

ANNUAL
REPORT
2015 - 2016



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, Independent Director
MR. RAJIV P. KAKODKAR, Independent Director
MR. SHARAD P. UPASANI, Independent Director
DR. ANIL M. NAIK, Independent Director
DR. ANAND NADKARNI, Non Executive Director

◆ President (Finance) and Company Secretary

MR. SUNIL D. JOSHI

◆ Registered Office

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

◆ Company Identification Number

CIN: L85190MH1947PLC005913

◆ Registrar & Share Transfer Agent

LINK INTIME INDIA PVT. LTD.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400 078.

◆ Auditors

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

◆ Bankers

Citibank N. A.
DBS Bank Ltd.
HDFC Bank Ltd.
IDBI Bank Ltd.
Kotak Mahindra Bank Ltd.
Saraswat Co-op Bank Ltd.
Standard Chartered Bank
State Bank of India



MESSAGE FROM THE TOP MANAGEMENT

Dear Stakeholders,

Indoco Remedies has achieved yet another milestone this year, with total revenues crossing Rs.1000 crores. This leap has been possible due to the untiring spirit of Indocoites and support of our Customers in India and across the globe.

At the beginning of the year, a major restructuring exercise was initiated in the Domestic formulation business to ensure market penetration by way of prescription growth from speciality segments on a sustainable basis. The domestic formulation business introduced twenty new products during the year, a few of which, were first time introductions in the Indian market.

It gives us great pleasure in informing you that the Company has received the Establishment Inspection Reports (EIRs) from USFDA for its sterile and solid dosage facilities (Goa Plant I and II). These approvals confirm the closure of inspection conducted by USFDA in July 2015 and October 2015. With these approvals, all our finished dosage manufacturing facilities in Goa and two of our API manufacturing facilities in Patalganga and Rabale are USFDA approved.

International business is steadily increasing its contribution to the total revenues of the Company, which has gone up to 43 % as compared to 37 % last year.

Company's Clinical Research Organisation (CRO, Hyderabad), specialized in conducting bio-equivalence studies (Acquired from Piramals in April 2015) is now fully integrated. During the year, the CRO conducted 46 studies, of which, 11 were for sponsors outside India.

To meet the anticipated increase in demand, the Company is investing in building capacities both for APIs as well as Finished Dosages. The New API facility at Patalganga is in the construction phase and new facilities for sterile and solid dosages are in the planning stage.

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 contributions, which we value the most.

Thanking you all,



Suresh G. Kare
Chairman



Aditi Panandikar
Managing Director



Sundeep V. Bambolkar
Jt. Managing Director



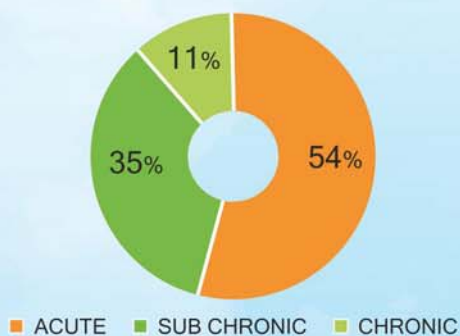
BUSINESS PERFORMANCE FY 15-16

Segment Wise Contribution

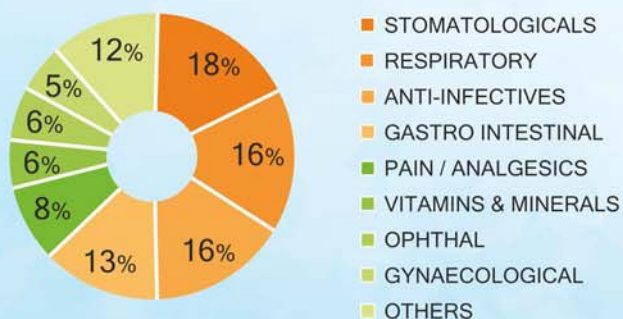


Indian Business

Product Portfolio

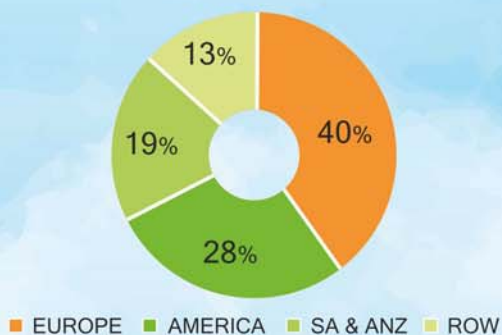


Therapeutic Categories

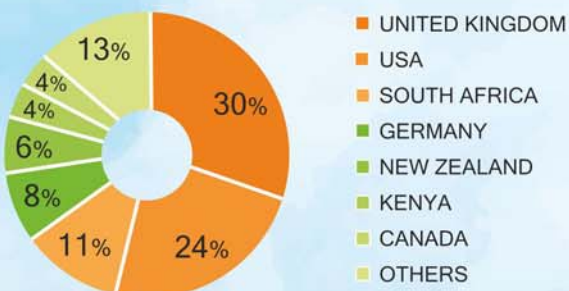


International Business

Regions



Countries



HIGHLIGHTS FY 15-16



CORPORATE SOCIAL RESPONSIBILITY



The Company is committed to its social responsibility and carries out CSR activities under the banner of 'Sumati Sangopan'. Under the guidance of the CSR committee of Directors, the sub-committees from different departments of INDOCO identify institutions engaged in CSR activities like, Healthcare, Education, Environment and Sanitation. The Company contributes through financial, as well as non-financial assistance by working with institutions operating across India.

Better lives for a Brighter future

CSR Team with Holy Family Hospital



CSR team at Aadhar, Nashik - Home for mentally challenged adults



Spreading smiles at Muskan - Home for specially abled children

Donated AC Hall for School in Harnal, Goa



Donated Generator to Aadhar, Nashik

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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 / Website: www.indoco.com

Notice

Notice is hereby given that the Sixty- Ninth Annual General Meeting of the members of INDOCO REMEDIES LIMITED will be held on Friday, July 29, 2016, 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 financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and the Auditors thereon;
 - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the Report of the Auditors thereon.
2. To ratify the payment of interim dividend and to declare a final dividend on Equity Shares for the year ended March 31, 2016.
3. To appoint a director in place of Ms. Aditi Panandikar (DIN 00179113), who retires by rotation and being eligible, offers herself for re-appointment.
4. To consider and if thought fit, to pass with or without modification (s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s Patkar & Pendse, a Firm of Chartered Accountants, (Firm Registration No. 107824W) as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 70th Annual General Meeting of the Company to be held in year 2017 to examine and audit the accounts of the Company for the Financial Year 2016-17 at such remuneration plus service tax, out-of-pocket expenses etc., as may be mutually agreed between the Board of Directors and the Auditors.”

SPECIAL BUSINESS

5. 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), the Cost Auditors 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 March 31, 2017, 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 is hereby authorised to undertake all such acts, deeds, things and take steps as may be necessary proper or expedient to give effect to this resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any amendment thereto or enactment thereof for the time being in force), consent of the Company be and is hereby accorded to keep the Register and Index of Members, copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents required to be annexed thereto or any other documents as may be required, at the office of the Registrar and Share Transfer Agent of the Company viz. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 or its any other office or place within the Mumbai city, instead of the Registered Office of the Company.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof of the Company be and are hereby authorized to do all such things and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto.”

Notes:

1. The Statement setting out the material facts relating to Special Business at the meeting pursuant to section 102 of the Companies Act, 2013 is annexed hereto.
2. As required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a brief profile of Director seeking re-appointment at ensuing Annual General Meeting is given.
3. A member entitled to attend and vote at the Annual General Meeting (AGM) 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 i.e. by 11.30 A.M. on Wednesday, July 27, 2016.

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.

4. Bodies Corporate who are members of the company are requested to send duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
5. 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.

6. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, July 22, 2016 to Friday July 29, 2016 (both days inclusive) for the purpose of determining the names of members eligible for final dividend on Equity Shares if declared, at the meeting.
7. The dividend for the year ended March 31, 2016 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 July 29, 2016. 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 August 03, 2016.
8. Pursuant to Section 205A and Section 205C to the Companies Act, 1956, (which are still applicable as the relevant Sections under the Companies Act, 2013 are yet to be notified), the Company has transferred on due dates the unpaid or unclaimed dividends for the financial Year 2007-2008 and 2008-2009 (Interim dividend) to Investor Education and Protection Fund (the IEPF) established by the Central Government.

Pursuant to provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on July 30, 2015 (date of the last Annual General Meeting) on the website of the Company (www.indoco.com) as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in)

Dividends for the financial years 2008-2009 (Final) 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 2008-2009 (Final) onwards and seek revalidation of their warrants are requested to write to Company or the Registrars without any delay.

9. 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 and with the Company/Link Intime India Pvt. Ltd. (Registrars) in case of shares held in physical form.

10. Annual Report copies will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report.
11. 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/the Company's Registrars.

12. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company/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 NEFT/RTGS. Members holding shares in physical form and desirous of availing the facility are requested to contact the Company/the Company's Registrars.
13. Facility of nomination is now available and members are requested to make use of the same by contacting the Company/the Company's Registrars in case of physical holding and DPs in case of demat holdings.
14. For any assistance or information about shares, dividend etc., members may contact the Company/the Company's Registrars.
15. 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 correspondence with the Company/ Company's Registrars.
16. Members who hold shares in multiple folios and in identical names are requested to contact the Company/the Registrars for consolidating their holdings into a single folio.
17. 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.
18. 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.

19. All the documents referred to in the accompanying Notice and the explanatory statement shall be open for inspection at the registered office of the Company during business hours except on holidays, up to and including the date of the Annual General Meeting.
20. Details of Director seeking appointment in the Annual General Meeting scheduled on Friday, July 29, 2016 Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

| | |
|---|--|
| Name of Director | Ms. Aditi Panandikar |
| Date of Birth | January 22, 1970 |
| Date of Appointment | March 27, 2004 |
| Expertise in Specific Functional area | Business Development, Human Resources and Marketing Functions |
| Qualification | B. Pharm, Masters in Business Management-Ohio State University |
| Board Membership of other Public Companies as on March 31, 2016 | 2 |
| Chairman / Member of the Committee of the Board of Directors of the Company as on March 31, 2016 | Member - Stakeholder Relationship Committee Chairperson - CSR Committee |
| Chairman / Member of the Committee of Directors of the other companies in which he/she is a Director as on March 31, 2016 | |
| a. Audit Committee | Nil |
| b. Stakeholders Relationship Committee | Nil |
| c. Other Committees | Nil |
| Number of Shares held on March 31, 2016 | 5559013 |
| Disclosure of relationship between director inter-se | Mr. Suresh G. Kare, Chairman - (Father) |

21. E-Voting:

In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Company (Management and Administration) Rule, 2014 the Company has provided 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on all the resolutions mentioned in the notice of the 69th Annual General Meeting of the Company.

The facility for voting through ballot/ polling paper shall also be made available at the venue of the 69th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed CS Ajit Sathe, proprietor of M/s A.Y. Sathe & Co., Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed July 22, 2016 as the 'Cut-off Date'. The remote e-voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. July 22, 2016 only.

The instructions for shareholders voting electronically are as under:

- (i) The remote e-voting period begins on July 25, 2016 at 10.00 a.m. (IST) and ends on July 28, 2016 at 05.00 p.m.(IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 22, 2016 may cast their votes electronically.

The remote e-voting module shall be disabled by CDSL for voting after 5.00p.m (IST) on July 28, 2016.

- (ii) The shareholders should log on to the e-voting website: www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

| | For Members holding shares in Demat Form/ Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/ Depository Participant are requested to use the Sequence Number printed on Attendance Slip, in the PAN Field |
| 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. |
| There are 2 fields provided viz. DOB and Dividend Bank Details. Any one detail may be entered | |
| # Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company, please enter the member id / folio number in the 'Dividend Bank Details' field as mentioned in instruction (iv). Dividend Bank Details means Bank account number which is recorded in the demat account. | |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote. In this case, it would be Indoco Remedies Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (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) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If you as a Demat account holder have forgotten the existing password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non Individual Shareholders and Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to: **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xx) Name, email id and phone number of the person responsible to address the grievances connected with facility for voting by electronic means:
Mr. Jayshankar Menon- Executive Senior Manager Secretarial
Tel: 022-33861400 Extn: 477/ email: jmenon@indoco.com
- (xxi) Website address of the Company where notice of the meeting is displayed:
www.indoco.com.

Mumbai, May 27, 2016

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

◆ ◆ ◆

ANNEXURE TO NOTICE

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

Item No. 5

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 March 31, 2017.

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 shareholder of the Company.

Accordingly consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 5 of the Notice for ratification of their remuneration payable to the Cost Auditors for the financial year ending March 31, 2017.

The Directors recommend the said resolution proposed vide Item No. 5 to be passed as an Ordinary Resolution by the members.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the said resolution.

Item No. 6

As required under the provisions of Section 94 of the Companies Act, 2013, certain documents such as the Register of Members, Index of Members and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a Special Resolution passed at a general meeting of the Company.

Accordingly, the approval of the members is sought in terms of Section 94(1) of the Companies Act, 2013, for keeping the aforementioned registers and documents at the office of the Registrar and Transfer Agent ("RTA"), Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 or any other office or place within the Mumbai city.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Maharashtra, at Mumbai, as required under the said Section 94 (1) of the Companies Act, 2013.

The Directors recommend the said resolution proposed vide Item No. 6 to be passed as Special Resolution by the members.

None of the Directors, Key Managerial Personnel of the Company, and/or their relatives may be deemed to be concerned or interested in the said resolution.

Mumbai, May 27, 2016

By order of the Board

SUNIL D. JOSHI

President (Finance) & Company Secretary



Directors' Report

Dear Members,

Your Directors are pleased to present the Sixty-Ninth Annual Report on the business operations together with the Audited Accounts for the Financial Year ended March 31, 2016 and on the state of affairs of the Company

Financial Performance

The highlights of the performance of the Company for the year ended March 31, 2016 is summarized below:

(₹ crores)

| Particulars | Financial Year ended March 31, 2016 | Financial Year ended March 31, 2015 |
|--|--|--|
| Sales & Operations | 1010.43 | 864.85 |
| Less: Excise Duty | 10.03 | 11.21 |
| Net Sales | 1000.40 | 853.64 |
| Add: Other Income | 1.23 | 1.74 |
| Total Income | 1001.63 | 855.38 |
| Profit Before Interest, Depreciation & Tax | 173.54 | 166.93 |
| Less: Finance Cost | 12.27 | 10.34 |
| Less: Depreciation & amortisation | 60.34 | 47.11 |
| Profit Before Tax | 100.93 | 109.48 |
| Less: Provision for Taxation | | |
| - Current | 22.33 | 30.61 |
| - Deferred | (2.90) | (3.51) |
| - Earlier Years | 0.05 | 2.56 |
| - MAT credit Entitlement | (1.87) | (2.99) |
| Net Profit After Tax | 83.32 | 82.81 |
| Balance brought forward | 207.28 | 161.92 |
| Amount available for appropriation | 290.59 | 244.73 |
| Appropriation: | | |
| - Interim Dividend | 12.90 | - |
| - Proposed Dividend | 1.84 | 14.74 |
| - Dividend Tax | 3.00 | 3.00 |
| - Adjustment relating to Fixed Assets | - | 4.71 |
| - Transfer to General Reserve | 15.00 | 15.00 |
| - Balance carried forward | 257.85 | 207.28 |
| | 290.59 | 244.73 |

Results from Operations

During the Year the Company achieved Turnover of ₹ 1000 crore. Contribution of International Business has gone up to 43% of the Total Turnover. On the domestic front, a spate of price controls and products listed in the National List of Essential Medicines (NLEM) and Government Notification which banned 344

fixed dose combinations adversely affected the Pharma Industry. The ban will affect some of the company's products but will not have a substantial impact on the overall Turnover. Your company has filed a writ petition in the Delhi High court seeking a stay over the ban.

During the year 2015-16, the total income of the Company amounted to ₹ 1,001.63 crore as compared to ₹ 855.38 crores in the previous year. This represents a 17.1% growth. The Profit before tax (PBT) at ₹ 100.93 crores as compared to ₹ 109.48 crores in the previous year represents a decline of 7.8%. After providing for Tax and MAT, the Net Profit (PAT) amounted to ₹ 83.32 crores as against ₹ 82.81 crores in the previous year. The decrease in PBT and marginal increase in PAT is mainly due to increase in input and other costs.

In December, 2015, the Company incorporated Indoco Remedies Singapore Pte Limited, a 100% subsidiary. The subsidiary will be used for the expansion of the company's ambitious plans to extend its activities in the European and US markets.

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

The Board has recommended a Final Dividend of 10% (₹ 0.20 per share) i.e. ₹ 1.84 crores for the year 2015-16. An interim dividend of 70% (₹ 1.40 per share) i.e. ₹ 12.90 crores has already been paid for the year 2015-16. Thus, the total dividend for the year 2015-16 is 80% (₹ 1.60 per share) i.e. ₹ 14.74 crores as against 80% (₹ 1.60 per share) i.e. ₹ 14.74 crores paid in the previous year. Provision of ₹ 0.37 crores has been made for corporate dividend tax on the final dividend proposed. Corporate dividend tax of ₹ 2.63 crores has already been paid on the interim dividend paid for the year 2015-16. The total Tax on distributed profits payable by the Company would amount to ₹ 3.00 crores as against ₹ 3.00 crores paid in the previous year.

The Directors have recommended transfer of an amount of ₹ 15.00 crores to General Reserves (Previous year ₹ 15.00 crores).

Energy Conservation/Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure A".

Share Capital

The paid up Equity Share Capital as on March 31, 2016 was ₹ 18.43 crore. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

As on March 31, 2016 other than

Mr. Suresh G. Kare - Chairman

Ms. Aditi Panandikar – Managing Director

Mr. Sundeep V. Bambolkar – Jt. Managing Director

none of the other Directors of the Company held shares of the Company

Finance

Cash and cash equivalent as at March 31, 2016 was ₹ 13.89 crore. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

Deposits

The Company has not accepted any Deposit covered under Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposit) Rules, 2014.

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Credit Rating

ICRA has reaffirmed Company's long term borrowings rating as AA- and the short term borrowing rating as A1+.

These ratings are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

Corporate Social Responsibility (CSR)

As required u/s 135 of the Companies Act, 2013, during the year, the Company undertook a number of CSR initiatives which is mainly focused on promoting education, health and public hygiene. In this connection the Company during the year under consideration spent an amount of ₹ 0.89 crore as against an amount of ₹ 1.53 crores required to be spent. A detailed list of the CSR expenditure made is annexed herewith as **"Annexure B"**. The shortfall of ₹ 0.64 crores is mainly due to the fact that some of the projects sanctioned are taking time for completion and hence entire amount on those Projects has not been spent. The balance amount on those projects will be spent in the FY 2016-2017

In addition to fulfilling its CSR obligations, the Company during the year made substantial donations of free medicines to charitable bodies for distribution among the needy.

Internal Control Systems and their Adequacy

The Company has an Internal Control System, commensurate with the size of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report, significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company's Internal Auditor also monitors and evaluates the internal control system and submits Quarterly Reports which are also placed before the Audit Committee of the Board.

The Risk Management Policy of the Company is available on the Company Website at:

http://www.indoco.com/policies/the_risk_management_policy.pdf

Whistle Blower Policy

The Company has a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Policy is explained in the Corporate Governance Report and also posted on the website of the Company at: http://www.indoco.com/policies/whistle_blowers_policy.pdf.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16:

- No of complaints received: Nil
- No of complaints disposed off: Nil

Subsidiaries:

The Company has three subsidiary companies:

1. Xtend Industrial Designers and Engineers Private Limited
2. Indoco Pharmchem Limited
3. Indoco Remedies Singapore Pte. Ltd.

The salient financial statements of the subsidiaries are given herein below:

| CIN | U93000MH1995PTC086174 | U33112MH2012PLC232609 | 201542731W |
|-------------------------------------|---|-------------------------------|-------------------------------------|
| Name of the Subsidiary | Xtend Industrial Designers and Engineers Pvt. Ltd | Indoco Pharmchem Ltd. | Indoco Remedies Singapore Pte. Ltd. |
| Reporting period for the subsidiary | April 1, 2015 - March 31, 2016 | April 1, 2015- March 31, 2016 | December 9, 2015- March 31, 2016 |
| Reporting Currency | INR (₹) in lakhs | INR (₹) in lakhs | USD (\$) in lakhs |
| Share Capital | 202.70 | 5.00 | 0.11 |
| Reserve and Surplus | 32.06 | (1.41) | (0.08) |
| Total Assets | 525.26 | 3.82 | 0.06 |
| Total Liabilities | 525.26 | 3.82 | 0.06 |
| Investments | Nil | Nil | Nil |
| Turnover | 336.66 | Nil | Nil |
| Profit / (Loss) before Taxation | (29.75) | (0.41) | (0.08) |
| Provision for Taxation | 1.55 | 0 | 0 |
| Profit/(Loss) after Taxation | (28.20) | (0.41) | (0.08) |
| Proposed Dividend | 0 | 0 | 0 |
| % of shareholding | 100% | 100% | 100% |

The Company has one associate LLP:

1. Indoco Analytical Solutions LLP

There was no activity in the associate LLP - Indoco Analytical Solutions LLP. The extract of the Financial Statement is given herein below:

| | |
|---|--|
| Name of the Associate | Indoco Analytical Solutions LLP |
| Latest Audited Balance Sheet Date | April 1, 2015 - March 31, 2016 |
| Share of Associate held by the Company as on March 31, 2016 | |
| i) Nos | NA |
| ii) Amount of Capital Contributed | ₹ 490000 |
| iii) Extent of Holding | 98% |
| Description of how there is significant influence | The company holds 98% of the capital of the LLP |
| Reason why the associate is not consolidated | There was no business activity during the Financial Year |
| Net worth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Lakhs) | 4.02 |
| Profit/(Loss) for the Year | |
| i) Considered in Consolidation | 0 |
| ii) Not considered in Consolidation (₹ in Lakhs) | (0.16) |

The audited financial statements, the Auditors Report thereon and the Board's Report for the year ended March 31, 2016 for each of the Company's subsidiaries and Financial Statement of the Company's associate LLP are available on the Company website.

Indoco Remedies Singapore Pte. Ltd., became a subsidiary Company of Indoco Remedies Ltd., during the year under consideration.

No other Company has become or ceased to be a Joint Venture or Associate company of Indoco Remedies Limited during the year under consideration.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company prepared in accordance with relevant Accounting Standards (AS) viz. AS 21, AS 23 and AS 27 issued by the Institute of Chartered Accountants of India forms part of this Annual Report.

Directors

In terms of provisions of the Section 152(6) of the Companies Act, 2013, Ms. Aditi Panandikar retires by rotation at the forthcoming Annual General Meeting, and being eligible offers herself for re-appointment. The profile of director seeking reappointment pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Annual Report.

No Director or Key Managerial Personnel was appointed or has resigned during the year under consideration. Mr. Sharad P Upasani was appointed to the Audit committee in the meeting held on May 27, 2015.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year, 5 (Five) Board Meetings were held and the gap between two Board Meetings did not exceed 120 days. Details of the Board Meeting are given in the Report on Corporate Governance.

Board evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, CSR Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, KMP and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

1. The Board Affirms that the remuneration paid is as per the Remuneration Policy of the Company.
2. The percentage increase in the remuneration of Company Secretary in the financial year was 16.4%.
3. The percentage increase in the median remuneration of employees in the financial year was 8.9%.
4. Average percentage increase in salaries of non-managerial employees was 13.4% as compared to average percentage increase in managerial remuneration which was 14.8%.
5. Number of Permanent employees on the rolls of the company as on March 31, 2016 was 5720 Nos.
6. The Ratio of the remuneration paid to each Director to the median remuneration of the employees of the Company during the year under consideration:

| <i>Name of Director</i> | <i>Remuneration Paid</i> | <i>Median Remuneration</i> | <i>Ratio</i> |
|---|--------------------------|----------------------------|--------------|
| Mr. Suresh G. Kare (Executive Chairman) | 25019600 | 184302 | 1:136 |
| Ms. Aditi Panandikar (Managing Director) | 15673200 | 184302 | 1:85 |
| Mr. Sundeep V. Bambolkar (Jt. Managing Director) | 14416646 | 184302 | 1:78 |
| Mr. Sharad P. Upasani (Independent Director) | 180000 | 184302 | 1:0.98 |
| Mr. D. M. Gavaskar (Independent Director) | 180000 | 184302 | 1:0.98 |
| Dr. Anil M. Naik (Independent Director) | 165000 | 184302 | 1:0.90 |
| Mr. Rajiv P. Kakodkar (Independent Director) | 160000 | 184302 | 1:0.87 |
| Dr. Anand Nadkarni (Non Executive Director) | 80000 | 184302 | 1:0.43 |

7. There has been an increase in the remuneration paid to the Executive Directors. There has been no increase in the sitting fees paid to the Independent Directors and Non Executive Director. During the year there has been an increase in Sales by 17.10% and an increase of 0.62% in PAT.
8. Comparison of remuneration of the Key Managerial Personnel against the performance of the Company":
 - i) Change in sales of the Company : 17.10% increase
 - ii) Change in the PAT of the Company: 0.62% increase
 - iii) Change in the remuneration of Mr. Sunil D. Joshi (KMP) 16.4%
9. Variation in Market capitalization

2016 : ₹ 2677 crore

2015: ₹ 3352 crore

Price earning Ratio as on March 31, 2016: 32.03

Price earning Ratio as on March 31, 2015: 40.47

% Increase in market quotation in the shares of the company in comparison to the rate at which the company came out with the last public issue: 785.22%

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 134(3)(c) of the Companies Act, 2013:

- 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, 2013 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;
- v. that the company has laid down internal financial controls and such internal financial controls are adequate and operating effectively;
- vi. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively;

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior approval of the Audit Committee is obtained on a yearly basis specifying the upper ceiling as to amount for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the prior approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The particulars as required under the Companies Act, 2013 is furnished in **Annexure C** to this report.

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Statutory Auditors

The Members at the Sixty Seventh Annual General Meeting approved the appointment of M/s. Patkar & Pendse, 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 till the conclusion of the Seventieth Annual General Meeting to be held in 2017.

M/S Patkar and Pendse have confirmed that they continue to be eligible under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for continuing as Auditors of the Company. As required by the Companies Act, 2013, the Members are requested to ratify their appointment as Auditors for the FY 2016-2017.

Cost Auditors

In terms of the Order issued by the Central Government under Section 148 of the Companies Act, 2013 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).

For FY 2015-2016, the Company had appointed M/s Sevekari Khare & Associates (Firm Registration No. 000084) to get the audit of the cost records done. They would be required to submit the reports by September 29, 2016.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s Sevekari Khare & Associates, Cost Auditors is included at Item No. 5 of the Notice convening the Annual General Meeting.

Secretarial Audit

The Secretarial Audit was carried out by M/s A. Y. Sathe & Co., Company Secretaries in Practice (Registration No.:FCS2899/COP738) for the financial year 2015-2016. The Report given by the Secretarial Auditors is annexed as "**Annexure D**" and forms integral part of this Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act

In terms of Section 204 of the Companies Act, 2013, on the recommendation of the Audit Committee, the Board of Directors has appointed CS Ajit Sathe - Proprietor of M/s A. Y. Sathe & Co. Company Secretaries in Practice (Registration No.:FCS2899/COP738) to undertake the Secretarial Audit of the Company for FY 2016-2017.

Corporate Governance

We comply with the Securities and Exchange Board of India (SEBI)'s guidelines on corporate governance. We have documented our internal policies on corporate governance. Several aspects of the Act, such as the Whistleblower Policy and Code of Conduct and Ethics, have been incorporated into our policies. Our Corporate Governance report for the year 2015-2016 forms part of this Annual Report. The Report is duly certified by the Statutory Auditors of the Company whose certificate is also annexed.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure E".

Particulars of Employees

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is provided in the Corporate Governance Report.

Employees Relations

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

Acknowledgement

Your Company has been able to operate efficiently through continuous improvement in all functions and areas by efficiently utilizing the Company's resources. The Directors wish to place on record their appreciation of the services rendered by each and every employee, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible. The Directors also wish to place on record their word of sincere appreciation to the bankers and financial institutions, the investors, the vendors, the customers, the medical profession and all other business associates for their continued support. Your Directors look forward to the long term future with confidence.

Cautionary Statement

Statements in this Report, particularly those which relate to Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman

DIN:00179220

Mumbai, May 27, 2016



Annexure-A to the Directors' Report

A) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

Particulars required under Section 134(3)(m) of the Companies Act, 2013 read with the Rules 8(3) of the Companies (Account) Rules, 2014.

- (a) Steps taken or impact of conservation of energy during 2015-2016:
 1. Installation of 5 star rating motors to major plant machineries and AHU motors to save electricity.
 2. Installation of LED lamps in various departments to save electricity.
 3. Installation of Screw chillers in Goa plant I & Goa plant II to save electricity and maintenance cost.
 4. Installation of pressure transmitter with VFD logic & SCADA installed for chiller to save electricity.
 5. Human motion sensor installed for air conditions and lamps for various location to save electricity.
- (b) Steps taken by the Company for utilizing alternative sources of energy.
Feasibility study undertaken for
 1. Old Reciprocating air compressors to be replaced by efficient screw air compressors in Goa I & Goa II plants.
 2. Replacement of reciprocating chillers to screw chiller for saving electrical and maintenance cost.
 3. Replacement of old motors with 5 star rating motors to save electricity.
 4. Installation of High speed Blister pack machine to increase production with saving of Electricity.
- (c) The Capital investment on energy conservation equipments: ₹ 3.00 Crores
- (d) Total energy consumption and energy consumption per unit of production:

FORM A

1. Power and Fuel Consumption

| Particulars | Current year | Previous Year |
|-------------------------------------|--------------|---------------|
| 1) Electricity | | |
| a) Purchased Units (in lakhs) | 294.29 | 257.49 |
| Total Amount (₹ lakhs) | 1816.07 | 1472.99 |
| Rate/Unit (₹) | 6.17 | 5.72 |
| b) Own generation | | |
| i) Through diesel generator | | |
| Units (KWH'000) | 998.90 | 1231.13 |
| Units per litre of diesel oil (KWH) | 2.66 | 2.83 |
| Rate/Unit (₹) | 19.00 | 21.52 |
| ii) through steam turbine/generator | | |
| Units | | |
| Units per litre of fuel oil/gas | Nil | Nil |
| Cost/Unit (₹) | | |

| Particulars | Current year | Previous Year |
|--|--------------|---------------|
| 2) Coal | | |
| Qty | Nil | Nil |
| Total cost | | |
| Average rate (₹) | | |
| 3) Furnace Oil | | |
| Qty (Kilo litres) | 509.64 | 483.83 |
| Total Amount (₹lakhs) | 133.23 | 207.46 |
| Average rate (₹) | 26.14 | 42.88 |
| 4) Others/internal generation (briquettes, cashew seeds etc.) | | |
| Quantity | Nil | Nil |
| Total Cost (₹ lakhs) | 156.55 | 173.59 |
| 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)

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

R&D Team works on the development of Finished Dosages and APIs for domestic and international business. The Chemical Research Department (CRD) works on chemical synthesis, process chemistry, designing of non-infringing processes and scale up of APIs. The Finished Dosages research (F&D) team develops formulations in various dosage forms, Novel New Drug Delivery Systems (NDDS) and new platform technologies. Extensive in vitro dissolution / diffusion studies are carried out to establish in vivo / in vitro co-relation for Ophthalmic Suspensions, NDDS, complex generics like Multi Unit Pellet stems (MUPS), Enteric Coated Pellets & Topical Drug Delivery Systems. Complex Ophthalmic Formulations like Nano-Suspensions, Ophthalmic Gels, Ophthalmic Ointments and Emulsions are also being developed.

The Company has now made a foray into development of 'Super generics' and Novel Formulations for submission to USFDA through 505b(2) regulatory pathway. Safer alternatives in ophthalmics are being developed by eliminating preservatives from the formulation, for Europe and using patented multi dose container closure system.

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 process in the lab scale is carried out with a view to create design space for the products which ensures robust formulation development and smooth technology transfer to manufacturing sites. Indoco's core strength lies in its ability to excel in developing technologically complex products through a highly skilled team of 300 plus scientists.

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

- Creation of the Company's own intellectual property which can be exploited commercially.
- Preventing competitors from blocking ideas for Novel manufacturing processes.
- R&D efforts gives an edge over the competitors in the market place in terms of early entry and better pricing.
- The Company's patent portfolio consists of

| | <i>Granted Patents</i> | <i>Patent Application</i> |
|-------------|------------------------|---------------------------|
| Formulation | 4 | 23 |
| API | 12 | 47 |

3. Future plan of action:

Development of non-infringing API manufacturing processes, patentable Novel Drug Delivery System (NDDS) formulations, filing Para IV, NCE-1 and 505(b)2 applications using new technology platforms. Developing an expertise in the analytical methods development for offering value added services for Isolation and Characterization of Impurities, extractables, leachables, polymorphism and lyophilization study.

4. Expenditure on R & D:

| <i>Sr. No.</i> | <i>Particulars</i> | <i>Current Year ₹ Crores</i> | <i>Previous Year ₹ Crores</i> |
|----------------|---|----------------------------------|-----------------------------------|
| 1. | Capital | 12.45 | 16.36 |
| 2. | Recurring | 43.18 | 21.67 |
| 3. | Total | 55.63 | 38.03 |
| 4. | Total R&D expenditure as a % of total net sales | 5.72 | 4.48 |

Technology absorption, adaptation and innovation:

1. During the year the following processes were successfully implemented:

- a) Alogliptin Benzoate: The technology for synthesizing Alogliptin Benzoate was developed in-house by using a novel route and the process was successfully scaled up to manufacturing.
- b) Apixaban: A Non infringing, commercially feasible and economically viable route for Apixaban synthesis was developed at the R&D and scaled up at the plant level.
- c) Rasagiline Tartrate: A Non infringing, commercially feasible and economically viable route for Rasagiline Tartrate synthesis was developed at the R&D and scaled up at the plant level.

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 - N.A.
has not taken place, reasons thereof
and future plans of action

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:

| Sr. No. | Particulars | Current Year (₹ crores) | Previous Year (₹ crores) |
|---------|-------------------------------------|----------------------------|-----------------------------|
| 1. | Total foreign exchange earned (CIF) | 414.69 | 316.82 |
| 2. | Total foreign exchange used | 101.70 | 81.88 |

For and on behalf of the Board of Directors

SURESH G. KARE
Chairman
DIN:00179220

Mumbai, May 27, 2016

◆ ◆ ◆

Annexure-B

Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below:

The detailed policy is available on the Company Website at: <http://www.indoco.com/csr-policy.asp>

Composition of the CSR Committee:

Ms. Aditi Panandikar (Managing Director)
Mr. Sundeep V. Bambolkar (Jt. Managing Director)
Dr. Anil M. Naik (Independent Director)

Average net profit of the Company for last three financial years: ₹ 76.65 crores

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above): ₹ 1.53 crores

Details of CSR spend for the financial year:

A Total amount spent for the financial year: ₹ 88.63 Lakhs

B Amount unspent, if any: ₹ 64.37 Lakhs

The shortfall is mainly due to the fact that some of the projects sanctioned are taking time for completion and hence entire amount on those Projects has not been spent. The balance amount on those projects will be spent in the FY 2016-2017

Manner in which the amount spent during the financial year is detailed below:

| Sl. No | Project / Activities | Sector | Location | Amount Budgeted (₹ Lakhs) | Amount Spent (₹ Lakhs) | Cumulative Spent upto Reporting period (₹ Lakhs) | Amount Spent: Direct or through Implementing Agency (₹ Lakhs) |
|--------|--|----------------------------------|------------|------------------------------|---------------------------|---|--|
| 1 | Muskan Foundation for People with Multiple Disabilities | Promoting Education | Mumbai | 3.00 | 3.08 | 3.08 | Direct |
| 2 | Chetana Apangmati Vikas Sanstha | Machines for vocational training | Kolhapur | 4.28 | 2.00 | 2.00 | Direct |
| 3 | Government Primary School Katha, HP | Promoting Education | Baddi, H.P | 5.00 | 0.02 | 0.02 | Direct |
| 4 | Indian Association for Promotion of Adoption and Child Welfare | Promoting Education | Mumbai | 0.10 | 0.10 | 0.10 | Direct |
| 5 | Harmal Panchakroshi Shikshan, Mandal | Promoting Education | Goa | 47.00 | 29.57 | 29.57 | Direct |

| Sl. No | Project / Activities | Sector | Location | Amount Budgeted (₹ Lakhs) | Amount Spent (₹ Lakhs) | Cumulative Spent upto Reporting period (₹ Lakhs) | Amount Spent: Direct or through Implementing Agency (₹ Lakhs) |
|----------------|--|----------------------------------|-----------|------------------------------|---------------------------|---|--|
| 6 | Adhar-Association of Parents of Mentally retarded children | Project for beds with mattresses | Nashik | 16.00 | 14.42 | 14.42 | Direct |
| 7 | Greenland Nursery | Plantation of trees | Goa | 12.82 | 12.36 | 12.36 | Direct |
| 8 | God's Gift Engineering | Plantation of trees | Goa | 6.77 | 6.76 | 6.76 | Direct |
| 9 | Child Vision & Education | Cancer treatment | Mumbai | 3.00 | 3.00 | 3.00 | Direct |
| 10 | Bharati Vidyapeth Dental College | Promoting education | Sangli | 4.00 | 1.00 | 1.00 | Direct |
| 11 | Samaj Seva Sangh | Promoting education | Goa | 73.68 | 3.38 | 3.38 | Direct |
| 12 | Kshamata (Konkani Language and Cultural Foundation) | Promoting education | Mangaluru | 6.75 | 6.75 | 6.75 | Direct |
| 13 | Seva Sahayog Foundation | Promoting education | Mumbai | 6.00 | 6.00 | 6.00 | Direct |
| 14 | National Society for the Blind | Folding canes for blind | Mumbai | 0.14 | 0.14 | 0.14 | Direct |
| 15 | Blind organization of India | Sponsorship | Mumbai | 0.05 | 0.05 | 0.05 | Direct |
| Total : | | | | 188.59 | 88.63 | 88.63 | |

Summary of CSR Expenditure Incurred

| Year | Amount Required to be spent on CSR | Amount Budgeted | Amount Spent |
|-----------|------------------------------------|-----------------|--------------|
| | ₹ in Lakhs | | |
| 2014-2015 | 114.50 | 164.62 | 133.93 |
| 2015-2016 | 153.00 | 188.59 | 88.63 |

Annexure-C

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any transaction which is not on arms length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

| <i>Name of the party with which contract is entered into</i> | <i>Principal terms and conditions</i> | | | <i>Date of Approval</i> | <i>Amount paid as Advance</i> |
|--|---------------------------------------|--------|-------------|-------------------------|-------------------------------|
| | | | ₹ | | |
| Aditi Panandikar | House Rent | Yearly | 1,80,000 | 23-03-2015 | NIL |
| Aditi Panandikar | Car Hire charges | Yearly | 7,20,000 | 23-03-2015 | NIL |
| Sundeeep Bambolkar HUF | Car Hire Charges | Yearly | 94,500 | 23-03-2015 | NIL |
| Aruna S. Kare | Car Hire Charges | Yearly | 1,80,000 | 23-03-2015 | NIL |
| Madhura Ramani | Car Hire Charges | Yearly | 1,20,000 | 23-03-2015 | NIL |
| Enbee Graphics | Art Work Charges | Yearly | 2,84,600 | 23-03-2015 | NIL |
| A K Services | Commission & Brokerage | Yearly | 72,80,476 | 23-03-2015 | NIL |
| A K Services | Godown Rent | Yearly | 39,30,800 | 23-03-2015 | NIL |
| A K Services | C & F operation Expenses | Yearly | 39,21,744 | 23-03-2015 | NIL |
| A K Services | Interest on Security Deposit | Yearly | 85,000 | 23-03-2015 | NIL |
| Xtend Industrial Designers & Engineers Pvt. Ltd. | Consultancy Charges | Yearly | 1,66,91,405 | 23-03-2015 | NIL |
| Xtend Industrial Designers & Engineers Pvt. Ltd. | ICD | Yearly | 22,00,000 | 23-03-2015 | NIL |
| Xtend Industrial Designers & Engineers Pvt. Ltd. | Retainer Fees | Yearly | 3,96,000 | 23-03-2015 | NIL |
| Xtend Industrial Designers & Engineers Pvt. Ltd. | Salary office staff | Yearly | 46,48,501 | 23-03-2015 | NIL |
| Shanteri Investment Pvt. Ltd. | House Rent charges | Yearly | 60,000 | 23-03-2015 | NIL |
| Blue Dart Express Limited | Courier Service Charges | Yearly | 11,24,036 | 23-03-2015 | NIL |

| Name of the party with which contract is entered into | Principal terms and conditions | | | Date of Approval | Amount paid as Advance |
|---|--|----------|-------------|------------------|------------------------|
| | | | ₹ | | |
| Institute for Psychological Health | Training & HRD Expenses | Yearly | 2,60,000 | 23-03-2015 | NIL |
| Indoco Remedies Singapore Pte Ltd. | Subscription to Equity Shares | One time | 6,77,297 | 30-10-2015 | NIL |
| Indoco Remedies Singapore Pte Ltd. | Share Application Money | One time | 70,303 | 30-10-2015 | NIL |
| Xtend Industrial Designers & Engineers Pvt. Ltd. | Subscription to 7% Cumulative Redeemable Preference shares | One time | 2,00,20,000 | 29-01-2016 | NIL |

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman

DIN:00179220

Mumbai, May 27, 2016

◆ ◆ ◆

Annexure-D

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Indoco Remedies Limited

Indoco House, 166, CST Road,

Vidyanagari Marg, Kalina, Santacruz East,

Mumbai- 400098, Maharashtra, India

I, Ajit Y. Sathe, Proprietor of A. Y. Sathe & Co., Practicing Company Secretary, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Indoco Remedies Limited (CIN - L85190MH1947PLC005913)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 ("**the Act**") and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**Applicable w.e.f 15th May, 2015**) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (**Applicable until 14th May, 2015**);

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**
- (d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Applicable w.e.f 1st December, 2015).**
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015 **(Not Applicable to the Company during the Audit Period);**
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period);** and
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period);**

I further report that,

Having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- Drugs and Cosmetics Act, 1940;
- Narcotic Drugs and Psychotropic Substances Act, 1956;
- Petroleum Act, 1934;
- The Medical & Toilet Preparations (Excise Duties) Act, 1955;
- The Boilers Act, 1923.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. **(Applicable up to November 30, 2015).**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further

information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not issued any securities.

I further report that during the audit period the Company has passed Special Resolutions through postal ballot under Section 180(1) (c) of the Companies Act, 2013 for authorizing the Board to borrow money up to ₹ 750 Crores and under Section 180(1) (a) of the Companies Act, 2013 for authorizing the Board to create charges, mortgages and hypothecations of movable and/ or immovable properties of the company up to ₹ 750 Crores.

I further report that during the audit period there were no instances of:

- (i) Redemption / buy-back of securities
- (ii) Merger / amalgamation / reconstruction, etc.
- (iii) Foreign technical collaborations

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
(Proprietor)

FCS No. 2899
COP No. 738

Place : Mumbai

Date: May 26, 2016

This report is to be read with our letter of even date which is annexed as "**Annexure I**" and forms an integral part of this report.

◆ ◆ ◆

Annexure - I

**To,
The Members,
Indoco Remedies Limited**

Indoco House, 166, CST Road,
Vidyanagari Marg, Kalina, Santacruz East,
Mumbai- 400098, Maharashtra, India

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A. Y. Sathe & Co.
Company Secretaries

CS Ajit Sathe
(Proprietor)

FCS No. 2899
COP No. 738

Place : Mumbai

Date: May 26, 2016

◆ ◆ ◆

Annexure-E

Extract of Annual Return

As on the financial year ended on 31st March, 2016

{Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014}

FORM MGT-9

I. REGISTRATION AND OTHER DETAILS :

- | | | |
|-----|---|--|
| i | CIN | L85190MH1947PLC005913 |
| ii | Registration Date | August 23, 1947 |
| iii | Name of the Company | Indoco Remedies Limited |
| iv | Category/sub Category of Company | Company Limited by shares/ Non-govt. Company |
| v | Address of the Registered Office and contact Details | Indoco House, 166 CST Road, Kalina, Santacruz East, Mumbai 400098 Mr. Sunil D Joshi- Company Secretary. Email: compliance.officer@indoco.com Tel: 022 26541851-55 Website: www.indoco.com |
| vi | Whether Listed Company | Yes |
| vii | Name, Address and contact details of Registrar and Transfer Agent | Link Intime India Pvt. Ltd Unit: Indoco Remedies Limited, C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400078 Tel: 022-25946970 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl No. | Name and Description of main products/services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1. | Manufacturers of Pharmaceutical Products | 2100 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|---------|---|-----------------------|---------------------------------|------------------|--------------------|
| 1. | Xtend Industrial Designers and Engineers Pvt. Ltd | U93000MH1995PTC086174 | Subsidiary | 100% | 2(87)(ii) |
| 2. | Indoco Pharmchem Ltd | U33112MH2012PLC232609 | Subsidiary | 100% | 2(87)(ii) |
| 3 | Indoco Remedies Singapore Pte. Ltd | 201542731W | Subsidiary | 100% | 2(87)(ii) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | No. of shares held at the beginning of the year i.e. 01.04.2015 | | | | No. of shares held at the end of the year i.e. 31.03.2016 | | | | % change during the year |
|--|--|----------|-----------------|-------------------|--|----------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 19851714 | 0 | 19851714 | 21.54 | 19851714 | 0 | 19851714 | 21.54 | 0 |
| b) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) State Govt (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Bodies Corp | 15771755 | 0 | 15771755 | 17.12 | 15771755 | 0 | 15771755 | 17.12 | 0 |
| e) Banks/Fl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Any Other (PAC) | 18975215 | 0 | 18975215 | 20.59 | 18971689 | 0 | 18971689 | 20.59 | -0.003 |
| Sub-Total (A)(1) | 54598684 | 0 | 54598684 | 59.25 | 54595158 | 0 | 54595158 | 59.25 | -0.003 |
| (2) Foreign | | | | | | | | | |
| a) NRIs- Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Other – Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| c) Bodies Corp | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) Banks/Fl | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Any Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-Total (A)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Shareholding of Promoter (A)= (A)(1) + (A)(2) | 54598684 | 0 | 54598684 | 59.25 | 54595158 | 0 | 54595158 | 59.25 | -0.003 |

| | | | | | | | | | |
|--|-----------------|----------|-----------------|--------------|-----------------|----------|-----------------|--------------|-------------|
| Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 10061774 | 0 | 10061774 | 10.92 | 8053403 | 0 | 8053403 | 8.74 | -2.18 |
| b) Banks/Fl | 16308 | 0 | 16308 | 0.02 | 12391 | 0 | 12391 | 0.01 | -0.01 |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| d) State Govt (s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| f) Insurance Co | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 7608903 | 0 | 7608903 | 8.25 | 11081234 | 0 | 11081234 | 12.03 | 3.78 |
| h) Foreign Venture Capital Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| i) Others (Specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sub-total (B) (1) | 17686985 | 0 | 17686985 | 19.19 | 19147028 | 0 | 19147028 | 20.78 | 1.59 |
| 2. Non Institutional | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2713769 | 0 | 2713769 | 2.94 | 2487699 | 0 | 2487699 | 2.70 | -0.24 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 2 L | 6859229 | 771295 | 7630524 | 8.28 | 6940928 | 904995 | 7845923 | 8.50 | 0.23 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 2L | 8365478 | 763275 | 9128753 | 9.91 | 6923153 | 604725 | 7527878 | 8.17 | -1.74 |

| | | | | | | | | | |
|--|-----------------|----------------|-----------------|---------------|-----------------|----------------|-----------------|---------------|--------------|
| c) Others | | | | | | | | | |
| Clearing Member | 162418 | 0 | 162418 | 0.18 | 164474 | 0 | 164474 | 0.18 | 0.00 |
| HUF | 0 | 0 | 0 | 0 | 189289 | 0 | 189289 | 0.21 | 0.21 |
| Foreign Nationals | 0 | 0 | 0 | 0 | 100 | 0 | 100 | 0.00 | 0.00 |
| NRI (Repat) | 175435 | 0 | 175435 | 0.19 | 126455 | 0 | 126455 | 0.14 | -0.05 |
| NRI (Non Repat) | 49287 | 0 | 49287 | 0.05 | 61664 | 0 | 61664 | 0.07 | 0.01 |
| Trust | 4500 | 0 | 4500 | 0.00 | 4687 | 0 | 4687 | 0.00 | 0.00 |
| Sub total (B)(2) | 18330116 | 1534570 | 19864686 | 21.56 | 16898449 | 1509720 | 18408169 | 19.98 | -1.58 |
| Total Public shareholding (B)=(B)(1) + (B)(2) | 36017101 | 1534570 | 37551671 | 40.75 | 36045477 | 1509720 | 37555197 | 40.75 | 0 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 90615785 | 1534570 | 92150355 | 100.00 | 90640635 | 1509720 | 92150355 | 100.00 | |

ii) Shareholding of Promoters & Promoter Group

| Sl. No | Shareholder's name | Share holding at the beginning of the year 01.04.2015 | | | Share holding at the end of the year 31.03.2016 | | | % change in Share holding during the year |
|--------|------------------------------|--|----------------------------------|---|--|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares pledged/ encumbered to total shares | No of Shares | % of total Shares of the Company | % of Shares pledged/ encumbered to total shares | |
| 1 | Suresh G. Kare | 4060408 | 4.41 | Nil | 4060408 | 4.41 | Nil | Nil |
| 2 | Suresh G. Kare (HUF) | 273500 | 0.30 | Nil | 273500 | 0.30 | Nil | Nil |
| 3 | Aruna S. Kare | 4774714 | 5.18 | Nil | 4774714 | 5.18 | Nil | Nil |
| 4 | Aditi Panandikar | 5559013 | 6.03 | Nil | 5559013 | 6.03 | Nil | Nil |
| 5 | Madhura A. Ramani | 5184079 | 5.63 | Nil | 5184079 | 5.63 | Nil | Nil |
| 6 | Shanteri Investment Pvt. Ltd | 15771755 | 17.12 | Nil | 15771755 | 17.12 | Nil | Nil |
| 7 | SPA Holdings Pvt. Ltd | 18335000 | 19.90 | Nil | 18335000 | 19.90 | Nil | Nil |
| 8 | Laxmi V. Bambolkar | 144000 | 0.16 | Nil | 144000 | 0.16 | Nil | Nil |
| 9 | Suman P. Naik | 240000 | 0.25 | Nil | 236500 | 0.25 | Nil | -0.004 |
| 10 | Ramnath G. Kare | 61500 | 0.07 | Nil | 61500 | 0.07 | Nil | Nil |
| 11 | Sharda R. Kare | 57800 | 0.06 | Nil | 57800 | 0.06 | Nil | Nil |
| 12 | Rajendra M. Pai | 10653 | 0.01 | Nil | 10627 | 0.01 | Nil | 0.00 |
| 13 | Ajit M. Vaidya | 26550 | 0.03 | Nil | 26550 | 0.03 | Nil | Nil |
| 14 | Milind S. Panandikar | 7500 | 0.01 | Nil | 7500 | 0.01 | Nil | Nil |
| 15 | Anup P. Ramani | 39337 | 0.04 | Nil | 39337 | 0.04 | Nil | Nil |
| 16 | Vasant C. Bambolkar | 52875 | 0.05 | Nil | 52875 | 0.05 | Nil | Nil |
| | Total: | 54598684 | 59.25 | Nil | 54595158 | 59.25 | Nil | -0.003 |

iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No | Shareholder's name | Share holding at the beginning of the year | | Date | Increase / (Decrease) in shareholding | Reason | Cumulative Shareholding during the year | |
|--------|-------------------------------|--|----------------------------------|------|---------------------------------------|--------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 1 | Suresh G. Kare | 4060408 | 4.41 | | No change | | 4060408 | 4.41 |
| 2 | Suresh G. Kare HUF | 273500 | 0.30 | | No change | | 273500 | 0.30 |
| 3 | Aruna S. Kare | 4774714 | 5.18 | | No change | | 4774714 | 5.18 |
| 4 | Aditi Panandikar | 5559013 | 6.03 | | No change | | 5559013 | 6.03 |
| 5 | Madhura Ramani | 5184079 | 5.63 | | No change | | 5184079 | 5.63 |
| 6 | Shanteri Investments Pvt. Ltd | 15771755 | 17.12 | | No change | | 15771755 | 17.12 |

iv) **Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No. | Shareholders Name | Share holding at the beginning of the year | | Date | Increase / (Decrease) in shareholding | Reason | Cumulative Shareholding during the year | |
|---------|---|--|----------------------------------|-------------------|---------------------------------------|------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No of shares | % of total shares of the Company |
| 1 | Barclays Merchant Bank (Singapore) Ltd | 0 | 0.00 | | | | | |
| | | | | 23-10-2015 | 632020 | Purchase | 632020 | 0.69 |
| | | | | 30-10-2015 | 2149206 | Purchase | 2781226 | 3.02 |
| | | | | 31-03-2016 | -- | At the year end | 2781226 | 3.02 |
| 2 | National Westminster Bank PLC as Depository of First State Asia Pacific Fund a Sub Fund of First State Investments ICVC | 0 | 0.00 | | | | | 0.00 |
| | | | | 08-01-2016 | 920000 | Purchase | 920000 | 1.00 |
| | | | | 15-01-2016 | 7922 | Purchase | 927922 | 1.01 |
| | | | | 22-01-2016 | 894757 | Purchase | 1822679 | 1.98 |
| | | | | 05-02-2016 | 180180 | Purchase | 2002859 | 2.17 |
| | | | | 12-02-2016 | 154795 | Purchase | 2157654 | 2.34 |
| | | | | 26-02-2016 | 53775 | Purchase | 2211429 | 2.40 |
| | | | | 04-03-2016 | 20483 | Purchase | 2231912 | 2.42 |
| | | | | 25-03-2016 | 339549 | Purchase | 2571461 | 2.79 |
| | | | | 31-03-2016 | -- | At the year end | 2571461 | 2.79 |
| 3 | SBI Mutual Fund (Various Funds) | 2061683 | 2.24 | | | | | |
| | | | | 10-04-2015 | 38025 | Purchase | 2099708 | 2.28 |
| | | | | 17-04-2015 | 20000 | Purchase | 2119708 | 2.30 |
| | | | | 24-04-2015 | 10000 | Purchase | 2129708 | 2.31 |
| | | | | 01-05-2015 | 20000 | Purchase | 2149708 | 2.33 |
| | | | | 06-05-2015 | -1434231 | Sale | 715477 | 0.78 |
| | | | | 08-05-2015 | 1438653 | Purchase | 2154130 | 2.34 |
| | | | | 15-05-2015 | -37732 | Sale | 2116398 | 2.30 |
| | | | | 22-05-2015 | -6130 | Sale | 2110268 | 2.29 |
| | | | | 29-05-2015 | -58849 | Sale | 2051419 | 2.23 |
| | | | | 05-06-2015 | -53901 | Sale | 1997518 | 2.17 |
| | | | | 26-06-2015 | 46 | Purchase | 1997564 | 2.17 |
| | | | | 30-06-2015 | -2687 | Sale | 1994877 | 2.16 |
| | | | | 03-07-2015 | 881 | Purchase | 1995758 | 2.17 |
| | | | | 10-07-2015 | 3511 | Purchase | 1999269 | 2.17 |
| | | | | 24-07-2015 | 15000 | Purchase | 2014269 | 2.19 |
| | | | | 28-08-2015 | 30000 | Purchase | 2044269 | 2.22 |
| | | | | 04-09-2015 | 4993 | Purchase | 2049262 | 2.22 |
| | | | | 11-09-2015 | 21418 | Purchase | 2070680 | 2.25 |
| | | | | 18-09-2015 | -4247 | Sale | 2066433 | 2.24 |
| | | | | 25-09-2015 | 20000 | Purchase | 2086433 | 2.26 |
| | | | | 31-03-2016 | -- | At the year end | 2086433 | 2.26 |
| 4 | DSP Blackrock Microcap Fund | 2913658 | 3.16 | | | | | |
| | | | | 04-12-2015 | 150000 | Purchase | 3063658 | 3.32 |
| | | | | 22-01-2016 | -1000000 | Sale | 2063658 | 2.24 |
| | | | | 31-03-2016 | -- | At the year end | 2063658 | 2.24 |

| | | | | | | | | |
|---|---|---------|------|-------------------|--------|------------------------|----------------|-------------|
| 5 | UTI Mutual Fund (various Funds) | 1805194 | 1.96 | | | | | |
| | | | | 10-04-2015 | 4111 | Purchase | 1809305 | 1.96 |
| | | | | 24-04-2015 | -13062 | Sale | 1796243 | 1.95 |
| | | | | 06-05-2015 | -98589 | Sale | 1697654 | 1.84 |
| | | | | 08-05-2015 | 98589 | Purchase | 1796243 | 1.95 |
| | | | | 15-05-2015 | -23618 | Sale | 1772625 | 1.92 |
| | | | | 05-06-2015 | 37963 | Purchase | 1810588 | 1.96 |
| | | | | 07-08-2015 | 49145 | Purchase | 1859733 | 2.02 |
| | | | | 28-08-2015 | 20723 | Purchase | 1880456 | 2.04 |
| | | | | 04-09-2015 | -1151 | Sale | 1879305 | 2.04 |
| | | | | 31-03-2016 | -- | At the year end | 1879305 | 2.04 |
| 6 | First State Investments (Hong Kong) Ltd A/C First State Indian subcontinent Fund | 945396 | 1.03 | | | | | |
| | | | | 29-05-2015 | -87685 | Sale | 857711 | 0.93 |
| | | | | 05-06-2015 | -1261 | Sale | 856450 | 0.93 |
| | | | | 07-08-2015 | 5602 | Purchase | 862052 | 0.94 |
| | | | | 14-08-2015 | 20390 | Purchase | 882442 | 0.96 |
| | | | | 21-08-2015 | 8693 | Purchase | 891135 | 0.97 |
| | | | | 28-08-2015 | 17601 | Purchase | 908736 | 0.99 |
| | | | | 11-12-2015 | 78635 | Purchase | 987371 | 1.07 |
| | | | | 18-12-2015 | 3309 | Purchase | 990680 | 1.08 |
| | | | | 31-12-2015 | 18231 | Purchase | 1008911 | 1.09 |
| | | | | 08-01-2016 | 233175 | Purchase | 1242086 | 1.35 |
| | | | | 15-01-2016 | 39535 | Purchase | 1281621 | 1.39 |
| | | | | 22-01-2016 | 308568 | Purchase | 1590189 | 1.73 |
| | | | | 29-01-2016 | 2849 | Purchase | 1593038 | 1.73 |
| | | | | 05-02-2016 | 61860 | Purchase | 1654898 | 1.80 |
| | | | | 31-03-2016 | -- | At the year end | 1654898 | 1.80 |
| 7 | The Scottish Oriental Smaller Companies Trust Plc | 239608 | 0.26 | | | | | |
| | | | | 12-06-2015 | 3901 | Purchase | 243509 | 0.26 |
| | | | | 19-06-2015 | 57531 | Purchase | 301040 | 0.33 |
| | | | | 26-06-2015 | 47473 | Purchase | 348513 | 0.38 |
| | | | | 30-06-2015 | 56574 | Purchase | 405087 | 0.44 |
| | | | | 16-10-2015 | 333216 | Purchase | 738303 | 0.80 |
| | | | | 06-11-2015 | 80438 | Purchase | 818741 | 0.89 |
| | | | | 27-11-2015 | 58826 | Purchase | 877567 | 0.95 |
| | | | | 11-12-2015 | 6903 | Purchase | 884470 | 0.96 |
| | | | | 18-12-2015 | 2473 | Purchase | 886943 | 0.96 |
| | | | | 31-12-2015 | 12620 | Purchase | 899563 | 0.98 |
| | | | | 08-01-2016 | 156548 | Purchase | 1056111 | 1.15 |
| | | | | 22-01-2016 | 150591 | Purchase | 1206702 | 1.31 |
| | | | | 29-01-2016 | 1531 | Purchase | 1208233 | 1.31 |
| | | | | 05-02-2016 | 33236 | Purchase | 1241469 | 1.35 |
| | | | | 31-03-2016 | -- | At the year end | 1241469 | 1.35 |

| | | | | | | | | |
|----|--|---------|------|-------------------|------------|------------------------|----------------|-------------|
| 8 | Reliance Capital Trustee Co Ltd (Various Funds) | 1524419 | 1.65 | | | | | |
| | | | | 10-04-2015 | -65933 | Sale | 1458486 | 1.58 |
| | | | | 17-04-2015 | -15355 | Sale | 1443131 | 1.57 |
| | | | | 15-05-2015 | -18923 | Sale | 1424208 | 1.55 |
| | | | | 05-06-2015 | -15215 | Sale | 1408993 | 1.53 |
| | | | | 22-01-2016 | -200000 | Sale | 1208993 | 1.31 |
| | | | | 31-03-2016 | -- | At the year end | 1208993 | 1.31 |
| 9 | Mangeshi Investment Pvt. Ltd | 1167300 | 1.27 | No change | | | 1167300 | 1.27 |
| 10 | Caisse De Depot Et Placement Du Quebec-First State Investments International Limited | 0 | 0.00 | | | | | |
| | | | | 12-06-2015 | 359483 | Purchase | 359483 | 0.39 |
| | | | | 07-08-2015 | 2166 | Purchase | 361649 | 0.39 |
| | | | | 14-08-2015 | 7884 | Purchase | 369533 | 0.40 |
| | | | | 21-08-2015 | 3361 | Purchase | 372894 | 0.40 |
| | | | | 28-08-2015 | 6805 | Purchase | 379699 | 0.41 |
| | | | | 06-11-2015 | 178327 | Purchase | 558026 | 0.61 |
| | | | | 11-12-2015 | 44544 | Purchase | 602570 | 0.65 |
| | | | | 18-12-2015 | 1852 | Purchase | 604422 | 0.66 |
| | | | | 31-12-2015 | 10165 | Purchase | 614587 | 0.67 |
| | | | | 08-01-2016 | 130054 | Purchase | 744641 | 0.81 |
| | | | | 15-01-2016 | 22250 | Purchase | 766891 | 0.83 |
| | | | | 22-01-2016 | 172256 | Purchase | 939147 | 1.02 |
| | | | | 29-01-2016 | 1588 | Purchase | 940735 | 1.02 |
| | | | | 05-02-2016 | 34475 | Purchase | 975210 | 1.06 |
| | | | | 31-03-2016 | --- | At the year end | 975210 | 1.06 |

vi) Shareholding of Directors and Key Managerial Personnel (KMP):

| Sl. No | For Each of the Directors/KMP | Share holding at the beginning of the year | | Cumulative Share holding during the year | |
|--------|--|--|------------------------------|--|------------------------------|
| | | No. of Shares | % of total Shares of the Co. | No of Shares | % of total Shares of the Co. |
| | Directors | | | | |
| 1 | Mr. Suresh G. Kare - Chairman | | | | |
| | At the beginning of the Year | 4060408 | 4.41 | 4060408 | 4.41 |
| | Date wise Increase/Decrease in shareholding during the year, specifying the reason for increase/decrease | Nil | Nil | | |
| | At the end of the year | | | 4060408 | 4.41 |
| 2 | Ms. Aditi Panandikar - Managing Director | | | | |
| | At the beginning of the Year | 5559013 | 6.03 | 5559013 | 6.03 |
| | Date wise Increase/Decrease in shareholding during the year, specifying the reason for increase/decrease | Nil | Nil | | |
| | At the end of the year | | | 5559013 | 6.03 |
| 3 | Mr. Sundeep V. Bambolkar - Jt. Managing Director & CFO | | | | |
| | At the beginning of the Year | 465000 | 0.50 | 465000 | 0.50 |
| | Date wise Increase/Decrease in shareholding during the year, specifying the reason for increase/decrease | Nil | Nil | | |
| | At the end of the year | | | 465000 | 0.50 |

| | | | | | |
|---|---|--------|------|--------|------|
| | KMP | | | | |
| 1 | Mr. Sunil D. Joshi - President (Finance) & Company Secretary | | | | |
| | At the beginning of the Year | 1500 | 0.00 | 1500 | 0.00 |
| | 22 nd June, 2015- Open Market Sale | (1500) | 0.00 | (1500) | 0.00 |
| | At the end of the year | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| Working Capital | 4,534.45 | 2,771.13 | | 7,305.58 |
| Term Loan | 1,429.14 | 687.50 | | 2,116.64 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrue but not due | 25.14 | - | | 25.14 |
| Total (i+ii+iii) | 5,988.73 | 3,458.63 | | 9,447.36 |
| Change in Indebtedness during the financial year | | | | |
| • Additional | 3,961.00 | 1,438.60 | | 5,399.60 |
| • Reduction | 560.20 | 323.17 | | 883.37 |
| Net Change | 3,400.80 | 1,115.43 | | 4,516.23 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| Working Capital | 4,465.05 | 4,209.73 | | 8,674.78 |
| Term Loan | 4,899.34 | 364.33 | | 5,263.67 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 31.63 | - | | 31.63 |
| Total : (i+ii+iii) | 9,396.02 | 4,574.06 | | 13,970.08 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors and /or Manager:

(₹ Lakhs)

| Sl. No | Particulars of Remuneration | Name of Executive Chairman/ MD/Jt.MD | | | Total Amount |
|--------|--|--------------------------------------|-------------------------|-----------------------------|-----------------|
| | | Mr. Suresh G. Kare | Ms. Aditi Panandikar | Mr. Sundeep V. Bambolkar | |
| 1 | Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961 | 157.50 | 99.96 | 90.36 | 347.82 |
| | Value of perquisites u/s 17(2) Income Tax Act, 1961 | 12.70 | 31.77 | 28.80 | 73.27 |
| | Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | | | | |
| 2. | Stock Option | NIL | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL | NIL |
| 4. | Commission/Incentive | 80.00 | 25.00 | 25.00 | 130.00 |
| 5. | Others, please specify | | | | |
| | Total (A) | 250.20 | 156.73 | 144.16 | 551.09 |

B. Remuneration to other directors:

(₹ Lakhs)

| Sl. No | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|--------|--|--------------------|--------------------|------------------|-----------------------|--------------------|--------------|
| | | Mr. D. M. Gavaskar | Mr. Sharad Upasani | Dr. Anil M. Naik | Mr. Rajiv P. Kakodkar | Dr. Anand Nadkarni | |
| | Independent Directors | | | | | | |
| | Fee for attending board & committee meetings | 1.80 | 1.80 | 1.65 | 1.60 | 0 | 6.85 |
| | Commission | | | | | | |
| | Others, please specify | | | | | | |
| | Total (1) | 1.80 | 1.80 | 1.65 | 1.60 | 0 | 6.85 |
| | Other Non Executive Directors | | | | | | |
| | Fee for attending board & committee meetings | | | | | 0.80 | 0.80 |
| | Commission | | | | | | |
| | Others, please specify | | | | | | |
| | Total (2) | | | | | 0.80 | 0.80 |
| | Total (B)=(1+2) | 1.80 | 1.80 | 1.65 | 1.60 | 0.80 | 7.65 |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/WTD

(₹ Lakhs)

| Sl. No. | Particulars of remuneration | Key Managerial Personnel |
|---------|--|--------------------------|
| | | Company Secretary |
| 1. | Gross salary | |
| | a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961 | 46.38 |
| | b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 5.85 |
| | c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | NIL |
| 2. | Stock Option | NIL |
| 3. | Sweat Equity | NIL |
| 4. | Commission | NIL |
| 5. | Others, please specify | NIL |
| | Total: | 52.23 |

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of penalty/ punishment/ compounding fees imposed | Authority (RD/NCLT/ COURT) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| | Penalty | | NA | NA | NA |
| | Punishment | | NA | NA | NA |
| | Compounding | | NA | NA | NA |
| B. DIRECTORS | | | | | |
| | Penalty | | NA | NA | NA |
| | Punishment | | NA | NA | NA |
| | Compounding | | NA | NA | NA |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| | Penalty | | NA | NA | NA |
| | Punishment | | NA | NA | NA |
| | Compounding | | NA | NA | NA |

◆ ◆ ◆

Annexure to the Directors' Report

Report on Corporate Governance for the year ended March 31, 2016

(Pursuant to Regulation 4 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015).

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 utilizing 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. As at March 31, 2016 in compliance with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board of Directors headed by its Chairman – Mr. Suresh G. Kare, comprises of seven other directors, out of which four directors are Independent Non-Executive Directors. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies.

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.

The Composition of the Board of Directors, the number of other Directorships and Committee positions held by each Director as on March 31, 2016 is as under:

| Name of Director | Category of Directorship | Number of other Directorship | | Number of Chairmanship/ Membership in committees of other companies ** | |
|--------------------------|------------------------------|------------------------------------|---------------------|--|--------|
| | | Of Indian Public Limited Companies | Of other Companies* | Chairman | Member |
| Mr. Suresh G. Kare | Promoter & Chairman | 2 | 2 | Nil | Nil |
| Ms. Aditi Panandikar | Promoter & Managing Director | 1 | 2 | Nil | Nil |
| Mr. Sundeep V. Bambolkar | Joint Managing Director | 1 | 2 | Nil | Nil |
| Mr. D. M. Gavaskar | Independent Non-Executive | 1 | 3 | 1 | 1 |
| Mr. Rajiv P. Kakodkar | Independent Non-Executive | 1 | Nil | Nil | Nil |
| Mr. Sharad P. Upasani | Independent Non-Executive | 1 | 4 | 1 | 2 |
| Dr. Anil M. Naik | Independent Non-Executive | 2 | 2 | Nil | Nil |
| Dr. Anand Nadkarni | Non Executive | Nil | Nil | Nil | Nil |

*Include Directorships in Private Limited / Section 8 Companies.

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

Note:

- None of the Directors of the Company were members of more than 10 committees or acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors in terms of Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- None of the Directors held directorship in more than 10 Public Limited Companies.
- None of the Independent Directors of the Bank served as Independent Director in more than 7 listed companies.

Brief profiles of all the Directors are available on the website of the Company at

<http://www.indoco.com/directors.asp>

BOARD MEETINGS:

During the year, the Board met five times on May 27, 2015, July 30, 2015, October 30, 2015, January 29, 2016 and March 10, 2016. The maximum gap between any two Board Meetings was less than one hundred and twenty days. All material information was circulated to the directors before the meeting or placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of sub-regulation 7 of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances on a half-yearly basis. None of the Non-executive Directors held any equity shares of the Company during the financial year ended March 31, 2016.

Attendance of each Director at the Board Meetings held in financial year 2015-2016 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, 2015</i> |
|-----------------------------|---|---------------------------------------|---|
| Mr. Suresh G. Kare | 5 | 5 | Present |
| Ms. Aditi Panandikar | 5 | 5 | Present |
| Mr. Sundeep V. Bambolkar | 5 | 5 | Present |
| Mr. D. M. Gavaskar | 5 | 5 | Present |
| Mr. Rajiv P. Kakodkar | 5 | 4 | Present |
| Mr. Sharad P. Upasani | 5 | 5 | Present |
| Dr. Anil M. Naik | 5 | 4 | Present |
| Dr. Anand Nadkarni | 5 | 4 | Present |

FAMILIARIZATION PROGRAMME FOR DIRECTORS

At the time of appointment of a Director, a formal letter of appointment is given explaining the role, duties and responsibilities expected of him as a director of the Company. He is also explained the Compliance required from him under the Companies Act, 2013, Listing Regulations and other various statutes and an affirmation is obtained. As part of the Agenda of the Board Meeting, presentations are regularly made to the Independent Directors on various matters covering the Company, industry, regulatory updates, strategy, finance and also the role, rights, responsibilities of the independent Directors.

COMMITTEES OF THE BOARD:

Currently, the Board has the following Committees

- Audit Committee
- Stakeholder Relationship Committee
- CSR Committee
- Nomination and Remuneration Committee
- Executive Committee of Directors

The Board decides the terms of reference of these Committees.

a) AUDIT COMMITTEE:

Composition:

The Audit Committee comprises of following 5 members, out of whom 4 are independent directors and one is the Joint Managing Director:

1. Dr. Anil M. Naik – Chairman (Independent Director)
2. Mr. D. M. Gavaskar – Member (Independent Director)
3. Mr. Rajiv P. Kakodkar – Member (Independent Director)
4. Mr. Sharad P. Upasani – Member (Independent Director)
5. Mr. Sundeep V. Bambolkar - Member (Jt. Managing Director)

Terms of reference:

The terms of reference of the Audit Committee are wide covering the matters specified under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 financial 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 Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Meetings and attendance:

During the financial year the Audit Committee met Six times: on May 27, 2015, July 30, 2015, October 30, 2015, December 11, 2015, January 29, 2016 and March 10, 2016. The attendance of the Members of the Committee at the said Meetings were as follows:

| <i>Name of the Director</i> | <i>No. of Audit Meetings held during the year</i> | <i>No. of Audit Meetings attended</i> |
|-----------------------------|---|---------------------------------------|
| Dr. Anil M. Naik | 6 | 5 |
| Mr. D. M. Gavaskar | 6 | 6 |
| Mr. Rajiv P. Kakodkar | 6 | 4 |
| Mr. Sharad P. Upasani* | 6 | 6 |
| Mr. Sundeep V. Bambolkar | 6 | 6 |

*Mr. Sharad P. Upasani by invitation at the meeting held on May 27, 2015

The maximum gap between any two meetings was less than one hundred and twenty days.

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

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

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

b) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee comprises of:

1. Mr. Rajiv P. Kakodkar, Chairman (Independent Director)
2. Ms. Aditi Panandikar, Member (Managing Director)
3. Mr. Sundeep V. Bambolkar, Member – (Jt. Managing Director)

Terms of reference: The Committee looks into the redressal of shareholders/investors' complaints related to non-receipt of annual report, non-receipt of declared dividends, issue of share certificates, transfer of shares, 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.

Meetings and attendance:

During the financial year 2015-16 Four (4) Committee Meetings were held: on April 18, 2015, July 6, 2015, October 8, 2015 and January 18, 2016. The attendance of the Members of the Committee at the said Meetings were as follows:

| <i>Name of the Director</i> | <i>No. of Meetings held during the year</i> | <i>No. of Meetings attended</i> |
|-----------------------------|---|---------------------------------|
| Mr. Rajiv P. Kakodkar | 4 | 4 |
| Ms. Aditi Panandikar | 4 | 4 |
| Mr. Sundeep V. Bambolkar | 4 | 4 |

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

Details of Shareholders Complaints:

| <i>Particulars</i> | <i>No. of complaints</i> |
|---|--------------------------|
| Investor complaints pending as at April 1, 2015 | 0 |
| Investor complaints received during the year ended on March 31, 2016 (The complaints pertained to revalidation of dividend warrants and non-receipt of Annual Reports) | 21 |
| Investor complaints resolved during the year ended March 31, 2016 | 21 |
| Investor complaints pending as on March 31, 2016 | 0 |

c) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The Committee comprises of:

Ms. Aditi Panandikar, Chairperson (Managing Director)

Mr. Sundeep V. Bambolkar, Member (Jt. Managing Director)

Dr. Anil M. Naik, Member (Independent Director)

Terms of reference: The CSR committee will provide guidelines and assistance in order to implement the CSR activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013. The guidelines are framed so as to cover the compliances under the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is updated on the company website and can be accessed at : www.indoco.com

Meetings and attendance

During the financial year 2015-16, Four (4) CSR Committee Meetings were held on May 27, 2015, July 30, 2015, October 30, 2015 and January 29, 2016. The attendance of the Members of the Committee at the said Meetings were as follows:

| <i>Name of the Director</i> | <i>No. of Meetings held during the year</i> | <i>No. of Meetings attended</i> |
|-----------------------------|---|---------------------------------|
| Ms. Aditi Panandikar | 4 | 4 |
| Mr. Sundeep V. Bambolkar | 4 | 4 |
| Dr. Anil M. Naik | 4 | 3 |

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

d) NOMINATION AND REMUNERATION COMMITTEE

The Committee comprises of:

1. Dr. Anil M. Naik, Chairman (Independent Director)

2. Mr. Rajiv P. Kakodkar, Member (Independent Director)

3. Mr. Sharad P. Upasani , Member (Independent Director)

The terms of reference of the Nomination and Remuneration Committee are wide covering the matters specified under Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and Section 178 of the Companies Act, 2013. They can be broadly stated as follows:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets performance benchmarks, and involves a balance between fixed and incentive pay.
- To identify persons who may be appointed in senior management in accordance with the criteria laid down.
- To carry out evaluation of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- To recommend & review remuneration package of Executive Directors
- To approve & evaluate the performance of executive directors & senior management
- To approve formulating the compensation plans, policies and programs of the Company.

Meetings and attendance

During the financial year 2015-16, on May 27, 2015, one meeting was held to approve the remuneration of Executive Directors and KMP.

| <i>Name of the Director</i> | <i>No. of Meetings held during the year</i> | <i>No. of Meetings attended</i> |
|-----------------------------|---|---------------------------------|
| Dr. Anil M. Naik | 1 | Nil |
| Mr. Rajiv P. Kakodkar | 1 | 1 |
| Mr. Sharad P. Upasani | 1 | 1 |

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

e) EXECUTIVE COMMITTEE OF DIRECTORS

The Committee comprises of:

1. Mr. Suresh G. Kare (Chairman)
2. Ms. Aditi Panandikar, Member (Managing Director)
3. Mr. Sundeep V. Bambolkar, Member – (Jt. Managing Director)

Terms of reference: The Committee looks into the day to day operations of the Company.

Meetings and attendance:

During the financial year 2015-16, Nine (9) Executive Committee Meetings were held: on April 9, 2015, June 15, 2015, July 1, 2015, August 11, 2015, September 5, 2015, November 20, 2015, December 15, 2015, February 15, 2016, March 23, 2016. All the directors were present at these Meetings.

INDEPENDENT DIRECTORS MEETING

During the year, separate meetings of the Independent Directors were held on October 30, 2015 and March 10, 2016 without the attendance of non-independent directors and members of the management.

Mr. Rajiv P. Kakodkar did not attend the meeting held on October 30, 2015. All other Independent Directors attended both meetings.

The Independent Directors met interalia to discuss:

- Evaluation of the performance of Non-Independent Directors and Board of Directors as a whole
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors
- Evaluation of the quality, content and timelines of flow of information between the Management and Board that is necessary for the Board to effectively and reasonably perform its duties.

The evaluation has been started to improve Board effectiveness, maximize strength and tackle weaknesses. The criteria for evaluation included:

- Setting up of annual goals
- Periodic review of corporate strategy
- Display of leadership qualities
- Development of Policies and strategic plans aligned with the vision and mission of the company
- Establishment of an effective organization structure to ensure there is management focus on key functions
- Whether information provided to the Board is appropriate, timely and unbiased
- Whether relationships and communications with shareholders are well managed
- Whether directors effectively probe the information resented by the management

REMUNERATION TO DIRECTORS:

Remuneration Policy:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

Individual Directors including the Chairman of the Board, were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc.

The performance evaluation of the Chairman and the Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

The Directors expressed their satisfaction with the evaluation process.

The Executive Directors were 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.

Information as per Rule 5(1) of Chapter XIII the Companies (Appointment and Remuneration) of Management Personnel Rules 2014

1) Executive Directors:

| <i>Name of Director</i> | <i>Salary</i> | <i>Benefits & Perquisites</i> | <i>Commission / Performance Linked Incentives</i> | <i>Stock Options</i> | <i>Total</i> |
|--------------------------|---------------|-----------------------------------|---|----------------------|-----------------|
| | ₹ | ₹ | ₹ | | ₹ |
| Mr. Suresh G. Kare | 15750000 | 1269600 | 8000000 | Nil | 25019600 |
| Ms. Aditi Panandikar | 9996000 | 3177200 | 2500000 | Nil | 15673200 |
| Mr. Sundeep V. Bambolkar | 9036000 | 2880646 | 2500000 | Nil | 14416646 |

2) Non Executive Directors:

| <i>Name of Director</i> | <i>Sitting fees (₹)</i> |
|-------------------------|-------------------------|
| Mr. D. M. Gavaskar | 180000 |
| Mr. Sharad P. Upasani | 180000 |
| Dr. Anil M. Naik | 165000 |
| Mr. Rajiv P. Kakodkar | 160000 |
| Dr. Anand Nadkarni | 80000 |

Notes:

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

3) Key Managerial Personnel (KMP):

| <i>Name of KMP</i> | <i>Salary</i> | <i>Benefits & Perquisites</i> | <i>Commission / Performance Linked Incentives</i> | <i>Stock Options</i> | <i>Total</i> |
|--------------------|---------------|-----------------------------------|---|----------------------|----------------|
| | ₹ | ₹ | ₹ | | ₹ |
| Mr. Sunil D. Joshi | 4638000 | 585000 | Nil | Nil | 5223000 |

Information as per Rule 5(2) of chapter XIII the Companies (Appointment and Remuneration) of Management Personnel Rules 2014

| <i>Employee Name</i> | <i>Designation</i> | <i>Education Qualification</i> | <i>Age</i> | <i>Experience in Years</i> | <i>Date of Joining</i> | <i>Gross Remuneration</i> | <i>Previous employment and designation</i> |
|----------------------|--------------------|--------------------------------|------------|----------------------------|------------------------|---------------------------|---|
| Dr. Kavita Inamdar | President (R&D) | M. Pharm., PH.D (Tech) | 49 | 20 | June 8, 2010 | 7572436 | Accutest Research Laboratories- President R&D |

Subsidiary Companies:

Following Companies are subsidiaries of the Company

| Name | Percentage of Holding |
|---|------------------------------|
| Indoco Pharmchem Ltd | 100% |
| Xtend Industrial Designers & Engineers Pvt. Ltd | 100% |
| Indoco Remedies Singapore Pte Ltd. | 100% |

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arms length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website: http://www.indoco.com/policies/related_party_transaction_policy.pdf

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 Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Managing Director and the Joint Managing Director 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.

GENERAL BODY MEETINGS:

Corporate Identity Number (CIN): **L85190MH1947PLC005913.** The Company is registered at Mumbai in the State of Maharashtra, India.

Annual General Meeting:

The details of the last three Annual General Meetings held:

| Financial Year | AGM | Date | Time | Location of the AGM |
|----------------|------------------|---------------|----------|---|
| 2014-15* | 68 th | July 30, 2015 | 11.30 am | MIG Cricket Club., MIG Colony, Bandra East, Mumbai 400051 |
| 2013-14* | 67 th | July 30, 2014 | 11.30 am | |
| 2012-13** | 66 th | July 30, 2013 | 11.30 am | |

* No Special Resolutions was passed at the AGM

** Two Special Resolutions were passed at the AGM- Approval for change in term of appointment of the Managing Director and Jt. Managing Director from non-retiring director to director whose period of office shall be subject to retirement by way of rotation.

POSTAL BALLOT:

During the year the following resolutions were passed through postal ballot:

| Date of passing of resolution | Resolution Number | Purpose | Votes in favour of the resolution | | Votes against the resolution | |
|-------------------------------|-------------------|--|-----------------------------------|------------------|------------------------------|------------------|
| | | | No. of votes | % to total votes | No. of votes | % to total votes |
| May 27, 2015 | 1 | Increase in borrowing limits not exceeding ₹ 750/- Crores | 69431646 | 99.92 | 56409 | 0.08 |
| | 2 | Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings. | 69432396 | 99.92 | 55659 | 0.08 |

Details of person who conducted the postal ballot exercise:

The Company had appointed CS Ajit Sathe proprietor of A. Y. Sathe & Co., Practising Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The Scrutinizer submitted his report to the Chairman, after completion of the scrutiny and the results of voting by posting ballot were then announced by the Chairman/Authorised offices. The voting results were sent to the Stock Exchanges and displayed on the Company's website. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

MEANS OF COMMUNICATION:

Financial Results

The quarterly and annual financial results are generally published in Economic Times, Maharashtra Times, Financial Express, Herald, Navhind, Lokmat and Tarun Bharat. 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

Tele-conferences were held with Institutional Investors/Analysts at the end of every quarter after the declaration of the Quarterly Results. The Company also regularly met Institutional Investors during the year.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

| | |
|-----------------------|---|
| Date & Time | Friday, July 29, 2016 at 11.30 A.M. |
| Venue | MIG Cricket Club, MIG Colony, Bandra East Mumbai 400051 |
| Financial Year | April 1, 2015 to March 31, 2016 |
| Date of Book closure | July 22, 2016 to July 29, 2016 (both days inclusive) |
| Dividend Payment Date | On or from August 03, 2016 |

Insider Trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted wef May 15, 2015 a "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders".

The code is posted on the Company Website. The Company keeps the Code updated as per the requirements of SEBI from time to time. <http://www.indoco.com/inv-policies.asp>

Code of Conduct:

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

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

The Managing Director 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 March 31, 2017 and there is no outstanding payment towards the Exchanges, as on date.

Stock Code

| | |
|--|----------|
| Bombay Stock Exchange | 532612 |
| National Stock Exchange of India Limited | INDOCOEQ |

MARKET PRICE DATA

The High and Low prices of the Company's share (of the face value of ₹ 2/- each) from April, 2015 till March, 2016 are as below:

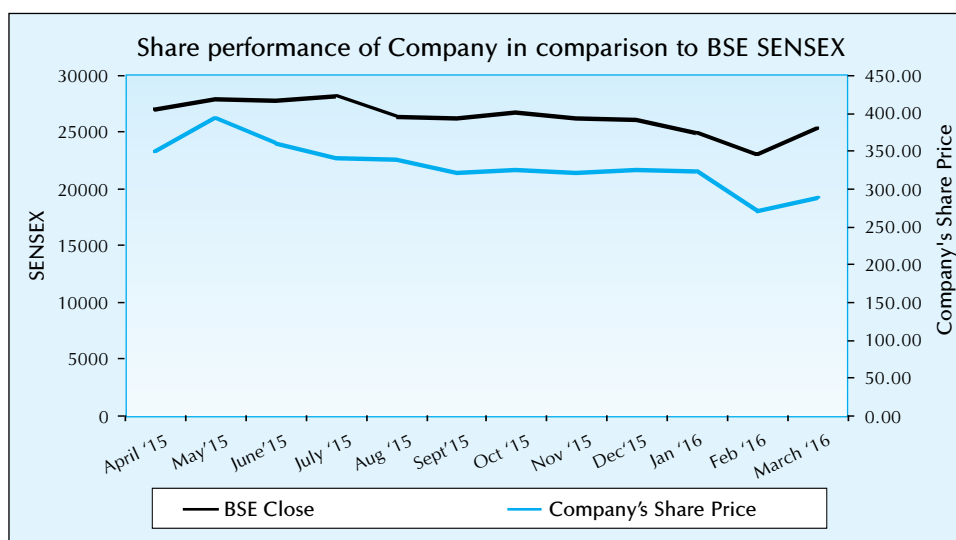
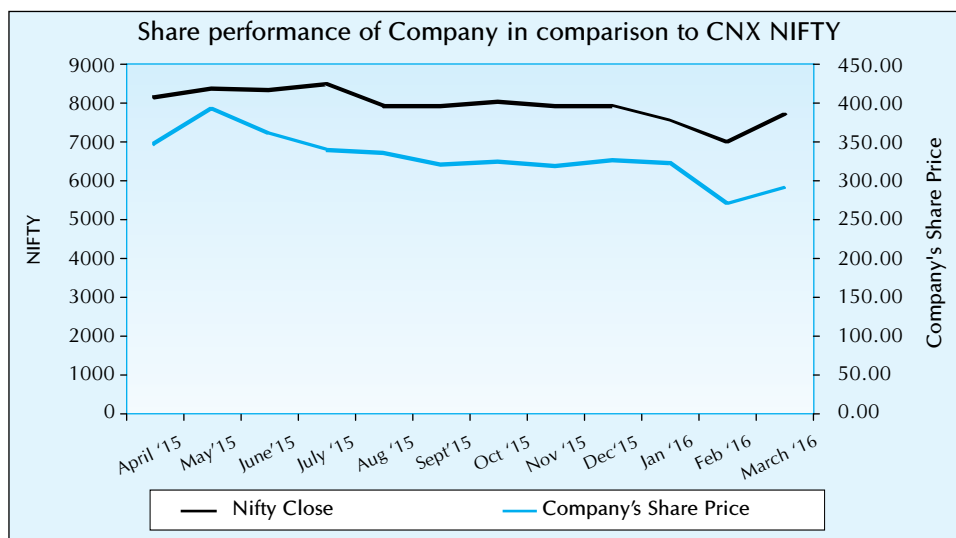
National Stock Exchange of India Limited (NSE)

| Month | IRL Share Price | | | No. of Shares traded during the month | Turnover ₹ lakhs |
|---------------|-----------------|----------|------------|---------------------------------------|---------------------|
| | High ₹ | Low ₹ | Close ₹ | | |
| April '15 | 401.00 | 337.00 | 349.10 | 1115838 | 4149.73 |
| May '15 | 412.20 | 316.60 | 394.50 | 2010306 | 7540.51 |
| June '15 | 396.50 | 288.05 | 361.25 | 686404 | 2524.75 |
| July '15 | 384.95 | 324.00 | 340.95 | 967498 | 3461.94 |
| August '15 | 363.90 | 301.55 | 337.25 | 725853 | 2463.14 |
| September '15 | 350.00 | 311.10 | 321.25 | 376229 | 1253.94 |
| October '15 | 347.50 | 307.00 | 326.05 | 3937516 | 13048.30 |
| November '15 | 328.70 | 291.15 | 319.20 | 704839 | 2166.20 |
| December '15 | 343.70 | 308.00 | 327.20 | 779985 | 2514.83 |
| January '16 | 339.00 | 281.50 | 323.45 | 2256576 | 6983.77 |
| February '16 | 324.60 | 232.90 | 270.20 | 760943 | 2274.18 |
| March '16 | 314.40 | 262.50 | 290.50 | 1470007 | 4263.74 |

Bombay Stock Exchange Limited (BSE)

| Months | IRL Share Price | | | No. of Shares traded during the month | Turnover ₹ Lakhs |
|---------------|-----------------|----------|------------|---------------------------------------|---------------------|
| | High ₹ | Low ₹ | Close ₹ | | |
| April '15 | 400.80 | 330.50 | 347.75 | 237958 | 878.93 |
| May '15 | 413.10 | 316.05 | 393.45 | 364452 | 1374.45 |
| June '15 | 396.05 | 314.80 | 361.20 | 205721 | 757.69 |
| July '15 | 385.10 | 325.00 | 341.60 | 199043 | 712.46 |
| August '15 | 363.00 | 303.00 | 338.35 | 151748 | 517.71 |
| September '15 | 350.00 | 311.95 | 321.50 | 63683 | 212.03 |
| October '15 | 350.00 | 310.00 | 325.60 | 444402 | 1456.07 |
| November '15 | 327.55 | 288.75 | 320.50 | 126110 | 392.69 |
| December '15 | 342.50 | 307.55 | 324.95 | 95509 | 308.00 |
| January '16 | 338.50 | 290.30 | 323.10 | 1545361 | 4788.05 |
| February '16 | 326.00 | 244.00 | 270.60 | 55392 | 149.34 |
| March '16 | 314.00 | 258.60 | 287.90 | 227858 | 662.59 |

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



Distribution of Shareholding as on March 31, 2016

| No. of Equity Shares held | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---------------------------|---------------------|-------------------|--------------------|-------------------|
| 1 to 1000 | 12,788 | 86.48 | 16,77,973 | 1.82 |
| 1001 to 2000 | 902 | 6.10 | 6,89,168 | 0.75 |
| 2001 to 4000 | 417 | 2.82 | 6,16,594 | 0.67 |
| 4001 to 6000 | 176 | 1.19 | 4,48,357 | 0.49 |
| 6001 to 8000 | 69 | 0.46 | 2,51,643 | 0.27 |
| 8001 to 10000 | 63 | 0.43 | 2,90,159 | 0.31 |
| 10001 to 20000 | 142 | 0.96 | 10,67,258 | 1.16 |
| 20001 & above | 231 | 1.56 | 8,71,09,203 | 94.53 |
| Total | 14,788 | 100.00 | 9,21,50,355 | 100.00 |

Shareholding Pattern as on March 31, 2016

| Category | No. of Shares held | Percentage of Shareholding |
|--------------------------------------|--------------------|----------------------------|
| Promoter & Promoter Group | | |
| Indian | | |
| Individuals | 19851714 | 21.54 |
| Bodies Corporate | 15771755 | 17.12 |
| Person Acting in Concert | 18971689 | 20.59 |
| Total (A) | 54595158 | 59.25 |
| Public Shareholdings | | |
| Institutions | | |
| Mutual Funds/UTI | 8053403 | 8.74 |
| Foreign Institutional Investors | 11081234 | 12.03 |
| Financial Institutions / Banks | 12391 | 0.01 |
| Non Institutions | | |
| Other Bodies Corporate | 2487699 | 2.70 |
| NRI & Foreign National | 188219 | 0.20 |
| Clearing Members | 164474 | 0.18 |
| Directors | 467250 | 0.51 |
| Public & Other | 15100527 | 16.38 |
| Total (B) | 37555197 | 40.75 |
| Total (A+B): | 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 |

Details showing Shareholding of more than 1% of the Capital as on March 31, 2016

| Sl. No | Name of Shareholder | Number of Shares | % of Capital |
|--------|---|------------------|--------------|
| 1 | SPA Holdings Pvt. Ltd | 18335000 | 19.90 |
| 2 | Shanteri Investment Pvt. Ltd | 15771755 | 17.12 |
| 3 | Ms. Aditi Panandikar | 5559013 | 6.03 |
| 4 | Ms. Madhura Ramani | 5184079 | 5.63 |
| 5 | Ms. Aruna S. Kare | 4774714 | 5.18 |
| 6 | Mr. Suresh G. Kare | 4060408 | 4.41 |
| 7 | Barclays Merchant Bank (Singapore) Ltd | 2781226 | 3.02 |
| 8 | National Westminster Bank PLC as Depositary of First State Asia Pacific Fund a sub Fund of First State Investments ICVC | 2571461 | 2.79 |
| 9 | DSP Blackrock Micro Cap Fund | 2063658 | 2.24 |
| 10 | UTI Mutual Fund (Various Funds) | 1737558 | 1.89 |
| 11 | First State Investments (Hongkong) Ltd A/c First State Indian Subcontinent Fund | 1654898 | 1.79 |
| 12 | The Scottish Oriental Smaller Companies Trust PLC | 1241469 | 1.34 |
| 13 | Mangeshi Investment Pvt. Ltd | 1167300 | 1.27 |
| 14 | Caisse De Depot Et Placement Du Quebec First State Investments International Ltd | 975210 | 1.06 |

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 March 31, 2016, the number of shares of the Company in the demat form is as shown below:

| | |
|---|-----------------|
| Total No. of Shares of the Company | 92150355 |
| No. of Shares in demat mode | 90640635 |
| % to Total No. of Shares of the Company | 98.36 |

| | |
|---|--------------|
| Total No. of Shareholders of the Company | 14788 |
| No. of Shareholders with dematerialised shares | 14713 |
| % to Total No. of Shareholders | 99.49 |

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, 2016 is given below:

| | <i>No. of Shares</i> | <i>% of Total Shares</i> |
|--------------------------------|----------------------|--------------------------|
| No. of shares in physical form | 1509720 | 1.64 |
| No. of shares in demat form | | |
| (1) With NSDL | 87473418 | 94.92 |
| (2) With CDSL | 3167217 | 3.44 |
| 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 Stakeholder Relationship 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 – 400 078
Contact Person: Mr. Sharad Patkar

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 – 400 098
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

The Company is required to transfer dividends which have remained unpaid /unclaimed for a period of seven years 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 2008-09 are given below:

| Financial year | Unclaimed dividend amount as on 31.03.2016 (in ₹) | Due date for transfer to IEPF |
|---------------------|--|-------------------------------|
| 2008-2009 | 85208.00 | 24.10.2016 |
| 2009-2010 | 202594.00 | 27.08.2017 |
| 2010-2011 | 178288.00 | 02.09.2018 |
| 2011-2012 | 405103.00 | 04.09.2019 |
| 2012-2013 | 380686.90 | 04.09.2020 |
| 2013-2014 | 341231.80 | 04.09.2021 |
| 2014-2015 | 419984.00 | 04.09.2022 |
| 2015-2016 (Interim) | 27,13,208.40 | 15.04.2023 |

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 Industrial Area, MIDC Thane Belapur Road Navi Mumbai Maharashtra 400 701 | 4) A-26 MIDC Industrial Estate Patalganga, Village Kaire Dist Raigad, Maharashtra 410 220 |

- 5) B- 20 MIDC, Waluj,
Aurangabad,
Maharashtra 431 133

R & D Center:

R-92/93, Rabale TTC Industrial 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 – 66936241

- 6) Village Katha, P.O. Baddi
Tehsil Nalagarh, Dist.: Solan,
Himachal Pradesh-173 205

Clinical Research Organization:

Anacipher Clinical Research
3rd & 4th Floor Mirakamshetty Mall
Ramnathpur, RR District, Hyderabad 500 013

Presently the Company has not adopted any non – mandatory provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Certificate of Compliance with the Corporate Governance *requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015* **to the Members of Indoco Remedies Limited**

We have examined the compliance of conditions of corporate governance by Indoco Remedies Limited ("the Company") for the year ended on March 31, 2016 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with Stock Exchanges.

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

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

Membership No. 32625

Mumbai

Date : May 27, 2016



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 March 31, 2016 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, May 27, 2016

ADITI PANANDIKAR
Managing Director
DIN: 00179113



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

We, Aditi Panandikar, Managing Director and Sundeep V. Bambolkar, Jt. Managing Director of Indoco Remedies Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2016 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
DIN: 00179113

SUNDEEP V. BAMBOLKAR
Jt. Managing Director & CFO
DIN: 00176613

Mumbai, May 27, 2016

◆ ◆ ◆

Management Discussion and Analysis

a) Industry Structure and Development:

The pharmaceutical industry is gaining magnitude, with healthcare and quality of life on top priority across all the strata of society and governments worldwide. The size of the pharmaceutical market has reached nearly USD one trillion, with over 30% contribution coming from the Generic Industry. North America leads the Pharma Industry, with contribution of more than 40%. India and China registered higher growth due to contribution from their Generic formulations and APIs Businesses, respectively.

Over the last five years, the Global Pharmaceuticals and Medicine Manufacturing industry experienced moderate growth due to rise in demand for healthcare and medications, especially from emerging economies. Higher healthcare standards and greater emphasis on illness prevention have given pharmaceuticals a higher significance among consumers, driving sales over the period. However, the consequences of the credit crisis and austerity measures implemented by various governments worldwide, translated into cuts in healthcare funding, thereby restricting the overall growth of the industry at moderate levels.

The Indian Pharmaceuticals Industry continues to grow rapidly and is the third largest in terms of volume and thirteenth largest in terms of value. The Indian pharmaceutical sector accounts for above 2% of the global pharmaceutical market in value and 10% in volume. The Indian pharma industry, which is expected to grow over 15% per annum between 2016 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of around 5% during the same period. Presently the market size of the pharmaceutical industry in India stands at US\$ 20 billion (Source: India Ratings a Fitch company).

Branded generics form the largest segment of the Indian pharmaceutical market. The country accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) filings and has surpassed all the countries w.r.t. Drug Master Files (DMFs) applications, filed with the United States Food and Drug Administration (USFDA).

b) Opportunities and Threats:

The Indian Pharmaceutical Market (IPM) is driven by increased consumer spending, increase in literacy levels leading to better awareness, rapid urbanisation and rising healthcare insurance.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic and sub-chronic therapies for lifestyle diseases such as, cardiovascular, diabetes, depression and cancer, that are on the rise.

The Indian government has taken many steps to enhance the affordability and accessibility of medicines through price controls and by facilitating speedy introduction of generic drugs into the market. In addition, the thrust on rural health programmes, life saving drugs and preventive vaccines also augurs well for the pharmaceutical industry.

Looking at the valuable contribution by the Pharma Industry in improving healthcare in the country and earning of foreign exchange from growing exports, the Government of India has come out with various initiatives to propel the Industry. Some of the initiatives undertaken by the Government are:

1. Pharma Vision 2020
2. Bulk drug policy (Part of 'Make in India' campaign)
3. A new ministry for Pharmaceuticals (Proposed)
4. Uniform Code of Pharmaceutical Marketing Practices (UCPMP)
5. Cap on trade margins

However, severe drought in parts of the country coupled with Government's aggression in Price controls and ban on some Fixed Dose Combinations is hurting the Industry's growth. On international front, the growth would be powered by the US generics business on account of that country's vast market. Indian Pharma companies already have a strong Abbreviated New Drug Application (ANDA) pipeline. Areas of concern are, slow pace of ANDA approvals, rising R&D costs due to enhanced regulatory requirements and commoditization of generic formulations business.

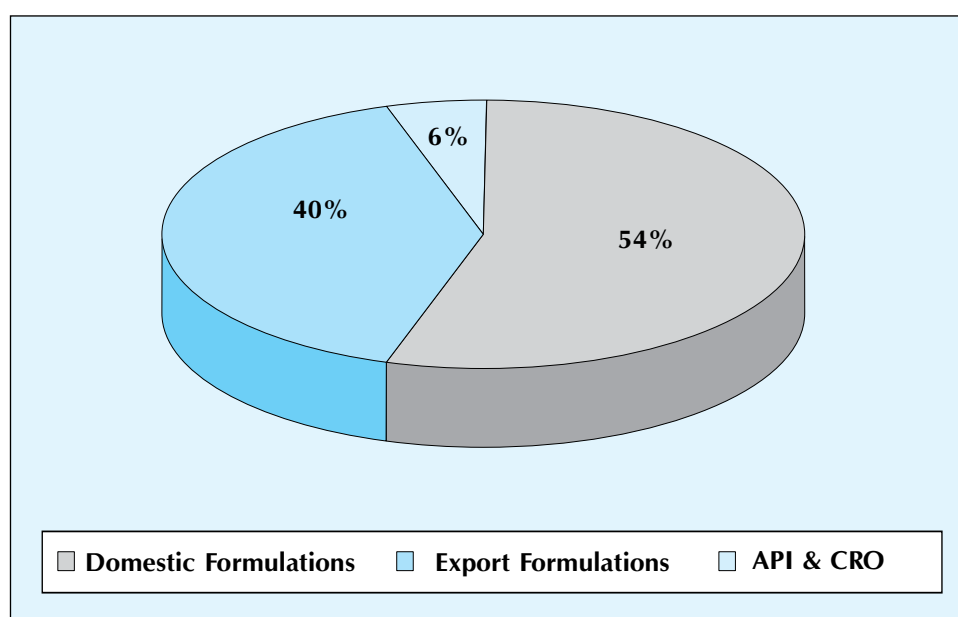
c) Financial Performance:

The overall financial performance of the Company was good with a sales growth of 14.6% for the year ended March 31, 2016. International formulations business grew at 32.9% and the domestic formulations business grew at 4.8%.

Segment wise revenue contribution is as follows:

(₹ In Lakhs)

| Particulars | Contribution % | 2015-16 | 2014-15 | Growth % |
|-----------------------|----------------|--------------|--------------|-------------|
| Domestic Formulations | 54.4 | 52903 | 50479 | 4.8 |
| Export Formulations | 39.6 | 38571 | 29026 | 32.9 |
| API & CRO | 6.0 | 5847 | 5385 | 8.6 |
| Net Sales | | 97321 | 84890 | 14.6 |



Segment wise revenue details are as follows:

(₹ in Lakhs)

| <i>Particulars</i> | <i>2015-16</i> | <i>2014-15</i> | <i>Growth %</i> |
|-------------------------------------|----------------|----------------|-----------------|
| Domestic Formulations Business | 52903 | 50479 | 4.8 |
| International Formulations Business | | | |
| - Regulated Markets | 33657 | 25144 | 33.9 |
| - Emerging Markets | 4914 | 3882 | 26.6 |
| APIs | 5450 | 5385 | 1.2 |
| CRO | 397 | - | - |
| Net Sales | 97321 | 84890 | 14.6 |

Other operating income in the current year has gone up by ₹ 22.5 crores, as compared to the previous year. The increase is mainly due to exchange gains. The material consumption to net sales is 34.9% at ₹ 339.4 crores, as compared to 35.2% at ₹ 298.5 crores last year. The decrease in the material cost is due to the change in product mix, as also efficiency in manufacturing processes, as well as effective procurement policies. The staff cost to net sales is 18.7% at ₹ 182.2 crores, as compared to 16.5% at ₹ 140.0 crores last year.

The recurring R&D expenses to net sales are 4.4% at ₹ 43.2 crores as compared to 2.6% at ₹ 21.7 crores last year.

Other expenses to net sales are at 27.1% at ₹ 263.4 crores as compared to 26.9% at ₹ 228.7 crores last year. The finance cost to net sales is at 1.3% at ₹ 12.3 crores, as compared to 1.2% at ₹ 10.3 crores. The operating profit increased by 10.4% to ₹ 142.9 crores from ₹ 129.4 crores last year.

Depreciation is higher at ₹ 60.3 crores, as against ₹ 47.1 crores in the previous year.

Profit Before Tax is at ₹ 100.9 crores, as compared to ₹ 109.5 crores in the last year.

Profit After Tax was ₹ 83.3 crores, as against ₹ 82.8 crores in the last year.

Basic & Diluted Earnings Per Share (EPS) for the year is ₹ 9.04, as against ₹ 8.99 in the previous year (both after and before the extra-ordinary items). The outstanding long term debt as on March 31, 2016 was ₹ 39.7 crores, as compared to ₹ 12.9 crores last year. The cash outflow on account of Capital Expenditure (CAPEX) during the year was ₹ 97.7 crores, as compared to ₹ 88.7 crores in the last year. During the year, an amount of ₹ 25.2 crores was contributed to the national exchequer by way of payment of income tax and ₹ 35.4 crores by way of sales tax. The net worth of the company as on March 31, 2016 is ₹ 584.2 crores, as against ₹ 518.4 crores previous year, on account of retained profits. The debt-equity ratio during the year was 0.07 times, as compared to 0.02 times in the previous year. The return on net worth was 14.3% as at March 31, 2016 against 16.0% as on March 31, 2015.

d) Business Overview**Domestic Business**

Indoco's domestic formulations business has a pan India presence, with 10 marketing divisions catering to various doctor specialties. During this year, the Company underwent restructuring exercise

by carving out two additional divisions and re-grouped its product basket within the divisions, wherein speciality oriented therapy management approach was given key priority. The Company also expanded its field strength by around 500 as a part of the restructuring exercise, which is aimed to help the business in ensuring good market penetration in speciality / sub-chronic segments through prescription growth, on a sustainable basis.

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

(₹ In Lakhs)

| Therapy | Cont % | 2015-16 | 2014-15 | Gwth % |
|--------------------------------|---------------|----------------|----------------|---------------|
| Stomatologicals | 17.6 | 9,501 | 9,163 | 3.7 |
| Respiratory | 16.4 | 8,813 | 8,857 | (0.5) |
| Anti - Infectives | 16.0 | 8,571 | 7,783 | 10.1 |
| Gastro Intestinals | 13.2 | 7,128 | 6,831 | 4.4 |
| Pain / Analgesics | 8.3 | 4,457 | 4,061 | 9.7 |
| Vitamin / Minerals / Nutrients | 6.0 | 3,226 | 3,433 | (6.0) |
| Ophthal / Otologicals | 5.8 | 3,095 | 2,851 | 8.5 |
| Gynaec. | 5.4 | 2,909 | 2,673 | 8.8 |
| Dermatology | 4.1 | 2,244 | 2,117 | 6.0 |

The Company enjoys a good position in the domestic market, with 53 products ranking amongst the top 5 positions in their respective therapy segments, details of which are given below:

| Product | Rank | Broad Therapy | Market Share % (Respective sub-segments) |
|----------------------|-------------|----------------------|---|
| Sensodent-K | 1 | Stomatologicals | 96.0 |
| Homide | 1 | Ophthalmologicals | 93.8 |
| Carmicide | 1 | Gastro Intestinal | 84.9 |
| Cyclopam Plus | 1 | Gastro Intestinal | 83.2 |
| Renolen | 1 | Ophthalmologicals | 65.3 |
| Sensoform Toothpaste | 1 | Stomatologicals | 63.1 |
| Cyclopam Liq | 1 | Gastro Intestinal | 63.0 |
| Lorchek MR | 1 | Pain / Analgesics | 59.7 |
| Karvol Plus | 1 | Respiratory | 55.0 |
| Cyclopam Tab | 1 | Gastro Intestinal | 54.4 |
| Cyclopam Inj | 1 | Gastro Intestinal | 53.6 |
| Kidodent Toothpaste | 1 | Stomatologicals | 52.2 |
| Snowdent | 1 | Stomatologicals | 43.7 |
| Cital | 1 | Urology | 38.1 |
| Sensodent-KF | 1 | Stomatologicals | 29.1 |
| Dentogel | 1 | Stomatologicals | 23.8 |
| Lignox | 1 | Pain / Analgesics | 22.0 |

| <i>Product</i> | <i>Rank</i> | <i>Broad Therapy</i> | <i>Market Share % (Respective sub-segments)</i> |
|----------------|-------------|-----------------------------|---|
| Rexidin M | 2 | Stomatologicals | 36.8 |
| Sensoform MW | 2 | Stomatologicals | 28.3 |
| Kidodent MW | 2 | Stomatologicals | 27.7 |
| Cyclopam Liq | 2 | Gastro Intestinal | 19.7 |
| Febrex Plus | 2 | Respiratory | 17.9 |
| Sensochek | 2 | Ophthalmologicals | 17.6 |
| Rexidin | 2 | Stomatologicals | 17.5 |
| Tobaren DM | 2 | Ophthal/Otologicals | 17.4 |
| Febrex CCF Sol | 2 | Respiratory | 16.1 |
| Zincoren | 2 | Ophthalmologicals | 15.4 |
| Febrex CCF Liq | 2 | Respiratory | 14.1 |
| Dexoren - S | 2 | Ophthal/Otologicals | 13.5 |
| Rexidin Plus | 3 | Stomatologicals | 16.5 |
| Otorex | 3 | Otologicals | 15.8 |
| Mofloren-D | 3 | Ophthalmologicals | 15.5 |
| Sensodent-R | 3 | Stomatologicals | 14.9 |
| Cloben G | 3 | Derma | 14.4 |
| Mofloren - BF | 3 | Ophthalmologicals | 12.6 |
| Methycal | 3 | Vitamins/Minerals/Nutrients | 11.2 |
| Obi-X | 3 | Anti-Obesity | 9.8 |
| Osteochek | 3 | Vitamins/Minerals/Nutrients | 9.3 |
| Tuspel | 3 | Respiratory | 5.7 |
| ATM | 3 | Anti-Infectives | 5.2 |
| Scabex | 4 | Derma | 14.6 |
| Vepan | 4 | Anti-Infectives | 13.6 |
| Febrex LP | 4 | Respiratory | 12.7 |
| Tuspel PX | 4 | Respiratory | 11.3 |
| Hemsyl | 4 | Blood Related | 10.7 |
| Lorchek P | 4 | Pain / Analgesics | 8.8 |
| Kg Low | 4 | Anti-Obesity | 8.1 |
| Rosuchek D | 4 | Cardiac | 6.4 |
| Otichek | 4 | Otologicals | 5.3 |
| SM Fibro | 5 | Vitamins/Minerals/Nutrients | 8.1 |
| Durashape | 5 | Anti-Obesity | 7.2 |
| Irimist | 5 | Ophthalmologicals | 7.1 |
| Cital-H | 5 | Urology | 5.2 |

Domestic Marketing Divisions:

INDOCO:

Indoco is the largest domestic marketing division, with strong brand equity in the medical fraternity. The division enjoys a strong image amongst its targeted specialities, viz., General Practitioners, Paediatricians, Consultant Physicians and Gynaecologists & holds a prominent position as per CMARC in the covered prescription market.

Cyclopam, the flagship brand of this division has crossed ₹ 70 crores sales (as per the AWACS) and with its wings spread across all the targeted doctors through intensive promotion, this brand is well entrenched to reach newer heights. Indoco division also carries prominent brands like Cital, Carmicide, Karvol Plus, Cloben-G, Triz, each of which garners a respectable market share in their markets.

Oxipod, the second largest brand of this division has reached ₹ 37 crores sales (as per AWACS). It is one of the leading brands in the competitive Cefpodoxime market (Anti-infective Segment).

Tuspel LS, a new product introduction with Levosalbutamol combination has shown a good performance. With the reprisal of launching newer concepts through Coral form of Calcium with CC Zems, the division is launching first of its kind Cital-UTI, a urinary alkaliser, a new concept in the treatment of uric acid stones and urinary tract infection.

SPADE:

This division has a large portfolio of Respiratory and Anti-infective category of products, amongst others. Febrex Plus as its leading brand, which is around ₹ 70 crores (as per AWACS). Febrex Plus is the second largest brand of the Company and is ranked at 181 in the Indian Pharma Market. In addition, two of its brands, viz., ATM and Bactogard, give the division a significant presence in the anti-infective market. The doctor categories that this division caters to are ENTs, Consulting Physicians, Paediatricians, General Practitioners and Chest Physicians.

Warren NxGen:

Warren NxGen is a new division carved out from the original Warren product range. This division enjoys number one position in the covered market. The team caters to more than 80% of dentists across India and also has focus on General Physicians, Oncologist and ENTs. Warren NxGen offers wide range of products, which include toothpastes for treatment of various dental sensitivity disorders, mouthwashes for adults as well as kids, along with other therapeutic agents like antibiotics, analgesics/anti-inflammatory, local anaesthetics and innovative oral care products.

Warren NxGen has innovative products in its basket viz., SM Fibro (for Oral Sub Mucous Fibrosis), Rexidin M Forte (For Pre and Post Surgical procedures), Flamar 3D (Proteolytic enzymes with NSAID) and Duestom (Maintenance of Oral Ph and Salivary Balance). The major brands of Warren NxGen are Sensodent KF, SM Fibro, Kidodent, Amclaid, Rexidin, etc. New products viz., Rexidin M Forte, Flamar 3D and Duestom are progressing as planned.

Warren ACE:

Indoco is the first Company in India to have two divisions in the Dentistry segment viz., Warren Ace and Warren NxGen. Both these divisions cater to different needs (Prescription and dispensing/direct buying) of growing Dentists and patient population in India.

Warren Ace has retained its Number 1 position in the stomatological space in the Indian Pharma Market through sustained growth for the existing range of dental brands. The division caters to almost 40,000 dentists and has Pan India presence. The major contributing brands of Warren Ace are Sensodent K and Sensoform.

The Warren Ace division is created to give boost to sales growth of toothpastes viz., Sensodent K and Sensoform in Prescription market and to capitalize on the OTC aspect of Sensitivity toothpaste market. Apart from the toothpastes, the division has created a space for growth of certain other brands, viz., Rexidin Plus, Senolin SF, etc along with new products like, T- Lac (Ketorolac Mouth dissolving Tablets).

Apart from prescription business, Warren Ace will cater to their dispensing need by offering category of products like – Dental material, Anaesthetics, etc.

Considering the growth of Dentistry as a segment, the division is the first one in the dental market to identify and cater to prescription as well as the dispensing needs of Dentists in line with its Brand Equity.

SPERA:

Spera, a multi speciality division was launched seven years back and this year, the Company took steps in transforming this division from multi-speciality to a Gynaec speciality division, through effective utilization of the existing Gynaec brands. This division now caters to women's health with focussed approach towards Gynaecologists.

The division caters to 24000 Gynecologists Pan India. Existing portfolio has brands in Pregnancy care and lifestyle management. MCBM-69, Methycal, Nasic are established brands in pregnancy care and Hemsyl, KG-Low garner good prescription support amongst Lifestyle brands. Newer introductions like MCBM-L, 9FB SR 200/300 and T Syl will further strengthen the therapy basket and help the division to progress towards its objectives.

Indoco Focus:

Indoco Focus was launched with the vision to fortify the Company's strong footprint in chronic segment. The division is focused on a mission to develop and deliver innovative formulations that will help patients prevail over serious diseases. It is aimed at creating a strong presence amongst Consulting Physicians, with focus on emerging therapy areas addressing management of lifestyle related disorders. The division has started witnessing good progress in prescriptions from the above specialities.

To further propel the growth of the division, brand extensions are being developed, which are designed to fit the overall strategy of the Company. The division will soon venture in launching new products to tackle metabolic disorder ailments by entering into the much coveted diabetic Gliptin market.

Indoco CND:

CND division is stepping into the 5th year of its launch and is making inroads in the cardio-diabetic market. Anti-obesity formulation Obi-X (a novel combination of Leucine and Pyridoxine 5 Phosphate formulation), which was introduced for the first time in India and launched during last financial year, is performing well.

Many scientific activities and participation at national conferences like Cardiological Society of India (CSI), Research Society for The Study of Diabetes in India (RSSDI), Mayo Clinic and Annual Conference of The Association of Physicians of India (APICON), have helped the division to get due recognition for Indoco CND's product range by high end Consulting Physicians, Cardiologists and Diabetologists.

This division caters to super-specialists like Cardiologists, Diabetologists, Endocrinologists, Nephrologists and high end Consulting Physicians, with an objective to strengthen the Company's presence in the fast growing chronic segment. The main brands of this division are Cal-Aid, Prichek, Amchek, Obi-X and Telmichek.

WARREN EXCEL and WARREN VISION:

These divisions solely cater to Ophthalmologists with a separate set of products, which enable both the divisions to create a major presence in ophthalmic anti-oxidants, lubricating/tear substitutes, anti-infectives and anti-allergic therapies through non-conflicting products. The major brands of these divisions are Homide, Irivisc, Macuchek, Mo-floren, Renolen, etc. Homide, the leader brand in its category, continues to grow well. These divisions have garnered reasonable presence in surgical segment, as well as in anti-glaucoma segment.

ETERNA:

Eterna division is primarily present in sub-chronic, nutritional and pain management therapies, along with therapies like anti-infectives and gastrointestinals. Eterna division has consolidated its presence with Orthopedicians and Consultant Physicians. The main brands of this division are Osteochek, Lorchech, LP Slim, etc. The division has added new brands like CQ-Heal, Flavestin, Dolinsta and Theorem in the pain management segment.

INSTITUTION and Indoco IMPULSE:

Institution division deals with Government health departments, including ESIC, Railways, BHEL, SAIL, DHS, Defence, etc. The division works closely with these institutions to register the Company's products in their formulary and participates in various tenders for branded and proprietary products. Rate contracts and tenders are awarded at regular intervals by these Government institutions. With continuous follow up and leg work of the field personnel, the division could add proprietary products in various formularies and has fetched good sales orders.

The Indoco IMPULSE division taps corporate hospitals, as well as private nursing homes in critical care segment. Impulse division works with top super specialty doctors and is engaged in generating prescriptions for injectables, as well as oral antibiotics. In the very first year, the division was able to get entry into major corporate hospitals like Apollo, Inlaks, Bombay Hospital, CIMS, etc. High end

carbapenems introduced by Impulse division has got well accepted amongst the super speciality consultants, who deal in critical care segment. New product introductions will give sizeable revenues to Indoco IMPULSE to achieve higher growth.

New Product Launches:

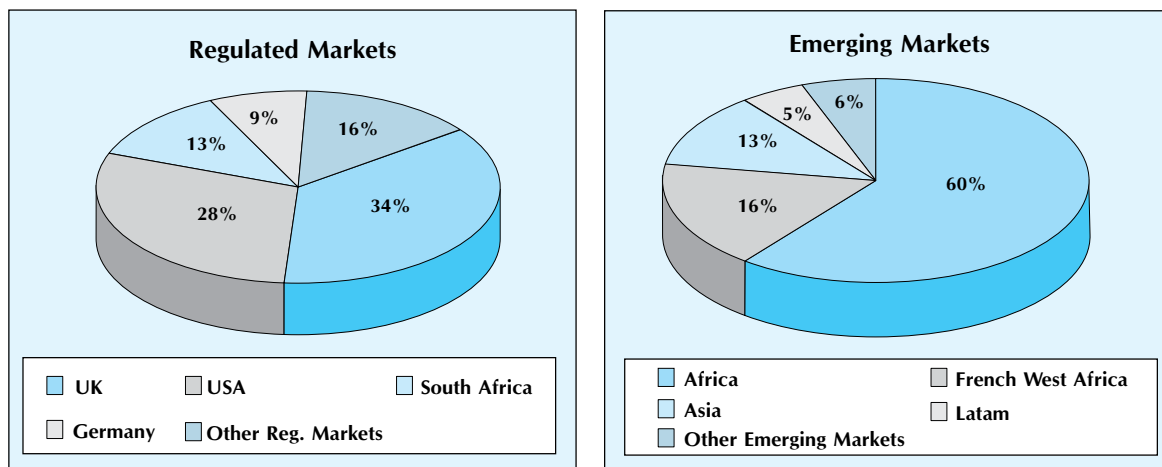
During the year, the Company launched 20 new products across various therapeutic categories, details of which are as follows:

| <i>Product</i> | <i>Division</i> | <i>Therapy</i> |
|-----------------------------|------------------------|---------------------------------|
| Telmichek – CT Tablets 10's | Indoco CND | Cardiac |
| Flamar 3D Tablets 10' s | Warren NxGen | Pain / Analgesics |
| CQ-Heal Capsules, 10' s | Eterna | Pain / Analgesics |
| Tobaren – DM Eye Drops | Excel | Ophthal / Otologicals |
| Oxipod CV 100 Dry Syrup | Indoco | Anti-Infectives |
| Tuspel LS 1, 100 ML | Indoco | Respiratory |
| Xylochek Nasal Spray, 10 ML | Spade | Respiratory |
| VDI Capsules, 60' s | Spera | Gynaec. |
| Metchek SR 500 Mg Tablets | Indoco CND | Anti-Diabetic |
| Lignox 2 % A Cartridge | Warren Ace | Stomatologicals |
| Duestom 50 Gm | Warren NxGen | Stomatologicals |
| Flavestin 250, 10' s | Eterna | Pain / Analgesics |
| Flavestin 500, 10' s | Eterna | Pain / Analgesics |
| T-Lac Tablets, 10' s | Warren Ace | Pain / Analgesics |
| Irisc Liquigel 10 ML | Excel | Ophthal / Otologicals |
| Dolinsta-P Tablets 10' s | Eterna | Anti-Infectives |
| Coloferrin 50 Gm | Spade | Vitamins / Minerals / Nutrients |
| MCBM-L Tablets, 10' s | Spera | Gynaec. |
| OH-D3 Capsules, 4' s | Indoco | Vitamins / Minerals / Nutrients |
| Theorem Capsules, 40' s | Eterna | Vitamins / Minerals / Nutrients |

International Business

International business is steadily increasing its contribution in the total revenues of the Company. The strategy to spread the business across continents has ensured sustainable growth over the years.

Country Wise / Region wise Sales Contribution:



US

US Generics market has seen a number of consolidations to drive growth. The focus is also shifting from me-too generics to super generics, as growth in the generics market would be a challenge. Accordingly, Indoco is building a strong pipeline of niche products, which can differentiate the Company from others in the next 3-5 years. These products comprise of various dosage forms, including injectables. More and more First To File (FTFs) and Paragraph IV Drug Product Application filings are getting commoditised, emphasising the need for specialty products.

Ophthalmics would be the major revenue driving factor for the US market, but to have a balanced product mix, the Company has also initiated activities on injectable products, with a pipeline of more than 10 injectable products. These injectable ANDAs will be filed in due course of time and will supplement Company's strength in the sterile products.

The Company has received the Establishment Inspection Report (EIR) from USFDA for all the manufacturing facilities in Goa. In March 2016, the Company received the approval (EIR) from USFDA for its solid dosages facility (Goa Plant I) inspected in October' 2015. The approval (EIR) for its sterile and solid dosage facility (Goa Plant II), inspected in July'2015, was received on May 25, 2016 from USFDA.

Status of ANDAs

| Particulars | Through Watson (Actavis) | Own Filings | Through Other Customers | Total |
|----------------------------|--------------------------|-------------|-------------------------|-----------|
| Approvals till date | 2 | 2 | 4 | 8 |
| Tentative approvals | 3 | - | - | 3 |
| Filed but pending approval | 14 | 8 | 1 | 23 |
| Total | 19 | 10 | 5 | 34 |

Europe:

Slow pace of growth in the economy, rising burden on Governments on account of healthcare cost and resultant pricing pressure have impacted the Pharma business in Europe.

UK and Germany are the major revenue generators in the region, followed by some of the Eastern EU countries. The Company has introduced strong foothold in UK, Germany and Spain, with tie ups with multinational companies. Apart from solid orals, liquid orals and creams, the Company has expanded its portfolio to EU specific injectables as well.

Strong regulatory capabilities has enabled own filings of Dossiers / registrations of products in various EU countries through Decentralized Procedure (DCP) and Mutual Recognition (MRP) Procedure. The Company has received EU GMP approval for its Sterile Injectable facility in Goa, during the current year.

Currently the business model revolves around Contract Research & Manufacturing (CRAMs), however, the Company is set to introduce its own products in eastern EU and other European countries, as well and has strategic partnership in Germany for tender business. Company has expanded its geographic reach to Benelux and Nordic countries, besides consolidating its business in Western Europe. Company's own product launches through generic companies will give a big boost to the business.

Status of Dossier filing :

| <i>Particulars</i> | <i>No. of Dossiers</i> |
|---|------------------------|
| Approvals till date (against dossiers filed by Customers) | 17 |
| Filed but pending approval (Includes 4 Own filings) | 9 |
| Total | 26 |

South Africa, Australia and New Zealand:

Indoco is now recognized as a reliable partner by the Generic Pharma Companies in South Africa, Australia and New Zealand. Aspen being the largest player and the Company's major partner in South Africa, the Company has also developed other customers in the region. Addition of new customers with multiple products and winning prestigious tenders, have contributed towards an impressive growth in these markets.

Emerging Markets:

Emerging Markets offer a good opportunity for strong growth for the Company's branded portfolio. Regulatory landscape is evolving in these markets, which raise entry barriers and weed out unhealthy competition. Political stability and currency depreciation may weaken the macro environment in some countries from Emerging Markets.

Indoco promotes the branded generic business not only through its distributors, but also with its own field force in selected countries. Indoco has consolidated its presence in 20 countries of the African Continent, 6 countries in South East Asia, 3 countries in CIS and 3 countries in MENA region.

The Company has started marketing products in the French West African markets of Ivory Coast, Mali, Gabon, Burkina Faso, Benin and Congo.

The focus would be to strengthen our presence in the ophthalmic and dental range for higher growth in emerging markets without losing sight of our present product portfolio.

API Business:

The Government of India declared the year 2015 as the year of 'API/ Bulk Drugs'. Under its 'Make in India' initiative, the Government intends to reduce India's dependence on China for its APIs and Intermediates. The API Industry is, however, concerned with high cost of effluent treatment in the wake of stringent environment laws framed for large chemical industries being applied and also due to poor / non-functioning of Common Effluent Treatment Plants (CETPs) in a number of industrial areas.

For Indoco, API Business primarily caters to captive requirements, especially towards API supplies against own ANDAs and Dossiers. Remaining capacity is used to produce APIs for sale in domestic, as well as export markets. The Company has three API manufacturing facilities, two of which have been approved by USFDA and are WHO GMP certified.

Kilolab manufacturing facility at Rabale was audited by USFDA in February, 2015 and the EIR was received in June, 2015. Patalganga manufacturing facility was audited by USFDA in April, 2015 and audit closure, i.e. Establishment Inspection Report (EIR) was received in September, 2015.

The Company has a good product mix in ophthalmics, anti-diabetic and other therapeutic categories, backed by Drug Master Files (DMFs) and Certificates of Suitability for European Pharmacopoeia (CEPs). The Company offers full range of services with respect to API supplies in Regulated markets. New APIs are developed through non-infringing processes, which assure commercial viability and hassle free launch (circumventing IPR issues) of the products.

Construction of a new API manufacturing facility has been initiated to cater to the growing API business and to make new APIs available for ANDAs/ Dossiers pipeline for the Regulated markets.

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 Company has now initiated development of 'Super Generics' and Novel Formulations are being developed for submission to USFDA through 505b(2) regulatory pathway. Safer alternatives in Ophthalmics are being developed by eliminating preservatives from formulations, and using patented multi dose container closure system.

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 process in the lab scale is carried out with a view to create design space for the products, which ensures robust product development and smooth technology transfer to manufacturing sites. Indoco's core strength lies in its ability to excel in developing technologically complex products through a highly skilled team of over 300 scientists.

Anacipher:

Analytical Research Services

Anacipher, the analytical research division, provides specialized services like Genotoxic Evaluation, Impurity Identification, Isolation and Characterization, Residual Metal Catalyst, Polymorphism Studies, Particle Size Analysis and Impurity Standards. Identification & Characterization of Extractables and Leachables from pharmaceutical containers, closures and devices that are used in the packaging of drug products, is a new service being offered by AnaCIPHER.

The Anacipher Laboratory complies with all cGMP norms and the infrastructure is constantly upgraded by adding new technologies and competent staff. Anacipher is completely equipped to take up any kind of analytical challenge to support its customers.

Clinical Research Organisation (CRO)

AnaCIPHER CRO (a division of Indoco Remedies Ltd), is a Clinical Research Organisation, specialized in Bio-Availability and Bio-Equivalence (BA / BE) studies. The state-of-the-art-facility is spread over more than 30,000 sq. ft. area and is located in Hyderabad, India. AnaCIPHER CRO has been successfully audited by major regulatory agencies like, Drug Controller General of India (DCGI), World Health Organization (WHO), United States Food and Drugs Administration (USFDA), National Agency for Medicines and Health Products Safety (ANSM France), The Netherlands, UK's Medicines and Healthcare Products Regulatory Agency (UK-MHRA), Thailand FDA, Chile ANAMED, etc.

The centre is equipped with 98-beds, monitoring stations, phlebotomy stations, four-bed ICU, state-of-the-art analytical lab and capabilities of eCTD (Electronic Common Technical Document) submission.

AnaCIPHER has a database of more than 9600 healthy human volunteers. AnaCIPHER along with other CROs in Hyderabad, have tied up for the implementation of a 'Common Volunteer Database Management System' to track volunteers cross participation across these CROs.

The facility offers a complete range of BA/BE services, such as, bioavailability, bioequivalence, pharmacokinetic, steady state studies, food effect studies, taste evaluation formulation studies, single and multiple dose studies. The scope of these studies include study design, protocol preparation, subject selection, pharmacokinetic and statistical data evaluation, study result reporting and archival of study documents, in accordance with applicable regulations. More than 400 bioequivalence and pharmacokinetic studies have been conducted at this facility by Indian, UK and European Innovator and Generics Pharma Companies.

Regulatory Affairs:

Indoco has a team of 35 regulatory specialists who are engaged in submissions of DMFs (Drug Master File), Dossiers and ANDAs (Abbreviated New Drug Application) to Regulatory Authorities across the globe. The Company is equipped with 21 CFR (Code of Federal Regulations) (Part 11 compliant), eCTD, SPL (Structured Product Labeling) software and established ESG (Electronic Submission Gateway) with FDA and CESP (Common European Submission Platform) with European Agencies. Indoco's regulatory submissions in emerging markets are pursued aggressively as a result of which, more than 638 product registrations have been received from 38 countries.

Intellectual Property Rights (IPR):

The Company has filed 70 patent applications so far, the details of which are as under:

| <i>Patent Applications</i> | <i>Total</i> | <i>India</i> | <i>PCT</i> | <i>Europe</i> | <i>USA</i> | <i>Japan</i> |
|----------------------------|--------------|--------------|------------|---------------|------------|--------------|
| Finished Dosages | 23 | 17 | 2 | 2 | 2 | - |
| APIs | 47 | 28 | 14 | 2 | 2 | 1 |

During the year, the Company was granted four patents by Indian Patents Office for manufacturing processes of 4 APIs, viz., Olopatadine hydrochloride, Brinzolamide, Pregabalin and Nitro pyridine derivatives.

Out of patent application filings for finished dosages, 4 patents are granted in India and for APIs, 12 patents are granted (8 patents in India, 2 in Europe and 2 in USA).

Indoco's R&D efforts received due recognition with the 'Best Process Patent Award' for three international patents granted, two patents in US and one patent in EP for 'Process for preparation of Lacosamide and some n-benzyl-propanamide intermediate derivatives' and 'Process for the preparation of Tapentadol'. This award was presented at Indian Drug Manufacturers Association's 54th Annual Day celebrations on January 23, 2016.

e) Human Resources:

With an effort to build transparent and effective communication with employees within the Organization, the Human Resource (HR) Team launched the Human Resource Management System (HRMS) Portal, viz., 'SAMWAD' with features like Online Leave Management, Performance Management Systems (PMS), etc.

Moving a step ahead towards the efforts for building leadership from within, HR started a new batch of GEMS (Guiding, Empowering, Mentoring, Supporting) at the Corporate Office and Research Centre under the mentoring and coaching initiative of the Organization. A convocation ceremony was held for the 2013-15 GEMS batch, who successfully completed two years of the development program.

With a view to further sharpen the collective leadership skills of the senior management, a multifactor leadership questionnaire (MLQ) assessment was conducted.

To strengthen the culture, shared values and beliefs, HR Team continued to perform various engagement activities for employees at different locations, like 'Annual Pooja' on Dusshera, 'Fun Fiesta' on Diwali, 1st Anniversary celebration at CRO, Hyderabad and 'PACE-2016' a sports event on Chairman's birthday.

The management addressed all the employees on the occasion of beginning of new sales year, celebrating achievement of total revenue of ₹ 1000 crores and further shared the vision of the Organisation. On this occasion, the employees collectively made a commitment for plantation of 1000 saplings, donation of 1000 bottles of blood and 1000 school kits, organizing 1000 dental camp and 1000 de-worming of school kids in Africa.

The Company continued to organize an Annual Strategy Meet for its 170 senior managers from marketing, as well as manufacturing and support functions to discuss and deliberate upon the strategies of the Organization. As a part of this meet, a change initiative 'Wheels to Wings' was unveiled to accelerate the speed to achieve higher growth in the coming years.

f) Future Outlook:

In line with the developments in domestic and global market, the company is aligning its strategies to capitalise on its core competencies, viz., Research & Development and Manufacturing. With the acquisition of a CRO, the Company is now completely integrated and will remain a preferred partner, offering complete solutions to generic companies worldwide.

Going forward, the Company's business from US and EU territory is expected to grow speedily, as ANDAs and Dossiers will be commercialized at regular intervals, as and when approved. While surging ahead in the Regulated Markets, Indoco is also consolidating its position in the Emerging markets through active brand promotion. Robust pipeline of products in multiple dosage forms, accompanied with flexible business model will enable the Company to have upper edge over competitors in international business.

At an appropriate time, the Company will have its own establishment in USA for marketing and distribution of products with Indoco label through Distribution cum-marketing and logistic companies.

The growth in Indian domestic market will be boosted by rise in consumer spending, rapid urbanization, increase in healthcare insurance and changes in lifestyle patterns. Company's domestic business continues to focus on brand building, new product launches and thrust on share in Acute & Sub-chronic segments. The Company has re-structured its domestic business and has added field force to accelerate growth and consolidate its prescription share from the speciality segments.

Expertise in Research & Development, backward integration of APIs in select products, newly acquired CRO, excellence in finished dosages manufacturing and a strong customer base will ensure consistent growth both in Indoco's Domestic as well as International business. Additionally, it will also exploit the larger opportunities through acquisitions and alliances in major markets for an inorganic growth.



Independent Auditors' Report to the Members of Indoco Remedies Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Indoco Remedies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the company's directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 of the state affairs of the company as at March 31, 2016 and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 30 to the financial statements.
 - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the company.

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

B. M. PENDSE
Partner
M. No. 32625

Date : May 27, 2016



ANNEXURE

to Independent Auditors' Report

As per the Annexure - A referred to in our Independent Auditors' Report to the members of the company on the standalone financial statements for the year ended March 31, 2016, we report that:

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 all 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. As explained to us, inventories have been physically verified by the management at reasonable intervals and in our opinion and as explained to us, there were no material discrepancies noticed on physical verification of inventories as compared with the books of account.
3. The Company has granted loan to one body corporate covered in the register maintained under Section 189 of Companies Act, 2013.
(a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the bodies corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
(b) In the case of loan granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrower has been regular in the payment of the interest as stipulated.
(c) There is no overdue amount in respect of the loan granted to the body corporate listed in the register maintained under Section 189 of the Act.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
5. According to the information and explanation given to us the Company has not accepted any deposits from the public.
6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1)(d) of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees States Insurance, Income tax, Sales tax, Service tax, Custom duty, Excise duty, Value Added tax, Cess and any other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the

aforesaid dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us the disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities are as under:

| Sr. No. | Particulars | Financial year to which matter pertains | Forum where dispute is pending | Amount Rupees in Lakhs) |
|---------|--------------------------|---|---|-------------------------|
| 1 | Income Tax Act, 1961 | 2007-08 | DCIT (TDS), Mumbai | 0.59 |
| | | 2008-09 | DCIT (TDS), Mumbai | 0.11 |
| | | 2009-10 | DCIT (TDS), Mumbai | 7.37 |
| | | 2010-11 | DCIT (TDS), Mumbai | 4.40 |
| | | 2011-12 | DCIT (TDS), Mumbai | 0.58 |
| | | 2012-13 | DCIT (TDS), Mumbai | 0.39 |
| | | 2013-14 | DCIT (TDS), Mumbai | 0.75 |
| | | 2014-15 | DCIT (TDS), Mumbai | 2.24 |
| | | 2015-16 | DCIT (TDS), Mumbai | 4.74 |
| 2 | Central Excise Act, 1944 | 1995 - 96 | CESTAT | 066 |
| | | 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 |
| | | Various | CESTAT | 11.20 |
| | | 2010 - 14 | Principal Commissioner of Central Excise, Raigad | 279.55 |
| 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 |
| | | 2012 - 13 | The Commercial Tax Officer, Nacharam Circle, A.P. | 50.58 |
| | | 2012 - 14 | The Commercial Tax Officer, Nacharam Circle, A.P. | 103.94 |

8. 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.
9. In our opinion and according to the information and explanations given to us, the Company has raised term loans and the term loans so raised have been applied for the purpose for which these were obtained. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

B. M. PENDSE
Partner
M. No. 32625

Date : May 27, 2016



ANNEXURE - B **to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act")

We have audited the internal financial controls over financial reporting of Indoco Remedies Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These Responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including Adherence to company's policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal

financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date : May 27, 2016

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For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

M. No. 32625

Balance Sheet

As at March 31, 2016

| | Note No. | Current Year As at 31.03.2016 | Previous Year As at 31.03.2015 | (₹ lakhs) |
|--|----------|----------------------------------|-----------------------------------|------------------|
| I. EQUITY AND LIABILITIES | | | | |
| (1) Shareholders' Funds : | | | | |
| (a) Share Capital | 3 | 1,843.01 | 1,843.01 | |
| (b) Reserves & Surplus | 4 | 56,579.36 | 49,994.71 | |
| | | 58,422.37 | | 51,837.72 |
| (2) Non-Current Liabilities | | | | |
| (a) Long Term Borrowings | 5 | 3,967.27 | 1,285.35 | |
| (b) Deferred Tax Liabilities (Net) | 6 | 2,411.33 | 2,701.53 | |
| (c) Other Long Term Liabilities | 7 | 968.60 | 968.65 | |
| (d) Long Term Provisions | 8 | 1,719.04 | 1,502.71 | |
| | | 9,066.24 | | 6,458.24 |
| (3) Current Liabilities | | | | |
| (a) Short Term Borrowings | 9 | 8,674.79 | 7,305.58 | |
| (b) Trade Payables | 10 | 13,101.34 | 11,862.83 | |
| (c) Other Current Liabilities | 11 | 5,579.44 | 4,087.71 | |
| (d) Short Term Provisions | 12 | 1,419.43 | 2,602.15 | |
| | | 28,775.00 | | 25,858.27 |
| Total | | 96,263.61 | | 84,154.23 |
| II. ASSETS | | | | |
| (1) Non Current Assets | | | | |
| (a) Fixed Assets | | | | |
| (i) Tangible Assets | 13a | 33,580.81 | 29,493.20 | |
| (ii) Intangible Assets | 13b | 3,895.50 | 4,448.05 | |
| (iii) Capital Work In Progress | 13c | 581.89 | 2,602.63 | |
| (iv) Intangible Assets Under Development | 13d | 4,897.93 | 3,668.70 | |
| (b) Non Current Investments | 14 | 261.09 | 64.12 | |
| (c) Long Term Loans And Advances | 15 | 7,033.10 | 5,734.64 | |
| | | 50,250.32 | | 46,011.34 |
| (2) Current Assets | | | | |
| (a) Current Investments | 16 | 1,520.78 | — | |
| (b) Inventories | 17 | 16,297.30 | 14,619.85 | |
| (c) Trade Receivables | 18 | 18,772.30 | 15,364.39 | |
| (d) Cash and Bank Balances | 19 | 1,389.11 | 1,528.17 | |
| (e) Short Term Loans And Advances | 20 | 7,861.38 | 6,588.85 | |
| (f) Other Current Assets | 21 | 172.42 | 41.63 | |
| | | 46,013.29 | | 38,142.89 |
| Total | | 96,263.61 | | 84,154.23 |
| 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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Statement of Profit and Loss Account

For the year ended March 31, 2016

| | Note No. | Current Year Apr'15-Mar'16 | Previous Year Apr'14-Mar'15 |
|---|----------|-------------------------------|--------------------------------|
| (₹ lakhs) | | | |
| Income | | | |
| 1) Revenue from Operations (Gross) | 22 | 1,01,042.91 | 86,484.96 |
| Less : Excise Duty Recovery | | (1,003.37) | (1,121.46) |
| Revenue from Operations (Net) | | 1,00,039.54 | 85,363.50 |
| 2) Other Income | 23 | 123.38 | 174.15 |
| Total Revenue (I) | | 1,00,162.92 | 85,537.65 |
| Expenses | | | |
| 3) Cost of Materials Consumed | 24 a | 29,408.37 | 26,407.39 |
| 4) Purchase of Stock in Trade | 24 b | 5,608.09 | 5,362.52 |
| 5) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress | 24 c | (1,078.33) | (1,924.74) |
| 6) Employee Benefits Expense | 25 | 18,216.98 | 13,963.96 |
| 7) Research & Development Expenses | 26 | 4,317.87 | 2,167.15 |
| 8) Other Expenses | 27 | 26,335.91 | 22,867.47 |
| Total Expenses (II) | | 82,808.89 | 68,843.75 |
| Earning before Finance Cost, Depreciation and Amortisation and Tax (I - II) | | 17,354.03 | 16,693.90 |
| 9) Finance Cost | 28 | 1,226.72 | 1,034.21 |
| 10) Depreciation and Amortization Expense | 13 | 6,033.74 | 4,711.31 |
| Profit before Tax | | 10,093.57 | 10,948.38 |
| 11) Provision for Tax | | | |
| (a) Current | | 2,233.42 | 3,061.12 |
| (b) Deferred | | (290.21) | (351.33) |
| (c) Earlier years adjustment | | 5.21 | 256.01 |
| (d) Mat Credit Adjustment | | (186.89) | (298.62) |
| Total Taxes | | 1,761.53 | 2,667.18 |
| Profit for the year | | 8,332.04 | 8,281.20 |
| 12) Earnings Per Share | | | |
| Basic & Diluted (₹ 2/- each) | 29 | 9.04 | 8.99 |
| 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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Cash Flow Statement

For the year ended March 31, 2016

| | Current Year Apr'15 - Mar'16 | Previous Year Apr'14 - Mar'15 |
|---|---------------------------------|----------------------------------|
| (₹ lakhs) | | |
| (A) Cash Flow from Operating Activities : | | |
| Net Profit before tax and extraordinary item | 10,093.57 | 10,948.38 |
| Adjustments for : | | |
| Depreciation and Amortisation Expense | 6,033.74 | 4,711.31 |
| Profit on sale of Fixed Assets | (4.53) | (0.80) |
| Loss on sale of Fixed Assets | 32.41 | 0.90 |
| Sundry Balances written back | (150.73) | (0.01) |
| Provision for Doubtful Debts / Advances / Bad Debts | 682.39 | 738.45 |
| Interest Income | (63.80) | (67.14) |
| Dividend received on Investments | (0.72) | (0.76) |
| Unrealised Foreign Exchange (Gain) / Loss | (211.91) | (266.34) |
| Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss) | 1,273.48 | 1,380.32 |
| | 7,590.33 | 6,495.93 |
| Operating Profit before Working Capital Change | 17,683.90 | 17,444.31 |
| Adjustments for: | | |
| Trade Payables and Other liabilities | 3,453.11 | 4,761.80 |
| Trade and Other Receivables | (5,386.72) | (4,954.28) |
| Inventories | (1,677.44) | (3,793.53) |
| | (3,611.05) | (3,986.01) |
| Cash generated from Operations | 14,072.85 | 13,458.30 |
| Income Tax Paid (Net of Refund) | (2,730.51) | (2,467.74) |
| Net Cash generated from Operating Activities (A) | 11,342.34 | 10,990.56 |
| (B) Cash Flow from Investing Activities | | |
| Payment towards Capital Expenditure | (9,768.93) | (8,870.88) |
| Sale of Fixed Assets | 35.29 | 5.59 |
| Purchases of Investments | (1,727.76) | (19.60) |
| Investments matured | 10.00 | - |
| Interest Received | 63.56 | 45.53 |
| Dividend received on Investments | 0.72 | 0.76 |
| Net Cash used in Investing Activities (B) | (11,387.12) | (8,838.60) |

Contd...

Cash Flow Statement

For the year ended March 31, 2016

... Contd. from previous page

(₹ lakhs)

| | Current Year Apr'15 - Mar'16 | Previous Year Apr'14 - Mar'15 |
|--|---------------------------------|----------------------------------|
| (C) Cash Flow from Financing Activities | | |
| Finance Cost (Other than Unrealised Foreign Exchange Gain / (Loss)) | (1,266.82) | (1,363.62) |
| Dividend Paid | (3,299.47) | (1,508.04) |
| Proceeds from Long Term Borrowings | 3,961.00 | 1,000.00 |
| Repayment of Long Term Borrowings | (303.31) | (216.14) |
| Proceeds / (Repayment) from Short Term Borrowings | 1,361.90 | 1,691.99 |
| Repayment of External Commercial Borrowings | (422.95) | (1,667.62) |
| Net Cash Inflow/(Outflow) from Financing Activities (C) | 30.35 | (2,063.43) |
| Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C) | (14.43) | 88.53 |
| Cash and Cash Equivalents (Opening) | 1,040.19 | 951.66 |
| Cash and Cash Equivalents (Closing) (Refer note no. 20) | 1,025.76 | 1,040.19 |

Notes:

- The above Cash Flow Statement has been prepared under "Indirect Method" set out in AS-3, issued by Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- 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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

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 three wholly owned subsidiaries Xtend Industrial Designers and Engineers Pvt Ltd, Indoco Pharmchem Ltd and Indoco Remedies Singapore PTE 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 provisions of the Companies Act, 2013. 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 Schedule III to the Companies Act, 2013.

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.

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 & HO which is provided on written down value method. However, depreciation on residential flat at HO and plant and machinery at Rabale is provided on straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Intangible Assets

Trademarks / Technical Knowhow are recorded at their acquisition cost and amortized on the written down value 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

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period 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.

Samples are valued at 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 as prescribed in Schedule II of the Companies Act, 2013.

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.

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 to its employees on actuarial valuation. The company's contribution to LIC for group gratuity policy is charged to Profit and Loss account each year.

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.30.

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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Notes

on financial statements for the Year ended March 31, 2016

Note 3 : SHARE CAPITAL

| Particulars | Current Year | | Previous Year | |
|--|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | As at 31.03.2016 | | As at 31.03.2015 | |
| | | | | (₹ lakhs) |
| 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 | | | | |
| | 2015-16 | | 2014-15 | |
| | Equity Shares | | Equity Shares | |
| | Number | ₹ lakhs | Number | ₹ lakhs |
| Shares outstanding at the beginning of the year | 9,21,50,355 | 1,843.01 | 9,21,50,355 | 1,843.01 |
| Add: Issue of Bonus shares | - | - | - | - |
| Less: Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | <u>9,21,50,355</u> | <u>1,843.01</u> | <u>9,21,50,355</u> | <u>1,843.01</u> |
| b) Details of Shares held by each shareholder holding more than 5% shares | | | | |
| | As at March 31, 2016 | | As at March 31, 2015 | |
| | Equity Shares | | 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 83 35 000 | 19.90% |
| ii) Shanteri Investment Pvt Ltd | 1 57 71 755 | 17.12% | 1 57 71 755 | 17.12% |
| iii) Aditi Panandikar | 55 59 013 | 6.03% | 55 59 013 | 6.03% |
| iv) Madhura Anup Ramani | 51 84 079 | 5.63% | 51 84 079 | 5.63% |
| v) Aruna Suresh Kare | 47 74 714 | 5.18% | 47 74 714 | 5.18% |

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 March 31, 2016, the amount of ₹ 1.40 per share on the face value of ₹ 2 (Previous year - Nil) declared and paid as Interim Dividend to the equity shareholders of the Company. Also declared and recognised final dividend of ₹ 0.20 per share on the face value of ₹ 2 (Previous year - ₹ 1.60 per share of face value of ₹ 2) to the equity shareholders 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 March 31, 2016

Note 4 : RESERVES AND SURPLUS

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Capital Reserve | 0.02 | 0.02 |
| b) Securities Premium Account | 6,420.93 | 6,420.93 |
| 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 | (6.76) | (33.93) |
| e) General Reserve | | |
| Opening balance | 22,817.64 | 21,317.64 |
| Add : Transferred from Surplus in Statement of Profit & Loss | 1,500.00 | 1,500.00 |
| Closing Balance | <u>24,317.64</u> | <u>22,817.64</u> |
| f) Surplus in Statement of Profit & Loss | | |
| Opening balance | 20,727.55 | 16,192.31 |
| Add : Net Profit after Tax transferred from Statement of Profit & Loss | 8,332.04 | 8,281.20 |
| Amount available for appropriation | <u>29,059.59</u> | <u>24,473.51</u> |
| Less : Adjustment relating to Fixed Assets (Refer Note No. 43) | - | (471.40) |
| Less : Transferred to General Reserve | (1,500.00) | (1,500.00) |
| Less : Interim Dividend | (1,290.10) | - |
| Less : Proposed Dividend | (184.30) | (1,474.41) |
| Less : Dividend Tax | (300.16) | (300.15) |
| Closing balance | <u>25,785.03</u> | <u>20,727.55</u> |
| TOTAL | <u><u>56,579.36</u></u> | <u><u>49,994.71</u></u> |

Notes on financial statements for the Year ended March 31, 2016

Note 5 : LONG TERM BORROWINGS

| Particulars | Terms of Repayment & Securities | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|--|---------------------------------|-------------------------------------|---|
| Secured | | | |
| a) Term Loans from Banks | | | |
| Indian rupee loan | Refer Note No. 5.1 | 3,936.56 | 941.60 |
| Vehicle Loan | Refer Note No. 5.2 | 30.71 | - |
| Unsecured | | | |
| a) Term Loan from Others | | | |
| Foreign currency loan -External Commercial Borrowings (ECB) | Refer Note No. 5.3 | - | 343.75 |
| TOTAL | | <u>3,967.27</u> | <u>1,285.35</u> |

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 | 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 March 01, 2015 ending on December 01, 2018. |
| | Rate of Interest | 11.25 % 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 : First Pari Passu 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 (Excluding charge on assets offered as security to The Saraswat Co-op Bank Limited) |
| 5.1 | Saraswat Co op Bank Ltd. | |
| | Amount Sanctioned | ₹ 10,00,00,000/- |
| | Terms of Repayment | The Term Loan is Repayable in 59 equal monthly installments of ₹ 16,67,000/- each and 60 th installment of ₹ 16,47,000/- commencing from August 16, 2014 ending on July 16, 2019 |
| | Rate of Interest | 11% p.a. |
| | Nature of Security | Primary : First and Exclusive charge over the assets created at Rabale, MIDC Thane Belapur Road, Navi Mumbai 400 701, out of the sanctioned term loan (Analytical Method Development department, 2nd Floor) Collateral : First Pari Passu 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 (Excluding charge on assets offered as security to The IDBI Bank Limited) |

Notes

on financial statements for the Year ended March 31, 2016

Note 5 : LONG TERM BORROWINGS *Contd.*

| Note No. | Name of the Bank | Terms of Repayment & Securities |
|----------|----------------------------|---|
| 5.1 | Citi Bank | |
| | Amount Sanctioned | ₹ 50,00,00,000/- |
| | Terms of Repayment | The Term Loan is Repayable in 16 equal monthly installments of ₹ 3,12,50,000/- each and commencing from October 22, 2016 ending on July 20, 2020 |
| | Rate of Interest | 9.50 % p.a. |
| | Nature of Security | The loan is secured by Present and future moveable fixed assets located at Goa Plant I - L-14, Verna Industrial Area, Verna, Salcete Goa – 403 722 & Goa Plant II - L-32/33/34, Verna Industrial Area, Verna ,Salcete Goa – 403 722 |
| 5.2 | Vehicle Loan | |
| | Amount Sanctioned | ₹ 41,00,000/- |
| | Terms of Repayment | The Loan is Repayable in 60 equated monthly installments (EMI) of ₹ 86,530/- each (including principal and interest) commencing from October 07, 2015 ending on September 07, 2020 |
| | Rate of Interest | 9.71 % p.a. |
| | Nature of Security | The loan is secured by hypothecation of the vehicle which has been purchased against the Loan. |
| 5.3 | 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 December 31, 2015, ending on September 30, 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. |
| 5.3 | 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 November 08, 2011, ending on May 08, 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 |

Notes

on financial statements for the Year ended March 31, 2016

Note 6 : DEFERRED TAX LIABILITY (NET)

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Deferred Tax Liability | | |
| i) On fiscal allowances on fixed assets | 3,702.70 | 3,379.52 |
| b) Deferred Tax Assets | | |
| i) On employees' separation and retirement etc. | (634.98) | (529.84) |
| ii) On provision for doubtful debts | (129.10) | (148.15) |
| iii) On provision for doubtful advances | (161.44) | - |
| iv) On provision for bonus | (365.85) | - |
| TOTAL | 2,411.33 | 2,701.53 |

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured

| | | |
|-----------------------------------|---------------|---------------|
| a) Advance from Others | 321.99 | 335.71 |
| b) Security Deposit Payable | 646.61 | 632.94 |
| TOTAL | 968.60 | 968.65 |

Note 8 : LONG TERM PROVISIONS

| | | |
|-----------------------------------|-----------------|-----------------|
| a) Retirement Benefits | 1,228.16 | 1,059.54 |
| b) Other Long-Term Benefits | 490.88 | 443.17 |
| TOTAL | 1,719.04 | 1,502.71 |

Notes

on financial statements for the Year ended March 31, 2016

Note 9 : SHORT TERM BORROWINGS

| Particulars | Repayment and Rate of Interest | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|--------------------------------|----------------------------------|--|
| Secured (Refer Note below) | | | |
| Loans from Banks | | | |
| (a) Cash Credit Facility | Refer Note No. 9.1 | 2,859.26 | 2,727.24 |
| (b) Foreign Currency Export Packing Credit | Refer Note No. 9.2 | 1,605.80 | 1,507.21 |
| (c) Packing Credit in Rupee | Refer Note No. 9.3 | - | 300.00 |
| Unsecured | | | |
| Loans from Banks | | | |
| (a) Cash Credit Facility | Refer Note No. 9.1 | - | 361.89 |
| (b) Foreign Currency Export Packing Credit | Refer Note No. 9.2 | 809.73 | 9.24 |
| (c) Packing Credit in Rupee | Refer Note No. 9.3 | - | 400.00 |
| (d) Working Capital Demand Loan | Refer Note No. 9.4 | 2,100.00 | 1,000.00 |
| (e) Short Term Loan | Refer Note No. 9.5 | 1,300.00 | 1,000.00 |
| TOTAL | | 8,674.79 | 7,305.58 |

Note : Cash Credit, Foreign Currency Export Packing Credit, Packing Credit in Rupee 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 12 % p.a. (Previous year @ 10.90 % p.a. to 13% p.a.) |
| 9.2 | Foreign Currency Export Packing Credit | Is payable on completion of the tenure. It carries interest @ LIBOR + 50 bps to 60 bps. (Previous year LIBOR + 40 bps to 75 bps) |
| 9.3 | Packing Credit in Rupee | Is payable on completion of the tenure. It carries interest @ 9.65 % p.a. to 9.75 % p.a. (Previous Year @ 9.65% p.a. to 9.75% p.a.) |
| 9.4 | Working Capital Demand Loan | Is repayable on demand and carries interest @ 9.10 % p.a. to 9.35 % p.a. (Previous year @ 9.60 % p.a. to 10.75 % p.a.) |
| 9.5 | Short Term Loan | Is repayable on demand and carries interest @ 9.30 % p.a. to 10.10% p.a (Previous year 10.60% p.a.) |

Notes

on financial statements for the Year ended March 31, 2016

Note 10 : TRADE PAYABLES

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Trade payables | | |
| (i) Acceptances | 766.20 | 640.34 |
| (ii) Other than Acceptances (Refer Note No.42) | 12,335.14 | 11,222.49 |
| TOTAL | 13,101.34 | 11,862.83 |

Note 11 : OTHER CURRENT LIABILITIES

Secured

| | | |
|---|--------|--------|
| a) Term Loans from Banks | | |
| Indian Rupee loan (Refer Note No. 5.1) | 925.04 | 300.04 |
| Vehicle Loan (Refer Note No. 5.2) | 7.03 | - |
| Foreign Currency loan -ECB (Refer Note No. 5.3) | - | 187.50 |
| | 932.07 | 487.54 |
| b) Interest accrued but not due on borrowings | 31.63 | 25.14 |
| c) Unclaimed Dividends | 47.69 | 19.86 |
| d) Statutory Dues | 475.00 | 333.72 |

Unsecured

| | | |
|---|-----------------|-----------------|
| a) Term Loans from Banks | | |
| Foreign Currency loan -ECB (Refer Note No. 5.3) | 364.33 | 343.75 |
| b) Other Current Liabilities | 3,728.72 | 2,877.70 |
| TOTAL | 5,579.44 | 4,087.71 |

Note 12 : SHORT TERM PROVISIONS

| | | |
|--|-----------------|-----------------|
| a) Provision for Leave Encashment | 115.73 | 56.09 |
| b) Provision For Bonus | 1,057.12 | 265.41 |
| c) Proposed Dividend | 184.30 | 1,474.41 |
| d) Dividend Tax | 37.52 | 300.15 |
| e) Provision for Tax (Net of Advance Income Tax) ... | 24.76 | 506.09 |
| TOTAL | 1,419.43 | 2,602.15 |

Notes

(₹ lakhs)

| NET BLOCK | |
|----------------------------|----------------------------|
| As at March 31, 2016 | As at March 31, 2015 |
| 2,429.84 | 585.99 |
| 9,172.72 | 8,568.60 |
| 9,447.53 | 8,981.37 |
| 355.56 | 374.03 |
| 48.32 | 55.36 |
| 4,595.51 | 3,262.14 |
| 250.30 | 622.36 |
| 3,374.68 | 3,008.35 |
| 899.85 | 1,036.33 |
| 884.34 | 839.79 |
| 157.48 | 131.44 |
| 239.04 | 159.29 |
| 1.05 | 1.05 |
| 1,543.43 | 1,684.09 |
| 181.16 | 183.01 |
| 33,580.81 | 29,493.20 |
| 29,493.20 | - |
| 233.48 | 310.79 |
| 215.57 | 106.33 |
| 0.06 | 0.06 |
| 3,446.39 | 4,030.87 |
| 3,895.50 | 4,448.05 |
| 4,448.05 | - |
| 37,476.31 | 33,941.25 |
| 33,941.25 | - |
| 581.89 | 2,602.63 |
| 4,897.93 | 3,668.70 |
| 42,956.13 | 40,212.58 |

Notes

on financial statements for the Year ended March 31, 2016

Note 14 : NON-CURRENT INVESTMENTS

| Particulars | Current Year As at 31.03.2016 | Previous Year As at 31.03.2015 |
|--|----------------------------------|-----------------------------------|
| (₹ lakhs) | | |
| Unquoted (at Cost) : | | |
| 1) Trade Investment | | |
| In Subsidiary Companies | | |
| (i) Xtend Industrial Designers & Engineers Pvt. Ltd. [25,025 Equity Shares of ₹ 10 each (Previous Year 25,025 Equity Shares of ₹ 10 each)] | 42.12 | 42.12 |
| (ii) Xtend Industrial Designers & Engineers Pvt. Ltd. [Purchase of 20,02,000 7% redeemable cumulative non convertible Preference Shares of ₹ 10.00 (Previous Year - Nil)] | 200.20 | - |
| (iii) Indoco Pharmchem Ltd. [50,000 Shares of ₹ 10 each (Previous Year 50,000 Shares of ₹ 10 each)] | 5.00 | 5.00 |
| (iv) Indoco Remedies Singapore PTE Ltd [10,000 Shares of ₹ 67.73 (Previous Year-Nil)] | 6.77 | - |
| In Associate Company | | |
| (i) Indoco Analytical Solution LLP (Contribution from Indoco Remedies Ltd.) | 4.90 | 4.90 |
| | <u>258.99</u> | <u>52.02</u> |
| 2) Non-Trade Investment | | |
| Other than Subsidiary Companies | | |
| (i) Shivalik Solid Waste Management Ltd. Baddi [20,000 Shares of ₹ 10 each (Previous Year 20,000 Shares of ₹ 10 each)] | 2.00 | 2.00 |
| (ii) Shares of Saraswat Co-op. Bank Ltd. [1,000 Ordinary Shares of ₹ 10 each (Previous Year 1,000 Ordinary Shares of ₹ 10 each)] | 0.10 | 0.10 |
| (iii) Shares of Jankalyan Sahakari Bank (Previous Year 1,00,000 Shares of ₹ 10 each) | - | 10.00 |
| | <u>2.10</u> | <u>12.10</u> |
| TOTAL | <u><u>261.09</u></u> | <u><u>64.12</u></u> |

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured, considered good

| | | |
|---------------------------------|------------------------|------------------------|
| a) Capital Advances | 1,482.72 | 554.28 |
| b) Deposit Others | 251.54 | 165.29 |
| c) Tender Deposits | 25.12 | 12.13 |
| d) MAT Credit Entitlement | 4,833.21 | 4,646.32 |
| e) Pre-paid Expenses | 5.74 | 21.45 |
| f) Other Loans & Advances | 434.77 | 335.17 |
| TOTAL | <u><u>7,033.10</u></u> | <u><u>5,734.64</u></u> |

Notes

on financial statements for the Year ended March 31, 2016

Note 16 : CURRENT INVESTMENTS

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| Quoted : (at cost) | | |
| 1) Investment in Mutual Funds | | |
| (i) Reliance Fixed Horizon Fund XXIV Series 2 (g) [43,83,970.80 units @ ₹ 12.21 (Previous Year-Nil)] | 535.34 | - |
| | <u>535.34</u> | <u>-</u> |
| 2) Non convertible Debentures | | |
| (i) ECL Finance Ltd Optn - II NCD [50,000 NCD of ₹ 1000/- each (Previous Year-Nil)] | 637.47 | - |
| (ii) India Infoline Finance Ltd [255 NCD of ₹ 100000/- each (Previous Year-Nil)] | 347.97 | - |
| | <u>985.44</u> | <u>-</u> |
| TOTAL | <u><u>1520.78</u></u> | <u><u>-</u></u> |

Note 17 : INVENTORIES

| | | |
|------------------------------------|-------------------------|-------------------------|
| a) Raw and Packing Materials | 7,233.38 | 6,413.10 |
| b) Work in Progress | 2,404.59 | 2,089.54 |
| c) Finished Goods | 5,201.37 | 4,297.70 |
| d) Stock in Trade | 1,085.74 | 1,226.13 |
| e) Stores and Spares | 372.22 | 593.38 |
| TOTAL | <u><u>16,297.30</u></u> | <u><u>14,619.85</u></u> |

Note 18 : TRADE RECEIVABLES

Unsecured

| | | |
|---|-------------------------|-------------------------|
| a) Debts outstanding for more than six months from the date they are due for payment | | |
| Considered Good | 2,674.75 | 2,152.54 |
| Considered Doubtful | 373.04 | 435.86 |
| | <u>3,047.79</u> | <u>2,588.40</u> |
| Less: Provision for doubtful debts | (373.04) | (435.86) |
| | <u>2,674.75</u> | <u>2,152.54</u> |
| b) Other Debts - Considered Good | 16,097.55 | 13,211.85 |
| TOTAL | <u><u>18,772.30</u></u> | <u><u>15,364.39</u></u> |

Notes on financial statements for the Year ended March 31, 2016

Note 19 : CASH AND BANK BALANCES

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|-------------------------------------|----------------------------------|--|
| a) Cash and Cash Equivalents | | |
| (i) Cash on hand | 21.94 | 13.23 |
| (ii) Balances with Banks | | |
| In Current Accounts | 559.99 | 500.73 |
| In EEFC Accounts | 443.83 | 526.24 |
| | <u>1,025.76</u> | <u>1,040.20</u> |
| b) Other Bank Balances | | |
| (i) In Earmarked Accounts | | |
| Unpaid Dividend Accounts | 47.69 | 19.86 |
| Fixed Deposit Accounts | 44.44 | 41.35 |
| Margin Accounts | 271.22 | 426.76 |
| | <u>363.35</u> | <u>487.97</u> |
| TOTAL | <u>1,389.11</u> | <u>1,528.17</u> |

Note 20 : SHORT TERM LOANS & ADVANCES

Unsecured considered good

| | | |
|---|-----------------|-----------------|
| a) Loan to Subsidiary | 99.00 | 127.00 |
| b) Advances to Suppliers | | |
| Unsecured, Considered good | 651.51 | 708.17 |
| Unsecured, Considered doubtful | 466.47 | - |
| | <u>1,117.98</u> | <u>708.17</u> |
| Less : Provision for Doubtful advances | (466.47) | - |
| | <u>651.51</u> | <u>708.17</u> |
| c) Tender Deposits | 16.68 | 21.39 |
| d) Employee Advances | 1,014.13 | 805.80 |
| e) Pre-Paid Expenses | 481.84 | 391.33 |
| f) Balance with Customs, Central Excise Authorities | 5,598.22 | 4,535.16 |
| TOTAL | <u>7,861.38</u> | <u>6,588.85</u> |

Note 21 : OTHER CURRENT ASSETS

| | | |
|-------------------------------------|---------------|--------------|
| a) Interest Receivable | 35.95 | 35.71 |
| b) Insurance Claim Receivable | 136.47 | - |
| c) Other Current Assets | - | 5.92 |
| TOTAL | <u>172.42</u> | <u>41.63</u> |

Notes

on financial statements for the Year ended March 31, 2016

Note 22 : REVENUE FROM OPERATIONS

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|---|-------------------------------|---|
| a) Sale of Products | | |
| Domestic Sales | 56,521.66 | 54,127.13 |
| Export Sales | 35,172.45 | 26,650.79 |
| | <u>91,694.11</u> | <u>80,777.92</u> |
| b) Sale of Services | | |
| Domestic Services | 333.50 | 201.28 |
| Export Services | 6,296.33 | 5,031.57 |
| | <u>6,629.83</u> | <u>5,232.85</u> |
| c) Other Operating Revenue | | |
| Exchange Gain/(Loss) (Net) (other than considered in Finance Cost) | 1,199.46 | (36.19) |
| Export Incentives | 1,351.71 | 496.78 |
| Scrap Sale | 17.07 | 13.59 |
| Sundry Balance w/back | 150.73 | 0.01 |
| | <u>2,718.97</u> | <u>474.19</u> |
| Total Revenue from Operations (Gross) (a + b + c) | 101,042.91 | 86,484.96 |
| Less : | | |
| d) Excise Duty | (1,003.37) | (1,121.46) |
| TOTAL | <u>100,039.54</u> | <u>85,363.50</u> |

Note 23 : OTHER INCOME

| | | |
|---|----------------------|----------------------|
| a) Interest Received | 63.80 | 67.14 |
| b) Sundry Receipts | 54.33 | 105.45 |
| c) Dividend Received | 0.72 | 0.76 |
| d) Profit on Sale of Fixed Assets | 4.53 | 0.80 |
| TOTAL | <u>123.38</u> | <u>174.15</u> |

Notes

on financial statements for the Year ended March 31, 2016

Note 24 : COST OF MATERIALS CONSUMED

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|--|-------------------------------|---|
| a) Cost of Material Consumed | | |
| Opening Stock | 6,413.10 | 4,555.57 |
| Add : Purchases (Net of Excise Duty) | 30,228.65 | 28,264.92 |
| Less : Closing Stock | (7,233.38) | (6,413.10) |
| | <u>29,408.37</u> | <u>26,407.39</u> |
| b) Purchase of Stock in Trade | <u>5,608.09</u> | <u>5,362.52</u> |
| c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress | | |
| <u>Inventories at the beginning of the year</u> | | |
| Op.Stock - Finished Goods | 4,297.70 | 3,567.84 |
| Op.Stock - Stock in Trade | 1,226.13 | 612.96 |
| Op.Stock - WIP | 2,089.54 | 1,507.83 |
| | <u>7,613.37</u> | <u>5,688.63</u> |
| <u>Inventories at the end of the year</u> | | |
| Cl.Stock - Finished Goods | (5,201.37) | (4,297.70) |
| Cl.Stock - Stock in Trade | (1,085.74) | (1,226.13) |
| Cl.Stock - WIP | (2,404.59) | (2,089.54) |
| | <u>(8,691.70)</u> | <u>(7,613.37)</u> |
| Net (Increase) / Decrease | <u>(1,078.33)</u> | <u>(1,924.74)</u> |
| TOTAL (a + b+ c) | <u>33,938.13</u> | <u>29,845.17</u> |

Note 25 : EMPLOYEE BENEFITS EXPENSE

| | | |
|--|-------------------------|-------------------------|
| a) Salaries, Wages and Bonus | 15,871.07 | 11,832.40 |
| b) Contribution to Provident and Other Funds | 1,313.04 | 1,027.24 |
| c) Staff Welfare Expenses | 1,032.87 | 1,104.32 |
| TOTAL | <u>18,216.98</u> | <u>13,963.96</u> |

Note 26 : RESEARCH & DEVELOPMENT EXPENSES

| | | |
|-----------------------------|------------------------|------------------------|
| a) R&D Employee Cost | 1,564.62 | 753.87 |
| b) Other R&D Expenses | 2,753.25 | 1,413.28 |
| TOTAL | <u>4,317.87</u> | <u>2,167.15</u> |

Notes

on financial statements for the Year ended March 31, 2016

Note 27 : OTHER EXPENSES

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|---|-------------------------------|---|
| a) Consumable Stores | 173.24 | 154.72 |
| b) Job Work Charges | 639.24 | 515.62 |
| c) Power and Fuel | 2,172.36 | 2,039.44 |
| d) Rent, Rates, Taxes | 391.50 | 248.76 |
| e) Insurance | 142.76 | 131.10 |
| f) Repairs : | | |
| (i) Building | 116.09 | 87.92 |
| (ii) Plant and Machinery | 632.67 | 469.23 |
| (iii) Others | 1,211.78 | 975.81 |
| | <u>1,960.54</u> | <u>1,532.96</u> |
| g) Packing and Delivery Expenses | 2,962.41 | 2,830.23 |
| h) Analytical Expenses | 1,429.51 | 889.13 |
| i) Turnover and Additional Tax | 334.71 | 275.32 |
| j) Advertising and Sales Promotion Expenses | 2,841.16 | 2,292.47 |
| k) Commission and Incentives on sales | 2,309.82 | 2,531.39 |
| l) Travelling, Conveyance and Motor Car Expenses .. | 5,469.21 | 4,746.87 |
| m) Legal and Professional Fees | 422.09 | 328.67 |
| n) Director's Sitting Fees | 7.65 | 6.05 |
| o) Postage and Telephone Expenses | 287.29 | 235.40 |
| p) Printing and Stationery Expenses | 602.23 | 485.52 |
| q) Payments to Auditors | | |
| (i) Audit Fees | 6.00 | 5.00 |
| (ii) Tax Audit Fees | 3.00 | 2.75 |
| (iii) Other Services | 0.20 | 0.80 |
| | <u>9.20</u> | <u>8.55</u> |
| r) Loss on sale of Assets | 32.41 | 0.90 |
| s) Provision for Doubtful Debts / Advances | 650.26 | 392.18 |
| t) Bad Debts written off | 32.14 | 346.18 |
| u) Corporate Social Responsibility | 88.64 | 133.93 |
| v) Miscellaneous Expenses | 3,377.54 | 2,742.08 |
| TOTAL | <u><u>26,335.91</u></u> | <u><u>22,867.47</u></u> |

Notes

on financial statements for the Year ended March 31, 2016

Note 28 : FINANCE COST

| <i>Particulars</i> | <i>Current Year Apr'15-Mar'16</i> | <i>(₹ lakhs) Previous Year Apr'14-Mar'15</i> |
|---------------------------------------|---------------------------------------|--|
| a) Interest Expense | 928.93 | 650.54 |
| b) Other Financial charges | 101.84 | 95.07 |
| c) Exchange (Gain) / Loss - Net | 195.95 | 288.60 |
| TOTAL | <u>1,226.72</u> | <u>1,034.21</u> |

Note 29 : EARNINGS PER SHARE (EPS)

Basic & Diluted

Total Operations

| | | |
|---|--------------------|-------------|
| Net Profit for the year (₹ lakhs) | 8,332.04 | 8,281.20 |
| Weighted average numbers of equity shares | 9,21,50,355 | 9,21,50,355 |
| Earnings per share (₹ 2/-) | 9.04 | 8.99 |

Notes on financial statements for the Year ended March 31, 2016

Note 30 :

Contingent Liabilities not provided for:

| | As at March 31, 2016 | (₹ In lakhs) As at March 31, 2015 |
|--|-------------------------|---|
| A) Matters under dispute | | |
| i) Sales Tax (₹ 172.16 lakhs has been paid under protest Previous year ₹ 163.03 lakhs) ** | 441.79 | 441.79 |
| ii) Excise / Service Tax *** | 643.49 | 363.94 |
| iii) Income Tax * | 21.12 | 23.34 |
| B) Bank Guarantees | 65.00 | 81.60 |
| C) Letters of Credit | 586.16 | 162.12 |
| D) Estimated amount of contracts remaining to be executed on Capital Account, net of advances of ₹ 177.01 lakhs (Previous year ₹ 201.64 lakhs) | 6,023.49 | 637.32 |
| E) Corporate Guarantee given to Bank on behalf of the Subsidiary | 200.00 | 200.00 |

Legal Case –

The Company had availed a factoring facility from a Bank who refused to pay the amount of USD 25,004 to the Company on failure of a Customer to pay for the same. The case is pending in the City Civil Court.

The Company has filed case against a Stockiest under Section 138 under Negotiable Instruments Act 1881 for Cheque Bounce of ₹ 1.50 Lakhs.

A CFA has filed a case against the company for recovery of the amount adjusted against credit note of ₹ 1.49 Lakhs the Company has disputed the Claim.

* Income Tax demand comprises of

- TDS of ₹ 21.12 Lakhs (Previous year – ₹ 15.88 Lakhs) for Short Deduction appearing in traces.
- Penalty demand of ₹ Nil (Previous year – ₹ 7.46 Lakhs) raised by assessing officer, as per order under Section 271(1)(c) of the Income Tax Act 1961 due to disallowance pertaining to depreciation on land for Assessment Year 2002-03, 2003-04. Company is in appeal before ITAT against said order.

** Sales Tax demand comprises of

- ₹ 421.58 Lakhs (Previous year – ₹ 421.58 Lakhs) (₹ 172.16 Lakhs has been paid under protest Previous year ₹ 163.03 Lakhs) in respect of order from sales tax dept, Andhra Pradesh for classification dispute. The Company has filed an appeal before High Court which is yet to be heard.
- ₹ 20.21 Lakhs (Previous year – ₹ 20.21 Lakhs) as the amount of demand raised by sales tax officer for Financial Year 2007-08 and 2009-10 on account of input credit of entry tax. Company has filed appeal before Commissioner.

***Excise tax demand comprises of

- Company appeal is pending before CESTAT for wrong availment of notification on exempted goods ₹ 0.66 Lakhs (Previous year – ₹ 0.66 Lakhs).
- Appeal pending before Dy Commissioner for classification dispute ₹ 5.04 Lakhs (Previous year – ₹ 5.04 Lakhs).
- Appeal pending before CESTAT for classification dispute ₹ 2.71 Lakhs (Previous year – ₹ 2.71 Lakhs).
- CENVAT credit on input service ₹ 91.97 Lakhs (Previous year – ₹ 91.97 Lakhs), appeal pending before CESTAT.

Notes on financial statements for the Year ended March 31, 2016

Note 30 : Contd.

- e) Company has Filed an appeal before CESTAT for valuation of physician sample ₹ 1.25 Lakhs (Previous year – ₹ 1.25 Lakhs).
- f) Company appeal is pending before Divisional Dy. Commissioner for wrong availment of CENVAT credit ₹ 0.79 Lakhs (Previous year – ₹ 0.79 Lakhs).
- g) Central excise department is in appeal before Supreme Court for Differential duty on intermixture of vitamins / minerals amounting to ₹ 2.91 Lakhs (Previous year – ₹ 2.91 Lakhs).
- h) CENVAT credit on input service ₹ 247.21 Lakhs (Previous year – ₹ 247.21 Lakhs), appeal pending before Commissioner of Service Tax.
- i) Company appeal is pending before CESTAT for CENVAT credit availment on physician sample amounting to ₹ 0.20 Lakhs (Previous year – ₹ 0.20 Lakhs).
- j) Central excise department is in appeal at Supreme Court for valuation of physician sample ₹ 11.20 Lakhs (Previous year – ₹ 11.20 Lakhs).
- k) ₹ 279.55 Lakhs (Previous year – NIL) pending before Commissioner of Central Excise Raigad Commissionerate for Exempted product- Allopurinol Value Based Duty Reversal.

Note 31:

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

Additions in R & D Assets during 2015-16

| | Current Year 2015-16 | Previous Year 2014-15 |
|--------------------------------------|-------------------------|--------------------------|
| Building | 701.18 | 488.11 |
| Plant & Machinery | 572.38 | - |
| Handling Equipments | 3.63 | - |
| Computer | 114.13 | 67.28 |
| Laboratory Equipments | 974.95 | 542.94 |
| Office Equipment | 26.35 | 7.69 |
| R&D Equipments (Instruments) | 0.72 | 11.28 |
| Plant Utility (Equipments) | 493.05 | 19.02 |
| Electric Installation | 139.73 | 126.39 |
| Furniture & Fixtures | 106.50 | 242.61 |
| Air Conditioning & Ventilation | 61.53 | 130.59 |
| | <u>3,194.15</u> | <u>1,635.91</u> |

Note 32:

Expenditure incurred on R & D activities is as follows:

Additions in R & D Assets

| | | |
|--|-----------------|-----------------|
| Building | 392.21 | 488.11 |
| Equipments & other capital expenditure | 852.84 | 1,147.80 |
| Total Capital Expenditure | <u>1,245.05</u> | 1,635.91 |
| Revenue Expenditure | 4,317.87 | 2,167.15 |
| Total R & D Expenditure | <u>5,562.92</u> | <u>3,803.06</u> |

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

Notes on financial statements for the Year ended March 31, 2016

Note 33:

Tax deducted at source from Other Income consists of:
 ₹ 34.80 lakhs on account of Professional or Tech Services (Previous year ₹ 17.11 lakhs)
 ₹ 4.15 lakhs on account of Interest received (Previous year ₹ 3.86 lakhs)
 ₹ 2.18 lakhs on account of Contracts (Previous year ₹ 6.77 lakhs)

Note 34:

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical)

(₹ In lakhs)

| | Current Year 2015-16 | Previous Year 2014-15 |
|---------------------|-------------------------|--------------------------|
| Sales and Services | | |
| India | 55,851.79 | 53,206.95 |
| Outside India | 41,468.78 | 31,682.36 |
| Total | 97,320.57 | 84,889.31 |

Note 35:

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 March 31, 2016 is ₹ 9,193.33 Lakhs (Previous Year ₹ 6,654.88 Lakhs) with Banks. Category wise break up is given here under:

A) Forward Contract

| | As at March 31, 2016 | | As at March 31, 2015 | |
|------------------------|----------------------|-----------------|----------------------|-----------------|
| | In FCY | ₹ In lakhs | In FCY | ₹ In lakhs |
| Receivables | | | | |
| USD | \$ 48,25,000 | 3,391.70 | \$ 29,75,000 | 1,955.45 |
| Euro | € 27,75,000 | 2,197.61 | € 12,86,625 | 1,040.13 |
| GBP | £ 21,25,000 | 2,235.70 | £ 25,04,138 | 2,642.85 |
| Sub total | | 7,825.01 | | 5,638.43 |
| Imports / Loans (PCFC) | | | | |
| USD | \$ 17,00,000 | 1,165.13 | \$ 16,00,000 | 1,016.45 |
| GBP | £ 2,00,000 | 203.19 | £ - | - |
| Sub Total | | 1,368.32 | | 1,016.45 |
| TOTAL | | 9,193.33 | | 6,654.88 |

Notes on financial statements for the Year ended March 31, 2016

Note 35 : Contd.

Un-hedged foreign currency exposure as at March 31, 2016 is:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|-----------------------------|----------------------|------------|----------------------|------------|
| | In FCY | ₹ In lakhs | In FCY | ₹ In lakhs |
| ECB Loan | \$ 5,50,000.00 | 364.38 | \$ 14,00,000.00 | 875.00 |
| PCFC | £ 11,00,000.00 | 1,047.20 | \$ 8,00,000.00 | 500.00 |
| Letter of Credit - USD | \$ 9,64,548.00 | 639.01 | \$ 14,57,196.75 | 910.75 |
| Letters of Credit – Euro | € 23,61,750.00 | 1,781.47 | € 2,924.00 | 1.96 |
| Bills on Collections – USD | \$ 9,71,924.38 | 643.90 | \$ 4,47,672.00 | 279.80 |
| Bills on Collections – Euro | € 2,95,022.58 | 222.54 | € 2,64,013.15 | 177.07 |
| Bills of Collections – CHF | CHF 66,705.55 | 46.03 | CHF 45,330.90 | 29.13 |
| Bills of Collections –GBP | £ - | - | £ 1,111.00 | 1.03 |

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.

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:
- | | |
|----------------------|---|
| Holding Companies | NIL |
| Subsidiary Companies | I) Xtend Industrial Designers & Engineers Pvt Ltd. II) Indoco Pharmchem Limited III) Indoco Remedies Singapore PTE Ltd. |
| 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 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 Foundation, Warren Generics s.r.o, Indoco Remedies Singapore Pte Ltd.

Notes on financial statements for the Year ended March 31, 2016

Note 37 : Contd.

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. | 217.36 | - | - | 16.69 | 112.02 |
| | P.Y. | 64.42 | - | - | 10.53 | 190.67 |
| Agency arrangements | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |
| Remuneration paid | C.Y. | - | - | - | 602.30 | - |
| | P.Y. | - | - | - | 397.13 | - |
| Transfer of research and development | | - | - | - | - | - |
| License agreements | C.Y. | - | - | - | 12.95 | 39.91 |
| | P.Y. | - | - | - | 13.26 | 34.37 |
| Finance (including loans and equity contributions in cash or in kind) | C.Y. | 229.68 | - | - | - | 0.85 |
| | P.Y. | 131.21 | - | - | 13.72 | 7.73 |
| Guarantees and collaterals | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |
| Management contracts including for deputation of employees | | - | - | - | - | - |
| Receivable | C.Y. | 99.00 | - | - | - | - |
| | P.Y. | 130.61 | - | - | - | - |
| Payable | C.Y. | 75.33 | - | - | - | - |
| | P.Y. | 30.12 | - | - | - | - |

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

| 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) |
| (i) Transactions in the ordinary course | C.Y. | 447.04 | - | - | 631.94 | 152.78 |
| | P.Y. | 195.63 | - | - | 434.64 | 232.77 |
| (ii) Transactions not in the normal course | | - | - | - | - | - |
| (iii) Transactions not on an arm's length basis | | - | - | - | - | - |
| (iv) Justification for (iii) | | - | - | - | - | - |

Notes on financial statements for the Year ended March 31, 2016

Note 38:

Imported and Indigenous Materials Consumed :

| | Current Year Apr'15 – Mar'16 | | Previous Year Apr'14 – Mar'15 | |
|--------------------------------|---------------------------------|--------|----------------------------------|--------|
| | ₹ In lakhs | % | ₹ In lakhs | % |
| (a) Raw & packing Materials | | | | |
| i) Imported | 6,044.12 | 20.55 | 5,815.02 | 22.02 |
| ii) Indigenous | 23,364.25 | 79.45 | 20,592.37 | 77.98 |
| Total | 29,408.37 | 100.00 | 26,407.39 | 100.00 |
| (b) Stores and spares consumed | | | | |
| i) Imported | 136.80 | 78.96 | 121.60 | 78.59 |
| ii) Indigenous | 36.44 | 21.04 | 33.12 | 21.41 |
| Total | 173.24 | 100.00 | 154.72 | 100.00 |

Note 39 :

| | Current Year Apr'15 – Mar'16 | Previous Year Apr'14 – Mar'15 |
|---|---------------------------------|----------------------------------|
| Earning in Foreign Currency (FOB) Value | 40,441.57 | 31,011.84 |

Note 40 :

Expenditure in Foreign Currency :

| | | |
|--|----------|----------|
| (a) On travel and export promotion | 951.62 | 364.53 |
| (b) On interest on Foreign Currency Loan | 57.64 | 86.11 |
| (c) Others | 1,427.81 | 1,305.47 |

Note 41 :

Value of Imports CIF Basis :

| | | |
|--|----------|----------|
| (a) Raw Materials/ Packing Materials | 5,295.80 | 5,332.99 |
| (b) Capital Goods | 1,755.11 | 837.95 |
| (c) Consumable stores | 682.24 | 260.65 |

Notes on financial statements for the Year ended March 31, 2016

Note 42 :

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

| | ₹ In lakhs | |
|--|---|--|
| | <i>Current Year</i> As at March 31, 2016 | <i>Previous Year</i> As at March 31, 2015 |
| A Principal Amount & Interest due on the above | 26.13 | 31.37 |
| 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 :

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful life as specified in Schedule II, except in certain assets as disclosed in the Accounting policy on Depreciation, Amortisation and depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose lives have expired at 1st April, 2014 have been adjusted net of tax, in the opening balance of Profit and Loss account amounting to ₹ 471.40 Lakhs in the previous year.

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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Financial Highlights

(₹ lakhs)

OPERATIONAL REVIEW

Current Year
2015-16

Previous Year
2014-15

| | | |
|---|---------|--------|
| 1) Gross Sales / Income from Operations (Inclusive of excise duty) | 101,043 | 86,485 |
| 2) EBIDTA (Net of R & D Expenses) | 17,231 | 16,519 |
| 3) Depreciation and Amortisation Expenses | 6,034 | 4,711 |
| 4) Finance Cost | 1,227 | 1,034 |
| 5) PBT | 10,093 | 10,948 |
| 6) PAT | 8,332 | 8,281 |

FINANCIAL STRUCTURE

| | | |
|-------------------------------------|--------|--------|
| 1) Net Fixed Assets | 42,956 | 40,213 |
| 2) Investments | 261 | 64 |
| 3) Long Term Loans & Advances | 7,033 | 5,734 |
| 4) Current Assets | 46,013 | 38,143 |
| 5) Total Assets | 96,263 | 84,154 |
| 6) Net Worth | 58,422 | 51,838 |
| 7) Non Current Liabilities | 9,066 | 6,458 |
| 8) Current Liabilities | 28,775 | 25,858 |
| 9) Total Liabilities | 96,263 | 84,154 |

MARGINS & RATIOS

| | | |
|--|-------|-------|
| 1) EBIDTA Margins on Net Sales (%) | 17.71 | 19.46 |
| 2) PAT Margins on Net Sales (%) | 8.56 | 9.76 |
| 3) Debt-to-Equity (times) | 0.07 | 0.02 |
| 4) Interest Cost Cover (times) | 9.97 | 13.73 |
| 5) Return on Net Worth (%) | 14.30 | 16.00 |
| 6) Return on Capital Employed (%) | 12.30 | 14.20 |

Financial Highlights

OPERATIONAL RESULTS

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | (₹ lakhs) 2011-12 |
|---|---------|---------|---------|---------|----------------------|
| 1) Revenue from Operations (Net) / Other Income | 100,163 | 85,538 | 72,946 | 63,189 | 57,103 |
| 2) Material Cost | 33,938 | 29,845 | 26,917 | 26,257 | 24,498 |
| 3) Employee Benefits Expense | 18,217 | 13,965 | 12,936 | 10,801 | 8,214 |
| 4) Other Expenses | 26,336 | 22,868 | 19,469 | 15,445 | 14,627 |
| 5) Research & Development Expenses | 4,318 | 2,167 | 1,443 | 1,290 | 1,080 |
| 6) Finance Cost | 1,227 | 1,034 | 1,880 | 2,187 | 1,633 |
| 7) Depreciation and Amortisation Expenses | 6,034 | 4,711 | 3,091 | 2,372 | 1,925 |
| 8) Profit Before Tax | 10,093 | 10,948 | 7,210 | 4,837 | 5,126 |
| 9) Provision For Taxation | 1,948 | 2,966 | 1,421 | 1,539 | 1,392 |
| 10) MAT Credit Adjustment | 187 | 299 | - | 968 | 900 |
| 11) Profit After Tax | 8,332 | 8,281 | 5,789 | 4,266 | 4,634 |
| 12) Retained Earnings | 6,558 | 6,507 | 4,280 | 3,080 | 3,456 |
| 13) Earnings Per Share (₹ 10/-) (After exceptional items) | - | - | - | - | 37.72 |
| 14) Earnings Per Share (₹ 2/-) (After exceptional items) | 9.04 | 8.99 | 6.28 | 4.63 | - |
| 15) Book Value (₹ 10/-) | - | - | - | - | 309.24 |
| 16) Book Value (₹ 2/-) | 63.40 | 56.25 | 49.59 | 44.93 | |
| 17) Debt: Equity Ratio | 0.07 | 0.02 | 0.03 | 0.07 | 0.12 |

FINANCIAL SUMMARY

Assets Employed

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| 1) Fixed Assets (Net) | | | | | |
| (a) Tangible Assets | 33,581 | 29,493 | 29,392 | 28,871 | 28,158 |
| (b) Intangible Assets | 3,895 | 4,448 | 3,136 | 3,272 | 2,004 |
| (c) Capital Work In Progress | 582 | 2,603 | 2,436 | 2,199 | 1,689 |
| (d) Intangible Assets Under Development | 4,898 | 3,669 | 1,976 | 1,579 | 1,572 |
| 2) Investments | 261 | 64 | 45 | 40 | 12 |
| 3) Long Term Loans & Advances | 7,033 | 5,734 | 5,504 | 5,683 | 5,520 |
| 4) Current Assets | 46,013 | 38,143 | 30,120 | 27,290 | 26,201 |
| Total Assets | 96,263 | 84,154 | 72,609 | 68,934 | 65,156 |

Financed By

| | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| 1) Share Capital | 1,843 | 1,843 | 1,843 | 1,843 | 1,229 |
| 2) Reserves & Surplus | 56,579 | 49,995 | 43,854 | 39,561 | 36,767 |
| 3) Non Current Liabilities | | | | | |
| (a) Long Term Borrowings | 3,967 | 1,285 | 1,379 | 2,739 | 4,624 |
| (b) Deferred Tax Liabilities (Net) | 2,411 | 2,702 | 3,053 | 3,481 | 2,938 |
| (c) Other Long Term Liabilities | 969 | 968 | 918 | 920 | 915 |
| (d) Long Term Provisions | 1,719 | 1,503 | 1,634 | 682 | 456 |
| 4) Current Liabilities | 28,775 | 25,858 | 19,928 | 19,708 | 18,227 |
| Total Funds | 96,263 | 84,154 | 72,609 | 68,934 | 65,156 |

FINANCIAL PERFORMANCE

| | <i>Financial Year ended March 31, 2016</i> | <i>(₹ lakhs) Financial Year ended March 31, 2015</i> |
|--|--|--|
| Gross Sales & Operations | 1,01,043 | 86,485 |
| Excise Duty | (1,003) | (1,121) |
| Net Sales & Operations | 1,00,040 | 85,364 |
| Other Income | 123 | 174 |
| Total Income | 1,00,163 | 85,538 |
| Profit before Finance Cost, Depreciation & Amortisation & Tax | 17,354 | 16,693 |
| Less : Finance Cost | 1,227 | 1,034 |
| Depreciation and Amortisation Expenses ... | 6,034 | 4,711 |
| Profit Before Tax | 10,093 | 10,948 |
| Less : Provision for Taxation | | |
| Current | 2,233 | 3,061 |
| Deferred | (290) | (351) |
| Earlier Years Adjustment | 5 | 256 |
| MAT Credit Adjustment | (187) | (299) |
| Net Profit After Tax | 8,332 | 8,281 |
| Balance brought forward | 20,729 | 16,193 |
| Amount available for appropriation | 29,061 | 24,474 |
| Appropriations : | | |
| Interim Dividend | 1,290 | - |
| Proposed Dividend | 184 | 1,474 |
| Dividend Tax | 300 | 300 |
| Adjustment Relating to Fixed Asset | - | 471 |
| Transfer to General Reserve | 1,500 | 1,500 |
| Balance carried forward | 25,787 | 20,729 |
| | 29,061 | 24,474 |

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Indoco Remedies Limited ('the Holding Company') and its subsidiaries (collectively referred to as 'the Company' or 'the Group'), comprising the consolidated Balance Sheet as at March 31, 2016, the consolidated statement of Profit and Loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Company, as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements / financial information of two of the three subsidiaries, whose financial statements reflect total assets of ₹ 529.55 lakhs as at March 31, 2016, total revenues of ₹ 336.66 lakhs and net cash inflows amounting to ₹ 4.01 lakhs for the year then ended, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries and our report in terms of Sub-Sections(3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1. As required by Sub-Section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The consolidated Balance Sheet, the consolidated statement of Profit and Loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the

Directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a Director of that company in terms of Sub-Section 2 of Section 164 of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure'; and
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group,
 - (ii) As required under the applicable law or Accounting Standards the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses, and
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary companies incorporated in India.

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

M. No. 32625

Date : May 27, 2016



ANNEXURE

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

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Indoco Remedies Limited ('the Holding Company') and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safe guarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Date : May 27, 2016

◆ ◆ ◆

For **PATKAR & PENDSE**

Chartered Accountants

Firm Registration No:107824W

B. M. PENDSE

Partner

M. No. 32625

Consolidated Balance Sheet

As at March 31, 2016

(₹ lakhs)

| | Note No. | Current Year As at 31.03.2016 | Previous Year As at 31.03.2015 |
|--|----------|----------------------------------|-----------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds : | | | |
| (a) Share Capital | 3 | 1,843.01 | 1,843.01 |
| (b) Reserves & Surplus | 4 | 56,586.70 | 50,036.96 |
| | | 58,429.71 | 51,879.97 |
| (2) Share Application Money Refundable | | 0.68 | — |
| (3) Non-Current Liabilities | | | |
| (a) Long Term Borrowings | 5 | 3,967.27 | 1,285.35 |
| (b) Deferred Tax Liabilities (Net) | 6 | 2,414.96 | 2,706.72 |
| (c) Other Long Term Liabilities | 7 | 968.61 | 968.65 |
| (d) Long Term Provisions | 8 | 1,721.06 | 1,504.47 |
| | | 9,071.90 | 6,465.19 |
| (4) Current Liabilities | | | |
| (a) Short Term Borrowings | 9 | 8,751.45 | 7,537.67 |
| (b) Trade Payables | 10 | 13,131.11 | 11,985.56 |
| (c) Other Current Liabilities | 11 | 5,586.74 | 4,096.71 |
| (d) Short Term Provisions | 12 | 1,403.03 | 2,592.23 |
| | | 28,872.33 | 26,212.17 |
| Total | | 96,374.62 | 84,557.33 |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 13a | 33,586.74 | 29,500.35 |
| (ii) Intangible Assets | 13b | 3,896.25 | 4,449.60 |
| (iii) Capital Work In Progress | 13c | 581.89 | 2,602.63 |
| (iv) Intangible Assets Under Development | 13d | 4,897.93 | 3,668.70 |
| (b) Goodwill on Consolidation | | 30.52 | 30.52 |
| (c) Non Current Investments | 14 | 7.00 | 17.00 |
| (d) Long Term Loans And Advances | 15 | 7,056.47 | 5,752.82 |
| (e) Other Non Current Investments | 16 | — | 0.07 |
| | | 50,056.80 | 46,021.69 |
| (2) Current Assets | | | |
| (a) Current Investments | 17 | 1,520.78 | — |
| (b) Inventories | 18 | 16,519.13 | 14,912.13 |
| (c) Trade Receivables | 19 | 18,883.39 | 15,538.38 |
| (d) Cash and Bank Balances | 20 | 1,404.44 | 1,539.85 |
| (e) Short Term Loans And Advances | 21 | 7,816.95 | 6,504.27 |
| (f) Other Current Assets | 22 | 173.13 | 41.01 |
| | | 46,317.82 | 38,535.64 |
| Total | | 96,374.62 | 84,557.33 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 & 2 | | |
| NOTES ON FINANCIAL STATEMENTS | 3 to 45 | | |

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

DIN : 00179113

Sundeep V. Bambolkar

Jt. Managing Director & CFO

DIN : 00176613

Mumbai, May 27, 2016

Consolidated Statement of Profit and Loss Account

For the year ended March 31, 2016

| | Note No. | Current Year Apr'15-Mar'16 | Previous Year Apr'14-Mar'15 |
|--|----------|-------------------------------|--------------------------------|
| (₹ lakhs) | | | |
| Income | | | |
| 1) Revenue from Operations (Gross) | 23 | 1,01,379.09 | 86,816.84 |
| Less : Excise Duty Recovery | | (1,003.37) | (1,121.46) |
| Revenue from Operations (Net) | | 1,00,375.72 | 85,695.38 |
| 2) Other Income | 24 | 111.96 | 170.93 |
| Total Revenue (I) | | 1,00,487.68 | 85,866.31 |
| Expenses | | | |
| 3) Cost of Materials Consumed | 25a | 29,611.70 | 26,606.44 |
| 4) Purchase of Stock in Trade | 25b | 5,608.09 | 5,362.52 |
| 5) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress | 25c | (1,078.33) | (1,924.74) |
| 6) Employee Benefits Expense | 26 | 18,263.33 | 14,003.76 |
| 7) Research & Development Expenses | 27 | 4,317.87 | 2,167.15 |
| 8) Other Expenses | 28 | 26,419.55 | 22,929.54 |
| Total Expenses (II) | | 83,142.21 | 69,144.67 |
| Earning before Finance Cost, Depreciation and Amortisation and Tax (I - II) | | 17,345.47 | 16,721.64 |
| 9) Finance Cost | 29 | 1,250.55 | 1,058.17 |
| 10) Depreciation and Amortization Expense | 13 | 6,036.91 | 4,708.82 |
| Profit before Tax | | 10,058.01 | 10,954.65 |
| 11) Provision for Tax | | | |
| (a) Current | | 2,233.42 | 3,063.17 |
| (b) Deferred | | (291.76) | (347.16) |
| (c) Earlier years adjustment | | 5.21 | 256.01 |
| (d) Mat Credit Adjustment | | (186.89) | (298.62) |
| Total Taxes | | 1,759.98 | 2,673.40 |
| Profit for the year | | 8,298.03 | 8,281.25 |
| 12) Earnings Per Share | | | |
| Basic & Diluted (₹ 2/- each) | 30 | 9.00 | 8.99 |

Significant Accounting Policies 1 & 2
Notes on Financial Statements 3 to 45

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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Consolidated Cash Flow Statement

For the year ended March 31, 2016

| | Current Year Apr'15-Mar'16 | Previous Year Apr'14-Mar'15 |
|---|-------------------------------|--------------------------------|
| (₹ lakhs) | | |
| (A) Cash Flow from Operating Activities : | | |
| Net Profit before tax and extraordinary item | 10,058.01 | 10,954.65 |
| Adjustments for : | | |
| Depreciation and Amortisation Expense | 6,036.91 | 4,708.82 |
| Profit on sale of Fixed Assets | (4.53) | (0.80) |
| Loss on sale of Fixed Assets | 32.41 | 0.90 |
| Deferred expenses written off | 0.07 | 0.07 |
| Sundry Balances written back | (150.73) | (0.01) |
| Provision for Doubtful Debts / Advances / Bad Debts | 682.39 | 738.45 |
| Interest Income | (52.38) | (63.92) |
| Dividend received on Investments | (0.72) | (0.76) |
| Unrealised Foreign Exchange (Gain) / Loss | (211.91) | (266.34) |
| Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss) | 1,297.31 | 1,404.29 |
| | 7,628.82 | 6,520.70 |
| Operating Profit before Working Capital Change | 17,686.83 | 17,475.35 |
| Adjustments for: | | |
| Trade Payables and Other liabilities | 3,361.59 | 4,735.13 |
| Trade and Other Receivables | (5,366.88) | (4,945.40) |
| Inventories | (1,607.00) | (3,890.34) |
| | (3,612.29) | (4,100.61) |
| Cash generated from Operations | 14,074.54 | 13,374.74 |
| Income Tax Paid (Net of Refund) | (2,740.80) | (2,471.09) |
| Net Cash generated from Operating Activities (A) | 11,333.74 | 10,903.65 |
| (B) Cash Flow from Investing Activities | | |
| Payment towards Capital Expenditure | (9,770.05) | (8,873.76) |
| Sale of Fixed Assets | 35.29 | 5.59 |
| Purchases of Investments | (1,520.78) | - |
| Investments matured | 10.00 | - |
| Payment for acquisition of Business | - | (19.60) |
| Interest Received | 48.54 | 45.91 |
| Dividend received on Investments | 0.72 | 0.76 |
| Net Cash used in Investing Activities (B) | (11,196.28) | (8,841.10) |

Contd...

Consolidated Cash Flow Statement

For the year ended March 31, 2016

... Contd. from previous page

(₹ lakhs)

| | Current Year Apr'15-Mar'16 | Previous Year Apr'14-Mar'15 |
|--|-------------------------------|--------------------------------|
| (C) Cash Flow from Financing Activities | | |
| Finance Cost [Other than Unrealised Foreign Exchange Gain / (Loss)] | (1,290.65) | (1,387.58) |
| Dividend Paid | (3,299.47) | (1,508.18) |
| Share Application Money Refundable | 0.68 | - |
| Proceeds from Long Term Borrowings | 3,961.00 | 1,000.00 |
| Repayment of Long Term Borrowings | (303.31) | (216.14) |
| Proceeds / (Repayment) from Short Term Borrowings | 1,206.47 | 1,787.24 |
| Repayment of External Commercial Borrowings | (422.95) | (1,667.62) |
| Net Cash Outflow from Financing Activities (C) | (148.23) | (1,992.28) |
| Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C) | (10.77) | 70.27 |
| Cash and Cash Equivalents (Opening) | 1,046.87 | 976.60 |
| Cash and Cash Equivalents (Closing) (Refer note no. 20) | 1,036.10 | 1,046.87 |

Notes:

- The above Cash Flow Statement has been prepared under "Indirect Method" set out in AS-3, issued by Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- 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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Significant Accounting Policies Consolidated

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 three subsidiaries Xtend Industrial Designers and Engineers Pvt Ltd, Indoco Pharmchem Ltd. and Indoco Remedies Singapore PTE 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 provisions of the Companies Act, 2013. 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 Schedule III to the Companies Act, 2013.

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 balances 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 periods 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.

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 & XIDEL which is provided on written down value method. However, depreciation on residential flat at HO and plant and machinery at Rabale is provided on straight line method. Depreciation is provided based on the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

Intangible Assets

Trademarks / Technical Knowhow are recorded at their acquisition cost and amortized on the written down value 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

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period 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.

Samples are valued at 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 as prescribed in Schedule II of the Companies Act, 2013.

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 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

2.15 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.

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 to its employees on actuarial valuation. The company's contribution to LIC for group gratuity policy is charged to Profit and Loss account each year

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 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.31.

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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

Notes (Consolidated) on financial statements for the Year ended March 31, 2016

Note 3 : SHARE CAPITAL

| Particulars | (₹ lakhs) | | | |
|--|---|---|---|---|
| | Current Year As at 31.03.2016 | Previous Year As at 31.03.2015 | | |
| 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> | | |
| 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 | | | | |
| | 2015-16 Equity Shares | 2014-15 Equity Shares | | |
| | Number | ₹ lakhs | Number | ₹ lakhs |
| Shares outstanding at the beginning of the year | 9,21,50,355 | 1,843.01 | 9,21,50,355 | 1,843.01 |
| Add: Issue of Bonus shares | - | - | - | - |
| Less: Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | <u>9,21,50,355</u> | <u>1,843.01</u> | <u>9,21,50,355</u> | <u>1,843.01</u> |
| B) Details of Shares held by each shareholder holding more than 5% shares | As at March 31, 2016 Equity Shares | | As at March 31, 2015 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 83 35 000 | 19.90% |
| ii) Shanteri Investment Pvt Ltd | 1 57 71 755 | 17.12% | 1 57 71 755 | 17.12% |
| iii) Aditi Panandikar | 55 59 013 | 6.03% | 55 59 013 | 6.03% |
| iv) Madhura Anup Ramani | 51 84 079 | 5.63% | 51 84 079 | 5.63% |
| v) Aruna Suresh Kare | 47 74 714 | 5.18% | 47 74 714 | 5.18% |

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 March 31, 2016, the amount of ₹ 1.40 per share on the face value of ₹ 2 (Previous year Nil) declared and paid as Interim Dividend to equity shareholders of the Company. Also declared and recognised ₹ 0.20 per share on the face value of ₹ 2 (Previous year - ₹ 1.60 per share) to the equity shareholders 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 March 31, 2016

Note 4 : RESERVES AND SURPLUS

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Capital Reserve | | |
| Opening balance | 21.04 | 12.64 |
| Add : On consolidation of Subsidiary (Net) | - | 8.40 |
| | <u>21.04</u> | <u>21.04</u> |
| b) Securities Premium Account | 6,420.93 | 6,420.93 |
| 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 | (6.76) | (33.93) |
| e) General Reserve | | |
| Opening balance | 22,818.14 | 21,317.84 |
| Add : Transferred from Surplus in Statement of Profit & Loss | 1,500.00 | 1,500.10 |
| Add : On consolidation of Subsidiary (Net) | - | 0.20 |
| Closing Balance | <u>24318.14</u> | <u>22,818.14</u> |
| f) Foreign Currency Translation Reserve | | |
| Opening Balance | - | - |
| Add : Foreign currency translation reserve during the year | 0.25 | - |
| Closing Balance | <u>0.25</u> | <u>-</u> |
| g) Surplus in Statement of Profit & Loss | | |
| Opening balance | 20748.28 | 16,198.03 |
| Add : Net Profit after Tax transferred from Statement of Profit & Loss | 8,298.03 | 8,281.25 |
| Add : On consolidation of Subsidiary (Net) | - | 15.20 |
| Amount available for appropriation | <u>29,046.31</u> | <u>24494.48</u> |
| Less : Intra Group Adjustment..... | - | 0.14 |
| Less : Adjustment relating to Fixed Assets (Refer Note No. 44) | - | (471.40) |
| Less : Transferred to General Reserve | (1,500.00) | (1,500.10) |
| Less : Interim Dividend | (1,290.10) | - |
| Less : Proposed Dividend | (184.84) | (1,474.41) |
| Less : Dividend Tax | (300.27) | (300.15) |
| Closing balance | <u>25,771.10</u> | <u>20,748.28</u> |
| TOTAL | <u>56,586.70</u> | <u>50,036.96</u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 5 : LONG TERM BORROWINGS

| Particulars | Terms of Repayment & Securities | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|--|---------------------------------|-------------------------------------|---|
| Secured | | | |
| a) Term Loans from Banks | | | |
| Indian rupee loan | Refer Note No. 5.1 | 3,936.56 | 941.60 |
| Vehicle Loan from Bank | Refer Note No. 5.2 | 30.71 | - |
| Unsecured | | | |
| a) Term Loan from Others | | | |
| Foreign currency loan -External Commercial Borrowings (ECB) | Refer Note No. 5.3 | - | 343.75 |
| TOTAL | | <u>3,967.27</u> | <u>1,285.35</u> |

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 | 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 March 01, 2015 ending on 1st December, 2018. |
| | Rate of Interest | 11.25 % 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 : First Pari Passu 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 (Excluding charge on assets offered as security to The Saraswat Co-op Bank Limited) |
| 5.1 | Saraswat Co Op Bank Ltd. | |
| | Amount Sanctioned | ₹ 10,00,00,000/- |
| | Terms of Repayment | The Term Loan is Repayable in 59 equal monthly installments of ₹ 16,67,000/- each and 60th installment of ₹ 16,47,000/- commencing from August 16, 2014 ending on July 16, 2019 |
| | Rate of Interest | 11% p.a. |
| | Nature of Security | Primary : First and Exclusive charge over the assets created at Rabale, MIDC Thane Belapur Road, Navi Mumbai 400 701, out of the sanctioned term loan (Analytical Method Development department, 2nd Floor) Collateral : First Pari Passu 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 (Excluding charge on assets offered as security to The IDBI Bank Limited) |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 5 : LONG TERM BORROWINGS *Contd.*

| <i>Note No.</i> | <i>Name of the Bank</i> | <i>Terms of Repayment & Securities</i> |
|-----------------|----------------------------|---|
| 5.1 | Citi Bank | |
| | Amount Sanctioned | ₹ 50,00,00,000/- |
| | Terms of Repayment | The Term Loan is Repayable in 16 equal monthly installments of ₹ 3,12,50,000/- each and commencing from October 22, 2016 ending on July 20, 2020 |
| | Rate of Interest | 9.50 % p.a. |
| | Nature of Security | The loan is secured by Present and future moveable fixed assets located at Goa Plant I - L-14, Verna Industrial Area, Verna, Salcete Goa – 403 722 & Goa Plant II - L-32/33/34, Verna Industrial Area, Verna, Salcete Goa – 403 722 |
| 5.2 | Vehicle Loan | |
| | Amount Sanctioned | ₹ 41,00,000/- |
| | Terms of Repayment | The Loan is Repayable in 60 equated monthly installments (EMI) of ₹ 86,530/- each (including principal and interest) commencing from October 07, 2015 ending on September 07, 2020 |
| | Rate of Interest | 9.71 % p.a. |
| | Nature of Security | The loan is secured by hypothecation of the vehicle which has been purchased against the Loan. |
| 5.3 | 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 December 31, 2015, ending on September 30, 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. |
| 5.3 | 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 November 08, 2011, ending on May 08, 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 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 6 : DEFERRED TAX LIABILITY (NET)

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Deferred Tax Liability | | |
| i) On fiscal allowances on fixed assets | 3,708.12 | 3,385.31 |
| | <u>3,708.12</u> | <u>3,385.31</u> |
| b) Deferred Tax Assets | | |
| i) On employees' separation and retirement etc. | (636.77) | (530.44) |
| ii) On provision for doubtful debts | (129.10) | (148.15) |
| iii) On provision for doubtful advances | (161.44) | - |
| iv) On provision for bonus | (365.85) | - |
| | <u>(1,293.16)</u> | <u>(678.59)</u> |
| TOTAL | <u>2,414.96</u> | <u>2,706.72</u> |

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured

| | | |
|-----------------------------------|----------------------|----------------------|
| a) Advance from Others | 321.99 | 335.71 |
| b) Security Deposit Payable | 646.62 | 632.94 |
| TOTAL | <u>968.61</u> | <u>968.65</u> |

Note 8 : LONG TERM PROVISIONS

| | | |
|-----------------------------------|------------------------|------------------------|
| a) Retirement Benefits | 1,228.16 | 1,059.54 |
| b) Other Long-Term Benefits | 492.90 | 444.93 |
| TOTAL | <u>1,721.06</u> | <u>1,504.47</u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 9 : SHORT TERM

| Particulars | Repayment and Rate of Interest | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|--------------------------------|----------------------------------|--|
| Secured (Refer Note) | | | |
| Loans from Banks | | | |
| (a) Cash Credit Facility | Refer Note No. 9.1 | 2,859.26 | 2,727.24 |
| (b) Foreign Currency Export Packing Credit | Refer Note No. 9.2 | 1,605.80 | 1,507.21 |
| (c) Packing Credit in Rupees | Refer Note No. 9.3 | — | 300.00 |
| Unsecured | | | |
| Loans from Banks | | | |
| (a) Cash Credit Facility | Refer Note No. 9.1 | 36.66 | 503.98 |
| (b) Foreign Currency Export Packing Credit | Refer Note No. 9.2 | 809.73 | 9.24 |
| (c) Packing Credit in Rupees | Refer Note No. 9.3 | — | 400.00 |
| (d) Working Capital Demand Loan | Refer Note No. 9.4 | 2,100.00 | 1,000.00 |
| (e) Short Term Loan | Refer Note No. 9.5 | 1,300.00 | 1,000.00 |
| Loan from Others | Refer Note No. 9.6 | 40.00 | 90.00 |
| TOTAL | | 8,751.45 | 7,537.67 |

Note : Cash Credit, Foreign Currency Export Packing Credit, Packing Credit in Rupee 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 of ₹ 36.66 Lakhs (P.Y. ₹ 142.09 lakhs) 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 12 % p.a. (Previous year @ 10.90 % p.a. to 13% p.a.) |
| 9.2 | Foreign Currency Export Packing Credit | Is payable on completion of the tenure. It carries interest @ LIBOR + 50 bps to 60 bps. (Previous year LIBOR + 40 bps to 75 bps) |
| 9.3 | Packing Credit in Rupee | Is payable on completion of the tenure. It carries interest @ 9.65 % p.a. to 9.75 % p.a. (Previous Year @ 9.65% p.a. to 9.75% p.a.) |
| 9.4 | Working Capital Demand Loan | Is repayable on demand and carries interest @ 9.10 % p.a. to 9.35 % p.a. (Previous year @ 9.60 % p.a. to 10.75 % p.a.) |
| 9.5 | Short Term Loan | Is repayable on demand and carries interest @ 9.30 % p.a. to 10.10% p.a (Previous year 10.60% p.a.) |
| 9.6 | Loan from Others | Is repayable on demand and carries interest @ 11 % p.a (Previous year @ 11% p.a.) |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 10 : TRADE PAYABLES

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| a) Trade payables | | |
| (i) Acceptances | 766.20 | 640.34 |
| (ii) Other than Acceptances (Refer Note No. 43) | 12,364.91 | 11,345.22 |
| TOTAL | 13,131.11 | 11,985.56 |

Note 11 : OTHER CURRENT LIABILITIES

| | | |
|---|-----------------|-----------------|
| Secured | | |
| a) Term Loans from Banks | | |
| Indian Rupee loan (Refer Note No. 5.1) | 925.04 | 300.04 |
| Vehicle Loan from Bank (Refer Note No. 5.2) | 7.03 | - |
| Foreign Currency loan -ECB (Refer Note No. 5.3) | - | 187.50 |
| | 932.07 | 487.54 |
| b) Interest accrued but not due on borrowings | 31.63 | 25.14 |
| c) Unclaimed Dividends | 47.69 | 19.86 |
| d) Statutory Dues | 477.63 | 331.84 |
| Unsecured | | |
| a) Term Loans from Banks | | |
| Foreign Currency loan -ECB (Refer Note No. 5.3) | 364.33 | 343.75 |
| b) Other Current Liabilities | 3,733.39 | 2,888.58 |
| TOTAL | 5,586.74 | 4,096.71 |

Note 12 : SHORT TERM PROVISIONS

| | | |
|--|-----------------|-----------------|
| a) Provision for Leave Encashment | 116.58 | 56.28 |
| b) Provision For Bonus | 1,060.20 | 265.99 |
| c) Proposed Dividend | 184.30 | 1,474.41 |
| d) Provision for Dividend | 0.54 | - |
| e) Dividend Tax | 37.63 | 300.15 |
| f) Provision for Tax (Net of Advance Income Tax) ... | 3.78 | 495.40 |
| TOTAL | 1,403.03 | 2,592.23 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 14 : NON-CURRENT INVESTMENTS

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| Unquoted (at Cost) : | | |
| a) Non-Trade Investment Other than Subsidiary Companies | | |
| (i) Shivalik Solid Waste Management Ltd. Baddi [20,000 Shares of ₹ 10 each (Previous Year - 20,000 Shares of ₹ 10 each)] | 2.00 | 2.00 |
| (ii) Indoco Analytical Solution LLP (Contribution from Indoco Remedies Ltd.) | 4.90 | 4.90 |
| b) Shares of Saraswat Co-op. Bank Ltd. [1,000 Ordinary Shares of ₹ 10 each (Previous Year - 1,000 Ordinary Shares of ₹ 10 each)] | 0.10 | 0.10 |
| c) Shares of Jankalyan Sahakari Bank (Previous Year 1,00,000 Shares of ₹ 10 each) | - | 10.00 |
| TOTAL | 7.00 | 17.00 |

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured considered good

| | | |
|---------------------------------|-----------------|-----------------|
| a) Capital Advances | 1,482.72 | 554.28 |
| b) Deposit Others | 253.90 | 166.39 |
| c) Tender Deposits | 25.12 | 12.13 |
| d) MAT Credit Entitlement | 4,833.21 | 4,646.32 |
| e) Pre-paid Expenses | 5.74 | 21.45 |
| f) Other Loans & Advances | 455.78 | 352.25 |
| TOTAL | 7,056.47 | 5,752.82 |

Note 16 : OTHER NON-CURRENT ASSETS

| | | |
|-----------------------------------|----------|-------------|
| a) Other Non Current Assets | - | 0.07 |
| TOTAL | - | 0.07 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 17 : CURRENT INVESTMENTS

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|---|----------------------------------|--|
| Quoted : (at cost) | | |
| 1) Investment in Mutual Funds | | |
| (i) Reliance Fixed Horizon Fund XXIV Series 2 (g) [43,83,970.80 units @ ₹ 12.21 (Previous Year - Nil)] | 535.34 | - |
| | <u>535.34</u> | <u>-</u> |
| 2) Non convertible Debentures | | |
| (i) ECL Finance Ltd Optn - II NCD [50,000 NCD of ₹ 1,000/ each (Previous Year - Nil)] | 637.47 | - |
| (ii) India Infoline Finance Ltd [255 NCD of ₹ 1,00,000/- each (Previous Year - Nil)] | 347.97 | - |
| | <u>985.44</u> | <u>-</u> |
| TOTAL | <u><u>1,520.78</u></u> | <u><u>-</u></u> |

Note 18 : INVENTORIES

| | | |
|------------------------------------|-------------------------|-------------------------|
| a) Raw and Packing Materials | 7,454.67 | 6,693.78 |
| b) Work in Progress | 2,404.59 | 2,089.54 |
| c) Finished Goods | 5,201.37 | 4,297.70 |
| d) Stock in Trade | 1,085.74 | 1,226.13 |
| e) Stores and Spares | 372.76 | 604.98 |
| TOTAL | <u><u>16,519.13</u></u> | <u><u>14,912.13</u></u> |

Note 19 : TRADE RECEIVABLES

Unsecured

| | | |
|---|-------------------------|-------------------------|
| a) Debts outstanding for more than six months from the date they are due for payment | | |
| Considered Good | 2,774.33 | 2254.29 |
| Considered Doubtful | 373.04 | 435.86 |
| | <u>3,147.37</u> | <u>2690.15</u> |
| Less: Provision for doubtful debts | (373.04) | (435.86) |
| | <u>2,774.33</u> | <u>2254.29</u> |
| b) Other Debts - Considered Good | 16,109.06 | 13,284.09 |
| TOTAL | <u><u>18,883.39</u></u> | <u><u>15,538.38</u></u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 20 : CASH AND BANK BALANCES

| Particulars | Current Year As at 31.03.2016 | (₹ lakhs) Previous Year As at 31.03.2015 |
|--------------------------------|----------------------------------|--|
| a) Cash and Cash Equivalents | | |
| (i) Cash on hand | 22.46 | 13.26 |
| (ii) Balances with Banks | | |
| In Current Accounts | 569.81 | 507.37 |
| In EEFC Accounts | 443.83 | 526.24 |
| | <u>1,036.10</u> | <u>1,046.87</u> |
| b) Other Bank Balances | | |
| (i) In Earmarked Accounts | | |
| Unpaid Dividend Accounts | 47.69 | 19.86 |
| Fixed Deposit Accounts | 49.43 | 46.36 |
| Margin Accounts | 271.22 | 426.76 |
| | <u>368.34</u> | <u>492.98</u> |
| TOTAL | <u>1,404.44</u> | <u>1,539.85</u> |

Note 21 : SHORT TERM LOANS & ADVANCES

Unsecured considered good

| | | |
|---|------------------------|------------------------|
| a) Advances to Suppliers | | |
| Unsecured, Considered good | 698.25 | 735.90 |
| Unsecured, Considered doubtful | 466.47 | - |
| | <u>1,164.72</u> | <u>735.90</u> |
| Less : Provision for Doubtful advances | (466.47) | - |
| | <u>698.25</u> | <u>735.90</u> |
| b) Tender Deposit | 16.68 | 21.39 |
| c) Employee Advances | 1,015.28 | 819.09 |
| d) Pre-Paid Expenses | 482.24 | 391.68 |
| e) Balance with Customs, Central Excise Authorities | 5,604.50 | 4,536.21 |
| TOTAL | <u>7,816.95</u> | <u>6,504.27</u> |

Note 22 : OTHER CURRENT ASSETS

| | | |
|-------------------------------------|----------------------|---------------------|
| a) Interest Receivable | 36.01 | 32.17 |
| b) Insurance Claim Receivable | 136.47 | - |
| c) Other Current Assets | 0.65 | 8.84 |
| TOTAL | <u>173.13</u> | <u>41.01</u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 23: REVENUE FROM OPERATIONS

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|---|-------------------------------|---|
| a) Sale of Products | | |
| Domestic Sales | 56,680.72 | 54,377.99 |
| Export Sales | 35,172.45 | 26,650.78 |
| | <u>91,853.17</u> | <u>81,028.77</u> |
| b) Sale of Services | | |
| Domestic Services | 510.62 | 282.30 |
| Export Services | 6,296.33 | 5,031.58 |
| | <u>6,806.95</u> | <u>5,313.88</u> |
| c) Other Operating Revenue | | |
| Exchange Gain/(Loss) (Net) (other than considered in Finance Cost) | 1,199.46 | (36.19) |
| Export Incentives | 1,351.71 | 496.78 |
| Scrap Sale | 17.07 | 13.59 |
| Sundry Balance w/back | 150.73 | 0.01 |
| | <u>2,718.97</u> | <u>474.19</u> |
| Total Revenue from Operations (Gross) (a + b + c) | 1,01,379.09 | 86,816.84 |
| Less : | | |
| d) Excise Duty | (1,003.37) | (1,121.46) |
| TOTAL | <u>1,00,375.72</u> | <u>85,695.38</u> |

Note 24 : OTHER INCOME

| | | |
|---|----------------------|----------------------|
| a) Interest Received | 52.38 | 63.92 |
| b) Sundry Receipts | 54.33 | 105.45 |
| c) Dividend Received | 0.72 | 0.76 |
| d) Profit on Sale of Fixed Assets | 4.53 | 0.80 |
| TOTAL | <u>111.96</u> | <u>170.93</u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 25 : COST OF MATERIALS CONSUMED

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|--|-------------------------------|---|
| a) Cost of Material Consumed | | |
| Opening Stock | 6,693.78 | 4,743.07 |
| Add : Purchases (Net of Excise Duty) | 30,372.59 | 28,557.15 |
| Less : Closing Stock | (7,454.67) | (6,693.78) |
| | <u>29,611.70</u> | <u>26,606.44</u> |
| b) Purchase of Stock in Trade | <u>5,608.09</u> | <u>5,362.52</u> |
| c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress | | |
| <u>Inventories at the beginning of the year</u> | | |
| Op.Stock - Finished Goods | 4,297.70 | 3,567.84 |
| Op.Stock - Stock in Trade | 1,226.13 | 612.96 |
| Op.Stock - WIP | 2,089.54 | 1,507.83 |
| | <u>7,613.37</u> | <u>5,688.63</u> |
| <u>Inventories at the end of the year</u> | | |
| Cl.Stock - Finished Goods | (5,201.37) | (4,297.70) |
| Cl.Stock - Stock in Trade | (1,085.74) | (1,226.13) |
| Cl.Stock - WIP | (2,404.59) | (2,089.54) |
| | <u>(8,691.70)</u> | <u>(7,613.37)</u> |
| Net (Increase) / Decrease | <u>(1,078.33)</u> | <u>(1,924.74)</u> |
| TOTAL | <u>34,141.46</u> | <u>30,044.22</u> |

Note 26 : EMPLOYEE BENEFITS EXPENSE

| | | |
|--|-------------------------|-------------------------|
| a) Salaries, Wages and Bonus | 15,913.44 | 11,869.20 |
| b) Contribution to Provident and Other Funds | 1,317.02 | 1,030.23 |
| c) Staff Welfare Expenses | 1,032.87 | 1,104.33 |
| TOTAL | <u>18,263.33</u> | <u>14,003.76</u> |

Note 27 : RESEARCH & DEVELOPMENT EXPENSES

| | | |
|-----------------------------|------------------------|------------------------|
| a) R&D Employee Cost | 1,564.62 | 753.87 |
| b) Other R&D Expenses | 2,753.25 | 1,413.28 |
| TOTAL | <u>4,317.87</u> | <u>2,167.15</u> |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 28 : OTHER EXPENSES

| Particulars | Current Year Apr'15-Mar'16 | (₹ lakhs) Previous Year Apr'14-Mar'15 |
|---|-------------------------------|---|
| a) Consumable Stores | 176.23 | 156.34 |
| b) Job Work Charges | 660.66 | 541.37 |
| c) Power and Fuel | 2,172.36 | 2,039.44 |
| d) Rent, Rates, Taxes | 394.66 | 249.53 |
| e) Insurance | 143.13 | 131.93 |
| f) Repairs : | | |
| (i) Building | 116.09 | 87.92 |
| (ii) Plant and Machinery | 645.18 | 473.56 |
| (iii) Others | 1,213.14 | 976.41 |
| | 1,974.41 | 1,537.89 |
| g) Packing and Delivery Expenses | 2,967.88 | 2,830.23 |
| h) Analytical Expenses | 1,429.51 | 889.13 |
| i) Turnover and Additional Tax | 334.71 | 275.34 |
| j) Advertising and Sales Promotion Expenses | 2,841.16 | 2,293.56 |
| k) Commission and Incentives on sales | 2,309.82 | 2,531.39 |
| l) Travelling, Conveyance and Motor Car Expenses .. | 5,473.37 | 4,756.22 |
| m) Legal and Professional Fees | 426.86 | 332.19 |
| n) Director's Sitting Fees | 7.65 | 6.05 |
| o) Postage and Telephone Expenses | 289.15 | 237.09 |
| p) Printing and Stationery Expenses | 602.50 | 485.86 |
| q) Payments to Auditors | | |
| (i) Audit Fees | 8.96 | 5.47 |
| (ii) Tax Audit Fees | 4.45 | 3.20 |
| (iii) Other Services | 0.40 | 1.00 |
| | 13.81 | 9.67 |
| r) Loss on sale of Assets | 32.41 | 0.90 |
| s) Miscellaneous Expenditure Written Off | 0.07 | 0.07 |
| t) Provision for Doubtful Debts / Advances | 650.26 | 392.18 |
| u) Bad Debts written off | 32.14 | 346.18 |
| v) Corporate Social Responsibility | 88.64 | 133.93 |
| w) Miscellaneous Expenses | 3,398.16 | 2,753.05 |
| TOTAL | 26,419.55 | 22,929.54 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 29 : FINANCE COST

| Particulars | (₹ lakhs) | |
|---------------------------------------|-------------------------------|--------------------------------|
| | Current Year Apr'15-Mar'16 | Previous Year Apr'14-Mar'15 |
| a) Interest Expense | 952.72 | 674.48 |
| b) Other Financial charges | 101.88 | 95.09 |
| c) Exchange (Gain) / Loss - Net | 195.95 | 288.60 |
| TOTAL | 1,250.55 | 1,058.17 |

Note 30 : EARNINGS PER SHARE (EPS)

Basic & Diluted

Total Operations

| | | |
|---|-------------|-------------|
| Net Profit for the year (₹ lakhs) | 8,298.03 | 8,281.25 |
| Weighted average numbers of equity shares | 9,21,50,355 | 9,21,50,355 |
| Earning per share (₹ 2/-) | 9.00 | 8.99 |

Notes (Consolidated) on financial statements for the Year ended March 31, 2016

Note 31 :

Contingent Liabilities not provided for:

| | As at March 31, 2016 | (₹ In lakhs) As at March 31, 2015 |
|--|-------------------------|---|
| A) Matters under dispute | | |
| i) Sales Tax (₹ 172.16 lakhs has been paid under protest Previous year ₹ 163.03 lakhs) ** | 441.79 | 441.79 |
| ii) Excise / Service Tax *** | 643.49 | 363.94 |
| iii) Income Tax * | 21.12 | 23.34 |
| B) Bank Guarantees | 65.00 | 81.60 |
| C) Letters of Credit | 586.16 | 162.12 |
| D) Estimated amount of contracts remaining to be executed on Capital Account , net of advances of ₹ 177.01 lakhs (Previous year ₹ 201.64 lakhs) | 6,023.49 | 637.32 |
| E) Corporate Guarantee given to Bank on behalf of the Subsidiary | 200.00 | 200.00 |

Legal Case –

The Company had availed a factoring facility from a Bank who refused to pay the amount of USD 25,004 to the Company on failure of a Customer to pay for the same. The case is pending in the City Civil Court.

The Company has filed case against a Stockiest under Section 138 under Negotiable Instruments Act 1881 for Cheque Bounce of ₹ 1.50 Lacs.

A CFA has filed a case against the company for recovery of the amount adjusted against credit note of ₹ 1.49 lacs the Company has disputed the Claim.

* Income Tax demand comprises of

- TDS of ₹ 21.12 Lakhs (Previous year – ₹ 15.88 Lakhs) for Short Deduction appearing in traces.
- Penalty demand of ₹ Nil (Previous year – ₹ 7.46 Lakhs) raised by assessing officer, as per order under Section 271(1)(c) of the Income Tax Act 1961 due to disallowance pertaining to depreciation on land for Assessment Year 2002-03, 2003-04. Company is in appeal before ITAT against said order.

** Sales Tax demand comprises of

- ₹ 421.58 Lakhs (Previous year – ₹ 421.58 Lakhs) (₹ 172.16 Lakhs has been paid under protest Previous year ₹ 163.03 Lakhs) in respect of order from sales tax dept, Andhra Pradesh for classification dispute. The Company has filed an appeal before High Court which is yet to be heard.
- ₹ 20.21 Lakhs (Previous year – ₹ 20.21 Lakhs) as the amount of demand raised by sales tax officer for Financial Year 2007-08 and 2009-10 on account of input credit of entry tax. Company has filed appeal before Commissioner.

***Excise tax demand comprises of

- Company appeal is pending before CESTAT for wrong avilment of notification on exempted goods ₹ 0.66 Lakhs (Previous year – ₹ 0.66 Lakhs).
- Appeal pending before Dy Commissioner for classification dispute ₹ 5.04 Lakhs (Previous year – ₹ 5.04 Lakhs).
- Appeal pending before CESTAT for classification dispute ₹ 2.71 Lakhs (Previous year – ₹ 2.71 Lakhs).
- CENVAT credit on input service Rs 91.97 Lakhs (Previous year – ₹ 91.97 Lakhs), appeal pending before CESTAT.

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 31 : Contd.

- e) Company has Filed an appeal before CESTAT for valuation of physician sample ₹ 1.25 Lakhs (Previous year – ₹ 1.25 Lakhs).
- f) Company appeal is pending before Divisional Dy. Commissioner for wrong availment of CENVAT credit ₹ 0.79 Lakhs (Previous year – ₹ 0.79 Lakhs).
- g) Central excise department is in appeal before Supreme Court for Differential duty on intermixture of vitamins/minerals amounting to ₹ 2.91 Lakhs (Previous year – ₹ 2.91 Lakhs).
- h) CENVAT credit on input service Rs 247.21 Lakhs (Previous year – ₹ 247.21 Lakhs), appeal pending before Commissioner of Service Tax.
- i) Company appeal is pending before CESTAT for CENVAT credit availment on physician sample amounting to ₹ 0.20 Lakhs (Previous year – ₹ 0.20 Lakhs).
- j) Central excise department is in appeal at Supreme Court for valuation of physician sample ₹ 11.20 Lakhs (Previous year – ₹ 11.20 Lakhs).
- k) ₹ 279.55 Lakhs (Previous year – NIL) pending before Commissioner of Central Excise Raigad Commissionerate for Exempted product- Allopurinol Value Based Duty Reversal.

Note 32:

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

Additions in R & D Assets during 2015-16

| | Current Year 2015-2016 | (₹ In lakhs) Previous Year 2014-15 |
|--------------------------------------|---------------------------|--|
| Building | 701.18 | 488.11 |
| Plant & Machinery | 572.38 | - |
| Handling Equipments | 3.63 | - |
| Computer | 114.13 | 67.28 |
| Laboratory Equipments | 974.95 | 542.94 |
| Office Equipment | 26.35 | 7.69 |
| R&D Equipments (Instruments) | 0.72 | 11.28 |
| Plant Utility (Equipments) | 493.05 | 19.02 |
| Electric Installation | 139.73 | 126.39 |
| Furniture & Fixtures | 106.50 | 242.61 |
| Air Conditioning & Ventilation | 61.53 | 130.59 |
| | <u>3,194.15</u> | <u>1,635.91</u> |

Note 33:

Expenditure incurred on R & D activities is as follows:

Additions in R & D Assets

| | | |
|--|-----------------|-----------------|
| Building | 392.21 | 488.11 |
| Equipments & other capital expenditure | 852.84 | 1,147.80 |
| Total Capital Expenditure | <u>1,245.05</u> | <u>1,635.91</u> |
| Revenue Expenditure | 4,317.87 | 2,167.15 |
| Total R & D Expenditure | <u>5,562.92</u> | <u>3,803.06</u> |

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

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 34:

Tax deducted at source from Other Income consists of:

₹ 46.18 lakhs on account of Professional or Tech Services (Previous year ₹17.23 lakhs)

₹ 4.18 lakhs on account of Interest received (Previous year ₹3.90 lakhs)

₹ 2.53 lakhs on account of Contracts (Previous year ₹ 7.62 lakhs)

Note 35:

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical)

(₹ In lakhs)

| | Current Year 2015-16 | Previous Year 2014-15 |
|---------------------|-------------------------|--------------------------|
| Sales and Services | | |
| India | 56,187.97 | 53,538.83 |
| Outside India | 41,468.78 | 31,682.36 |
| Total | 97,656.75 | 85,221.19 |

Note 36:

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 March 31, 2016 is ₹ 9,193.33 lakhs (Previous Year ₹ 6,654.88 Lakhs) with Banks. Category wise break up is given here under:

A) Forward Contract

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|------------------------|----------------------|-----------------|----------------------|-----------------|
| | In FCY | ₹ In lakhs | In FCY | ₹ In lakhs |
| Receivables | | | | |
| USD | \$ 48,25,000 | 3,391.70 | \$ 29,75,000 | 1,955.45 |
| Euro | € 27,75,000 | 2,197.61 | € 12,86,625 | 1,040.13 |
| GBP | £ 21,25,000 | 2,235.70 | £ 25,04,138 | 2,642.85 |
| Sub total | | 7,825.01 | | 5,638.43 |
| Imports / Loans (PCFC) | | | | |
| USD | \$ 17,00,000 | 1,165.13 | \$ 16,00,000 | 1,016.45 |
| GBP | £ 2,00,000 | 203.19 | £ - | - |
| Sub Total | | 1,368.32 | | 1,016.45 |
| TOTAL | | 9,193.33 | | 6,654.88 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 36 : Contd.

Un-hedged foreign currency exposure as at March 31, 2016 is:

| | As at March 31, 2016 | | As at March 31, 2015 | |
|-----------------------------|----------------------|------------|----------------------|------------|
| | In FCY | ₹ In lakhs | In FCY | ₹ In lakhs |
| ECB Loan | \$ 5,50,000.00 | 364.38 | \$ 14,00,000.00 | 875.00 |
| PCFC | £ 11,00,000.00 | 1,047.20 | \$ 8,00,000.00 | 500.00 |
| Letter of Credit - USD | \$ 9,64,548.00 | 639.01 | \$ 14,57,196.75 | 910.75 |
| Letters of Credit – Euro | € 23,61,750.00 | 1,781.47 | € 2,924.00 | 1.96 |
| Bills on Collections – USD | \$ 9,71,924.38 | 643.90 | \$ 4,47,672.00 | 279.80 |
| Bills on Collections – Euro | € 2,95,022.58 | 222.54 | € 2,64,013.15 | 177.07 |
| Bills of Collections – CHF | CHF 66,705.55 | 46.03 | CHF 45,330.90 | 29.13 |
| Bills of Collections –GBP | £ - | - | £ 1,111.00 | 1.03 |

Note 37:

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.

Note 38:

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 Not Applicable
 - Subsidiary Company Not Applicable
 - Fellow Subsidiaries Not Applicable
- (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 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 Foundation ,Warren Generics s.r.o, Indoco Remedies Singapore Pte Ltd

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 38 : Contd.

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. | - | - | - | 16.69 | 112.02 |
| | P.Y. | - | - | - | 10.53 | 190.67 |
| Agency arrangements | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |
| Remuneration paid | C.Y. | - | - | - | 602.30 | - |
| | P.Y. | - | - | - | 397.13 | - |
| Transfer of research and development | | - | - | - | - | - |
| License agreements | C.Y. | - | - | - | 12.95 | 39.91 |
| | P.Y. | - | - | - | 13.26 | 34.37 |
| Finance (including loans and equity contributions in cash or in kind) | C.Y. | - | - | - | - | 0.85 |
| | P.Y. | - | - | - | 13.72 | 7.73 |
| Guarantees and collaterals | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |
| Management contracts including for deputation of employees | | - | - | - | - | - |
| Receivable | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |
| Payable | C.Y. | - | - | - | - | - |
| | P.Y. | - | - | - | - | - |

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

| 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) |
| (i) Transactions in the ordinary course | C.Y. | - | - | - | 631.94 | 152.78 |
| | P.Y. | 4.90 | - | - | 434.64 | 232.77 |
| (ii) Transactions not in the normal course | | - | - | - | - | - |
| (iii) Transactions not on an arm's length basis | | - | - | - | - | - |
| (iv) Justification for (iii) | | - | - | - | - | - |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 39:

Imported and Indigenous Materials Consumed :

| | Current Year Apr'15 – Mar'16 | | Previous Year Apr'14 – Mar'15 | |
|--------------------------------|---------------------------------|--------|----------------------------------|--------|
| | ₹ in lakhs | % | ₹ in lakhs | % |
| (a) Raw & packing Materials | | | | |
| i) Imported | 6,044.12 | 20.41 | 5,815.02 | 21.86 |
| ii) Indigenous | 23,567.59 | 79.59 | 20,791.42 | 78.14 |
| Total | 29,611.71 | 100.00 | 26,606.44 | 100.00 |
| (b) Stores and spares consumed | | | | |
| i) Imported | 136.80 | 77.63 | 121.60 | 77.78 |
| ii) Indigenous | 39.43 | 22.37 | 34.74 | 22.22 |
| Total | 176.23 | 100.00 | 156.34 | 100.00 |

Note 40 :

| | Current Year Apr'15 – Mar'16 | Previous Year Apr'14 – Mar'15 |
|---|---------------------------------|----------------------------------|
| Earning in Foreign Currency (FOB) Value | 40,441.57 | 31,011.84 |

Note 41 :

Expenditure in Foreign Currency :

| | | |
|--|----------|----------|
| (a) On travel and export promotion | 951.62 | 364.53 |
| (b) On interest on Foreign Currency Loan | 57.64 | 86.11 |
| (c) Others | 1,427.81 | 1,305.47 |

Note 42 :

Value of Imports CIF Basis :

| | | |
|--|----------|----------|
| (a) Raw Materials/ Packing Materials | 5,295.80 | 5,332.99 |
| (b) Capital Goods | 1,755.11 | 837.95 |
| (c) Consumable stores | 682.24 | 260.65 |

Notes (Consolidated)

on financial statements for the Year ended March 31, 2016

Note 43 :

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

| | ₹ In lakhs | |
|--|--|---|
| | <i>Current Year</i> <i>As at March 31, 2016</i> | <i>Previous Year</i> <i>As at March 31, 2015</i> |
| A Principal Amount & Interest due on the above | 30.20 | 50.57 |
| 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 44 :

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful life as specified in Schedule II, except in certain assets as disclosed in the Accounting policy on Depreciation, Amortisation and depletion. Accordingly the unamortised carrying value is being depreciated / amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose lives have expired at April 1, 2014 have been adjusted net of tax, in the opening balance of Profit and Loss account amounting to ₹ 471.40 Lacs in the Previous year.

Note 45 :

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
DIN : 00179113

Sundeep V. Bambolkar
Jt. Managing Director & CFO
DIN : 00176613

Mumbai, May 27, 2016

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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, Kalina, 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

- Name:
Address: E-mail ID:
Signature:, or failing him/her
- Name:
Address: E-mail ID:
Signature:, or failing him/her
- 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 Ninth Annual General Meeting of the Company, to be held on Friday July 29, 2016, 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:

ORDINARY BUSINESS

- To receive, consider and adopt
 - the audited financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and the Auditors thereon;
 - the audited consolidated financial statements of the Company for the financial year ended March 31, 2016 and the Report of the Auditors thereon.
- To ratify the payment of interim dividend and declare a final dividend on Equity Shares for the year ended March 31, 2016.
- To appoint a director in place of Ms. Aditi Panandikar (DIN 00179113), who retires by rotation and being eligible, offers herself for re-appointment
- To ratify the appointment of Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

- To approve the remuneration of the Cost Auditors - M/s Sevekari, Khare & Associates, Cost Accountants for the financial year ended March 31, 2017.
- To keep Statutory Records of the Company at the office of the Registrar and Share Transfer Agent of the Company.

Signed this _____ day of _____ 2016

Signature of shareholder _____

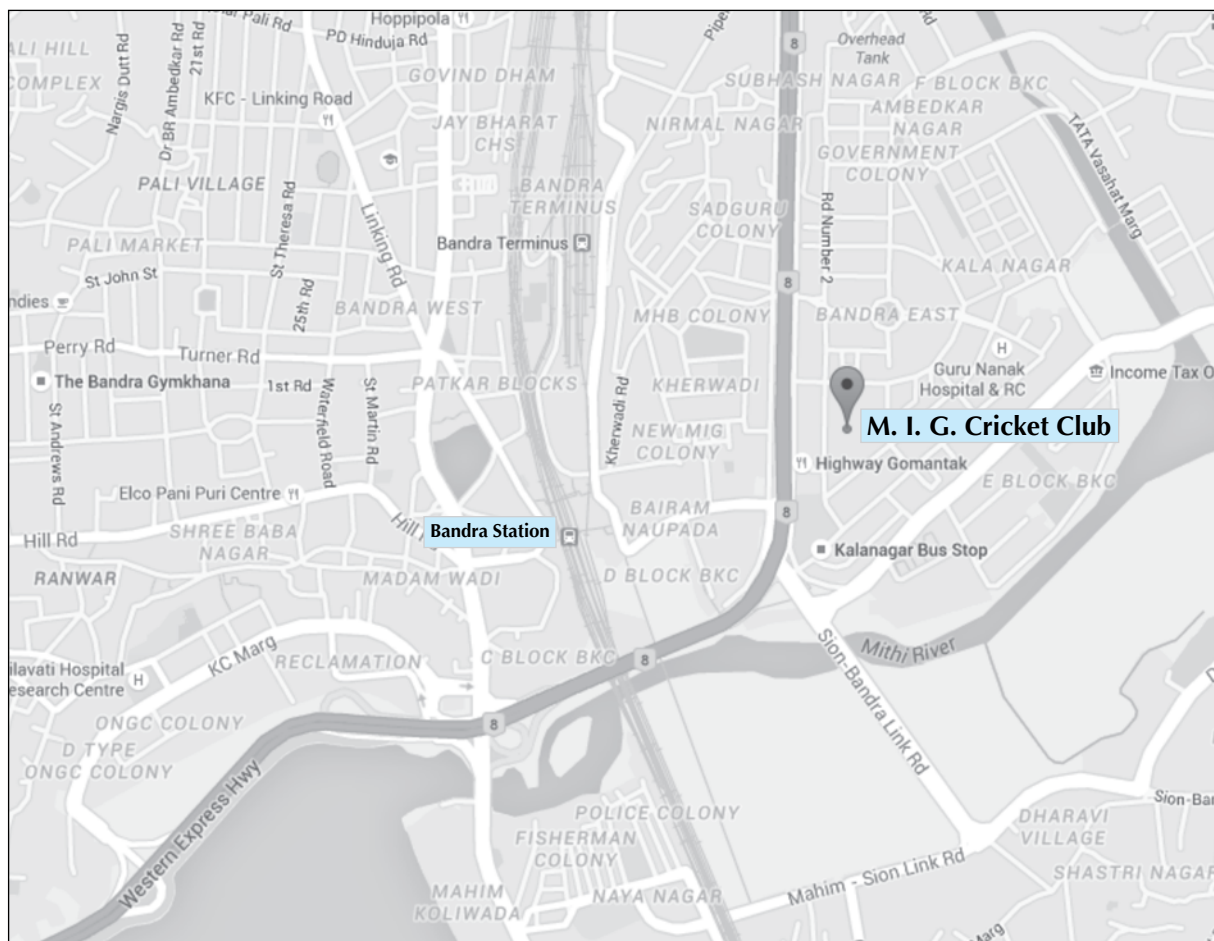
Signature of Proxy holder(s) _____

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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.

Route Map to the AGM venue

Venue: MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051



An Eventful Year



Blood Donation Drive



Gems Convocation - Batch I



1000 Cr Celebration



Strategy Meet



Wheels to Wings



High Flyers



Diwali Fun Fiesta



Star Awards



SYZYGY II



PACE



Women's Day

Safe Harbour

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



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