'13	66.50	60.10	63.95	360667	229.35
July '13	74.50	55.60	60.80	1918620	1300.12
August '13	67.50	57.35	62.45	338426	211.98
September'13	68.00	60.00	65.25	315507	204.78
October '13	83.40	64.25	81.15	1331758	1018.96
November '13	114.00	79.50	110.15	4302691	4328.81
December'13	148.05	99.00	136.60	4948235	6079.18
January '14	161.80	96.05	121.10	12730543	15950.11
February '14	151.65	115.00	147.35	3286451	4410.84
March '14	154.70	127.10	140.60	2527254	3566.29

Bombay Stock Exchange Limited (BSE)

Month	Company's Share Price			No. of Shares traded during the month	Turnover (₹ lakhs)
	High (₹)	Low (₹)	Close (₹)		
April '13	71.00	56.00	63.15	174520	109.72
May'13	66.00	59.35	62.90	304268	191.30
June'13	67.45	58.50	63.80	151324	95.99
July '13	74.50	55.05	60.65	2107356	1337.56
August '13	67.50	58.50	62.50	140799	87.76
September'13	67.45	60.50	64.95	106002	68.75
October '13	83.25	64.20	81.15	469990	358.23
November '13	113.95	79.65	110.50	1394757	1398.33
December'13	147.80	99.50	137.10	1645721	2064.74
January '14	161.65	98.00	120.05	4610981	5834.59
February '14	151.35	114.60	146.55	1169357	1540.95
March '14	154.80	127.00	141.25	1655927	2302.57

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



Distribution of Shareholding as on 31st March, 2014

No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1 to 500	10973	79.13	1832707	1.99
501 to 1000	1447	10.43	1090387	1.18
1001 to 2000	616	4.44	878022	0.95
2001 to 3000	227	1.64	579266	0.63
3001 to 4000	96	0.69	350141	0.38
4001 to 5000	62	0.45	280191	0.30
5001 to 10000	178	1.28	1303823	1.42
10001 & above	268	1.94	85835818	93.15
Total	13867	100.00	92150355	100.00

Shareholding Pattern as on 31st March, 2014

Category	No. of shares held	Percentage of shareholding
Promoter & Promoter Group		
Indian		
- Individuals	19801714	21.49
- Bodies Corporates	15771755	17.12
- Person Acting in Concert	18975487	20.59
Foreign	Nil	Nil
Public Shareholdings		
Institutions		
- Mutual Funds/UTI	11025322	11.97
- FII's	5236364	5.68
- Financial Inst./Banks	21943	0.02
Non Institutions		
- Bodies Corporates	2787310	3.02
- Individuals:		
Upto 1 lakh	8742869	9.49
Above 1 lakh	9463472	10.27
- Clearing Members	82141	0.09
- Trust	4500	0.005
- NRI's	237478	0.26
Custodian	Nil	Nil
Total :	92150355	100.00

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
NIL	NIL	NIL	NIL	NIL

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 INE873D01024.

Dematerialisation of shares:

As on 31st March, 2014, 98.31% of the total shares of the Company have been dematerialised as shown below:

Total No. Shares of the Company	92150355
No. of Shares dematted	90589835
% of total no. of Shares of the Company	98.31%
Total No. of Shareholders of the Company	13867
No. of shareholders with dematerialized shares	13787
% of total no. of Shareholders	99.42%

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, 2014 is given below:

	<i>No. of shares</i>	<i>% of total shares</i>
No. of Shares in Physical Form	1560520	1.69%
No. of Shares in Demat Form		
(1) With NSDL	85941233	93.26%
(2) With CDSL	4648602	5.05%
Total No. of Shares	92150355	100.00%

Share Transfer System

The share transfer, transmission, consolidation, sub-division and matters related thereto are delegated to a Share Transfer Committee. 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 - C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

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

Phone 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. Marg, Bhandup (West),
Mumbai - 400078
Contact Person: Ms. Sadhana Tripathi
Tel. No.: +91 -22-25946970
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. Sunil D. Joshi
Tel No.: +91- 22-26541851-55
Email id: compliance.officer@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 2006-07 are given below:

<i>Financial year</i>	<i>Unclaimed dividend amount as on 31.03.2014 (in ₹)</i>	<i>Due date for transfer to IEPF</i>
2006-07 - Final	2,44,182.00	28.01.2015
2007-08 - Final	1,79,860.00	02.11.2015
2008-09 - Interim	1,51,339.50	02.01.2016
2008-09 - Final	86,348.00	25.10.2016
2009-10 - Final	2,06,899.00	28.08.2017
2010-11 - Final	1,84,248.00	03.09.2018
2011-12 - Final	4,06,504.40	05.09.2019
2012-13 - Final	3,52,264.00	05.09.2020

Plant Locations:

- 1) L-14, Verna Industrial Estate,
Verna, Goa 403 722
- 2) L-32,33,34, Verna Industrial Estate,
Verna - Goa 403 722
- 3) R-104 Rabale, TTC Area,
MIDC Thane Belapur Road,
Navi Mumbai 400 701
Maharashtra
- 4) A-26 MIDC Industrial Estate,
Patalganga, Village Kaire,
Dist Raigad, Maharashtra 410 220
- 5) B-20 MIDC, Waluj,
Aurangabad, Maharashtra 431 133
- 6) Village Katha, P.O. Baddi,
Tehsil Nalagarh, Dist. Solan,
Himachal Pradesh-173 205

R&D Centre:

R-92/93, Rabale TTC Area,
MIDC Thane Belapur Road,
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- 22-26520787

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, 2014, 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.

Date : 28th May, 2014

For **PATKAR & PENDSE**
Chartered Accountants
Firm Registration No:107824W
B.M. PENDSE
Partner
M. No. 32625

◆ ◆ ◆

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

We, Aditi Panandikar, Managing Director and Sunil D. Joshi, President (Finance) & Company Secretary, of Indoco Remedies Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2014 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.

ADITI PANANDIKAR

*Managing Director
(Chief Executive Officer)*

Mumbai, 28th May, 2014

SUNIL D. JOSHI

*President (Finance) & Company Secretary
(Chief Financial Officer)*



Managing Director'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, 2014, 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, 2014

ADITI PANANDIKAR
Managing Director



Management Discussion And Analysis

a) Industry Structure and Development:

The global pharmaceutical market in 2013 crossed US\$ 1 trillion and is expected to reach around US\$ 1.2 trillion by 2016. The generic formulation market for the year 2013 contributed more than US\$ 300 billion and is projected to grow at 12% per annum in the coming years. By 2020, India is expected to be amongst the top 3 pharmaceutical markets globally, in terms of incremental growth and the 6th largest market in absolute size. USA, Japan and Europe constitute around 34%, 24%, 12% respectively and 70% collectively of the global pharmaceutical market. These markets, however, are growing at a slower rate due to loss of patent exclusivity, fewer new product approvals and price erosions due to generic competition. In contrast, pharmaceutical markets of emerging economies are growing at a much faster rate of 10% to 14% per annum, driven by improved per capita income, increased access to modern medicines and strengthening of healthcare infrastructure.

Indian Pharmaceutical Market (IPM) for the year 2013-14 is at ₹ 75,757 crores with a growth of 6.2 %. The acute segment at ₹ 53,749 crores, contributing to 71% of IPM has grown at 4.4%. The chronic segment at ₹ 22,008 crores, contributing to 29% of IPM has grown at 10.9%. Pharma exports from India aggregated to USD 14.84 billion during the year 2013-14. As structural growth drivers remain favourable, the Indian pharmaceutical industry will continue to experience strong growth.

b) Opportunities and Threats

The innovator companies are facing a challenge of depleting research pipelines and losing patent protection for their blockbuster drugs, which create opportunities for generic pharma companies. In addition, factors such as changing lifestyle with rising incomes, higher awareness and access to medicines, ageing population, government intervention through increased healthcare spending and overall macroeconomic development have together created significant opportunities for growth in the Global as well as Indian Pharma industry. Favourable outlook for pharmerging economies and increased genericization in key markets will drive the International business growth faster in the near future. The opportunities in global space can be well exploited through differentiated platform technologies, niche/complex product filings and alliances with major generic companies.

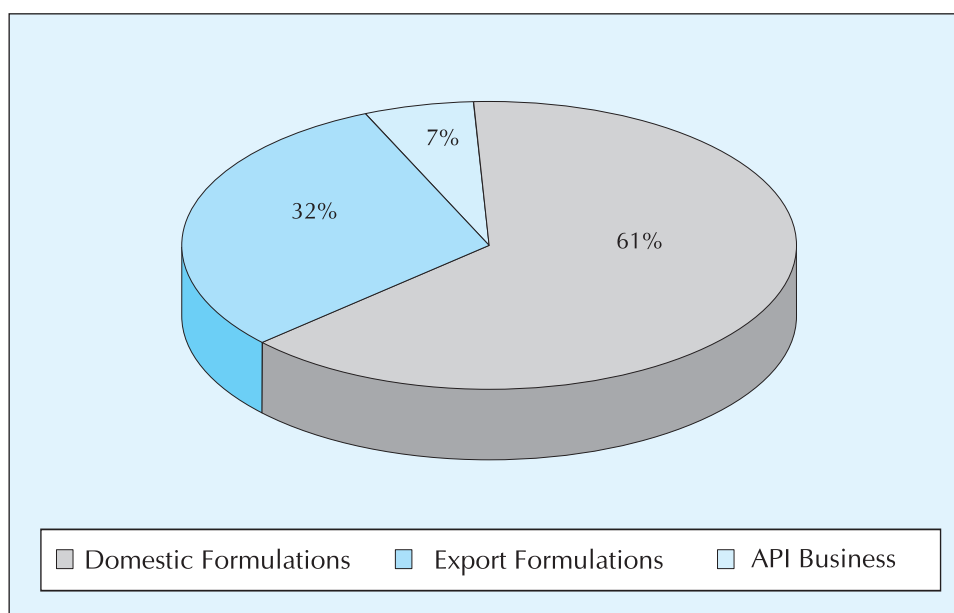
However, regulatory delays, increasing stringent cGMP norms, currency fluctuations and non-tariff barriers will have considerable impact on the growth potential on the global front. On the Domestic front, the fragmented Indian Pharmaceutical market faces high volatility and uncertainty due to large number of drugs coming under price control, changing FDI policy and a weak monsoon predicted due to El Nino effect.

c) Financial Performance

The overall financial performance of the Company has been reasonably good for the year ended 31st March 2014 with the domestic business growing at 13.4% and international business growing at 16.3%. The domestic business contributed to 64% and international business contributed to 36% of the total revenues. The formulations business contribution stood at 93% as against that of the API business, which stood at 7% of the total revenues.

Source: IMS, AWACs data

The segment wise business revenue is as follows:



(₹ in Crs)

Particulars	2013-14	Cont %
Domestic Formulations	439	61
Export Formulations	231	32
API Business	48	7

Other operating income in the current year increased by ₹ 6.4 crores compared to the previous year. The increase is mainly on account of exchange gain on Debtors of ₹ 6.0 crores and export incentive of ₹ 0.4 crores.

The material consumption to net sales is 37.5% at ₹ 269.2 crores as compared to 41.9% at ₹ 262.6 crores last year. This decrease in the material cost is due to the change in product and business mix as also efficiency in manufacturing processes as well as effective procurement policies. The staff cost to net sales is 18.0% at ₹ 129.0 crores as compared to 17.2% at ₹ 107.7 crores last year. The increase is mainly on account of annual increase in salary and new recruitments. The R&D expenses to net sales are 2.0% at ₹ 14.4 crores as compared to 2.1% at ₹ 12.9 crores last year. Other expenses to net sales are at 27.2% at ₹ 195.0 crores as compared to 24.7% at ₹ 154.7 crores last year.

The finance cost to net sales is at 2.6% at ₹ 18.8 crores as compared to 3.5% at ₹ 21.9 crores. The lower finance cost is attributed to decrease in exchange loss of ₹ 4.03 crores towards repayment of ECB Loans. Depreciation is higher at ₹ 30.9 crores as against ₹ 23.7 crores in the previous year. The operating profit increased by 41.9% to ₹ 84.8 crores from ₹ 59.8 crores last year. The increase in profit is mainly on account of increase in revenues and reduction in cost.

Profit before tax is at ₹ 72.1 crores as compared to ₹ 48.4 crores in the last year showing a increase of 49.1%. Profit after tax was ₹ 57.9 crores as against ₹ 42.7 crores in the last year, registering a growth of 35.7%.

Basic & Diluted earnings per share (EPS) for the year is ₹ 6.28 as against ₹ 4.63 in the previous year (both after and before the extra-ordinary items). The outstanding long term debt as on 31st March, 2014 was ₹ 13.8 crores as compared to ₹ 27.4 crores last year. The cash outflow on account of capital expenditure (CAPEX) during the year was ₹ 41.7 crores compared to ₹ 43.4 crores in the last year.

During the year an amount of ₹ 14.05 crores was contributed to the national exchequer by way of payment of income tax and ₹ 23.84 crores by way of sales tax. The net worth of the company as at 31st March, 2014 is ₹ 457.0 crores against ₹ 414.0 crores previous year which is on account of retained profits. The debt-equity ratio during the year was 0.03 times as compared to 0.07 times in the previous year. The return on net worth was 12.7% as at 31st March, 2014 against 10.3% as at 31st March, 2013.

d) Business Overview

Domestic Business

Indoco's domestic formulations business growth has been above the industry average during the year and it continues to remain a thrust area for the Company. The Company's strategy is focused on brand building, increasing contribution from chronic segment and improved sales from northern and eastern regions to ensure structurally balanced and consistent growth.

The key therapy areas, their sales, growth and contribution are as follows :

(₹ lakhs)

Therapy	2013-14	2012-13	Gwth %	Cont % (13-14)
Respiratory	8038	7314	9.9	18.0
Stomatologicals	8017	6986	14.7	17.9
Anti - Infectives	6755	6288	7.4	15.1
Gastrointestinal	6102	5501	10.9	13.6
Pain / Analgesics	3504	3025	15.8	7.8
Ophthalmic / Otologicals	2475	2251	10.0	5.5
Gynaecology	2340	2187	7.0	5.2

The company enjoys a good position in the domestic market with 27 brands ranking amongst the top 5 positions in their respective segments, details of which are given below:

PRODUCTS	RANK	THERAPY	MARKET SHARE %
SENSODENT-K	1	DESENSITIZING TOOTHPASTE	96.1
HOMIDE	1	OPHTHALMOLOGICAL	95.3
CARMICIDE	1	ANTI-FLATULENT	75.4
SENSOFORM	1	DESENSITIZING TOOTHPASTE	65.3
CITAL	1	URINARY ALKALIZER	36.7
RENOLIN	1	OPHTHALMOLOGICAL	66.8
SENSODENT-KF	1	DESENSITIZING TOOTHPASTE	28.0
FEBREX PLUS	1	ANTI-COLD	18.9
CYCLOPAM	2	ANTISPASMODIC/ANALGESIC	11.8
MCBM 69	2	GYNAECOLOGY	9.7
TUSPEL PX	2	COUGH SYRUP	17.5
DEXOREN - S	2	OPHTHALMOLOGICAL	15.4
TOBAREN D	2	OPHTHALMOLOGICAL	21.6
TUSPEL PLUS	2	COUGH SYRUP	17.7
LORCHEK MR	2	PAIN/ANALGESIC	28.6
HEMSYL	3	GYNAECOLOGY	12.6
CLOBEN G	3	ANTI-FUNGAL SKIN CREAM	16.8
CYCLOMEFF	3	ANTISPASMODIC/ANALGESIC	3.1
ZINCOREN	3	OPHTHALMOLOGICAL	11.1
OTOREX	3	OPHTHALMOLOGICAL	12.6
SCABEX	4	SCABIES SKIN CREAM	15.6
VEPAN	4	ANTI-INFECTIVE	13.9
NOSIC	4	ANTI-EMETIC	5.3
TRIZ	4	ANTI-ALLERGIC	6.0
ATM	4	ANTI-INFECTIVES	5.0
IRISOL PLUS	5	OPHTHALMOLOGICAL	3.9
TOBAREN	5	OPHTHALMOLOGICAL	6.6

Source: AWACs data

Domestic Marketing Divisions:

INDOCO:

This division has strong presence in major therapies like Gastrointestinal, Anti-infectives, Respiratory, Anti-diabetics and Multi-vitamins. The top brands promoted by the division are Cyclopam, Oxipod, Cloben-G, Karvol Plus, Glychek, Tuspel Plus, MCBM 69 and Hemsyl.

Recently launched brands in anti-inflammatory segment, viz., Inflachek and Inflachek D have registered good sales in the first year of its launch. To strengthen the product portfolios further, the division

has launched new brands like OH-D3, Tuspel-LS besides other brands, during the year. With its deeper penetration across territories, the division is surging ahead to ensure large prescription share on consistent basis.

SPADE:

This division covers General Practitioners, Consulting Physicians, ENTs, Pediatricians, and Chest Physicians and has presence in therapeutic segments like, Respiratory, Anti-infectives, Vitamins/Minerals, Pain/Analgesics, Otologicals, etc.

The division promotes brands like Febrex Plus, ATM, Methycal and Otorex, besides others. Febrex Plus, the largest brand of the Company, features amongst the top 150 brands of the Indian Pharma Market. Spade has also launched a novel product under the brand name, Ezint for the management of electrolyte and energy loss.

WARREN:

Warren is the market leader in Stomatological segment and caters to more than 40,000 Dentists in the country. The division offers a complete basket of products comprising of toothpastes for dentinal sensitivity, mouthwashes, antibiotics, analgesics/anti-inflammatory, local anesthetics and other innovative oral care products.

Warren has launched 'first time in India products' like - SM Fibro (For Oral Sub Mucous Fibrosis) and RR Sensoform (1st ethical brand of Strontium Acetate). With the growing number of Dentists across India, awareness about oral hygiene and higher use of dental products, Warren division will continue to do well.

SPERA:

This division covers General Practitioners, Gynecologists and Pediatricians. Spera's product basket includes legacy brands like Cital, Triz, Carmicide and Scabex. Active promotion of legacy brands and new launches, viz., liver tonic, uterine tonic and anti-obesity formulations will expand the division's product basket, paving the way for higher growth.

EXCEL:

This division caters to Ophthalmologists and covers select General Practitioners. The division has its major presence in ophthalmic anti-oxidants, lubricating/tear substitutes, anti-infective and anti-allergic therapies. The major brands marketed by the division are Homide, Renolen, Irivisc, Mofloren, Macuchek, Dexoren-S and Tobaren.

During the year, Excel has launched Nepachek and Macuchek Forte for the management of pain and age related macular degeneration.

ETERNA:

Eterna division is predominantly present in chronic, nutritional and pain management therapies along with other therapies like Gastrointestinal and Anti-infectives for the management of Orthopedic conditions. The division is focusing on Orthopedicians and Consultant Physicians with brands like Osteocheck, Lorcheck, ATM-LX, Cyclopam Plus and PGB-12.

IndocoCND:

IndocoCND division caters to Cardiologists, Diabetologists, Endocrinologists, Nephrologists and Consulting Physicians with an objective to strengthen the Company's presence in chronic segment. The division promotes brands like Cal-Aid, Prichek, Amchek, Telmichek and Rosuchek-D.

INSTITUTION:

This division deals with Government Health departments, including ESIC, Railways, BHEL, SAIL, DHS, Defence and Coal fields, etc. The division works closely with these institutions for registering the Company's products in their formulary and participates in various tenders for medicines & proprietary products. The rate contracts and tenders are awarded at regular intervals by these government institutions, which ensures sustainable growth for this division.

New Product launches

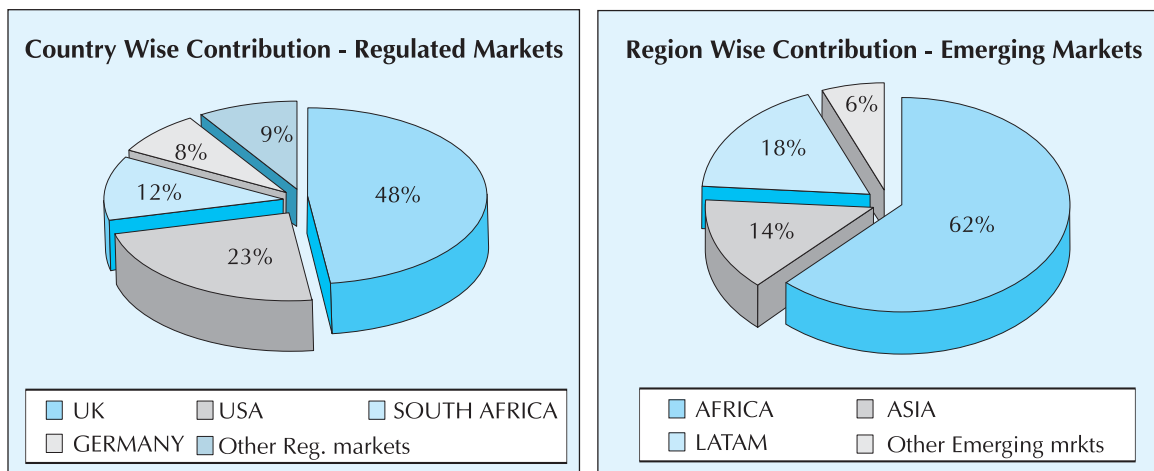
During the year, the Company launched 24 products. The details of new launches are given below:

BRANDS	DIVISION	THERAPY
MCBM-DHA	Indoco	Gynaec
Oxipod - CV DS	Indoco	Anti - Infectives
Tuspel LS	Indoco	Respiratory
OH-D3 Tablets	Indoco	Vitamins/Minerals/Nutrients
OH-D3 Drops	Indoco	Vitamins/Minerals/Nutrients
Vepan CV 250 DT	Indoco	Anti - Infectives
Vepan CV 500 DT	Indoco	Anti - Infectives
OH-D3 Sachets	Indoco	Vitamins/Minerals/Nutrients
Clamchek Forte DS	Indoco	Anti - Infectives
Aloha - XT Plus Tablet	Indoco	Gynecological
Prichek M1 Forte tablet	Indoco CND	Anti Diabetic
Prichek M2 Forte tablet	Indoco CND	Anti Diabetic
Metcheek SR 1000mg tablet	Indoco CND	Anti - Diabetic
Febrex LP Syrup	Spade	Respiratory
Ezint	Spade	Gastro Intestinal
Flamar Plus Gel	Spera	Pain / Analgesic
DBZ Capsules	Spera	Vitamins/Minerals/Nutrients
Carmicide EZ Drops	Spera	Gastro Intestinal
Carmicide EZ Syrup	Spera	Gastro Intestinal
Nepachek	Excel	Ophthalmic
Macuchek Forte Capsules	Excel	Ophthalmic
RR Sensoform 40 and 80	Warren	Stomatological
SM Fibro Capsules	Warren	Vitamins/Minerals/Nutrients
Senolin SF 25gm	Warren	Stomatologicals

International Business

International business is growing steadily and has potential to grow faster in the coming years. To exploit the opportunities in international business, the Company has made significant investments in building infrastructure and strong product portfolio. In regulated markets, Indoco has positioned itself to seize opportunities in the niche sterile segment through early entry advantage and in solid dosages through product differentiation. In emerging markets, the Company is promoting branded formulations through appointed distributors. The strategic alliances entered into with large generic companies will trigger the Company's entry into the next orbit of growth.

Country wise / Region wise Sales Contribution for the year 2013-14 is shown in the graph below:



USA:

The US generics business is undergoing a phenomenal change due to aggressive consolidation across distributors and generic companies, increased FDA scrutiny, Generic Drug User Fee Amendments (GDUFA) implementation, commoditization of First to File (FTF) opportunities and innovators pursuit of brand extension to combat generic competition. To garner higher market share, the Company has partnered with a major generic company for a large basket of sterile products. The Company is awaiting Establishment Inspection Report (EIR) for its sterile facility which was inspected in August 2013 and will be in a position to launch products in US markets through alliance partners as and when the ANDAs are approved.

The Company is also building a solid dosages pipeline through filing of ANDAs on its own. With the first Para IV filing in its own name, Indoco has entered the league of Para IV filers. Indoco also received a few product approvals from US and Canada. These products were launched during the year through marketing partners.

Europe:

Indoco's business in Europe has progressed qualitatively over a period of time. The Company's business model includes Contract Research and Manufacturing Services (CRAMS) as well as out-licensing of dossiers and Marketing Authorizations (MAs). Timely supplies and commitment to quality has helped the Company gain the confidence of its customers. Within Europe, UK and Germany are major markets for the company followed by Denmark, Slovenia, Croatia, Czech and Spain. The Company has built a robust product pipeline by building on its research capabilities and has started registering these products in European countries. Indoco's product offerings include rational mix of generics' and niche products.

South Africa, Australia and New Zealand:

Alliance with Aspen which covers 30 plus geographies, different types of projects and products is progressing well. The products developed and licensed out to Aspen are under registration in various countries. In the meantime, contract manufacturing business with Aspen has commenced and this business will further grow as and when the products under registration start getting approvals. The Company is also expanding its horizon in these markets by adding more products with other key customers.

Emerging Markets:

The Company has succeeded in establishing a strong brand presence across markets in Africa, South-East Asia and Latin America. The Company is poised to grow in these markets with over 1,400 product dossiers awaiting approval in several countries and a further 300 plus product dossiers under development.

Indoco has strengthened its presence by using dual strategy of entering new markets with existing products and further consolidating its promotional strategy in existing markets, by strengthening its product portfolio.

API Business

The global market for APIs is over US\$ 120 billion, with a growth rate of 7%. With 30% DMFs filing from India, the Indian API business is clocking better growth rates. Indoco's API business has growth potential in both domestic as well as international markets. However, the distinct advantage emanates from the backward integration for Indoco's own ANDAs and Dossiers.

Though a late entrant in the API business, Indoco has made significant progress by establishing world class R&D and manufacturing facilities, which are approved by USFDA, TGA Australia and WHO-GMP.

During the year, the Company's Patalganga facility received AFM - Accreditation for Foreign Manufacturers from PMDA, Japan. This accreditation has facilitated filing of Drug Master Files (DMFs) with Japanese regulatory authorities. In line with EU regulations and directives, Indoco has received written confirmation (WC) from DCGI for exporting its APIs to EU markets for consumption in Europe.

In recognition of Indoco's technical excellence in developing novel manufacturing processes of Bulk Drugs/APIs, the Company was honoured by Pharmaceuticals Export Promotion Council of India (PHARMEXCIL) with the 'Certificate of Appreciation' (Bulk Drugs) for outstanding contribution to India's Pharmaceutical industry during the year 2012-13.

With a good product mix of APIs in ophthalmics, anti-diabetic and other therapeutic categories, backed by DMFs and Certificates of Suitability (CoS), the Company is well positioned to register an impressive growth in this segment.

Research and Development :

Indoco's state-of-the-art R&D centre is located at Rabale, Navi Mumbai and is well equipped with advanced technologies, modern instruments, research databases and latest regulatory softwares. The robust R&D capabilities within the Company include development of Finished Dosages and APIs backed by Analytical Research. The chemical research department works on chemical synthesis, process chemistry, designing of non-infringing processes and scale up of APIs. The finished dosages research team develops formulations in various dosage forms, Novel New Drug Delivery System (NDDS) and new technology platforms. Extensive in vitro dissolution / diffusion studies are carried out to establish in vivo / in vitro co-relation for NDDS. Complex generics involving multi unit pellet systems (MUPS) and

enteric coated pellets for highly variable drugs are also developed successfully.

Complex Ophthalmic Formulations like Nano-suspensions, Ophthalmic Gels, High viscosity combination, Ophthalmic ointments and emulsions are part of the Company's research pipeline.

Development of products for Regulated Markets is done using Quality by Design (QbD) principles and statistical tools like Design of Experiment (DoE). Extensive optimization of formulation and process in the lab scale is carried out with the view to create design space for the products which ensures robust development for trouble free and smooth technology transfer to manufacturing sites.

The Analytical research division, 'Anacipher' provides high-end analytical research solutions utilizing state-of-the-art infrastructure and scientific expertise. Anacipher, a USFDA approved cGMP laboratory, provides specialized services like Genotoxic Evaluation, Impurity Identification, Isolation and Characterization, Residual Metal Catalyst, Polymorphism Studies, Particle Size Analysis, and Impurity Standards along with other services like Crystallography, Analytical Method Development & Validation, Thermal Analysis, Stability Studies and Synthetic Research.

Anacipher commenced work on extractables and leachables, which includes identification of extractables and leachables from pharmaceutical containers, closures and devices, risk assessment, characterization of extractables and leachables in drug products, developing methods for their extractions and analysis, determination of extractables and leachables in stability and migration studies. These services are now being offered to generic companies in India and across the globe.

As a part of Company's expansion plans, an area of approx. 25,000 sq. ft. is being added to the existing R&D area. The new area will be occupied by Analytical Methods Development (AMD) team, which also includes a separate analytical method validation cell.

Indoco's core strength lies in its ability to excel in developing technologically complex products through a highly skilled team of 200 plus scientists. In view of different regulatory requirements, separate teams of scientists are assigned projects for different geographies like, USA, Regulated markets (other than USA), Emerging markets and Domestic market.

Intellectual Property Rights (IPR)

The Company has a full-fledged team in place which undertakes in-depth study of granted patents and patent applications to design non-infringing processes. The IPR team works in close coordination with the research team in framing product development strategy and filing patent application for innovative processes invented during product development. The Company has filed several patent applications, the details of which are as under:

<i>Patent Applications</i>	<i>FDFs</i>	<i>APIs</i>
India	18	25
PCT applications	2	13

Indoco's R&D efforts received due recognition with 'Best Patent Award 2012-2013' for process patents for two of its APIs, viz., 'Tazarotene and Adapalene' at the 52nd IDMA awards.

The Company also received the communication of approval for patent grant from the European Patent Office for the novel process of Lacosamide API. The notification from the European Patent Authority for the grant of patent was issued in March 2014.

e) **Human Resources:**

The Company's Human Resource Department has the key job of optimising its largest resource, the people. Various programmes are undertaken by HR to ensure that Indocoites stay engaged and give their best to the organisation. A comprehensive plan is in place to increase productivity of people at various levels and to support business objectives of the company. The HR Department's objectives include :

Developing Competencies and Enabling Talent

'IMPACT' - Indoco's Management Programme for Achieving Competitive Talent is an in-house training and development initiative which ensures that a culture of continuous improvement exists at all level within the organisation.

'CLIMB' - Cluster of Learning at Indoco for Mutual Benefit is an initiative designed to allow continuous personal and professional growth of middle management and is now active at all locations of the organisation.

Preparing Leaders for Tomorrow

'GEMS' - Guiding, Empowering, Mentoring, Supporting. A mentoring programme has been initiated this year with an intent of creating senior management team for the future. The mentees undergo an extensive Management Development Programme over a period of two years and are exposed to various aspects of Strategic, Planning and Operational Management of Business.

Indoco's largest manufacturing base is at Goa. Here a "Leadership Forum" has been created on the lines of 'Quality Circles' which works towards Operational Excellence.

Designing and Implementing an Effective Performance Management System

The Company has a transparent and performance based appraisal process called 'ASPIRE' - Achieving Success through Performance, Innovation, Result-orientation and Empowerment. This process is based on the Balance Score Card Approach i.e. it is a Key Result Areas (KRAs) and Competencies based Appraisal. Multiple workshops have been conducted to make employees aware of Goal setting for identification of KRAs.

Building an Engaged Workforce

Indoco's efforts to create a work environment that inspires people to develop and stretch their creativity, collaborate in new ways to embrace change and maintain a work life balance have been successfully achieved through the following employee engagement initiatives :

- Celebration of Foundation Day
- Festival celebrations like Diwali, Dussera
- 'INSPIRA' an annual cultural event, which this year celebrated the 75th birthday of the Chairman
- Indoor Games Week / Badminton Leagues
- Celebration of Independence and Republic Day.
- Celebration of Family Day, Children's Day and Women's Day

The Company believes that employees are its assets and takes responsibility for their health and safety. Medical Check Up and Dental Camps were conducted at all locations for its people. In order to ensure safety of its employees, the Company formed committees at all locations, conducted safety trainings and celebrated 'Safety Week' by holding Quiz Competitions at all manufacturing facilities.

Bringing-in a Connect to the Society

The Company undertakes social welfare activities like Blood Donation Drive, planting of trees, etc. The Company planted trees along the boundary walls of the Govt. Primary School at Baddi, Himachal Pradesh and conducted Blood Donation drive at Waluj, Aurangabad.

f) Future Outlook

The future of the pharmaceutical industry will be driven by innovation and technology. Indoco's domestic business has been consistently performing well over the years. Brand building, new product introductions, concentrated efforts to increase share in chronic segment and penetration in Tier II and Tier III towns, will drive the future growth of the Company in the domestic market. Though the domestic formulations business will grow at a much higher rate than the industry average, its proportion to the total revenues will reduce over a period of time due to faster growth in international business.

Indoco's international business will continue to focus on its core competencies in Research & Development and Manufacturing excellence. The Company will continue to remain the preferred partner, offering complete solutions to generic companies worldwide. Additionally, it will also exploit the larger opportunities through alliances in major markets. Currently, a major part of international business comes from Europe, where the contract manufacturing business will be slowly augmented with manufacturing against the Company's own dossiers and Marketing Authorizations. Going forward, the US business is expected to grow speedily as ANDAs will be commercialized at regular intervals. While surging ahead in the Regulated Markets, Indoco is also consolidating its position in the Emerging markets through active brand promotion. Part of the emerging market is exploited through distributors appointed by Indoco and partly through alliances.

Expertise in R&D activities will be a key differentiator and the Company will continue to work on development of non-infringing manufacturing processes for APIs and Finished Dosages, patentable Novel Drug Delivery Systems (NDDS), Para IV filings and 505(b)2 submissions using new technology platforms. On the analytical research front, expertise in the analytical methods development, Isolation and Characterization of Impurities, Extractables, Leachables, Polymorphism and Lyophilization studies will be the focus area.

Backed by expertise in R&D, excellence in Manufacturing and strong customer base, Indoco's Domestic as well as International business will constantly evolve and consistently excel.



Independent Auditors' Report to the Members of Indoco Remedies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Indoco Remedies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

M. No. 32625

Date : 28th May, 2014



ANNEXURE

to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date for March 31, 2014

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. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
(b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act exceeding five lacs rupees in respect of each party in a financial year have been made at prices which appear reasonable as per information available of the company.
6. The Company had not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956.

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 March 31, 2014 for a period of more than six months from the date they became payable.
 - (b) the disputed statutory dues aggregating to ₹ 777.51 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 (₹ Lakhs)
1	Income Tax Act , 1961	2002 - 03	ITAT , Mumbai	4.30
		2003 - 04	ITAT , Mumbai	3.16
		2005 - 06	ITAT , Mumbai	15.05
		2006 - 07	CIT(A) , Mumbai	2.10
		2007 - 08	DCIT(TDS) , Mumbai	0.96
		2008 - 09	DCIT(TDS) , Mumbai	37.15
		2009 - 10	DCIT(TDS) , Mumbai	0.59
		2010 - 11	DCIT(TDS) , Mumbai	26.73
		2011 - 12	DCIT(TDS) , Mumbai	5.21
		2012 - 13	DCIT(TDS) , Mumbai	24.93
		2013 - 14	DCIT(TDS) , Mumbai	14.67
2	Central Excise Act, 1944	1995 - 96	CESTAT	0.64
		1997 - 98	Divisional Dy. Comn. Boisar	3.40
		1997 - 98	Honbl. Supreme Court	2.92
		1997 - 98	Divisional Dy. Comn. Mumbai	0.98
		1998 - 99	Divisional Dy. Comn. Boisar	1.64
		2003 - 04	CESTAT	2.71
		2005 - 06	Divisional Dy. Comn. Goa	1.25
		2006 - 07	CESTAT	91.97
		2007 - 08	Commissioner Service Tax - Mumbai	247.21
		2007 - 08	CESTAT Mumbai	11.20
3	Sales Tax	2005 - 09	The Commercial Tax Officer , Nacharam Circle, A.P.	94.90
		2007 - 08	Commissioner, Goa Sales Tax	9.03
		2009 - 10	Commissioner, Goa Sales Tax	11.18
		2009 - 10	Tax Officer, West Bengal	1.39
		2012 - 13	The Commercial Tax Officer , Nacharam Circle, A.P.	21.09
		2013 - 14	The Commercial Tax Officer , Nacharam Circle, A.P.	141.15

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 has given a guarantee for a loan taken by a subsidiary from the bank and in our opinion the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
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 purposes 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.

Date : 28th May, 2014

For **PATKAR & PENDSE**
Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE
Partner

M. No. 32625



Balance Sheet

As at 31st March, 2014

	Note No.	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
I. EQUITY AND LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	3	1,843.01	1,843.01
(b) Reserves & Surplus	4	43,853.52	39,561.42
		45,696.53	41,404.43
2) Non-Current Liabilities			
(a) Long Term Borrowings	5	1,378.87	2,738.56
(b) Deferred Tax Liabilities (Net)	6	3,052.86	3,481.08
(c) Other Long Term Liabilities	7	918.52	920.20
(d) Long Term Provisions	8	1,634.10	681.96
		6,984.35	7,821.80
3) Current Liabilities			
(a) Short Term Borrowings	9	5,659.60	6,283.58
(b) Trade Payables	10	6,914.14	6,809.07
(c) Other Current Liabilities	11	5,388.00	5,131.96
(d) Short Term Provisions	12	1,965.86	1,483.67
		19,927.60	19,708.28
TOTAL		72,608.48	68,934.51
II. ASSETS			
1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	13A	29,609.50	29,100.29
(ii) Intangible Assets	13B	2,918.24	3,043.08
(iii) Capital Work In Progress		2,435.85	2,199.00
(iv) Intangible Assets Under Development		1,976.02	1,579.49
(b) Non Current Investments	14	44.52	39.62
(c) Long Term Loans And Advances ..	15	5,504.32	5,683.05
		42,488.45	41,644.53
2) Current Assets			
(a) Inventories	16	10,826.33	9,275.99
(b) Trade Receivables	17	13,724.64	12,707.72
(c) Cash and Bank Balances	18	1,313.61	1,181.17
(d) Short Term Loans And Advances ..	19	4,220.61	4,120.78
(e) Other Current Assets	20	34.84	4.32
		30,120.03	27,289.98
TOTAL		72,608.48	68,934.51
Significant Accounting Policies	1 & 2		
Notes on Financial Statements	3 to 43		

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants
Firm Registration No. : 107824W

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Statement of Profit and Loss Account

For the year ended 31st March 2014

	Note No.	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
INCOME			
1) Revenue from Operations (Gross)	21	74,044.96	64,162.85
Less : Excise Duty Recovery		(1,273.72)	(1,124.20)
Revenue from Operations (Net)		72,771.24	63,038.65
2) Other Income	22	175.23	150.48
Total Revenue (I)		72,946.47	63,189.13
EXPENSES			
3) Cost of Materials Consumed	23	23,016.43	22,389.50
4) Purchase of Stock in Trade	23	4,005.22	3,554.45
5) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress	23	(105.06)	313.33
6) Employee Benefits Expense	24	12,904.67	10,773.70
7) Research & Development Expenses ...	25	1,442.86	1,290.24
8) Other Expenses	26	19,500.15	15,472.09
Total Expenses (II)		60,764.27	53,793.31
Earnings before Finance Cost, Depreciation and Amortisation and Tax (I - II)		12,182.20	9,395.82
9) Finance Cost	27	1,880.15	2,187.24
10) Depreciation and Amortization Expense	13	3,091.21	2,371.59
Profit before Tax		7,210.84	4,836.99
11) Provision for Tax			
(a) Current		1,511.37	967.74
(b) Deferred		(428.22)	542.89
(c) Earlier Years Adjustment		337.91	28.25
(d) Mat Credit Adjustment		—	(967.74)
Total Taxes		1,421.06	571.14
Profit for the year		5,789.78	4,265.85
12) Earnings Per Share			
Basic & Diluted (₹ 2/- each)	28	6.28	4.63
Significant Accounting Policies	1 & 2		
Notes on Financial Statements	3 to 43		

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants
Firm Registration No. : 107824W

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Cash Flow Statement

For the year ended 31st March, 2014

	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	7,210.84	4,836.99
Adjustments for :		
Depreciation and Amortisation Expense	3,091.21	2,371.59
Profit on sale of Fixed Assets	(2.66)	(1.20)
Loss on sale of Fixed Assets	2.28	8.11
Sundry Balances written back	(0.48)	(1.06)
Provision for Doubtful Debts / Bad Debts	203.02	105.18
Interest Income	(68.00)	(47.16)
Dividend received on Investments	(0.26)	(0.17)
Unrealised Foreign Exchange (Gain) / Loss	(187.68)	691.70
Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss)	1,990.01	1,586.99
	<u>5,027.44</u>	<u>4,713.98</u>
Operating Profit before Working Capital Change	12,238.28	9,550.97
Adjustments for :		
Trade Payables and Other liabilities	2,126.84	(574.21)
Trade and Other Receivables	(1,360.43)	(2,170.84)
Inventories	(1,550.34)	912.71
	<u>(783.93)</u>	<u>(1,832.34)</u>
Cash generated from Operations	11,454.35	7,718.63
Income Tax Paid (Net of Refund)	(1,459.88)	(832.68)
Net Cash generated from Operating Activities (A)	<u>9,994.47</u>	<u>6,885.95</u>
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Payment towards Capital Expenditure	(4,171.77)	(4,336.28)
Sale of Fixed Assets	26.54	25.05
Purchases of Investments	(4.90)	(27.52)
Interest Received	56.59	49.67
Dividend received on Investments	0.26	0.17
Net Cash used in Investing Activities (B)	<u>(4,093.28)</u>	<u>(4,288.91)</u>

Contd...

Cash Flow Statement

For the year ended 31st March, 2014

... Contd. from previous page

	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Cost [Other than Unrealised Foreign		
Exchange Gain / (Loss)]	(1,970.75)	(1,605.58)
Dividend Paid	(1,185.37)	(1,174.36)
Proceeds from Long Term Borrowings	400.00	39.63
Repayment of Long Term Borrowings	(76.08)	(76.08)
Proceeds / (Repayment) from Short Term Borrowings	(653.74)	2,106.17
Proceeds from External Commercial Borrowings	—	597.19
Repayment of External Commercial Borrowings	(2,337.50)	(2,527.77)
Net Cash inflow from Financing Activities (C)	(5,823.44)	(2,640.80)
Net Increase in Cash or		
Cash equivalents (A+B+C)	77.75	(43.76)
Cash and Cash Equivalents (Opening)	873.91	917.67
Cash and Cash Equivalents (Closing)	951.66	873.91
(Refer note no. 18)		

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Significant Accounting Policies

1. CORPORATE INFORMATION

Indoco Remedies Limited (the Company) is a Public Limited Company domiciled in India and incorporated under the provision of the Companies Act, VII of 1913. Its Shares are listed on two stock exchanges in India. Indoco Remedies Limited is engaged in the manufacturing and marketing of Formulations (Finished Dosage Forms) and Active Pharmaceutical Ingredients (APIs). The Company caters to both Domestic and International markets. The Company has two subsidiaries viz. Xtend Industrial Designers & Engineers Pvt. Ltd. (formerly known as Indoco Industrial Designers & Engineers Pvt.Ltd) and Indoco Pharmchem Ltd.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialised.

2.3 Fixed Assets

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 & other related revenue expenses such as salaries etc. are capitalised till commencement of commercial production.

Intangible Assets

The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

2.4 Capital work in progress

Project under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.5 Depreciation and Amortisation

Tangible Assets

Depreciation on Fixed Assets is provided on the straight line method on all assets except assets at Waluj, Rabale & Head Office 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 Head Office and plant and machinery at Rabale is provided on straight line method.

Intangible Assets

Trademarks / Technical Knowhow are recorded at their acquisition cost 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 Intangible Assets under development. 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.

2.6 Borrowing Cost

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of Borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other Borrowing costs are expensed in the period they occur.

2.7 Impairment of Tangible Assets and Intangible 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.

2.8 Government Grants and 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.

2.9 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.

2.10 Inventories

Raw Materials, Packing Materials & Consumables are valued at cost or net realizable value, whichever is lower.

Work-in-process is valued at cost including proportionate related overheads or net realizable value, whichever is lower.

Finished goods are valued at cost or net realizable value, whichever is lower.

All materials are valued at weighted average cost.

2.11 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.

2.12 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

2.13 Sale of goods and services

1. Sales of products are recognized when risk and rewards of ownership of the product are passed on to the customers, which is generally on dispatch of goods.
2. Export sales are recognized on the basis of Bill of Lading / Airway Bills.
3. All sales revenues are stated at net of returns, discounts and sales tax.
4. Exports benefits available under prevalent scheme are accrued and accounted in the year in which the goods are exported to the extent considered receivable.
5. Revenue from services rendered is recognised in the Profit and Loss account based on underlying contract.

2.14 Interest and Dividend Income

Interest Income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.15 Foreign Currency Transactions

1. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
2. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts the same are denominated at forward rate. The premium / (discount) paid on forward contract is recognized over the life of the contract.
3. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

2.16 Retirement and Other Employees' 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 and gratuity to its employees on actuarial valuation.

2.17 Income Taxes

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.

2.18 Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding as on reporting date. The weighted average number of Equity Shares outstanding during the period is adjusted for events such as Bonus issue, share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

2.19 Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.20 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non - occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. Contingent liabilities are disclosed in the Note No.29.

2.21 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 are provided for and included in the valuation of inventory.

As per our Report attached

For Patkar & Pendse
Chartered Accountants
Firm Registration No. : 107824W

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
*President (Finance) &
Company Secretary*

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Notes

on financial statements for the Year ended 31st March 2014

Note 3 : SHARE CAPITAL

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
1) Authorised : 12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year 12,50,00,000 Equity Shares of ₹ 2/- each)	<u>2,500.00</u>	<u>2,500.00</u>
2) Issued,Subscribed and Paid up: 9,21,50,355 Equity Share of ₹ 2/- each fully paid up (Previous year 9,21,50,355 Equity Share of ₹ 2/- each fully paid up)	<u>1,843.01</u>	<u>1,843.01</u>

a) Reconciliation of number of Equity Shares outstanding

Particulars	2013-14 Equity Shares		2012-13 Equity Shares	
	Number	₹ lakhs	Number	₹ lakhs
Shares outstanding at the beginning of the year	92,150,355	1,843.01	12,286,714	1,228.67
Adjustments for Sub-division of Ordinary Shares of ₹10/- each into 5 shares of ₹ 2/- each	—	—	61,433,570	1,228.67
Add: Issue of Bonus Shares	—	—	30,716,785	614.34
Less: Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	<u>92,150,355</u>	<u>1,843.01</u>	<u>92,150,355</u>	<u>1,843.01</u>

b) Details of Shares held by each shareholder holding more than 5% shares

	As at 31 March 2014 Equity Shares		As at 31 March 2013 Equity Shares	
	No of Shares held @ ₹ 2/- per share	% holding in that class of Shares	No of Shares held @ ₹ 2/- per share	% holding in that class of Shares
Equity Shares with voting rights :				
i) SPA Holdings Pvt Ltd	1 83 35 000	19.90%	1,91,65,000	20.80%
ii) Shanteri Investment Pvt Ltd	1 57 71 755	17.12%	1,48,63,755	16.13%
iii) Aditi Panandikar	55 49 013	6.02%	55,27,642	6.00%
iv) Madhura Anup Ramani	51 74 079	5.61%	51,64,079	5.60%
v) Aruna Suresh Kare	47 64 714	5.17%	47,35,125	5.14%
vi) Reliance Capital Trustee Co.Ltd	26 22 001	2.85%	68,07,428	7.39%

c) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. All equity shares of the Company rank pari passu in all respects including the right to dividend. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.40 on the face value of ₹ 2/- (Previous year ₹ 1.10 on the face value of ₹ 2/-) of the company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

Notes

on financial statements for the Year ended 31st March 2014

Note 4 : RESERVES AND SURPLUS

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Capital Reserve	0.02	0.02
b) Securities Premium Account		
Opening Balance	6,420.93	7,035.27
Less: Utilised for Bonus Issue	—	(614.34)
	<u>6,420.93</u>	<u>6,420.93</u>
c) Capital Subsidy		
(i) Tarapur Unit, Maharashtra	7.50	7.50
(ii) Baddi Unit, Himachal Pradesh	30.00	30.00
(iii) Verna Unit, Goa	25.00	25.00
	<u>62.50</u>	<u>62.50</u>
d) Foreign Currency Monetary Item Translation Difference a/c	(139.88)	(151.55)
e) General Reserve		
Opening Balance	19,817.64	18,317.64
Add : Transferred from Surplus in Statement of Profit & Loss	1,500.00	1,500.00
Closing Balance	<u>21,317.64</u>	<u>19,817.64</u>
f) Surplus in Statement of Profit & Loss		
Opening Balance	13,411.88	11,831.95
Add : Net Profit after Tax transferred from Statement of Profit & Loss	5,789.78	4,265.85
Amount available for appropriation	19,201.66	16,097.80
Less : Transferred to General Reserve	(1,500.00)	(1,500.00)
Less : Proposed Dividend	(1,290.10)	(1,013.65)
Less : Dividend Tax	(219.25)	(172.27)
Closing Balance	<u>16,192.31</u>	<u>13,411.88</u>
 TOTAL	 <u>43,853.52</u>	 <u>39,561.42</u>

Notes

on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS

Particulars	Terms of Repayment & Securities	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Secured			
a) Term Loans from Banks			
Foreign currency loan -			
External Commercial Borrowings (ECB)	Refer Note No. 5.1	179.74	1,927.99
Indian rupee loan	Refer Note No. 5.2	540.06	213.38
Unsecured			
a) Term Loan from Others			
Foreign currency loan -			
External Commercial Borrowings (ECB)	Refer Note No. 5.1	659.07	597.19
TOTAL.....		1,378.87	2,738.56

Detailed terms of repayment of term loans from banks and security provided in respect of the secured long term borrowings:

Note No.	Name of the Bank	Terms of Repayment & Securities
5.1	Citi Bank N.A.	
	Amount Sanctioned	USD 30,00,000
	Terms of Repayment	The ECB is repayable in 18 quarterly installments of USD 166,667 each commencing from 02 nd May, 2010, and ending on 02 nd August, 2014. The amount is payable in February, May, August, and November of each year.
	Rate of Interest	7.50 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The amount is secured by first Charge on present and future moveable assets and specific Plant and Machinery at Patalganga.
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 50,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 333,333 each commencing from 06 th December, 2010, ending on 04 th June, 2014. The amount is payable in the month of March, June, September and December of each year
	Rate of Interest	7.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on present and future moveable fixed assets at Plot No. R-92 & R-93, T.T.C. Industrial Area, Rabale, (excluding assets of Kilolab) and charge on specific moveable properties (excluding Vial filling machine from M/s. Capmatic, Canada) at Plot No. L32, L33, L34 Verna Industrial Estate, Verna, Goa.

Notes

on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	Name of the Bank	Terms of Repayment & Securities
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 60,00,000
	Terms of Repayment	The ECB is repayable in 13 quarterly installments of USD 461,538.46 each commencing from 28 th November, 2011, ending on 28 th November, 2014. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	6.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on all present and future movable properties & immovable fixed assets at new tablet manufacturing facility at Plot No. L 32/33-34, Verna Industrial Area, Verna, Goa.
5.1	DBS Bank Ltd.	
	Amount Sanctioned	USD 45,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 300,000 each commencing from 08 th November, 2011, ending on 08 th May, 2015. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	5.05 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The loan is secured by charge on present & future movable fixed assets and equitable mortgage of Land and Building at Plot No. B -20, M. I. D. C. , Waluj, Aurangabad.
5.1	Watson Pharmaceuticals Inc.	
	Amount Sanctioned	USD 1,100,000
	Terms of Repayment	The ECB is repayable in 4 quarterly installments of USD 275,000 each commencing from 31 st December, 2015, ending on 30 th September, 2016. The amount is payable in the month of March, June, September, and December of each year.
	Rate of Interest	LIBOR + 100 bps.
	Nature of Security	The Loan is Unsecured.

Notes

on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	Name of the Bank	Terms of Repayment & Securities
5.2	Jankalyan Sahakari Bank Ltd.	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 59 monthly installments of ₹ 6,67,000/- and last installment of ₹ 6,47,000/- each commencing from 14 th November, 2011 ending on 14 th October, 2016.
	Rate of Interest	13.25 % p.a.
	Nature of Security	Mortgage of Land & Building situated at Plot No. R - 94, T.T.C. Industrial Area, Rabale, Thane Belapur Road, Rabale.
5.2	IDBI Bank Ltd	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 16 quarterly installments of ₹ 25,00,000/- each commencing from 01 st March, 2015 ending on 1 st December, 2018.
	Rate of Interest	11.75 % p.a.
	Nature of Security	Primary : First and Exclusive charge over the assets (Kilolab) created at Rabale, MIDC, Thane Belapur Road, Navi Mumbai 400 701, out of the sanctioned Term Loan. Collateral : Second Charge on the entire moveable Fixed Assets of the Company at Plot No. R - 92 & R - 93, T. T. C. Industrial Area, Rabale, MIDC Thane Belapur Road, Navi Mumbai 400 701.

Notes

on financial statements for the Year ended 31st March 2014

Note 6 : DEFERRED TAX LIABILITIES (Net)

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Deferred Tax Liability		
i) On fiscal allowances on fixed assets	3,690.28	3,681.64
Sub Total	<u>3,690.28</u>	<u>3,681.64</u>
b) Deferred Tax Assets		
i) On employees' separation and retirement etc.	(572.07)	(119.81)
ii) On provision for doubtful debts	(60.32)	(80.75)
iii) Others	(5.03)	—
Sub Total	<u>(637.42)</u>	<u>(200.56)</u>
TOTAL	<u><u>3,052.86</u></u>	<u><u>3,481.08</u></u>

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured

a) Advance from Others	325.58	305.16
b) Security Deposit Payable	592.94	615.04
TOTAL	<u><u>918.52</u></u>	<u><u>920.20</u></u>

Note 8 : LONG TERM PROVISIONS

a) Retirement Benefits	1,310.01	354.62
b) Other Long-Term Benefits	324.09	327.34
TOTAL	<u><u>1,634.10</u></u>	<u><u>681.96</u></u>

Notes

on financial statements for the Year ended 31st March 2014

Note 9 : SHORT TERM BORROWINGS

Particulars	Repayment and Rate of Interest	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Secured (Refer Note below)			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	1,949.45	3,869.02
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	711.40	561.99
(c) Working Capital Demand Loan	Refer Note No. 9.3	500.00	400.00
Unsecured			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	—	149.49
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	1,498.75	903.08
(c) Working Capital Demand Loan	Refer Note No. 9.3	—	400.00
(d) Short Term Loan	Refer Note No. 9.4	1,000.00	—
TOTAL		5,659.60	6,283.58

Note : Cash Credit, Foreign Currency Export Packing Credit and Working Capital Demand Loan Facilities are part of Working Capital facilities availed from various Banks and are secured by hypothecation by way of first pari passu charge on all its stocks and book debts.

Note No.	Type of Loan	Repayment and Rate of Interest
9.1	Cash Credit Facility	Is repayable on demand and carries interest @ 10.20 % p.a. to 13 % p.a. (Previous year @ 10.20% p.a. to 12.75% p.a.)
9.2	Foreign Currency Export Packing Credit	Is payable on completion of the tenure. It carries interest @ LIBOR + 75 bps to 145 bps. (Previous year LIBOR + 125 bps to 175 bps)
9.3	Working Capital Demand Loan	Is repayable on demand and carries interest @ 9.75 % p.a. to 11.25 % p.a. (Previous year @ 9.75 % p.a. to 11 % p.a.)
9.4	Short Term Loan	Is repayable on demand and carries interest @ 11% p.a. (Previous year NA)

Notes

on financial statements for the Year ended 31st March 2014

Note 10 : TRADE PAYABLES

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Trade payables		
(i) Acceptances	527.29	537.56
(ii) Other than Acceptances (Refer Note No. 42)	6,386.85	6,271.51
TOTAL	6,914.14	6,809.07

Note 11 : OTHER CURRENT LIABILITIES

Secured

a) Term Loans from Banks		
Foreign Currency loan -ECB (Refer Note No. 5.1)	1,948.01	2,739.56
Indian Rupee loan (Refer Note No. 5.2.)	76.08	78.84
	2,024.09	2,818.40
b) Interest accrued but not due on borrowings.	28.63	39.51
c) Unclaimed Dividends	18.54	17.99
d) Statutory Dues	328.97	271.31

Unsecured

a) Other Current Liabilities	2,987.77	1,984.75
TOTAL	5,388.00	5,131.96

Note 12 : SHORT TERM PROVISIONS

a) Provision for Leave Encashment	48.94	41.92
b) Provision For Bonus	256.19	255.83
c) Proposed Dividend	1,290.10	1,013.65
d) Dividend Tax	219.25	172.27
e) Provision for Tax (Net of Advance Income Tax)	151.38	—
TOTAL	1,965.86	1,483.67

Notes on financial statements for the Year ended 31st March 2014

Note 13 : FIXED ASSETS

	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK	
	Balance as at 1st April 2013	Additions	Disposal/ Sales	Balance as at 1st April 2013	Depreciation/ Amortisation for the year	Eliminated on Disposal/Sale of Assets	As at 31st March 2014	As at 31st March 2013
(₹ lakhs)								
A) Tangible Assets								
i) Land	525.89	—	—	7.26	0.21	—	518.42	518.63
ii) Buildings & Premises	10,849.24	224.71	—	2,548.37	336.20	—	8,189.38	8,300.87
iii) Plant & Machinery	10,318.17	1,094.48	6.72	2,121.08	509.47	0.68	8,776.06	8,197.09
iv) Handling Equipments	739.85	24.52	—	332.76	33.61	—	398.00	407.09
v) Pollution Control Equipments	262.01	—	—	139.40	11.82	—	110.79	122.61
vi) Laboratory Equipments	3,346.82	288.22	3.60	678.08	170.49	0.88	2,783.75	2,668.74
vii) R&D Equipments	1,921.82	22.93	—	782.49	90.65	—	1,071.61	1,139.33
viii) Plant - Utilities	4,153.73	276.77	—	1,138.65	205.30	—	3,086.55	3,015.08
ix) Electrical Installations	2,101.62	63.60	—	701.55	99.84	—	1,363.83	1,400.07
x) Furniture & Fixtures	1,348.15	96.36	—	618.49	78.56	—	747.46	729.66
xi) Office Equipments	400.40	47.98	—	205.96	19.85	—	222.57	194.44
xii) Computers	1,309.93	150.41	—	949.76	137.19	—	373.39	360.17
xiii) Networking Instruments	43.43	—	—	41.35	0.71	—	1.37	2.08
xiv) Air-conditioning Units	2,527.33	49.60	—	742.20	121.52	—	1,713.21	1,785.13
xv) Vehicles	406.81	63.40	44.15	147.51	52.19	26.75	253.11	259.30
Total - Tangible Assets	40,255.20	2,402.98	54.47	11,154.91	1,867.61	28.31	29,609.50	29,100.29
Previous year	37,726.96	2,577.19	48.95	9,383.16	1,788.74	16.99	29,100.29	—
B) Intangible Assets								
i) Trade Mark	1,032.30	—	—	591.83	42.42	—	398.05	440.47
ii) Technical Knowhow	1.15	—	—	1.08	0.01	—	0.06	0.07
iii) ANDAs, DMFs, Dossiers, etc.	3,405.37	1,098.76	—	802.83	1,181.17	—	2,520.13	2,602.54
Total - Intangible Assets	4,438.82	1,098.76	—	1,395.74	1,223.60	—	2,918.24	3,043.08
Previous year	2,631.39	1,807.43	—	812.89	582.85	—	3,043.08	—
Total Fixed Assets	44,694.02	3,501.74	54.47	12,550.65	3,091.21	28.31	32,527.74	32,143.37
Previous year	40,358.35	4,384.62	48.95	10,196.05	2,371.59	16.99	32,143.37	—
Capital Work-in-Progress							2,435.85	2,199.00
Intangible Assets Under Development							1,976.02	1,579.49
Total							36,939.61	35,921.86

Notes

on financial statements for the Year ended 31st March 2014

Note 14 : NON-CURRENT INVESTMENTS

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Unquoted : (at cost)		
a) Trade		
In Subsidiary Companies		
(i) Xtend Industrial Designers & Engineers Pvt. Ltd. (Formerly known as Indoco Industrial Designers & Engineers Pvt. Ltd.) (15,025 Shares of ₹ 149.91 each)	22.52	22.52
(ii) Indoco Pharmchem Ltd. (50,000 Shares of ₹ 10/- each)	5.00	5.00
b) Non-Trade - Other		
Other than Subsidiary Companies		
(i) Shivalik Solid Waste Management Ltd. Baddi (20,000 Shares of ₹ 10/- each)	2.00	2.00
(ii) Indoco Analytical Solution LLP (Contribution from Indoco Remedies Ltd.)	4.90	—
c) Shares of Saraswat Co-op. Bank Ltd. (1,000 Shares of ₹10/- each)	0.10	0.10
d) Shares of Jankalyan Sahakari Bank Ltd. (1,00,000 Shares of ₹10/- each)	10.00	10.00
TOTAL	44.52	39.62

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured, considered good

a) Capital Advances	144.75	108.11
b) Deposit Others	127.28	108.50
c) Tender Deposits	37.14	24.20
d) Advance Income Tax (Net)	—	205.19
e) MAT Credit Adjustment	4,842.38	4,842.38
f) Pre-paid Expenses	24.79	30.96
g) Other Loans & Advances	327.98	363.71
TOTAL	5,504.32	5,683.05

Notes

on financial statements for the Year ended 31st March 2014

Note 16 : INVENTORIES

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Raw and Packing Materials	4,555.57	3,555.69
b) Work in Progress	1,507.83	1,161.35
c) Finished Goods	3,567.84	3,581.89
d) Stock in Trade	612.96	840.33
e) Stores and Spares	582.13	136.73
TOTAL	10,826.33	9,275.99

Note 17 : TRADE RECEIVABLES

Unsecured

a) Debts outstanding for more than six months from the date they are due for payment		
Considered Good	2,074.70	1,971.31
Considered Doubtful	177.48	248.88
	2,252.18	2,220.19
Less: Provision for doubtful debts	(177.48)	(248.88)
	2,074.70	1,971.31
b) Other Debts - Considered Good	11,649.94	10,736.41
TOTAL	13,724.64	12,707.72

Notes

on financial statements for the Year ended 31st March 2014

Note 18 : CASH AND BANK BALANCES

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Cash and Cash Equivalents		
(i) Cash on hand	4.53	4.48
(ii) Balances with Banks		
In Current Accounts	691.03	413.20
In EEFC Accounts	32.70	121.94
In Fixed Deposit Accounts	223.40	334.29
Sub Total	951.66	873.91
b) Other Bank Balances		
(i) In Earmarked Accounts		
Unpaid Dividend Accounts	18.54	17.99
Margin Accounts	343.41	289.27
Sub Total	361.95	307.26
TOTAL (a + b)	1,313.61	1,181.17

Note 19 : SHORT TERM LOANS & ADVANCES

Unsecured, considered good

a) Advances to Suppliers	145.84	232.50
b) Tender Deposits	9.69	20.62
c) Employee Advances	440.46	353.29
d) Pre-Paid Expenses	379.56	592.15
e) Balance with Customs, Central Excise Authorities	3,245.06	2,922.22
TOTAL	4,220.61	4,120.78

Note 20 : OTHER CURRENT ASSETS

a) Interest Receivable	14.10	2.69
b) Other Current Assets	20.74	1.63
TOTAL	34.84	4.32

Notes

on financial statements for the Year ended 31st March 2014

Note 21 : REVENUE FROM OPERATIONS

Particulars	Current Year Apr '13-Mar '14	(₹ lakhs) Previous Year Apr '12-Mar '13
a) Sale of Products		
Domestic Sales	47,411.57	41,825.91
Export Sales	21,102.22	19,360.18
	<u>68,513.79</u>	<u>61,186.09</u>
b) Sale of Services		
Export Sales-Dossiers	4,332.38	2,510.86
Analytical & Testing Income	164.32	69.84
	<u>4,496.70</u>	<u>2,580.70</u>
c) Other Operating Revenue		
Exchange Gain/(Loss) (Net) (other than considered in Finance Cost)	680.11	84.63
Export Incentives	341.79	298.29
Scrap Sale	12.57	13.14
	<u>1,034.47</u>	<u>396.06</u>
Total Revenue from Operations (Gross) (a + b + c)	74,044.96	64,162.85
Less :		
d) Excise Duty	(1,273.72)	(1,124.20)
TOTAL	<u>72,771.24</u>	<u>63,038.65</u>

Note 22 : OTHER INCOME

a) Interest Received	68.00	47.16
b) Sundry Balances Written Back	0.48	1.06
c) Sundry Receipts	103.83	100.89
d) Dividend Received	0.26	0.17
e) Profit on Sale of Fixed Assets	2.66	1.20
TOTAL	<u>175.23</u>	<u>150.48</u>

Notes

on financial statements for the Year ended 31st March 2014

Note 23 : COST OF MATERIALS CONSUMED

Particulars	Current Year Apr '13-Mar '14	(₹ lakhs) Previous Year Apr '12-Mar '13
a) Cost of Material Consumed		
Opening Stock	3,555.69	4,178.76
Add : Purchases (Net of Excise Duty)	24,016.31	21,766.43
Less : Closing Stock	(4,555.57)	(3,555.69)
	<u>23,016.43</u>	<u>22,389.50</u>
b) Purchase of Stock in Trade	<u>4,005.22</u>	<u>3,554.45</u>
c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress		
Inventories at the beginning of the year		
Op.Stock - Finished Goods	3,581.89	3,776.94
Op.Stock - Stock in Trade	840.33	1,015.06
Op.Stock - WIP	1,161.35	1,104.90
	<u>5,583.57</u>	<u>5,896.90</u>
Inventories at the end of the year		
Cl.Stock - Finished Goods	(3,567.84)	(3,581.89)
Cl.Stock - Stock in Trade	(612.96)	(840.33)
Cl.Stock - WIP	(1,507.83)	(1,161.35)
	<u>(5,688.63)</u>	<u>(5,583.57)</u>
Net (Increase) / Decrease	<u>(105.06)</u>	<u>313.33</u>
TOTAL	<u>26,916.59</u>	<u>26,257.28</u>

Note 24 : EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	9,977.47	8,896.50
b) Contribution to Provident and Other Funds	1,837.30	991.00
c) Staff Welfare Expenses	1,089.90	886.20
TOTAL	<u>12,904.67</u>	<u>10,773.70</u>

Note 25 : RESEARCH & DEVELOPMENT EXPENSES

a) R&D Employee Cost	598.43	547.49
b) Other R&D Expenses	844.43	742.75
TOTAL	<u>1,442.86</u>	<u>1,290.24</u>

Notes

on financial statements for the Year ended 31st March 2014

Note 26 : OTHER EXPENSES

Particulars	Current Year Apr '13-Mar '14	(₹ lakhs) Previous Year Apr '12-Mar '13
a) Consumable Stores	113.09	141.30
b) Job Work Charges	368.90	294.83
c) Power and Fuel	1,826.37	1,637.26
d) Rent, Rates and Taxes	218.82	178.88
e) Insurance	134.97	131.55
f) Repairs :		
(i) Building	88.33	81.17
(ii) Plant and Machinery	402.57	338.87
(iii) Others	912.80	785.79
	<u>1,403.70</u>	<u>1,205.83</u>
g) Packing and Delivery Expenses	2,496.45	2,212.32
h) Analytical Expenses	636.96	497.84
i) Turnover and Additional Tax	188.80	137.53
j) Advertising and Sales Promotion Expenses ..	2,468.59	1,692.61
k) Commission and Incentives on sales	2,125.07	1,471.42
l) Travelling, Conveyance and Motor Car Expenses	4,454.15	3,502.22
m) Legal and Professional Fees	268.17	88.77
n) Director's Sitting Fees	4.55	5.30
o) Postage and Telephone Expenses	210.11	169.29
p) Printing and Stationery Expenses	537.20	364.19
q) Payments to Auditors		
(i) Audit Fees	3.50	3.50
(ii) Tax Audit Fees	1.25	1.25
(iii) Other Services	0.40	0.40
	<u>5.15</u>	<u>5.15</u>
r) Loss on sale of Assets	2.28	8.11
s) Provision for Doubtful Debts	162.00	84.84
t) Bad Debts written off		
(a) Bad Debts written off	274.42	30.64
(b) Less : Transfer from Provision for Doubtful Debts	(221.26)	—
	<u>53.16</u>	<u>30.64</u>
u) Donation	50.10	62.57
v) Miscellaneous Expenses	1,771.56	1,549.64
TOTAL	<u>19,500.15</u>	<u>15,472.09</u>

Notes

on financial statements for the Year ended 31st March 2014

NOTE 27 : FINANCE COST

Particulars	Current Year Apr '13-Mar '14	(₹ In lakhs) Previous Year Apr '12-Mar '13
a) Interest Expense	936.18	841.91
b) Other Financial charges	82.88	81.37
c) Exchange (Gain) / Loss - Net	861.09	1,263.96
TOTAL	1,880.15	2,187.24

Note 28 : EARNINGS PER SHARE (EPS)

Basic & Diluted

Total Operations

Net Profit for the year (₹ lakhs)	5,789.78	4,265.85
Weighted average number of equity shares .	9 21 50 355	9 21 50 355
Earning per share (₹ 2/-)	6.28	4.63

Notes

on financial statements for the Year ended 31st March 2014

	As at 31 st March, 2014	(₹ In lakhs) As at 31 st March, 2013
Note 29 :		
Contingent Liabilities not provided for:		
A) Matters under dispute		
i) Sales Tax (₹ 118.08 lakhs has been paid under protest Previous year ₹ 94.90 lakhs)	396.83	194.65
ii) Excise / Service Tax	363.92	363.92
iii) Income Tax	134.84	258.22
B) Bank Guarantees	98.47	286.85
C) Letters of Credit	538.19	857.52
D) Estimated amount of contracts remaining to be executed on Capital Account, net of advances of ₹ 201.64 lakhs (Previous year ₹ 108.11 lakhs)	776.13	161.99
E) Corporate Guarantee given to Bank on behalf of the Subsidiary	200.00	200.00

Note 30 :

Additions during the year include addition to R & D assets which are as follows:

	Current Year 2013-14	(₹ In lakhs) Previous Year 2012-13
Additions in R&D Assets		
Building	57.23	37.51
Plant & Machinery	—	13.87
Laboratory Equipments	175.79	242.45
R&D Equipments (Instruments)	22.93	66.72
Plant Utility (Equipments)	1.66	7.26
Electric Installation	—	2.50
Furniture & Fixtures and Office & Data Processing Equipments	34.37	58.36
Vehicles	18.62	—
Air Conditioning & Ventilation	—	6.16
	<u>310.60</u>	<u>434.83</u>

Notes

on financial statements for the Year ended 31st March 2014

Note 31 :

Expenditure incurred on R&D activities is as follows:

Additions in R&D Assets

	Current Year 2013-14	Previous Year 2012-13
Building	57.23	37.51
Equipments & other capital expenditure	253.37	397.32
Total Capital Expenditure	310.60	434.83
Revenue Expenditure	1,442.86	1,290.24
Total R&D Expenditure	1,753.46	1,725.07

Research & Development expenses include salary & wages, chemicals / materials consumed, electricity, travel, repairs, insurance premium and such similar expenses.

Note 32 :

Tax deducted at source from Other Income consists of:

₹ 13.85 lakhs on account of Professional or Tech Services (Previous year ₹ 5.65 lakhs)

₹ 5.30 lakhs on account of Interest received (Previous year ₹ 3.92 lakhs)

₹ 2.23 lakhs on account of Contracts (Previous year ₹ 0.95 lakhs)

Note 33 :

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical)

Sales and Services

	Current Year 2013-14	Previous Year 2012-13
India	46,302.17	40,771.55
Outside India	25,434.60	21,871.04
Total	71,736.77	62,642.59

Notes

on financial statements for the Year ended 31st March 2014

Note 34 :

- A) The Company is exposed to risk associated with foreign currency fluctuations as well as interest rate. The company has entered into forward contract and derivative contracts to hedge the interest rate risk & currency risk. However the company does not use these contracts for any speculative purposes.

The outstanding position of the forward contracts as at 31st March, 2014 is ₹ 4,695.56 lakhs (Previous Year ₹ 7,054.90 Lakhs) with Banks. Category wise break up is given here under:

Category

Forward Contract

	As at 31st March,2014		As at 31st March,2013	
	In FCY	₹ In lakhs	In FCY	₹ In lakhs
Receivables				
USD	\$ 12,00,000.00	719.24	\$ 27,07,395.90	1,548.85
Euro	€ 11,00,000.00	866.94	€ 42,00,908.00	3,048.62
GBP	£ 11,50,000.00	1,078.98	£ 10,75,000.00	992.25
Sub total		2,665.16		5,589.72
Imports / Loans (PCFC)				
USD	\$ 31,68,000.00	2,030.40	\$ 26,00,000.00	1,465.18
Sub Total		2,030.40		1,465.18
TOTAL		4,695.56		7,054.90

Un-hedged foreign currency exposure as at 31st March, 2014 is:

	As at 31st March,2014		As at 31st March,2013	
	In FCY	₹ In lakhs	In FCY	₹ In lakhs
ECB Loan	\$ 46,51,284.16	2,786.82	\$ 96,97,438.00	5,264.74
PCFC	\$ 3,00,000.00	179.75	-	-
Letter of Credit -USD	\$ 12,61,030.00	755.55	\$ 11,29,306.00	613.61
Bills on Collection -Euro	€ 8,991.00	7.41	-	-
Bills on Collection -USD	\$ 8,60,545.00	515.60	\$ 4,48,864.00	243.91
Bills on Collection -CHF	CHF 2,43,136.48	164.60	-	-

- B) Some of the ECB loans availed in JPY & SGD have been 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.

Note 35 :

The company has opted to avail the option provided under paragraph 46A of AS 11: The Effects of changes in Foreign Exchange Rates inserted vide notification dated December,29 2011. Consequently, the foreign exchange differences on long term Foreign Currency Monetary item is accumulated in a "Foreign Currency Monetary item Translation Difference Account" and accordingly exchange loss on long term foreign currency loans have been amortised over the balance period of such loans.

Notes

on financial statements for the Year ended 31st March 2014

Note 36 :

Related Party Disclosure 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	I) Xtend Industrial Designers & Engineers Pvt. Ltd. (Formerly known as Indoco Industrial Designers & Engineers Pvt. Ltd.) II) Indoco Pharmchem Limited.
Fellow Subsidiaries	NIL

B. Associates and Joint Ventures of reporting company:

Associates	Indoco Analytical Solution LLP
Joint Ventures	Nil

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

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

(ii) Their relatives :

Dr. Milind Panandikar, Dr. Anup Ramani, Mr. Ramnath 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, Ms. Aditi Panandikar, Mr. Sundeep V. Bambolkar

(ii) Their relatives:

Mrs. Aruna S. Kare, Mrs. Madhura A. Ramani, Mr. Ramnath Kare, Mrs. Suman Naik, Mrs. Sudha Pai, Mrs. Laxmi Bambolkar, Dr. Milind Panandikar, 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 Capital Markets Ltd., A K Services, Suresh Kare Indoco Foundation.

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	Key Management personnel and their relatives	Enterprises controlled by key management personnel
		(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. P.Y.	77.94 60.23	— —	— —	2.99 3.11	77.86 73.73
Agency arrangements	C.Y. P.Y.	— —	— —	— —	— —	— —
Remuneration paid	C.Y. P.Y.	— —	— —	— —	392.56 425.35	— —
Transfer of research and development		—	—	—	—	—

Notes

on financial statements for the Year ended 31st March 2014

Note 36 : Contd.

License agreements	C.Y.	—	—	—	13.26	32.62
	P.Y.	—	—	—	10.86	27.30
Finance (including loans and equity contributions in cash or in kind)	C.Y.	4.90	—	—	—	2.85
	P.Y.	27.52	—	—	—	—
Guarantees and collaterals	C.Y.	—	—	—	—	—
	P.Y.	200.00	—	—	—	—
Management contracts including for deputation of employees		—	—	—	—	—
Receivable	C.Y.	—	—	—	—	—
	P.Y.	0.29	—	—	—	—
Payable	C.Y.	—	—	—	—	—
	P.Y.	—	—	—	—	—

III. Transactions with related parties in ordinary course/ not in normal course/ not on an arm's length basis

(₹ 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	Key Management personnel and their relatives	Enterprises controlled by key management personnel
		(A)	(B)	(C)	(D)	(E)
(i) Transactions in the ordinary course	C.Y.	282.84	—	—	408.81	113.33
	P.Y.	288.04	—	—	439.32	101.03
(ii) Transactions not in the normal course		—	—	—	—	—
(iii) Transaction not on arm's length basis		—	—	—	—	—
(iv) Justification for (iii)		—	—	—	—	—

Note 37 :

Imported and Indigenous Materials Consumed :

	Current Year Apr' 13 - Mar' 14 ₹ in lakhs		Previous Year Apr' 12 - Mar' 13 ₹ in lakhs	
		%		%
(a) Raw and Packing Materials				
(i) Imported	3,837.52	16.67	2,800.87	12.51
(ii) Indigenous.....	19,178.91	83.33	19,588.63	87.49
Total	23,016.43	100.00	22,389.50	100.00
(b) Stores and Spares consumed				
(i) Imported	78.50	69.41	16.36	11.58
(ii) Indigenous	34.59	30.59	124.94	88.42
Total	113.09	100.00	141.30	100.00

Note 38 :

During the year the Company has subscribed to Indoco Analytical Solutions LLP a Limited Liability Partnership to the tune of ₹ 4,90,000/-. Indoco Remedies Limited holds 98 % Capital of the partnership.

Notes

on financial statements for the Year ended 31st March 2014

	Current Year Apr' 13 - Mar' 14	Previous Year Apr' 12 - Mar' 13
Note 39 :		
Earnings in Foreign Currency (FOB value)	24,803.48	21,157.54

Note 40 :

Expenditure in Foreign Currency :

(a) On travel and export promotion	122.87	203.55
(b) On interest on Foreign Currency Loan	282.62	479.65
(c) Others	1,128.78	340.64

Note 41 :

Value of Imports CIF Basis:

(a) Raw Materials / Packing Materials.....	3,531.16	2,648.00
(b) Capital Goods	353.33	760.82
(c) Consumable Stores	72.00	15.62

Note 42 :

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

	2013-14	2012-13
(a) Principal Amount Due Interest due on the above	3.91	87.37
(b) Interest paid during the year beyond the appointed day	—	—
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	—	—
(d) Amount of interest accrued and remaining unpaid at the end of the year.	—	—
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	—	—

The above information regarding Micro Enterprises and small Enterprises has been determined on the basis of information available with the Company. No interest has been accrued on delayed payments, if any.

Note 43 :

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

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

Name of Subsidiary Company	Indoco Pharmchem Limited	Xtend Industrial Designers Pvt. Limited (formerly known as Indoco Industrial Designers & Engineers Pvt. Limited)
Financial Year of Subsidiary ended	31st March, 2014	31st March, 2014
Holding Company's Interest		
No. of Shares	50,000	15,025
Extent of Holding	100%	60.04%
Net Aggregate Amount of Subsidiary's Profit/(Loss) not dealt with in the Holding Company A/C's		
for subsidiary FY	₹ (35,810)	₹ 7,93,381
for Previous FY	₹ (29,534)	₹ 6,25,212
Net Aggregate Amount of Subsidiary's Profit/(Loss) dealt with in the Holding Company A/c's		
for subsidiary FY	Nil	₹ 15,025
for Previous FY	Nil	₹ 15,025
Material changes between end of subsidiary FY and 31st March, 2014		
Subsidiary's Fixed Asset	Nil	Nil
Subsidiary's Investment	Nil	Nil
Money Lent by subsidiary	Nil	Nil
Money borrowed by subsidiary	Nil	Nil

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Financial Highlights

	Current Year 2013-14	(₹ Lakhs) Previous Year 2012-13
<u>OPERATIONAL REVIEW</u>		
1) Revenue from Operations (Gross)	74,045	64,163
2) EBITDA	13,450	10,536
3) Depreciation and Amortisation Expenses	3,091	2,372
4) Finance Cost	1,880	2,187
5) PBT	7,211	4,837
6) PAT	5,790	4,266
<u>FINANCIAL STRUCTURE</u>		
1) Net Fixed Assets	36,940	35,922
2) Investments	45	40
3) Long Term Loans & Advances	5,504	5,683
4) Current Assets	30,120	27,290
5) Total Assets	72,609	68,935
6) Net Worth	45,697	41,405
7) Non Current Liabilities	6,984	7,822
8) Current Liabilities	19,928	19,708
9) Total Liabilities	72,609	68,935
<u>MARGINS & RATIOS</u>		
1) EBITDA Margins on Net Sales (%)	18.75	16.82
2) PAT Margins on Net Sales (%)	8.07	6.81
3) Debt-to-Equity (times)	0.03	0.07
4) Interest Cover (times)	7.18	6.07
5) Return on Net Worth (%)	12.70	10.30
6) Return on Capital Employed (%)	13.70	9.80

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Financial Highlights

(₹ lakhs)

OPERATIONAL RESULTS

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
1) Revenue from Operations (Net) / Other Income	72,946	63,189	57,103	48,395	40,275
2) Material Cost	26,917	26,257	24,498	20,856	16,964
3) Employee Benefits Expense	12,905	10,774	8,188	6,727	5,667
4) Other Expenses	19,500	15,472	14,653	12,821	10,931
5) Research & Development Expenses	1,443	1,290	1,080	934	1,022
6) Finance Cost	1,880	2,187	1,633	52	168
7) Depreciation and Amortisation Expenses	3,091	2,372	1,925	1,345	1,210
8) Profit before tax	7,210	4,837	5,126	5,659	4,313
9) Provision For Taxation	1,421	1,539	1,392	1,274	835
10) MAT Credit Adjustment	—	968	900	728	731
11) Profit after Tax	5,789	4,266	4,634	5,112	4,209
12) Retained Earnings	4,280	3,080	3,456	3,969	3,206
13) Earnings Per Share (₹ 10/-) (After exceptional items)	—	—	37.72	41.60	34.26
14) Earnings Per Share (₹ 2/-) (After exceptional items)	6.28	4.63	—	—	—
15) Book Value (₹ 10/-)	—	—	309.24	285.02	252.72
16) Book Value (₹ 2/-)	49.59	44.93	—	—	—
17) Debt: Equity Ratio	0.03	0.07	0.12	0.15	0.13

FINANCIAL SUMMARY

Assets Employed

1) Fixed Assets (Net)					
(a) Tangible Assets	29,610	29,100	28,344	20,634	19,140
(b) Intangible Assets	2,918	3,043	1,818	628	598
(c) Capital Work In Progress	2,436	2,199	1,689	3,297	818
(d) Intangible Assets Under Development	1,976	1,579	1,572	1,972	959
2) Investments	45	40	12	2	2
3) Long Term Loans & Advances	5,504	5,683	5,520	6,882	4,426
4) Other Non Current Assets	—	—	—	325	—
5) Current Assets	30,120	27,290	26,201	22,582	21,964
Total Assets	72,609	68,934	65,156	56,322	47,907

FINANCED BY

1) Share Capital	1,843	1,843	1,229	1,229	1,229
2) Reserves & Surplus	43,854	39,561	36,767	33,791	29,822
3) Non Current Liabilities					
(a) Long Term Borrowings	1,379	2,739	4,624	5,405	3,891
(b) Deferred Tax Liabilities (Net)	3,053	3,481	2,938	2,572	2,425
(c) Other Long Term Liabilities	918	920	915	884	854
(d) Long Term Provisions	1,634	682	456	350	256
4) Current Liabilities	19,928	19,708	18,227	12,092	9,430
Total Fund	72,609	68,934	65,156	56,322	47,907



Financial Performance

	Financial Year ended 31st March, 2014	(₹ In lakhs) Financial Year ended 31st March, 2013
Gross Sales & Operations	74,045	64,163
Excise Duty	(1,274)	(1,124)
Net Sales & Operations	72,771	63,039
Other Income	175	150
Total Income	72,946	63,189
Profit before Finance Cost, Depreciation, Amortisation & Tax	12,182	9,396
Less : Finance Cost	1,880	2,187
Depreciation and Amortisation Expenses	3,091	2,372
Profit Before Tax	7,211	4,837
Less : Provision for Taxation		
Current	1,511	968
Deferred	(428)	543
Earlier Years Adjustment	338	28
MAT Credit Adjustment	—	(968)
Profit After Tax	5,790	4,266
Balance brought forward	13,412	11,832
Amount available for appropriation	19,202	16,098
Appropriations :		
Proposed Dividend	1,290	1,014
Dividend Tax	219	172
Transfer to General Reserve	1,500	1,500
Balance carried forward	16,193	13,412
	19,202	16,098

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Independent Auditors' Report (Consolidated) to the Members of Indoco Remedies Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Indoco Remedies Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other Auditors' on the financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statement of one subsidiary whose financial statements reflect total assets (net) of ₹ 61.72 lakhs as at March 31, 2014, total revenues (net) of ₹ 489.67 lakhs and net cash flows amounting to ₹ (192.25) lakhs for the year ended on that date. These financial statements have been audited by other Auditors whose report has been furnished to us and our opinion, is based solely on the report of the other Auditor.

Our opinion is not qualified in respect of other matters.

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

M. No. 32625

Date : 28th May, 2014



Consolidated Balance Sheet

As at 31st March, 2014

	Note No.		Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
I. EQUITY AND LIABILITIES				
1) Shareholders' Funds :				
(a) Share Capital	3	1,843.01	1,843.01	
(b) Reserves & Surplus	4	43,872.06	39,573.60	
			45,715.07	41,416.61
2) Minority Interest			24.80	19.62
3) Non-Current Liabilities				
(a) Long Term Borrowings	5	1,378.88	2,738.56	
(b) Deferred Tax Liabilities (Net)	6	3,053.89	3,481.37	
(c) Other Long Term Liabilities	7	918.52	920.20	
(d) Long Term Provisions	8	1,635.60	681.96	
			6,986.89	7,822.09
4) Current Liabilities				
(a) Short Term Borrowings	9	5,796.44	6,483.58	
(b) Trade Payables	10	7,066.11	6,825.74	
(c) Other Current Liabilities	11	5,397.74	5,134.34	
(d) Short Term Provisions	12	1,954.34	1,484.09	
			20,214.63	19,927.75
TOTAL			72,941.39	69,186.07
II. ASSETS				
1) Non Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	13A	29,613.01	29,099.88	
(ii) Intangible Assets	13B	2,918.24	3,043.08	
(iii) Capital Work In Progress		2,435.85	2,198.99	
(iv) Intangible Assets Under Development		1,976.02	1,579.49	
(b) Goodwill on Consolidation		11.92	11.92	
(c) Non Current Investments	14	17.00	12.10	
(d) Long Term Loans And Advances ..	15	5,513.21	5,689.88	
(e) Other Non Current Assets	16	0.14	0.21	
			42,485.39	41,635.55
2) Current Assets				
(a) Inventories	17	11,021.79	9,318.27	
(b) Trade Receivables	18	13,813.14	12,707.72	
(c) Cash and Bank Balances	19	1,338.55	1,399.00	
(d) Short Term Loans And Advances ..	20	4,247.70	4,121.29	
(e) Other Current Assets	21	34.82	4.24	
			30,456.00	27,550.52
TOTAL			72,941.39	69,186.07
Significant Accounting Policies	1 & 2			
Notes on Financial Statements	3 to 44			

As per our Report attached

For **Patkar & Pendse**

Chartered Accountants

Firm Registration No. : 107824W

B. M. Pendse

Partner

Membership No. 32625

Sunil D. Joshi

President (Finance) &

Company Secretary

Aditi Panandikar

Managing Director

Sundeep V. Bambolkar

Jt. Managing Director

Mumbai, 28th May, 2014

Consolidated Statement of Profit and Loss Account

For the Year ended 31st March 2014

	Note No.	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
INCOME			
1) Revenue from Operations (Gross)	22	74,534.63	64,203.10
Less : Excise Duty Recovery		(1,273.72)	(1,124.20)
Revenue from Operations (Net)		73,260.91	63,078.90
2) Other Income	23	175.69	150.33
Total Revenue (I)		73,436.60	63,229.23
EXPENSES			
3) Cost of Materials Consumed	24	23,298.05	22,389.51
4) Purchase of Stock in Trade	24	4,005.22	3,554.45
5) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress	24	(105.06)	313.33
6) Employee Benefits Expense	25	12,954.08	10,786.87
7) Research & Development Expenses ...	26	1,442.86	1,290.24
8) Other Expenses	27	19,627.82	15,480.71
Total Expenses (II)		61,222.97	53,815.11
Earning before Finance Cost, Depreciation, Amortisation and Tax (I - II)		12,213.63	9,414.12
9) Finance Cost	28	1,891.79	2,187.36
10) Depreciation and Amortization Expense	13	3,090.19	2,371.75
Profit before Tax		7,231.65	4,855.01
11) Provision for Tax			
(a) Current		1,517.92	975.19
(b) Deferred		(427.48)	543.19
(c) Earlier Years Adjustment		337.91	28.26
(d) Mat Credit Adjustment		—	(967.74)
Total Taxes		1,428.35	578.90
Profit after Tax before Minority Interest		5,803.30	4,276.11
12) Less: Share of Profit transferred to Minority Interest		(5.18)	(4.26)
Profit for the year		5,798.12	4,271.85
13) Earnings Per Share			
Basic & Diluted (₹ 2/- each)	29	6.29	4.64
Significant Accounting Policies	1 & 2		
Notes on Financial Statements	3 to 44		

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants
Firm Registration No. : 107824W

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Consolidated Cash Flow Statement

For the Year ended 31st March, 2014

	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary item	7,231.65	4,855.01
Adjustments for :		
Depreciation and Amortisation Expense	3,090.19	2,371.75
Profit on sale of Fixed Assets	(2.66)	(1.20)
Loss on sale of Fixed Assets	2.28	8.11
Deferred expenses written off	0.07	0.07
Sundry Balances written back	(0.48)	(1.06)
Provision for Doubtful Debts / Bad Debts	203.02	105.18
Interest Income	(68.62)	(47.16)
Dividend received on Investments	(0.11)	(0.02)
Unrealised Foreign Exchange (Gain) / Loss	(187.68)	691.70
Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss)	2,001.65	1,587.11
	<u>5,037.66</u>	<u>4,714.48</u>
Operating Profit before Working Capital Change	12,269.31	9,569.49
Adjustments for :		
Trade Payables and Other liabilities	2,271.28	(557.41)
Trade and Other Receivables	(1,484.08)	(2,170.26)
Inventories	(1,703.53)	870.44
	<u>(916.33)</u>	<u>(1,857.23)</u>
Cash generated from Operations	11,352.98	7,712.26
Income Tax Paid (Net of Refund)	(1,472.13)	(843.04)
Net Cash generated from Operating Activities (A)	9,880.85	6,869.22
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Payment towards Capital Expenditure	(4,176.49)	(4,336.01)
Sale of Fixed Assets	26.54	25.05
Purchase of Investment	(4.90)	—
Interest Received	57.15	49.67
Dividend received on Investments	0.11	0.02
Net Cash used in Investing Activities (B)	<u>(4,097.59)</u>	<u>(4,261.27)</u>

Contd...

Consolidated Cash Flow Statement

For the Year ended 31st March, 2014

... Contd. from previous page

	Current Year Apr'13- Mar'14	(₹ lakhs) Previous Year Apr'12- Mar'13
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Cost [Other than Unrealised Foreign Exchange Gain / (Loss)]	(1,982.50)	(1,605.59)
Dividend Paid	(1,185.42)	(1,174.42)
Proceeds from Long Term Borrowings	400.00	39.63
Repayment of Long Term Borrowings	(76.08)	(76.08)
Proceeds /(Repayment) from Short Term Borrowings	(716.90)	2,306.17
Proceeds from External Commercial Borrowings-Others	—	597.19
Repayment of External Commercial Borrowings	(2,337.50)	(2,527.77)
Net Cash inflow from Financing Activities (C)	(5,898.40)	(2,440.87)
Net Increase in Cash or Cash Equivalents (A+B+C)	(115.14)	167.08
Cash and Cash Equivalents (Opening)	1,091.74	924.66
Cash and Cash Equivalents (Closing) (Refer note no. 19)	976.60	1,091.74

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Significant Accounting Policies Consolidated

1. CORPORATE INFORMATION

Indoco Remedies Limited (the Company) is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, VII of 1913. Its Shares are listed on two stock exchanges in India. Indoco Remedies Limited is engaged in the manufacturing and marketing of Formulations (Finished Dosage Forms) and Active Pharmaceutical Ingredients (APIs). The Company caters to both domestic and International markets. The Company has two subsidiaries viz. Xtend Industrial Designers & Engineers Pvt. Ltd. (formerly known as Indoco Industrial Designers & Engineers Pvt.Ltd) and Indoco Pharmchem Ltd.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956.

2.2 Principles of Consolidation

The consolidated financial statements relate to Indoco Remedies Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements."

The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

2.3 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known / materialised.

2.4 Fixed Assets

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 & other related revenue expenses such as salaries etc. are capitalised till commencement of commercial production.

INTANGIBLE ASSETS

The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

2.5 Capital work in progress

Project under which assets are not ready for their intended use and other capital work in progress are carried at cost, comprising Direct cost, related incidental expenses and attributable interest.

2.6 Depreciation and Amortisation

Tangible Assets

Depreciation on Fixed Assets is provided on the straight line method on all assets except assets at Waluj, Rabale & 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 and machinery at Rabale is provided on straight line method).

Intangible Assets

Trademarks / Technical Knowhow are recorded at their acquisition cost 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 Intangible Assets Under Development. 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.

2.7 Borrowing Cost

Borrowing Costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of Borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing Costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other Borrowing Costs are expensed in the period they occur.

2.8 Impairment of Tangible Assets and Intangible 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.

2.9 Government Grants and 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.

2.10 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.

2.11 Inventories

Raw Materials, Packing Materials & Consumables are valued at cost or net realizable value, whichever is lower.

Work-in-process is valued at cost including proportionate related overheads or net realizable value, whichever is lower.

Finished goods are valued at cost or net realizable value, whichever is lower.

All materials are valued at weighted average cost.

2.12 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.

2.13 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

2.14 Sale of goods and services

1. Sales of products are recognized when risk and rewards of ownership of the product are passed on to the customers, which is generally on despatch of goods.
2. Export sales are recognized on the basis of Bill of Lading / Airway Bills.
3. All sales revenues are stated at net of returns, discounts and sales tax.
4. Exports benefits available under prevalent scheme are accrued and accounted in the year in which the goods are exported to the extent considered receivable.
5. Revenue from services rendered is recognised in the Profit and Loss account based on underlying contract.
6. Revenue from Consultancy services rendered is recognised in the Profit and Loss account based on underlying contracts.

2.15 Interest and Dividend Income

Interest Income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.16 Foreign Currency Transactions

1. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
2. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts the same are denominated at forward rate. The premium / (discount) paid on forward contract is recognized over the life of the contract.
3. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

2.17 Retirement and Other Employees' 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 and gratuity to its employees on actuarial valuation.

2.18 Income Taxes

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.

2.19 Earnings Per Share (EPS)

Basic earnings per share is computed by dividing the Profit / (Loss) after Tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding as on reporting date. The weighted average number of Equity Shares outstanding during the period is adjusted for events such as Bonus issue, share split that have changed the number of equity shares outstanding, without a corresponding change in resources.

2.20 Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

2.21 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the contingent or non - contingent of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. Contingent liabilities are disclosed in Note No. 30.

2.22 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 are provided for and included in the valuation of inventory.

As per our Report attached

For Patkar & Pendse
Chartered Accountants
Firm Registration No. : 107824W

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
*President (Finance) &
Company Secretary*

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 3 : SHARE CAPITAL

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
1) Authorised : 12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year 12,50,00,000 Equity Shares of ₹ 2/- each)	2,500.00	2,500.00
2) Issued,Subscribed and Paid up: 9,21,50,355 Equity Share of ₹ 2/- each fully paid up (Previous year 9,21,50,355 Equity Share of ₹ 2/- each fully paid up)	1,843.01	1,843.01

A) Reconciliation of number of Equity Shares outstanding

Particulars	2013-14 Equity Shares		2012-13 Equity Shares	
	Number	₹ lakhs	Number	₹ lakhs
Shares outstanding at the beginning of the year	9,21,50,355	1,843.01	1,22,86,714	1,228.67
Adjustments for Sub-division of Ordinary Shares of ₹10 each into 5 shares of ₹ 2 each ..	—	—	6,14,33,570	1,228.67
Add: Issue of Bonus shares	—	—	3,07,16,785	614.34
Less: Shares bought back during the year	—	—	—	—
Shares outstanding at the end of the year	9,21,50,355	1,843.01	9,21,50,355	1,843.01

B) Details of Shares held by each shareholder holding more than 5% shares

	As at 31 March 2014 Equity Shares		As at 31 March 2013 Equity Shares	
	No of Shares held @ ₹ 2/- per share	% holding in that class of Shares	No of Shares held @ ₹ 2/- per share	% holding in that class of Shares
Equity Shares with voting rights :				
i) Spa Holdings Pvt Ltd	1 83 35 000	19.90%	1 91 65 000	20.80%
ii) Shanteri Investment Pvt Ltd	1 57 71 755	17.12%	1 48 63 755	16.13%
iii) Aditi Panandikar	55 49 013	6.02%	55 27 642	6.00%
iv) Madhura Anup Ramani	51 74 079	5.61%	51 64 079	5.60%
v) Aruna Suresh Kare	47 64 714	5.17%	47 35 125	5.14%
vi) Reliance Capital Trustee Co.Ltd.	26 22 001	2.85%	68 07 428	7.39%

C) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. All equity shares of the Company rank pari passu in all respects including the right to dividend. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.40 on the face value of ₹ 2/- (Previous year ₹ 1.10 on the face value of ₹ 2/-) of the company.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 4 : RESERVES AND SURPLUS

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Capital Reserve		
Opening Balance	12.64	0.02
Add: On consolidation of Subsidiaries (Net)	—	12.62
	<u>12.64</u>	<u>12.64</u>
b) Securities Premium Account		
Opening Balance	6,420.93	7,035.27
Less: Utilised for Bonus Issue	—	(614.34)
	<u>6,420.93</u>	<u>6,420.93</u>
c) Capital Subsidy		
(i) Tarapur Unit, Maharashtra	7.50	7.50
(ii) Baddi Unit, Himachal Pradesh	30.00	30.00
(iii) Verna Unit, Goa	25.00	25.00
	<u>62.50</u>	<u>62.50</u>
d) Foreign Currency Monetary Item Translation Difference a/c	(139.88)	(151.55)
e) General Reserve		
Opening balance	19,817.74	18,317.64
Add : Transferred from Surplus in Statement of Profit & Loss	1,500.10	1,500.10
Closing Balance	<u>21,317.84</u>	<u>19,817.74</u>
f) Surplus in Statement of Profit & Loss		
Opening balance	13,411.34	11,831.96
Add : Net Profit after Tax transferred from Statement of Profit & Loss	5,798.12	4,271.85
Amount available for appropriation	<u>19,209.46</u>	<u>16,103.81</u>
Less : Intra Group Adjustment	(1.83)	(6.41)
Less : Transferred to General Reserve	(1,500.10)	(1,500.10)
Less : Proposed Dividend	(1,290.20)	(1,013.65)
Less : Dividend Tax	(219.30)	(172.31)
Closing balance	<u>16,198.03</u>	<u>13,411.34</u>
TOTAL	<u><u>43,872.06</u></u>	<u><u>39,573.60</u></u>

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS

Particulars	Terms of Repayment & Securities	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Secured			
a) Term Loans from Banks			
Foreign currency loan -			
External Commercial Borrowings (ECB)	Refer Note No. 5.1	179.75	1,927.99
Indian rupee loan	Refer Note No. 5.2	540.06	213.38
Unsecured			
a) Term Loan from Others			
Foreign currency loan -			
External Commercial Borrowings (ECB)	Refer Note No. 5.1	659.07	597.19
TOTAL.....		1,378.88	2,738.56

Detailed terms of repayment of term loans from banks and security provided in respect of the secured long term borrowings:

Note No.	Name of the Bank	Terms of Repayment & Securities
5.1	Citi Bank N.A.	
	Amount Sanctioned	USD 30,00,000
	Terms of Repayment	The ECB is repayable in 18 quarterly installments of USD 166,667 each commencing from 02 nd May, 2010, and ending on 02 nd August, 2014. The amount is payable in February, May, August, and November of each year.
	Rate of Interest	7.50 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The amount is secured by first charge on present and future moveable assets and specific Plant and Machinery at Patalganga.
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 50,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 333,333 each commencing from 06 th December, 2010, ending on 04 th June, 2014. The amount is payable in the month of March, June, September and December of each year.
	Rate of Interest	7.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on present and future moveable fixed assets at Plot No. R-92 & R-93, T.T.C. Industrial Area, Rabale (excluding assets of Kilolab), and charge on specific movable properties (excluding Vial filling machine from M/s. Capmatic, Canada) at Plot No. L32,L33,L34 Verna Industrial Estate, Verna, Goa.

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	Name of the Bank	Terms of Repayment & Securities
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 60,00,000
	Terms of Repayment	The ECB is Repayable in 13 quarterly installments of USD 461,538.46 each commencing from 28 th November, 2011, ending on 28 th November, 2014. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	6.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on all present and future movable properties & immovable fixed assets at new tablet manufacturing facility at Plot No. L 32/33-34, Verna Industrial Area, Verna, Goa.
5.1	DBS Bank Ltd.	
	Amount Sanctioned	USD 45,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 300,000 each commencing from 08 th November, 2011, ending on 08 th May, 2015. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	5.05 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The loan is secured by Charge on Present & future movable fixed assets and Equitable mortgage of Land and Building at Plot No. B -20, M. I. D. C., Waluj, Aurangabad.
5.1	Watson Pharmaceuticals Inc.	
	Amount Sanctioned	USD 1,100,000
	Terms of Repayment	The ECB is repayable in 4 quarterly installments of USD 275,000 each commencing from 31 st December, 2015, ending on 30 th September, 2016. The amount is payable in the month of March, June, September, and December of each year.
	Rate of Interest	LIBOR + 100 bps
	Nature of Security	The Loan is Unsecured.

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	Name of the Bank	Terms of Repayment & Securities
5.2	Jankalyan Sahakari Bank Ltd.	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 59 monthly installments of ₹ 6,67,000/- and last installment of ₹ 6,47,000/- each commencing from 14 th November, 2011 ending on 14 th October, 2016.
	Rate of Interest	13.25 % p.a.
	Nature of Security	Mortgage of Land & Building situated at Plot No. R - 94, T.T.C. Industrial Area, Rabale, Thane Belapur Road, Rabale.
5.2	IDBI Bank Ltd.	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 16 quarterly installments of ₹ 25,00,000/- each commencing from 01 st March, 2015 ending on 1 st December, 2018.
	Rate of Interest	11.75 % p.a.
	Nature of Security	Primary : First and Exclusive charge over the assets (Kilolab) created at Rabale, MIDC, Thane Belapur Road, Navi Mumbai 400 701, out of the sanctioned Term Loan. Collateral : Second Charge on the entire moveable Fixed Assets of the Company at Plot No. R - 92 & R - 93, T. T. C. Industrial Area, Rabale, MIDC Thane Belapur Road, Navi Mumbai 400 701.

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 6 : DEFERRED TAX LIABILITIES (Net)

<i>Particulars</i>	<i>Current Year As at 31.03.2014</i>	<i>(₹ lakhs) Previous Year As at 31.03.2013</i>
a) Deferred Tax Liability		
i) On fiscal allowances on fixed assets	3,691.77	3,681.93
Sub Total	3,691.77	3,681.93
b) Deferred Tax Assets		
i) On employees' separation and retirement etc.	(572.53)	(119.81)
ii) On Provision for Doubtful Debts	(60.32)	(80.75)
iii) Others	(5.03)	—
Sub Total	(637.88)	(200.56)
TOTAL (a - b)	3,053.89	3,481.37

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured

a) Advance from Others	325.58	305.16
b) Security Deposit Payable	592.94	615.04
TOTAL	918.52	920.20

Note 8 : LONG TERM PROVISIONS

a) Retirement Benefits	1,310.01	354.62
b) Other Long-Term Benefits	325.59	327.34
TOTAL	1,635.60	681.96

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 9 : SHORT TERM BORROWINGS

Particulars	Repayment and Rate of Interest	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Secured (Refer Note)			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	1,949.45	3,869.02
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	711.40	561.99
(c) Working Capital Demand Loan	Refer Note No. 9.3	500.00	400.00
Unsecured			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	86.84	149.49
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	1,498.75	903.08
(c) Working Capital Demand Loan	Refer Note No. 9.3	—	600.00
(d) Short Term Loan	Refer Note No. 9.4	1,000.00	—
Loan from Others	Refer Note No. 9.5	50.00	—
TOTAL.....		5,796.44	6,483.58

Note : Cash Credit, Foreign Currency Export Packing Credit and Working Capital Demand Loan facilities are part of Working Capital facilities availed from various Banks and are secured by hypothecation by way of first pari passu charge on all its stocks and book debts. Cash Credit facility for Xtend Industrial Designers and Engineers Pvt Ltd is availed from Yes Bank Ltd and it is secured by Corporate Guarantee of ₹ 200 lakhs issued by Indoco Remedies Ltd.

Note No.	Type of Loan	Repayment and Rate of Interest
9.1	Cash Credit Facility	Is repayable on demand and carries interest @ 10.20 % p.a. to 13 % p.a. (Previous year @ 10.20% p.a. to 12.75% p.a.)
9.2	Foreign Currency Export Packing Credit	Is payable on completion of the tenure. It carries interest @ LIBOR + 75 bps to 145 bps. (Previous year LIBOR + 125 bps to 175 bps)
9.3	Working Capital Demand Loan	Is repayable on demand and carries interest @ 9.75 % p.a. to 11.25 % p.a. (Previous year 9.75 % p.a. to 11 % p.a.)
9.4	Short Term Loan	Is repayable on demand and carries interest @ 11% p.a (Previous year NA)
9.5	Loan from Others	Is repayable on demand and carries interest @ 11% p.a (Previous year NA)

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 10 : TRADE PAYABLES

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Trade payables		
(i) Acceptances	527.29	537.56
(ii) Other than Acceptances (Refer Note No. 42)	6,538.82	6,288.18
TOTAL	7,066.11	6,825.74

Note 11 : OTHER CURRENT LIABILITIES

Secured

a) Term Loans from Banks		
Foreign currency loan -ECB (Refer Note No. 5.1)	1,948.01	2,739.56
Indian rupee loan (Refer Note No. 5.2.)	76.08	78.84
	2,024.09	2,818.40
b) Interest accrued but not due on borrowings	28.63	39.51
c) Unclaimed Dividend	18.54	17.99
d) Statutory Dues	330.75	271.34

Unsecured

a) Other Current Liabilities	2,995.73	1,987.10
TOTAL	5,397.74	5,134.34

Note 12 : SHORT TERM PROVISIONS

a) Provision for Leave Encashment	48.94	41.92
b) Provision For Bonus	256.76	256.11
c) Proposed Dividend	1,290.20	1,013.75
d) Dividend Tax	219.30	172.31
e) Provision for Tax (Net of Advance Income Tax)	139.14	—
TOTAL	1,954.34	1,484.09

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 13 : FIXED ASSETS

	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK	
	Balance as at 1 st April 2013	Additions	Disposal/ Sales	Adjustments	Balance as at 31 st March 2014	Balance as at 1 st April 2013	Eliminated on Disposal/Sale of Assets	Adjustments	Balance as at 31 st March 2014
A) Tangible Assets									
i) Land	525.89	–	–	–	525.89	7.26	0.21	–	518.63
ii) Buildings & Premises	10,849.25	224.71	–	–	11,073.96	2,548.37	336.20	–	8,300.88
iii) Plant & Machinery	10,314.85	1,098.15	6.72	1.83	11,404.45	2,121.07	510.22	0.68	8,776.80
iv) Handling Equipments	739.85	24.91	–	–	764.76	332.76	33.61	–	398.39
v) Pollution Control Equipments	262.01	–	–	–	262.01	139.40	11.82	–	110.79
vi) Laboratory Equipments	3,346.83	288.22	3.60	–	3,631.45	678.08	170.49	0.88	2,783.76
vii) R&D Equipments	1,921.82	22.93	–	–	1,944.75	782.49	90.65	–	1,071.61
viii) Plant - Utilities	4,153.73	276.77	–	–	4,430.50	1,138.65	205.30	–	3,086.55
ix) Electrical Installations	2,101.62	63.60	–	–	2,165.22	701.55	99.84	–	1,363.83
x) Furniture & Fixtures	1,348.15	96.36	–	–	1,444.51	618.49	78.56	–	747.46
xi) Office Equipments	400.40	47.98	–	–	448.38	205.96	19.85	–	222.57
xii) Computers	1,312.98	151.07	–	–	1,464.05	949.93	138.37	–	375.75
xiii) Networking Instruments	43.43	–	–	–	43.43	41.35	0.71	–	1.37
xiv) Air-conditioning Units	2,527.33	49.60	–	–	2,576.93	742.20	121.52	–	1,713.21
xv) Vehicles	406.81	63.40	44.15	–	426.06	147.51	52.19	–	253.11
Total - Tangible Assets	40,254.95	2,407.70	54.47	1.83	42,606.35	11,155.07	1,869.54	2.96	29,613.01
Previous year	37,726.96	2,583.34	48.95	6.40	40,254.95	9,383.16	1,788.83	0.03	29,099.88
B) Intangible Assets									
i) Trade Mark	1,032.30	–	–	–	1,032.30	591.83	42.42	–	398.05
ii) Technical Knowhow	1.15	–	–	–	1.15	1.08	0.01	–	0.06
iii) ANDAs, DMFs, Dossiers, etc.	3,405.37	1,098.76	–	–	4,504.13	802.83	1,181.17	–	2,520.13
Total - Intangible Assets	4,438.82	1,098.76	–	–	5,537.58	1,395.74	1,223.60	–	2,918.24
Previous year	2,631.39	1,807.43	–	–	4,438.82	812.89	582.85	–	3,043.08
Total Fixed Assets	44,693.77	3,506.46	54.47	1.83	48,143.93	12,550.81	3,093.14	2.96	32,531.25
Previous year	40,358.35	4,390.77	48.95	6.40	44,693.77	10,196.05	2,371.78	0.03	32,142.96
Capital Work-in-Progress									2,435.85
Intangible Assets Under Development									1,976.02
Total									36,943.12
									35,921.44

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 14 : NON-CURRENT INVESTMENTS

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
Unquoted : (at cost)		
a) Non-Trade - Other		
Other than Subsidiary Companies		
(1) Shivalik Solid Waste Management Ltd. Baddi (20,000 Shares of ₹ 10 each)	2.00	2.00
(2) Indoco Analytical Solution LLP (Contribution from Indoco Remedies Ltd.)	4.90	—
	<u>6.90</u>	<u>2.00</u>
b) Shares of Saraswat Co-op. Bank Ltd. (1,000 Shares of ₹10 each)	0.10	0.10
c) Shares of Jankalyan Sahakari Bank Ltd. (1,00,000 Shares of ₹10 each)	10.00	10.00
TOTAL	<u><u>17.00</u></u>	<u><u>12.10</u></u>

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured, considered good

a) Capital Advances	144.75	108.11
b) Deposit Others	127.88	108.80
c) Tender Deposits	37.14	24.20
d) Advance Income Tax (Net)	—	211.72
e) MAT Credit Adjustment	4,842.38	4,842.38
f) Pre-paid Expenses	24.79	30.96
g) Other Loans & Advances	336.27	363.71
TOTAL	<u><u>5,513.21</u></u>	<u><u>5,689.88</u></u>

Note 16 : OTHER NON-CURRENT ASSETS

a) Other Non Current Assets	<u>0.14</u>	<u>0.21</u>
TOTAL	<u><u>0.14</u></u>	<u><u>0.21</u></u>

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 17 : INVENTORIES

<i>Particulars</i>	<i>Current Year As at 31.03.2014</i>	<i>(₹ lakhs) Previous Year As at 31.03.2013</i>
a) Raw and Packing Materials	4,743.07	3,597.97
b) Work in Progress	1,507.83	1,161.35
c) Finished Goods	3,567.84	3,581.89
d) Stock in Trade	612.96	840.33
e) Stores and Spares	590.09	136.73
TOTAL	11,021.79	9,318.27

Note 18 : TRADE RECEIVABLES

Unsecured

a) Debts outstanding for more than six months from the date they are due for payment		
Considered Good	2,115.26	1,971.31
Considered Doubtful	177.48	248.88
	2,292.74	2,220.19
Less: Provision for doubtful debts	(177.48)	(248.88)
	2,115.26	1,971.31
b) Other Debts - Considered Good	11,697.88	10,736.41
TOTAL.....	13,813.14	12,707.72

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 19 : CASH AND BANK BALANCES

Particulars	Current Year As at 31.03.2014	(₹ lakhs) Previous Year As at 31.03.2013
a) Cash and Cash Equivalents		
(i) Cash on hand	4.54	4.61
(ii) Balances with Banks		
In Current Accounts	710.96	725.79
In EEFC Accounts	32.70	22.05
In Fixed Deposit Accounts	228.40	339.29
Sub Total	976.60	1,091.74
b) Other Bank Balances		
(i) In Earmarked Accounts		
Unpaid Dividend Accounts	18.54	17.99
Margin Accounts	343.41	289.27
Sub Total	361.95	307.26
TOTAL (a + b)	1,338.55	1,399.00

Note 20 : SHORT TERM LOANS & ADVANCES

Unsecured, considered good

a) Advances to Suppliers	169.02	232.50
b) Tender Deposit	9.69	20.62
c) Employee Advances	441.44	353.73
d) Pre-Paid Expenses	379.72	592.15
e) Balance with Customs, Central Excise Authorities	3,247.83	2,922.29
TOTAL	4,247.70	4,121.29

Note 21 : OTHER CURRENT ASSETS

a) Interest Receivable	14.16	2.69
b) Insurance Claim Receivable	12.40	—
c) Other Current Assets	8.26	1.55
TOTAL	34.82	4.24

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 22 : REVENUE FROM OPERATIONS

<i>Particulars</i>	<i>Current Year As at 31.03.2014</i>	<i>(₹ lakhs) Previous Year As at 31.03.2013</i>
a) Sale of Products		
Domestic Sales	47,818.89	41,825.91
Export Sales	21,102.22	19,360.18
	<u>68,921.11</u>	<u>61,186.09</u>
b) Sale of Services		
Export Sales-Dossiers	4,332.38	2,510.86
Sales - Engg.Services	82.35	40.25
Analytical & Testing Income	164.32	69.84
	<u>4,579.05</u>	<u>2,620.95</u>
c) Other Operating Revenue		
Exchange Gain (Net) (other than considered in Finance Cost)	680.11	84.63
Export Incentives	341.79	298.29
Scrap Sale	12.57	13.14
	<u>1,034.47</u>	<u>396.06</u>
Total Revenue from Operations (Gross) (a + b + c)	74,534.63	64,203.10
Less :		
d) Excise Duty	(1,273.72)	(1,124.20)
TOTAL	<u>73,260.91</u>	<u>63,078.90</u>

Note 23 : OTHER INCOME

a) Interest Received	68.62	47.16
b) Sundry Balances Written Back	0.48	1.06
c) Sundry Receipts	103.82	100.89
d) Dividend Received	0.11	0.02
e) Profit on Sale of Fixed Assets	2.66	1.20
TOTAL	<u>175.69</u>	<u>150.33</u>

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 24 : COST OF MATERIALS CONSUMED

Particulars	Current Year Apr '13-Mar '14	(₹ lakhs) Previous Year Apr '12-Mar '13
a) Cost of Material Consumed		
Opening Stock	3,597.97	4,178.76
Add : Purchases (Net of Excise Duty)	24,443.15	21,808.72
Less : Closing Stock	(4,743.07)	(3,597.97)
	<u>23,298.05</u>	<u>22,389.51</u>
b) Purchase of Stock in Trade	<u>4,005.22</u>	<u>3,554.45</u>
c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress		
Inventories at the beginning of the year		
Op.Stock - Finished Goods	3,581.89	3,776.94
Op.Stock - Stock in Trade	840.33	1,015.06
Op.Stock - WIP	1,161.35	1,104.90
	<u>5,583.57</u>	<u>5,896.90</u>
Inventories at the end of the year		
Cl.Stock - Finished Goods	(3,567.84)	(3,581.89)
Cl.Stock - Stock in Trade	(612.96)	(840.33)
Cl.Stock - WIP	(1,507.83)	(1,161.35)
	<u>(5,688.63)</u>	<u>(5,583.57)</u>
Net (Increase) / Decrease	<u>(105.06)</u>	<u>313.33</u>
TOTAL	<u>27,198.21</u>	<u>26,257.29</u>

Note 25 : EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	10,024.83	8,905.70
b) Contribution to Provident and Other Funds	1,839.32	994.98
c) Staff Welfare Expenses	1,089.93	886.19
TOTAL	<u>12,954.08</u>	<u>10,786.87</u>

Note 26 : RESEARCH & DEVELOPMENT EXPENSES

a) R&D Employee Cost	598.43	547.49
b) Other R&D Expenses	844.43	742.75
TOTAL	<u>1,442.86</u>	<u>1,290.24</u>

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 27 : OTHER EXPENSES

Particulars	Current Year Apr '13-Mar '14	(₹ lakhs) Previous Year Apr '12-Mar '13
a) Consumable Stores	113.09	141.30
b) Job Work Charges	449.64	294.83
c) Power and Fuel	1,826.37	1,637.26
d) Rent, Rates and Taxes	219.79	178.88
e) Insurance	135.06	131.79
f) Repairs :		
(i) Building	88.33	81.17
(ii) Plant and Machinery	413.67	338.87
(iii) Others	913.41	786.03
	<u>1,415.41</u>	<u>1,206.07</u>
g) Packing and Delivery Expenses	2,496.45	2,212.32
h) Analytical Expenses	636.96	497.84
i) Turnover and Additional Tax	189.14	137.53
j) Advertising and Sales Promotion Expenses ..	2,468.84	1,692.60
k) Commission and Incentives on sales	2,125.07	1,471.42
l) Travelling, Conveyance and Motor Car Expenses	4,462.70	3,506.31
m) Legal and Professional Fees	275.90	90.12
n) Director's Sitting Fees	4.55	5.30
o) Postage and Telephone Expenses	211.46	169.68
p) Printing and Stationery Expenses	537.70	364.34
q) Payments to Auditors		
(i) Audit Fees	4.11	3.84
(ii) Tax Audit Fees	1.25	1.25
(iii) Other Services	0.50	0.40
	<u>5.86</u>	<u>5.49</u>
r) Loss on sale of Assets	2.28	8.11
s) Miscellaneous Expenditure Written Off	0.07	0.07
t) Provision for Doubtful Debts	162.00	84.84
u) Bad Debts written off		
(a) Bad Debts written off	274.42	30.64
(b) Less : Transfer from Provision for Doubtful Debts	(221.26)	—
	<u>53.16</u>	<u>30.64</u>
v) Donation	50.10	62.57
w) Miscellaneous Expenses	1,786.22	1,551.40
TOTAL	<u>19,627.82</u>	<u>15,480.71</u>

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

Note 28 : FINANCE COST

<i>Particulars</i>	<i>Current Year Apr '13-Mar '14</i>	<i>(₹ lakhs) Previous Year Apr '12-Mar '13</i>
a) Interest Expense	947.79	842.02
b) Other Financial charges	82.91	81.38
c) Exchange (Gain) / Loss - Net	861.09	1,263.96
TOTAL	1,891.79	2,187.36

Note 29 : EARNINGS PER SHARE (EPS)

Basic and Diluted

Total Operations

Net Profit for the year (₹ lakhs)	5,798.12	4,271.85
Weighted average number of equity shares...	9 21 50 355	9 21 50 355
Earnings per share (₹ 2/-)	6.29	4.64

Notes (Consolidated)
on financial statements for the Year ended 31st March 2014

	As at 31st March, 2014	(₹ In lakhs) As at 31st March, 2013
Note 30 :		
Contingent Liabilities not provided for:		
A) Matters under dispute		
i) Sales Tax (₹ 118.08 lakhs has been paid under protest Previous year ₹ 94.90 lakhs)	396.83	194.65
ii) Excise / Service Tax	363.92	363.92
iii) Income Tax	134.84	258.22
B) Bank Guarantees	98.47	286.85
C) Letters of Credit	538.19	857.52
D) Estimated amount of contracts remaining to be executed on Capital Account , net of advances of ₹ 201.64 lakhs (Previous year ₹ 108.11 lakhs)	776.13	161.99
E) Corporate Guarantee given to Bank on behalf of the Subsidiary.	200.00	200.00
F) Estimated amount of contracts remaining to be executed on Turnkey Project	284.70	705.00

Note 31 :
Additions during the year include addition to R & D assets which are as follows:

	Current Year 2013-14	(₹ In lakhs) Previous Year 2012-13
Additions in R&D Assets		
Building	57.23	37.51
Plant & Machinery	—	13.87
Laboratory Equipments	175.79	242.45
R&D Equipments (Instruments)	22.93	66.72
Plant Utility (Equipments)	1.66	7.26
Electric Installation	—	2.50
Furniture & Fixtures and Office & Data Processing Equipments	34.37	58.36
Vehicle	18.62	—
Air Conditioning & Ventilation	—	6.16
	<u>310.60</u>	<u>434.83</u>

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 32 :

Expenditure incurred on R&D activities is as follows:

Additions in R&D Assets		(₹ In lakhs)
	Current Year 2013-14	Previous Year 2012-13
Building	57.23	37.51
Equipments & other capital expenditure	253.37	397.32
Total Capital Expenditure	310.60	434.83
Revenue Expenditure	1,442.86	1,290.24
Total R&D Expenditure	1,753.46	1,725.07

Research & Development expenses include salary & wages, chemicals / materials consumed, electricity, travel, repairs, insurance premium and such similar expenses.

Note 33 :

Tax deducted at source from Other Income consists of:

₹ 13.85 lakhs on account of Professional or Tech Services (Previous year ₹ 5.65 lakhs)

₹ 5.34 lakhs on account of Interest received (Previous year ₹ 3.92 lakhs)

₹ 2.39 lakhs on account of Contracts (Previous year ₹ 0.95 lakhs)

Note 34 :

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical)

Sales and Services		(₹ In lakhs)
	Current Year 2013-14	Previous Year 2012-13
India	46,791.84	40,811.80
Outside India	25,434.60	21,871.04
Total	72,226.44	62,682.84

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 35 :

- A) The Company is exposed to risk associated with foreign currency fluctuations as well as interest rate. The company has entered into forward contract and derivative contracts to hedge the interest rate risk & currency risk. However the company does not use these contracts for any speculative purposes.

The outstanding position of the forward contracts as at 31st March, 2014 is ₹ 4,695.56 lakhs (Previous Year ₹ 7,054.90 Lakhs) with Banks. Category wise break up is given here under:

Category

Forward Contract

	As at 31st March,2014		As at 31st March,2013	
	In FCY	₹ In lakhs	In FCY	₹ In lakhs
Receivables				
USD	\$ 12,00,000.00	719.24	\$ 27,07,395.90	1,548.85
Euro	€ 11,00,000.00	866.94	€ 42,00,908.00	3,048.62
GBP	£ 11,50,000.00	1,078.98	£ 10,75,000.00	992.25
Sub total		2,665.16		5,589.72
Imports / Loans (PCFC)				
USD	\$ 31,68,000.00	2,030.40	\$ 26,00,000.00	1,465.18
Sub Total		2,030.40		1,465.18
TOTAL		4,695.56		7,054.90

Un-hedged foreign currency exposure as at 31st March, 2014 is:

	As at 31st March,2014		As at 31st March,2013	
	In FCY	₹ In lakhs	In FCY	₹ In lakhs
ECB Loan	\$ 46,51,284.16	2,786.82	\$ 96,97,438.00	5,264.74
PCFC	\$ 3,00,000.00	179.75	-	-
Letter of Credit -USD	\$ 12,61,030.00	755.55	\$ 11,29,306.00	613.61
Bills on Collection -Euro	€ 8,991.00	7.41	-	-
Bills on Collection -USD	\$ 8,60,545.00	515.60	\$ 4,48,864.00	243.91
Bills on Collection -CHF	CHF 2,43,136.48	164.60	-	-

- B) Some of the ECB loans availed in JPY & SGD have been 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.

Note 36 :

The company has opted to avail the option provided under paragraph 46A of AS 11 : The Effects of changes in Foreign Exchange Rates inserted vide notification dated December,29 2011. Consequently, the foreign exchange differences on long term Foreign Currency Monetary item is accumulated in a "Foreign Currency Monetary item Translation Difference Account" and accordingly exchange loss on long term foreign currency loans have been amortised over the balance period of such loans.

Notes (Consolidated)

on financial statements for the Year ended 31st March 2014

Note 37 :

Related Party Disclosure 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: Not Applicable
Holding Companies
Subsidiary Companies
Fellow Subsidiaries
- B. Associates and Joint Ventures of reporting company:
Associates Indoco Analytical Solutions LLP.
Joint Ventures Nil
- C. (i) Individuals owning and having control of the reporting company
Mr. Suresh G. Kare, Mrs. Aruna S. Kare, Ms. Aditi Panandikar, Mrs. Madhura A. Ramani
(ii) Their relatives :
Dr. Milind Panandikar, Dr. Anup Ramani, Mr. Ramnath 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, Ms. Aditi Panandikar, Mr. Sundeep V. Bambolkar
(ii) Their relatives:
Mrs. Aruna S. Kare, Mrs. Madhura A. Ramani, Mr. Ramnath Kare, Mrs. Suman Naik, Mrs. Sudha Pai, Mrs. Laxmi Bambolkar, Dr. Milind Panandikar, 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 Capital Markets Ltd, A K Services, Suresh Kare Indoco Foundation

II. Transactions in respect of which disclosures to be made

Particulars of transaction		(₹ In lakhs)				
		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	Key Management personnel and their relatives	Enterprises controlled by key management personnel
		(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. P.Y.	— —	— —	— —	2.99 3.11	77.86 69.58
Agency arrangements	C.Y. P.Y.	— —	— —	— —	— —	— —
Remuneration paid	C.Y. P.Y.	— —	— —	— —	392.56 425.35	— —
Transfer of research and development		—	—	—	—	—

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 37 : Contd.

License agreements	C.Y.	—	—	—	13.26	32.62
	P.Y.	—	—	—	10.86	27.30
Finance (including loans and equity contributions in cash or in kind)	C.Y.	4.90	—	—	—	2.85
	P.Y.	—	—	—	—	—
Guarantees and collaterals		—	—	—	—	—
Management contracts including for deputation of employees		—	—	—	—	—

III. Transactions with related parties in ordinary course/ not in normal course/ not on an arm's length basis

(₹ 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	Key Management personnel and their relatives	Enterprises controlled by key management personnel
		(A)	(B)	(C)	(D)	(E)
(i) Transactions in the ordinary course	C.Y.	—	—	—	408.81	113.33
	P.Y.	—	—	—	439.32	96.88
(ii) Transactions not in the normal course		—	—	—	—	—
(iii) Transaction not on arm's length basis		—	—	—	—	—
(iv) Justification for (iii)		—	—	—	—	—

Note 38 :

Imported and Indigenous Materials Consumed :

	Current Year Apr' 13 - Mar' 14 ₹ in lakhs		Previous Year Apr' 12 - Mar' 13 ₹ in lakhs	
		%		%
(a) Raw and Packing Materials				
(i) Imported	3,837.52	16.47	2,800.87	12.51
(ii) Indigenous.....	19,460.53	83.53	19,588.64	87.49
Total	23,298.05	100.00	22,389.51	100.00
(b) Stores and Spares consumed				
(i) Imported	78.50	69.41	16.36	11.58
(ii) Indigenous	34.59	30.59	124.94	88.42
Total	113.09	100.00	141.30	100.00

Note 39 :

	Current Year Apr' 13 - Mar' 14	Previous Year Apr' 12 - Mar' 13
	₹ in lakhs	₹ in lakhs
Earnings in Foreign Currency (FOB value).....	24,803.48	21,157.54

Notes (Consolidated) on financial statements for the Year ended 31st March 2014

Note 40 :

	Current Year Apr' 13 - Mar' 14	(₹ In lakhs) Previous Year Apr' 12 - Mar' 13
Expenditure in Foreign Currency :		
(a) On travel and export promotion.....	122.87	203.55
(b) On interest on Foreign Currency Loan.....	282.62	479.65
(c) Others.....	1,128.78	340.64

Note 41 :

Value of Imports CIF Basis		
(a) Raw Materials / Packing Materials.....	3,531.16	2,648.00
(b) Capital Goods	353.33	760.82
(c) Consumable Stores	72.00	15.62

Note 42 :

Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

(a) Principal Amount Due Interest due on the above	15.91	87.37
(b) Interest paid during the year beyond the appointed day	—	—
(c) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	—	—
(d) Amount of interest accrued and remaining unpaid at the end of the year.	—	—
(e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	—	—

The above information regarding Micro Enterprises and small Enterprises has been determined on the basis of information available with the Company. No interest has been accrued on delayed payments, if any.

Note 43 :

During the year the company has subscribed to Indoco Analytical Solutions LLP a Limited Liability Partnership to the tune of ₹ 4,90,000/-. Indoco Remedies Limited holds 98% Capital of the partnership. The financial statement of Indoco Analytical Solutions LLP have not been consolidated with the company as this LLP was formed during the year and is yet to commence any business.

Note 44 :

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) &
Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2014

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PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN: L85190MH1947PLC005913

Name of the Company: **Indoco Remedies Limited**

Registered Office: Indoco House, 166 CST Road, Santacruz East, Mumbai 400098

e-mail : compliance.officer@indoco.com · website : www.indoco.com

Name of the Member(s) :	
Registered Address:	
E-mail ID:	
Folio No./Client ID:	
DP ID:	

I/We being the member(s) having _____, shares of the above named company, hereby appoint

1. Name:
Address:
..... E-mail ID:
Signature:, or failing him/her
2. Name:
Address:
..... E-mail ID:
Signature:, or failing him/her
3. Name:
Address:
..... E-mail ID:
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixty Seventh Annual General Meeting of the Company, to be held on Wednesday 30th July, 2014, at 11.30 a.m. at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400051, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2014, Audited Balance Sheet and Cash Flow as on 31st March 2014 and together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2014.
3. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To change the terms of appointment of Ms. Aditi Panandikar who will now retire by rotation and is eligible for reappointment
5. To change the terms of appointment of Mr. Sundeep V. Bambolkar who will now retire by rotation and is eligible for reappointment
6. To consider reappointment Mr. D.M. Gavaskar - Independent Director of the Company not being liable for rotation.
7. To consider reappointment Mr. Sharad P. Upasani - Independent Director of the Company not being liable for rotation.
8. To consider reappointment Mr. Rajiv Kakodkar - Independent Director of the Company not being liable for rotation.
9. To consider reappointment Dr. Anil Naik - Independent Director of the Company not being liable for rotation.
10. To consider appointment of Dr. Anand Nadkarni as a Non-Executive Director of the Company liable to retire by rotation.
11. To approve the remuneration of the Cost Auditors - M/s Sevekari, Khare & Associates, Cost Accountants for the financial year ended 31st March 2015

Signed this _____ day of _____ 2014

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affix
1 Re.
Revenue
Stamp

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

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Corporate Events





**Constantly Evolving ...
Consistently Excelling**



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Web: www.indoco.com