



58th

ANNUAL REPORT
2004 – 2005



indoco

INDOCO REMEDIES LIMITED

A **SURESH G KARE** Enterprise

CORE MANAGEMENT TEAM



Suresh G Kare
Chairman & Managing Director



FX Coutinho
Director - Marketing



Sundeep V Bambolkar
Director - Finance & Operations



Aditi Kare Panandikar
Director - Business Development & HRD

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BOARD OF DIRECTORS —

Suresh G Kare, *Chairman & Mg. Director*

SY Rege

PK Kakodkar

DN Mungale

DM Sukthankar

Dr MR Narvekar

DM Gavaskar

FX Coutinho

Sundeep V Bambolkar

Aditi Kare Panandikar

Company Secretary –

Arun P Shenoy

Auditors –

M/s Patkar & Pendse, *Chartered Accountants*
Mumbai

Solicitors –

M/s J Sagar Associates
Mumbai

Bankers –

State Bank of India

The Saraswat Co-operative Bank Limited
Bank of India



Chairman's Statement

The year 2004-05 was a historic one for your Company. In January, your Company recorded an important milestone by virtue of its exciting debut on the BSE and NSE. The IPO was oversubscribed by about 61 times. I thank the investors for the trust and confidence imposed in the management.

On the economic front, the agricultural sector continued to perform well thus raising hopes that the Indian economy will continue on a sustainable growth path. This has infused a feel-good factor across various sectors. Given the fact that about two-thirds of the country depends on agriculture, an increase in rural income will facilitate accelerated growth in demand across key industries.

In this environment, Indoco Remedies Limited has had yet another notable year. During the year under review, your Company's sales turnover rose from Rs 17,766 lakhs to Rs 21,578 lakhs recording a growth of 21.46%. In spite of severe down stocking by the Stockists/Chemists during the third quarter of FY 2004-05 due to VAT, domestic sales grew by 15.16%. However, export sales registered a robust growth of 117% over the previous year recording sales of Rs 2,908 lakhs as against Rs 1,341 lakhs during 2003-04. In order to strengthen business in the regulated markets, your Company has formed a 100% subsidiary, Indoco Holdings Netherlands B.V., in the Netherlands and this Company would invest in Indoco UK Ltd, and Indoco SA Pty Ltd, a joint venture company in South Africa.

In 2004-05, your Company launched for the first time in India, Methycal, a unique calcium supplement that is indicated for the prevention and treatment of Osteoporosis and for supplementing calcium in the second and third trimesters of pregnancy. The Company also acquired a brand Karvol Plus in the segment of decongestive inhalant from M/s Solvay Pharma India Limited. The brand fits well in the marketing strategy of the company.

Your Company also availed of ECB loan of US \$ 2.50 million for financing the expansion of tablet facility of Plant 1 at Vema, Goa. The expanded facility, which is built on US-FDA guidelines and also houses a pilot R&D facility, was commissioned during March 2005.

Construction work of the R&D centre at Rabale, Thane and a new plant of Indoco Healthcare Ltd at Baddi in Himachal Pradesh is in progress. The new state-of-the-art plant at Baddi is expected to go on stream in October 2005 and the R&D Centre is expected to be commissioned by March 2006. Land acquisition formality for the API plant in Ambemath near Mumbai is completed and construction will start by October 2005.

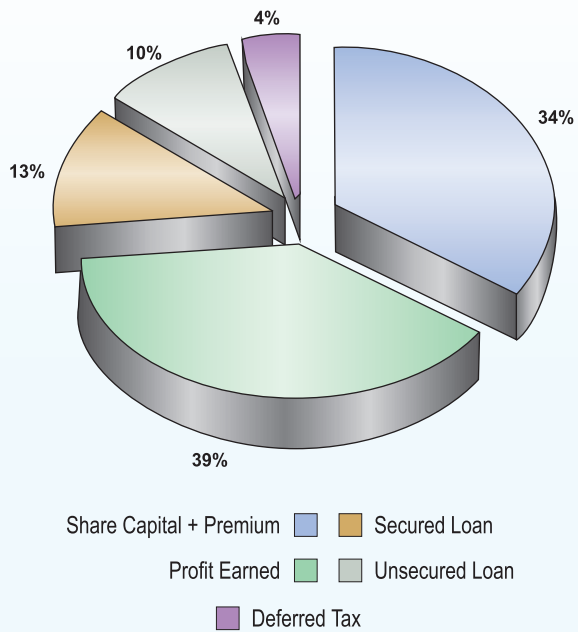
As part of its social responsibility, your Company donated a sum of Rs 10 lakhs to the Prime Minister's National Relief Fund for providing relief to tsunami victims.

The way forward for IRL is to become a complete solutions company. Given our competitive strengths, our business strategy entails an emphasis on R&D and international business along with strengthening of our domestic marketing. Having presence in Finished Dosage Forms (FDFs), our strategy is to "integrate backward" into the Active Pharmaceutical Ingredients (APIs) business. With our own process R&D and API manufacturing facility in place, our role will then change from a "Contract Manufacturer of FDFs" to one offering a complete solution.

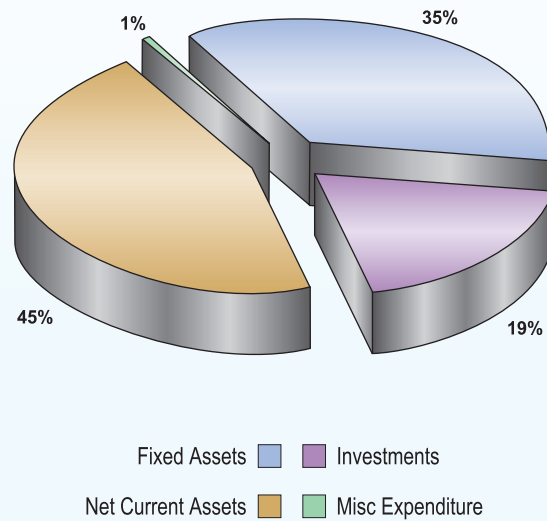
I acknowledge and appreciate the dedicated efforts of all Indocoites thus enabling the company to set higher benchmarks in the years to come.

SURESH G KARE
Chairman & Managing Director

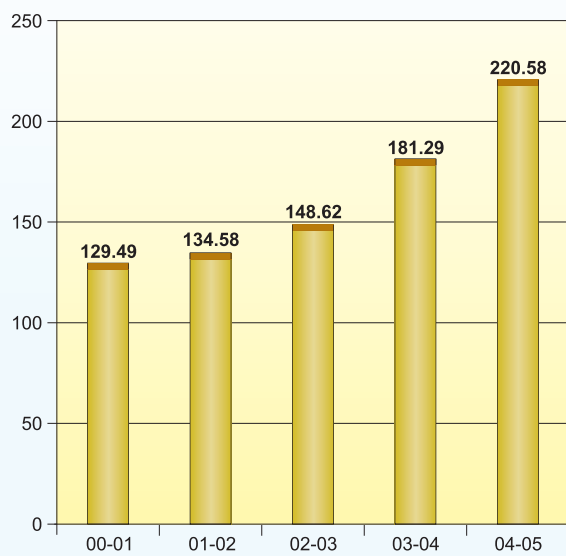
Sources of Funds



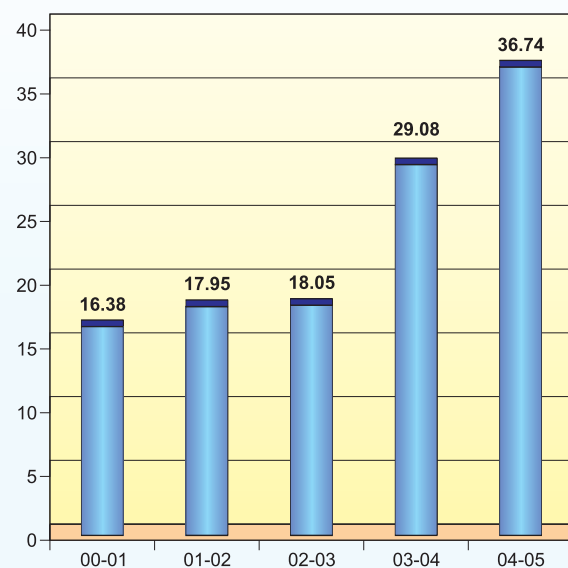
Application of Funds



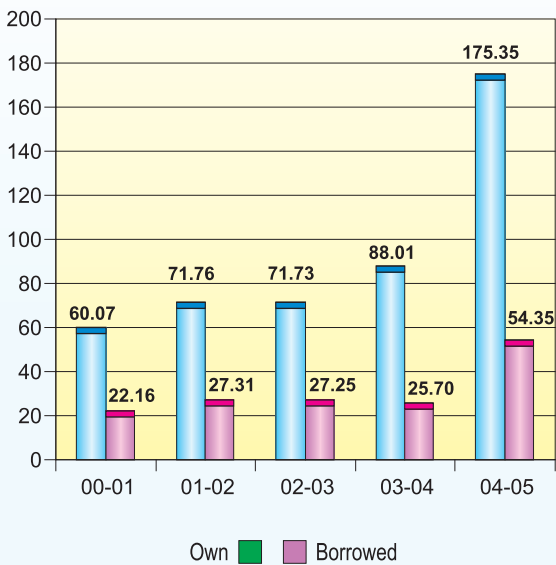
Total Income (Rs Crores)



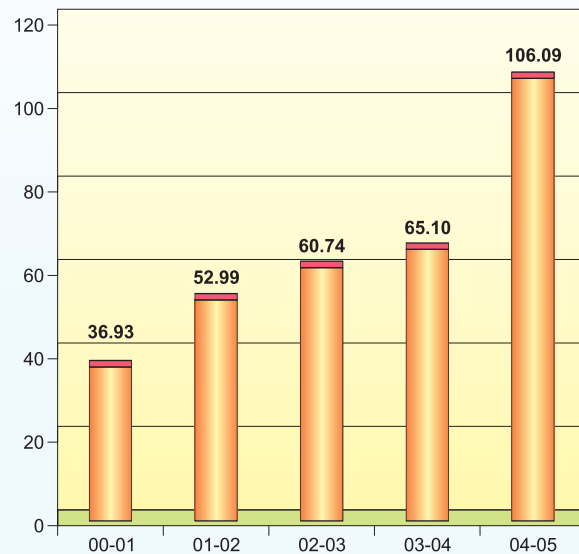
Profit Before Tax (Rs Crores)



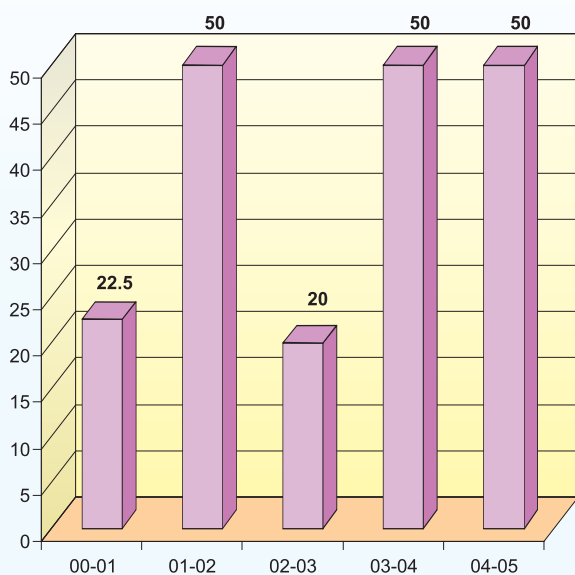
Own & Borrowed Fund (Rs Crores)



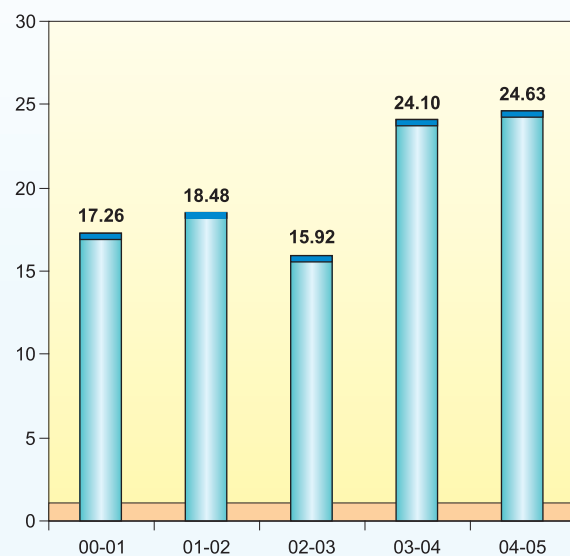
Gross Block of Fixed Assets (Rs Crores) Including Capital WIP



Dividend (%)



Earnings Per Share (Rs)





INDOCO REMEDIES LIMITED

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

Notice

Notice is hereby given that the Fifty Eighth Annual General Meeting of INDOCO REMEDIES LIMITED will be held at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai - 400 051 on Thursday, September 29, 2005 at 2.30 pm to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended June 30, 2005 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended June 30, 2005.
3. To appoint a Director in place of Mr DM Sukthankar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr DN Mungale, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr MR Narvekar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"Resolved that Mr DM Gavaskar who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 read with Article No. 136 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received Notice from a member signifying his intention to propose Mr DM Gavaskar as a candidate for the office of Director, be and is hereby appointed a Director of the Company liable to retirement by rotation".
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"Resolved that pursuant to sub-section (1) of Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act"), approval of the Company be and is hereby accorded for relocating the Register of Members, Index of Members, other related books and copies of all annual returns prepared under Section 159 and other applicable provisions of the Act together with the copies of the certificates and documents required to be annexed thereto under Section 161 and other applicable provisions of the Act or any one or more of them, at Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 with effect from January 01, 2005."
9. 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 Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai and National Stock Exchange of India Ltd, approval of the members of the Company be and is hereby accorded for the payment of sitting fees for each meeting of the Board of Directors /Committees, attended by the Non-Executive Directors of the Company, upto a sum not exceeding the ceiling prescribed by the Companies Act, 1956 under Rule 10B of General Rules & Forms, 1956 or as amended by the Central Government from time to time with the authority to the Board to revise the fees within the sanctioned limit."



Notice (contd.)

Notes :

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item Nos.7, 8 and 9 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY OR PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIM. A PROXY NEED NOT BE A MEMBER.

THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Transfer Books of the Company will be closed from 17.09.2005 to 29.09.2005 (both days inclusive).
4. Payment of dividend as recommended by the Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 29.09.2005. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on September 29, 2005 as per details furnished by the Depositories for this purpose. The dividend will be paid on October 03, 2005.
5. Members are requested to intimate immediately change of address, if any, to the Company / Registrar.
6. The Company will be required to transfer dividends which have remained unpaid/unclaimed for a period of 7 years to the Investor Education & Protection Fund established by the Government. The Company will be required to transfer in the year 2005-06, the Final Dividend for the year ended June 30, 1998 which has remained unclaimed/unpaid. Those shareholders who have not encashed their warrants are requested to approach the Company immediately.
7. Queries on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the answers may be made available at the Meeting.
8. Members are advised to avail the nomination facility in respect of the shares held by them singly. Nomination forms can be obtained from the Company.

Place : Mumbai
Date : July 23, 2005

By order of the Board

ARUN P SHENOY
Company Secretary



INDOCO REMEDIES LIMITED

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

Annexure to Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 7

The Board of Directors at the Board meeting held on April 11, 2005 appointed Mr DM Gavaskar as an Additional Director of the Company. Under Section 260 of the Companies Act, 1956, Mr DM Gavaskar holds office as a Director only up to the date of the forthcoming Annual General Meeting.

Mr Gavaskar is 62 years of age and is a Chartered Accountant and Company Secretary. He is a Commerce Graduate from the University of Bombay and he has also completed from UK a course in Strategic Management and another course for Senior Management from Templeton College, Oxford University, and Henley College of Management, respectively. Mr Gavaskar started his career with Johnson and Johnson (India) Ltd and thereafter held different positions with Abbott India Ltd (then Boots India Ltd) including that of Director of Finance & Company Secretary between 1983 and 1985 and Finance Director & Company Secretary between 1985 and 1989. From 1989 until October 2005 Mr Gavaskar was Managing Director & President of Abbott India Ltd (formerly Knoll Pharma). Mr Gavaskar not only had a brilliant academic career but also has to his credit several achievements in terms of improving performance of the business, operations restructuring, cost reduction and containment, outsourcing, efficiency improvement and strategy and business development during his tenure with Abbott India Ltd. Mr Gavaskar also received the President's citation from Abbott Labs USA in 2001 and 2002. Mr Gavaskar is not on the board of any other company and does not hold any shares of our Company.

Notice under Section 257 of the Companies Act, 1956 alongwith deposit of Rs. 500/- has been received from a member signifying his intention to propose Mr DM Gavaskar as a candidate for the office of Director of the Company.

The Board of Directors recommend the passing of the resolution set out in item no. 7 of the accompanying notice.

No Director except Mr DM Gavaskar is concerned or interested in the resolution.

Item No. 8

The Company has appointed Intime Spectrum Registry Ltd as its Registrar and Share Transfer Agents. The approval is sought by a Special Resolution for maintaining the Register and Index of Members, Return of Allotments and Annual Returns and other documents at Intime Spectrum Registry Limited situated at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078 and /or at the Registered Office of the Company with effect from January 01, 2005.

No Director is concerned or interested in the passing of this resolution.

Item No.9 :

The Securities and Exchange Board of India (SEBI) has revised Clause 49 of the Listing Agreement relating to Corporate Governance. One of the requirements therein states that all fees/compensation payable to Non-Executive Directors, including independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in the General Meeting.

At present pursuant to Clause 138 of the Articles of Association, the Company is paying to the Non-Executive Directors, sitting fees of Rs 2500/- for attending each Board meeting and Rs 5000/- for each Audit Committee Meeting.

Approval of the members is sought for payment of sitting fees for each meeting of the Board of Directors/Committees attended by the Non-Executive Directors of the Company upto a sum not exceeding the ceiling prescribed by the Companies Act, 1956 under Rule 10B of General Rules & Forms, 1956 or as amended by the Central Government from time to time with the authority to the Board to revise the fees within the sanctioned limit.

The Directors recommend passing of the above resolution as an ordinary resolution.

All the Directors of the Company, except Mr Suresh G Kare, Mr FX Coutinho, Mr Sundeep V Bambolkar and Ms Aditi Kare Panandikar may be considered as deemed to be interested in passing of this resolution.

By order of the Board

Place : Mumbai

Date : July 23, 2005

ARUN P SHENOY
Company Secretary



INFORMATION AS REQUIRED UNDER CLAUSE 49 (IV)(G) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED

a) **Mr DM Sukthankar**

Mr DM Sukthankar is 73 years of age and holds Masters Degree in Commerce from Bombay University. He was selected for IAS (Indian Administrative Service) in 1956 and served in various capacities in different departments of the Govt. of Maharashtra and the Govt. of India for a period of 35 years, prior to his retirement on 31st August 1990 as Chief Secretary to the Govt. of Maharashtra. During the period from May, 1981 to November, 1984, he also worked as the Municipal Commissioner of Greater Bombay. After his retirement, he is working as chairman or member of various Boards/Committees appointed by the Government of India and Government of Maharashtra. Mr. Sukthankar was appointed on the Board of the Company on September 10, 1994 and he holds 1600 shares of our Company.

He is a Director on the Board of the following companies:

Housing Development Finance Corpn. Ltd, HDFC Developers Ltd, Tata Housing Development Company Ltd, Phoenix Township Ltd, Jeevan Bima Sahayog Asset Management Company Ltd and Standard Chartered Trustee Company Private Ltd.

b) **Mr DN Mungale**

Mr DN Mungale is 52 years of age and holds Bachelor of Commerce & Bachelors degree in law from Bombay University. He is also an Associate Member of The Institute of Chartered Accountants of India. Presently, he is advisor to various corporate groups and companies in India and Europe. He has spent 25 years in the field of investment banking & commercial banking with Bank of America and DSP Merrill Lynch. Mr Mungale was appointed on the Board on May 06, 2000 and he does not hold any shares of our Company.

He is a Director on the Board of the following companies:

Chowgule Steamships Ltd, Camlin Limited, Caprihans India Limited, Mahindra & Mahindra Financial Services Limited, Tamilnadu Petroproducts Limited, Nominee Director of Indo Count Industries Limited on behalf of IDBI, LIC Housing Finance Limited, Inestor Advisors Pvt. Limited, Mentor Technologies Pvt. Limited, Zest Pharmaceuticals Pvt. Ltd, South India Corporation (Agencies) Ltd, and I2IT Private Limited.

c) **Dr MR Narvekar**

Dr MR Narvekar is 75 years of age and has completed his Bachelors Degree in Medicine and Surgery (MBBS) in 1952. In 1955, Dr Narvekar completed his post graduation in Medicines (MD) with a specialisation in Obstetrics & Gynaecology. Dr Narvekar is also a Fellow member of International College of Surgeons. He is a member of Board of Studies of Obstetrics & Gynaecology with the University of Bombay. He is also a member of the Peer Review Committee - Journal of Obstetrics & Gynaecology of India. Dr Narvekar was appointed on the Board of the Company on June 15, 1977 and he holds 28800 shares of our Company.

He is a Director on the Board of Indoco Healthcare Ltd.



Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 58th Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended June 30, 2005.

Financial Results :

	<i>(Rs lakhs)</i>	
	<i>Current Year</i>	<i>Previous Year</i>
Sales & Operations	21,577.69	17,766.41
Less : Excise Duty	2,163.16	2,091.99
Net Sales	19,414.53	15,674.42
Other Income	480.66	362.60
Total Income	19,895.19	16,037.02
Profit Before Interest, Depreciation and Tax	4,482.71	3,485.79
Interest	375.01	281.60
Gross Profit	4,107.70	3,204.19
Less : Depreciation	434.11	295.79
Profit Before Tax	3,673.59	2,908.40
Less : Provision for Taxation		
- Current	700.00	665.00
- Deferred	444.57	117.34
- Fringe Benefit	16.00	-
Profit After Tax	2,513.02	2,126.06
- Balance brought forward	991.54	862.98
	3,504.56	2,989.04
Appropriations :		
Interim Dividend	-	441.00
Proposed Dividend	591.09	-
Dividend Tax	82.90	56.50
Transfer to General Reserve	1,500.00	1,500.00
Balance carried forward	1,330.57	991.54
	3,504.56	2,989.04

Dividend :

The Board is pleased to recommend a dividend of Rs 5/- per Equity Share (50%) for the year on the expanded capital. If approved by the Shareholders at the Annual General Meeting, Dividend will absorb Rs 673.99 lakhs inclusive of the Dividend Distribution Tax borne by the Company. The Company had paid an interim dividend of 50% during 2003-04 and had not declared any final dividend for 2003-04.

Initial Public Offer :

In January, 2005, your Company completed its Initial Public Offer (IPO) and listed its shares on the National Stock Exchange of India Limited (NSE) and The Stock Exchange, Mumbai (BSE). The IPO was made through a 100 per cent Book Building method and consisted of a fresh issue of 30,01,714 equity shares of Rs 10/- each at an Offer Price of Rs 245/- each.

The IPO received an overwhelming response from the investors. The issue was over-subscribed by about 61 times.

Subsequent to the IPO, the Company's paid up share capital increased from Rs 882.00 lakhs to Rs 1,182.17 lakhs and share premium account increased from Rs 441.00 lakhs to Rs 7,035.27 lakhs (after deduction of issue expenses).

Operations :

Total income for the year ended June 30, 2005 amounted to Rs 22,058 lakhs as compared to Rs 18,129 lakhs for the previous year, registering a growth of 21.67%.

During the year under review domestic sales amounted to Rs 18,670 lakhs against Rs 16,425 lakhs of the previous year registering a growth of 13.67%. The Company's revenue from Exports and International business has grown to Rs 2,908 lakhs as compared to Rs 1,341 lakhs in the previous year showing an increase of 117%.

The Profit Before Tax has risen from Rs 2,908.40 lakhs to Rs 3,673.59 lakhs showing an increase of 26.31% mainly on account of overall improvement of sales and continuing efforts to control costs and improve profitability. The rapid growth in International business also contributed towards the overall profitability of the Company.



Developments :

During the year under review, your Company participated in the CPhI Exhibition at Belgium, Pharmatech Expo at Prague, Czech Republic and Manupharma summit in Amsterdam, Netherlands. The response at these exhibitions has been encouraging and is indicative of the fact that India would soon become a manufacturing hub for Formulations mainly for the Regulated Markets. Specifically, it also indicates the positive response and growing trust your Company has been able to garner during such events.

As a next step in the development process, your Company has embarked upon offering services for Product Development and Dossier Preparation. Shareholders will be pleased to note that the Company has registered first sale of its own Euro Dossier in CTD format. We have also submitted a complete dossier to one of our customers in terms of the Dossier Development Agreement entered into with that customer.

We have successfully completed validation batches in our Cream & Ointments section for one of our customers in Europe and have also commenced exports of products from the Cream & Ointments section to Europe.

Our entry in the US Ophthalmics Market will be facilitated in view of manufacture of exhibit batches and generation of technical data for compiling the ANDA. Our customer has filed these ANDAs for Ophthalmic Solutions with the US-FDA and we await inspection of our facility during the financial year 2005-06.

The Company has commissioned a new solid dosage manufacturing facility at Verna-Goa in March 2005. The Plant is built on USFDA Guidelines. The plant has capacity of manufacturing 780 million tablets per annum. The Company has invested Rs 1,801 lakhs for setting up the plant.

In the existing Plant I at Verna-Goa, the Solid Dosage Facility has already been approved by UK-MHRA in March 2003. The Liquid and Ointment Facilities in that plant have undergone a major restructuring and the Company is expecting to obtain the certification for these departments from UK-MHRA by December 2005.

During the year, your Company acquired KARVOL PLUS, a brand in the segment of decongestive inhalant, from M/s. Solvay Pharma India Limited for Rs 937.30 lakhs including sales tax and stamp duty.

During the year under review, ICRA Ltd reaffirmed its rating of A1+ for the Company's Rs 15 crores commercial paper/short term debt programme, indicating highest safety and most comfortable prospects of timely debt repayment.

Expansion :

The proceeds of the Company's Initial Public Offer (IPO), to which reference has been made hereinabove, are being utilised for various projects which are as under:

1. A new manufacturing facility of tablet, ointment and toothpaste at Baddi, Himachal Pradesh through a 100% subsidiary M/s. Indoco Healthcare Limited (IHL). This facility is being constructed as per the guidelines of UK-MHRA, South African MCC and WHO at an estimated cost of Rs 2,579 lakhs which is being funded by IRL partly by equity and loan. The said facility is expected to be commercialised by October 2005. Indoco has already invested Rs 1,113.50 lakhs towards the said project.
2. A Bulk Drug Manufacturing facility at Ambarnath in Maharashtra on a plot having area of 20000 sq.mtrs at an estimated cost of Rs 2,200 lakhs towards the Company's backward integration in supply chain. This plant will facilitate the preparation of DMFs in CTD formats for regulated markets thus facilitating backward integration in the supply chain. The Company has incurred an expenditure of Rs 12.35 lakhs upto June 30, 2005.
3. In addition to the Company's Research & Development Centre in Andheri, Maharashtra and a pilot plant at Verna-Goa, the Company is setting-up a new state-of-the-art R&D Centre to facilitate research in API's and Formulations for the regulated markets. This would also help the Company undertake contract research and file its own dossier/DMF's in the regulated markets. The Company has incurred an expenditure of Rs 124.57 lakhs upto June 30, 2005.
4. The loan taken from IDBI Bank for acquiring Karvol Plus brand from M/s. Solvay Pharma India Limited for a total consideration of Rs 937.30 lakhs was prepaid.
5. The short-term loan of Rs 500 lakhs taken from State Bank of India, Commercial Branch, Mumbai for acquiring office premises with an area of 510.96 sq. mtrs at Central Plaza, 166 CST Road, Santacruz (E),



Mumbai - 400098 was repaid and additional sum of Rs 85.70 lakhs was incurred towards interiors and furnishing of the new office premises.

Outlook :

Looking at the Technical, Regulatory and Supply Chain capabilities, our customers have reposed confidence in us, resulting in expansion of our product basket and improved sales. Our UK-MHRA approved plant has been utilised to its optimum capacity in the last year and to cope with the increasing demand, our Company has completed expansion of the existing tablet manufacturing facility. We are contemplating to get this facility inspected and approved by US-FDA as well, so that we can commence our supplies of Solid Dosage Forms along with Ophthalmic products to the US Market.

INDOCO UK LTD, has now been registered in the UK. This establishment will facilitate registering of product dossiers and also obtain Marketing Authorisations / Product Licenses (PLs) in Indoco's own name. These PLs or Marketing Authorisations will be licensed by Indoco to distributors in Europe with Supply Agreement for finished products. This will mean value addition to Indoco as this will enhance Indoco's position in the supply chain.

Formation of a joint venture in South Africa has been completed. We have submitted 2 tablet dossiers and 1 ophthalmic dossier to Medicine Control Council, South Africa. Consequently, the regulatory inspection of the plants is scheduled during August 2005.

Subsidiary Companies :

As required under Section 212 of the Companies Act, 1956, the audited accounts, along with the report of the Board of Directors relating to the Company's subsidiaries, Indoco Healthcare Ltd and Indoco Holdings Netherlands BV, and Auditors' Report are annexed to this Report.

A 100% subsidiary named Indoco Holdings Netherlands BV, has been formed in Netherlands on April 28, 2005. Presently Indoco has invested Euro 45000 in the paid-up share capital of Indoco Holdings Netherlands BV. There have been no operations during the year.

The formation of another Company namely Indoco UK Ltd has been completed in the UK. The said Company will be a 100% subsidiary of Indoco Holdings Netherlands BV. Presently Indoco UK Ltd has paid up capital of £ 100 and the same has been funded by directors in cash. Indoco UK Ltd has not yet commenced its operations.

Consolidated Financial Statements :

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, audited consolidated financial statements form part of the annual report.

Cost Audit :

As per the Government's directive, the Company's Cost Records for the year ended June 30, 2005 are being audited by Cost Auditors, Mr PA Sevekari who is appointed by the Board to conduct Cost Audit pursuant to provisions of Section 233B of the Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo:

The information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in Annexure 'A' and forms part of this Report.

Particulars of Employees :

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, regarding employees, is given in Annexure 'B' to the Directors' Report.

Directors :

Mr DM Gavaskar, an independent Director, was appointed as Additional Director of the Company by the Board of Directors at their meeting held on April 11, 2005 and he holds the office of Director till the ensuing Annual General Meeting.

In view of his vast and varied experience, it is eminently in your Company's interest to appoint Mr DM Gavaskar as Director. Accordingly, Item No. 7 of the Notice in regard to Mr Gavaskar's appointment is recommended to the shareholders.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association, Mr DM Sukthankar, Mr DN Mungale and Dr MR Narvekar retire by rotation and are eligible for re-appointment.

Directors' Responsibility Statement :

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



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

Corporate Governance :

To comply with conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Statement, Corporate Governance Report and Auditors' Certificate confirming compliance are set out in the Annexure forming part of this report.

Auditors :

The Auditors, M/s Patkar & Pendse, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received a letter from M/s Patkar & Pendse pursuant to Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment.

Acknowledgements :

Your Directors place on record its sincere appreciation for significant contribution made by the employees through their dedication, hard work, commitment and the faith reposed in the Company by the medical fraternity, customers and business associates.

Your Directors would also like to place on record the support extended to the Company by the Bankers, Government and other Regulatory Agencies.

For and on behalf of the Board of Directors

SURESH G KARE

Chairman & Managing Director

Mumbai : July 23, 2005





Annexure "A"

To the Directors' Report

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

1 CONSERVATION OF ENERGY :

- (a) *Energy Conservation Measures Taken –*
- Conventional Vapor Absorption Chiller replaced with energy efficient Screw chiller.
 - Variable Frequency Drives (VFDs) are installed for centrifugal pumps of Centralised air-conditioning plants and for motors of HVAC system.
 - Use of condensate as input water to boiler.
 - Sub-station is fitted with 600 kvar capacitor bank and microprocessor based automatic power factor correction panel to increase power factor.
 - Use of water recovered from wash water for cooling purpose.
- (b) *Additional investments and proposals, if any, being implemented for reduction of consumption of energy –*
- Use of Solar based systems for hot water generation.
 - Heat recovery from condenser water of chiller.
 - Replacement of Dessiccant Air Dryers with Refrigerated Air Dryers.
 - SR-series Logic controller-programmable with relay outputs is planned for comfort air-conditioning.
- (c) *Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods –*
The implementation of the above energy conservation measures have helped the Company to curtail consumption of furnace oil, electrical energy and water.
- (d) *Total energy consumption and energy consumption per unit of production as per prescribed Form "A".*

	Current Year	<i>Previous Year</i>
(1) <i>Electricity –</i>		
Purchased		
Unit (lakhs)	51.10	31.42
Total Amount		
(Rs lakhs)	297.51	152.76
Rate/Unit (Rs)	5.82	4.86

(2) <i>Furnace Oil</i>		
Purchased Qty.		
(kilo litres)	688.82	595.90
Total Amount		
(Rs lakhs)	100.54	81.25
Rate/Unit (Rs)	14.60	13.71

- (ii) *Consumption per unit of production*
Since the Company manufactures large number of formulations with the product mix changing significantly, there are no specific standards.

2 TECHNOLOGY ABSORPTION :

Efforts made in technology absorption, adaptation and innovation as per prescribed "Form B"

RESEARCH & DEVELOPMENT

- (a) *Specific areas in which R & D was carried out by the Company :*

Research and Development centre focuses on formulation development and analytical method development. R&D work includes development of a range of dosage forms, namely solid dosage forms like immediate release tablets, sustained release tablets, liquid orals, semi-solid dosage forms namely creams and gels, ophthalmics, injectibles and oral hygiene products. R & D carries out generic product development for regulated markets from the prototype development phase to production for clinical trials & commercial production.

- (b) *Benefits derived as a result of the above R&D :*

As a result of development work carried out at the R & D center, the Company has introduced several new products into the domestic market. Well equipped, self sufficient R & D with a pilot plant facility has helped in generating a number of foreign contracts for formulation development for regulated markets. The Company has completed dossiers for two molecules for generic market in UK and submitted ANDAs for two ophthalmic products. As an outcome of R&D activity, three patents have been filed at the Indian patent office.

- (c) *Future plans :*

The Company is aiming at obtaining more and more international contracts for formulation and analytical method development. The Company's focus would be to tap the US & European generics market. R&D will undertake



development work on newer technologies like gastro-retentive dosage forms and new drug delivery systems like bi-layered tablets for domestic market.

(d) Expenditure on R&D :	<i>Current Year</i> <i>(Rs lakhs)</i>	<i>Previous Year</i> <i>(Rs lakhs)</i>
(i) Capital	272.71	54.37
(ii) Recurring	184.31	111.47
(iii) Total	457.02	165.84
(iv) Total as % of Turnover	2.35	1.06

3 FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (a) *Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and export plans :*

Our efforts and focus on regulated markets have paid off as is obvious from over 117% growth in export sales compared to last year. We have commenced sales in new territories, enhanced the product basket and expanded the customer base. Sensing tremendous opportunity for products in semi-solid dosage forms i.e. creams & ointments, we have taken measures to get this section of facility approved by UK-MHRA. As a result, we commenced our export of Acyclovir cream to Europe, in the last year. Validation batches for two additional products will ensure exports to UK from early next year. We have sold our first dossier in CTD format to a customer in Europe which has established our capability in dossier preparation.

The participation at CPhI exhibition held in Belgium (Dec'04), Pharmatech Expo in Czech Republic (Feb'05) & Manupharma Summit in Netherlands (May'05) have given us new leads for business development in Mainland Europe and also East European countries.

The thrust will be on offering dossiers in CTD format for the products going off-patent thus ensuring two streams of revenues, i.e from sale of dossiers & supply agreement.

- (b) *Total Foreign Exchange used and earned :*

	<i>Current Year</i> <i>(Rs lakhs)</i>	<i>Previous Year</i> <i>(Rs lakhs)</i>
(i) Total Foreign Exchange earned (CIF)	2,908.29	1,341.38
(ii) Total Foreign Exchange used	868.16	560.86

Annexure "B" To the Directors' Report

Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, for the year ended June 30, 2005

1) <i>Name of the Employee</i>	Suresh G Kare
<i>Designation</i>	Chairman & Managing Director
<i>Gross Remuneration In Rupees</i>	7,046,477/-
<i>Qualification & Experience</i>	BSc (42 yrs)
<i>Age</i>	66 yrs
<i>Date of Employment</i>	26.12.1963
<i>Particulars of previous Employment</i>	First Employment
2) <i>Name of the Employee</i>	FX Coutinho
<i>Designation</i>	Director- Marketing
<i>Gross Remuneration In Rupees</i>	2,437,615/-
<i>Qualification & Experience</i>	BSc (27 yrs)
<i>Age</i>	54 yrs
<i>Date of Employment</i>	01.07.1978
<i>Particulars of previous Employment</i>	DCI Pharmaceuticals Pvt Ltd

Notes :

- Gross remuneration includes salary and monetary value of perquisites as per the provisions of the Income-Tax Act, 1961 and the Company's contribution to Provident & other funds.
- The nature of employment is contractual.
- Mr Suresh G Kare, Chairman & Managing Director is a relative of Ms Aditi Kare Panandikar, Director-Business Development & HRD.





Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges

Governance Philosophy

Your Company's strong commitment to ethical business practices is a virtue of its Board of Directors, Management and Employees. Over the years, your Company has instilled a Corporate Governance ethic which will go a long way in strengthening stakeholders trust and maximising long-term corporate value. This provides ample opportunities to improve the performance of the Board and renewed scope for public reporting ultimately leading to transparency, accuracy and enhancement of investors' returns. The Company's core values are based on integrity, quality, respect for the law and compliance thereof and a caring spirit towards its people. Your Company strongly believes that people are the best drivers for the growth of the organisation.

Composition of the Board

a) Size and Composition of the Board :

The Company's policy is to have a proper blend of Executive and Independent Directors to maintain the independence of the Board and to separate the board functions of Governance and Management. The Board consists of ten members, four being Executive and Wholetime Directors and six are Independent Directors.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category	No. of Board Meetings attended out of 5 Meetings held	Attendance at the AGM held on September 09, 2004	Attendance at the EGM held on July 07, 2004	No. of other Directorships held as at June 30, 2005*	Committee/s position as at June 30, 2005 **	
						Member	Chairman
Mr Suresh G Kare	Executive	5	Yes	Yes	2	-	-
Mr PK Kakodkar	Non - Executive	4	Yes	Yes	1	-	-
Dr MR Narvekar	Non - Executive	1	No	No	1	-	-
Mr SY Rege	Non - Executive	4	Yes	Yes	6	3	1
Mr DM Sukthankar	Non - Executive	5	Yes	Yes	5	3	1
Mr DN Mungale	Non - Executive	5	No	No	8	3	3
Mr DM Gavaskar ***	Non - Executive	2	N.A.	N.A.	-	-	-
Mr FX Coutinho	Executive	5	Yes	No	1	-	-
Mr Sundeep V Bambolkar	Executive	5	Yes	Yes	1	-	-
Ms Aditi Kare Panandikar	Executive	5	Yes	Yes	1	-	-

* Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

** Represents Membership/Chairmanship of the Audit Committee, Compensation Committee and Shareholders'/Investors' Grievance Committee of other companies.

*** Mr DM Gavaskar was appointed as Non-Executive Director at a meeting of the Board of Directors held on April 11, 2005.

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



b) Details of Board Meetings held during the Financial Year and the number of Directors present :

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	July 27, 2004	9	8
2	October 13, 2004	9	8
3	January 13, 2005	9	8
4	April 11, 2005	10	8
5	April 26, 2005	10	9

c) Details of Remuneration to Board of Directors :

All decisions related to the remuneration of the Directors, both Executive and Non-Executive, are decided by the Board of Directors of the Company. Details of the actual remuneration paid to the Executive and Non-Executive Directors for the period under review are as follows:

Name of Director	Executive/ Non-Executive/ Independent	Remuneration Rs	Commission/ Conveyance Rs	Sitting fees** Rs	Total Rs
Mr Suresh G Kare	Executive	5,546,477	1,500,000	–	7,046,477
Dr MR Narvekar	Non-Executive	–	–	2,500	2,500
Mr PK Kakodkar	Non-Executive	–	–	30,000	30,000
Mr SY Rege	Non-Executive	–	–	25,000	25,000
Mr DM Sukthankar	Non-Executive	–	–	12,500	12,500
Mr DN Mungale	Non-Executive	–	–	32,500	32,500
Mr DM Gavaskar #	Non-Executive	–	4,000	5,000	9,000
Mr FX Coutinho	Executive	2,437,615	–	–	2,437,615
Mr Sundeep V Bambolkar	Executive	1,884,605	–	–	1,884,605
Ms Aditi Kare Panandikar	Executive	1,174,131	–	–	1,174,131
Total		11,042,828	1,504,000	107,500	12,654,328

Notes :

- 1) **The sitting fees includes fees paid for attending meetings of the Audit Committee to Mr PK Kakodkar and Mr DN Mungale for 4 meetings and Mr SY Rege for 3 meetings @ Rs 5000/- per meeting.
- 2) # Conveyance includes amount paid to Mr DM Gavaskar for attending meetings of the Board of Directors @ Rs 2000/- per meeting.
- 3) Remuneration includes Basic Salary and perquisites/benefits provided as per the terms of appointment.
- 4) The Executive Directors are appointed for a term of 5 years and their service contract can be terminated with a notice period of three months except Mr Suresh G Kare, in whose case one month's notice is required. No severance fees are payable to the Executive Directors.
- 5) The Company does not have any scheme for grant of stock option to its Directors or Employees.

d) Details of Shares held by Non-Executive Directors :

Name of the Non - Executive Director	No. of Shares held
Dr MR Narvekar	28800
Mr PK Kakodkar	1600
Mr SY Rege	1600
Mr DM Sukthankar	1600



Committees of the Board

Currently the Board has five committees viz:

a) Audit Committee :

The Audit Committee was constituted on July 29, 2000 with three members. At present the Audit Committee comprises of three independent directors as given below :

- (1) Mr DN Mungale - *Chairman*
- (2) Mr PK Kakodkar - *Member*
- (3) Mr SY Rege - *Member*

The terms of reference of this Committee are wide covering the matters specified for audit committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 and are broadly as follows :

- (1) Review of Company's financial statements, accounting and financial policies and practices.
- (2) Review of internal control and internal audit system.
- (3) Review of audited financial statements and interaction with statutory auditors.
- (4) Review of investment decisions, risk management and statutory compliance.

The dates on which meetings of the Audit Committee were held and the attendance of the members at the said Meetings are as given below :

Serial No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members		
		Mr SY Rege	Mr PK Kakodkar	Mr DN Mungale
1	July 27, 2004	Leave of Absence	Attended	Attended
2	November 18, 2004	Attended	Attended	Attended
3	January 13, 2005	Attended	Attended	Attended
4	April 26, 2005	Attended	Attended	Attended

Mr Suresh G Kare, Chairman & Managing Director and Mr Sundeep V Bambolkar, Director-Finance & Operations are permanent invitees to the Meeting.

The Company Secretary is the Secretary to the Committee.

A representative of the Statutory Auditors of the Company was present at three meetings during the year.

All the meetings were chaired by Mr DN Mungale, Chairman of the Audit Committee.

b) Remuneration Committee :

The Remuneration Committee of the Company was constituted on April 27, 2004 and comprises of Non Executive and Independent Directors.

- (1) Mr PK Kakodkar - *Chairman*
- (2) Mr SY Rege - *Member*
- (3) Mr DN Mungale - *Member*

The terms of reference of the Remuneration Committee, inter alia consists of reviewing the overall compensation policy, service agreements and other employment conditions of the Managing /Wholetime Directors with a view to retaining and motivating the best managerial talents.

During the financial year no meeting was held.



c) Shareholders'/Investors' Relations Committee :

The Shareholders'/Investors' Relations Committee deals with various matters relating to :

- (1) Investor complaints and their expeditious redressal
- (2) Investor queries
- (3) Issue and allotment of Rights/Bonus Shares
- (4) Review of shares dematerialised and all other related matters
- (5) Transfer /Transmission of shares
- (6) Issue of duplicate share certificates
- (7) Issue and allotment of Rights/Bonus shares
- (8) All other matters related to shares

The Committee was constituted on April 27, 2004 and comprises of the following members of the Board :

- (1) Mr SY Rege - *Chairman*
- (2) Mr Sundeep V Bambolkar - *Member*
- (3) Ms Aditi Kare Panandikar - *Member*

The Company has appointed Mr Arun P Shenoy, Financial Controller & Company Secretary, as the Compliance Officer and Mr Pramod Dubey - AGM -Finance & Secretarial as Investor Relations Officer.

During the financial year no meeting was held.

During the year 3 complaints were received from shareholders which were resolved to their satisfaction.

d) Share Transfer Committee :

The Committee was constituted on April 27, 2004 and comprises of Executive Directors:

- (1) Mr FX Coutinho - *Chairman*
- (2) Mr Sundeep V Bambolkar - *Member*
- (3) Ms Aditi Kare Panandikar - *Member*

Mr Arun P Shenoy - Company Secretary acts as the Secretary to the Committee.

Dates on which meetings of the Share Transfer Committee were held and the attendance of the members at the said Meetings are as under :

Serial No.	Dates on which Share Transfer Committee Meeting was held	Attendance record of the Members		
		Mr FX Coutinho	Mr Sundeep V Bambolkar	Ms Aditi Kare Panandikar
1	July 05, 2004	Attended	Attended	Attended
2	October 25, 2004	Absent	Attended	Attended
3	November 19, 2004	Absent	Attended	Attended
4	November 25, 2004	Absent	Attended	Attended
5	December 16, 2004	Absent	Attended	Attended

e) Committee of Directors : (Non-mandatory committee)

In addition to the aforesaid committees, the Company has constituted on April 27, 2004 a committee of directors to look into matters related to Initial Public Offer (IPO) of the Company. The committee comprises of the following members:-

- (1) Mr Suresh G Kare - *Chairman*
- (2) Mr FX Coutinho - *Member*



(3) Mr Sundeep V Bambolkar - *Member*

(4) Ms Aditi Kare Panandikar - *Member*

The Committee met twice during the year.

Location and time of Annual General Meetings held in last three years

Year	Location	Date	Time	Special resolution passed
2004-2005	INDOCO HOUSE, 166, CST Road, Kalina, Santacruz (E), Mumbai - 400 098	September 09, 2004	4.00 pm	Yes
2003-2004	INDOCO HOUSE, 166, CST Road, Kalina, Santacruz (E), Mumbai - 400 098	October 28, 2003	4.00 pm	Yes
2002-2003	INDOCO HOUSE, 166, CST Road, Kalina, Santacruz (E), Mumbai - 400 098	November 22, 2002	4.00 pm	Yes

No resolution was passed through Postal Ballot during the year under review.

Remuneration Policy

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Managing/Wholetime Directors are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Managing/Wholetime Directors comprises of salary, performance incentives, perquisites and allowances, contributions to Provident Fund, Superannuation Fund and Gratuity.

Financial Calendar

Financial year : 1 July to 30 June

Book Closure

The book closure period for final dividend is from September 17, 2005 to September 29, 2005 inclusive of both days.

Code of Conduct for Prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a "Code of Conduct for Dealing in Securities" at the meeting of the Board of Directors held on April 26, 2005. The Company has updated the Code as per the requirements of SEBI.

Code of Conduct for Senior Management

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

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

The Chairman of our Company has given the declaration of due compliance.



Disclosures

- (1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.
- (2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from January 14, 2005 to June 30, 2005 : NIL.
- (3) *Secretarial Audit* –
A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Means of communication

The quarterly results of the Company are published in newspapers, viz The Financial Express, Business Standard and the Loksatta. The results are also displayed on the Company's website : www.indoco.com

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

All data required to be filed electronically as EDIFAR document pursuant to Clause 51 of the Listing Agreement with the Stock Exchange, Mumbai such as quarterly financial results and shareholding pattern, is being regularly filed on the EDIFAR website viz, www.sebiedifar.nic.in, in addition to the filing of the same in hard copy with the Stock Exchanges.

Dividend Payment Date : October 03, 2005.

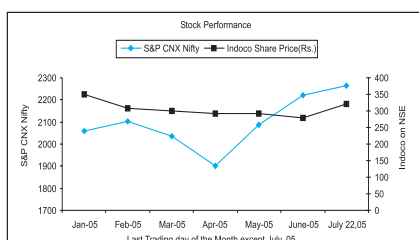
Annual General Meeting : Date and Time - September 29, 2005 at 2.30 pm
Venue - MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051.

Market Information : Listing on Stock Exchanges

- 1 The Stock Exchange, Mumbai, 1st Floor, Rotunda Bldg, BS Marg, Fort, Mumbai-400 001
Stock Code : 532612
- 2 National Stock Exchange of India Limited, Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051, Stock Code : INDOCO EQ

Stock Price Data : National Stock Exchange of India Limited (NSE)

Months	Share Price High Rs	Share Price Low Rs	Share Price Close Rs	No. of Shares traded during the month	Turnover Rs lakhs
January 2005	465.00	333.60	349.45	9093384	35360.61
February 2005	359.60	305.20	307.20	1354496	4601.36
March 2005	334.70	268.50	299.95	789495	2385.62
April 2005	318.00	274.25	291.25	405252	1201.26
May 2005	300.00	281.00	292.55	289773	836.88
June 2005	304.75	273.50	278.90	276429	815.60
July 22, 2005	341.00	238.00	320.50	326795	997.86





Distribution of Shareholding as on June 30, 2005

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares held	Percentage of Shareholding
1 to 500	24526	97.29	1202773	10.17
501 to 1000	298	1.18	221957	1.88
1001 to 2000	145	0.58	211162	1.79
2001 to 3000	58	0.23	148186	1.25
3001 to 4000	35	0.14	125253	1.06
4001 to 5000	21	0.08	97469	0.82
5001 to 10000	49	0.19	374218	3.17
10001 & above	79	0.31	9440696	79.86
TOTAL	25211	100.00	11821714	100.00

Categories of Shareholders as on June 30, 2005

Category	No. of Shares held	Percentage of Shareholding
1 Promoter's holding :		
(a) Indian Promoters	4085770	34.56
(b) Foreign Promoters	—	—
(c) Persons acting in concert	3262100	27.59
Sub Total :	7347870	62.15
2 Non-Promoters Holding :		
Institutional Investors		
(a) Mutual Funds & UTI	552842	4.68
(b) Banks, Financial Institutions, Insurance companies (Central/State Govt. Institutions, Non-Govt. Institutions)	47805	0.40
(c) FIIS	426353	3.61
Sub Total :	1027000	8.69
3 Others :		
(a) Private Corporate Bodies	408276	3.45
(b) Indian Public	2973618	25.15
(c) NRI's/OCB's	52990	0.45
(d) Any other		
(i) In transit	1200	0.01
(ii) Clearing Members	10760	0.09
Sub Total :	3446844	29.16
Grand Total :	11821714	100.00

**ADR/GDR**

The Company has not issued any ADR/GDR.

Dematerialisation Information

The shares of your Company are available in Dematerialised form with National Securities Depository Limited (NSDL) & Central Depository Services (I) Limited (CDSL). The ISIN of the Company is INE873D01016. As of June 30, 2005, 10483817 no. of shares were in dematerialised form.

Registrar & Share Transfer Agent

Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.

Contact person : Ms Monali Ghogare
Ms Sujata Kotian

Phone No. : 55555454

Address for Correspondence

Shareholders' correspondence should be addressed to the Company's Registrars and Share Transfer Agents at the address mentioned above.

Shareholders may also contact Mr Arun P Shenoy, Company Secretary, at the Registered Office of the Company for any assistance.

Tel : Nos. 2654 1851 /55
e-mail id : aruns@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.

Unclaimed Dividends

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. The Company will be required to transfer in the year 2005-06, the Final Dividend for the year ended June 30, 1998 which has remained unclaimed/unpaid. Those shareholders who have not encashed their warrants are requested to approach the Company immediately.

Plant Locations

- 1) L-14, Verna Industrial Estate, Verna - Goa 403 722
- 2) L-32,33,34 Verna Industrial Estate, Verna - Goa 403722
- 3) 18A, Mahal Estate, Mahakali Caves Road, Andheri (E), Mumbai 400 093
- 4) N-101, MIDC, Tarapur, Maharashtra



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

We have examined the compliance of conditions of Corporate Governance by Indoco Remedies Limited, for the year ended 30th June, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

As required by the Guidance Note issued by The Institute of Chartered Accountants of India, we have to state that while the Shareholders/Investor Grievance Committee has not maintained records to show the investor grievances pending for a period of one month against the Company, the Registrars of the Company have maintained the records of investor grievances and certified that as at June 30, 2005 there were no investor grievances remaining unattended/ pending for more than 30 days.

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

Mumbai : July 23, 2005

For PATKAR & PENDSE
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Management Discussion And Analysis

Industry Structure and Developments

Once again the year 2004-05 witnessed a buoyant and sustained growth of the Indian Economy. A healthy growth in the agricultural sector coupled with high industrial output and a sustained growth of the services sector have driven the performance of the Indian economy. Domestic Pharmaceutical market is estimated at Rs.20,500 crores and recorded a growth of 2.4% during the current year. Your Company's domestic revenues have grown by 13.67% during the year.

The Company's ranking as per the IMS report stands at 23 as per the Prescription Audit for the month of May 2005.

Overview

Financial year 2004-05 has been a successful year for your Company strategically and operationally. During the year, the Company came out with a maiden Public Offer of Equity Shares with objects of capital expansion as already discussed in the Director's Report. The Company has set up subsidiary Companies, Indoco Holdings Netherlands BV, Indoco UK Ltd and is in the process of setting up a subsidiary, Indoco SA Pty Ltd, in South Africa which will facilitate in acquiring product licenses, marketing of products, filing of own DMF's and Dossiers in the regulated markets of UK, USA, South Africa and others.

Operationally, the year 2004-05 was also a successful year recording a turnover of Rs 21,578 lakhs over previous year of Rs 17,766 lakhs resulting in a growth of 21.45%. The growth in turnover was boosted by a robust growth in international business of 117%, acquisition of Karvol Plus and continued penetration in the new life style diseases segments.

During the year your Company has earned a Net Profit of Rs 2,513 lakhs as against Rs 2,126 lakhs in the previous year recording an increase of 18.20%.

Business Performance Review

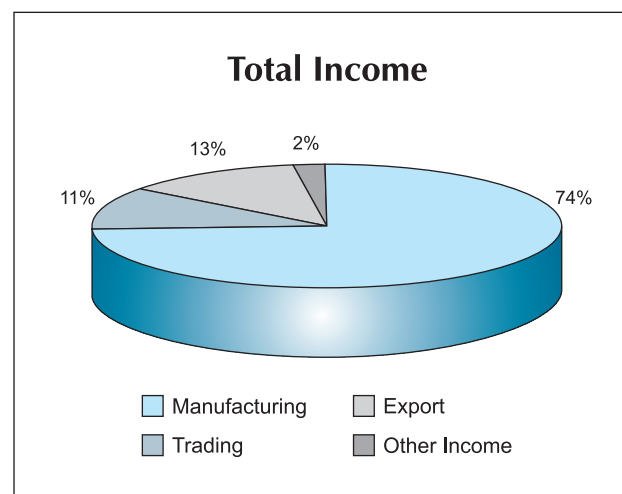
Total Income

During the year, aggregate revenue has grown by 22%. There has been a shift in the sales of products from old molecules to new life style drugs in order to achieve sustained growth coupled with major shift towards international business. The break-up of sales is given below :

(Rs lakhs)

Particulars	Current Year	Previous Year
Domestic	18,670	16,425
Exports	2,908	1,341
Total	21,578	17,766

The 'other income' of your Company was Rs 480.66 lakhs as compared to Rs 362.60 lakhs in the previous year registering a growth of 32.56%. This was mainly on account of higher interest earned on surplus funds placed in deposits with Banks, higher export incentives, gains in foreign exchange and higher tax refunds.



Material Cost

During the year material cost has gone up by 1.52% compared to previous year mainly on account of increase in exports and manufacturing of active pharmaceutical ingredients.

Financial charges

During the year, your Company has resorted to temporary borrowings for acquisition of Karvol Plus brand and acquisition of corporate office. Further the Company has also borrowed by way of External Commercial Borrowings for funding the Capital Expenses pertaining to modernisation of existing manufacturing facilities and setting up of a state-of-the-art tablet manufacturing facility at Verna-Goa. This has led to increase in finance cost of your Company from Rs 281.60 lakhs in 2003-04 to Rs 375.01 lakhs in 2004-05.



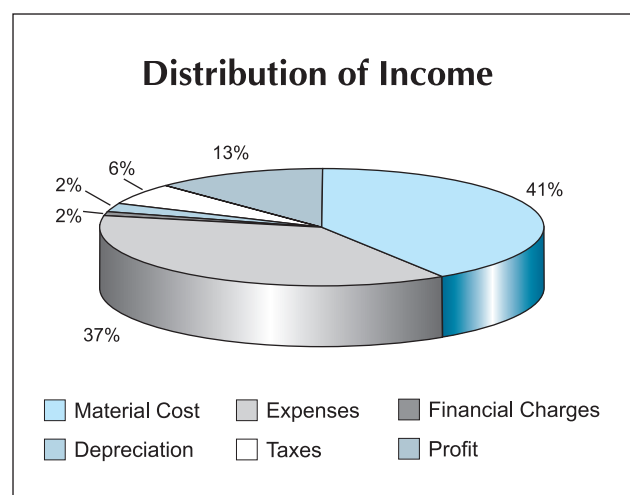
Depreciation

There has been increase in depreciation mainly on account of normal additions to fixed assets, acquisition of trade mark and commercialisation of new plant at Verna-Goa. The Company has added Rs 4,058.29 lakhs to the gross block of assets during the year.

Taxation

The increased spending on Research & Development (Capital and Revenue) and higher Depreciation as per Income Tax Act has led to lower current tax provision as percentage of Profit for year 2004-05 and has also led to increase in provision for Deferred Tax .

Distribution of Income



Opportunities and threats

Your Company's four manufacturing facilities shall be conforming to regulatory requirements of UK, USA and South Africa. Since many pharmaceutical products would be going off patents, your Company foresees a bright future especially in the area of contract manufacturing for large and medium size generic companies globally.

As mentioned in another part of this report, your Company's focus has shifted to new life style disease drugs. Prices of some of the products manufactured by the Company are governed by Drug Price Control Order.

However, only 9.46% of total sales of your Company fall under the purview of price control.

Internal Controls and Systems

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations that provides reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes and corporate policies are duly complied with.

Human Resources and Industrial Relations

Currently, your Company has an employee strength of 1986. Industrial relations at all the units of the Company remained cordial and harmonious throughout the year.

The Company continued to focus on training its employees on a continuous basis, both on the job and through training programmes by internal and external agencies.

Risks and Concerns

While the macro economic and industry outlook are positive, factors such as spiralling oil prices, further inflationary pressures mounting on the economy, shortage of grid power, Foreign Exchange Rate fluctuation and the worsening of fiscal deficit could adversely impact the economic and industrial environment in general and your Company in particular.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, availability and cost of inputs, changes in government regulations, amendments in tax laws, socio-economic developments within the country and other factors such as litigation and industrial relations.



Certificate

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

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

1. We have reviewed financial statements and the cash flow statement for the year 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 and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the 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:
 - (a) significant changes in internal control during the year, if any.
 - (b) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
 - (c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Suresh G Kare
Chief Executive Officer
Chairman & Mg. Director

Sundeep V Bambolkar
Chief Financial Officer
Director - Finance & Operations

Place : Mumbai
Date : July 23, 2005



Auditors' Report

To the Members of Indoco Remedies Limited

We have audited the attached Balance Sheet of INDOCO REMEDIES LIMITED as at 30th June, 2005 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors we report that none of the

Directors is disqualified as on 30th June, 2005 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us and read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2005;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date
and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For PATKAR & PENDSE
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : July 23, 2005

Annexure

To the Auditors' Report

(Referred To In Our Report Of Even Date For The Year Ended On 30th June, 2005)

1. (a) The Company had maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- (b) As explained to us the fixed assets had been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, the Company had not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.



2. In respect of inventory :
- as explained to us, inventories had been physically verified by the management at the end of the year.
 - in our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - the Company had maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. (a) The Company had granted an unsecured loan to its subsidiary, and the maximum amount recoverable during the year was Rs 623.50 lakhs.
- In our opinion, the terms and conditions of the loan granted were not prima facie prejudicial to the interest of the Company.
 - No repayment of principal amount and interest was made during the year.
 - The Company had not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and on the basis of information and explanations given to us, the Company has adequate internal control system commensurate with its size and the nature of its business for the purchase of finished goods, spares, plant and machinery, equipment and other assets and for the sale of goods and services. During the course of the audit we have not observed any major weakness in internal controls.
5. (a) The particulars of contracts or arrangements referred to in Section 301 of the Act had been entered in the register required to be maintained under that section; and
- Transactions made in pursuance of such contracts or arrangements had been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. In respect of statutory dues :
- according to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 30th June, 2005 for a period of more than six months from the date they became payable.
 - the disputed statutory dues aggregating to Rs.314.58 lakhs that have not been deposited on account of matters pending before appropriate authorities are as under :

Sr. No.	Particulars	Financial Years to which matter pertains	Forum where dispute is pending	Amount (Rs lakhs)
1.	Income Tax Act, 1961	1996-97 to 2001-02	ITAT, Mumbai	269.29
		2002-03	ITAT, Mumbai	5.01
2.	Central Excise Act, 1944	1995-96	CESTAT	3.08
		1997-98	Divisional Dy. Comm., Boisar	3.40
		1997-98	Divisional Dy. Comm., Mumbai	0.79
		1997-98	CESTAT	2.92
		1998-99	Divisional Dy. Comm., Boisar	1.64
3.	Sales Tax	2002-03	CESTAT	19.68
		2000-01	Dy Comm. Sales Tax (Appeals), Kolkata	1.58
		2001-02	Dy Comm. Sales Tax (Appeals), Kolkata	7.19



10. The Company does not have accumulated losses. The Company had not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company had not defaulted in repayment of dues to a financial institution, bank or debenture holder.
12. The Company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms & conditions on which the Company has given guarantee for L/C facility granted to a subsidiary by a bank are not prejudicial to the interest of the Company.
16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans had been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis had been used for long term investment and vice versa.
18. According to the information and explanations given to us, the Company had not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company had not issued debentures.
20. The Company had disclosed the end use of money raised by public issue during the year and the same was verified.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For PATKAR & PENDSE
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : July 23, 2005



Balance Sheet

As at 30th June, 2005

	Schedule	Current Year Rs lakhs	Previous Year Rs lakhs
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,182.17	882.00
(b) Reserves & Surplus	B	16,352.39	7,919.10
		17,534.56	8,801.10
2) Loan Funds :			
(a) Secured Loans	C	3,036.83	629.26
(b) Unsecured Loans	D	2,398.01	1,940.74
3) Deferred Tax :	E		
(a) Deferred Tax Liability		1,023.29	582.30
(b) Deferred Tax Asset		(46.96)	(50.54)
		976.33	531.76
TOTAL		23,945.73	11,902.86
APPLICATION OF FUNDS			
4) Fixed Assets :	F		
(a) Gross Block		10,275.89	6,337.60
Less : Accumulated Depreciation		2,064.61	1,717.54
Net Block		8,211.28	4,620.06
(b) Capital Work in Progress including Capital Advances		332.70	172.89
		8,543.98	4,792.95
5) Investments	G	4,523.43	74.53
6) Current Assets, Loans & Advances :	H		
(a) Inventories		3,010.97	2,320.94
(b) Sundry Debtors		7,406.66	4,874.83
(c) Cash and Bank Balances		2,790.67	1,752.35
(d) Loans & Advances		2,062.40	1,150.69
		15,270.70	10,098.81
7) Less : Current Liabilities and Provisions :	I		
(a) Current Liabilities		3,674.40	2,951.99
(b) Provisions		858.07	148.22
		4,532.47	3,100.21
Net Current Assets		10,738.23	6,998.60
8) Miscellaneous Expenditure : (to the extent not written off or adjusted)	J	140.09	36.78
TOTAL		23,945.73	11,902.86

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar

PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Profit and Loss Account

For the year ended 30th June, 2005

	Schedule	Current Year Rs lakhs	Previous Year Rs lakhs
INCOME			
1) Sales & Operations		21,577.69	17,766.41
(Refer Note No. 6 of Schedule 'O')			
Less : Excise Duty		2,163.16	2,091.99
Net Sales		19,414.53	15,674.42
2) Other Income	K	480.66	362.60
(Refer Note No. 6 of Schedule 'O')		19,895.19	16,037.02
EXPENDITURE			
3) Materials	L	8,104.48	6,333.63
4) Expenses	M	7,308.00	6,217.60
5) Financial Charges	N	375.01	281.60
		15,787.49	12,832.83
GROSS PROFIT			
		4,107.70	3,204.19
6) Depreciation		434.11	295.79
PROFIT BEFORE TAX			
		3,673.59	2,908.40
7) Provision for Tax			
(a) Current		700.00	665.00
(b) Deferred		444.57	117.34
(c) Fringe Benefit		16.00	–
PROFIT AFTER TAX			
		2,513.02	2,126.06
8) Balance brought forward from last year		991.54	862.98
PROFIT AVAILABLE FOR APPROPRIATION			
		3,504.56	2,989.04
9) Appropriations :			
(a) Interim Dividend		–	441.00
(b) Proposed Dividend		591.09	–
(c) Dividend Tax		82.90	56.50
(d) Transfer to General Reserve		1,500.00	1,500.00
(e) Balance carried to Balance Sheet		1,330.57	991.54
		3,504.56	2,989.04

Schedules "K" to "N" and Notes to Accounts in Schedule "O" form an integral part of the Profit and Loss Account.

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar
PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Schedules

Forming part of the Balance Sheet

SCHEDULE 'A' : Share Capital

	<i>Current Year Rs lakhs</i>	<i>Previous Year Rs lakhs</i>
1) Authorised : 18,000,000 Equity Shares of Rs 10/- each	<u>1,800.00</u>	<u>1,800.00</u>
2) Issued, Subscribed and Paid up : 11,821,714 (Previous year 8,820,000) Equity Shares of Rs 10/- each fully paid up.	<u>1,182.17</u>	<u>882.00</u>

Out of the above Equity Shares issued & subscribed :

- 3,500 Equity Shares are allotted as fully paid up to vendors pursuant to a contract without payment being received in cash in the year 1948-49
- 4,300 Equity Shares are allotted as fully paid up to a Director as consideration for purchase of land and building without payment being received in cash in the year 1948-49.
- 3,284,260 Equity Shares are issued as Bonus Shares by capitalising an equivalent amount from the Revaluation and General Reserves.

SCHEDULE 'B' : Reserves and Surplus

1) Capital Reserve	0.02	0.02
2) Share Premium		
As per last Balance Sheet	441.00	441.00
Add : Addition during the year	7,054.03	-
Less : Share Issue Expenses Written Off	459.76	-
	<u>7,035.27</u>	<u>441.00</u>
3) Revaluation Reserve		
As per last Balance Sheet	0.10	0.12
Less : Transfer to Profit and Loss Account	0.01	0.02
	<u>0.09</u>	<u>0.10</u>
4) Subsidy - Development Corporation of Konkan	7.50	7.50
5) General Reserve :		
As per last Balance Sheet	6,478.94	4,978.94
Add : Transfer from Profit and Loss Account	1,500.00	1,500.00
	<u>7,978.94</u>	<u>6,478.94</u>
6) Profit & Loss Account	1,330.57	991.54
TOTAL	<u>16,352.39</u>	<u>7,919.10</u>



Schedules

Forming part of the Balance Sheet

SCHEDULE 'C' : Secured Loans

	<i>Current Year Rs lakhs</i>	<i>Previous Year Rs lakhs</i>
1) Working Capital Demand Loans including Cash Credit facilities from Banks*	549.12	51.13
2) Foreign Currency Term Loan from State Bank of India**	326.40	578.13
3) External Commercial Borrowings from ICICI Bank UK Ltd ***	1,088.00	–
4) Overdraft against Fixed Deposits ****	1,073.31	–
TOTAL	<u>3,036.83</u>	<u>629.26</u>

* Working Capital Facilities from banks are secured by hypothecation of Stocks and Book Debts, both present and future and further secured by Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Andheri- Mumbai and Corporate Office, in addition to personal guarantee from the Managing Director.

** The Foreign Currency Non-Repatriable Borrowings from State Bank of India are secured by way of First charge on all Movable & Immovable Properties of the Company located at Verna-Goa (Goa-II) and Second charge on all Movable & Immovable Properties located at Verna-Goa (Goa-I) in addition to personal guarantee from the Managing Director.

*** The ECB from ICICI Bank UK Ltd is secured by way of first charge on all Movable, Immovable Properties of the Company located at Verna-Goa (Goa I).

**** Secured against Fixed Deposit Receipts pledged with Banks.

SCHEDULE 'D' : Unsecured Loans

1) Security Deposits	459.32	440.74
2) Commercial Paper placed with Bank (Maximum balance during the year Rs 1,500.00 Lakhs Previous Year Rs 1,500.00 lakhs)	1,500.00	1,500.00
3) Foreign Currency Packing Credit	438.69	–
TOTAL	<u>2,398.01</u>	<u>1,940.74</u>

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability		
(a) Depreciation	976.14	568.84
(b) Deferred Revenue Expenses	47.15	13.46
	<u>1,023.29</u>	<u>582.30</u>
Less :		
2) Deferred Tax Assets		
(a) Provision for Leave Encashment	36.48	39.15
(b) Provision for Doubtful Debts	10.48	11.39
	<u>46.96</u>	<u>50.54</u>
TOTAL	<u>976.33</u>	<u>531.76</u>



Schedules

Forming part of the Balance Sheet

SCHEDULE 'F' : Fixed Assets

Rs lakhs

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st July 2004	Additions during the year	Deductions/ Sales during the Year	As at 30th June 2005	As at 1st July 2004	For the Year	Deductions/ Sales during the year	As at 30th June 2005	As at 30th June 2005	As at 30th June 2004
Land (Lease Hold)	102.60	-	-	102.60	4.90	0.51	-	5.41	97.19	97.70
Buildings & Premises *	2,515.86	1,033.07	32.34	3,516.59	595.37	85.02	13.16	667.23	2,849.36	1,920.49
Plant & Machinery **	644.72	460.38	-	1,105.10	166.68	39.95	-	206.63	898.47	478.04
Handling Equipments	259.84	63.60	-	323.44	97.39	13.02	-	110.41	213.03	162.45
Pollution Control Equipments	143.95	21.42	-	165.37	36.83	7.09	-	43.92	121.45	107.12
Laboratory Equipments	178.88	143.23	-	322.11	33.05	12.89	-	45.94	276.17	145.83
R&D Equipments	367.67	271.44	-	639.11	112.65	36.12	-	148.77	490.34	255.02
Plant - Utilities	511.58	508.21	-	1,019.79	63.64	38.77	-	102.41	917.38	447.94
Electrical Installations	355.15	207.14	-	562.29	82.07	21.48	-	103.55	458.74	273.08
Furniture & Fixtures and Office & Data Processing Equipments	762.81	288.14	87.66	963.29	435.74	82.13	73.89	443.98	519.31	327.07
Air-conditioning Unit	482.22	120.26	-	602.48	82.39	24.45	-	106.84	495.64	399.83
Vehicles	12.32	4.10	-	16.42	6.83	1.56	-	8.39	8.03	5.49
Trade Mark	-	937.30	-	937.30	-	71.13	-	71.13	866.17	-
Total	6,337.60	4,058.29	120.00	10,275.89	1,717.54	434.11	87.05	2,064.61	8,211.28	4,620.06
Previous year	6,032.55	393.82	88.77	6,337.60	1,438.36	295.81	16.63	1,717.54	4,620.06	4,594.19
Capital Work-in-Progress (Including Capital Advances)									332.70	172.89
Total									8,543.98	4,792.95

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

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

SCHEDULE 'G' : Investments

Current Year
Rs lakhsPrevious Year
Rs lakhs

1) Unquoted : (at cost)			
(a) <i>Trade : In Subsidiary Companies</i>			
(i) Shares of Indoco Healthcare Limited (4,900,000 (Previous Year - 740,000) Ordinary Shares of Rs 10/- each)	490.00		74.00
(ii) Shares of Indoco Holdings Netherlands BV (45,000 Shares of Euro 1 each)	25.78	515.78	74.00
(b) <i>Non-Trade - Government Securities</i>			
(i) 12 Yrs. National Defence Certificates	0.01		0.01
(ii) 7 Yrs. National Savings Certificates	0.18		0.41
		0.19	0.42
(c) <i>Shares of Saraswat Co-op. Bank Ltd.</i> (1,000 Ordinary Shares of Rs 10/- each)		0.10	0.10
2) Quoted			
(a) <i>Current</i>			
Investment in Mutual Funds			
(i) Fixed Maturity Funds	1,851.78		-
(ii) Monthly Income Funds	506.77		-
(iii) Liquid Funds	1,648.80		-
(As per statement attached)		4,007.35	-
(b) <i>Long Term (at Cost)</i>			
Shares of Citurgia Bio-Chemicals Ltd. (100 Equity Shares of Rs 10/- each) Market Value - Rs 2,155 Previous Year - Rs 2,455		0.01	0.01
TOTAL		4,523.43	74.53



Schedules

Forming part of the Balance Sheet

Annexure to Schedule - 'G' : Investments Quoted

Sr. No	Particulars	Rs lakhs							
		Balance As on 1st July 2004		Purchased / Reinvested during the year		Redeemed during the year		Balance As on 30th June 2005	
		Units	Value	Units	Value	Units	Value	Units	Value
(A) FIXED MATURITY FUNDS									
1	SBI Mutual Fund-Magnum Debt Fund Series -15 Months Growth Option	-	-	10,000,000.000	1,000.00	-	-	10,000,000.000	1,000.00
2	Reliance Mutual Fund-Fixed Term Scheme-Quarterly Plan-9-Dividend Option	-	-	8,017,760.000	801.78	4,000,000.000	400.00	4,017,760.000	401.78
3	Prudential ICICI Mutual Fund-FMP-Yearly-Series XXV	-	-	500,000.000	50.00	-	-	500,000.000	50.00
4	Prudential ICICI Mutual Fund-FMP-Growth Yearly XII Institutional	-	-	2,000,000.000	200.00	-	-	2,000,000.000	200.00
5	ING VYSYA Mutual Fund-Fixed Maturity Fund Series-II-Growth Option	-	-	2,000,000.000	200.00	-	-	2,000,000.000	200.00
	TOTAL FIXED MATURITY FUNDS	-	-		2,251.78		400.00		1,851.78
(B) MONTHLY INCOME FUNDS									
1	Birla Sun Life Mutual Fund-MIP Plan A-Monthly Dividend-Reinvestment	-	-	2,309,895.593	250.00	2,309,895.593	250.00	-	-
2	Birla Sun Life Mutual Fund-MIP Plan C-Growth	-	-	1,553,920.622	249.89	-	-	1,553,920.622	249.89
3	HDFC Mutual Fund- HDFC MF Monthly Income Plan-Short Term-Monthly Dividend	-	-	2,498,258.401	256.88	-	-	2,498,258.401	256.88
	TOTAL MONTHLY INCOME FUNDS	-	-		756.77		250.00		506.77
(C) LIQUID FUNDS									
1	SBI Mutual Fund-Magnum Insta Cash Fund-Dividend Option	-	-	9,495,953.605	1,000.00	9,495,953.605	1,000.00	-	-
2	HDFC Mutual Fund-Liquid Fund-Premium Plan-Dividend	-	-	9,530,698.397	1,151.83	7,045,868.115	850.00	2,484,830.282	301.83
3	Prudential ICICI Mutual Fund-Liquid Plan-Dividend Option	-	-	4,224,649.988	500.00	4,224,649.988	500.00	-	-
4	Prudential ICICI Mutual Fund-Institutional Liquid Plan-Dividend Option	-	-	7,653,704.184	906.74	4,496,502.940	532.64	3,157,201.244	374.10
5	Birla Sun Life Mutual Fund-Cash Plus-Institutional-Weekly Dividend-Reinvestment	-	-	14,375,341.544	1,554.50	11,790,139.889	1,274.98	2,585,201.655	279.52
6	DSP Merrill Lynch Liquidity Mutual Fund-Weekly Dividend	-	-	8,097,261.537	1,004.71	5,076,708.355	629.94	3,020,553.182	374.77
7	HSBC Mutual Fund-HSBC Cash Fund-Institutional-Weekly Dividend	-	-	3,832,650.822	400.00	3,832,650.822	400.00	-	-
8	Deutsche Mutual Fund-Deutsche Insta Cash Plus Fund-Institutional Plan-Weekly Dividend	-	-	4,987,083.454	500.00	4,987,083.454	500.00	-	-
9	Kotak Mutual Fund-Liquid (Institutional)-Weekly Dividend	-	-	8,007,448.978	802.47	6,827,220.445	684.22	1,180,228.532	118.25
10	Principal Mutual Fund-Principal Cash Management Fund Liquid Option-Institutional Plan-Dividend Reinvestment-Weekly	-	-	7,004,668.218	700.00	7,004,668.218	700.00	-	-
11	Birla Sun Life Mutual Fund-Birla Cash Plus Institutional-Daily Dividend-Reinvestment	-	-	1,854,500.375	200.33	-	-	1,854,500.375	200.33
	TOTAL LIQUID FUNDS	-	-		8,720.58		7,071.78		1,648.80
	TOTAL	-	-		11,729.13		7,721.78		4,007.35



Schedules

Forming part of the Balance Sheet

SCHEDULE 'H' : Current Assets, Loans and Advances

	Current Year Rs lakhs	Previous Year Rs lakhs
1) Current Assets :		
<i>(As certified by the Management)</i>		
Inventories (At Cost)		
(a) Stock of Consumables and Printed Materials	84.11	59.97
(b) Stock in Trade :		
(i) Raw and Packing Materials.....	1,264.71	849.65
(ii) Finished Goods	1,469.77	1,311.70
(iii) Work in Progress	192.38	99.62
	3,010.97	2,320.94
Sundry Debtors		
<i>Unsecured</i>		
(a) Debts outstanding for more than Six months		
Considered Good	424.46	374.65
Considered Doubtful	31.13	31.13
	455.59	405.78
Less : Provision for Doubtful Debts	31.13	31.13
	424.46	374.65
(b) Other Debts :		
Considered Good	6,982.20	4,500.18
	7,406.66	4,874.83
Cash and Bank Balances		
(a) Cash on hand	7.73	5.47
(b) Balances with Scheduled Banks :		
(i) In Current Accounts	1,020.02	620.21
(including Equity Shares Application Money of Rs 50.92 Lakhs, Previous Year Rs Nil)		
(ii) In Fixed Deposit Accounts	1,743.89	1,117.33
(iii) In Margin Accounts	19.03	9.34
	2,790.67	1,752.35
<i>(Refer Note No. 11 of Schedule 'O')</i>		
2) Loans and Advances :		
<i>(Unsecured, Considered Good)</i>		
(a) Loan to Subsidiary Company	623.50	-
(b) Advances recoverable in cash or in kind or for value to be received	1,145.85	1,070.31
(c) Advance Income Tax (Net)	-	64.06
(d) Balance in Excise Accounts	93.05	16.32
(e) Inter Corporate Deposit	200.00	-
	2,062.40	1,150.69
<i>(Refer Note No. 11 of Schedule 'O')</i>		
TOTAL	15,270.70	10,098.81



Schedules

Forming part of the Balance Sheet

SCHEDULE 'I' : Current Liabilities and Provisions

	Current Year Rs lakhs	Previous Year Rs lakhs
1) Current Liabilities :		
(a) Sundry Creditors	3,404.39	2,717.46
(b) Unclaimed Dividend *	4.97	5.30
(c) Interest accrued but not due on loans	19.37	11.29
(d) Equity share application money refundable	50.92	-
(e) Other Liabilities	194.75	217.94
	3,674.40	2,951.99
* Liability towards Investor Education and Protection Fund - Not due		
2) Provisions :		
(a) Provision for Bonus	44.27	41.24
(b) Provision for Income Tax (Net)	31.43	-
(c) Proposed Dividend	591.09	-
(d) Dividend Tax	82.90	-
(e) Provision for Leave Encashment	108.38	106.98
	858.07	148.22
TOTAL	4,532.47	3,100.21

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

Deferred Revenue Expenses :		
As per last Balance Sheet	36.78	60.22
Add : Additions during the year	212.36	51.55
Less : Amortised during the year	109.05	74.99
TOTAL	140.09	36.78



Schedules

Forming part of the Profit and Loss Account

SCHEDULE 'K' : Other Income

	Current Year Rs lakhs	Previous Year Rs lakhs
1) Dividend Received	45.19	0.02
2) Interest Received *	161.24	134.31
(includes Rs 2.32 lakhs from 100% Subsidiary Company)		
3) Profit on Sale of Fixed Assets	20.64	17.53
4) Exchange Gain	65.99	49.70
5) Export Incentives	146.75	76.67
6) Sales Tax Refund	10.07	36.84
7) Sundry Balances Written Back	3.82	3.49
8) Profit on Sale of Investments	3.25	-
9) Sundry Receipts	23.71	44.04
TOTAL	480.66	362.60

*Refer Note No.6 of Schedule 'O'

SCHEDULE 'L' : Materials

1) Cost of Materials Consumed :			
Opening Stock	849.65	571.02	
Add : Purchases	6,804.91	5,555.63	
Less : Closing Stock	1,264.71	849.65	
	6,389.85	5,277.00	
2) Purchase of Finished Goods	1,845.24	1,458.99	
3) Excise Duty	120.22	190.93	
4) (Increase)/Decrease in Stock of Finished Goods and WIP :			
(a) Opening Stock	1,411.32	818.03	
(b) Closing Stock	1,662.15	1,411.32	
	(250.83)	(593.29)	
TOTAL	8,104.48	6,333.63	



Schedules

Forming part of the Profit and Loss Account

SCHEDULE 'M' : Expenses	Current Year Rs lakhs	Previous Year Rs lakhs
1) Consumable Stores.....	66.50	37.84
2) Job Work Charges.....	412.38	365.22
3) Power and Fuel.....	417.28	257.35
4) Rent, Rates, Taxes.....	113.28	88.17
5) Insurance.....	41.36	31.26
6) Repairs :		
(a) Buildings.....	28.25	45.77
(b) Plant and Machinery.....	58.31	51.72
(c) Others	88.40	59.21
	174.96	156.70
7) Personnel :		
(a) Salaries, Wages and Bonus	1,848.84	1,742.48
(b) Contributions to Provident and Other Funds	229.10	213.97
(c) Staff Welfare Expenses	56.38	39.59
	2,134.32	1,996.04
8) Packing and Delivery Expenses.....	540.85	418.38
9) Research & Development Expenses.....	184.31	111.47
10) Analytical Expenses	83.83	45.62
11) Turnover and Additional Tax	12.19	8.94
12) Advertising and Sales Promotion Expenses.....	835.85	736.09
13) Commission and Incentives on Sales.....	427.98	418.04
14) Travelling, Conveyance and Motor Car Expenses	1,190.11	1,021.42
15) Legal and Professional Fees.....	45.16	34.76
16) Directors' Sitting Fees	1.12	0.50
17) Postage, Telephone and Telex Expenses.....	81.90	72.01
18) Printing and Stationery Expenses.....	108.61	73.79
19) Payments to Auditors :		
(a) Audit Fees	1.50	0.58
(b) Tax Audit Fees	0.30	0.27
(c) Other Services	0.06	0.01
	1.86	0.86
20) Loss on Sale of Investments	1.21	0.47
21) Loss on Sale of Assets	-	4.06
22) Miscellaneous Expenditure Written Off*	109.05	74.99
23) Other Expenses	323.89	263.62
TOTAL	7,308.00	6,217.60

* Refer Note No. 22 of Schedule 'O'

SCHEDULE 'N' : Financial Charges

1) Interest on Fixed Loans from Banks	34.32	23.68
2) Interest on Other Facilities from Banks	64.63	34.82
3) Other Financial Charges	171.76	127.23
4) Interest on Other Unsecured Loans.....	104.30	95.87
TOTAL	375.01	281.60



Notes Forming Part of Accounts for the year ended June 30, 2005.

SCHEDULE 'O' :

1) Significant Accounting Policies :

(a) Basis of preparation of financial statements –

- (i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act, 1956.
- (ii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

(b) Fixed Assets, Depreciation and Amortisation –

- (i) Fixed Assets are stated at cost net of cenvat. Pre-operative expenses including trial-run expenses are capitalised. Interest on borrowings till commencement of commercial production attributable to fixed assets are capitalised.
- (ii) Depreciation on Fixed Assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on all assets except residential and office premises in Mumbai and assets at Goa factories which are depreciated on the Straight Line Method.
- (iii) Trademarks are recorded at their acquisition cost and amortised on the straight-line-method over their estimated economic life of ten years.

(c) Investments –

Long Term Investments are stated at cost less provision, if any, for permanent diminution in the value of such investment.

(d) Inventories –

- (i) Raw materials and Packing materials are valued at cost.
- (ii) Goods-in-process are valued at cost including related overheads.
- (iii) Finished goods are valued at cost or market value whichever is lower.

(e) Basis of Accounting –

The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

(f) Foreign Currency Transactions –

The transactions in Foreign Exchange relating to Investments, Current Assets and Current Liabilities are accounted at exchange rate prevailing on the date of the transaction. Exchange fluctuations on settlement are charged to Profit and Loss Account. Year end balances are translated at closing rates and gains and losses thereon are charged to Profit & Loss Account. Exchange differences on settlement of transactions on fixed assets are included in cost of the Assets.

In respect of the transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract, except in case of liabilities incurred for acquiring fixed assets.

(g) Sales –

Sales are accounted inclusive of excise duty but are net of discounts and sales tax.

(h) Excise Duty –

Excise Duty is accounted for as and when paid on the clearance of the goods from bonded premises. Provision is made at year end for excise duty in respect of finished products lying in the bonded premises.

(i) Employees' Retirement and Other Benefits –

Company's contribution to Provident, Superannuation Funds is accounted on accrual basis and charged to Profit and Loss Account. The Company also provides for unutilised leave benefits and Gratuity to its employees on actuarial valuation.

(j) Borrowing Cost –

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets prior to commencement of commercial production are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(k) Research & Development Expenses –

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



Notes Forming Part of Accounts for the year ended June 30, 2005.

- (l) Miscellaneous Expenditure –
- The expenditure incurred on certification and approval of the plants is amortized over 3 years on the basis of estimated benefits derived in each year.
 - The expenditure incurred on registration of products in the International Market is amortized over 4 years on the basis of estimated benefits derived in each year
 - Premium on prepayment of loan is charged to the Profit & Loss Account, over the balance tenure of the loan.
 - Specific expenses in connection with developing international business are also amortised over 2 years on the basis of estimated benefits derived in each year.
 - The expenditure incurred on Corporate advertisement campaign is amortised over 3 years on the basis of estimated benefits derived in each year.

- (m) Taxes on Income –

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

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 periods.

- (n) Impairment of Fixed Assets –

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

	<i>Current Year Rs Lakhs</i>	<i>Previous Year Rs Lakhs</i>
2) Contingent liabilities not provided for :		
(a) Matters under dispute		
(i) Sales Tax	8.77	8.29
(ii) Excise	31.51	93.00
(iii) Income Tax		
– Where the Company is in appeal (full amount has been paid under protest)	129.06	390.34
– Where the department is in appeal	274.30	–
(iv) In respect of claims made against the Company not acknowledged as debts (Labour matters)	23.14	23.14
(b) Bank Guarantees	140.57	54.99
(c) Letters of Credit	118.74	28.69
(d) Estimated amount of contracts remaining to be executed on Capital Account (net of advances)	811.24	552.88
(e) Corporate Guarantee	200.00	–
3) Remuneration / Perquisites paid / payable to Managing / Whole-time Directors :		
(a) Salary	80.40	56.60
(b) Commission	15.00	15.00
(c) Provident & Super Annuation Fund Contribution	15.59	11.75
(d) Other Perquisites	14.44	6.35
	125.43	89.70



Notes Forming Part of Accounts for the year ended June 30, 2005.

	<i>Current Year</i> <i>Rs lakhs</i>	<i>Previous Year</i> <i>Rs lakhs</i>
4) Computation of Net Profit under Section 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account	3,673.59	2,908.40
Add : (i) Loss on Sale of Fixed Assets	-	4.06
(ii) Loss on Sale of Investments	1.21	0.47
(iii) Depreciation	434.11	295.79
(iv) Directors' Sitting Fees	1.12	0.50
(v) Directors' Remuneration	125.43	89.70
	561.87	390.52
	4,235.46	3,298.92
Less : (i) Profit on Sale of Fixed Assets	20.64	17.53
(ii) Depreciation u/s 350	434.11	295.79
(iii) Profit on Sale of Investment	3.25	-
Net Profit	3,777.46	2,985.60
(b) Commission Payable to the Managing Director	15.00	15.00
5) Research & Development expenses include salary & wages, chemicals/materials consumed, electricity, travel, repairs, insurance premium and similar such expenses.		
6) (a) Sales include job work income of Rs 2.12 lakhs (Previous Year Rs 5.62 lakhs)		
(b) Tax deducted at source consists of :		
(i) Rs 0.08 Lakhs on account of Rent received (Previous year Rs 0.98 lakhs)		
(ii) Rs 0.07 Lakhs on account of Job work charges (Previous Year Rs 0.12 lakhs)		
(iii) Rs 24.36 Lakhs on account of Interest received (Previous Year Rs 16.95 lakhs)		
7) Tax Provisions :		
The tax year for the Company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the 9 months ended March 31, 2005 and the provision based on the figures for the remaining 3 months upto June 30, 2005, the ultimate tax liability of which will be determined on the basis of figures for the period April 01, 2005 to March 31, 2006.		
8) The Company's exclusive business is manufacturing and selling of pharmaceutical products comprising of bulk drugs and formulations and therefore it is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India. Although the Company caters to the needs of export markets, the export turnover is not significant in the context of total turnover. As such there is no reportable geographical segment.		
9) Earnings Per Share (EPS) :	<i>Current Year</i>	<i>Previous Year</i>
(a) Profit After Tax (Rs lakhs)	2,513.02	2,126.06
(b) Weighted Average Number of Ordinary Shares for Basic EPS	10,201,611	8,820,000
(c) Effect of Potential Ordinary Shares	-	-
(d) Weighted Average Number of Ordinary Shares for Diluted EPS	10,201,611	8,820,000
(e) Earnings Per Share (Face Value Rs10/- Per Share)		
(i) Basic (a/b)	24.63	24.10
(ii) Diluted (a/d)	24.63	24.10
10) The Company issued 3,001,714 equity shares of Rs 10/- each at a premium of Rs 235/- per share during the year. The Public Issue expenses of Rs 459.76 lakhs arising out of the same have been adjusted from the Share Premium Account.		



Notes Forming Part of Accounts for the year ended June 30, 2005.

11) Un-utilised monies as on June 30, 2005 out of the proceeds from the issue of equity shares is invested as :

<i>Particulars</i>	<i>Current Year Rs Lakhs</i>	<i>Previous Year Rs Lakhs</i>
(a) In Current Account	14.00	–
(b) In Fixed Deposit Account	550.00	–
(c) In Mutual Funds	3,357.02	–
(d) In ICD's	200.00	–
Total	4,121.02	–

12) Related Party Disclosure as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

A. RELATIONSHIPS :

(i) Shareholders of the Company :

(a) SPA Pharmaceuticals Private Limited (b) Shanteri Investments Private Limited

(ii) Subsidiary Companies :

(a) Indoco Healthcare Limited (b) Indoco Holdings Netherlands BV

(iii) Other Parties :

(a) AK Services (b) Indoco Capital Markets Limited
(c) Indoco Global Markets Pvt Ltd

(iv) Directors and their Relatives :

Mr Suresh G Kare, Mr SY Rege, Mr PK Kakodkar, Mr DN Mungale, Mr DM Sukthankar, Dr MR Narvekar, Mr DM Gavaskar, Mr Sundeep V Bambolkar, Mr FX Coutinho, Ms Aditi Kare Panandikar, Ms Aruna S Kare, Ms Madhura A Ramani, Dr Anup P Ramani, Dr Shantaram Panandikar, Ms Ivy Coutinho, Ms Neeta S Bambolkar.

B. TRANSACTIONS WITH THE RELATED PARTIES :

(i) Details relating to parties referred to in items A(i), A(ii) and A(iii) above -

<i>Nature of Transaction</i>	<i>Shareholders of the Company A (i)</i>		<i>Subsidiary Companies A (ii)</i>		<i>Other Parties A (iii)</i>	
	<i>Current Year</i>	<i>Previous Year</i>	<i>Current Year</i>	<i>Previous Year</i>	<i>Current Year</i>	<i>Previous Year</i>
	<i>Rs lakhs</i>	<i>Rs lakhs</i>	<i>Rs lakhs</i>	<i>Rs lakhs</i>	<i>Rs lakhs</i>	<i>Rs lakhs</i>
Sale of Goods and Services	1.82	1.20	2.97	–	–	–
Purchase of Goods and Services	510.24	577.30	–	–	32.98	38.06
Loans Given	–	–	623.50	–	–	–
Commission (Expenses)	–	–	–	–	46.62	64.23
Balance at the year end : Credit	73.42	65.01	–	–	92.87	14.07
Investment in Shares	–	–	441.78	74.00	–	–

(ii) Details relating to persons referred to in item A(iv) above -

<i>Nature of Transaction</i>	<i>Current Year Rs lakhs</i>	<i>Previous Year Rs lakhs</i>
Remuneration	125.43	89.70
Rendering of Services	15.41	27.17
Directors' Sitting Fees	1.12	0.50
Balance at the year end : Credit	0.78	–



Notes Forming Part of Accounts for the year ended June 30, 2005.

13) Capacities and Production* :

	Unit	Current Year		Previous Year	
		Installed Capacity Per annum	Actual Production	Installed Capacity Per annum	Actual Production
Liquid Orals	KL	2,800	1,676.34	2,800	1,969.27
Tablets	Million	2,480	1,485.62	1,700	642.03
Sweetner Tablets	Million	1,200	804.86	1,200	1,251.22
Capsules	Million	–	20.05	–	1.48
Injectibles and Eye Preparations	KL	220	151.78	220	123.99
Ointments and Lotions	Tonnes	150	193.66	150	172.78
Toothpaste and Mouth Gel	Tonnes	400	501.54	400	629.19

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

14) Sales and Purchases in respect of each class of Finished Goods :

	Unit	Sales				Purchases			
		Current Year		Previous Year		Current Year		Previous Year	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid Orals	KL	1,988.96	4431.16	1,897.30	4,115.41	258.07	152.26	89.18	82.80
Tablets	Million	1,544.72	10,288.37	637.00	7,959.22	89.94	626.18	38.80	367.61
Sweetner Tablets	Million	804.86	104.09	1,295.62	148.78	–	–	–	–
Capsules	Million	25.69	594.18	10.34	249.19	9.92	98.78	9.47	106.46
Injectibles & Eye Preparations	KL	159.15	1,717.30	126.58	1,453.95	18.27	131.18	7.40	95.72
Ointments & Lotions	Tonnes	210.19	1,284.07	211.04	1,182.03	29.87	177.77	45.36	208.15
Toothpaste & Mouth Gel	Tonnes	544.35	2,493.30	588.91	2,032.37	16.93	149.10	–	–
Bulk Drugs & Others	–	–	663.10	–	619.84	–	509.97	–	598.25
			21,575.57		17,760.79		1,845.24		1,458.99

15) Stock of Finished Goods :

	Unit	As at 30th June 2005		As at 30th June 2004	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid Orals	KL	217.56	311.17	272.11	302.52
Tablets	Million	111.95	663.99	81.11	590.54
Sweetner Tablets	Million	–	–	–	–
Capsules	Million	6.45	45.44	2.17	23.16
Injectibles & Eye Preparations	KL	28.08	234.93	17.18	205.66
Ointments & Lotions	Tonnes	43.85	112.39	30.51	77.91
Toothpaste & Mouth Gel	Tonnes	34.92	75.33	60.80	101.27
Bulk Drugs & Others	–	–	26.52	–	10.64
			1,469.77		1,311.70



Notes Forming Part of Accounts for the year ended June 30, 2005.

16) Consumption of Materials :

	Current Year		Previous Year	
	Qty Tonnes	Value Rs lakhs	Qty Tonnes	Value Rs lakhs
(a) Raw Materials – Azithromycin, Cefadroxyl, Gliclazide, Methycobalamine, Metformin Hydro, Ibuprofen, Paracetamol, Ofloxacin, Sugar etc.	1,602.12	3,871.35	942.00	3,209.40
(b) Packing Materials – Aluminium Foils, Tubes, Glass Bottles, Cartons, Labels, PVC Films, P.P. Caps, Plastic Containers, Boxes, Shippers etc.	–	2,518.50	–	2,067.60
Total		<u>6,389.85</u>		<u>5,277.00</u>

17) Imported and Indigenous Materials Consumed :

	Current Year		Previous Year	
	Value Rs lakhs	Percentage	Value Rs lakhs	Percentage
(a) Raw and Packing Materials –				
(i) Imported	232.93	3.65	36.00	0.68
(ii) Indigenous	6,156.92	96.35	5,241.00	99.32
Total	<u>6,389.85</u>	<u>100.00</u>	<u>5,277.00</u>	<u>100.00</u>
(b) Stores and Spares consumed Indigenous	<u>66.50</u>	<u>100.00</u>	<u>37.84</u>	<u>100.00</u>

	Current Year	Previous Year
	Rs lakhs	Rs lakhs
18) Earnings in Foreign Currency (FOB value)	<u>2,748.37</u>	1,262.46

19) Expenditure in Foreign Currency :

(a) On Travel and Export Promotion	113.97	125.60
(b) On Interest on Foreign Currency Loan	73.04	23.68
(c) Others	3.18	8.92

20) Value of Imports CIF Basis

(a) Trading	31.24	225.23
(b) Raw Materials	210.06	37.29
(c) Capital Goods	<u>335.93</u>	<u>109.30</u>

21) The list of small scale undertakings to whom amount is outstanding for more than 30 days is as follows :

Anuchem, Amijal Chemicals, Anupam Traders, Autocal, Amco Services, Akshay Engineering Works, Anand Enterprises, Aarti Pharma, Apex Drugs & Intermediate Ltd., A.H. Enterprises, Amishi Drugs & Chemicals, Ashco Industries Ltd., Biomerieux India P Ltd, Brajesh Packaging Pvt. Ltd., Barcom Solutions (MUMB) Pvt. Ltd, Bhansali Packwell, Chintamani Plastics, Enar Chemie Pvt. Ltd., Epitome Technologies Pvt. Ltd., Florale (I) Pvt. Ltd., Glamour Packaging Industries, Greenerth Engineers & Consultants, Harsiddh Industries, Incorp, Ishit Enterprises, J. B. Khokani & Company, Jaineket Enterprises, Jayana Industries, Laxmi Packaging Industries, Kalapi Printing Press, Kitten Enterprises Pvt. Ltd., Kaeyur Foils, K. R. Bedmutha & Techno Associates, Lanz Labs, MDS Automation, MSD Enterprise, Meena Enterprises, Neeraj Spotlab, Navnidh Pharma Labs, Puja Engineering, PBS Electronics, Popawala & Co., Pressure Tags (India), Rukmini Pack Print, Ronak Flavour & Fragrances,



Notes Forming Part of Accounts for the year ended June 30 , 2005.

Shroff Enterprises, Suprem Pharmaceuticals, Smart Systems, Satyam Industries, S. S. Enterprises, Sangeeta Poly Pack Pvt. Ltd., S. S. Pharmachem, Sainath Engineering Enterprises, Salgaonkar Sanchar, Salicylate and Chemicals Pvt. Ltd., Salpra Pharmaceuticals & Chem, Sangat Packaging Industries, Sudeep Pharma Ltd., Sunil Chemicals, Thermolab Scientific Equipments Pvt. Ltd., Techno Search Instruments, Tropical Nortec, Toshniwal Instruments Mfg. Pvt. Ltd., Thomas Baker Pvt. Ltd., Theta Controls, TSA Process Equipments, Unicorn Petroleum Ind Pvt. Ltd., Uday Multiprint, Vijay Kumar Dharamdas Co., Ven-Petro Chem & Pharma Pvt. Ltd., Vilam Exports Pvt. Ltd., Vasundhara Rasayans Ltd., Vital Flavours & Fragrances, Waxoils Pvt. Ltd.,

These outstandings are in the normal course of business. The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

- 22) The miscellaneous expenditure to the extent not written off includes Rs 32.13 lakhs on account of plant certification, Rs 43.74 lakhs on product registration, Rs 29.50 lakhs on specific export related expenses and Rs 34.72 lakhs on account of Corporate advertisement campaign.
- 23) Previous year's figures have been regrouped and reclassified wherever necessary to conform with those of the current year.



Statement Pursuant to Part IV to the Companies Act, 1956

24) Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –	
Registration No.....	5913
State Code.....	11
Balance Sheet Date	30-06-2005
(II) Capital raised during the year (<i>Amount in Rs Lakhs</i>) –	
Public Issue.....	300
Rights Issue.....	–
Bonus Issue.....	–
(III) Position of Mobilisation and Deployment of Funds (<i>Amount in Rs Lakhs</i>) –	
Total Liabilities.....	23,946
Total Assets.....	23,946
<i>Sources of Funds –</i>	
Paid-up Capital.....	1,182
Reserves & Surplus.....	16,353
Secured Loans.....	3,037
Unsecured Loans.....	2,398
Deferred Tax Liability.....	976
<i>Application of Funds –</i>	
Net Fixed Assets	8,544
Investments	4,524
Net Current Assets	10,738
Miscellaneous Expenditure	140
Accumulated Losses	–
(IV) Performance of Company (<i>Amount in Rs Lakhs</i>) –	
Total Income	19,895
Total Expenditure	16,221
Profit Before Tax	3,674
Profit After Tax.....	2,513
Earnings per share in Rs.	24.63
Dividend Rate%	50
(V) Generic Names of Three Principal Products/Services of the Company (<i>as per monetary terms</i>) –	
Item Code No (ITC Code)	300490
Product Description	CYCLOPAM TABLET
Item Code No (ITC Code)	300440
Product Description	TUSPEL PLUS SYRUP
Item Code No (ITC Code)	300391
Product Description.....	FEBREX PLUS SYRUP

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar
PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Cash Flow Statement for the year ended 30th June, 2005

	<i>Current Year Rs lakhs</i>	<i>Previous Year Rs lakhs</i>
A) Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,673.59	2,908.40
Adjustments for :		
a) Depreciation	434.11	295.79
b) Profit on Sale of Fixed Assets	(20.64)	(17.53)
c) Profit on Sale of Investment	(3.25)	-
d) Loss on Sale of Fixed Assets	-	4.06
e) Loss on Sale of Investments	1.21	0.47
f) Deferred Expenses written off	109.05	74.99
g) Deferred Expenses paid during the year	(212.36)	(51.55)
h) Debit Balance written back	3.82	-
i) Interest Income	(161.24)	(134.31)
j) Dividend received on Investments	(45.19)	(0.02)
k) Exchange Gain	(65.99)	(49.70)
l) Exchange Loss	62.39	16.30
m) Interest Expense	312.62	265.30
	414.53	403.82
Operating Profit before Working Capital Change	4,088.12	3,312.22
Adjustments for :		
a) Trade and Other Receivables	(3,447.36)	(966.91)
b) Inventories	(690.03)	(876.99)
c) Trade Payables and Other Liabilities	904.87	849.56
	(3,232.52)	(994.33)
Cash generated from Operations	855.60	2,317.89
Tax paid	(862.60)	(466.12)
Net Cash used in Operating Activities (A)....	(7.01)	1,851.77
B) Cash generated from Investing Activities :		
a) Purchases of Fixed Assets (incl. CWIP)	(4,218.10)	(525.09)
b) Sale of Fixed Assets	53.59	85.62
c) Purchases of Investments	(12,170.91)	(74.15)
d) Sale of Investments	7,724.05	99.53
e) Interest Received	161.24	92.71
f) Dividend received on Investments	45.19	0.02
Net Cash used in Investing Activities (B)....	(8,404.94)	(321.35)
C) Cash flow from Financing Activities :		
a) Interest Paid	(312.62)	(264.33)
b) Dividend Paid	-	(696.50)
c) Exchange Gain	65.99	49.70
d) Exchange Loss	(62.39)	(16.30)



Cash Flow Statement for the year ended 30th June, 2005 (Contd.)

	<i>Current Year Rs lakhs</i>	<i>Previous Year Rs lakhs</i>
e) Public Issue Expenses	(459.76)	–
f) Proceeds from CC/WCDL Demand Loans	498.00	(519.49)
g) Proceeds from Short Term borrowings	457.27	96.60
h) Proceeds from Overdraft Facility	1,073.31	310.40
i) Repayment of Term borrowings	(251.73)	–
j) Proceeds form Issue of Equity Shares	300.17	–
k) Proceeds form Share Premium on Issue of Equity Shares	7,054.03	–
l) Proceeds from Term borrowings	1,088.00	578.13
Net Cash generated from Financing Activities(C)....	<u>9,450.27</u>	<u>(1,082.59)</u>
Net Increase in Cash or Cash equivalents ... (A + B + C)	<u>1,038.32</u>	<u>447.83</u>
Cash and Cash equivalents - Closing Balance	2,790.67	1,752.35
Cash and Cash equivalents - Opening Balance	1,752.35	1,304.52

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar

PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005

Auditors' Certificate

To,
The Board of Directors
Indoco Remedies Limited
Indoco House
166 CST Road
Santacruz (E)
Mumbai 400 098.

We have examined the attached Cash Flow Statement of Indoco Remedies Limited for the year ended June 30, 2005. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of July 23, 2005 to the members of the Company.

For **PATKAR & PENDSE**
Chartered Accountants

Mumbai : July 23, 2005

BM PENDSE
Partner
M. No. 32625



Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's Interest in Subsidiary Companies.

1	Name of Subsidiary Company	Indoco Healthcare Ltd	Indoco Holdings Netherlands, BV
2	The Financial Year of the Subsidiary Company ended on	30th June 2005	30th June 2005
3	Date from which it became Subsidiary Company	29th April 2004	28th April 2005
4	(a) Number of shares held by Indoco Remedies Ltd and its nominees in Subsidiary at the end of Financial year of the Subsidiary Company (b) Extent of interest of holding Company at the end of the financial year of the Subsidiary Company	490,000 Equity Shares of the face value of Rs 10/- each fully paid up 100%	45,000 Shares of the face value of Euro 1 each fully paid up 100%
5	The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the holding Company. (a) Not dealt with in the holding Company's accounts : (i) For the financial year of the Subsidiary referred to in (1) above (ii) For the previous financial years of the Subsidiary Companies since it became the holding Company's subsidiary (b) Dealt with in holding Company's accounts : (i) To the extent of profit after tax for the financial year of the subsidiary referred to in (1) above (ii) For the previous financial years of the Subsidiary Company since it became the holding Company's subsidiary	NIL Rs 5.94 lakhs NIL NIL	Rs (8.78) lakhs NA NIL NA
<p>Note : Indoco Holdings Netherlands BV would be holding shares of Indoco UK Ltd and Indoco SA Pty Ltd. Since Indoco Holdings Netherlands BV has not subscribed to the shares of Indoco UK Ltd and Indoco SA Pty Ltd as of June 30, 2005 information pursuant to Section 212 of the Companies Act, 1956 has not been provided.</p>			

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Mumbai : July 23, 2005

Arun P Shenoy
Company Secretary

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar
PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Auditors' Report on Consolidated Financial Statements To the Board of Directors of Indoco Remedies Limited

We have examined the attached Consolidated Balance Sheet of Indoco Remedies Limited ("the Company") and its subsidiaries as at 30th June, 2005, and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Indoco Healthcare Ltd., whose financial statements reflect total assets of Rs 1,119.20 lakhs as at 30th June, 2005. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 30th June, 2005;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and
- (c) in the case of the Consolidated Cash Flow Statement, on the consolidated cash flows of the Company and its subsidiaries for the year then ended.

For PATKAR & PENDSE
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : July 23, 2005



Balance Sheet (Consolidated)

As at 30th June, 2005

	Schedule		Current Year Rs lakhs
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,182.17	
(b) Reserves & Surplus	B	16,349.30	
		17,531.47	17,531.47
2) Loan Funds :			
(a) Secured Loans	C		3,036.83
(b) Unsecured Loans	D		2,398.01
3) Deferred Tax :	E		
(a) Deferred Tax Liability		1,023.29	
(b) Deferred Tax Asset		(46.96)	
		976.33	
TOTAL			23,942.64
APPLICATION OF FUNDS			
4) Fixed Assets :	F		
(a) Gross Block		10,393.57	
Less : Accumulated Depreciation		2,065.14	
Net Block		8,328.43	
(b) Capital Work in Progress including Capital Advances		1,286.06	
			9,614.49
5) Investments	G		4,007.65
6) Current Assets, Loans & Advances :	H		
(a) Inventories		3,010.97	
(b) Sundry Debtors		7,406.66	
(c) Cash and Bank Balances		2,858.46	
(d) Loans & Advances		1,453.93	
		14,730.02	
7) Less : Current Liabilities and Provisions :	I		
(a) Current Liabilities		3,691.47	
(b) Provisions		858.13	
		4,549.60	
Net Current Assets			10,180.42
8) Miscellaneous Expenditure : (to the extent not written off or adjusted)	J		140.08
TOTAL			23,942.64

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar

PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Profit and Loss Account (Consolidated)

For the year ended 30th June, 2005

	Schedule	Current Year Rs lakhs
INCOME		
1) Sales & Operations		21,577.69
(Refer Note No. 8 of Schedule 'O')		
Less : Excise Duty		2,163.16
Net Sales		19,414.53
2) Other Income	K	480.66
(Refer Note No. 8 of Schedule 'O')		19,895.19
EXPENDITURE		
3) Materials	L	8,104.48
4) Expenses	M	7,316.63
5) Financial Charges	N	375.16
		15,796.28
GROSS PROFIT		
6) Depreciation		434.11
PROFIT BEFORE TAX		
		3,664.80
7) Provision for Tax		
(a) Current		700.00
(b) Deferred		444.57
(c) Fringe Benefit		16.00
PROFIT AFTER TAX		
		2,504.23
8) Balance brought forward from last year		991.54
PROFIT AVAILABLE FOR APPROPRIATION		
		3,495.77
9) Appropriations :		
(a) Interim Dividend		-
(b) Proposed Dividend		591.09
(c) Dividend Tax		82.90
(d) Transfer to General Reserve		1,500.00
(e) Balance Carried to Balance Sheet		1,321.78
		3,495.77

Schedules "K" to "N" and Notes to Accounts in Schedule "O" form an integral part of the Profit and Loss Account.

As per our Report attached
For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Mumbai : July 23, 2005

Arun P Shenoy
Company Secretary

Suresh G Kare
Chairman & Mg. Director

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Dr MR Narvekar
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DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Schedules

Forming part of the Balance Sheet (Consolidated)

SCHEDULE 'A' : Share Capital

Current Year
Rs lakhs

1) Authorised :		
18,000,000 Equity Shares of Rs 10/- each		<u>1,800.00</u>
2) Issued, Subscribed and Paid up :		
11,821,714 (Previous year 8,820,000) Equity Shares of Rs 10/- each fully paid up.		<u>1,182.17</u>

Out of the above Equity Shares issued & subscribed :

- 3,500 Equity Shares are allotted as fully paid up to vendors pursuant to a contract without payment being received in cash in the year 1948-49
- 4,300 Equity Shares are allotted as fully paid up to a Director as consideration for purchase of land and building without payment being received in cash in the year 1948-49.
- 3,284,260 Equity Shares are issued as Bonus Shares by capitalising an equivalent amount from the Revaluation and General Reserve.

SCHEDULE 'B' : Reserves and Surplus

1) Capital Reserve		0.02
2) Share Premium		
As per last Balance Sheet	441.00	
Add : Addition during the year	7,054.03	
Less : Share Issue Expenses Written Off	459.76	<u>7,035.27</u>
3) Revaluation Reserve		
As per last Balance Sheet	0.10	
Less : Transfer to Profit and Loss Account	0.01	<u>0.09</u>
4) Subsidy - Development Corporation of Konkan		7.50
5) General Reserve :		
As per last Balance Sheet	6,484.88	
Add : Transfer from Profit and Loss Account	1,500.00	
Less : Provision for Income Tax	0.09	
Fringe Benefit Tax	0.15	<u>7,984.64</u>
6) Profit & Loss Account		<u>1,321.78</u>
TOTAL		<u><u>16,349.30</u></u>



Schedules

Forming part of the Balance Sheet (Consolidated)

SCHEDULE 'C' : Secured Loans

	<i>Current Year Rs lakhs</i>
1) Working Capital Demand Loans including Cash Credit facilities from Banks*	549.12
2) Foreign Currency Term Loan from State Bank of India**	326.40
3) External Commercial Borrowings from ICICI Bank UK Ltd ***	1,088.00
4) Overdraft against Fixed Deposits ****	1,073.31
TOTAL	<u>3,036.83</u>

* Working Capital Facilities from banks are secured by hypothecation of Stocks and Book Debts, both present and future and further secured by Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Andheri- Mumbai and Corporate Office, in addition to personal guarantee from the Managing Director.

** The Foreign Currency Non-Repatriable Borrowings from State Bank of India are secured by way of First charge on all Movable & Immovable Properties of the Company located at Verna-Goa (Goa-II) and Second charge on all Movable & Immovable Properties located at Verna-Goa (Goa-I) in addition to personal guarantee from the Managing Director.

*** The ECB from ICICI Bank UK Ltd is secured by way of first charge on all Movable, Immovable Properties of the Company located at Verna-Goa (Goa-I).

**** Secured against Fixed Deposit Receipts pledged with Banks.

SCHEDULE 'D' : Unsecured Loans

1) Security Deposits	459.32
2) Commercial Paper placed with Bank (Maximum balance during the year Rs 1,500.00 Lakhs Previous Year Rs1,500.00 Lakhs)	1,500.00
3) Foreign Currency Packing Credit	438.69
TOTAL	<u>2,398.01</u>

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability	
(a) Depreciation	976.14
(b) Deferred Revenue Expenses	47.15
	<u>1,023.29</u>
Less :	
2) Deferred Tax Assets	
(a) Provision for Leave Encashment	36.48
(b) Provision for Doubtful Debts	10.48
	<u>46.96</u>
TOTAL	<u>976.33</u>



Schedules

Forming part of the Balance Sheet (Consolidated)

SCHEDULE 'F' : Fixed Assets

	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 1st July 2004	Additions during the year	Deductions/ Sales during the Year	As at 30th June 2005	As at 1st July 2004	For the Year	Deductions/ Sales during the Year	As at 30th June 2005	As at 30th June 2005
	Land (Lease Hold)	102.60	–	–	102.60	4.90	0.51	–	5.41
Buildings & Premises *	2,515.87	1,145.40	32.34	3,628.93	595.38	85.02	13.16	667.24	2,961.69
Plant & Machinery **	644.72	460.38	–	1,105.10	166.68	39.95	–	206.63	898.47
Handling Equipments	259.84	63.60	–	323.44	97.39	13.02	–	110.41	213.03
Pollution Control Equipments	143.95	21.42	–	165.37	36.83	7.09	–	43.92	121.45
Laboratory Equipments	178.88	143.23	–	322.11	33.05	12.89	–	45.94	276.17
R&D Equipments	367.67	271.44	–	639.11	112.65	36.12	–	148.77	490.34
Plant - Utilities	511.58	508.21	–	1,019.79	63.64	38.77	–	102.41	917.38
Electrical Installations	355.15	207.14	–	562.29	82.07	21.48	–	103.55	458.74
Furniture & Fixtures and Office & Data Processing Equipments	762.81	289.04	87.66	964.19	435.74	82.30	73.89	444.15	520.04
Air-conditioning Unit	482.22	120.26	–	602.48	82.39	24.45	–	106.84	495.64
Vehicles	12.32	8.54	–	20.86	6.83	1.91	–	8.74	12.12
Trade Mark	–	937.30	–	937.30	–	71.13	–	71.13	866.17
Total	6,337.61	4,175.96	120.00	10,393.57	1,717.55	@434.64	87.05	2,065.14	8,328.43
Capital Work-in-Progress (Including Capital Advances)									@1,286.05
Total									9,614.48

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

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

@ Depreciation for the year includes a sum of Rs 0.53 lakhs with respect to depreciation on assets of Indoco Healthcare Limited. This amount has been considered as part of Capital Work In Progress of Rs 1286.06 lakhs.

SCHEDULE 'G' : Investments

1) Unquoted : (at cost)

(a) Non-Trade - Government Securities

- (i) 12 Yrs National Defence Certificates
(ii) 7 Yrs National Savings Certificates

0.01
0.18

0.19
0.10

(b) Shares of Saraswat Co-op. Bank Ltd. (1,000 Ordinary Shares of Rs 10/- each)

2) Quoted

(a) Current

Investment in Mutual Funds

- (i) Fixed Maturity Funds
(ii) Monthly Income Funds
(iii) Liquid Funds

1,851.78
506.77
1,648.80

(As per statement attached)

4,007.35

(b) Long Term (at Cost)

Shares of Citurgia Bio-Chemicals Ltd.
(100 Equity Shares of Rs 10/- each)
Market Value - Rs 2,155
Previous Year - Rs 2,455

0.01

TOTAL

4007.65



Schedules

Forming part of the Balance Sheet (Consolidated)

Annexure to Schedule - 'G' : Investments Quoted

Sr. No	Particulars	Rs lakhs							
		Balance As on 1st July 2004		Purchased / Reinvested during the year		Redeemed during the year		Balance As on 30th June 2005	
		Units	Value	Units	Value	Units	Value	Units	Value
(A) FIXED MATURITY FUNDS									
1	SBI Mutual Fund-Magnum Debt Fund Series -15 Months Growth Option	-	-	10,000,000.000	1,000.00	-	-	10,000,000.000	1,000.00
2	Reliance Mutual Fund-Fixed Term Scheme-Quarterly Plan-9-Dividend Option	-	-	8,017,760.000	801.78	4,000,000.000	400.00	4,017,760.000	401.78
3	Prudential ICICI Mutual Fund-FMP-Yearly-Series XXV	-	-	500,000.000	50.00	-	-	500,000.000	50.00
4	Prudential ICICI Mutual Fund-FMP-Growth Yearly XII Institutional	-	-	2,000,000.000	200.00	-	-	2,000,000.000	200.00
5	ING VYSYA Mutual Fund-Fixed Maturity Fund Series-II-Growth Option	-	-	2,000,000.000	200.00	-	-	2,000,000.000	200.00
	TOTAL FIXED MATURITY FUNDS	-	-		2,251.78		400.00		1,851.78
(B) MONTHLY INCOME FUNDS									
1	Birla Sun Life Mutual Fund-MIP Plan A-Monthly Dividend-Reinvestment	-	-	2,309,895.593	250.00	2,309,895.593	250.00	-	-
2	Birla Sun Life Mutual Fund-MIP Plan C-Growth	-	-	1,553,920.622	249.89	-	-	1,553,920.622	249.89
3	HDFC Mutual Fund- HDFC MF Monthly Income Plan-Short Term-Monthly Dividend	-	-	2,498,258.401	256.88	-	-	2,498,258.401	256.88
	TOTAL MONTHLY INCOME FUNDS	-	-		756.77		250.00		506.77
(C) LIQUID FUNDS									
1	SBI Mutual Fund-Magnum Insta Cash Fund-Dividend Option	-	-	9,495,953.605	1,000.00	9,495,953.605	1,000.00	-	-
2	HDFC Mutual Fund-Liquid Fund-Premium Plan-Dividend	-	-	9,530,698.397	1,151.83	7,045,868.115	850.00	2,484,830.282	301.83
3	Prudential ICICI Mutual Fund-Liquid Plan-Dividend Option	-	-	4,224,649.988	500.00	4,224,649.988	500.00	-	-
4	Prudential ICICI Mutual Fund-Institutional Liquid Plan-Dividend Option	-	-	7,653,704.184	906.74	4,496,502.940	532.64	3,157,201.244	374.10
5	Birla Sun Life Mutual Fund-Cash Plus-Institutional-Weekly Dividend-Reinvestment	-	-	14,375,341.544	1,554.50	11,790,139.889	1,274.98	2,585,201.655	279.52
6	DSP Merrill Lynch Liquidity Mutual Fund-Weekly Dividend	-	-	8,097,261.537	1,004.71	5,076,708.355	629.94	3,020,553.182	374.77
7	HSBC Mutual Fund-HSBC Cash Fund-Institutional-Weekly Dividend	-	-	3,832,650.822	400.00	3,832,650.822	400.00	-	-
8	Deutsche Mutual Fund-Deutsche Insta Cash Plus Fund-Institutional Plan-Weekly Dividend	-	-	4,987,083.454	500.00	4,987,083.454	500.00	-	-
9	Kotak Mutual Fund-Liquid (Institutional)-Weekly Dividend	-	-	8,007,448.978	802.47	6,827,220.445	684.22	1,180,228.532	118.25
10	Principal Mutual Fund-Principal Cash Management Fund Liquid Option-Institutional Plan-Dividend Reinvestment-Weekly	-	-	7,004,668.218	700.00	7,004,668.218	700.00	-	-
11	Birla Sun Life Mutual Fund-Birla Cash Plus Institutional-Daily Dividend-Reinvestment	-	-	1,854,500.375	200.33	-	-	1,854,500.375	200.33
	TOTAL LIQUID FUNDS	-	-		8,720.58		7,071.78		1,648.80
	TOTAL	-	-		11,729.13		7,721.78		4,007.35



Schedules

Forming part of the Balance Sheet (Consolidated)

SCHEDULE 'H' : Current Assets, Loans and Advances

Current Year
Rs lakhs

1) Current Assets :		
<i>(As certified by the Management)</i>		
Inventories (At Cost)		
(a) Stock of Consumables and Printed Materials	84.11	
(b) Stock in Trade :		
(i) Raw and Packing Materials.....	1,264.71	
(ii) Finished Goods.....	1,469.77	
(iii) Work in Progress.....	192.38	
	3,010.97	3,010.97
Sundry Debtors		
<i>Unsecured</i>		
(a) Debts outstanding for more than Six months		
Considered Good.....	424.46	
Considered Doubtful.....	31.13	
	455.59	
Less : Provision for Doubtful Debts		31.13
	424.46	
(b) Other Debts :		
Considered Good.....	6,982.20	
	7,406.66	7,406.66
Cash and Bank Balances		
(a) Cash on hand.....	8.07	
(b) Balances with Scheduled Banks :		
(i) In Current Accounts.....	1,065.22	
(including Equity Shares Application Money		
of Rs 50.92 Lakhs.)		
(ii) In Fixed Deposit Accounts.....	1,746.14	
(iii) In Margin Accounts.....	39.03	
	2,858.46	2,858.46
(Refer Note No. 11 of Schedule 'O')		
2) Loans and Advances :		
<i>(Unsecured, Considered Good)</i>		
(a) Advances recoverable in cash or in kind		
or for value to be received.....	1,160.88	
(b) Advance Income Tax (Net).....	-	
(c) Balance in Excise Accounts.....	93.05	
(d) Inter Corporate Deposit.....	200.00	
	1,453.93	1,453.93
(Refer Note No. 11 of Schedule 'O')		
TOTAL..	14,730.02	14,730.02



Schedules

Forming part of the Balance Sheet (Consolidated)

SCHEDULE 'I' : Current Liabilities and Provisions

Current Year
Rs lakhs

1) Current Liabilities :		
(a) Sundry Creditors	3,418.85	
(b) Unclaimed Dividend *	4.97	
(c) Interest accrued but not due on loans	19.37	
(d) Equity share application money refundable	50.92	
(e) Other Liabilities	197.36	
		3,691.47
* Liability towards Investor Education and Protection Fund - Not due		
2) Provisions :		
(a) Provision for Bonus	44.27	
(b) Provision for Income Tax (Net)	31.49	
(c) Proposed Dividend	591.09	
(d) Dividend Tax	82.90	
(e) Provision for Leave Encashment	108.38	
		858.13
TOTAL		4,549.60

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

Deferred Revenue Expenses :	
As per last Balance Sheet	36.78
Add : Additions during the year	212.36
Less : Amortised during the year	109.06
TOTAL	140.08



Schedules

Forming part of the Profit and Loss Account (Consolidated)

SCHEDULE 'K' : Other Income

	<i>Current Year Rs lakhs</i>
1) Dividend Received	45.19
2) Interest Received *	161.24
3) Profit on Sale of Fixed Assets	20.64
4) Exchange Gain	65.99
5) Export Incentives	146.75
6) Sales Tax Refund	10.07
7) Sundry Balances Written Back	3.82
8) Profit on Sale of Investments	3.25
9) Sundry Receipts	23.71
TOTAL	480.66

*Refer Note No.6 of Schedule 'O'

SCHEDULE 'L' : Materials

1) Cost of Materials Consumed :		
Opening Stock	849.65	
Add : Purchases	6,804.91	
Less : Closing Stock	1,264.71	
	<u>6,389.85</u>	6,389.85
2) Purchase of Finished Goods		1,845.24
3) Excise Duty		120.22
4) (Increase)/Decrease in Stock of Finished Goods and WIP :		
(a) Opening Stock	1,411.32	
(b) Closing Stock	1,662.15	
	<u>(250.83)</u>	(250.83)
TOTAL		8,104.48



Schedules

Forming part of the Profit and Loss Account (Consolidated)

SCHEDULE 'M' : Expenses

	<i>Current Year Rs lakhs</i>
1) Consumable Stores.....	66.50
2) Job Work Charges.....	412.38
3) Power and Fuel.....	417.28
4) Rent, Rates, Taxes.....	113.28
5) Insurance.....	41.36
6) Repairs :	
(a) Buildings.....	28.25
(b) Plant and Machinery.....	58.31
(c) Others	88.40
	174.96
7) Personnel :	
(a) Salaries, Wages and Bonus	1,848.84
(b) Contributions to Provident and Other Funds	229.10
(c) Staff Welfare Expenses	56.38
	2,134.32
8) Packing and Delivery Expenses.....	540.85
9) Research & Development Expenses.....	184.31
10) Analytical Expenses	83.83
11) Turnover and Additional Tax	12.19
12) Advertising and Sales Promotion Expenses.....	835.85
13) Commission and Incentives on Sales.....	427.98
14) Travelling, Conveyance and Motor Car Expenses	1,190.11
15) Legal and Professional Fees.....	51.03
16) Directors' Sitting Fees	1.12
17) Postage, Telephone and Telex Expenses.....	81.90
18) Printing and Stationery Expenses.....	108.61
19) Payments to Auditors :	
(a) Audit Fees	1.50
(b) Tax Audit Fees	0.30
(c) Other Services	0.06
	1.86
20) Loss on Sale of Investments	1.21
21) Loss on Sale of Assets	-
22) Miscellaneous Expenditure Written Off*	109.05
23) Other Expenses	326.65
TOTAL	7,316.63

* Refer Note No. 20 of Schedule 'O'

SCHEDULE 'N' : Financial Charges

1) Interest on Fixed Loans from Banks	34.32
2) Interest on Other Facilities from Banks	64.63
3) Other Financial Charges	171.76
4) Interest on Other Unsecured Loans	104.45
TOTAL	375.16



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

SCHEDULE 'O' :

1) Significant Accounting Policies :

(a) Basis of preparation of financial statements –

- (i) The Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act, 1956. The accounts of the Parent Company and an Indian Subsidiary and Foreign Subsidiary have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, except in case of a Subsidiary located in Netherlands whose accounts have been prepared in accordance with the local laws and the applicable Accounting Standards/generally accepted accounting practices.
- (ii) The Financial Statements of the Subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Parent Company, namely June 30, 2005.

(b) Principles of Consolidation –

- (i) The Financial Statements of the Parent Company and its Subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and the unrealised profits/losses.
- (ii) The Financial Statements of the Parent Company and its Subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

(c) Fixed Assets, Depreciation and Amortisation –

- (i) Fixed Assets are stated at cost net of cenvat. Pre-operative expenses including trial-run expenses are capitalised. Interest on borrowings till commencement of commercial production attributable to fixed assets are capitalised.
- (ii) Depreciation on Fixed Assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on all assets except residential and office premises in Mumbai and assets at Goa factories which are depreciated on the Straight Line Method.
- (iii) Trademarks are recorded at their acquisition cost and amortised on the Straight-Line-Method over their estimated economic life of ten years.

(d) Investments –

Long Term Investments are stated at cost less provision, if any, for permanent diminution in the value of such investment.

(e) Foreign Subsidiaries –

In case of Foreign Subsidiaries, the local accounts are maintained in local and functional currency. The Financial Statements of such Foreign Subsidiaries, which are integral foreign operations for the Parent Company, have been translated to Indian Rupees on the following basis-

- (i) All income and expenses are translated at the applicable closing rate of exchange prevailing at the end of the financial year.
- (ii) Monetary assets and liabilities are translated at the closing rate on the Balance Sheet date.
- (iii) Non-monetary assets and liabilities are translated at historical rates.

(f) Inventories –

- (i) Raw materials and Packing materials are valued at cost.
- (ii) Goods-in-process are valued at cost including related overheads.
- (ii) Finished goods are valued at cost or market value whichever is lower.

(g) Basis of Accounting –

The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

(h) Foreign Currency Transactions –

The transactions in Foreign Exchange relating to Investments, Current Assets and Current Liabilities are accounted at exchange rate prevailing on the date of the transaction. Exchange fluctuations on settlement are charged to Profit and Loss Account. Year end balances are translated at closing rates and gains and losses thereon are charged to Profit and Loss Account. Exchange differences on settlement of transactions on fixed assets are included in cost of the Assets.

In respect of the transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the Contract, except in case of liabilities incurred for acquiring fixed assets.



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

- (i) Sales –
Sales are accounted inclusive of excise duty but are net of discounts and sales tax.
- (j) Excise Duty –
Excise Duty is accounted for as and when paid on the clearance of the goods from bonded premises. Provision is made at year end for excise duty in respect of finished products lying in the bonded premises.
- (k) Employees' Retirement and Other Benefits –
Company's contribution to Provident, Superannuation Funds is accounted on accrual basis and charged to Profit and Loss Account. The Company also provides for unutilised leave benefits and Gratuity to its employees on actuarial valuation.
- (l) Borrowing Cost –
Borrowing Costs that are attributable to the acquisition or construction of qualifying assets prior to commencement of commercial production are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- (m) Research & Development Expenses –
Research & Development costs of revenue nature are charged to Profit and Loss Account when incurred. Expenditure of capital nature is capitalised and depreciation is provided on these assets as per the provisions of the Companies Act, 1956.
- (n) Miscellaneous Expenditure –
- The expenditure incurred on certification and approval of the plants is amortized over 3 years on the basis of estimated benefits derived in each year.
 - The expenditure incurred on registration of products in the International Market is amortized over 4 years on the basis of estimated benefits derived in each year
 - Premium on prepayment of loan is charged to the Profit and Loss Account, over the balance tenure of the loan.
 - Specific expenses in connection with developing international business are also amortised over 2 years on the basis of estimated benefits derived in each year.
 - The expenditure incurred on Corporate advertisement campaign is amortised over 3 years on the basis of estimated benefits derived in each year.
- (o) Taxes on Income –
Current tax is determined as the amount of tax payable in respect of taxable income for the period.
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 periods.
- (p) Impairment of Fixed Assets –
At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate of recoverable amount.
- 2) Contingent liabilities not provided for :
- | | <i>Current Year
Rs Lakhs</i> |
|--|----------------------------------|
| (a) Matters under dispute | |
| (i) Sales Tax..... | 8.77 |
| (ii) Excise | 31.51 |
| (iii) Income Tax | |
| – Where the Company is in appeal
(full amount has been paid under
protest) | 129.06 |
| – Where the department is in appeal | 274.30 |
| (iv) In respect of claims made against Company
not acknowledged as debts (Labour matters) | 23.14 |



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

	<i>Current Year Rs lakhs</i>	
(b) Bank Guarantees	140.57	
(c) Letters of Credit	172.63	
(d) Estimated amount of contracts remaining to be executed on Capital Account (net of advances)	2,048.90	
(e) Corporate Guarantee	200.00	
3) The consolidated financial statements present the consolidated accounts of Indoco Remedies Limited with the following Subsidiaries :		
<i>Name of Subsidiary</i>	<i>Country of Incorporation</i>	<i>Proportion of Ownership Interest</i>
(a) Indoco Healthcare Limited	India	100%
(b) Indoco Holdings Netherlands BV	Netherlands	100%
The consolidated accounts thus include the results of the aforesaid subsidiaries and there are no other body corporate/entities, where the Company holds 50% or more of the share capital or where the Company can control the composition of the Board of Directors/governing bodies of such companies/entities, where the holding may be less than 50%.		
4) Pre-operative expenses, included in Capital Work in Progress, represent the expenses incurred for projects, which are yet to be commissioned. Such pre-operative expenses pertain to plant under erection/construction at Baddi, Himachal Pradesh. <i>The details of these expenses are :</i>		
EXPENDITURE	<i>Current Year Rs lakhs</i>	
(a) Payment to and provision for employees		
(i) Salaries, Wages and Bonus	3.70	
(ii) Company's Contribution to Provident and Superannuation Fund	0.08	
(iii) Welfare Expenses	0.61	
(b) Administration Expenses		
(i) Audit Fees	0.10	
(ii) Rent and hire Charges	0.17	
(iii) Insurance Charges	0.17	
(iv) Insurance- Vehicle	0.16	
(v) Repair and Maintenance - Others	0.13	
(vi) Travelling and Conveyance	2.01	
(vii) Professional Charges	0.71	
(viii) Telephone Expenses	0.63	
(ix) Printing, Postage and Stationery	0.21	
(x) Profession Tax	0.05	
(xi) Filing Fees	0.14	
(xii) Licence Fees	3.77	
(xiii) General Expenses	0.09	
(xiv) Guest House Maintenance Expenses	0.26	
(xv) Conference Fees	0.02	
(xvi) Depreciation	0.52	
(xvii) Miscellaneous Expenses written off	0.01	
	<hr/>	
(c) Interest and Finance Charges	13.55	
	<hr/>	
	2.90	
	<hr/>	
	16.45	
Less: Income earned during project period	0.27	
	<hr/>	
Net incidental expenditure during construction pending allocation	16.19	
	<hr/> <hr/>	



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

5) Remuneration / Perquisites paid / payable to Managing / Whole-time Directors :	<i>Rs lakhs</i>	<i>Rs lakhs</i>
(a) Salary		80.40
(b) Commission		15.00
(c) Provident & Super Annuation Fund Contribution		15.59
(d) Other Perquisites		14.44
		125.43
6) Computation of Net Profit under Section 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account		3664.82
Add : (i) Loss on Sale of Fixed Assets	-	
(ii) Loss on Sale of Investments	1.21	
(iii) Depreciation	434.11	
(iv) Directors' Sitting Fees	1.12	
(v) Directors' Remuneration	125.43	561.87
		4226.69
Less : (i) Profit on Sale of Fixed Assets	20.64	
(ii) Depreciation u/s 350	434.11	
(iii) Profit on Sale of Investment	3.25	458.00
Net Profit		3768.69
(b) Commission Payable to the Managing Director		15.00
7) Research & Development expenses include salary & wages, chemicals/materials consumed, electricity, travel, repairs, insurance premium and similar such expenses.		
8) (a) Sales include job work income of Rs 2.12 lakhs		
(b) Tax deducted at source consists of :		
(i) Rs 0.08 Lakhs on account of Rent received		
(ii) Rs 0.07 Lakhs on account of Job Work charges		
(iii) Rs 23.84 Lakhs on account of Interest received		
9) Tax Provisions :		
The tax year for the Company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the 9 months ended March 31, 2005 and the provision based on the figures for the remaining 3 months upto June 30, 2005, the ultimate Tax Liability of which will be determined on the basis of figures for the period April 01, 2005 to March 31, 2006.		
10) The Company's exclusive business is manufacturing and selling of pharmaceutical products comprising of bulk drugs and formulations and therefore it is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India. Although the Company caters to the needs of export markets, the export turnover is not significant in the context of total turnover. As such there is no reportable geographical segment.		
11) Earnings Per Share (EPS) :	<i>Current Year</i>	
(a) Profit After Tax (Rs lakhs)		2,504.26
(b) Weighted Average Number of Ordinary Shares for Basic EPS		10,201,611
(c) Effect of Potential Ordinary Shares		-
(d) Weighted Average Number of Ordinary Shares for Diluted EPS		10,201,611
(e) Earnings Per Share (Face Value Rs10/- Per Share)		
(i) Basic (a/b)		24.55
(ii) Diluted (a/d)		24.55



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

12) The Company issued 3,001,714 Equity Shares of Rs 10/- each at a premium of Rs 235/- per share during the year. The Public Issue Expenses of Rs 459.76 arising out of the same have been adjusted from the Share Premium Account.

13) Un-utilised monies as on June 30, 2005 out of the proceeds from the issue of equity shares is invested as :

<i>Particulars</i>	<i>Current Year Rs Lakhs</i>
(a) In Current Account	14.00
(b) In Fixed Deposit Account	550.00
(c) In Mutual Funds	3,357.02
(d) In ICD's	200.00
Total	4,121.02

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

A. RELATIONSHIPS :

(i) Shareholders of the Company :

(a) SPA Pharmaceuticals Private Limited (b) Shanteri Investments Private Limited

(ii) Other Parties :

(a) AK Services (b) Indoco Capital Markets Limited
(c) Indoco Global Markets Pvt Ltd

(iii) Directors and their Relatives :

Mr Suresh G Kare, Mr SY Rege, Mr PK Kakodkar, Mr DN Mungale, Mr DM Sukthankar, Dr MR Narvekar, Mr DM Gavaskar, Mr Sundeep V Bambolkar, Mr FX Coutinho, Ms Aditi Kare Panandikar, Ms Aruna S Kare, Ms Madhura A Ramani, Dr Anup P Ramani, Dr Shantaram Panandikar, Ms Ivy Coutinho, Ms Neeta S Bambolkar.

B. TRANSACTIONS WITH THE RELATED PARTIES :

(i) Details relating to parties referred to in items A(i) and A(ii) above -

<i>Nature of Transaction</i>	<i>Shareholders of the Company A (i)</i>	<i>Other Parties A (ii)</i>
	<i>Current Year Rs lakhs</i>	<i>Current Year Rs lakhs</i>
Sale of Goods and Services	1.82	-
Purchase of Goods and Services	510.24	32.98
Loans given	-	-
Commission (Expenses)	-	46.62
Balance as at year end : Credit	73.42	92.87

(ii) Details relating to persons referred to in item A(iii) above -

<i>Nature of Transaction</i>	<i>Current Year Rs lakhs</i>
Remuneration	125.43
Rendering of Services	15.41
Directors' Sitting Fees	1.12
Balance as at year end : Credit	0.78



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

15) Capacities and Production* :

		Current Year	
Unit		Installed Capacity Per annum	Actual Production
Liquid Orals	KL	2,800	1,676.34
Tablets	Million	2,480	1,485.62
Sweetner Tablets	Million	1,200	804.86
Capsules	Million	–	20.05
Injectibles and Eye Preparations	KL	220	151.78
Ointments and Lotions	Tonnes	150	193.66
Toothpaste and Mouth Gel	Tonnes	400	501.54

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

16) Sales and Purchases in respect of each class of Finished Goods :

		Sales		Purchases	
Unit		Current Year		Current Year	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid Orals	KL	1,988.96	4,431.16	258.07	152.26
Tablets	Million	1,544.72	10,279.62	89.94	626.18
Sweetner Tablets	Million	804.86	104.09	–	–
Capsules	Million	25.69	594.18	9.92	98.78
Injectibles & Eye Preparations	KL	159.15	1,717.30	18.27	131.18
Ointments & Lotions	Tonnes	210.19	1,284.07	29.87	177.77
Toothpaste & Mouth Gel	Tonnes	544.35	2,493.30	16.93	149.10
Bulk Drugs & Others	–	–	663.10	–	509.97
			21,566.82		1,845.24

17) Stock of Finished Goods :

		As at 30th June 2005	
Unit		Qty	Value Rs lakhs
Liquid Orals	KL	217.56	311.17
Tablets	Million	111.95	679.87
Sweetner Tablets	Million	–	–
Capsules	Million	6.45	45.44
Injectibles & Eye Preparations	KL	28.08	234.93
Ointments & Lotions	Tonnes	43.85	112.39
Toothpaste & Mouth Gel	Tonnes	34.92	75.33
Bulk Drugs & Others	–	–	10.64
			1,469.77



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

18) Consumption of Materials :

	Current Year	
	Qty Tonnes	Value Rs lakhs
(a) Raw Materials – Azithromycin, Cefadroxyl, Gliclazide, Methycobalamine, Metformin Hydro, Ibuprofen, Paracetamol, Ofloxacin, Sugar etc.	1602.12	3871.35
(b) Packing Materials – Aluminium Foils, Tubes, Glass Bottles, Cartons, Labels, PVC Films, PP Caps, Plastic Containers, Boxes, Shippers etc.	–	2518.51
Total		<u>6389.86</u>

19) Imported and Indigenous Materials Consumed :

	Current Year	
	Value Rs lakhs	Percentage
(a) Raw and Packing Materials –		
(i) Imported	232.94	3.65
(ii) Indigenous	6156.92	96.35
Total	<u>6389.86</u>	<u>100.00</u>
(b) Stores and Spares consumed Indigenous	<u>66.50</u>	<u>100.00</u>

	Current Year
	Rs lakhs
20) Earnings in Foreign Currency (FOB value)	2748.37
21) Expenditure in Foreign Currency :	
(a) On Travel and Export Promotion	113.97
(b) On Interest on Foreign Currency Loan	73.04
(c) Others	3.18
22) Value of Imports CIF Basis	
(a) Trading	31.24
(b) Raw Materials	210.06
(c) Capital Goods	<u>335.93</u>



Notes Forming Part of the Consolidated Financial Statements for the year ended June 30, 2005.

23) The list of small scale undertakings to whom amount is outstanding for more than 30 days is as follows :

Anuchem, Amijal Chemicals, Anupam Traders, Autocal, Amco Services, Akshay Engineering Works, Anand Enterprises, Aarti Pharma, Apex Drugs & Intermediate Ltd., A.H. Enterprises, Amishi Drugs & Chemicals, Ashco Industries Ltd., Biomerieux India P Ltd, Brajesh Packaging Pvt. Ltd., Barcom Solutions (MUMB) Pvt. Ltd, Bhansali Packwell, Chintamani Plastics, Enar Chemie Pvt. Ltd., Epitome Technologies Pvt. Ltd., Florale (I) Pvt. Ltd., Glamour Packaging Industries, Greeneearth Engineers & Consultants, Harsiddh Industries, Incorp, Ishit Enterprises, J. B. Khokani & Company, Jaineket Enterprises, Jayana Industries, Laxmi Packaging Industries, Kalapi Printing Press, Kitten Enterprises Pvt. Ltd., Kaeyur Foils, K. R. Bedmutha & Techno Associates, Lanz Labs, MDS Automation, MSD Enterprise, Meena Enterprises, Neeraj Spotlab, Navnidh Pharma Labs, Puja Engineering, PBS Electronics, Popawala & Co., Pressure Tags (India), Rukmini Pack Print, Ronak Flavour & Fragrances, Shroff Enterprises, Suprem Pharmaceuticals, Smart Systems, Satyam Industries, S. S. Enterprises, Sangeeta Poly Pack Pvt. Ltd., S. S. Pharmachem, Sainath Engineering Enterprises, Salgaonkar Sanchar, Salicylate and Chemicals Pvt. Ltd., Salpra Pharmaceuticals & Chem, Sangat Packaging Industries, Sudeep Pharma Ltd., Sunil Chemicals, Thermolab Scientific Equipments Pvt. Ltd., Techno Search Instruments, Tropical Nortec, Toshniwal Instruments Mfg. Pvt. Ltd., Thomas Baker Pvt. Ltd., Theta Controls, TSA Process Equipments, Unicorn Petroleum Ind Pvt. Ltd., Uday Multiprint, Vijay Kumar Dharamdas Co., Ven-Petro Chem & Pharma Pvt. Ltd., Vilam Exports Pvt. Ltd., Vasundhara Rasayans Ltd., Vital Flavours & Fragrances, Waxoils Pvt. Ltd.,

These outstandings are in the normal course of business.

The above information has been compiled in respect of parties to the extent to which they could be identified as small scale and ancillary undertakings on the basis of information available with the Company.

- 24) The miscellaneous expenditure to the extent not written off includes Rs 32.13 lakhs on account of plant certification, Rs 43.74 lakhs on product registration, Rs. 29.50 lakhs on specific export related expenses and Rs 34.72 lakhs on account of Corporate advertisement campaign.
- 25) The year under review being the first year of adoption of Accounting Standard 21, figures for the previous year have not been presented.



Consolidated Statement Pursuant to Part IV to the Companies Act, 1956

26) Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –	
Registration No.....	5913
State Code.....	11
Balance Sheet Date	30-06-2005
(II) Capital raised during the year (<i>Amount in Rs Lakhs</i>) –	
Public Issue.....	300
Rights Issue.....	–
Bonus Issue.....	–
(III) Position of Mobilisation and Deployment of Funds (<i>Amount in Rs Lakhs</i>) –	
Total Liabilities.....	23,942
Total Assets.....	23,942
<i>Sources of Funds –</i>	
Paid-up Capital.....	1,182
Reserves & Surplus.....	16,349
Secured Loans.....	3,037
Unsecured Loans.....	2,398
Deferred Tax Liability.....	976
<i>Application of Funds –</i>	
Net Fixed Assets	9,614
Investments	4,008
Net Current Assets	10,180
Miscellaneous Expenditure	140
Accumulated Losses	–
(IV) Performance of Company (<i>Amount in Rs Lakhs</i>) –	
Total Income	19,895
Total Expenditure	16,230
Profit Before Tax	3,665
Profit After Tax.....	2,504
Earning per share in Rs.	24.55
Dividend @%	50
(V) Generic Names of Three Principal Products/Services of the Company (<i>as per monetary terms</i>) –	
Item Code No (ITC Code)	300490
Product Description	CYCLOPAM TABLET
Item Code No (ITC Code)	300440
Product Description	TUSPEL PLUS SYRUP
Item Code No (ITC Code)	300391
Product Description.....	FEBREX PLUS SYRUP

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Arun P Shenoy
Company Secretary

Mumbai : July 23, 2005

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar
PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



Consolidated Cash Flow Statement for the year ended 30th June, 2005

	<i>Current Year Rs Lakhs</i>
A) Cash Flow from Operating Activities :	
Net Profit before tax and extraordinary items	3,664.80
Adjustments for :	
a) Depreciation	434.11
b) Profit on Sale of Fixed Assets	(20.64)
c) Profit on Sale of Investment	(3.25)
d) Loss on Sale of Investments	1.21
e) Deferred Expenses written off	109.07
f) Deferred Expenses paid during the year	(212.36)
g) Debit Balance written back	3.82
h) Interest Income	(161.24)
i) Dividend received on Investments	(45.19)
j) Exchange Gain	(65.99)
k) Exchange Loss	62.39
l) Interest Expense	312.77
	<u>414.70</u>
Operating Profit before Working Capital Change	4,079.50
Adjustments for :	
a) Trade and Other Receivables	(2,834.25)
b) Inventories	(690.03)
c) Trade Payables and Other Liabilities	918.64
	<u>(2,605.64)</u>
Cash generated from Operations	1,473.86
Tax paid	(862.60)
Net Cash generated from Operating Activities (A)....	<u>611.26</u>
B) Cash generated from Investing Activities :	
a) Purchases of Fixed Assets (incl. CWIP)	(5,215.21)
b) Sale of Fixed Assets	53.59
c) Purchases of Investments	(11,729.13)
d) Sale of Investments	7,724.05
e) Interest Received	161.24
f) Dividend received on Investments	45.19
	<u>(8,960.27)</u>
Net Cash used in Investing Activities (B)	<u>(8,960.27)</u>
C) Cash flow from Financing Activities :	
a) Interest Paid	(312.77)
b) Exchange Gain	65.99
c) Exchange Loss	(62.39)
d) Public Issue Expenses	(459.76)
e) Proceeds from CC/WCDL Demand Loans	498.00
f) Proceeds from Short Term borrowings	457.27



Consolidated Cash Flow Statement for the year ended 30th June, 2005 (Contd.)

	<i>Current Year Rs lakhs</i>
g) Proceeds from Overdraft Facility	1,073.31
h) Repayment of Term borrowings	(251.73)
i) Proceeds form Issue of Equity Shares	300.17
j) Proceeds form Share Premium on Issue of Equity Shares	7,054.03
k) Proceeds from Term borrowings	<u>1,088.00</u>
Net Cash generated from Financing Activities(C)....	9,450.12
Net Increase in Cash or Cash equivalents ... (A + B + C)	<u>1,101.11</u>
Cash and Cash equivalents - Closing Balance	2,858.46
Cash and Cash equivalents - Opening Balance	1,757.35

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Mumbai : July 23, 2005

Arun P Shenoy
Company Secretary

Suresh G Kare
Chairman & Mg. Director

DN Mungale
Dr MR Narvekar

PK Kakodkar
DM Sukthankar
DM Gavaskar
Directors

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 23, 2005



INDOCO HEALTHCARE LIMITED

Formerly Indoco Pharmaceuticals Limited

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 7th Annual Report of the Company and the statement of accounts for the year ended June 30, 2005.

FINANCIAL HIGHLIGHTS :

During the year, the Company has received Rs 416 Lakhs from its parent Company M/s Indoco Remedies Limited on account of equity subscription and Rs 623.50 Lakhs as an unsecured loan for the project.

During the year 2004-05, the Company has incurred following expenditure:-

	(Rs lakhs)
A) Fixed Assets	117.67
B) Construction Work In Progress	517.98
C) Incidental Expenditure during construction	16.18
D) Advances to Contractors and Suppliers	419.16
Total	1070.99

DEVELOPMENTS :

During the year under review, the Company has allotted 41,60,000 equity shares of Rs 10/- each at par to its parent Company M/s Indoco Remedies Ltd.

At an Extraordinary General Meeting held on July 23, 2004 a resolution was passed for changing the name of the Company from Indoco Pharmaceuticals Ltd to Indoco Healthcare Ltd. The amended Certificate of Incorporation has been issued by ROC, Maharashtra on August 19, 2004.

STATUS OF THE PROJECT :

The manufacturing facility of tablet, ointment and toothpaste at Baddi, Himachal Pradesh is being constructed as per the guidelines of UK-MHRA, South African MCC and WHO at an estimated cost of Rs 2,579 lakhs and the same is being funded partly by equity and loan. The said facility is expected to be commercialised by October 2005.

DIVIDEND :

Since your Company has not yet commenced commercial operations, the Board of Directors do not recommend any dividend for the year.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Mr Suresh G Kare and Mr FX Coutinho retire by rotation as Directors of the Company and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions contained in Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under :

- 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 the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give true and fair view of state of affairs of the Company at the end of the Financial Year.
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts have been prepared on a 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules 1988 are not applicable to your Company, hence not provided.

EMPLOYEES :

As per the requirements of the project, personnel at various positions were employed during the year. The Company has no employee whose remuneration is more than the limit specified in Section 217(2A) of the Companies Act, 1956.

AUDITORS :

The Auditors, M/s DS Mahambre & Co., retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Company has received a letter from M/s DS Mahambre & Co. pursuant to section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment.

ACKNOWLEDGEMENTS :

The Directors acknowledge with gratitude the co-operation and assistance provided by the Company's Bankers, Government authorities, Suppliers and Indoco Remedies Limited for their continued and valuable support. The Directors also wish to place on record their appreciation for the dedicated services of all staff of the Company during the year.

On behalf of the Board of Directors

Place : Mumbai
Date : July 15, 2005

SURESH G KARE
Director



AUDITORS' REPORT

To
The Members of
INDOCO HEALTHCARE LIMITED.

1. We have audited the attached Balance Sheet and the Cash Flow Statement of INDOCO HEALTHCARE LIMITED for the year ending June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit, also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. On the basis of written representations received from the directors, as on 30th June, 2005, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th June, 2005 from being appointed as director in terms of clause (g) of the sub section (1) of Section 274 of the Companies Act, 1956.
5. Further to our comments in the annexure referred to in Paragraph 3 above :
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - 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 dealt with by this report is in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and the Cash Flow Statement dealt with this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 except that Income Tax and Fringe Benefit Tax provided has been directly reduced from General Reserve.
 - e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of Company's affairs as at 30th June, 2005
 - ii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For DS MAHAMBRE & CO.
Chartered Accountants

Place : Mumbai
Date : July 15, 2005.

DS Mahambre
Proprietor
M No 37106

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date)

1. The Company is a manufacturing Company. The Company has no fixed assets. Hence, the question of verification of fixed assets does not arise.
2. The Company's nature of operations does not require it to hold inventories. Accordingly, Clause 4(ii) of the Order is not applicable.
3. In our opinion, the Company has taken a loan of Rs 623.50 lakhs from its holding Company and prima facie the terms and conditions of this loan are not prejudicial to the interest of the Company. The principal amount is not due for payment, as per the terms of the loan.

4. The Company has not given any loans or advances to companies, firms or other parties listed in the register maintained under Sec. 301 and /or companies under the same management as defined under Sec. 370 (1-B) of Companies Act during the period.
5. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of fixed assets. The activities of the Company do not involve purchase of inventory and the sale of goods during the year under audit.
6. The Company has not given any loans or advances in the nature of loans.
7. In our opinion, and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of Section 301 of the Act have been entered, and the transactions have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.
8. Directives issued by the Reserve Bank of India and the Provisions of Section 58 A of the Companies Act, 1956 and Rules framed thereunder are not applicable as the Company has not accepted deposits.
9. In our opinion, the internal audit system of the Company, is commensurate with its size and nature of business .
10. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the Company.
11. The Company does not own any Shares and Securities .
12. According to the records of the Company and also based on Management representations, undisputed statutory dues payable in respect of provident fund, income tax, wealth tax, sales tax, customs duty and excise duty have generally been regularly deposited, by the Company during the year with the appropriate authorities in India.
13. According to the records of the Company and as per explanation given to us, the Company is not liable under Employees' State Insurance Act.
14. The Company does not have accumulated losses as at 30th June, 2005, but it has incurred a cash loss of Rs 40,001 during the period ended 30th June, 2004.
15. The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
16. According to the records of the Company, it has neither taken any loans from a financial institution and a bank nor issued any debentures. Accordingly, clause 4(xi) of the Order is not applicable.
17. In our opinion, considering the nature of activities carried out by the Company during the year, the provisions of any special statute applicable to a chit fund, nidhi or mutual benefit society are not applicable.
18. The Company has not obtained any term loans. Accordingly, clause 4(xv) of the Order is not applicable.
19. According to the information and explanations given to us, the Company has not raised any funds on short term basis.
20. The Company has not given guarantee for loans or other facilities taken by another company.
21. The Company has made a preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. According to the explanations and information given to us, the terms of the preferential issue are not prima facie prejudicial to the interest of the Company.
22. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
23. The Company has not raised any money by public issue during the year. Accordingly, clause 4(xx) of the Order is not applicable.
24. As per the information and explanations given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the year.

For DS MAHAMBRE & CO.
Chartered Accountants

Place : Mumbai
Date : July 15, 2005

DS Mahambre
Proprietor
M. No. 37106


BALANCE SHEET
As at 30th June, 2005

	Schedule	Current Year Rupees	Previous Year Rupees
1 SOURCES OF FUNDS			
Shareholders' Funds :			
a) Share Capital	A	49,000,000	7,400,000
b) Reserves and Surplus	B	569,974	594,005
TOTAL		49,569,974	7,994,005
2 LOAN FUNDS :			
Unsecured Loan from Indoco Remedies Ltd.		62,350,000	–
TOTAL		111,919,974	7,994,005
APPLICATION OF FUNDS			
3 Fixed Assets (at cost)	C		
a) Gross Block		11,767,398	–
Less : Depreciation		52,499	–
Net Block		11,714,899	–
b) Capital Work in Progress (including advance against capital expenditure)		95,332,543	7,338,000
		107,047,442	7,338,000
4 Current Assets, Loans & Advances	D		
a) Cash and Bank Balances		4,187,013	501,648
b) Loans and Advances		1,607,320	464,995
		5,794,333	966,643
Less : Current Liabilities & Provisions	E	925,555	315,760
Net Current Assets		4,868,778	650,883
5 Miscellaneous Expenditure (to the extent not written off or adjusted)		3,754	5,122
TOTAL		111,919,974	7,994,005

Schedules "A" to "E" and Notes to Accounts in Schedule "F" form an integral part of the Balance Sheet

As per our report of even date attached For and on behalf of the Board
 For DS MAHAMBRE & CO. Suresh G Kare Director
 Chartered Accountants FX Coutinho Director
 DS Mahambre Sundeep V Bambolkar Director
 Proprietor Aditi Kare Panandikar Director
 M. No. 37106
 Place : Mumbai
 Date : July 15, 2005

SCHEDULE 'A' SHARE CAPITAL	Current Year Rupees	Previous Year Rupees
Authorised :		
5,000,000 Equity Shares of Rs 10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid up :		
4,900,000 (Previous Year 740,000) Equity Share of Rs 10/- each	49,000,000	7,400,000
(100% equity shares are held by parent company M/s Indoco Remedies Limited and it's nominees)		
Out of the above 9,900 Equity Shares were issued as Bonus Shares by capitalising an equivalent amount from Profit & Loss Account		

**STATEMENT OF INCIDENTAL EXPENDITURE
 DURING CONSTRUCTION
 For The Year Ended 30th June, 2005**

EXPENDITURE	Rs
Payment to and provision for employees	
Salaries, Wages and Bonus	370,200
Company's Contribution to Provident	8,071
Welfare Expenses	60,517
Administration Expenses	
Audit Fees	10,000
Rent and hire charges	17,000
Insurance Charges	16,865
Insurance- Vehicle	16,120
Repair and maintenance - Others	13,369
Travelling and conveyance	201,255
Professional charges	70,760
Telephone Expenses	63,428
Printing, postage and stationery	20,500
Profession Tax	5,325
Filing Fees	13,650
Licence Fees	377,185
General Expenses	9,478
Guest House Maintenance expenses	26,019
Conference Fees	1,500
Depreciation	52,499
Miscellaneous expenses written off	1,368
	1,355,109
Interest and finance charges	290,374
	1,645,483
Less: Income earned during project period	26,893
Net incidental expenditure during construction pending allocation	1,618,590

SCHEDULE 'B' RESERVES AND SURPLUS	Current Year Rupees	Previous Year Rupees
Profit & Loss Account		
Balance as per last Balance Sheet	594,005	635,714
Less : Loss for the year	–	41,709
	594,005	594,005
Less : Provision for Income Tax	9,052	–
Fringe Benefit Tax	14,979	–
	569,974	594,005



SCHEDULE 'C'	Gross Block			Depreciation		Net Block
	Opening Balance as on 1st July 2004 Rs	Additions during the Year Rs	As at 30th June 2005 Rs	Additions during the Year Rs	As at 30th June 2005 Rs	As at 30th June 2005 Rs
1 Fixed Assets (at Cost)						
<i>Description</i>						
a) Land	–	11,233,000	11,233,000	–	–	11,233,000
b) Computers	–	56,915	56,915	13,269	13,269	43,646
c) Furniture & Fixture	–	10,344	10,344	2,946	2,946	7,398
d) Office Equipment	–	22,614	22,614	1,098	1,098	21,516
e) Vehicle	–	444,525	444,525	35,186	35,186	409,339
	–	11,767,398	11,767,398	52,499	52,499	11,714,899
2 Capital Work In Progress				Current Year	Previous Year	
				Rs	Rs	
a) Construction Work In Progress				51,798,253	7,338,000	
b) Incidental expenditure during construction as per the statement of Expenditure attached				1,618,590	–	
c) Advances to Contractors and Suppliers				41,915,700	–	
				95,332,543	7,338,000	

SCHEDULE 'D'	Current Year	Previous Year
CURRENT ASSETS, LOANS AND ADVANCES	Rupees	Rupees
1 Cash and Bank Balances		
a) Cash in hand	33,949	1,094
b) Balance with scheduled Banks		
i) In Current Account	1,928,064	500,554
ii) In Fixed Deposit Account	225,000	–
iii) In Margin Accounts	2,000,000	–
TOTAL	4,187,013	501,648
2 Loans and Advances		
Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	1,089,205	–
Deposits	518,115	–
Other Advances	–	464,995
TOTAL	1,607,320	464,995

SCHEDULE 'E'	Current Year	Previous Year
CURRENT LIABILITIES AND PROVISIONS	Rupees	Rupees
Sundry Creditors for Capital Goods	206,266	–
Sundry Creditors for Expenses	220,614	–
Provision for Tax (Net)	6,378	–
Outstanding Liability	299,762	–
Other liabilities	192,535	315,760
TOTAL	925,555	315,760

SCHEDULE 'F' :

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005.

1) Significant Accounting Policies

(a) Basis of preparation of financial statements :

- The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act, 1956.
- Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- Since the Company has not commenced commercial operations upto June 30, 2005, a statement of Profit and

Loss Account has not been prepared. Information required to be furnished by the Company in accordance with Part II of Schedule VI of the Companies Act, 1956 has been disclosed in Schedule C of these financial statements as incidental expenditure during construction, under the head Construction Work In Progress.

(b) Fixed Assets :

Fixed assets are stated at cost of acquisition less accumulated depreciation. All costs related to acquisition and installation of fixed assets are capitalised.

(c) Depreciation :

Depreciation on Fixed Assets is provided on the Written Down Value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

2) Contingent Liabilities not provided for :

- | | (Rs lakhs) | |
|---|---------------|---------------|
| | Current Year | Previous Year |
| a) Estimated amount of contracts remaining to be executed on Capital Account (net of advances) | 1,237.66 | 51.50 |
| b) Letters of Credit Outstanding | 53.89 | – |
| 3) Outstanding dues owed by the Company to small scale undertakings : Nil | | |
| 4) Since there are no items generating timing difference for Taxation between taxable income and accounting income, disclosure on deferred taxation is not applicable. | | |
| 5) Related Party Disclosure as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India. | | |
| a) Related Party : | | |
| Holding Company - Indoco Remedies Limited. | | |
| b) Transactions/balances outstanding with Holding Company | | |
| i) Contribution towards Equity Share Capital received | Rs 41,600,000 | |
| ii) Interest paid | Rs 231,933 | |
| iii) Outstanding loan | Rs 62,350,000 | |
| 6) At an Extraordinary General Meeting held on July 23, 2004 a resolution was passed for changing the name of the Company from Indoco Pharmaceuticals Ltd. to Indoco Healthcare Ltd. The amended Certificate of Incorporation has been issued by ROC, Maharashtra on August 19, 2004. | | |
| 7) Previous year's figures have been regrouped wherever necessary to conform with those of the current year. | | |



The Companies Act (1 of 1956) SCHEDULE VI - PART IV

BALANCE SHEET ABSTRACT AND

COMPANY'S GENERAL BUSINESS PROFILE :

(I) Registration Details –	
Registration No.	116440
State Code	11
Balance Sheet Date	30-06-2005
(II) Capital raised during the year (Amount in Rs Thousands) –	
Public Issue	NIL
Rights Issue	41,600
Bonus Issue	NIL
(III) Position of Mobilisation and Deployment of Funds (Amount in Rs Thousands) –	
Total Liabilities	111,920
Total Assets	111,920
<i>Sources of Funds –</i>	
Paid-up Capital	49,000
Reserves & Surplus	570
Secured Loans	NIL
Unsecured Loans	62,350
<i>Application of Funds –</i>	
Net Fixed Assets	107,047
Investments	NIL
Net Current Assets	4,869
Miscellaneous Expenditure	4
Accumulated Losses	NIL
(IV) Performance of Company (Amount in Rs Thousands) –	
Turnover	NIL
Total Expenditure	NIL
Profits/(Loss) Before Tax	
Profit/(Loss) After Tax	
Earning per share in Rs	NIL
Dividend @%	NIL
(V) Generic Names of Three Principal Products/ Services of Company (as per monetary Terms) –	
Item Code No (ITC Code)	NA
Product Description	NA
Item Code No (ITC Code)	NA
Product Description	NA

Signatories to Schedule A to F

As per our report of even date attached For and on behalf of the Board
For DS MAHAMBRE & CO. **Suresh G Kare** Director
Chartered Accountants **FX Coutinho** Director
DS Mahambre **Sundeeep V Bambolkar** Director
Proprietor **Aditi Kare Panandikar** Director
M. No. 37106
Place : Mumbai
Date : July 15, 2005

Cash Flow Statement for the year ended 30th June, 2005

	Current Year Rs	Previous Year Rs
A Cash Flow from Operating Activities		
Net Loss before taxes	–	(41,709)
B Cash Flow From Investing Activities		
Adjustments for movement in Working Capital :		
(Increase) / Decrease in Sundry Debtors	–	394,182
(Increase) / Decrease in loans and advances	(1,142,325)	(129,120)
Increase / (Decrease) in trade and other payables	609,795	(896,163)
	(532,530)	(631,101)
Adjustments for depreciation	–	–
Adjustments for Misc. Exps. Written off	–	1,708
Direct taxes paid	–	–
Adjustments for provision for taxes	(24,031)	–
Purchase of Fixed Assets	(11,767,398)	–
Capital work in progress	(86,375,953)	(7,338,000)
Interest earned	26,893	–
Incidental expenditure during construction	(1,301,242)	–
Cash From / (Used in) Investing Activities :	(99,441,731)	(7,336,292)
C Cash Flow From Financing Activities :		
Proceeds from issue of Share Capital	41,600,000	7,300,000
Proceeds from Term Borrowing	62,350,000	–
Interest and finance charges	(290,374)	–
Cash Flow / (Used in) Financing Activities :	103,659,626	7,300,000
Net Increase / (Decrease) in cash and Cash Equivalents	3,685,365	(709,102)
Cash and Cash Equivalents as at July 1, 2004	501,648	1,210,750
Cash and Cash Equivalents as at June 30, 2005	4,187,013	501,648

As per our report of even date attached For and on behalf of the Board
For DS MAHAMBRE & CO. **Suresh G Kare** Director
Chartered Accountants **FX Coutinho** Director
DS Mahambre **Sundeeep V Bambolkar** Director
Proprietor **Aditi Kare Panandikar** Director
M. No. 37106
Place : Mumbai
Date : July 15, 2005



INDOCO HOLDINGS NETHERLANDS BV

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the first Annual Report for the financial period from April 28, 2005 to June 30, 2005.

FINANCIAL RESULTS : (Rs lakhs)
April 28, 2005 to June 30, 2005

Loss for the period
carried to Balance Sheet 8.78

ACTIVITIES :

Indoco Holdings Netherlands BV has been incorporated as a private company with limited liability in Amsterdam, The Netherlands.

The principal activities of the Company are to incorporate, to finance, to participate in, to manage and to supervise companies and other enterprises. The Company has not yet commenced its activities.

DIRECTORS :

The Company has four directors - Mr Suresh G Kare, Mr Sundee V Bambolkar, Ms Aditi Kare Panandikar and M/s Amicorp Netherlands BV

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of Financial Year and of the profit or loss of the Company for that period;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records, for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a 'going concern basis'.

EMPLOYEES :

The Company has no employees and has, therefore, not incurred expenditure on account of salaries, wages, and/or related social security charges during the period under review.

For and on behalf of the Board of Directors

Place : Mumbai
Date : July 20, 2005

SURESH G KARE
Director

AUDITORS' REPORT

To
The Board of Directors,
INDOCO HOLDINGS NETHERLANDS BV

We have audited the attached Balance Sheet of INDOCO HOLDINGS NETHERLANDS BV, a Company incorporated in the Netherlands, as at June 30, 2005 and also the Profit & Loss Account and Cash Flow Statement of the Company for the period 28th April, 2005 to 30th June, 2005 annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit and report that :

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial

statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further, we report that :

- We have obtained all the information & explanations, which to the best of our knowledge & belief were necessary for the purposes of our audit.
- The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - in the case of the Balance Sheet of the state of affairs of the Company as at 30th June, 2005;
 - in the case of Profit and Loss Account, of the loss of the Company for the period ended on that date.

and

 - in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

For PATKAR & PENDSE
Chartered Accountants

Place : Mumbai
Date : July 20, 2005.

BM Pendse
Partner
M. No. 32625

Balance Sheet

As at 30th June, 2005	Schedule	Current Year Rupees
1 SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	A	2,578,410
		2,578,410
2 LOAN FUNDS :		
Unsecured Loan from Indoco Remedies Ltd.		28,565
TOTAL		2,606,975
APPLICATION OF FUNDS		
3 Current Assets, Loans & Advances :		
Cash & Bank Balances	B	2,591,914
Less : Current Liabilities & Provisions	C	862,783
Net Current Assets		1,729,131
4 Profit and Loss Account		877,844
TOTAL		2,606,975

Schedules "A" to "C" and Notes to Accounts in Schedule "D" form an integral part of the Balance Sheet

As per our report attached
For PATKAR & PENDSE
Chartered Accountants
BM Pendse
Partner
M. No. 32625

Place : Mumbai
Date : July 20, 2005

For and on behalf of the Board
Suresh G Kare Director
Sundee V Bambolkar Director

Mumbai
July 20, 2005



Profit & Loss Account For The Period April 28, 2005 to June 30, 2005

EXPENDITURE	<i>For the Period April 28, 2005 to June 30, 2005 Rupees</i>
Management Fees	15,967
Accounting Fees	154,730
Legal & Professional Fees	416,225
Incorporation Expenses	255,265
Fees & Subscription	7,697
Capital Tax	12,898
Finance Charges	15,061
	<hr/>
Loss for the period carried to Balance Sheet	877,844

<i>As per our report attached For PATKAR & PENDSE Chartered Accountants BM Pendse Partner M. No. 32625 Place : Mumbai Date : July 20, 2005</i>	<i>For and on behalf of the Board Suresh G Kare Director Sundeep V Bambolkar Director Mumbai July 20, 2005</i>
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SCHEDULE A SHARE CAPITAL	<i>Current Year Rupees</i>
Authorised : 500,000 Shares of Euro 1 each	-
Issued, Subscribed & Paid up : 45,000 Shares of Euro 1 each fully paid up	2,578,410
<i>(45,000 Shares held by Indoco Remedies Ltd)</i>	
TOTAL	<hr/> 2,578,410

SCHEDULE B CURRENT ASSETS, LOANS AND ADVANCES	<i>Current Year Rupees</i>
Cash and Bank Balances	
Balance with Bank	
In Current Account	2,591,914
TOTAL	<hr/> 2,591,914

SCHEDULE C CURRENT LIABILITIES AND PROVISIONS	<i>Current Year Rupees</i>
Payable to Indoco Remedies Ltd	77,740
Sundry Creditors	304,212
Sundry Creditors for Expenses	412,788
Other Liabilities	68,043
TOTAL	<hr/> 862,783

SCHEDULE D :

Notes Forming Part of Accounts for the period ended June 30, 2005.

Significant Accounting Policies :

- Indoco Holdings Netherlands BV, with a legal seat in Amsterdam, The Netherlands, has been incorporated on April 28, 2005 as a private company with limited liability.
The principal activities are to incorporate, to finance, to participate in, to manage and to supervise companies and other enterprises.
- (a) Basis of preparation of financial statements:
 - The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, as adopted consistently by the Company and the provisions of the Companies Act, 1956

- Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- (b) Basis of Accounting:
The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.
- (c) Conversion into Indian Rupees:
For the purpose of preparation of the accounts all Income and Expense items have been translated at the applicable closing exchange rate as on the last day of the financial year.
Share Capital and Unsecured Loan are carried forward at the rate of exchange prevailing on the transaction date.
- The accounts have been prepared in accordance with the provisions of the Companies Act, 1956 and audited for purposes of attachment to the accounts of the Holding Company.
 - Corporate Tax:
Since the Company has not started business transactions and there is no profit in the current financial year no Corporate Tax provision has been made.
 - Related Party Transactions includes the following:
 - Rs 2,578,410/- paid by Indoco Remedies Ltd, the holding company, towards Share Capital.
 - Rs 28,565/- given as unsecured loan by Indoco Remedies Ltd.
 - Rs 77,740/- towards reimbursement of expenses incurred by Indoco Remedies Ltd on behalf of Indoco Holdings Netherlands B.V.
 - Rs. 412,788/- towards management, accounting and legal fees payable to M/s Amicorp Netherlands BV, one of the Directors of Indoco Holdings Netherlands BV

<i>As per our report attached For PATKAR & PENDSE Chartered Accountants BM Pendse Partner M. No. 32625 Place : Mumbai Date : July 20, 2005</i>	<i>For and on behalf of the Board Suresh G Kare Director Sundeep V Bambolkar Director Mumbai July 20, 2005</i>
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Cash Flow Statement for the period April 28, 2005 to June 30, 2005	<i>Current Year Rs</i>
A Cash Flow from Operating Activities	
Net Loss before taxes	(877,844)
Adjustments for Finance Charges	15,061
Net Cash used in Operating Activities	<hr/> (862,783)
B Cash Flow From Investing Activities	
Adjustments for movement in Working Capital :	
Increase / (Decrease) in trade and other payables	862,783
	<hr/> 862,783
C Cash Flow From Financing Activities :	
Proceeds from issue of Share Capital	2,578,410
Proceeds from Borrowing	28,565
Financial Charges	(15,061)
Cash Flow / (Used in) Financing Activities :	<hr/> 2,591,914
Net Increase / (Decrease) in Cash and Cash Equivalents	<hr/> 2,591,914
Cash and Cash Equivalents as at April 28, 2005	-
Cash and Cash Equivalents as at June 30, 2005	<hr/> 2,591,914

<i>As per our report attached For PATKAR & PENDSE Chartered Accountants BM Pendse Partner M. No. 32625 Place : Mumbai Date : July 20, 2005</i>	<i>For and on behalf of the Board Suresh G Kare Director Sundeep V Bambolkar Director Mumbai July 20, 2005</i>
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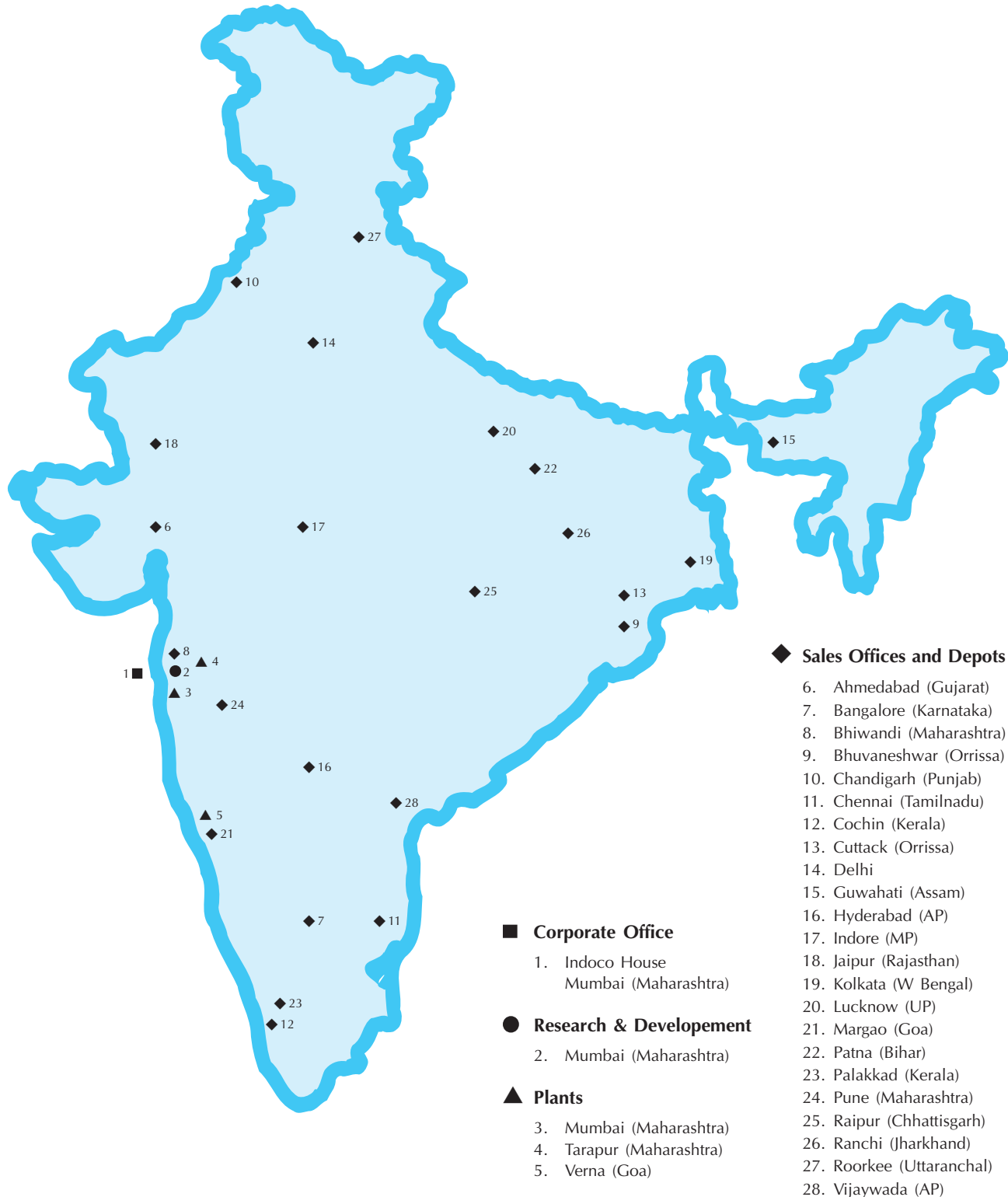


Financial Highlights

(Rs lakhs)

	2004-05	2003-04	2002-03	2001-02	2000-01
OPERATING RESULTS					
Sales and Other Income	22,058.35	18,129.01	14,862.29	13,451.88	12,948.99
Material Cost	10,267.64	8,425.62	7,080.19	7,773.85	7,646.06
Salaries , Bonus and Staff-welfare	2,134.32	1,996.04	1,735.48	1,049.60	959.30
Manufacturing, Administrative and Selling Expenses	5,173.68	4,221.56	3,648.66	2,401.59	2,143.49
Depreciation	434.11	295.79	286.67	182.39	161.06
Financial Charges	375.01	281.60	305.98	249.54	401.68
Profit before tax	3,673.59	2,908.40	1,805.31	1,794.91	1,637.40
Provision For Taxation/ Deferred Tax	1,160.57	782.34	401.14	165.00	115.00
Profit after tax	2,513.02	2,126.06	1,404.17	1,629.91	1,522.40
Retained Earnings	1,839.03	1,628.56	1,268.15	1,168.65	1,291.03
Earnings Per Share	24.63	24.10	15.92	18.48	17.26
Book Value	148.32	99.78	81.32	81.36	68.11
Debt : Equity Ratio	0.31	0.29	0.38	0.38	0.37
FINANCIAL SUMMARY					
ASSETS EMPLOYED					
Fixed Assets : Gross	10,608.59	6,510.49	6,074.18	5,298.66	3,692.63
: Net	8,543.98	4,792.95	4,635.83	4,340.11	2,916.46
Investments	4523.43	74.53	100.38	1,438.13	1,438.13
Net Current Assets	10,738.23	6,998.60	5,515.72	4,098.29	3,868.25
Miscellaneous Expenditure (to the extent not written- off)	140.09	36.78	60.22	30.90	–
Total Assets	23,945.73	11,902.86	10,312.15	9,907.43	8,222.84
FINANCED BY					
Share Capital	1,182.17	882.00	882.00	882.00	882.00
Reserves	16,352.39	7,919.10	6,290.56	6,294.03	5,125.38
Total Shareholders' Funds	17,534.56	8,801.10	7,172.56	7,176.03	6,007.38
Borrowings	5,434.84	2,570.00	2,725.17	2,731.40	2,215.46
Deferred Tax	976.33	531.76	414.42	–	–
Total Fund	23,945.73	11,902.86	10,312.15	9,907.43	8,222.84

ALL INDIA NETWORK





INDOCO REMEDIES LIMITED

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

PROXY FORM

58th Annual General Meeting – September 29, 2005

DP ID

Regd. Folio No./Client ID

No. of Shares

I/We of in the district of being a Member / Members of the Company hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to vote for me / us on my / our behalf at the **58th Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on Thursday, September 29, 2005 at 2.30 pm or at any adjournment(s) thereof.

Signed this day of 2005

Signed

Affix
Rupee 1/-
Revenue
Stamp

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



INDOCO REMEDIES LIMITED

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

ATTENDANCE SLIP

58th Annual General Meeting – September 29, 2005

DP ID

Regd. Folio No./Client ID

No. of Shares

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

I hereby record my presence at the **58th Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on Thursday, September 29, 2005 at 2.30 pm

.....
Name of the member / proxy
(in BLOCK letters)

.....
Signature of Member / Proxy

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