

Annual Report
2007-2008



Indoco Remedies Limited

A Suresh G Kare Enterprise



Indoco Remedies Limited

VISION

- To Improve the quality of life by making available products of highest quality at affordable prices.
- To ensure that quality becomes a habit a commitment that finds expression at every stage from production, testing, marketing to employee relations.
- To be research based globally known company present in all 5 continents of the world.

MISSION

- To continue to be quality driven, research based, focused pharmaceutical company.
- To adapt and assimilate CGMP (Current Good Manufacturing Practices) with strict adherence to environment safety.
- To built on the trust generated by the medical fraternity.
- To share management goals, with employees and also to celebrate corporate successes with them.
- INDOCO is a company nurtured with loving care and guidance. Deeply rooted in Indian traditional values on one hand, the company has surged ahead with professional management and a global vision on the other.

A handwritten signature in black ink, appearing to read 'Suresh Kare'.

Suresh Kare
Chairman & Managing Director

CORPORATE INFORMATION



Suresh G Kare
Chairman & Mg. Director



FX Coutinho
Director - Marketing



Sundeep V Bambolkar
Director - Finance & Operations



Aditi Kare Panandikar
Director - Business Development & HRD

Board of Directors -

Suresh G Kare, Chairman & Mg. Director

DN Mungale

DM Sukthankar

Dr MR Narvekar

DM Gavaskar

FX Coutinho

Sundeep V Bambolkar

Aditi Kare Panandikar

Rajiv P Kakodkar

Sharad P Upasani

Company Secretary -

Jagdish B Salian

Auditors -

M/s Patkar & Pendse,

Chartered Accountants, Mumbai

Registrars & Share Transfer Agents -

Intime Spectrum Registry Ltd,

Mumbai

Bankers -

The Saraswat Co-operative Bank Ltd.

State Bank of India

HDFC Bank Ltd.

Kotak Mahindra bank Ltd.

Registered Office -

**Indoco Remedies Ltd., Indoco House,
166 CST Road, Kalina, Santacruz (E),**

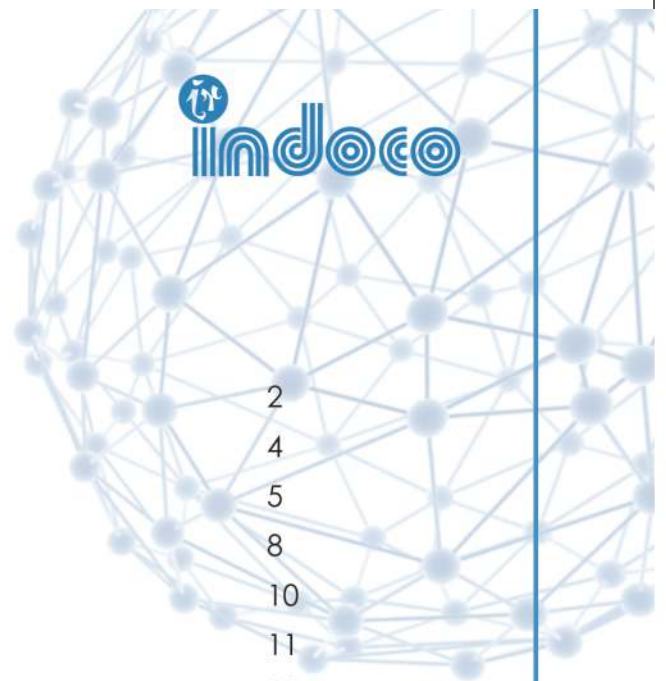
Mumbai - 400 098.

Tel: +91- 22- 2654 1851- 55

Fax: +91- 22- 66936241

Website: www.indoco.com

Chairman's Note	2
Financial & Business Highlights	4
Indian Business	5
International Business	8
Contract Research & Development	10
Strategic Roadmap	11
Notice	13
Director's Report	19
Report on Corporate Governance	27
Management Discussion and Analysis	39
Auditor's Report	45
Balance Sheet	48
Profit and Loss Account	49
Schedules	50
Notes to Accounts	58
Balance Sheet Abstract and Company's General Business Profile	66
Cash Flow Statement	67
Financial Highlights	69
All India Network	70
Notes	71
ECS Mandate	79
Proxy Form cum Attendance Slip	81



Chairman's Note



Fellow Stakeholders

Against the backdrop of an increasingly globally integrated macro-economic scenario, the Indian economy has shown clear signs of moderation after an unabated upward trend and a 9 percent growth rate over the past three fiscals. While overall industrial production grew by 8.3 per cent during 2007-08, the manufacturing sector grew at the rate of 8.7 per cent. Going forward, although we may see some signs of a slowdown, India is expected to remain the second-fastest growing economy in Asia and sustain a relatively higher rate of economic development.

Even as soaring crude prices has upset the tide in the global economy and triggered a sharp surge in inflation in India and reversed last year's trend of the Indian Rupee appreciating against the US Dollar, the pharmaceutical industry in general and our company in particular has remained relatively insulated.

The Indian pharmaceutical industry continues to be on the high growth trajectory after achieving an average annual growth rate of approximately 14 per cent in the last six years. Estimates now suggest that the industry will grow at a rate which is far higher than the estimated growth rate of the overall economy.

It is also interesting to note that this growth in the pharmaceutical sector has been multidimensional as Indian companies continue to grow organically as well as inorganically. Organic growth can be attributed to the enhanced healthcare facilities and increased spending on healthcare as economic growth has led to rising disposable incomes and demand for better medical facilities. Companies have started investing heavily in Research and Development and the inorganic route is being used to bolster growth. Besides this, it also helps to gain access to marketing channels and distribution networks in different countries and to develop a better understanding of local markets.

India has assumed an important place in the global pharma space after the country shifted from the process to product patent regime and since then has grown successfully. It has its own set of concerns including uncertainty over Government Regulations. Nevertheless, the potential remains huge with specific segments offering lucrative opportunities.

According to McKinsey, the Indian Pharma market is set to grow from USD 6.3 billion in 2005 to USD 20 billion by 2015, with a growth rate of 12.3 per cent. Patent expirities and drying pipelines coupled with general pricing and cost pressures faced by pharmaceutical companies abroad, has translated into a huge opportunity for Indian companies in the Generics space as well as the Contract Manufacturing space.

To align ourselves with the industry in terms of the financial accounting period and to have better comparability, we decided to change our accounting year end to 31st March. Resultantly, our results for FY 2007-08 reflect a nine month period commencing on 1st July,2007 and ending on 31st March,2008.

Given this backdrop, Indoco has registered a good performance with a growth of 16 per cent in Net Sales to Rs.263 crores. The Net Profit for the same period was Rs.30 crores, up 50 per cent compared to the corresponding period last year. This good result can be primarily ascribed to improved production output and rationalization of costs.

This nine month period was also a consolidation phase for our company and has helped us to lay an even stronger foundation for the future growth of the company. Various initiatives reflected in the form of enhanced capacity utilizations, receipt of significant approvals for export markets especially in the ophthalmology segments reflect the potential in our company going forward in both regulated and the semi-regulated markets. On the Domestic front we expect our strong brand portfolio to be our growth driver. CRAMS segment continues to offer good opportunities and we have taken significant measures to strengthen our business prospects there.

Finally, I would like to personally thank every staff member of the company as our progress is a mere reflection of their efforts. I would also like to express my gratitude to all our stakeholders including shareholders, customers, bankers, medical fraternity and vendors for their continued support.

I sign off with the promise that each one of us at Indoco is striving hard to ensure yet another year of significant progress.



Suresh G Kare

Chairman and Managing Director



Financial Highlights

	Rs.Lacs	
OPERATIONAL REVIEW	2007 - 08	2006 - 07
	(9 Mths)	(12 Mths)
Gross Sales (Before excise duty)	27,189	34,443
EBDITA	5,020	6,536
Depreciation	778	903
Interest	362	509
PBT (After Extra-ordinary items)	3,204	4,661
PAT	3,010	4,204
FINANCIAL STRUCTURE	2007 - 08	2006 - 07
	(9 Mths)	(12 Mths)
Net Fixed Assets	17,345	16,875
Investments	0.30	0.30
Net Current Assets	13,654	11,998
Total Assets	30,999	28,873
Net Worth	25,382	23,249
Borrowings	3,425	3,555
Deferred tax liability	2,192	2,069
Total Liabilities	30,999	28,873
MARGINS & RATIOS	2007 - 08	2006 - 07
	(9 Mths)	(12 Mths)
EBDITA Margins on Net Sales (%)	19.11	20.05
PAT Margins on Net Sales (%)	11.46	12.90
Debt-to-Equity (times)	0.13	0.15
Interest Cover (times)	9.32	9.26
Return on Net worth (%)	11.86	18.08
Return on Capital Employed (%)	9.71	14.56

Business Highlights

Indoco has made reasonable progress across all its three business verticals. On the sales front, domestic sales continues to represent the major portion of the revenue pie, at 77%.

IMS has estimated that the seven "pharmerging" markets of India, China, Brazil, Mexico, South Korea, Turkey and Russia are expected to grow 12 - 13 per cent next year, to USD 85 - 90 billion. In these markets, there is significantly greater access both to generic and innovative medicines as primary healthcare improves and becomes available in rural areas, and as private health insurance becomes more common. The ongoing economic growth in the developing world will shift the focus away from infectious disease towards cardiovascular, diabetes and other chronic illnesses, which fall under the lifestyle category.

Drugs worth approximately USD 20 billion in annual sales will face patent expiry in 2008, similar to levels seen over the past two years. In 2008, more than two-thirds of all prescriptions written in the US are expected to be for generics. The generics market is expected to grow at 14 - 15% in 2008 and reach sales of more than USD 70 billion, which translates into a huge opportunity for the company.

Given this backdrop, a huge opportunity beckons Indian Pharmaceutical players like Indoco.

Indian Business

Indoco's Domestic Formulation business posted a growth of 14% at Rs. 19,594 lacs. This was aided by the company's strong brand establishments.

During the nine month period in FY08, the company's Top-12 brands, which constitute around 60% of its Domestic Formulation Sales, registered a year on year growth of 12%. Aggressive marketing strategies with specialized scientific promotions were implemented. Going ahead, the top brands along with the New Product introductions in the Life-style segment would aid the growth of the Domestic Formulations segment.

Within the therapeutic segments, Indoco has traditionally been strong in the anti-infective space, it has been working towards increasing focus on the faster growing and more lucrative chronic therapy segment to augment revenues from the domestic market.

Antibiotics and Respiratory & Anti-Allergy segment continue to remain the mainstay for the company and it also focuses on volume building existing brands.

febrex plus 

Vepan
Cefadroxil

CYCLOPAM

ATM

SENSODENT-K

SENSOFORM

OXIPOD

Dexoren-S

CLOBEN-G
Skin Cream

TUSPEL PLUS

Snapshot of the Performance of the Top Brands

Brand	Rs.Lacs	
	Jul 2007 – March 2008	% Growth
Febrex Plus	2421	8.31
Cyclopam	1741	11.12
Sensodent	1326	25.56
Sensoform	719	13.51
Glycheck	648	3.04
Cloben	645	15.68

Performance of few Therapeutic segments

Particulars	Rs.Lacs		
	July 06 March 07	July 07 March 08	Growth %
Anti-infective	3630.53	4265.59	17.49
Respiratory & Anti-Allergy	3821.32	4185.44	9.52
Dental	2306.61	2710.42	17.50
Alimentary Systems	2116.76	2396.71	13.22
Nutrition	1151.84	1205.11	4.62
Anti Diabetic	972.33	1076.24	10.68
Dermatology	974.10	1069.12	9.75
Ophthalmic	946.70	1006.27	6.29
Urinary	467.85	615.13	31.48
Anti - Haemorrhages	218.42	239.38	9.59

The company has created seven divisions to cater to specific therapy areas with emphasis on the chronic therapy, dental and ophthalmic segments. The New Products launched therein during the year include:

- Clamchek -Antibiotic
- Zorite - PPI,
- Sporochek - Antidiarrhoeal



- Aloha-XT - line extension to the Haematinic Aloha
- Pepchek PPI
- Resichek -Antibiotic
- Favorit -Antibiotic



- Telmichek - Cardiovascular
- Triactam -Antibiotic



- AXL, Amclaid, Acecloren-P, Ofloren-OZ - Non-stomatological
- Kidodent - Dental



- Excel was carved out from Warren to strengthen our association with Ophthalmologists and for focusing on our efforts to achieve higher growth. Excel was initially launched in the four Southern states of the country. As it garnered a good response with a positive impact on the company's sales, it now has a Pan Indian presence. The Excel team currently operates with 130 representatives and 44 managers.



Excel offers a wide range of products to meet the needs of ophthalmologists and these includes:

- Anti - i nfectives
- Antibiotic & Steroid combinations
- Tear substitutes
- Mydriatics & Cycloplegics
- NSAIDs

Within the Ophthalmology Segment, Indoco has ventured into the anti - glaucoma segment with the launch of 5 products in

- Brimochek
- Brimochek - T
- Latochek
- Latochek - T
- Timolen

All these products are volume contributors with high growth potential as it represents 43% of the total ophthalmology space. Within 2 months of its launch, Brimochek/ Brimochek - T & Timolen have contributed to 13.21% of the ophthalmology segment's sales.

Besides anti-glaucoma, Excel has also forayed into the anti-allergic segment with the launch of Alerchek (Olopatadine). This molecule is a well accepted & fast picking up in the market and is a volume contributing product. With the launch of Irimist (HPMC) Excel now has a basket of tear substitutes. The launch of Xylochek (Xylometazoline) nasal drops is another feather in the Excel basket and is specifically preferred by ENTs. These new products hold a lot of promise for the future and they have the potential to take Excel to new heights.

- The progress of this new division has been on track and some of the products from the main division include Cital, Scabex and Triz which are doing very well.

The logo for SPERA, featuring a stylized orange and yellow figure above the word 'SPERA' in a bold, blue, sans-serif font.

New launches include –

- Speraflox - Levofloxacin
 - Sperogest - Calcium preparation
 - Spera-69 - Micronised Progesterone
 - Speracal - Folic acid & Pyridoxine
 - Speronden – Ondansetron
-
- The oncology division was launched in March 2008 with drugs for colorectal, breast, ovarian and lung cancers. It is expected to introduce other products over a period of next few years. The oncology market is growing at over 26% annually with 25 lakh cancer patients in India and the market is expected to surge to more than Rs 3,000 crore in the next five years from Rs 900 crore at present. Indoco introduced its cancer drugs in Mumbai, Kerala, Andhra-Pradesh and Karnataka and plans to make them available in Gujarat, Tamilnadu, and the rest of Maharashtra shortly. The company intends launching the drugs across India within eight to twelve months.

The logo for Oncospera, featuring the word 'Oncospera' in a red, sans-serif font with a stylized orange and yellow figure above the 'a'.

International Business (Formulations)

In the 9 month period from July 2007 to March 2008 the company's revenue from Formulation Exports grew by 33% at Rs. 5742 lacs as compared to the corresponding period of the last year. This was driven by both, the regulated markets which registered a 31% growth and the semi-regulated markets which registered a 39% growth.

In Regulated markets, the company made its foray into the South Africa, Australia and New Zealand. Shipment of products to Australia and New Zealand have already commenced. New contracts have been entered into with a customer in South Africa for the preparation of dossiers. Going ahead South African markets are expected to be a big opportunity for the company, considering the fact that supplies will commence post the dossier approval.

In the lesser regulated markets, the company has made good progress across most of the geographies in terms of filing dossiers. New territories tapped include Peru, Malaysia and Ukraine. For Peru, the company has already obtained product registration on the fast track and shipments have commenced.

The Ministry of Health, Uganda inspected the Goa Plant I in the month of January 2008 and has approved the entire plant. Confirmation has also been received about the Goa Plant I approval from TGA, Australia. Validation batches for Carprofen Injection were successfully completed in Goa Plant II, for all European company.



The company successfully completed validation batches for Paracetamol tablets and Enrofloxacin tablets at its Baddi facility and the plant in Baddi was inspected by the Ministry of Health, Slovenia. This paves the way for commencement of exports to Europe in the near future, from the Baddi Plant.

The total market size in the US of Indoco's Ophthalmic product pipeline going off patent exceeds USD 1 billion. Concerning Indoco's foray in the US market the approval of 2 ANDAs has been received for Ciprofloxacin and Diclofenac Ophthalmic Solution. While shipment of Ciprofloxacin eye drops commenced sometime back, we have shipped the first consignment of Diclofenac to the US Markets in March 2008.

Indoco has successfully completed the compilation of CMC section of ANDA for one of the Ophthalmic products with market size exceeding USD 500 million. This was a product development contract with a US company and the ANDA is already filed by them to ensure that the sale of this product begins from day one after its patent expiry in 2011.

Amneal Updates

The tie up with Amneal was undertaken primarily to strengthen Indoco's position in the ophthalmic space in the highly coveted US market. Considerable progress has been made on formulation development of 5 products. The exhibit batches for these 5 products will be manufactured shortly and the company expects the ANDA to be ready for filing during the financial year 2008 -2009. Development work is expected to commence soon on the next set of 5 products.

As a part of its arrangement with Amneal, Indoco has received the complete file in respect of one solid oral product. The company is currently evaluating the files and will manufacture the validation batches and prepare the documentation for submission to the USFDA with a request to include Indoco as the additional site for manufacture of this finished product. This activity will trigger the USFDA inspection of the solid dosage facility and will help the company generate revenues as soon as Amneal starts procurement of this finished product from Indoco.

API Business

Going forward, the company intends to tap the Innovator companies by undertaking their out-sourcing need of development of APIs and Intermediates under advance phase of clinical trials along with analytical research activities. The company intends undertaking this by entering into long term agreements under Full Time Equivalent and collaborative development model.

The company has undertaken significant restructuring exercise in the API Exports segment and has done away with the low margin trading activities which was the mainstay at LaNova Chem. We now have a strong pipeline in line with our plans for eCTD Dossiers and ANDA Filings.



Contract Research & Development

Indian pharmaceutical companies provide a high value output at significantly lower cost without compromising quality. Indian CRAMS companies have now acquired scale, having invested in capacities through organic and inorganic measures. According to a recent Frost & Sullivan paper, the global revenue for contract manufacturing and research was put at USD 27 billion and expected to reach USD 55 billion by 2010. The developed nations have been witness to the restructuring plans announced over the last few years by several innovator pharmaceutical companies, involving closing down several of their R&D and manufacturing facilities and adopting the outsourcing avenue not as a mere cost saver but from a strategic perspective. There is a conscious pressure on reducing the cost of primary medication in the US and other advanced nations while India, with a cost structure that is at least three times lower than that in Europe and about two times in the US, is a natural choice for partnership. Finally it is the capability of the Indian Scientist and the quicker turnaround time that encourages foreign players to nominate Indian Pharma companies as partners of choice.

During the nine month period, Indoco has created a huge capacity for CRAMS business through its state-of-the-art Research and Development facility and by obtaining approval from EU & US Regulatory authorities for its manufacturing plants. The CRAMS business is attractive as it brings in immediate revenues in terms of milestone payments and long term revenues through a 5 year supply contract. Constant interaction with customers through conference calls and personal visits, intended to track the performance of the projects, imparts a continuous learning for Indoco team and paves the way for additional business. Indoco intends to pursue the CRAMS activities in the Regulated markets as its mainstay.

Spain has opened up as a promising territory for business in CRAMS area and a single customer has awarded the company with 6 projects. Development activities have been successfully completed including exhibit batches for a major product.



Strategic Roadmap

Marketing

In context of domestic marketing, Indoco now has 7 marketing divisions. The main division contributes around 47% of sales, Spade 21%, Warren 14.5%, Spera 6.1%, Surge-Radius 6% and Excel 5.4%. Oncospera, the new Oncology division has just been launched.

As a part of its strategy to achieve high growth, the company's efforts are on to consolidate the old product portfolio, most of which are progressing in their individual therapeutic segments.

Simultaneously, efforts are also on to develop sales through new products, for which a set of products have been identified for each marketing division. Oxipod, Ceftichek, Kefchek, Methycal and Resichek are some of the progressive new products. Similarly at the divisional level, while the company is in the process of further consolidating on sales of the older divisions and in particular Indoco, Spade and Warren, efforts are on to expand sales by developing the value output of the new divisions with special emphasis on Spera.

With respect to development of the product portfolio, special focus is being laid on the Anti-Infective segment, through each of the marketing divisions, which have done well in the nine month period of last year. This range contributes approximately 22% of the domestic sales with a growth of around 17%.



Operations

The Operations department covers all manufacturing locations (Indoco's manufacturing and Loan license manufacturing) and third party formulation purchase. Indoco has four plants of their own situated at Goa (two plants), Waluj and Baddi. Loan license manufacturers are around 4 and third party manufacturers stand at 15. The operations strategy revolves around planning, manufacturing quality products and dispatch upto depot level. Major emphasis is given on timely delivery of quality finished products, cost saving on all fronts, inventory control, savings and optimization of resources like fuel and electricity, supporting marketing department in launching of new products. Considering future objectives of the organization, new projects and activities are planned to improve on production output / productivity.

Research & Development Facility & Initiatives

Indoco's ultra modern Research & Development Centre is spread over an area of 70,000 square feet. The present strength is 100 Scientists including 8 Doctorates. The new R&D set up houses state-of-the-art equipments, analytical instruments and latest databases.

The type of research activities undertaken at the R & D facility includes

- **IPR Studies**
- **Synthetic Chemistry**
- **Analytical Chemistry**

On the formulation front, the R & D Centre is capable of handling formulations in various dosage forms, Novel drug delivery systems and Technology platforms. The department is engaged in the development of various dosage forms which include solid orals, topicals, injections and ophthalmic preparations.

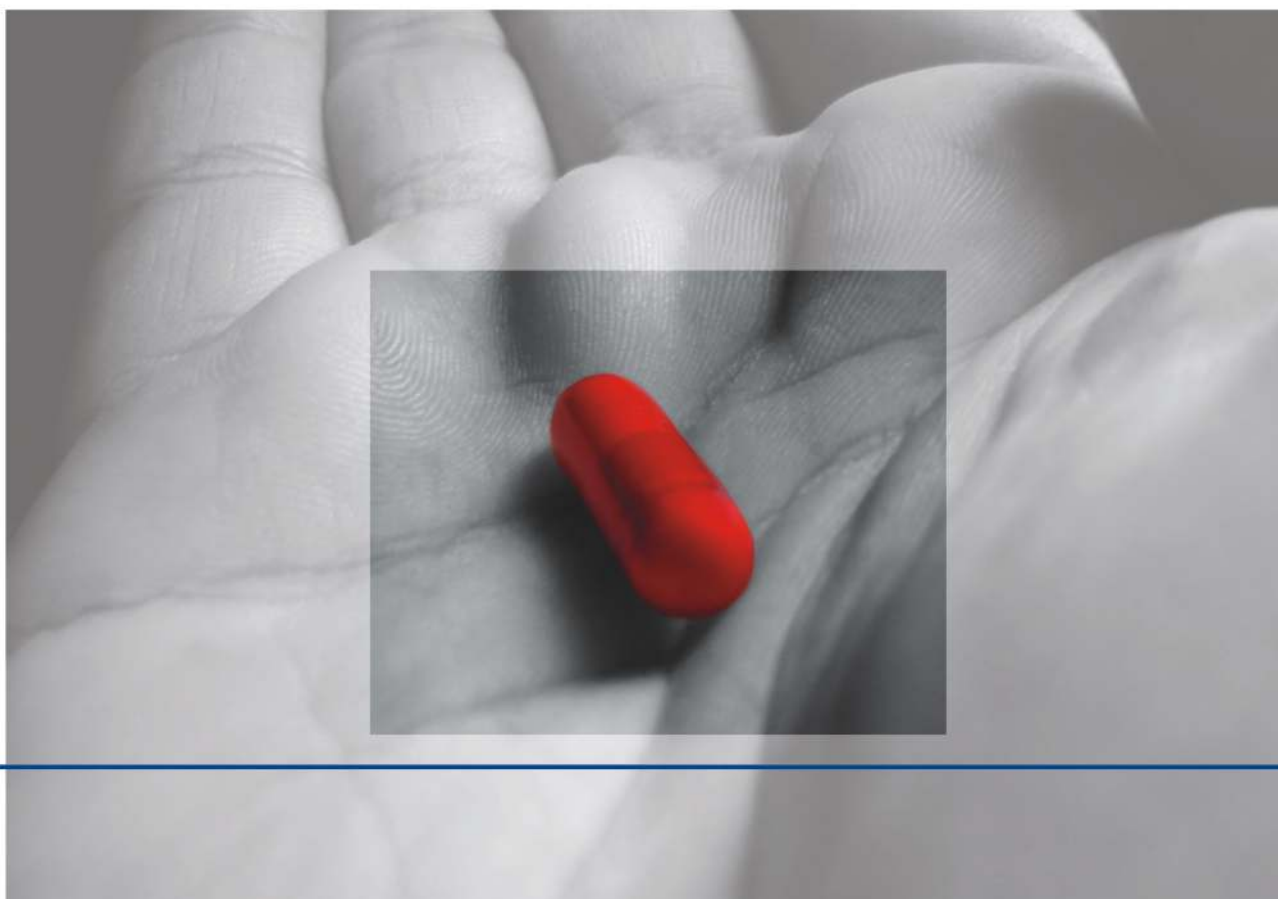
Indoco is also working on new drug delivery system projects and is focusing on developing and scaling up the formulations to the commercial batch sizes. The centre has capabilities to develop any type of dosage form, work on non-infringing routes and file Para IV applications.

The Contract Research & Custom Synthesis activities are focused on catering to the generic & innovator companies.

For generic business, Indoco has completed few projects in the area of Analytical Research for some of European Customers under Fee for service model. It has developed cost effective, non infringing processes & filled patents.

For innovation business, Indoco is working with leading Japanese & American companies for developing products & its intermediates under various phases of development like Preclinical, Phase-I & Phase-II.

Apart from the in-house development work, Indoco is involved in contract research where Indoco's Research Centre develops the products for other organizations, both domestic and international and compiles dossiers for submissions to the various regulatory agencies globally.



INDOCO REMEDIES LIMITED

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

Notice

Notice is hereby given that the Sixty-First Annual General Meeting of INDOCO REMEDIES LIMITED will be held at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051 on Friday, September 26, 2008 at 11 .00 a.m to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2008 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mr. D. N. Mungale, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. F.X.Coutinho, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sundeep V. Bambolkar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this meeting 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 in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (the Act) or any statutory modification or re-enactment thereof, the company in general meeting hereby, approves, ratifies and confirms the re-appointment of Mr. Suresh G. Kare as Chairman & Managing Director of the Company, for a period of 5 (five) years from 1st July 2008 and ending on 30th June, 2013 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions and/or remuneration, of the said re-appointment within the limits specified under Sections 198 and 309 of the Act or any statutory modification(s) or re-enactment thereof."

Notes :

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to SPECIAL BUSINESS at item No.7 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate members can attend the meeting through their authorised representatives. They are requested to send a certified copy of the Board Resolution authorising the representatives to attend and vote on their behalf at the meeting.
4. Members are requested to intimate change of address, if any, to the Company's Registrars, Intime Spectrum Registry Limited, immediately.
5. Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in attendance slip for attending the meeting.

Notice (contd.)

7. In case of joint holders attending the Meeting only such joint holder who is higher in the order of names will be entitled to vote.
 8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 am and 1.00 pm upto the date of the meeting.
 9. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 18, 2008 to Friday, September 26, 2008 (both days inclusive).
 10. The dividend for the year ended 31st March, 2008 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear on the Company's Register of Members on September 26, 2008. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the NSDL and CDSL for the purpose. The dividend will be paid on and from September 29, 2008.
 11. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate the Company's Registrars and Share Transfer Agents, Intime Spectrum Registry Ltd., under signature of the sole/first joint holder, the following information to be incorporated on the dividend warrants:
 - (i) Name of the Sole/First joint holder and the Folio Number
 - (ii) Particulars of Bank Account, viz:
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code number
 - Account type whether Saving or Current
 - Bank Account Number.
 - (b) Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company will not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in dematerialised form. Members who wish to change their bank details or particulars are requested to contact their Depository Participants.
 - (c) To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided facility to the members for remittance through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing the facility are requested to contact the Company's Registrars, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B. S. Marg, Bhandup (W), Mumbai 400 078.
12. All unclaimed dividends declared up to the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Members who have not so far claimed or collected their dividends declared up to the aforesaid financial year are requested to claim such dividend from the Registrar of Companies, Maharashtra, CGO Complex, 2nd floor, A Wing, CBD-Belapur, Navi Mumbai - 400 614 by making application in Form II of the aforesaid Rules.
13. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years from 1995-96 to 1999-2000 to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Notice (contd.)

Dividends for the financial year 2000-2001 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not so far encashed their dividend warrants for the aforesaid years are requested to seek revalidation/issue of duplicate warrants by writing to the Company's Registrars and Share Transfer Agents, Intime Spectrum Registry Limited.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed or unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of such claim.

14. Members who hold shares in physical form in multiple folios in identical names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents, Intime Spectrum Registry Limited, for consolidation into a single folio.
15. Members desirous of getting any information, on the accounts and operations of the Company, may please forward their queries to the Company at least seven days in prior to the Meeting so as to enable the Company to provide appropriate response thereto, at the Meeting.
16. Facility of nomination is now available and members holding shares in physical form may obtain Nomination forms from the company's Registrar & Share Transfer Agents. Members holding shares in electronic form may obtain nomination forms from their respective Depository Participants.

Place : Mumbai
Date : September 02, 2008

By order of the Board
JAGDISH B. SALIAN
Company Secretary

Annexure to Notice

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

The following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

Item No. 7

Mr. Suresh G. Kare, is one of the Promoters of the Company. He has been the Managing Director of the Company for the past 45 years. Under his able leadership Indoco has achieved the growth and turnover witnessed today. The five year term of Mr. Suresh G. Kare expired on 30th June 2008. The Board of Directors of the Company ('the Board') therefore at its meeting held on 30th April 2008, subject to the approval of the members at the forthcoming Annual General Meeting re-appointed Mr. Suresh G. Kare as the Chairman & Managing Director of the Company for a further period of five years with effect from 1st July 2008.

In compliance with the requirements of Section 302 of the Companies Act, 1956 an abstract of the remuneration payable to Mr. Suresh G. Kare as Chairman & Managing Director and the terms of his re-appointment together with the Memorandum of concern or interest of the Directors therein has been communicated to the members vide circular dated 30.04.2008. The terms of reappointment of Mr. Suresh G. Kare are stated below for consideration by the members:

- i) **Salary** : In the range of Rs. 5,00,000 (Rupees Five lakhs only) to Rs. 10,00,000 (Rupees Ten lakhs only) per month.
- ii) **Commission** : Not exceeding 2% of the net profits of the Company in each financial year.
- iii) **Perquisites** : The Managing Director shall be entitled to the following perquisites classified into three categories "A", "B", and "C" :

CATEGORY "A"

These include Housing facility, Medical Reimbursement, Club Fees, Personal Accident Insurance and Leave Travel Concession which will be provided as under;

- i) **Housing I** : In case of furnished accommodation, the ceiling of sixty percent of the salary, shall be applicable.
Or
Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the managing director shall be deducted by the company.
Or
Housing III : In case no accommodation is provided by the Company, the managing director shall be entitled to House Rent Allowance subject to the ceiling of sixty percent of salary.
Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962.
- ii) **Medical Reimbursement** : Reimbursement of actual expenses incurred in India or abroad and including hospitalisation, nursing homes and surgical charges for self and family including premium on medical insurance.
- iii) **Club Fees** : In accordance with the Rules of the Company or as may be agreed by the Board of Directors.
- iv) **Personal Accident Insurance** : Personal Accident Insurance policy as per rules of the Company.
- v) **Leave Travel Concession** : Return passage for self and family in accordance with the rules of the Company.

CATEGORY "B"

Contribution to Provident Fund, Superannuation Fund, Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act and Gratuity payable as per the rules of the Company and Encashment of

Annexure to Notice (contd.)

leave at the end of the tenure shall not be included in the computation of perquisites for the purpose of calculating such ceiling.

CATEGORY "C"

- I) Provision of car with driver and telephone, telefax and other communication facilities at residence will not be considered as perquisites for the purposes of calculating ceiling.
- II) Reimbursement of entertainment expenses incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.

Minimum Remuneration :

Notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of appointment of the Chairman & Managing Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances specified above, as minimum remuneration subject to the limits prescribed in Schedule XIII to the Companies Act, 1956, and in force at the relevant time.

The appointment may be terminated by either party giving to the other party six months' notice.

The terms and conditions of appointment of Mr. Suresh G. Kare as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Section 198 and 309 of the Companies Act 1956, or any amendments thereto.

Mr. Suresh G. Kare has confirmed in writing that he satisfies all the conditions set out in Part I of Schedule XIII to the Companies Act, 1956 for being eligible for reappointment.

None of the Directors, except Mr. Suresh G. Kare himself and Ms. Aditi Kare Panandikar, the daughter of Mr. Kare is concerned or interested in the resolution.

The Board commends the resolution as set out at item No. 7 for approval by the members.

Place : Mumbai
Date : September 02, 2008

By order of the Board
JAGDISH B. SALIAN
Company Secretary

**Details of the Directors seeking appointment/reappointment in the Annual General Meeting to be held on 26th September, 2008
(in pursuance of clause 49(IV) G(i) of the Listing Agreement)**

Name of Director	Mr. D. N. Mungale	Mr. F. X. Coutinho	Mr. Sundeep V. Bambolkar
Date of Birth and Age	1st June 1953	23rd September 1950	23rd October 1960
Date of Appointment	6th May 2000	1st April 2004	1st April 2004
Qualification	B Com, CA, LLB	BSc, Degree in Management	BSc, PGDEM, MAM, Management Programme from Indian School of Business, Hyderabad and Kellogg School of Business, Chicago, USA.
Nature of Expertise in Specific Functional area	Finance, Banking, Treasury, Trade & Industry and Management	Marketing and Management	Finance & Operations, International Business and Management
Directorships held in other public companies (excluding foreign Companies)	Chowgule Steamships Ltd Camlin Ltd Caprihans India Ltd LIC Housing Finance Ltd Mahindra & Mahindra Financial Services Ltd Sical Logistics Ltd Tamilnadu Petroproducts Ltd National Organic Chemical Ltd	NIL	Shree Herbal Technologies Limited
Membership/ Chairmanship of Committees of other public companies	Name of the Company Camlin Ltd Sical Logistics Ltd Chowgule Steamships Ltd National Organic Chemicals Ltd LIC Housing Finance Ltd Mahindra & Mahindra Financial Services Ltd Tamilnadu Petroproducts Ltd LIC Housing Finance Ltd Mahindra & Mahindra Financial Services Ltd	NIL	NIL
Shareholdings in the company	NIL	10400	90100
Relationship with other Directors	NIL	NIL	NIL

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Sixty-First Annual Report together with the Audited Accounts for the financial year ended March 31, 2008.

FINANCIAL PERFORMANCE

Summary of Financials :

In view of the decision to change the accounting year of the Company from July-June to April-March, the financial performance being presented is for the nine month period, July '07 to March '08. The highlights of the performance for the year ended 31st March, 2008 are summarised below :

(Rs lakhs)

	<i>Current Year (9 months)</i>	<i>Previous Year (12 months)</i>
Sales & Operations	27,189	34,443
Less : Excise Duty	921	1,844
Net Sales	26,268	32,599
Other Income	250	293
Total Income	26,518	32,892
Profit Before Interest, Depreciation, Extra ordinary items and Tax	4,527	6,232
Less : Interest	362	509
Depreciation	778	903
Extra Ordinary items	183	159
Profit Before Tax	3,204	4,661
Less : Provision for Taxation		
- Current	355	520
- Deferred	123	275
- Fringe Benefit	71	70
- Prior year	-	10
- MAT Credit Entitlement	(355)	(418)
Profit After Tax	3,010	4,204
- Balance brought forward	4,020	1,826
Balances in Profit & Loss Account credited/debited pursuant to scheme of amalgamation		
Indoco Healthcare Ltd	-	409
La Nova Chem (India) Pvt Ltd	-	16
Shree Herbal Technologies Ltd.	(1)	-
	7,029	6,455
Appropriations :		
Proposed Dividend	614	799
Dividend Tax	104	136
Transfer to General Reserve	1,500	1,500
Balance carried forward	4,811	4,020
	7,029	6,455

Results of Operations

Given the general economic scenario, the Company's performance during the year was satisfactory. Your Company recorded a turnover of Rs. 27,189 lakhs for the 9 month period, July '07 to March '08, as compared to Rs. 34,443 lakhs during the previous year of 12 months. Both the domestic and international business have shown improvement.

The profit before tax was Rs. 3,204 lakhs and profit after tax Rs. 3,010 lakhs for nine months operations compared to Rs. 4,661 lakhs and Rs. 4,204 lakhs respectively for the previous year (12 months).

A detailed discussion on the business performance and future outlook is made in the Chapter on Management Discussion & Analysis.

Dividend & Reserves :

The Directors are pleased to recommend a dividend of Rs.5.00 per equity share for the 9 month period ended 31st March 2008 (previous year Rs.6.50 per equity share). If approved by the shareholders at the Annual General Meeting, the dividend will absorb Rs.718 lakhs (previous year Rs.935 lakhs) inclusive of Dividend Distribution Tax of Rs.104 lakhs (Previous year Rs.136 lakhs).

The Directors have also recommended transfer of an amount of Rs. 1,500 lakhs to General Reserves (Previous year Rs.1,500 lakhs).

Credit Rating :

During the year, ICRA accorded A1+ rating to Indoco's Commercial Paper Program of Rs. 25.00 Crore. The A1+ rating indicates highest credit quality during the short term. The rating is valid till 30th November 2008. This reflects the sound financial health of your Company.

Expansion & Acquisition :

During the year, Indoco acquired a hundred per cent stake in Shree Herbal Technologies Ltd., making it a wholly owned subsidiary of the Company. Shree Herbal Technologies Ltd., has objects similar to those of Indoco, namely, carrying on business of manufacture and marketing of pharmaceuticals and other medicinal preparations. Shree Herbal Technologies Ltd owns a plot of land at Baddi admeasuring approximately 21,000 sq. mtrs and also possesses licences to commence manufacturing activity.

It was therefore thought prudent that by merging Shree Herbal with Indoco, the latter would leverage its manufacturing capacity by the addition of a manufacturing unit. Indoco already has a manufacturing unit at Baddi. The new manufacturing unit would qualify for fiscal concessions and tax holidays as per the Government notification in force. Indoco would benefit by having manufacturing units at the same location, as the economies of scale in operations, distribution etc., would accrue for the benefit of the company.

OPERATIONS

Domestic Business :

The domestic business contributed 77 per cent of the revenues during the year. The formulations business registered a growth of 14 per cent at Rs. 19,594 lakhs. Anti-infectives, respiratory and anti-allergy and dental were the main therapeutic segments for the domestic business.

Indoco has seven divisions - Indoco, Spade, Surge-Radius, Warren, Warren - Excel, Spera and Onco-Spera to cater to specific therapy areas.

International Business :

The focussed approach pursued over the last couple of years is bearing fruits and the international business is showing impressive results. Indoco registered a growth of 33 per cent in international formulation business over the last year. The contribution of International business in the Company's total revenues stands at 23 per cent.

Indoco's manufacturing facilities were approved by US-FDA, UK-MHRA, MCC South Africa, ANVISA-Brazil, Uganda -NDA, Tanzania-Pharmacy Board, Sudan-MOH, Zimbabwe-MCAZ and Sultanate of Oman-MOH. During the year, Company's plants were successfully inspected and approved by TGA-Australia and re-approved by German Regulatory authorities. These approvals paved the way for immediate contract manufacturing opportunities in the coveted markets of Australia and New Zealand.

The manufacturing excellence is supplemented with a list of CTD dossiers and capability to manufacture APIs, thus offering a complete solution to the generic players in the Regulated markets.

With the approval of the 2nd ANDA for Diclofenac Ophthalmic solution, the Company has commenced shipment of this product to the US market. Indoco's partnership with Amneal Pharmaceuticals, Inc., USA will bolster its efforts in making in-roads in the US ophthalmic markets.

Indoco has over a dozen dossiers in CTD format and also a strong pipeline of products for which ANDAs and CTD dossiers are under preparation. This will augment future growth in the Regulated markets.

During the year, Indoco consolidated its presence in Germany and Eastern Europe. The Company was successful in tapping new markets of South Africa and Australia. Your Company has signed new contracts in South Africa for preparation of dossiers, which will give a sizeable business in 2009 from tender & trade sales. Company's own CTD dossier for Metformin has already been approved by TGA, Australia and the shipments have commenced.

In the Lesser Regulated markets, Indoco did well in most of the markets with Kenya registering a growth of 33% and reaching the mark of US\$1 million over a 12 month period. We have commenced business in new territories like, Peru, Malaysia and Taiwan. In Peru, the Company could obtain the product registration on fast track and shipments commenced.

Research & Development :

Indoco's ultra modern R & D Centre is spread over an area of 70,000 sq. feet. The R&D activities are manned by 100 Scientists including 10 Doctorates. The new R&D, houses state-of the-art equipments, analytical instruments and latest databases.

The R & D Centre has 2 major departments :

1. Active Pharmaceutical Ingredient (API) Synthesis; and
2. Formulation Development

1. Active Pharmaceutical Ingredient (API) Synthesis

The type of research activities in the synthetic chemistry inter-alia includes:

Custom chemical synthesis of molecules & intermediates under various phases of development (R & D, Preclinical & Clinical)

- a) Contract Research : Process Chemistry Research & Development
- b) Non-Infringing process design & scale up
- c) Analytical Research (Analytical method development / Validation, Impurity Characterization, Impurity isolation, polymorphic studies.)
- d) Intellectual property management.
- e) Contract manufacturing - Kg to Multi ton.

API R&D has successfully developed ten molecules and they are at various stages from technology transfer to commercial production. Ten more products are under development.

2. Formulation Development

The formulation development department is involved in the development of various dosage forms which include solid orals, liquid orals, topicals, injections and ophthalmic preparations.

Company is working on new drug delivery system including mix micellar solutions, sustained release dosage forms and micro emulsions.

The aim of the Research Centre is to develop and scale up the formulations to the commercial batch sizes.

The R&D Centre has capabilities to develop any type of dosage form, work on non-infringing routes and file Para IV applications.

Apart from the in-house development work, Indoco is involved in contract research where the Research Centre develops products for other organizations mainly for International markets. Dossiers are prepared for submissions to the various regulatory agencies all over the world.

During 2007- 2008, Indoco's Research Centre worked on several molecules. Of these complete development work was done on 20 products. Another around 20 products are at the completion stage of development.

Indoco is poised to develop some patentable NDDS formulations under Para IV or 505(b)2 applications.

Currently 3 new patents are under compilation for which the work was started in 2007 - 2008 and many patentable ideas are in the pipeline for which the patents will be filed during the year.

Under CRAMS, some new customers were added for whom the final agreements are in place.

Currently a team of 40 scientists are engaged in activities related to analyzing, formulating and documenting the research work pertaining to formulations.

SUBSIDIARIES

As mentioned earlier in this report during the year, your Company acquired 100% stake in Shree Herbal Technologies Ltd. A petition was subsequently filed to amalgamate the newly acquired subsidiary with the Company. The Hon'ble High Court of Delhi, was pleased to sanction the Petition and approve the merger with effect from the Appointed Day, 1st July 2007. Accordingly, Shree Herbal Technologies Limited stands fully merged with Indoco from the said date. With the merger of Shree Herbal there are no subsidiaries for which reporting pursuant to Section 212 of the Companies Act, 1956 are required to be done.

AMALGAMATION

To consolidate by pooling of resources and have the benefit of synergy in operations resulting in cutting down on avoidable administrative costs, it was felt prudent to amalgamate the newly acquired subsidiary Shree Herbal Technologies Ltd., with the Company. Accordingly, the Board at its meeting held on 23rd February, 2008 approved a proposal to amalgamate its newly acquired subsidiary. The Hon'ble High Court of Delhi was pleased to sanction the amalgamation with effect from the Appointed Day, 1st July 2007. The assets and liabilities of Shree Herbal stands amalgamated with Indoco from that date. Shree Harbal is entitled to fiscal benefits, for setting the up manufacturing units in backward area at Baddi in Himachal Pradesh. The said benefits would be available to Indoco.

SOCIAL INITIATIVES

The Company realises its social responsibility and during the year has participated in various social activities such as education of needy, home for the elderly, by contributing in kind or cash. Indoco has also supported initiatives at National/Local levels aimed at improvement of environment. Indoco will continue to contribute its mite towards well meaning social causes.

CORPORATE GOVERNANCE

In compliance of the provisions of Clause 49 of the Listing Agreement, the prescribed report on the Corporate Governance, as well as a certificate from the Auditors on the compliance of conditions of Corporate Governance, are annexed to form part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS

Mr. Atul S. Rajadhyaksha owing to pre-occupation sent in a request that he be relieved as a Director. Accordingly his resignation as Director of the Company was accepted with effect from 23rd February, 2008.

Mr. Sharad P Upasani was appointed in the casual vacancy caused by the resignation of Mr. Atul Rajadhyaksha with effect from 23rd February, 2008.

Mr. D. N. Mungale, Mr.F.X. Coutinho and Mr. Sundeep V. Bambolkar retire by rotation at the forthcoming Annual General Meeting, and they are eligible for re-appointment. The profile of directors as required by clause 49(IV)G(i) is given as attachment to the Notice.

AUDITORS

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

COST AUDIT

As per the Central Government notification, INDOCO's Cost Records in relation to formulations manufacturing activity for the year ended March 31, 2008, are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Cost Accountant, who has been appointed by the Board and whose appointment has been approved by the Government, to conduct the said audit in terms of the provisions of Section 233B of the Companies Act, 1956.

INFORMATION IN TERM OF SECTION 217 (2A) & SECTION 217 (1)(E)

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

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

EMPLOYEES RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman & Managing Director

Mumbai : September 02, 2008



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 :

- (i) Conventional (furnace oil fired boiler) was replaced with energy efficient (agro fired boiler) resulting in reduction in furnace oil consumption.
- (ii) Variable Frequency Drives (VFDs) were installed for centrifugal pumps of Centralised Air conditioning plants and for motors of HVAC system, thus resulting in savings in electric energy.
- (iii) Use of condensate as input water to boiler.
- (iv) Sub station was fitted with 600 kVAr capacitor bank and microprocessor based automatic power factor correction panel to increase power factor.
- (v) 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:

- (i) Use of Solar based systems for hot water generation
- (ii) Heat recovery from condenser water of chiller.
- (iii) Replacement of Dessiccant Air Dryers with Refrigerated Air Dryers.
- (iv) SR-series Logic controller-programmable with relay outputs for comfort air-conditioning.

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption & 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".

FORM A

(i) Power and Fuel Consumption

	Current Year	Previous Year
(1) Electricity –		
Purchased Units (lakhs)	75.98	97.71
Total Amount (Rs lakhs)	552.00	693.76
Rate/Unit (Rs)	7.27	7.10
(2) Furnace Oil –		
Purchased Qty. (kilo litres)	614.511	938.192
Total Amount (Rs lakhs)	160.20	187.71
Rate/Unit (Rs)	26.07	20.01
(3) Others/internal generation (Briquettes, cashew seeds etc) –		
Quantity	191223	–
Total Cost (Rs. Lacs)	58.86	–
Average rate	30.78	–

(ii) Consumption per unit of production

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

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, semisolid 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 in 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 ANDA's 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 bilayered tablets for domestic market.

(d) *Expenditure on R & D.*

	<i>Current Year (Rs lakhs) (9 months)</i>	<i>Previous Year (Rs lakhs) (12 months)</i>
(i) Capital	295.65	562.00
(ii) Recurring	718.32	544.65
(iii) Total	1,013.97	1,106.65
(iv) Total as % of net revenue	3.86	3.39 %

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 :*

Company's efforts and focus on regulated markets have paid off as is obvious from the 43% growth in export sales compared to last year. Company 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, Company has taken measures to get this section of facility approved by UK-MHRA. As a result, Company commenced export of Acyclovir cream to Europe, in the last year.

The participation of CPhI exhibition held in Belgium (Dec'04), Pharmatech Expo in Czech Republic (Feb'05) & Manupharma Summit in Netherlands (May'05) have given 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 (Rs lakhs) (9 months)</i>	<i>Previous Year (Rs lakhs) (12 months)</i>
(i) Total Foreign Exchange earned (CIF)	6017.84	7,001.80
(ii) Total foreign Exchange used	2792.30	2,037.37



Report on Corporate Governance

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

Governance Philosophy

Your Company subscribes fully to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The management believes that these principles will enable it to achieve the long-term objectives and goals in the future. The Company as part of its Corporate Governance philosophy will continue to focus its energies and resources in safeguarding and maximizing the benefits for all the stakeholders.

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

Composition of the Board

a) Size and Composition of the Board :

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

All the Independent Directors of the Company, furnish a declaration at the time of their appointment and on a continuous basis annually that they qualify the conditions of being independent as laid down under Clause 49 of the Listing Agreement. All such declarations are placed before the Board.

No Director is related to the other Directors on the Board in terms of the definition of "relative" given under the Companies Act, 1956, except Ms. Aditi Kare Panandikar, who is the daughter of Mr. Suresh G. Kare, Chairman & Managing Director.

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:

a) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanship/Memberships of Committees of each Director in various companies:

Name of Director	Whether Promoter/ Executive/ Independent	No. of Board Meetings during the year		Attendance at the AGM held on December 22, 2007	No. of other Directorships of other Companies*	Chairman/Member of Committee/s other than Company **	
		Held	Attended			Chairman	Member
Mr. Suresh G. Kare	Promoter and Executive	5	5	Yes	2	Nil	Nil
Dr. M.R.Narvekar	Independent	5	4	No	Nil	Nil	Nil
Mr.D. M. Sukthankar	Independent	5	5	Yes	4	Nil-	Nil
Mr. D. N. Mungale	Independent	5	4	Yes	8	3	7
Mr. D. M. Gavaskar	Independent	5	4	Yes	2	2	Nil
Mr. Rajiv P. Kakodkar	Independent	5	3	Yes	2	Nil	Nil
Mr. Atul S. Rajadhyaksha \$	Independent	5	Nil	No	Nil	Nil	Nil
Mr. Sharad P. Upasani \$\$	Independent	5	1	No	1	Nil	2
Mr. F. X. Coutinho	Executive	5	4	Yes	Nil	Nil	Nil
Mr. Sundeep V. Bambolkar	Executive	5	5	Yes	1	Nil	Nil
Ms. Aditi Kare Panandikar	Promoter and Executive	5	4	Yes	1	Nil	Nil

* The Directorship held by Directors, do not include Alternate Directors, Directorships in Private Limited /Foreign Companies and Companies incorporated under Section 25 of the Companies Act, 1956.

** Represents Membership/Chairmanship of the Audit Committee, and Shareholders'/Investors' Grievance Committee of other Companies.
The day-to-day management of the Company is conducted by the Chairman & Managing Director subject to the supervision and control of the Board of Directors and he is assisted by three Executive Directors.

Notes :

\$ resigned as Non-Executive Director with effect from February 23, 2008.

\$\$ appointed as Non-Executive Director in place of Mr. Atul S. Rajadhyaksha with effect from February 23, 2008.

b) Details of Board Meetings held during the year July '07 to March'08 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 28, 2007	10	8
2.	October 18, 2007	10	7
3.	October 31, 2007	10	8
4.	January 29, 2008	10	7
5.	February 23, 2008	10	9

c) Remuneration to Directors :

Remuneration Policy

Subject to the approval of the Board and 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 between them individually and the Company. The remuneration structure of the Managing/Wholetime Directors comprises of salary, commission/performance incentive, perquisites and allowances, contributions to Provident Fund, Superannuation Fund and Gratuity. The Non - Executive Directors are paid remuneration by way of sitting fees for attending the meeting of the Board or the Committee thereof.

Details of remuneration paid to Directors during the financial year 2007-08 are as follows:

1) Executive Directors :

Name of Director	Salary plus allowances & perks	Commission	Total
Mr. Suresh G. Kare	3974000/-	4500000/-	8474000/-
Mr. F. X. Coutinho	4360731/-	Nil	4360731/-
Mr. Sundeep V.Bambolkar	3620419/-	Nil	3620419/-
Ms. Aditi Kare Panandikar	2004762/-	Nil	2004762/-

2) Non Executive Directors :

Name of Director	Sitting fees
Dr. M. R. Narvekar	30000/-
Mr. D. M. Sukthankar	25000/-
Mr. D. N. Mungale	35000/-
Mr. D. M. Gavaskar	35000/-
Mr. Rajiv P. Kakodkar	30000/-
Mr. Atul S. Rajadhyaksha	10000/-
Mr. Sharad P. Upasani	5000/-

Notes :

- The sitting fees include fees paid for attending Meetings of the Committees and Board.
- 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 six month's notice is required. No severance fees is payable to the Executive Directors.
- 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. M. R. Narvekar	90240
Mr. D. M. Sukthankar	1600

Committees of the Board

a) Audit Committee :

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

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

Dr. M. R. Narvekar was co-opted as an additional Member of the Committee during the year from July 28, 2007.

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

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

During the year ended 31st March, 2008, four (4) Audit Committee Meetings were held and the attendance of the Members at the said Meetings were as follows :

Serial No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members			
		D.N. Mungale	D. M. Gavaskar	Rajiv P. Kakodkar	Dr. M. R. Narvekar
1.	July 28, 2007	Attended	Attended	Attended	Absent
2.	October 18, 2007	Attended	Absent	Absent	Attended
3.	October 31, 2007	Attended	Attended	Attended	Absent
4.	January 29, 2008	Absent	Attended	Attended	Attended

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

The Company Secretary is the Secretary of the Committee.

The Statutory Auditors of the company were present at three meetings held during the year.

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

b) Shareholders'/ Investors' Grievance Committee :

Composition : The present Committee comprises of three Directors namely,

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

In view of the resignation by Mr. Atul S. Rajadhyaksha as Director, the Board re-constituted Shareholders' / Investors' Grievance Committee, by appointing Mr. Rajiv P. Kakodkar in place of Mr. Atul S. Rajadhyaksha.

The Committee met on July 10, 2007, September 28, 2007 and January 11, 2008 to review the investor complaints and redress their grievances. The details of meeting held and attendance at the meeting were as follows:

Name of the Committee Member	No. of Meetings	
	Held during the year	Attended during the year
Sundeep V. Bambolkar	3	3
Aditi Kare Panandikar	3	3
Atul S. Rajadhyaksha*	3	2
Rajiv P. Kakodkar **	3	Nil

* ceased to be a member with effect from 23.02.2008

** Appointed as a member with effect from 23.02.2008

The terms of reference of the Committee include the following

- Investor complaints and their expeditious redressal
- Investor queries
- Review of shares dematerialised and all other related matters.

The Company during the year received 20 complaints. The complaints mainly pertained to refund orders under IPO, non allotment of shares in IPO, revalidation of dividend warrants etc.

The Company has resolved all the complaints as at the end of financial year March 31, 2008 to the satisfaction of the shareholders and no complaints are pending for redressal.

Mr. Jagdish B. Salian is the Company Secretary and the Compliance & Investor Relations Officer.

c) Share Transfer Committee :

Composition : This Committee comprises of the following Directors:

1. Mr. F.X. Coutinho - *Chairman*
2. Mr. Sundeep V. Bambolkar - *Member*
3. Ms. Aditi Kare Panandikar - *Member*

Mr. Jagdish B. Salian, Company Secretary acts as Secretary of the Committee.

The Share Transfer Committee, has been delegated with powers to administer the following :

1. transfer of shares
2. transmission or deletion of shares
3. issue of duplicate share certificates , request for change in name etc.

There were no requests for share transfers and requests for transmission, deletion etc in physical mode during the year. Accordingly, no meetings were held during the year.

Details of General Body Meetings

Annual General Meeting :

The venue and time of last three Annual General Meetings of the Company were as follows:

Year	AGM	Location	Date	Time
2006-07	AGM	MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051	December 22, 2007	10.00 a.m.
2005-06	AGM	MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051	November 07, 2006	2.30 p.m.
2004-05	AGM	MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051	September 29, 2005	2.30 p.m.

No resolution was passed through Postal Ballot during last year.

Disclosures :

- 1) There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relative etc., during the year, that may have potential conflict with the interests of the Company at large.
- 2) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- 3) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

- 4) All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- 5) The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- 6) In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the Executive Director (Finance) made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

Means of communication :

The quarterly results of the Company are published in newspapers of repute like The Financial Express, Business Standard, Economic Times, Maharashtra Times, Navshakti, Gomantak, Navhind 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.

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

GENERAL SHAREHOLDERS INFORMATION**Annual General Meeting :**

Date and Time - September 26th, 2008 at 11.00 am
Venue - MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051.

Financial Calendar :

It was decided to change Company's financial year ending from June 30th to March 31st. Consequently, the financial year of the Company for 2007-08 is for a 9 months period from 1st July, 2007 to 31st March, 2008.

Financial year : 1 April to 31 March

Book Closure :

The dates of book closure are from September 18, 2008 to September 26, 2008 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, 2004. The Company has subsequently updated the Code as per the requirements of SEBI from time to time.

Code of Conduct for Senior Management :

The Company has adopted a Code of Conduct for Directors and Senior Management, which is hosted on the web site of the Company. It is the responsibility of all employees and Directors to 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 the Company has given a declaration of due compliance with Code of Conduct by the Directors and Senior Management.

Dividend Payment Date : On or after September 29, 2008

Listing : *The Company Shares are listed on :*

- 1 Bombay Stock Exchange Limited, Floor 25, P. J. Towers, Dalal Street, 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	IRL Share Price			No. of Shares traded during the month	Turnover Rs lakhs
	High Rs	Low Rs	Close Rs		
July '07	317.00	259.15	282.10	214671	603.43
August '07	273.00	226.10	260.50	30386	75.65
September'07	300.00	238.05	295.90	89881	243.79
October '07	325.00	255.00	299.40	96471	278.43
November '07	323.40	265.25	295.80	297217	910.75
December '07	335.00	291.55	311.90	204256	622.98
January '08	391.00	214.90	263.60	320237	1063.15
February '08	298.00	230.00	278.80	209758	563.74
March '08	304.00	205.10	292.25	149067	383.49

Distribution of Shareholding (as on March 31, 2008)

No. of Equity Shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares held	Percentage of Shareholding
1 to 500	12065	95.44	683479	5.56
501 to 1000	239	1.89	186590	1.52
1001 to 2000	120	0.95	174559	1.42
2001 to 3000	52	0.41	135106	1.1
3001 to 4000	15	0.12	53377	0.43
4001 to 5000	18	0.14	82974	0.68
5001 to 10000	52	0.41	372238	3.03
10001 & above	81	0.64	10598391	86.26
TOTAL	12642	100	12286714	100

Categories of shareholders as on March 31, 2008

Category Code & Category of Shareholder	No of Shareholders	Total No of shares	No of shares held in dematerialised form	Total shareholding as a % of total no of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
(a) Individuals/HUF	34	4939058	4780538	40.19	40.19
(b) Central Government/ State Government(s)					
(c) Bodies Corporate	2	2465640	2310000	20.06	20.06
(d) Financial Institutions/ Banks					
(e) Any other (specify)					
Sub-Total (A)(1)	36	7404698	7090538	60.26	60.26
(2) Foreign					
(a) Individuals	nil	nil	nil	nil	nil
(b) Bodies Corporate	nil	nil	nil	nil	nil
(c) Institutions					
(d) Any other (specify)					
Sub total (A)(2)	nil	nil	nil	nil	nil
Total shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	36	7404698	7090538	60.26	60.26
(B) Public Shareholding					
(1) Institutions					
(a) Mutual Funds/UTI	10	1310398	1310398	10.66	10.66
(b) Financial Institutions/Banks	nil	nil	nil	nil	nil
(c) Central Govt./State Govt.	nil	nil	nil	nil	nil
(d) Venture Capital Funds	nil	nil	nil	nil	nil
(e) Insurance Companies	nil	nil	nil	nil	nil
(f) Foreign Institutional Investors	7	506879	506879	4.12	4.12
(g) Foreign Venture Capital	nil	nil	nil	nil	nil
(h) Any other (specify)	nil	nil	nil	nil	nil
Sub - Total (B)(1)	17	1817277	1817277	14.79	14.79
(2) Non-Institutions					
(a) Bodies Corporate	279	504730	504730	4.10	4.10
(b) Individuals					
(i) Individual shareholders holding nominal share capital upto Rs. 1.00 lakhs	12047	1449887	1229164	11.80	11.80
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1.00 lakhs	38	1035951	811321	8.43	8.43
(c) Any other (specify)	222	73790	73790	0.60	0.60
Sub-Total (B)(2)	12589	3064739	2619386	24.94	24.94
Total Public shareholding (B) = (B)(1) +(B)(2)	12606	4882016	4436663	39.73	39.73
(C) Shares held by Custodians and against which Depository Receipts have been issued	nil	nil	nil	nil	nil
Grand Total :(A)+(B)+(C)	12642	12286714	11527201	100	100

ADR/GDR

The Company has not issued any ADR/GDR.

Dematerialisation Information :

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

Dematerialisation of shares :

As on March 31, 2008, 93.82% of the total shares of the Company have been dematerialised as shown below :

Number of Shares	% of total Shares	No. of Shareholders	% of total Shareholders
11527201	93.82%	12521	99.04%

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

The break-up of shares in physical and demat form as on March 31, 2008 is given below :

No. of Demat/physical form as on March 31, 2008

	No. of Shares	% of total Shares
Physical Segment	759513	6.18%
Total :	759513	6.18%
Demat Segment		
– NSDL	11013754	89.64%
– CDSL	513447	4.18%
Total :	11527201	93.82%
Grand Total :	12286714	100%

Shares issued on Demerger

Consequent upon the demerger of the pharma division from SPA Pharmaceuticals Pvt. Ltd to merge with the Company, the shareholders of SPA Pharmaceuticals Pvt. Ltd were allotted equity shares of 465000 in the ratio of 3:4 i.e. (3 equity share of Indoco for every 4 equity shares of SPA) ("Share entitlement Ratio").

Accordingly, 465000 equity shares were allotted on October 18, 2007.

Registrar & Share Transfer Agent :

Intime Spectrum Registry Limited, C-13, Pannalal Silks Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

Contact person : Mr. Raghunath Poojary
Ms. Sadhana Tripathi

Phone No. : 25963838

website : www.intimespectrum.com

Address for Correspondence :

Shareholders may address their communication and correspond with Company's Registrar and Share Transfer Agent at the address mentioned above.

Shareholders may also contact Mr. Jagdish B. Salian, Company Secretary, at the Registered Office of the Company for any assistance.

Tel : Nos. 2654 1851- 55
e-mail id : jagdishs@indoco.com

Nomination Facility :

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

Unpaid/ Unclaimed Dividends :

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

The due dates for transfer to IEPF of dividend remaining unclaimed/unpaid since 2000-01 are given below:

Financial year	Unclaimed dividend amount as on 31.03.08	Due date for transfer to IEPF
2000-01 - Final	84780	04.12.2008
2001-02 - Interim	100800	19.04.2009
2002-03 - Final	41560	04.12.2010
2003-04 - Interim	112800	07.06.2011
2004-05 - Final	155115	01.11.2012
2005-06 - Final	210200	15.12.2013
2006-07 - Final	281981	30.01.2015

Plant Locations :

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

Registered Office :

Indoco Remedies Limited, Indoco House,
166 CST Road, Kalina, Santacruz (East),
Mumbai 400 098.
Tel : +91- 22-2654 1851- 55
Fax : +91-22 - 66936241
website : www.indoco.com



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

We have examined all relevant records of Indoco Remedies Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and The National Stock Exchange of India Ltd for the financial year ended 31st March, 2008. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that Indoco Remedies Limited has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : September 02, 2008



Chairman's Certificate **Declaration on Code of Conduct** To the Members of **Indoco Remedies Limited**

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

I confirm that the Company has in respect of the year ended 31st March 2008, received from the senior management team and the Members of the Board, affirmations of compliance with the Code of Conduct as applicable to them.

SURESH G. KARE
Chairman & Managing Director

Mumbai : September 02, 2008



Management Discussion And Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry is a multinational industry that is highly regulated, capital intensive, and is driven by large research and development expenditure. The industry is primarily privately owned and is technologically sophisticated. The global pharmaceutical market is forecasted to grow to US\$ 842 billion in 2010.

Emerging markets such as India, China, South Korea, Brazil, Russia and Turkey experienced double-digit growth signaling an important shift within the pharmaceutical industry. As growth in the mature markets flatten, industry attention is shifting to smaller developing markets that are doing exceptionally well. Many of these developing nations are experiencing significant gross domestic product growth that help finance the healthcare systems, increase patient access and fuel the double digit growth. Pharmaceutical majors are gearing up to the challenges of meeting the unmet needs of these markets. The industry is currently facing tough challenges. New registration procedures and the restructuring of healthcare systems are changing the industry and causing fiercer price competition, in the developed markets such as US & EU. Many global companies are being forced to radically rethink their business models.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian Pharmaceutical Industry, estimated at US\$ 9 bn, has grown at a CAGR of about 14% during the last six years. It is ranked 4th in volume terms and 11th in value terms globally. India's share in the global pharmaceutical market is less than 2% in value terms as drug prices in India are one of the lowest in the world. Exports contributed to more than half of Indian Pharmaceutical Industry's turnover during 2005-06 and have been a major growth driver for the industry growing at a CAGR of 19% during the last six years.

The playing field for the domestic pharmaceutical companies changed completely with the advent of product patent regime from January 2005. The Indian Pharmaceutical Industry is now exposed to a host of new opportunities and risks. This has led the domestic pharmaceutical companies to pursue various strategies on the business and R&D front with the aim of achieving long-term sustainable growth under the new regulatory regime. Besides changes in the patent laws, the issues with respect to drug pricing and the Union Pharmaceutical policy will shape the regulatory environment for the industry in future.

The changing dynamics of the global pharmaceutical industry especially that of the regulated markets like USA and Europe have presented a number of opportunities for Indian Pharmaceutical Industry to capitalize on. Some of the major concerns facing the global pharmaceutical industry are higher healthcare costs, competition from generics, patent expiries of blockbuster drugs, drying R&D pipelines and increasing R&D costs. These translate into a significant growth opportunity for Indian Pharmaceutical Industry in the form of exports of generics to regulated markets and contract manufacturing/ research for global pharmaceutical companies. Under this scenario, the growth for the formulation companies is likely to come from the generics opportunity in the regulated markets and geographic expansion in the semi/non regulated markets. The value of drugs going off-patent in regulated markets is estimated at US\$ 70-80 bn during the next two to three years and this represents a huge opportunity for Indian pharmaceutical companies to establish their presence in these markets. Pricing pressure in the regulated markets, high litigation costs and counter strategies followed by innovator companies are factors that could dampen the growth of Indian pharmaceutical companies pursuing the generic opportunity.

The recognition of product patent has provided global companies with better IPR protection and as a result has opened up a new segment for the Indian Pharmaceutical Industry in Contract Research and Manufacturing Services (CRAMS). Indian Pharmaceutical Industry is well-positioned to take advantage of this opportunity with world class manufacturing facilities adhering to various regulatory standards, large pool of skilled manpower and cheaper cost of conducting Bio-equivalence Studies / Clinical Trials. The investment in R&D is also on the rise as it has become important for Indian companies to initiate research in New Chemical Entity (NCE), in order to ensure long term

sustainable growth at the global level. Some of the Indian companies have invested in New Chemical Entity (NCE) research and are scouting for global partners for pursuing collaborative Clinical Trials. The availability of large patient base, skilled manpower and lower costs of carrying out clinical trials, has made India a favorable destination for R&D outsourcing. It is believed that in the near to medium term horizon, the growth of Indian Pharmaceutical Industry would be driven by exports to regulated markets and CRAMS. Companies having strong presence in these segments are likely to benefit more as compared to other companies.

Indoco's presence in the International Market :

In the 9 month period from July 2007 to March 2008 the company's revenue from Formulation Exports grew by 33% at Rs. 5742 lacs when compared to the corresponding period last year. This was driven by both, the regulated markets which registered a 31% growth and the semi-regulated markets which registered a 39% growth.

In the regulated markets, the company made its foray into South Africa, Australia and New Zealand. Shipment of products to Australia and New Zealand have already commenced subsequent product supply post the dossier approval. New contract has been entered into with a customer in South Africa for the preparation of dossiers.

In the lesser regulated markets, the company has made good progress across most of the geographies in terms of filing dossiers. New territories tapped include some of the Latin American countries and a number of CIS countries. For Peru, the company has already obtained product registration on the fast track and shipments have commenced. Going ahead the South American region will be the company's strong focal point along with Africa and CIS markets.

The Ministry of Health, Uganda inspected the Goa Plant I in the month of January 2008 and has approved the entire plant. Approval has also been received for our Goa Plant I from TGA, Australia. Darmstadt Germany has re-approved the Goa Plant I for solid dosage products. Validation batches for Carprofen Injection were successfully completed in Goa Plant II for a company in Slovenia.

The company successfully completed validation batches for Paracetamol tablets and Enrofloxacin tablets at its Baddi facility and the plant in Baddi was inspected by the Ministry of Health, Slovenia. This paves the way for commencement of exports to Europe in the near future, from the Baddi Plant.

The total market size in the US of Indoco's Ophthalmic product pipeline going off patent exceeds USD 1 billion. Concerning Indoco's foray in the US market the approval of 2 ANDAs has been received for Ciproflomacin and Diclofenac Ophthalmic Solution. While shipment of ciproflomacin eye drops commenced sometime back, Company has shipped the first consignment of Diclofenac to the US markets in March 2008.

Indoco has successfully completed the compilation of CMC section of ANDA for one of the Ophthalmic product with market size exceeding USD 500 million. This was a product development contract with a US customer and the ANDA is being filed by the customer shortly. Subsequently, post approval Indoco holds the right to supply the product to the US customer for 5 years.

DOMESTIC BUSINESS

Indoco's domestic marketing is divided into seven divisions. Indoco division contributes 47% of sales, Spade 21%, Warren 14.5%, Spera 6.1%, Surge-Radius 6% and Excel 5.4%. Oncospera, the new Oncology division has just been launched.

In the process of growth, our efforts are to consolidate existing products and increase revenues through new products. A set of new products have been identified within each marketing division. Oxipod, Ceftichek, Kefchek, Methycal and Resichek are some of the progressive new products. At the individual division level, while we are in the process of further consolidating sales of the older divisions, our efforts are on to expand sales by developing the value output of the new divisions with special emphasis on Spera.

With respect to development of the product portfolio, special focus is being laid on the Anti-Infective segment. This range contributes approx. 22% of the domestic sales with a growth of around 17% during July '07 to March '08.

Performance of some of the Top Brands are as follows :

<i>Brand</i>	<i>Jul 2007 - Mar 2008 (Rs. in lakhs)</i>	<i>% Growth</i>
Febrex Plus	2421	8.31
Cyclopam	1741	11.12
Sensodent	1326	25.16
Sensoform	719	13.51
Glycheck	648	3.04
Cloben	645	15.68

During the nine month period in FY08, the company's Top-12 brands, which constitute around 60% of its Domestic Formulation Sales, registered a year-on-year growth of 12%. Going ahead, the top brands along with the New Product introductions in the Life-style and Anti-infective segments would aid the growth of the Domestic Formulations business.

The company has created seven divisions to cater to specific therapy areas with emphasis on the chronic therapy, dental and ophthalmic segments. The New Products launched therein during the year include:

Indoco:

- Clamchek -Antibiotic
- Zorite - PPI,
- Sporocheck - Antidiarrhoeal

Spade:

- Aloha-XT - line extension to the Haematinic Aloha
- Pepchek PPI
- Resichek -Antibiotic
- Favorit -Antibiotic

Surge-Radius

- Telmichek - Cardiovascular o Triactam -Antibiotic

Warren

- Non-stomatological- AXL, Amclaid, Acecloren-P, Ofloren-OZ. o Kidodent - Dental

Warren-Excel

Excel was carved out from Warren to strengthen Company's association with Ophthalmologists and for focusing on Company's efforts to achieve higher growth. Excel was initially launched in the four Southern states of the country. As it garnered a good response with a positive impact on the company's sales, it now has a pan Indian presence. The Excel team currently operates with 130 representatives and 44 managers.

Excel offers a wide range of products to meet the needs of ophthalmologists and this includes:

- Anti - infectives
- Antibiotic & Steroid combinations
- Tear substitutes
- Mydriatics & Cycloplegics
- NSAIDs

Within the Ophthalmology Segment, Indoco has ventured into the anti - glaucoma segment with the launch of 5 products in

- Brimocek
- Brimocek - T
- Latocek
- Latocek - T
- Timolen

All these products are volume contributors with high growth potential as it represents 43% of the total ophthalmology space. Within 2 months of its launch, Brimocek/ Brimocek - T & Timolen have contributed to 13.21% of the ophthalmology segment's sales.

Besides anti-glaucoma, Excel has also forayed into the anti-allergic segment with the launch of Alercek (Olopatadine). This molecule is well accepted & fast picking up in the market and is a volume contributing product. With the launch of Irimist (HPMC) Excel now has a basket of tear substitutes. The launch of Xylocek (Xylometazoline) nasal drops is another feather in the Excel basket and is specifically preferred by ENTs.

These new products hold a lot of promise for the future and they have the potential to take Excel to new heights.

Spera

The progress of this new division has been on track and some of the products from the main division include Cital, Scabex and Triz which are doing very well. New launches include -

- Speraflox - Levofloxacin
- Sperogest - Calcium preparation
- Spera-69 - Micronised Progesterone
- Speracal - Folic acid & Pyridoxine
- Speronden - Ondansetron

OncoSpera

The oncology division, was launched in March 2008 with drugs for colorectal, breast, ovarian, and lung cancers. It is expected to introduce other products over a period of next few years. The oncology market is growing at over 26% annually with 25 lakh cancer patients in India and the market is expected to surge to more than Rs 3,000 crore in the next five years from Rs 900 crore at present. Indoco introduced its cancer drugs in Mumbai, Kerala, Andhra Pradesh, and Karnataka and plans to make them available in Gujarat, Tamil Nadu, and the rest of Maharashtra shortly. The company intends launching the drugs across India within eight to twelve months.

FINANCIAL PERFORMANCE :

Indoco delivered yet another good performance during the year with improvement in business across all therapeutic segments. Both, domestic and international businesses registered good growth.

Turnover achieved for the year ended 31st March, 2008 (9 months) was Rs 271.89 crores compared to Rs. 344.43 crores for the financial year ended 30th June, 2007 (12 months). The total turnover for this year (nine months) has increased by 16% over corresponding period last year. The Export turnover has increased by 22% and domestic turnover has increased by 15%.

The consumption of raw material was at Rs. 112.73 crores as compared to Rs. 143.04 crores last year.

The Employee cost was Rs. 32.95 crores for the year as against Rs. 34.15 crores in the previous year. During the year an amount Rs. 0.21 crores was paid towards Voluntary Retirement Scheme and Rs. 0.72 crores was paid towards additional bonus payment as a result of amendment to Payment of Bonus Act, 1965. These amounts are included in Extra Ordinary Items.

Profit before interest, tax, depreciation and Extra Ordinary Items was Rs. 45.27 crores as compared to previous year Rs. 62.32 crores.

Other income was at Rs. 2.50 crores as compared to Rs. 2.93 crores last year.

Interest cost was at Rs. 3.62 crores as against Rs. 5.09 crores in the previous year.

Depreciation was Rs 7.78 crores as against Rs. 9.03 crores in the previous year.

Extra ordinary item of Rs. 1.83 crores represents VRS, Bonus paid and interest adjustments.

Profit after tax was Rs. 30.10 crores as against Rs. 42.04 crores in the previous year.

Basic earning per share (EPS) for the year was Rs. 24.50 as against Rs. 35.21 for the previous year.

The outstanding debt as on 31st March, 2008 was Rs. 34.25 crores as compared to Rs. 35.55 crores as on 30th June, 2007.

Previous years figures are not comparable as current year's figures are for nine month ended 31st March, 2008 whereas previous year's figures are for 12 months ended 30th June, 2007.

Indoco's commercial paper was rated A1+.

Capital expenditure during the year was Rs. 13.35 crores.

OUTLOOK

Indoco is striving to place itself on a strong promising path by expanding its business strategically, strengthening its manufacturing facilities and enhancing capabilities across the organisation. The Company is looking at various opportunities in untapped markets and association with business partners in the global market to boost its revenues.

As a company, Indoco remains focused on formulation business and will be looking to expand the same, both in the domestic as well as international markets.

APIs

Indoco's initiative in the research & development and API manufacturing space should be viewed as steps to backward integration. The investments in this area will ensure high end drug development research, steady supply of APIs for Company's ANDA & ECTD projects besides making its formulations more competitive.

Given Indoco's niche presence in the ophthalmology segment and strategy to enter into speciality marketing and distribution tie-ups for regulated export markets, you can look forward to a healthy growth in your Company's business in the years to come.

HUMAN RESOURCES

The value of an organization is unequivocally linked to the collective efforts of its people. Employees represent what a company stands for. We at Indoco Remedies strongly believe, "The growth of the company can be sustained through the continuous development of its people who contribute to the business success." Hence we focus our attention to harness the innate potential each individual brings to the organization.

Indoco offers a host of career opportunities in all aspects of Pharmaceutical research, manufacturing and marketing as well as in corporate support services and overall business development. Indoco invites qualified scientists and professionals willing to walk with the company in its global growth journey to join its team.

The company as a whole, represents a synergy of active talent at work in generating remarkable performance with a single-minded commitment to produce extraordinary results and achieve the highest standards of quality in all spheres.

Risks, Concerns and threats

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

Price Control

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

INDOCO complies with the prices fixed by the Government under DPCO. However, any further reduction in these prices by the Government, poses a potential risk of loss of revenue & margins.

The Government is currently in the process of announcing a new drug policy and a corresponding new DPCO. There are apprehensions that the new drug policy would bring substantially large basket of drugs under price control.

Forex Transactions

INDOCO's exposure to forex transactions is increasing year-on-year, alongwith its growing international business. The currency associated risks are attempted to be hedged by measures like forward contracts.

Patent regime risks

The onset of the new patent regime in 2005, has threatened the progress of the domestic pharma sector. INDOCO seeks to hedge this through an in-licensing and partnering approach, and by directing its efforts as an end-to-end complete solution provider to global pharmaceutical companies.

Product Life Cycle shortening risks

To counter the risks associated with the shortening of product life cycles in some of the therapeutic segments, INDOCO has embarked its operations in chronic and lifestyle segments.

Internal Control Systems :

INDOCO has evolved effective internal control systems in its operations. These controls are constantly reviewed & revised with the changing business dynamics. There is also an internal audit carried out with the help of an external agency, which covers areas like c&f operations, expenditure approval mechanism, review of obsolete / non-moving items in stock, etc. The directors consider that the existing internal control systems are adequate for the size and complexity of the present level of operations.

Forward - Looking Statements :

This annual report contains forward-looking statements which set out anticipated results based on the management's plans and assumptions, to enable investors to comprehend our prospects and take informed investment decisions. We have tried, wherever possible, to qualify such statements by using words such as 'anticipate', 'estimate', 'expect', 'intend', 'plan', 'believe', and words of similar connotation in relation to the discussion on future performance.

We cannot guarantee that these forward-looking statements will materialise, although we believe we have been prudent in making those assumptions. The achievement of results is subject to risks and uncertainties, and even inaccurate assumptions. Should any of the known or unknown risks or uncertainties materialise, or should any of the underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers are requested to bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Auditors' Report

To the Members of Indoco Remedies Limited

We have audited the attached Balance Sheet of INDOCO REMEDIES LIMITED as at 31st March, 2008 and also the Profit & Loss Account and Cash Flow Statement for the period 1st July, 2007 to 31st March, 2008 annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us and read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the period ended on that date.
and
 - (iii) 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

BM PENDSE
Partner

M. No. 32625

Mumbai : September 02, 2008



Annexure

To the Auditors' Report

Referred To In Our Report Of Even Date For The Period 1st July, 2007 To 31st March, 2008

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 period 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 period and the going concern status of the Company is not affected.
2. In respect of inventory:
 - (a) as explained to us, inventories had been physically verified by the management at the end of the period.
 - (b) in our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) the Company had maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. The Company had not granted or taken any loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and on the basis of information and explanations given to us, the Company had adequate internal control system commensurate with its size and the nature of its business for the purchase of finished goods, spares, plant and machinery, equipment and other assets and for the sale of goods and services. During the course of the audit we have not observed any major weakness in internal controls.
5. (a) The particulars of contracts or arrangements referred to in section 301 of the Act had been entered in the register required to be maintained under that section; and
(b) Transactions made in pursuance of such contracts or arrangements had been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company had not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
7. In our opinion the Company had an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.
9. In respect of statutory dues:
 - (a) according to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
 - (b) the disputed statutory dues aggregating to Rs. 743.26 lakhs have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Particulars	Financial Years to which matter pertains	Forum where dispute is pending	Amount (Rs lakhs)
1.	Income Tax Act, 1961	1996-97 to 2001- 02	ITAT, Mumbai	434.51
		2002-03	ITAT, Mumbai	112.78
		2003-04	ITAT, Mumbai	26.24
		2004-05	ITAT, Mumbai	19.90
2.	Central Excise Act, 1944	1995-96	CESTAT	0.64
		1997-98	Divisional Dy. Comn. Boisar	3.40
		1997-98	Divisional Dy. Comm. Mumbai	0.79
		1997-98	Honbl. Supreme Court	2.92
		1998-99	Divisional Dy. Comn. Boisar	1.64
		2003 - 04	CESTAT	2.71
		2005 - 06	Divisional Dy. Comn. Goa	1.25
		2006 - 07	Commissioner - Thane II	91.97
		2007- 08	Commissioner (Appeals) Aurangabad	26.55
		2007- 08	AsstComm. - Aurangabad	1.92
3.	Sales Tax	2000 - 01	The Asst. Comm. (Assmt.) Ernakulam, Cochin	0.39
		2003 - 04	TheAddl. Comm. Commercial Taxes , Kolkata	15.65

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

For PATKAR & PENDSE
Chartered Accountants

BM PENDSE
Partner

M. No. 32625

Mumbai : September 02, 2008

Balance Sheet

As at 31st March, 2008

	Schedule	Current Year As at 31.03.2008	(Rs. lakhs) Previous Year As at 30.06.2007
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,228.67	1,182.17
(b) Share Capital Suspense	A1	—	46.50
(c) Reserves & Surplus	B	24,196.17	22,072.95
		25,424.84	23,301.62
2) Loan Funds :			
(a) Secured Loans	C	2,214.36	3,108.88
(b) Unsecured Loans	D	1,210.72	446.36
3) Deferred Tax :	E		
(a) Deferred Tax Liability		2,341.45	2,213.82
(b) Deferred Tax Asset		(149.43)	(144.66)
		2,192.02	2,069.16
TOTAL		31,041.94	28,926.02
APPLICATION OF FUNDS			
4) Fixed Assets :	F		
(a) Gross Block		21,899.12	20,671.85
Less : Depreciation		4,737.05	3,964.31
Net Block		17,162.07	16,707.54
(b) Capital Work in Progress including Capital Advances		182.61	167.88
		17,344.68	16,875.42
5) Investments	G	0.30	0.30
6) Current Assets, Loans & Advances :	H		
(a) Inventories		4,432.60	3,796.70
(b) Sundry Debtors		10,776.11	10,369.18
(c) Cash and Bank Balances		1,612.21	1,542.53
(d) Loans & Advances		3,092.95	2,064.23
		19,913.87	17,772.64
7) Less : Current Liabilities and Provisions :	I		
(a) Current Liabilities		5,176.47	4,647.80
(b) Provisions		1,083.66	1,127.09
		6,260.13	5,774.89
Net Current Assets		13,653.74	11,997.75
8) Miscellaneous Expenditure : (to the extent not written off or adjusted)	J	43.22	52.55
TOTAL		31,041.94	28,926.02

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse

Partner
M. No. 32625

Mumbai : September 02, 2008

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : September 02, 2008

Jagdish B Salian
Company Secretary

Profit and Loss Account

For the period ended 31st March' 2008

	Schedule	Current Period July'07 - March'08	(Rs. lakhs) Previous Year July'06 - June'07
INCOME			
1) Sales & Operations		27,189.32	34,443.12
Less : Excise Duty		(920.85)	(1,844.45)
Net Sales		26,268.47	32,598.67
2) Other Income	K	249.99	293.16
		26,518.46	32,891.83
EXPENDITURE			
3) Materials	L	11,272.68	14,304.24
4) Staff Cost	M	3,294.53	3,415.46
5) Other Expenditure	N	6,706.16	8,395.77
		21,273.37	26,115.47
PROFIT BEFORE R & D, INTEREST, DEPRECIATION, EXTRA ORDINARY ITEMS & TAX			
6) R&D Expenses	O	5,245.09	6,776.36
7) Interest	P	718.32	544.65
8) Depreciation		361.74	508.68
		777.95	902.53
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION			
9) Extraordinary items		3,387.08	4,820.50
(Refer Note No. 9 of Schedule 'Q')		182.79	159.16
PROFIT BEFORE TAX			
10) Provision for Tax		3,204.29	4,661.34
(a) Current		354.92	520.20
(b) Deferred		122.86	275.08
(c) Fringe Benefit		71.76	69.99
(d) Earlier years		-	10.45
Mat Credit Entitlement		(354.92)	(418.20)
PROFIT AFTER TAX			
11) Balance brought forward from last year		3,009.67	4,203.82
12) Balance in profit & loss account credited / (debited) pursuant to scheme of amalgamation :		4,020.44	1,826.43
Indoco Healthcare Limited			409.10
La Nova Chem (India) Private Limited			15.45
Shree Herbal Technologies Limited		(0.69)	
(Refer Note No. 11 of Schedule 'Q')			
PROFIT AVAILABLE FOR APPROPRIATION			
13) Appropriations :		7,029.42	6,454.80
(a) Proposed Dividend		614.33	798.63
(b) Dividend Tax		104.41	135.73
(c) Transfer to General Reserve		1,500.00	1,500.00
(d) Balance Carried to Balance Sheet		4,810.68	4,020.44
		7,029.42	6,454.80
14) Earning Per Share			
Basic & Diluted (Rs.) - Without Extraordinary items		25.98	36.55
Basic & Diluted (Rs.) - After Extraordinary items		24.50	35.21

Schedules "K" to "P" and Notes to Accounts in Schedule "Q" 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

Jagdish B Salian
Company Secretary

Mumbai : September 02, 2008

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : September 02, 2008

Schedules

Forming part of the Balance Sheet

SCHEDULE 'A' : Share Capital	As at 31.03.2008	Rs lakhs As at 30.06.2007
1) Authorised : 180,00,000 Equity Shares of Rs.10/- each	<u>1,800.00</u>	<u>1,800.00</u>
2) Issued,Subscribed and Paid up: 12,286,714 (Previous Year 118,21,714) Equity Share of Rs. 10/- each fully paid up.	<u>1,228.67</u>	<u>1,182.17</u>
Out of the above Equity Shares issued & subscribed :		
a) 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.		
b) 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.		
c) 32,84,260 Equity Shares are issued as Bonus Shares by capitalising an equivalent amount from the Revaluation and General Reserve.		
d) During the year 4,65,000 Equity Shares of Rs. 10/- each are allotted as fully paid up to the shareholders of Spa Pharmaceuticals Pvt Ltd. in pursuant to the scheme of Amalgamation of their demerged pharmaceutical division with the company.		

SCHEDULE 'A1' : Share Capital Suspense

a) 4,65,000 equity Shares of Rs. 10/- each fully paid up, issued pursuant to the scheme of Amalgamation of Spa Pharmaceuticals Pvt Ltd. of their demerged Pharmaceutical Division with the Company, pending for allotment as on 30.06.2007.	<u>-</u>	<u>46.50</u>
TOTAL	<u>-</u>	<u>46.50</u>

SCHEDULE 'B' : Reserves and Surplus

1) Capital Reserve	<u>0.02</u>	0.02
2) Share Premium As per last Balance Sheet	<u>7,035.27</u>	7,035.27
3) Revaluation Reserve As per last Balance Sheet	<u>0.07</u>	0.08
Less : Transfer to Profit and Loss Account	<u>(0.01)</u>	(0.01)
	<u>0.06</u>	0.07
4) Capital Subsidy		
(a) Development Rebate Reserve - Tarapur	<u>7.50</u>	7.50
(b) Development Rebate Reserve - Goa	<u>25.00</u>	25.00
	<u>32.50</u>	32.50
5) General Reserve :		
As per last Balance Sheet	<u>10,984.64</u>	9,478.94
Add : Transferred from Amalgamated Companies	-	5.70
Add : Transfer from Profit and Loss Account	<u>1,500.00</u>	1,500.00
Less : Cancellation of Company's Investment in Shree Herbal Technologies Ltd. *	<u>(167.00)</u>	-
	<u>12,317.64</u>	10,984.64
6) Profit & Loss Account	<u>4,810.68</u>	4,020.44
TOTAL	<u>24,196.17</u>	<u>22,072.95</u>

* Adjustment for difference between face value and cost of acquisition of Equity Shares of Shree Herbal Technologies Ltd in IRL's books pursuant to a scheme of Amalgamation. Refer Note No. 11 of Schedule "Q".

Schedules

Forming part of the Balance Sheet

SCHEDULE 'C' : Secured Loans	As at 31.03.2008	Rs lakhs As at 30.06.2007
1) Cash Credit facilities from banks for Working Capital*	668.13	871.41
2) External Commercial Borrowings from ICICI Bank UK Ltd**	-	1,018.75
3) Packing Credit*	-	87.28
4) Overdraft against Fixed Deposits***	80.23	402.17
5) Commercial Paper placed with Banks**** (Maximum balance during the Year Rs.1200.00 Lacs, Previous Year Rs.1000.00 Lacs)	1,200.00	-
6) Term Loan from Bank*****	266.00	729.27
TOTAL	2,214.36	3,108.88
* Working Capital Facilities from banks are secured by hypothecation of Stocks and Book Debts, both present and future secured by Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Andheri- Mumbai, Verna-Goa (Goa -I & II),Patalganga and Corporate Office.		
** The ECB from ICICI Bank UK Ltd was secured by way of first charge on all movable, immovable properties of the Company located at Verna Goa I & III.		
*** Secured against Fixed Deposit Receipts pledged with Banks.		
**** Commercial paper is issued by earmarking working capital facilities from the banks.		
***** The term loans from banks are secured by first pari-passu charge on all movabale and immovable fixed assets, both present & future located at Patalganga.		

SCHEDULE 'D' : Unsecured Loans

1) Foreign Currency Packing Credit	962.16	-
2) Overdraft facility from Banks	248.56	446.36
TOTAL	1,210.72	446.36

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability		
(a) Depreciation	2,327.34	2,195.96
(b) Deferred Revenue Expenses	14.11	17.86
	2,341.45	2,213.82
Less :		
2) Deferred Tax Assets		
(a) Provision for Leave Encashment	72.36	57.89
(b) Provision for Doubtful Debts	12.12	10.58
(c) Voluntary Retirement Scheme	50.52	54.10
(d) Dis-allowance U/S 40(a)(i)	14.43	22.09
	149.43	144.66
TOTAL	2,192.02	2,069.16

Schedules

Forming part of the Balance Sheet

SCHEDULE 'F' : Fixed Assets

	GROSS BLOCK				DEPRECIATION			NET BLOCK			
	As at 1st July 2007	Additions on Amalgamations**	Additions during the period	Deductions/ Sales during the period	As at 31st March 2008	As at 1st July 2007	Additions on Amalgamations	For the Year	Deductions/ Sales during the year	As at 31st March 2008	As at 30th June 2007
Land (Lease Hold)	371.38	82.98	-	-	454.36	6.39	-	0.03	-	447.94	355.31
Buildings & Premises *	6,699.81	-	153.22	93.52	6,759.51	1,045.74	-	160.04	3.83	1,201.95	5,654.62
Plant & Machinery **	2,866.39	-	329.38	8.60	3,187.17	534.86	-	116.00	0.35	650.51	2,340.69
Handling Equipments	466.22	-	25.39	-	491.61	168.23	-	20.76	-	188.99	297.99
Pollution Control Equipments	245.07	-	-	-	245.07	68.63	-	9.95	-	78.58	176.44
Laboratory Equipments	765.12	-	215.58	1.00	979.70	118.02	-	34.55	0.01	152.56	647.09
R&D Equipments	1,739.26	-	20.92	-	1,760.18	299.44	-	62.88	-	362.32	1,439.82
Plant – Utilities	2,184.61	-	234.32	-	2,418.93	267.65	-	90.85	-	358.50	1,916.96
Electrical Installations	1,381.79	-	16.20	-	1,397.99	220.02	-	56.10	-	276.12	1,161.77
Furniture & Fixtures and Office & Data Processing Equipments	1,473.72	-	104.17	0.05	1,577.84	732.16	-	95.37	-	827.53	741.56
Air-conditioning Unit	1,430.20	-	1.01	-	1,431.21	224.50	-	55.72	-	280.22	1,205.70
Vehicles	109.83	-	56.85	4.58	162.10	42.02	-	17.14	1.04	58.12	67.80
Trade Mark	937.30	-	95.00	-	1,032.30	235.72	-	58.56	-	294.28	701.58
Technical Knowhow	1.15	-	-	-	1.15	0.95	-	-	-	0.95	0.20
Total	20,671.85	82.98	1,252.04	107.75	21,899.12	3,964.31	-	777.95	5.23	4,737.05	16,707.54
Previous year	13,115.89	4,791.18	2,807.59	42.81	20,671.85	2,619.43	457.18	902.53	14.86	3,964.31	-
Capital Work-in-Progress (Including Capital Advances)										182.61	167.88
Total										17,344.68	16,875.42

* 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 5 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.

*** Refer Note No. 11 of Schedule 'Q'

Schedules

Forming part of the Balance Sheet

SCHEDULE 'G' : Investments	As at 31.03.2008	Rs lakhs As at 30.06.2007
1) Unquoted : (at cost)		
(a) <i>Non-Trade - Government Securities</i>		
(i) 12 Yrs National Defence Certificates	0.01	0.01
(ii) 7 Yrs National Savings Certificates	0.18	0.18
	0.19	0.19
(b) <i>Shares of Saraswat Co-op. Bank Ltd.</i> (1,000 Ordinary Shares of Rs 10/- each)	0.10	0.10
2) Quoted		
<i>Long Term (at Cost)</i>		
Shares of Citurgia Bio-Chemicals Ltd. (100 equity shares of Rs 10/- each) (Script not traded since 27.04.2007)	0.01	0.01
TOTAL	0.30	0.30

Investment Details As On 31.03.2008

Sr.	Particulars	Opening Balance		Purchase / Reinvested		Sold/Redeemed		Closing Balance	
		Units	Value	Units	Value	Units	Value	Units	Value
A	Liquid Funds								
1	DWS Credit Opportunities Cash Fund -monthly Div	0.00	0.00	1980333.52	199.42	1980333.52	199.42	0.00	0.00
2	DWS Credit Opportunities Cash Fund -weekly Div	0.00	0.00	4961772.49	497.91	4961772.49	497.91	0.00	0.00
3	Sundaram BNP Paribas Liquid Plus	0.00	0.00	250401.24	25.06	250401.24	25.06	0.00	0.00
4	LICMF Liquid Plus Fund	0.00	0.00	2422600.85	242.37	2422600.85	242.37	0.00	0.00
5	Tata Floater Fund	0.00	0.00	15194715.96	1532.37	15194715.96	1532.37	0.00	0.00
6	ING Vysya Liquid Plus Fund	0.00	0.00	1510584.76	151.70	1510584.76	151.70	0.00	0.00
	TOTAL		0.00		2648.83		2648.83		0.00
B	Others								
1	Investment In Govt securities								
	12 yrs National Defence Certificate		0.01						0.01
	7 yrs National Saving Certificates		0.18						0.18
2	Shares of Saraswat Co-op Bank	1000.00	0.10					1000.00	0.10
3	Shares of Citurgia Bio-Chemicals Ltd	100.00	0.01					100.00	0.01
	TOTAL		0.30		0.00		0.00		0.30
	TOTAL INVESTMENTS		0.30		2648.83		2648.83		0.30

Schedules

Forming part of the Balance Sheet

SCHEDULE 'H' : Current Assets, Loans And Advances

As at 31.03.2008

Rs lakhs
As at 30.06.20071) **Current Assets :***(As certified by the Management)***Inventories (At Cost)**

(a) Stock of Consumables	34.02	36.47
(b) Stock in Trade :		
(i) Raw and Packing Materials	1,935.65	1,592.56
(ii) Finished Goods	2,195.22	1,935.30
(iii) Work in Progress	267.71	232.37
	<u>4,432.60</u>	<u>3,796.70</u>

Sundry Debtors**Unsecured**

(a) Debts outstanding for more than six months Considered Good	1,334.33	1,062.87
Considered Doubtful	35.67	31.13
	<u>1,370.00</u>	<u>1,094.00</u>
Less : Provision for Doubtful Debts	(35.67)	(31.13)
	<u>1,334.33</u>	<u>1,062.87</u>
(b) Other Debts - Considered Good	9,441.78	9,306.31
	<u>10,776.11</u>	<u>10,369.18</u>

Cash and Bank Balances :

(a) Cash on hand	14.40	23.31
(b) Balances with Scheduled Banks :		
(i) In Current Accounts	1,304.83	1,003.96
(including Equity Shares Application Money of Rs 8.82 Lakhs, Previous Year Rs 8.82 Lakhs)		
(ii) In Fixed Deposit Accounts	175.67	402.06
(iii) In Margin Accounts	107.03	105.00
(iv) In Unpaid Dividend Accounts	10.28	8.20
	<u>1,612.21</u>	<u>1,542.53</u>

2) **Loans and Advances :***(Unsecured, Considered Good, unless stated otherwise)*

(a) Advances recoverable in cash or in kind or for the value to be received	2,058.04	1,515.34
(b) Advance Income Tax (Net)	640.75	369.25
(c) Balances in Excise Accounts	394.16	179.64
	<u>3,092.95</u>	<u>2,064.23</u>
TOTAL	<u><u>19,913.87</u></u>	<u><u>17,772.64</u></u>

Schedules

Forming part of the Balance Sheet

SCHEDULE 'I' : Current Liabilities & Provisions

	<i>As at 31.03.2008</i>	<i>Rs lakhs</i> <i>As at 30.06.2007</i>
1) Current Liabilities :		
(a) Sundry Creditors	3,560.18	3,239.07
(b) Unclaimed Dividend *	9.87	7.80
(c) Interest accrued but not due on loans	1.26	32.35
(d) Equity share application money refundable	8.82	8.82
(e) Security Deposit Payable.....	543.66	499.44
(f) Other Liabilities	1,052.68	860.32
	5,176.47	4,647.80
<i>* Liability towards Investor Education and Protection Fund - Not due</i>		
2) Provisions :		
(a) Provision for Bonus	152.04	22.40
(b) Proposed Dividend	614.34	798.64
(c) Dividend Tax	104.41	135.73
(d) Provision for Leave Encashment	212.88	170.32
	1,083.66	1,127.09
TOTAL	6,260.13	5,774.89

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

As per last Balance Sheet	52.55	88.00
Add : Additions during the year	15.14	17.62
Less : Amortised during the year	(24.47)	(53.07)
TOTAL	43.22	52.55

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'K' : Other Income

	As at 31.03.2008	Rs lakhs As at 30.06.2007
1) Dividend Received	19.70	15.87
2) Interest Received (Net)	13.51	56.85
<i>Refer Note No. 7 of Schedule 'Q'</i>		
3) Profit on Sale of Fixed Assets	0.36	60.89
4) Exchange Gain (Net of exchange loss)	79.14	-
<i>Refer Note No. 15 of Schedule 'Q'</i>		
5) Export Incentives	15.71	73.64
6) Sales Tax Refund	4.71	-
7) Sundry Balances Written Back	0.72	6.65
8) Profit on Sale of Investments	0.04	5.49
9) Insurance Claim	47.95	16.12
10) Sundry Receipts	68.15	57.65
TOTAL	249.99	293.16

SCHEDULE 'L' : Materials

1) Cost of Material Consumed :			
Opening Stock	1,592.55	1,536.02	
Add : Purchases	9,105.47	10,974.58	
Less : Closing Stock	(1,906.57)	(1,592.55)	
	8,791.45		10,918.05
2) Purchase of Finished Goods	2,748.50		3,304.70
3) Excise Duty	27.98		171.25
4) (Increase)/Decrease in Stock of Finished Goods and WIP:			
(a) Opening Stock	2,167.68	2,077.92	
(b) Closing Stock	(2,462.93)	(2,167.68)	
	(295.25)		(89.76)
TOTAL	11,272.68		14,304.24

SCHEDULE 'M' : Staff Cost

1) Salaries, Wages and Bonus	2,942.45	2,983.91
2) Contribution to Provident and Other Funds	284.83	357.82
3) Staff Welfare Expenses	67.25	73.73
TOTAL	3,294.53	3,415.46

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'N' : Other Expenditure

	As at 31.03.2008	As at 30.06.2007
		<i>Rs lakhs</i>
1) Consumable Stores.....	65.05	114.80
2) Job Work Charges.....	141.20	577.13
3) Power and Fuel	814.14	1,015.60
4) Rent, Rates and Taxes	72.71	109.93
5) Insurance.....	64.12	83.54
6) Repairs :		
(a) Buildings.....	109.24	92.40
(b) Plant and Machinery.....	184.50	188.89
(c) Others	176.34	127.00
	<u>470.08</u>	<u>408.29</u>
7) Packing and Delivery Expenses	771.79	1,123.55
8) Analytical Expenses	139.05	146.88
9) Turnover and Additional Tax	50.36	30.66
10) Advertising and Sales Promotion Expenses	938.63	1,160.03
11) Commission and Incentives on sales	909.52	841.26
12) Travelling, Conveyance and Motor Car Expenses	1,351.70	1,533.57
13) Legal and Professional Fees	53.23	73.88
14) Director's Sitting Fees	1.70	1.22
15) Postage, Telephone and Telex Expenses	84.56	111.93
16) Printing and Stationery Expenses	126.19	160.59
17) Payments to Auditors:		
(a) Audit Fees	1.59	1.50
(b) Tax Audit Fees	0.70	0.30
(c) Other Services	0.06	-
	<u>2.35</u>	<u>1.80</u>
18) Loss on sale of Investments	0.75	1.08
19) Loss on sale of Assets	-	8.44
20) Investments Written off	-	17.45
21) Miscellaneous Expenditure Written off.....	24.47	53.07
22) Provision for Doubtful Debts	14.98	-
23) Exchange Loss (Net)	-	122.65
<i>Refer Note No. 15 of Schedule 'Q'</i>		
24) Other Expenses	609.58	666.92
25) Goodwill on amalgamation written off	-	31.50
TOTAL	<u><u>6,706.16</u></u>	<u><u>8,395.77</u></u>

SCHEDULE 'O' : R&D Expenses*

1) R&D Employee Cost	214.42	210.23
2) Other R&D Expenses	503.90	334.42
TOTAL	<u><u>718.32</u></u>	<u><u>544.65</u></u>

* Refer Note No. 6 of Schedule 'Q'

SCHEDULE 'P' : Interest

1) Interest on Fixed Loans from Banks	61.08	163.63
2) Interest on Other Facilities from Banks	64.65	111.96
3) Interest on Other Unsecured Loans	236.00	233.09
TOTAL	<u><u>361.74</u></u>	<u><u>508.68</u></u>

Notes Forming Part of Accounts for the year ended March 31 , 2008.

SCHEDULE 'Q' :

1) Change In Accounting Year :

The current accounting period is for nine months ended March 31, 2008, whereas the previous accounting period was for twelve months ended June 30, 2007. The company has done this change to bring parity with the taxation year and comparability with the industry in general. The corresponding figures for the previous year are therefore not comparable with those of the current period.

2) 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. Depreciation on Fixed Assets is provided on the written down value at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on all assets except assets at Goa, Patalganga and R & D Centre at Rabale which is provided on straight line method.
- (ii) 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 or net realisable value, whichever is lower.
- (ii) Goods-in-process are valued at cost including related overheads or net realisable value whichever is lower.
- (iii) Finished goods are valued at cost or net realisable 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 & 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 the 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 & 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 are capitalised as a part of the cost of such assets upto the date when the asset is ready for its intended use.

Notes Forming Part of Accounts for the year ended March 31 , 2008.

(k) Research & Development Expenses –

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

(l) Miscellaneous Expenditure –

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. Preliminary Expenses incurred are written off over a period of 10 years from the year of commencement of the commercial activities.

(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 (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate of recoverable amount.

	<i>Current Year Rs Lakhs (Nine Months)</i>	<i>Previous Year Rs Lakhs (Twelve Months)</i>
3) Contingent Liabilities Not Provided For :		
(a) Matters under dispute		
(i) Sales Tax	16.04	32.34
(Rs 2.00 Lakhs has been paid under protest)		
(ii) Excise / Service Tax	133.80	105.31
(iii) Income Tax		
– Where the Company is in appeal	156.81	156.81
(Rs 48.30 lakhs has been paid under protest)		
– Where the department is in appeal	436.62	406.83
(iv) In respect of claims made against the Company not acknowledged as debts (Labour matters)	21.73	21.73
(b) Bank Guarantees	67.23	92.25
(c) Letters of Credit	314.64	234.87
(d) Estimated amount of contracts remaining to be executed on Capital Account [net of advances of Rs 112.95 Lakhs (Previous year Rs 75.21 Lakhs)]	181.63	141.88
(e) Discounting of debtors to the extent not actually realized.	365.91	–
4) Remuneration / Perquisites paid / payable to Managing / Whole-time Directors (Included in staff cost)		
(a) Salary	113.02	115.60
(b) Commission	45.00	60.00
(c) Provident & Super Annuation Fund Contribution	20.23	23.74
(d) Other Perquisites	6.35	12.35
	184.60	211.69

Notes Forming Part of Accounts for the year ended March 31 , 2008.

	<i>Current Year Rs Lakhs (Nine Months)</i>	<i>Previous Year Rs Lakhs (Twelve Months)</i>
5) Computation of Net Profit under Section 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account	3,204.29	4,661.34
Add : (i) Loss on Sale of Fixed Assets	-	8.44
(ii) Loss on Sale of Investments	0.75	1.08
(iii) Investment written off.....	-	17.45
(iv) Depreciation	777.95	902.53
(v) Directors' Sitting Fees	1.70	1.22
(vi) Directors' Remuneration	184.60	211.69
	4,169.29	5,803.75
Less : (i) Profit on Sale of Fixed Assets	0.36	60.89
(ii) Depreciation u/s 350	777.95	902.53
(iii) Profit on Sale of Investment	0.04	968.91
Net Profit	3,390.94	4,834.84
(b) Commission Payable to the Managing Director	45.00	60.00
6) Research & Development expenses include salary & wages, chemicals/materials consumed, electricity, travel, repairs, insurance premium and similar such expenses.		
7) Tax deducted at source consists of :		
- Rs 6.29 Lakhs on account of Professional or Tech Services (Previous year Rs. 0.98 lakhs)		
- Rs Nil on account of Job work Charges (Previous Year Rs. 0.65 lakhs)		
- Rs 12.41 Lakhs on account of Interest received (Previous Year Rs.23.36 lakhs)		
8) Tax Provisions :		
The provision for taxation for the year has been made for 9 months ended March 31, 2008. The final tax liability will be computed on the basis of figures for the period April 01, 2007 to March 31, 2008.		
9) a) During the year, the company closed its pharmaceuticals formulation unit at Tarapur, District Thane in Maharashtra. The workmen of the factory were offered retirement under Voluntary Retirement Scheme. The amount paid as voluntary retirement compensation under VRS amounting to Rs. 21.30 has been written off and included under "Extra Ordinary Item." The immovable properties at the same unit will be put to alternative use. Other assets have been transferred to the other location of the company.		
b) Indoco Healthcare Ltd (IHL) was amalgamated with the Company with retrospective effect from 1st July, 2005 pursuant to the order of Himachal Pradesh High Court passed on 20th October 2007. Indoco had advanced loans to IHL and charged interest amounting to Rs. 93.52 lakhs during financial year 2005-06. This interest was treated as other income in Indoco's accounts for the financial year ended 30th June 2006. The said interest amount was similarly capitalised by IHL in its book and was treated as cost of assets. In view of the amalgamation, this treatment has been nullified during the current period and the interest of Rs.93.52 Lacs reduced from Cost of Assets. This is disclosed in the Fixed Asset schedule as deductions / adjustments and charged to Profit and Loss under the heading 'Extra Ordinary Items'. The depreciation amounting to Rs. 3.83 Lacs claimed on the amount capitalised earlier has also been reversed during the year and included under the "Extra- Ordinary Item."		
c) The "Extra Ordinary Item" in Profit & Loss accounts also includes an amount of Rs. 71.80 Lakhs towards prior period bonus for the year 2006-07 paid in view of amendment to the Payment of Bonus Act., 1965.		
10) During the financial year ended 30.06.2007, the pharmaceutical Division of SPA Pharmaceuticals Pvt. Ltd. was also amalgamated with the company. In terms of the said amalgamation, the shareholders of SPA Pharmaceuticals Pvt. Ltd. were allotted 4,65,000 shares of Rs. 10 each fully paid up in the company and these shares rank pari pasu with the existing shares of the company. Pending allotment, the shares have been shown under "Share Capital Suspense Account" for the year		

Notes Forming Part of Accounts for the year ended March 31 , 2008.

ended 30.06.07. Subsequently during the current period the same has been issued to the shareholders of SPA Pharmaceuticals Pvt. Ltd.

- 11) (i) Company had acquired 100% stake of Shree Herbal Technologies Ltd. during the year. The manufacturing activities of the company are yet to begin. A petition was filed during the year for amalgamation of Shree Herbal Technologies Ltd. with the Company in Delhi High Court. The Hon'ble Delhi High Court has approved the scheme of amalgamation with the company. Accordingly, the assets, liabilities and reserves of Shree Herbal Technologies Ltd., as at appointed date have been merged at book value. The amalgamation of Shree herbal Technologies Ltd. with the company is accounted as per "pooling of interest" method as prescribed by the Accounting Standard (AS - 14) issued by the Institute of Chartered Accountants of India.
- (ii) The following total Assets & Liabilities were merged at cost as per the above schemes of Amalgamation.

Assets	Rs. in Lacs
(a) Fixed Assets	82.98
(b) Current Assets	0.05
(c) Miscellaneous Expenditure to the extent not written off	0.48
	83.51
Liabilities	
(a) Loan Funds	0.10
(b) Current Liabilities	0.11
	0.21

- (iii) The excess of cost of acquisition of equity shares of Shree Herbal Technologies Ltd. over the face value of the shares amounting to Rs. 167.00 Lakhs has been adjusted against the reserves of the company.
- 12) 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.
- 13) The Company is exposed to various financial risks which relate to changes in exchange rates and interest rates. The Company hedges risks of the aforesaid nature using forward contracts. The outstanding position and exposure is as under:
- (i) As at 31st March, 2008 the outstanding position in respect of the forward contracts is Rs.4940 Lakhs.
- (ii) As at 31st March, 2008 un-hedged foreign currency exposure in Euro Rs. 531.82 Lakhs.
- 14) Miscellaneous Expenditure to the extent not written off includes Rs.41.51 lakhs on account of product registration charges & Rs. 1.71 Lakhs on account of preliminary expenses incurred by Erstwhile M/s. Shree Herbal Technologies Ltd.
- 15) During the current year Company has earned exchange gain of Rs. 79.14 Lakhs, net of exchange loss of Rs. 97.06 Lakhs, similarly exchange loss incurred in previous year of Rs. 122.65 Lakhs, was net of exchange gain of Rs. 189.85 Lakhs.
- 16) Earnings Per Share (EPS) :

	<i>Current Year (Nine Months)</i>	<i>Previous Year (Twelve Months)</i>
(a) Profit After Tax (Rs lakhs)	3,009.67	4,203.82
(b) Weighted Average Number of Ordinary Shares for Basic EPS	12,286,714	11,937,964
(c) Effect of Potential Ordinary Shares	-	-
(d) Weighted Average Number of Ordinary Shares for Diluted EPS	12,286,714	11,937,964
(e) Earnings Per Share (Face Value Rs10/- Per Share)		
(i) Basic (a/b)	24.50	35.21
(ii) Diluted (a/d)	24.50	35.21

Notes Forming Part of Accounts for the year ended March 31 , 2008.

17) 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 Holding Private Limited (b) Shanteri Investments Private Limited
(c) Narsinh Investment & Finance Pvt. Ltd

(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. D. N. Mungale, Mr. D. M. Sukthankar, Dr. M. R. Narvekar, Mr.D. M. Gavaskar, Mr.Rajiv P. Kakodkar, Mr.Sharad P. Upasany, Mr. Sundeep V. Bambolkar, Mr. F.X. Coutinho, Ms. Aditi Kare Panandikar, Ms. Aruna S. Kare, Ms. Madhura A. Ramani, Ms. Ivy Coutinho

B. TRANSACTIONS WITH THE RELATED PARTIES :

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

Nature of Transaction	Shareholders of the Company A (i)		Other Parties A (ii)	
	Current Year	Previous Year	Current Year	Previous Year
Sale of Goods and Services	-	1.00	-	-
Purchase of Goods and Services	43.67	524.42	77.29	30.55
Loans Given	731.00	-	-	-
Commission (Expenses)	-	-	72.94	63.76
Balance at the year end : Credit	-	5	85.20	60.23

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

Nature of Transactions	Current Year	Previous Year
Remuneration	184.60	211.69
Rendering of Services	21.93	19.35
Loan Received & Repaid	493.00	267.00
Directors' Sitting Fees	1.70	1.22
Balance at the year end : Credit	-	-

18) Capacities and Production* :

Unit	Current Year		Previous Year		
	Installed Capacity Per annum	Actual Production (Nine Months)	Installed Capacity Per annum	Actual Production (Twelve Months)	
Liquid Orals	KL	3,255	1,714.94	4,200	2,124.29
Tablets	Million	2,064	1,468.16	3,324	1,969.32
Sweetner Tablets	Million	-	-	1,200	994.16
Capsules	Million	-	36.83	-	36.06
Injectibles and Eye Preparations	KL	222	136.63	222	191.32
Ointments and Lotions	Tonnes	490	78.92	461	107.13
Toothpaste and Mouth Gel	Tonnes	792	683.87	1180	695.10
Bulk Drug & Others	Tonnes	638	319.09	638	199.24

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

Notes Forming Part of Accounts for the year ended March 31 , 2008.

19) Sales and Purchases in respect of each class of Finished Goods :	Unit	Sales				Purchases			
		Current Year (Nine Months)		Previous Year (Twelve Months)		Current Year (Nine Months)		Previous Year (Twelve Months)	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid Orals	KL	1773.99	5130.06	2331.89	6363.92	122.10	246.25	204.46	302.67
Tablets	Million	1634.60	13397.71	1917.49	17392.27	72.06	1101.29	79.74	1385.48
Sweetner Tablets	Million	–	–	994.18	187.60	–	–	–	–
Capsules	Million	50.34	1124.61	46.18	1100.82	14.82	260.30	10.12	251.45
Injectibles & Eye Preparations	KL	150.24	1743.07	204.03	2837.53	15.45	188.97	12.71	486.98
Ointments & Lotions	Tonnes	241.69	1187.07	262.36	1467.47	179.26	251.02	155.23	225.38
Toothpaste & Mouth Gel	Tonnes	595.10	2328.90	696.27	2947.60	0.41	29.56	1.17	6.81
Bulk Drugs & Others	Tonnes	360.96	2277.90	303.32	2145.91	26.14	671.11	107.22	645.93
			<u>27,189.32</u>		<u>34,443.12</u>		<u>2,748.50</u>		<u>3,304.70</u>

20) Stock of Finished Goods :

Unit	As at 31st March 2008		As at 30th June 2007		
	Qty	Value Rs lakhs	Qty	Value Rs lakhs	
Liquid Orals	KL	258.72	347.41	195.67	312.58
Tablets	Million	134.70	792.90	229.08	869.24
Capsules	Million	6.17	86.54	4.86	111.20
Injectibles & Eye Preparations	KL	34.21	378.21	32.37	357.59
Ointments & Lotions	Tonnes	51.08	124.35	34.59	81.89
Toothpaste & Mouth Gel	Tonnes	121.08	173.12	31.90	49.78
Bulk Drugs & Other	Tonnes	10.17	292.69	25.90	153.02
			<u>2,195.22</u>		<u>1,935.30</u>

Notes Forming Part of Accounts for the year ended March 31 , 2008.

21) Consumption of Materials :

	Current Year (Nine Months)		Previous Year (Twelve Months)	
	Qty Tonnes	Value Rs lakhs	Qty Tonnes	Value Rs lakhs
(a) Raw Materials – Azithromycin, Cefadroxyl, Gliclazide, Methycobalamine, Metformin Hydro, Ibuprofen, Paracetamol, Ofloxacin, Sugar Ciprofloxacin etc.	1,274.58	6,027.17	2,955.20	7,019.83
(b) Packing Materials – Aluminium Foils, Tubes, Glass Bottles, Cartons, Labels, PVC Films, PP Caps, Plastic Containers, Boxes, Shippers etc.	–	2,764.28	–	3,898.22
Total		8,791.45		10,918.05

22) Imported and Indigenous Materials Consumed :

	Value Rs lakhs		Percentage	
	Value Rs lakhs	Percentage	Value Rs lakhs	Percentage
(a) Raw and Packing Materials –				
(i) Imported	1,589.95	18.09	1,851.57	16.96
(ii) Indigenous	7,201.50	81.91	9,066.48	83.04
Total	8,791.45	100.00	10,918.05	100.00
(b) Stores and Spares consumed				
(i) Imported	1.13	1.74	–	–
(ii) Indigenous	63.92	98.26	114.80	100.00
Total	65.05	100.00	114.80	100.00

	Rs lakhs	Rs lakhs
23) Earnings in Foreign Currency (FOB value)	5,788.96	6,814.42
24) Expenditure in Foreign Currency :		
(a) On Travel and Export Promotion	63.74	146.19
(b) On Interest on Foreign Currency Loan	32.36	82.73
(c) Others	50.12	11.63
25) Value of Imports CIF Basis		
(a) Raw Materials	1,425.51	1,713.89
(b) Capital Goods	207.90	82.93

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

Amijal Chemicals, Anupam Traders, Anand Enterprises, Amish Drugs and Chemicals, Autocal, Airtech, Aarti Pharma, A. H. Enterprises, Apex Drugs & Intermediate Ltd., Airpack Laminar, Anuj Printpart Pvt. Ltd., Anmol Chemicals, Azene Export, Anshul Agencies, Beauty Art, Bimal Pharma Pvt. Ltd., Balaji Engravers, Chandra Packaging (Baddi), Chintamani Plastics, Cambrex India (Pvt) Ltd., Chirag Industries, Deep Enterprises (Daman), D. M. Printers, D. M. Roll Labels, Deshera - Tech,

Notes Forming Part of Accounts for the year ended March 31 , 2008.

Enar Chemie Pvt. Ltd., Expo Engineers, Florale (India) Pvt. Ltd., Farmacem, Glamour Packaging Industries, Greenearth Engineers & Conslutants, Hindustan Phosphates Pvt. Ltd., Heeshi Tubes, Inox Air products Ltd., Ishit Enterprises, Jal Extursion Pvt. Ltd., J. B. Khokani & Company, Jamnadas Industries, Kalapi Printing Press, Kitten Enterprises Pvt. Ltd., K. R. Bedmutha & Techno Associates, Medi Closures, Multipac, Madhu Silica, MDS Automation, MSD Enterprise, Madhav Packers, Meena Enterprises, Nimach Engineering Co., Newtronic Equipment Company, Nimit Kraftpack Industries, Naresh S. P., Para Products Pvt. Ltd., Power Gun Systems Pvt. Ltd., Press & Pack Industries, Paper Packaging Industries, Parth Packaging, Remi Sales & Engg Ltd. Reva Printery, Rukmini Pack Print, Rohini Flexo Pack Pvt. Ltd. Responsive Industries Ltd., Renu Prints Pvt. Ltd., R- Vision Plastic Industries Pvt. Ltd., Shroff Enterprises, Sunil Chemicals, Sharprint Packaging, Shailiesh Packaging, Satyam Industries S. S. Enterprises, Shah Chemical Corporation, Sunrise Industries, Sundeep Enterprises, Stanpack Pharma Pvt. Ltd. Three-D Containers, TSA Process Equipments, Tapasya Engg. Works Pvt. Ltd., U. D. Pharma Rubber Product, Velpack Private Ltd., Tria Packaging, Unicorn Petroleum Ind. Pvt. Ltd., V. P. Mehta & Co. Ven-Petro Chem & Pharma P. Ltd., Vital Flavours & Fragrances, Varian India Pvt Ltd., Vilam exports P. Ltd., Zena Plastic Ltd., Wens Roadways,

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.

- 27) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.
- 28) Previous year's figures have been regrouped and reclassified wherever necessary.

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Jagdish B Salian
Company Secretary

Mumbai : September 02, 2008

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : September 02, 2008

Statement Pursuant to Part IV to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –

Registration No.....	5913
State Code.....	11
Balance Sheet Date	31-03-2008

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

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

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

Total Liabilities.....	31,041.94
Total Assets.....	31,041.94

Sources of Funds –

Paid-up Capital.....	1,228.67
Reserves & Surplus.....	24,196.17
Secured Loans.....	2,214.36
Unsecured Loans	1,210.72
Deferred Tax Liability.....	2,192.02

Application of Funds –

Net Fixed Assets	17,344.68
Investments	0.30
Net Current Assets	13,653.74
Miscellaneous Expenditure	43.22
(to the extent not written off or adjusted)	
Accumulated Losses	–

(IV) Performance of Company (Amount in Rs. Lakhs) –

Total Income	26,518.46
Total Expenditure	23,314.17
Profit Before Tax	3,204.29
Profit After Tax	3,009.67
Earnings per share in Rs.	24.50
(Basic & Diluted - After Extraordinary items)	
Dividend %	50%

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

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Jagdish B Salian
Company Secretary

Mumbai : September 02, 2008

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : September 02, 2008

Cash Flow Statement for the period ended 31st March' 2008

	Current Period Rs lakhs	Previous Year Rs lakhs
A) Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,387.08	4,820.50
Adjustments for :		
a) Depreciation	777.95	902.53
b) Profit on sale of Fixed Assets	(0.36)	(60.89)
c) Profit on sale of Investment	(0.04)	(5.49)
d) Loss on sale of Fixed Assets	-	8.44
e) Loss on sale of Investments	0.75	1.08
f) Investments written off	-	17.45
g) Goodwill on amalgamation written off	-	31.50
h) Deferred expenses written off	24.47	53.07
i) Deferred expenses paid during the year	(15.14)	(17.51)
j) Sundry Balance written back	(0.72)	(6.65)
k) Interest Income	(13.51)	(56.85)
l) Dividend received on Investments	(19.70)	(15.87)
m) Unrealised Foreign Exchange (Gain) / Loss	-	(17.57)
n) Interest Expense	361.74	508.68
	<u>1,115.44</u>	<u>1,341.90</u>
Operating Profit before Working Capital Change	4,502.52	6,162.40
Adjustments for :		
a) Trade and Other Receivables	(1,472.81)	(4,003.10)
b) Inventories	(635.90)	(118.72)
c) Trade Payables and Other Liabilities	1,350.08	(651.58)
	<u>(758.63)</u>	<u>(4,773.40)</u>
Cash generated from Operations	3,743.90	1,389.00
Tax paid	(691.24)	(382.24)
Net Cash generated from Operating Activities Before Extra Ordinary Items (A)	3,052.66	1,006.76
Extraordinary item		
Extraordinary items	(93.10)	(159.16)
Net Cash generated from Operating Activities (A)	2,959.56	847.60
B) Cash generated from Investing Activities :		
a) Purchases of Fixed Assets (incl. CWIP)	(1,516.74)	(1,586.49)
b) Sale of Fixed Assets	13.19	80.40
c) Purchases of Investments	(2,900.58)	(1,805.65)
d) Sale of Investments	2,899.87	1,590.59
e) Interest Received	50.64	283.99
f) Dividend received on Investments	19.70	15.87
g) Proceeds of State Subsidy	-	25.00
	<u>(1,433.92)</u>	<u>(1,396.29)</u>
Net Cash generated used in Investing Activities (B)	(1,433.92)	(1,396.29)

Cash Flow Statement for the period ended 31st March' 2008 (Contd.)

	<i>Current Period</i> <i>Rs lakhs</i>	<i>Previous Year</i> <i>Rs lakhs</i>
C) Cash flow from Financing Activities :		
a) Interest Paid	(392.83)	(476.32)
b) Dividend Paid	(932.28)	(840.81)
c) Proceeds from CC/WCDL Demand Loans	-	737.92
d) Repayment of CC/WCDL Demand Loans	(203.28)	-
e) Proceeds from Short Term borrowings	2,162.16	-
f) Repayment of Short Term borrowings	(87.28)	(197.66)
g) Proceeds from Overdraft Facility	-	244.58
h) Repayment of Overdraft Facility	(519.74)	-
i) Repayment of Term borrowings	(1,482.02)	(263.99)
Net Cash generated used in Financing Activities (C)	(1,455.27)	(796.29)
Net Increase / (Decrease) in Cash or Cash equivalents (A+B+C)	70.37	(1,344.99)
Cash and Cash equivalents (Opening)	1,542.53	2,462.97
Cash and Cash Equivalents Acquired on Amalgamation	(0.69)	424.55
Cash and Cash Equivalents (Closing)	1,612.21	1,542.53
Cash and Cash Equivalents Comprise:		
Cash on hand	14.40	23.31
Balance with Scheduled Banks:		
In Current Accounts	1,304.83	1,003.96
In Fixed Deposit Accounts	175.67	402.06
In Margin Accounts	107.03	105.00
In Unpaid Dividend Accounts	10.28	8.20
	1,612.21	1,542.53

Notes :

- The above Cash Flow Statement has been prepared under "Indirect Method" set out in AS-3, issued by Institute of Chartered Accountants of India.
- Figures in brackets indicate cash outgo.
- Figures for the previous year has been re-grouped wherever necessary.

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

BM Pendse
Partner
M. No. 32625

Jagdish B Salian
Company Secretary

Mumbai : September 02, 2008

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : September 02, 2008

Financial Highlights

(Rs lakhs)

OPERATIONAL RESULTS

Particulars	2007-08*	2006-07	2005-06	2004-05	2003-04
Net Sales and Other Income	26,518.46	32,891.83	25,067.42	19,895.19	16,037.02
Material Cost	11,272.68	14,304.24	10,155.63	8,104.48	6,333.63
Staff Cost	3,294.53	3,415.46	2,702.88	2,134.32	1,996.04
Manufacturing, Administrative and Selling Exps.	6,706.16	8,395.77	6,701.07	5,169.77	4,237.33
R&D Expenses	718.32	544.65	222.72	184.31	111.46
Interest	361.74	508.68	357.23	203.40	154.37
Depreciation	777.95	902.53	632.28	434.11	295.79
Profit before tax and Extra-ordinary items	3,387.08	4,820.49	4,295.61	3,664.80	2,908.40
Exceptional items	182.79	159.16	–	–	–
Profit before tax (after Extra-ordinary items)	3,204.30	4,661.33	4,295.61	3,664.80	2,908.40
Provision For Taxation	549.54	875.72	1,146.52	1,160.57	782.34
MAT Credit Entitlement	(354.92)	(418.20)	–	–	–
Profit after Tax	3,009.67	4,203.82	3,149.09	2,504.23	2,126.06
Retained Earnings	2,290.92	3,269.46	2,306.60	1,830.24	1,628.56
Earnings Per Share (after Extra-ordinary items)	24.50	35.21	26.64	24.55	24.10
Book Value	206.93	189.65	167.81	148.30	99.79
Debt: Equity Ratio	0.13	0.15	0.18	0.28	0.29

FINANCIAL SUMMARY

ASSETS EMPLOYED

Gross Fixed Assets	21,899.12	20,671.85	16,555.75	10,393.57	6,510.49
Net Fixed Assets	17,344.68	16,875.42	14,353.79	9,614.48	4,792.95
Investments	0.30	0.30	633.53	4,007.65	74.53
Net Current Assets	13,653.74	11,997.75	10,141.37	9,721.10	6,998.60
Total Assets	30,998.72	28,873.48	25,128.68	23,343.23	11,866.08

FINANCED BY

Share Capital	1,228.67	1,182.17	1,182.17	1,182.17	882.00
Share Capital Suspense	–	46.50	–	–	–
Reserves & Surplus	24,196.17	22,072.95	18,655.88	16,349.30	7,919.10
Total Shareholders' Funds	25,424.84	23,301.62	19,838.05	17,531.47	8,801.10
Miscellaneous Expenditure (to the extent not written-off)	43.22	52.55	88.00	140.09	36.78
Net Worth	25,381.62	23,249.07	19,750.06	17,391.38	8,764.32
Borrowings	3,425.07	3,555.24	3,625.95	4,975.52	2,570.00
Deferred Tax Liability	2,192.02	2,069.16	1,752.68	976.33	531.76
Total Fund	30,998.72	28,873.48	25,128.68	23,343.23	11,866.08

* Nine months period



ALL INDIA NETWORK



ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

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

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP. Id

Client Id

FOR OFFICE USE ONLY
ECS Ref. No. <input style="width: 80%; height: 20px;" type="text"/>

Name of Sole / First holder _____

Bank Name _____

Branch Name _____

Branch Code

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

Account type <small>[Please Tick (✓) wherever applicable]</small>	→	Savings <input style="width: 20px;" type="checkbox"/>	Current <input style="width: 20px;" type="checkbox"/>	Cash Credit <input style="width: 20px;" type="checkbox"/>
--	---	---	---	---

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

Effective date of this mandate →

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

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

Dated : _____

(Signature of Sole / First holder)

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





INDOCO REMEDIES LIMITED

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

PROXY FORM

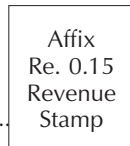
61st Annual General Meeting – September 26, 2008

DP ID	<input type="text"/>
Regd. Folio No./Client ID	<input type="text"/>
No. of Shares	<input type="text"/>

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 **61st Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on Friday, September 26, 2008 at 11.00 am or at any adjournment(s) thereof.

Signed this day of 2008

Signed



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

61st Annual General Meeting – September 26, 2008

DP ID	<input type="text"/>
Regd. Folio No./Client ID	<input type="text"/>
No. of Shares	<input type="text"/>

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

I hereby record my presence at the **61st Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on Friday, September 26, 2008 at 11.00 am

.....

Name of the Member / Proxy
 (in BLOCK letters)

Signature of Member / Proxy

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





APPROVALS



Australia Government
Department of Health and Ageing
Therapeutic Goods Administration

DARMSTADT
Darmstadt - Germany



Global Presence

Srilanka
Myanmar
Vietnam
Malaysia
Thailand
Phillipines
Papus New Guinea
Maldives
Macau

Algeria
Egypt
Togo
Jordan
Benin
Liberia
Kenya
Ghana
Ivory Coast

Zambia
Malawi
Zimbabwe
Tanzania
Uganda
Ethiopia
Sudan
Botswana
Yemen

Ukraine
Azerbaijan
Russia
Belarus
Moldova
Bolivia
Trinidad
Peru
Guatemala
Costa Rica

South Africa
Bulgaria
United Kingdom
Slovenia
Spain
Romania
United States Of America
Germany
New Zealand
Brazil

Safe Harbour
Statements made in this Annual Report describing the Company's objectives, projections, estimate, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the company operates, changes in the government regulations, tax, laws & other incidental factors.



Indoco Remedies Limited

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

Tel : +91 22 2654 1851/55 Fax : +91 22 26523067