

CONSTANTLY EVOLVING • CONSISTENTLY EXCELLING •



VISION

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

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

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



MISSION

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

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

To build on the trust generated by the medical fraternity.

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

CORPORATE INFORMATION

Board of Directors:

Mr. Suresh G. Kare, *Chairman & Managing Director*

Mr. F.X. Coutinho, *Director - Marketing*

Mr. Sundeeep V. Bambolkar, *Director - Finance & Operations*

Ms. Aditi Kare Panandikar, *Director - Business Development & HR*

Dr. M.R. Narvekar

Mr. D.M. Sukthankar

Mr. D.N. Mungale

Mr. D.M. Gavaskar

Mr. Rajiv P. Kakodkar

Mr. Sharad P. Upasani

Company Secretary:

Mr. Jagdish B. Salian

Auditors:

Patkar & Pendse, Chartered Accountants

9 Chartered House CHS,

Marine Lines, Mumbai – 400 002

Bankers:

Saraswat Co-op. Bank Ltd.

State Bank of India

HDFC Bank Ltd.

Citi Bank NA

Standard Chartered Bank

Kotak Mahindra Bank Ltd.

IDBI Bank Ltd

Registered Office:

Indoco House, 166 CST Road, Kalina,
Santacruz (E), Mumbai – 400 098

Tel. No. : + 91 22 26541851

Fax No. : + 91 22 26523067

Website : www.indoco.com

Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai – 400 078

Company Identification Number:

CIN : L85190MH1947PLC005913



CHAIRMAN'S NOTE

Dear Shareholder,

As I review the year gone by, we find ourselves in the midst of another financial crisis now engulfing the Euro zone. This has erupted just when things seemed to be settling down and a financial recovery seemed imminent. Economists & opinion leaders have cautioned that the recovery may be uneven, conditions for sustained growth may remain weak and the global imbalances may widen again. Until there is a complete recovery in the economic situation, the immediate challenge for policy makers will be to continue the fiscal stimulus.

It is envisaged, that a strong growth will be observed in developing countries, especially in Asia and the output growth in these countries will reach 5.3 per cent this year from 1.9 per cent last year. As far as the advanced countries are concerned, growth is predicted to remain stunted. The US economy is expected to grow by 2.1 per cent and both the European Union and Japan are expected to grow at a much slower rate. With this pace of recovery, the major developed economies are not expected to provide a strong impulse to global growth in the near-term outlook. The Indian Economy will therefore face one of the most challenging times in its endeavor towards higher growth.

Economic Survey Report (ESR) has predicted the Indian economy to grow at 8.25 - 8.5 per cent in the year 2010-11 and at 9.00 per cent in the year 2011-12. The GDP growth projected will largely be led by the manufacturing sector which is likely to grow at 8.9 per cent. An educated and young middle class population with high aspirations will drive the consumption boom within India. This will infuse substantial investments particularly in the industrial sector. India would thus bounce back to become one of the world's fastest growing economies in the next five years. Though the ESR has projected an optimistic picture for growth, price inflation remains a major cause of concern. The need of the hour for regulators is therefore to take strong measures to check the rising inflation to make the growth inclusive for all sections of the society.

The Indian Pharmaceutical Industry has already been placed among the top four emerging markets according to the

research report published by IMS Health Inc. The spending on healthcare by an average Indian household is expected to grow from 7 per cent in 2005 to 13 per cent in 2025. As a highly organized sector, the domestic India pharma market is likely to reach US\$ 20 billion by 2015. Indian domestic pharmaceutical market has grown at a CAGR of about 13 per cent in the last five years. Around 67 million Indians are expected to reach the age of 67 years by 2011-12. Statistics provide enough evidence about the geriatric population spending large amount on healthcare. This is one of the parameters on which Pharma Analysts have based their projections about substantial growth in the domestic pharmaceutical market.

As Indoco looks into the future, there is a sense of contentment that all the strategic restructuring carried out during the year gone by has brought the desired results. Indoco achieved total revenues of Rs. 4023.6 million and PAT of Rs. 420.9 million as against total revenues of Rs. 3552.6 million and PAT of Rs. 314.4 million last year. I am happy that Indoco has emerged successful amidst the economic slowdown last year. On the domestic business front, we have launched two new divisions, Xtend to focus on the extra urban population and Eterna to target Consulting Physicians. As far as international markets are concerned, alliances with Watson Pharmaceuticals, Inc. (3rd largest generic company in USA) and Aspen Pharmacare Limited (South Africa's largest pharmaceutical company) have placed Indoco on a firm footing to launch an aggressive

growth agenda in the international business. This has strengthened Indoco's credentials further as a reliable service provider for development and manufacturing of APIs and Finished Dosage Forms.

Finally, I take this opportunity to express my gratitude to all our stakeholders including shareholders, customers, bankers, medical fraternity and vendors for their continued support. I thank all Indocoites for their untiring efforts and whole hearted co-operation.

As always, Indoco team will endeavor to continue to progress in building a healthier world.



Suresh G Kare

Chairman and Managing Director

INDIAN BUSINESS

With the base that Indoco has created over the past six decades, it has come a long way in the domestic market. Indoco's profound knowledge and understanding of Indian pharmaceutical landscape has catapulted the Company into a reputed branded generic player. Indoco is now ranked 31 and has registered a growth rate of 24 per cent as per IMS sales audit. The rank in the prescription audit is relatively higher at 23 which shows that Indoco is a strong ethical and prescription driven company.

The company has a product basket of branded generics and value added generics across its five marketing divisions, each of which is growing with a healthy double digit growth rate. These marketing divisions are focusing on different specialties:



Indoco division is a lead division contributing 48 per cent to the total domestic sales. This division caters to General Physicians, Consulting Physicians, Gynaecologists, Pediatricians and ENTs. At the therapy level, Indoco is present in key therapeutic areas like Anti-infectives, Gastro-intestinal, Respiratory, Derma, Anti-diabetics & Vitamins / Minerals / Nutrients.



Spade is the 2nd largest division of the Company, contributing 20 per cent to the total domestic sales. This division caters to General Practitioners, Pediatricians, Consulting Physicians and Gynecologists.



Warren is the 3rd largest division which commands number one position in the dental care category and maintains the leadership position by catering to Dentists, GPs and ENTs.



Spera is relatively a new marketing division, yet contributing 10 per cent of the total domestic sales revenue in a short span. Among specialties, the GP (MBBS) & Non-MBBS segments contribute a major prescription share of this division at 50 per cent followed by Pediatricians and Gynecologists.



Excel division had been carved out of Warren as a strategic move to focus on Ophthalmologists. This move is paying dividends as Excel has registered an 18 per cent growth during the year.

In addition to the existing 5 divisions, the Company launched two new divisions, viz. **Xtend** to target extra-urban towns and **Eterna** to focus on niche doctor specialities.

With a progressive success in generating prescriptions, Indoco has established some of its brands, which occupy a leadership position in their respective therapeutic segment. Indoco's top brands and the ranking in their respective operating markets along with percentage market share:

Brand	Operating Market	Mkt %	Rank
Febrex Plus	Cold Prep.	9.9	2
Cyclopam	Dicyclomine & Comb.	53.5	1
Vepan	Cefadroxil	17.4	2
ATM	Azithromycin Oral	4.8	2
Sensodent-K	Stomatologicals	6.9	1
Oxipod	Cefpodoxime	4.1	5
Cital	Urinary Alkalisers	29.4	1
Sensoform	Stomatologicals	5.4	4
Cloben-G	Becl. + Neo. + Clotri. Comb.	12.8	2
Karvol Plus	Nasal Decongest. Top	7.3	4
Glychek-M	Gliclazide + Metformin	6.8	4
Carmicide	Antiflatulent + Oth. Drugs	18.7	2
Scabex	Lindane + Cetrimide	20.4	2
Renolen	Saline	29.3	1
Homide	Homatropine	92.8	1
Dexoren-S	Chloram. + Dexameth. Comb.	12.2	2
Lignox+Adrenaline	Anaesthetics Injectables	22.1	2
Tobaren-D	Tobramyc. + Dexameth. Comb	12.3	3



As seen above, many of Indoco's brands are ranked among the top five in their therapeutic segments. With regard to doctor specialties, the Company has retained its prescription base with General Practitioners and also progressed with Consulting Physicians, Pediatricians, Gynecologists, Dentists and Ophthalmologists.

INTERNATIONAL BUSINESS

(Finished Dosages)

Having crossed the milestone of Rs. 100 crore last year, the international business displayed consistency in performance by registering 18.5 per cent growth. During the year, the Company's revenue from formulation exports grew by 15.0 per cent at Rs. 109.04 crore as compared to Rs. 94.81 crore during last year. The performance in Regulated markets contributed significantly in achieving good results.

The various initiatives taken up during the year were significant from the point of view of firming up a road map for future growth and Indoco's progress in the next horizon in the value chain. Indoco de-risked its business to the extent possible by adding new customers and foraying into new territories by forging alliances. The addition of new customers and alliances would use Indoco's infrastructure and skills to the optimum extent and will ensure consistent growth in years to come.

The Company had two major announcements of business tie-ups from different territories. The first deal was signed with the third largest generic company in USA, viz., Watson Pharmaceuticals, Inc., to develop and manufacture a number of sterile products on a profit-sharing basis. The second deal was signed with South Africa's largest pharmaceutical company, ASPEN Pharmacare Limited. The deal encompasses a number of solid dosages and ophthalmic products, extending to 30 countries from emerging markets. The prime geographies covered under the agreement include, Brazil, Venezuela, Mexico, Russia, South Africa and Australia. Indoco will offer these products for registration and supply the same from their USFDA and EU approved manufacturing facilities. ASPEN will market and distribute these products in territories, wherever regulatory approvals are obtained.

The deals have further strengthened Indoco's image in the international markets and have the potential for significant export business in the medium term. To augment the capacity requirements, arising out of the growth in existing business as also from the new contracts, the Company commenced construction of a new facility for solid dosages at Goa. The existing facilities are fairly occupied and have successfully faced a number of inspections from Regulatory Authorities of different countries.

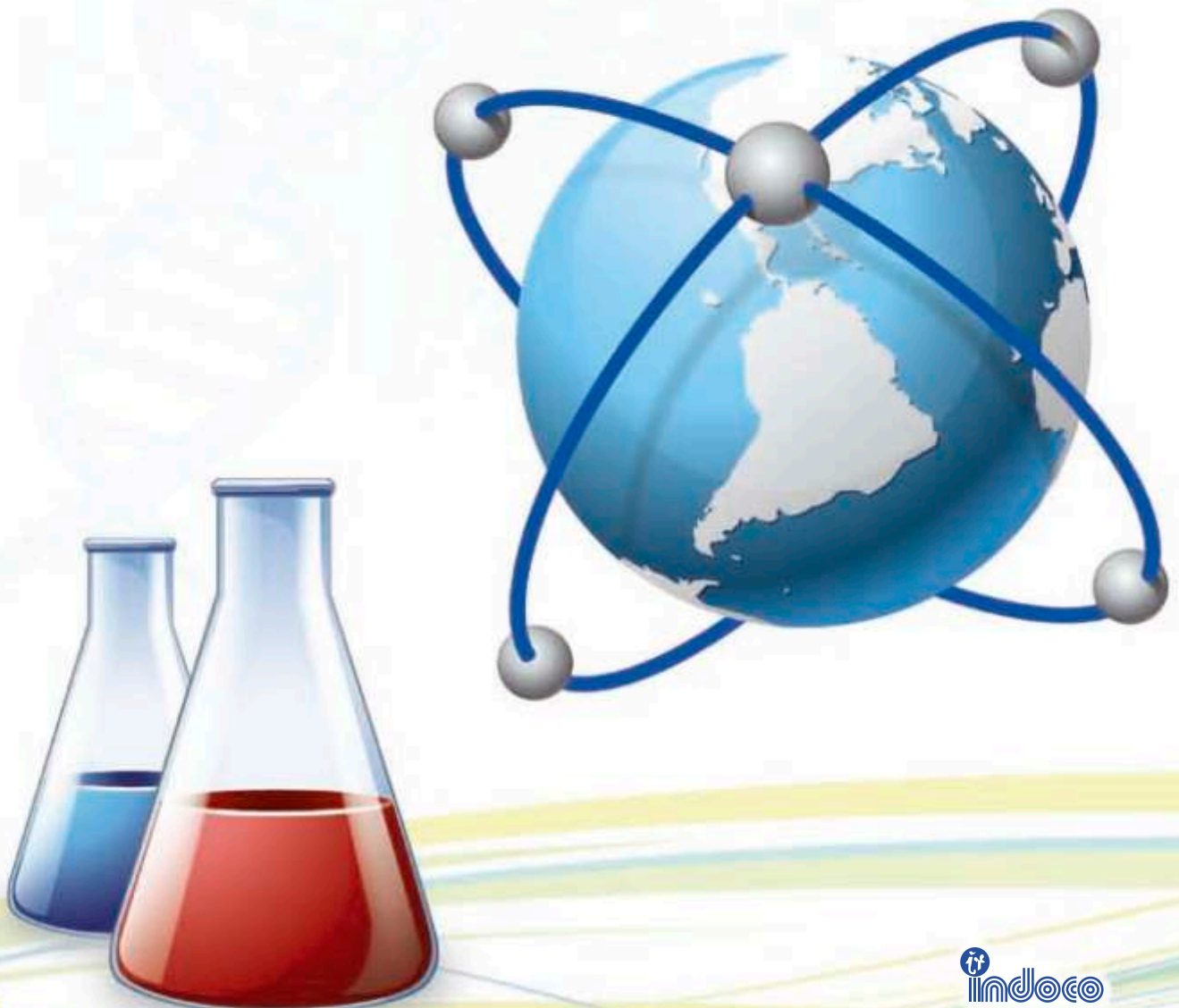
During the year, the Company took a major initiative of filing ANDAs with US-FDA in its own name for some products. In Europe, Indoco's dossiers have been successfully registered by a number of customers and the sales contracts have come into operation.

Indoco has now gained an expertise in quickly adding its manufacturing site on the customers' Marketing Authorizations by manufacturing the validation batches and providing necessary data.

Indoco garners substantial business in CRAMS space from countries like USA, UK, Germany, South Africa, Australia and New Zealand.

In Emerging markets, the Company has bagged a sizeable tender business in Kenya, Costa Rica, Uganda and Sudan and has penetrated well in the trade business from other markets, which is well reflected in the growth in secondary sales, especially in Africa and South East Asia.

Indoco's consistent performance in the international formulations business was noted by PHARMACEUTICALS EXPORT PROMOTION COUNCIL and Indoco was selected for the EXPORT PERFORMANCE AWARD. The award was presented by Honorable Union Minister for Commerce and Industry, Government of India. The award has boosted Indoco's confidence further and has proved that Indoco is charting the right path.



US Generics

Indoco has been pursuing its US initiatives and already has a couple of products in the market for the last two to three years. Indoco is awaiting ANDA approval for a couple of more products, which can be commercialized in the next financial year. The Company has a two-pronged strategy for US market of working with partners on a set of products and at the same time submit ANDAs in its own name for some niche products. This has worked well and during the year, Indoco inked a deal with Watson Pharmaceuticals, Inc. to develop and manufacture a number of sterile products. The current market size of these products is US\$ 679 million. Indoco will work together with Watson to explore the option of adding new products to this initial arrangement.



To augment the future growth needs in this vital market, the Company is working on development of some patentable New Drug Delivery Systems (NDDS) formulations under Para IV and 505(b)2 applications for its own filings.

Progress in Europe

In Regulated Markets, the Company spread its wings in Europe from the established markets such as UK & Germany to Spain, Hungary, Slovenia, Bulgaria, Latvia, Poland, Turkey, Denmark and Czech Republic, etc. The focus is now on licensing / selling of Indoco's own intellectual property (dossiers). The filings in South Africa, Australia, and New Zealand are progressing well.

During the year, the Company in partnership with generic companies successfully submitted its own dossiers in the Regulated Markets for 10 different products and received approvals for a few of them. The Company can now take pride in supplying its products against its own dossiers in these markets. These achievements have raised the customer confidence as is evident from the number of out-licensing deals signed.

Debut in South Africa

South Africa is emerging as an important market for the company from the future growth perspective. Indoco has a couple of renowned generic companies as partners in South Africa for products and dossier developments. The contracts currently cover over a dozen products and this number will go up thanks to the continuous addition to the list.

API BUSINESS

Indoco offers APIs to domestic and international markets. During the current year, the Company submitted / obtained seven USDMFs and five CEPs and many new projects are under various stages of development and regulatory submissions. Indoco is exporting to more than 30 countries of which the major markets are European Union, Latin America, Middle East and neighboring countries.

The Company is in the process of registering its products in emerging markets like Brazil, Columbia, Mexico, Ukraine, Iran, China & Korea to increase its reach and market presence. Emphasis is given in establishing long term relationship with customers and channel partners in domestic and export markets to boost revenue.

The company has completed expansion and modernization of its Patalganga facility and new mid-volume production block for ophthalmic APIs is operational. API products manufactured by company have added value thanks to the backward integration of ANDA and eCTD program.

The Multi-Ton plant at Patalganga is catering to the needs of exports to European countries. The APIs manufactured have continued to support captive consumption in Company's various formulations thus contributing to the cost efficiency of formulation business and better control on supplies / availability.

This year, the APIs and Intermediate Plants at Rabale, catering mainly to emerging and domestic markets, were upgraded for enhanced capacity by introduction of an additional production line.

RESEARCH & DEVELOPMENT

The Company has high ambitions and is craving for extraordinary achievements in the research space. In pursuit of excellence and profitable growth, Indoco has been building right competencies in this area. Having successfully executed a number of research projects for the generic companies of USA and Europe, the Company can now offer value-added research based products to customers across the globe. The product pipeline consists of NDDS, Liposomal technologies and newer technology platforms. These initiatives are expected to contribute significantly to the Company's business in future years and will continue to be Company's driving force. Indoco has stepped up its R&D spend and has a full team of scientists and senior pharmacists in place to deliver the complete solution in accordance with the market needs.

The theme of “complete solution provider” has worked well and Company's services are being utilized by big generic players worldwide in the whole spectrum of custom synthesis, formulation development,



analytical methods development, intellectual property management, regulatory services and manufacturing & supply arrangements. The strong manufacturing base and extra-ordinary research capabilities act as an incentive to the customers in awarding the Company with CRAMS assignments.

Research & Development is a thrust area for the Company, constantly evolving and contributing to company's growth. It has built a strong knowledge bank leading to own intellectual property through development of Active Pharmaceutical Ingredients (APIs), Intermediates for APIs and Finished Formulations of different dosage forms.

Indoco's R&D Centre spread across an area of 70000 square feet, located at Rabale, Navi Mumbai, nurtures a culture that fuels the development of innovative processes and newer technology platforms. The R&D team continuously exerts its expertise to identify and adapt new technologies for development and delivery of generic and niche pharmaceuticals.



Intellectual property

Research activities at Company's R&D Centre at Rabale have yielded good results as the Company could convert technologies developed in-house into its own Intellectual Property. The Company has now eleven process patents for Active Pharmaceutical Ingredients, six out of which are filed under PCT. The R&D team for finished dosages also did exceedingly well by filing twelve patents, out of which, ten were filed under PCT. The Company was granted four patents. The patents received brought accolades to Indoco through recognition by the industry organizations, viz., IDMA and PHARMEXCIL.

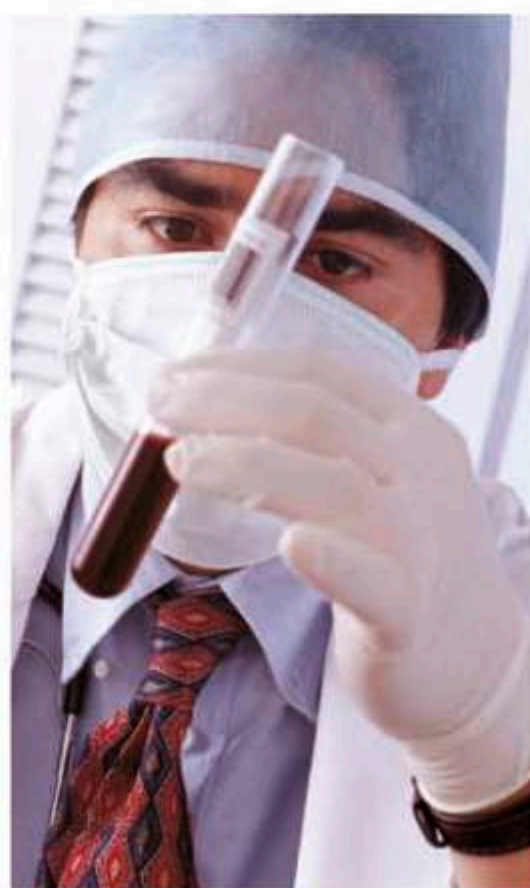
The Company's Indian Patent number IN 225501 issued on 14/11/2008 for A Gastric Retentive Floating Dosage Form For Controlled Delivery Of Vitamins was selected for the "IDMA Indian Patent Appreciation Award" by the panel of judges. The Award was presented at IDMA's 48th Annual Day Celebrations on 16th January, 2010.

The Committee appointed by Pharmexcil for selection of patent awards, selected Indoco as one of the eligible organizations for award in the Formulations product category for the year 2008-09. This award was presented on 25th September, 2009 during "Indo-Africa Pharma Business meet", organized by Pharmexcil at Hotel Marriot, Convention Centre, Hyderabad.

Regulatory and Clinical Research Services

Indoco's Regulatory and Medical teams have been efficient in delivering the data well in time and with high accuracy and precision. The Company's regulatory team provides strategic inputs for product registration and regulatory approvals for API and finished dosages with US Food & Drug Administration (FDA), Europe, Australia, South Africa and Emerging markets. This group communicates with the authorities and customers to ensure that the company's dossiers and products satisfy the requirements of the approval process before they reach the market.

Equipped with the eCTD software, the Company's Regulatory team is rapidly expediting ANDA submission with the FDA. With the awareness of the Good Clinical Practices (GCPs) and armed with the knowledge of international regulatory guidelines for the clinical research,



Indoco has capability in conducting comprehensive bio- equivalence studies as per the stringent protocols. Indoco has an independent clinical research department to handle all the aspects of clinical / bio-equivalence studies to ensure quality and consistency of its projects. The Company has developed Standard Operating Procedures (SOPs) for all the activities associated with bio-study design to ensure that all the trained professionals adhere to it. The Company's committed approach in this area has resulted in the continual success of its clinical research program and timely submission of quality dossiers to international regulatory authorities.



The Company has leveraged its strong R&D base, manufacturing skills, vertical integration and allied services capabilities to position itself as a “complete solution provider” in the global pharmaceutical space.



ALL INDIA NETWORK

Corporate Office

Indoco House
Mumbai (Maharashtra)

Research & Development Centre

Rabale, Navi Mumbai
(Maharashtra)

Manufacturing Facilities

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

Sales Offices and Depots

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

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



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 due to risks, uncertainties and inaccurate assumptions.

APPROVALS



GLOBAL PRESENCE

AUSTRALIA
AZERBAIJAN
ALGERIA
BOLIVIA
BOTSWANA
CANADA
COLOMBIA
COSTA RICA
CHILE
EGYPT
ETHIOPIA
GERMANY
GUATEMALA

GHANA
HUNGARY
HONDURAS
JAPAN
KENYA
LIBERIA
MYANMAR
MOLDOVA
MAURITIUS
MALAYSIA
NAMIBIA
NEW ZEALAND

PHILLIPINES
PERU
PREDNISTROV
ROMANIA
RUSSIA
SOUTH AFRICA
SLOVENIA
SPAIN
SRILANKA
SUDAN
TURKEY

TANZANIA
TRINIDAD
THAILAND
UNITED KINGDOM
UNITED STATES OF AMERICA
UGANDA
UKRAINE
WEST INDIES
YEMEN
ZAMBIA

MANUFACTURING FACILITIES

GOA PLANT I



GOA PLANT II



BADDI PLANT



PATALGANGA PLANT



CONTENTS

1	Notice	02
2	Directors' Report	07
3	Report on Corporate Governance	15
4	Auditor's Certificate	26
5	CEO Certificate	27
6	Management Discussion and Analysis	28
7	Auditors' Report	38
8	Balance Sheet	42
9	Profit and Loss Account	43
10	Schedules	44
11	Notes forming part of Accounts	52
12	Cash Flow Statement	59
13	Financial Highlights	61
14	Balance Sheet Abstract and Company's General Business Profile	63
15	ECS Mandate	65
16	Proxy Form and Attendance Slip	67

◆ ◆ ◆

INDOCO REMEDIES LIMITED

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

Notice

Notice is hereby given that the Sixty-Third Annual General Meeting of the members of INDOCO REMEDIES LIMITED will be held on Thursday, the 22nd July, 2010, at 10.30 a.m., at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai - 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 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. Dattatraya M. Sukthankar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Divakar M. Gavaskar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Dhananjay N. Mungale, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT in supersession of all previous resolutions, the consent of the Company be and is hereby accorded in terms of Section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof) for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs. 400,00,00,000/- (Rupees Four Hundred Crore)".

Notes :

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business at item no. 7 to 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 OF THE COMPANY.

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. Bodies Corporate who are members of the company are requested to send duly certified copy of the

Board resolution authorizing their representatives to attend and vote at the Meeting on or before 20th July, 2010.

4. Members holding shares in demat (electronic) account are requested to notify changes, if any, in their address/bank mandate to their respective Depository Participants (DPs) and those holding shares in physical form to the Registrar and Share Transfer Agents of the Company, Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
5. Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report.
6. Members holding shares in demat form are requested to write their Client ID and DP ID and those holding shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the meeting.
7. In case of joint holders attending the Meeting, joint holder ranked higher in the order of names will be entitled to vote at the meeting.
8. Relevant documents referred to in the accompanying Notice shall be open for inspection by the members at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. up to the date of the meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 15th July, 2010 to Thursday, 22nd July, 2010 (both days inclusive).
10. The dividend for the year ended 31st March, 2010 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 22nd July, 2010. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend will be paid on and from 3rd August, 2010.
11. (a) In order to provide protection against fraudulent encashment of dividend warrants, members holding shares in physical form are requested to intimate to the Company's Registrars 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 holding shares in demat form, if not opted for Electronic Clearing Service (ECS), may please note that their Bank account details, as furnished by them to their Depositories shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their bank details or particulars are requested to contact their Depository Participants.
- (c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through Electronic Clearing System (ECS). The ECS facility is available at locations designated by Reserve Bank of India. Members holding shares in physical form are requested to contact the Registrars, Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078 and those holding in demat their respective DPs.

12. Pursuant to the provisions of Section 205 of the Companies Act, 1956, all unclaimed dividends declared up to the financial year 1998-1999 have been transferred to the General Revenue Account of the Central Government in compliance of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

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

13. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and incorporation of Section 205C to the said Act, the Company has transferred the unpaid or unclaimed dividends for the financial years from 1999-2000 to 2001-2002 to Investor Education and Protection Fund (the IEPF) established by the Central Government.

Dividends for the financial years 2002-2003 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not yet encashed their dividend warrants for financial year 2002-2003 onwards and seek revalidation of their warrants are requested to write to Company's Registrars without any delay.

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

14. Members who hold shares in multiple folios and in identical names are requested to get their holdings consolidated into a single folio.
15. Member desirous of getting any information on the accounts and operations of the Company may please forward their queries to the Company atleast seven days prior to the Meeting so as to enable the Company to provide appropriate response thereto at the Meeting.
16. Facility of nomination is now available and members are requested to make use of the same by contacting the Company's Registrars in case of physical holdings and their respective DPs in case of demat holdings.
17. As required by clause 49 IV (G) (i) of the Listing Agreement, the brief profile of Directors seeking appointment or re-appointment at ensuing Annual General Meeting is given in this Annual Report.

Mumbai, 31st May, 2010

By order of the Board

JAGDISH B. SALIAN

VP (Legal) & Company Secretary



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

Item No. 7

The Company's turnover over the years has increased and is expected to further increase as the Company plans to move on a growth path. The Company has undertaken expansion and modernisation of its manufacturing units at Goa and Patalganga for increasing the productivity and enhancing the capacity to meet the growth in volume of business. The Company would undertake many such activities in future. The new activities planned would entail capital expenditure which can be met through borrowings from banks and financial institutions.

In terms of the Companies Act, 1956, the Board can borrow in excess of the paid up capital and free reserves of the Company only with the consent of the members accorded at the general meeting. It is, therefore, proposed to pass a resolution authorising the Board to borrow in excess of the limits laid down under Section 293(1)(d) of the Companies Act, 1956, however, subject to a limit not exceeding an amount of Rs. 400,00,00,000/- (Rupees Four Hundred Crore). The members are requested to consider the proposal and give their consent by passing the resolution.

The proposal at Item 7 is in the interest of the Company and your Directors commend the resolution for approval by the members.

None of the Directors is concerned or interested in the resolution.

By order of the Board

JAGDISH B. SALIAN

VP (Legal) & Company Secretary

Mumbai, 31st May, 2010



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

Name of the Director	Mr. Dattatraya M. Sukthankar	Mr. Divakar M. Gavaskar	Mr. Dhananjay N. Mungale
Date of Birth	21st February, 1932	5th February, 1943	1st June, 1953
Date of appointment on the Board	10th September, 1994	11th April, 2005	6th May, 2000
Qualifications	M.Com, IAS	B.Com, FCA, FCS	B.Com, FCA, LL.B.
Expertise in specific functional area	Public Administration and Corporate Management	Management and Finance	Finance, Banking, Treasury, Trade & Industry and Management
Directorships held in other Companies	<ol style="list-style-type: none"> 1. HDFC Ltd. 2. HDFC Developers Ltd. 3. IDFC AMC Trustee Co. Ltd. 	<ol style="list-style-type: none"> 1. New Consolidated Construction Co. Ltd. 2. Axis Holdings Private Limited 3. Anjan Drugs Private Limited 	<ol style="list-style-type: none"> 1. Camlin Limited 2. Caprihans India Limited 3. Mahindra & Mahindra Financial Services Limited 4. Chowgule Steamships Limited 5. J P Morgan Asset Management India Pvt. Ltd. 6. LIC Housing Finance Limited 7. Tamilnadu Petroproducts Limited 8. LICHL Trustee Company Private Limited 9. National Organic Chemical Ltd. 10. Snowcem Paints Pvt. Ltd. 11. Sical Logistics Limited 12. Mentor Technologies Private Limited 13. I-Nestor Advisors Private Limited 14. I2IT Private Limited
Committee positions held in other Companies	Nil	Audit Committee New Consolidated Construction Co. Ltd. (Chairman)	Audit Committee Camlin Limited (Chairman) Mahindra & Mahindra Financial Services Limited (Chairman) Chowgule Steamships Limited (Chairman) LIC Housing Finance Limited (Member) Tamilnadu Petroproducts Limited (Member) National Organic Chemical Ltd. (Member) Sical Logistics Limited (Member) Shareholders'/Investors' Grievance Committee Mahindra & Mahindra Financial Services Limited (Member)
No. of shares held in the Company	1600 Equity Shares of Rs.10/- each	Nil	6506 Equity Shares of Rs.10/- each

Directors' Report

Dear Members,

Your Directors are pleased to present the Sixty-Third Annual Report on the business operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL PERFORMANCE

The highlights of the performance of the Company for the year ended 31st March, 2010 is summarized below:

(Rs lakhs)

	<i>Financial Year ended 31st March, 2010</i>	<i>Financial Year ended 31st March, 2009</i>
Sales & Operations	40231	35526
Less: Excise Duty	(402)	(462)
Net Sales	39829	35064
Other Income	506	393
Total Income	40335	35457
Profit Before Interest, Depreciation and Tax	5814	5015
Less: Interest	291	585
Depreciation	1210	1116
Extra Ordinary items	-	-
Profit Before Tax	4313	3314
Less: Provision for Taxation		
- Current	731	370
- Deferred	126	108
- Fringe Benefit	-	93
- Prior year	(22)	(31)
- MAT Credit Entitlement	(731)	(370)
Profit After Tax	4209	3144
Balance brought forward	5700	4811
Amount available for appropriation	9909	7955
Appropriations :		
Interim Dividend	-	399
Proposed Dividend	860	246
Dividend Tax	143	110
Transfer to General Reserve	1500	1500
Balance carried forward	7406	5700
	9909	7955

Results of Operations:

During the year, the Company achieved a milestone in turnover by crossing the rupees four hundred crore mark. The Company did remarkably well to register a growth in operating profit and profit after tax over the

previous financial year. Both the domestic and international business showed improvement in performance at 11.63 per cent and 18.49 per cent growth respectively.

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

Dividend & Reserves:

Your Directors are pleased to recommend a dividend of Rs. 7/- per share (70 per cent) for the financial year ended 31st March, 2010. The dividend payout will aggregate Rs. 860 lakhs and the tax on distributed profits payable by the Company would amount to Rs. 143 lakhs.

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

Credit Rating:

The Company's Commercial Paper was accorded A1+ rating by the credit rating agency, ICRA.

The working capital facility of the Company was rated A1+ and long term borrowings LA+ by ICRA. While A1+ indicates highest credit quality rating, the LA+ rating signifies adequate credit quality rating.

New Initiatives:

The year saw Indoco strategizing in the extra urban regions of India. As part of its strategy to explore niche geographies with higher growth potentials, the Company has launched a new division, viz., Xtend. The division would tap the extra urban markets of India where there is a sudden surge in the affording-population and enormous growth in the infrastructure in terms of distribution channels.

Launched in six states to start with, Xtend has a field strength of 135 personnel covering more than 20000 doctors catering to therapeutic specialties like anti-infectives, pain management, anti-ulcerants, cough syrups, tonic, appetite enhancer and lipid management.

Indoco also continued new launches in the existing divisions with products catering to therapeutic specialties like anti-infectives, ophthalmic, gastro-intestinal, nutraceuticals and in chronic segments of diabetes and cardiovascular.

To strengthen the Company's product portfolio and to drive the growth, the following new products were launched during the year:

<i>BRANDS</i>	<i>DIVISION</i>	<i>CATEGORY</i>
OXIPOD-CV	INDOCO	Anti-infectives
CYCLOCHEK	INDOCO	Gastro-intestinal
OMEGACHEK	INDOCO	Vitamins / Minerals / Nutrients
PRICHEK-GMP	INDOCO	Anti Diabetic
PENCHEK	SPADE	Pain / Analgesics
ACECLOREN	WARREN	Pain / Analgesics
SCABEX-P	SPERA	Derma
MACUCHEK	EXCEL	Ophthal / Otologicals
MOFLOREN-KT	EXCEL	Ophthal / Otologicals
OTICHEK	EXCEL	Ophthal / Otologicals
VCEF-O	XTEND	Anti-infectives
FLAMAR-P	XTEND	Pain / Analgesics
SPEP	XTEND	Vitamins / Minerals / Nutrients
PROFERRIN	XTEND	Vitamins / Minerals / Nutrients
RAZOGARD	XTEND	Gastro-intestinal

With regard to international business, the Company signed a generic product development alliance with Watson Pharmaceuticals, Inc., USA to develop and manufacture a number of sterile products.

Indoco also entered into a strategic alliance with South Africa's largest pharmaceutical Company, Pharmicare Limited (ASPEN) for licensing-out its Intellectual Property (dossiers). The arrangement covers a number of products and extends to 30 countries from emerging markets.

With a view to enhance the production capacity to meet the sales objectives, the expansion program at Goa Plant II was initiated on the existing plot of land. It is proposed to install state-of-the-art automated production lines that can manufacture tablets efficiently at optimum speed and high productivity. It is planned to commission the expansion unit, namely, Plant IV by the end of 2010. The project has been funded out of the ECB borrowings to the tune of USD six million and the estimated project cost would be Rs. 50 crore.

SOCIAL INITIATIVES

In keeping with Indoco's commitment towards contribution to community welfare, the Company supports on a regular basis several initiatives in the area of education of needy, reliefs to victims of natural calamities, program for the elderly and environment protection. During the year, the Company donated a dialysis machine to Dr. Hedgewar Hospital, Aurangabad, which is run by the trust, 'Dr. B.R. Ambedkar Vaidhyakiya Pratisthan'.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS

Mr. D. M. Sukthankar, Mr. D.M. Gavaskar and Mr. D.N. Mungale retire by rotation at the forthcoming Annual General Meeting, and they are eligible for re-appointment. The profile of directors as per Clause 49(IV)(G)(i) of the Listing Agreement with the Stock Exchanges is included in the annual report.

AUDITORS

M/s. Patkar & Pendse, Chartered Accountants, hold office as Auditors till the conclusion of the ensuing Annual General Meeting, and are eligible for re-appointment. M/s. Patkar & Pendse have confirmed their eligibility 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 of the Board has recommended their re-appointment.

COST AUDIT

As per the Order of the Government, INDOCO's cost records in relation to the formulations manufacturing activity, for the year ended 31st March, 2010, were audited by the 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-I to this report and forms part of the Report.

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

EMPLOYEES RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman & Managing Director

Mumbai, 31st May, 2010



Annexure-I to the Directors' Report

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

A CONSERVATION OF ENERGY -

- a) energy conservation measures taken:
 - i) timers were introduced to switch off power supply automatically when production process ceases
 - ii) replaced inefficient lamps with energy efficient CFL Lamps
 - iii) installed VFD for major motors and AHUs
 - iv) utilized condensate water out of process steam as feed water for boiler
 - v) generated steam to the maximum extent by Briquette fired boiler
 - vi) installed new advance VAM for maximum utilization of steam generated through Briquette Boiler
 - vii) steam, water, chilled water, cooling water leakages monitored and controlled
- b) additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - i) solar based lighting system
 - ii) changeover from Reliance Energy to Goa Electricity Board for reducing power tariff
 - iii) installation of screw compressor
- c) impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
 - i) saving in fuel and water consumption
 - ii) improvement in pump & boiler efficiency
 - iii) reduction in energy cost
- d) total energy consumption and energy consumption per unit of production:

FORM A

1. Power and Fuel Consumption

	Current Year	Previous Year
1) Electricity		
a) Purchased Units	137775	113610
Total Amount (Rs.lakhs)	1104.99	917.3
Rate/Unit (Rs.)	8.02	8.07
b) Own generation		
i) Through diesel generator		
Units (KWH*000)	520.48	287.526
Units per ltr of diesel oil (KWH)	3.45	3.19
Rate/Unit (Rs.)	8.73	10.67
ii) through steam turbine/generator		
Units	Nil	Nil
Units per ltr of fuel oil/gas		
Cost/Unit (Rs.)	Nil	Nil
2) Coal	Nil	Nil
Qty		
Total cost		
Average rate		
3) Furnace Oil		
Qty (Kilo litres)	323158	494687
Total Amount (Rs. lakhs)	84.86	147.06
Average rate (Rs.)	26.26	29.73
4) Others/internal generation (briquettes, cashew seeds etc.)		
Quantity		
Total Cost (Rs.lakhs)	126.06	109.81
Rate/Unit	-	-

2. Consumption per unit of production

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

B TECHNOLOGY ABSORPTION

efforts made in technology absorption:

FORM B

Research and development (R&D)

1. Specific areas in which R & D carried out by the Company:

The Company developed manufacturing processes and analytical methods for APIs, intermediates and finished dosages. This includes development of non-infringing synthesis routes/formulations, generation of data to meet regulatory market requirements for submission of Drug Master Files (DMFs) and Abbreviated New Drug Applications (ANDAs) / Common Technical Documents (CTD) dossiers. Efforts were made to develop patentable New Drug Delivery Systems (NDDS). The Company carried out assignments for MNCs pertaining to impurity profiling and characterization studies.

2. Benefits derived as a result of the above R & D

The major benefit derived from the Company's R&D efforts was of filing patents for non-infringing manufacturing processes for APIs and formulations, a few of them in the area of sustained release technology. This has created the Company's own intellectual property which will give sustained benefits over a long period of time. Some of the granted patents were selected by the industry organizations like, IDMA and PHARMEXCIL for patent appreciation award.

The Company's Research & Development capabilities were well acknowledged by overseas customers and some of them have awarded the Company with repeat research projects.

3. Future plan of action

Development of generic products for molecules going off-patent; focusing on patentable NDDS formulations / formulations under Para IV or 505(b)2 applications by using new technology platforms. Value added analytical services will also be an area of focus, offering services for isolation and characterization of impurities. Services for polymorphism study, lyophilization study, analytical method development and validation will be promoted.

4. Expenditure on R & D:

(Rs. in lakhs)

Sr. No.	Particulars	Current Year	Previous Year
1	Capital	234.73	190.13
2	Recurring	1022.26	923.49
3	Total	1256.99	1113.62
4	Total R&D expenditure as a % of total turnover	3.16	3.18

Technology absorption, adaptation and innovation

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

During the year the following processes were successfully implemented:

a. **Allopurinol**

The technology was improved with respect to cost effectiveness and regulatory perspective. Several aspects of capacity enhancement and optimum utilization of various utilities were

considered during the process innovation. This will keep the Company competitive in the international market.

b. Dicycloverine HCl

CEP was granted to this product for the first time. The Company is pursuing with the regulatory authorities for upgradation of monograph for this product.

c. Brimonidine Tartrate

Improved and economical process for Brimonidine Tartrate was redeveloped in laboratory and was further optimized on commercial scale. The Company has US-DMF for this product and EU-DMF was filed.

d. Dorzolamide HCL

This product was successfully scaled up to the commercial scale in Company's mid-volume facility at Patalganga Plant with an installed capacity of 1.5 tons per year. The Company has filed USDMF.

e. Olopatadine HCL

The process of Olopatadine HCL was developed in laboratory and further optimized with respect to various variables and validated. The technology was adopted and commercialized after successful validation. The USDMF of the product is under filing.

f. Betaxolol HCL

The manufacturing technology of Betaxolol Hydrochloride was developed at bench scale level in R&D laboratory. The manufacturing process was further optimized to plant level and validated. The technology was adopted and commercialized after successful validation. The USDMF and COS application of the product are under submission.

g. Pregablin

The economic route for synthesis of Pregablin was developed in R&D Laboratory. The technology was further scaled up to plant level and successfully commercialized.

h. Brinzolamide

The manufacturing technology of Brinzolamide was developed in-house. The technology was optimized at bench scale. A special facility is being created to carry out cryogenic reactions required in this project during commercialization.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- | | | |
|--|---|------|
| a) Technology Imported | - | None |
| b) Year of import | - | N.A. |
| c) Has technology been fully absorbed | - | N.A. |
| d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action | - | N.A. |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The thrust during the year was on extending the territories and expanding the product basket. Greater emphasis was laid on removing over dependence on a few markets by stepping up efforts in the low contributing territories. These objectives were achieved through sustained efforts with modest growth in export sales.

The year also saw a shift in the services offered with revenues from licensing of dossiers contributing significantly. The Company made special efforts in participating in trade conferences, like CPhI & euroPLX for promoting dossier business. It is now planned to move on to the new horizons by registering the dossiers in Company's own name and offering Marketing Authorizations instead of dossiers to customers. This will enhance the export earnings and the margins.

(b) total foreign exchange used and earned

(Rs. In lakhs)

<i>Sr. No.</i>	<i>Particulars</i>	<i>Current Year</i>	<i>Previous Year</i>
1	total foreign exchange earned (CIF)	11878.89	10024.85
2	total foreign exchange used	2839.24	2190.40



Report on Corporate Governance For the year ended 31st March, 2010

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

Indoco's Philosophy on Code of Governance:

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

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

BOARD OF DIRECTORS

Composition and Size:

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

The day-to-day management of the Company is conducted by the Chairman & Managing Director subject to the supervision and control of the Board of Directors and he is assisted by the three Executive Directors. The Directors are not related to each other in terms of the definition of "relative" under the Companies Act, 1956, except Ms. Aditi Kare Panandikar, who is the daughter of Mr. Suresh G. Kare, Chairman & Managing Director.

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

The Composition of the Board of Directors, the number of other Directorships and Committee positions held by each Director as on 31st March, 2010 is as under:

Sr. No.	Name of Director	Category of Directorships	No. of other Companies in which Director *	No. of other Board Committee/s (other than Indoco) positions **	
				Chairman	Member
1	Mr. Suresh G. Kare	Promoter, Chairman & Managing Director	1	Nil	Nil
2	Dr. M.R.Narvekar	Independent Non-Executive	Nil	Nil	Nil
3	Mr.D. M. Sukthankar	Independent Non-Executive	3	Nil	Nil
4	Mr. D. N. Mungale	Independent Non-Executive	8	3	5
5	Mr. D. M. Gavaskar	Independent Non-Executive	1	1	Nil
6	Mr. Rajiv P. Kakodkar	Independent Non-Executive	1	Nil	Nil
7	Mr. Sharad P. Upasani	Independent Non-Executive	1	Nil	2
8	Mr. F. X. Coutinho	Executive Wholetime	Nil	Nil	Nil
9	Mr. Sundeep V. Bambolkar	Executive Wholetime	Nil	Nil	Nil
10	Ms. Aditi Kare Panandikar	Promoter, Executive Wholetime	Nil	Nil	Nil

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

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

Attendance of each Director at the Board Meetings in financial year 2009-2010 and at the last Annual General Meeting

<i>Sr. No.</i>	<i>Name of the Director</i>	<i>No. of Board Meetings held during the year</i>	<i>No. of Board Meetings attended</i>	<i>Attendance at the last AGM held on September 18, 2009</i>
1	Mr. Suresh G. Kare	5	5	Present
2	Dr. M. R. Narvekar	5	4	Absent
3	Mr. D. M. Sukthankar	5	5	Present
4	Mr. D. N. Mungale	5	4	Present
5	Mr. D. M. Gavaskar	5	3	Absent
6	Mr. Rajiv P. Kakodkar	5	3	Present
7	Mr. Sharad P. Upasani	5	4	Present
8	Mr. F. X. Coutinho	5	5	Present
9	Mr. Sundeep V. Bambolkar	5	5	Present
10	Ms. Aditi Kare Panandikar	5	5	Present

Board Meetings and attendance:

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

<i>Sr. No.</i>	<i>Date on which Board Meeting was held</i>	<i>Total Strength of the Board</i>	<i>No. of Directors present</i>
1	29th April, 2009	10	9
2	30th July, 2009	10	8
3	18th September, 2009	10	8
4	30th October, 2009	10	9
5	27th January, 2010	10	9

Details of shares held by Non-Executive Directors:

<i>Sr. No.</i>	<i>Name of Director</i>	<i>No. of shares held</i>
1	Dr. M. R. Narvekar	73588
2	Mr. D.N. Mungale	6506
3	Mr. D. M. Sukthankar	1600

Details of Directors being re-appointed

As per the provisions of Companies Act, 1956 read with Article 151 of the Articles of Association of the Company, Mr. D. M. Sukthankar, Mr. D. M. Gavaskar and Mr. D. N. Mungale retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume of Directors being appointed at the AGM alongwith information as required under Clause 49(VI)(A) of the listing agreement is as under:

Mr. D. M. Sukthankar

Mr. Sukthankar is a retired IAS. He also holds a Masters Degree in Commerce from Bombay University. He held various important positions in State and Central Government Administration as a Public Servant. He was the Municipal Commissioner of Greater Bombay and the Chief Secretary to Government of Maharashtra. He has represented various Committees appointed by the Central Government during and even after his tenure in Civil Service. He brings rich experience of 35 years of handling key portfolios and important assignments for the Governments. After his retirement from Public Service, he has been associated with Corporates in his capacity as member of the Board and Committees. Mr. Sukthankar is on the Board of Indoco Remedies Limited since 10th September, 1994.

Mr. D. M. Gavaskar

Mr. Gavaskar is a professional specializing in corporate affairs. He is a Chartered Accountant by qualification and has undergone Strategic Management course Templeton College, Oxford and Senior Management course from Henley College, Oxford. He is also a member of the Institute of Company Secretaries of India. Mr. Gavaskar has worked in many capacities in the corporates of repute. He has held issues as Director-Finance and was the Managing Director of Abbott India Ltd (formerly Boots India Ltd). He was also associated with Johnson and Johnson (India) Ltd. Mr. Gavaskar has 30 years experience of corporate management. He is presently a Management Consultant. Mr. Gavaskar is on the Board of Company as an independent member since 11th April, 2005.

Mr. D. N. Mungale

Mr. Mungale is a Chartered Accountant and a law graduate. He has spent the major part of his career in corporate and investment banking in India and Europe with Bank of America and DSP Merrill Lynch Limited. He is presently acting as advisor to many corporations in India and Europe. He is on the Boards of various Public and Private Ltd companies. Mr. Mungale is on the Board of Company as an independent member since 6th May, 2000.

COMMITTEES OF THE BOARD:

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

a) Audit Committee:

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

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

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

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and fair.
- b) Recommending to the Board, the appointment, re-appointment of the statutory auditors, fixation of audit fees and fees for other services.
- c) Reviewing with the management the quarterly financial statements before submission to the board for approval.

- d) Reviewing the adequacy of internal control systems and internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- e) Discussing with internal auditors any significant findings and follow-up thereon.
- f) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- g) Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- h) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- i) In addition to the above, all items listed in Clause 49(II)(D) of the Listing Agreement.

During the financial year 2009-10, four (4) Audit Committee Meetings were held and the attendance of the Members of the Committee at the said Meetings were as follows:

Sr. No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members			
		Mr. D. N. Mungale	Mr. D. M. Gavaskar	Mr. Rajiv P. Kakodkar	Dr. M. R. Narvekar
1	29th April, 2009	Present	Present	Absent	Present
2	30th July, 2009	Absent	Present	Absent	Present
3	30th October, 2009	Present	Present	Present	Present
4	27th January, 2010	Present	Absent	Present	Present

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

The Company Secretary acts as the Secretary of the Committee.

The Statutory Auditors of the company were present at four audit committee meetings held during the year.

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

b) SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE:

Mr. Rajiv P. Kakodkar, a non-executive director heads the Committee. The Committee consists of:

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

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

The Committee met on 13th April, 2009, 3rd July, 2009, 5th October, 2009 and 13th January, 2010 to review the investor complaints and redressal of their grievances. The details of meetings held and attendance at the meetings were as follows:

Sr. No.	Name of the Committee Member	No. of Meetings	
		Held during the year	Attended during the year
1	Mr. Rajiv P. Kakodkar	4	4
2	Mr. Sundeep V. Bambolkar	4	4
3	Ms. Aditi Kare Panandikar	4	4

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

The Company during the year had received 8 complaints. The complaints pertained to revalidation of dividend warrants, non receipt of Annual Report etc.

The Company has resolved all the complaints as at the end of financial year 31st March, 2010 to the satisfaction of the shareholders and no complaints were pending for redressal.

c) REMUNERATION COMMITTEE:

At present the Company does not have a remuneration committee.

Remuneration to Directors:

Remuneration Policy

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

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

Details of remuneration paid to Directors during the financial year 2009-10 are as follows:

1) Executive Directors:

Sr. No.	Name of Director	Salary, allowances & perks (Rs.)	Commission	Total
1	Mr. Suresh G. Kare	10359600	6000000	16359600
2	Mr. F. X. Coutinho	5714877	500000	6214877
3	Mr. Sundeep V. Bambolkar	4897200	500000	5397200
4	Ms. Aditi Kare Panandikar	3574877	500000	4074877

2) Non-Executive Directors:

Sr. No.	Name of Director	Sitting fees
1	Dr. M. R. Narvekar	40000/-
2	Mr. D. M. Sukthankar	25000/-
3	Mr. D. N. Mungale	35000/-
4	Mr. D. M. Gavaskar	30000/-
5	Mr. Rajiv P. Kakodkar	45000/-
6	Mr. Sharad P. Upasani	20000/-

Notes:

- The sitting fees indicated above includes fees paid for attending Meetings of the Board and Committee.
- The Company has entered into an agreement with Chairman & Managing Director for a period of 5 years. The notice period for severance of the contract is six months.
- Similarly the Company has entered into agreements with the three executive directors for a period of 3 years each. The notice period for severance of the contract is three months.
- There is no severance fee payable.
- The Company has not introduced any scheme for grant of Stock Option to its Directors or Employees.

Details of General Body Meetings:

ANNUAL GENERAL MEETING:

The details of the last three Annual General Meetings held:

<i>Sr. No.</i>	<i>Financial Year</i>	<i>AGM</i>	<i>Date</i>	<i>Time</i>	<i>Venue of the AGM</i>
1	2008-09	62nd	18th September, 2009	10.30 am	MIG Cricket Club
2	2007-08	61st	26th September, 2008	11.00 am	MIG Colony, Bandra (E),
3	2006-07	60th	22nd December, 2007	10.00 am	Mumbai - 400 051.

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 the potential conflict with the interests of the Company at large.
- 2) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- 3) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
- 4) All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
- 5) The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
- 6) In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the 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:

Financial Results

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

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

Presentation to Institutional Investors/Analysts

3 Tele-conferences were held with Institutional Investors/Analysts on 30th July, 2009, 30th October, 2009 & 27th January, 2010. The transcripts of the same are put on the Company's website www.indoco.com.

EDIFAR FILING:

As per the requirements of Clause 51 of the Listing Agreement, all the data on quarterly financial results and shareholding pattern etc, are being filed on the EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Date and Time	: 22nd July, 2010 at 10.30 a.m.
Venue	: MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051
Financial Year	: 1st April to 31st March
Date of Book Closure	: 15th July, 2010 to 22nd July, 2010 (both days inclusive).
Dividend Payment Date	: On or after 3rd August, 2010.
Corporate Identity Number (CIN)	: The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L85190MH1947PLC005913. The Company is registered at Mumbai in the State of Maharashtra, India.

Insider Trading :

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

Code of Conduct:

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

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

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

Listing on Stock Exchanges:

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

Stock Code

Bombay Stock Exchange Limited	: 532612
The National Stock Exchange of India Limited	: INDOCO EQ

MARKET PRICE DATA

The High and Low prices of the Company's share (of the face value of Rs. 10/- each) from April, 2009 till March, 2010 are as below:

National Stock Exchange of India Limited (NSE)

Sr. No.	Month	IRL Share Price			No. of Shares traded during the month	Turnover Rs. lakhs
		High Rs.	Low Rs.	Close Rs.		
1	April '09	153.95	130.50	145.40	26385	37.98
2	May'09	174.95	121.00	171.95	162888	236.92
3	June'09	203.00	157.85	170.05	168728	315.16
4	July '09	189.00	155.10	182.95	70446	123.54
5	August '09	220.00	171.00	206.05	121840	248.77
6	September'09	243.00	198.00	236.05	88483	196.15
7	October '09	290.00	207.00	251.30	369102	969.15
8	November '09	278.00	235.20	271.50	49772	129.22
9	December'09	379.90	273.25	374.10	227567	752.69
10	January '10	384.00	309.00	325.00	86901	296.69
11	February '10	349.65	297.00	305.00	44261	143.24
12	March '10	414.00	305.05	402.65	235927	876.95

Bombay Stock Exchange Limited (BSE)

Sr. No.	Month	IRL Share Price			No. of Shares traded during the month	Turnover Rs. lakhs
		High Rs.	Low Rs.	Close Rs.		
1	April '09	153.45	135.20	141.90	15188	21.80
2	May'09	174.00	120.00	172.25	87839	130.56
3	June'09	204.90	161.00	172.05	172623	321.51
4	July '09	189.50	157.00	182.25	42965	75.47
5	August '09	218.00	175.00	205.15	121181	245.37
6	September'09	242.00	197.45	236.30	73439	161.29
7	October '09	292.80	212.00	250.55	253591	661.22
8	November '09	277.50	240.10	271.05	66326	173.95
9	December'09	376.00	273.00	370.50	246593	809.95
10	January '10	384.95	309.40	324.25	89437	307.17
11	February '10	347.00	301.10	304.20	35926	118.33
12	March '10	410.00	303.50	399.45	180605	655.09

Distribution of Shareholding as on 31st March, 2010

Sr. No.	No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1	1 to 500	10594	94.10	688342	5.60
2	501 to 1000	285	2.53	219186	1.78
3	1001 to 2000	151	1.34	219599	1.78
4	2001 to 3000	66	0.58	167153	1.36
5	3001 to 4000	20	0.17	70987	0.57
6	4001 to 5000	21	0.18	99910	0.81
7	5001 to 10000	44	0.39	319628	2.60
8	10001 & above	77	0.68	10501909	85.47

Shareholding Pattern as on 31st March, 2010

Category	No. of shares held	Percentage of shareholding
Promoter & Promoter Group		
Indian		
- Individuals	2735604	22.26
- Bodies Corporates	4693474	38.20
Foreign	Nil	Nil
Public Shareholdings		
Institutions		
- Mutual Funds/UTI	1185685	9.65
- FII's	364710	2.97
Non Institutions		
- Bodies Corporates	232858	1.90
- Individuals:		
Upto 1 lakh	1624308	13.22
Above 1 lakh	1348014	10.97
- Clearing Members	32458	0.26
- Trust	6012	0.05
- NRI's	63591	0.52
Custodian	Nil	Nil
Total :	12286714	100

Disclosure of information on pledged shares:

The details of shares pledged by promoter are as follows:

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

ADR/GDR:

The Company has not issued any ADR/GDR.

Dematerialisation Information:

The shares of your Company are available in Dematerialized 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 31st March, 2010, 95.78% of the total shares of the Company have been dematerialized as shown below:

Number of shares	% of total shares	No. of shareholders	% of total shareholders
11769291	95.79	11151	99.04

Shareholders, who continue to hold shares in physical form, are requested to dematerialize their shares and avail various benefits of dealing in securities in electronic/dematerialized 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 31st March, 2010 is given below :

No. of demat/physical form as on 31st March, 2010

<i>Sr. No.</i>	<i>Particulars</i>	<i>No. of shares</i>	<i>% of total shares</i>
1	Physical Segment	517423	4.21
	Total	517423	4.21
2	Demat Segment		
	- NSDL	11025841	89.74
	- CDSL	743450	6.05
	Total	11769291	95.79
	Grand Total	12286714	100

Share Transfer System

The share transfer, transmission, consolidation, sub-division and matters related thereto are delegated to a Committee headed by a non-executive director and the requests are processed within 15 days of lodgment. If the documents are clear in all respects requests for dematerialization of shares are processed and confirmation is given by Company's Registrars to the Depository i.e. NSDL or CDSL within 15 days.

Registrar & Share Transfer Agent:

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

Contact person : Ms. Sadhana Tripathi
 e-mail : rnt.helpdesk@linkintime.co.in
 Tel No. : 022-25946970
 Fax : 022-25946969

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
 e-mail id : jagdishes@indoco.com

Nomination Facility:

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

UNPAID/ UNCLAIMED DIVIDENDS

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

The due dates for transfer to IEPF of dividends remaining unclaimed/unpaid since 2002-03 are given below:

Sr. No.	Financial year	Unclaimed dividend amount as on 31.03.2010	Due date for transfer to IEPF
1	2002-03 - Final	41,560.00	04.12.2010
2	2003-04 - Interim	1,12,800.00	03.06.2011
3	2004-05 - Final	1,54,615.00	05.11.2012
4	2005-06 - Final	2,05,769.25	14.12.2013
5	2006-07 - Final	2,63,722.00	28.01.2015
6	2007-08 - Final	1,92,250.00	02.11.2015
7	2008-09 - Interim	1,59,578.25	02.01.2016
8	2008-09 - Final	93,100.00	25.10.2016

Plant Locations:

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

R&D Centre:

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

Registered Office:

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

Adoption of non-mandatory provisions of Clause 49 of the Listing Agreement is reviewed from time to time by the Board of Directors of the Company.



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

We have examined the compliance of conditions of Corporate Governance by Indoco Remedies Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner

Membership No. 32625

Place : Mumbai
Date : 31st May, 2010



CEO Certification

Declaration on Code of Conduct to the Members of Indoco Remedies Limited

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

I confirm that the Company has in respect of the year ended 31st March, 2010, received from the senior management team of the Company and the members of the Board affirmations of compliance with the Code of Conduct as applicable to them.

Mumbai, 31st May, 2010

SURESH G. KARE
Chairman & Managing Director



Management Discussion And Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

As per IMS Health-Retail Drug Monitor data, the global pharmaceutical sales were placed at US\$ 722 billion growing at 5.1 per cent per annum. This growth is marginally higher than the 4.8 per cent growth registered in the previous 12 months, as compared to CAGR of 6.3 per cent for the last 5 years. The noteworthy feature is that the markets of Latin America, Asia and Africa are growing by double digits, whereas, the developed markets of North America, Europe and Japan have registered a growth rate of less than 5 per cent. This has led the Company to focus its efforts more on Emerging markets by aggressively scouting for tender and trade business from these regions.

The EU generic market has expanded from \$ 10 billion in 2004 to \$ 30 billion in 2010 (CAGR 20 per cent). The generic opportunities in EU are becoming highly complex and the future business is likely to be governed by strong R & D players.

Within Latin America, the Brazil pharma industry is growing at 11.8 per cent and Indoco plans to make inroads there through Pharmicare Ltd (ASPEN). The global economic slowdown did affect the Company's business in few countries like Latin America and CIS, but the impact has been minimal.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian Pharmaceutical sector has come a long way from a non-entity during 1970 to a prominent provider of healthcare products and services. Today, it meets almost 95 per cent of Country's requirement for medicines and enjoys sizeable revenues from exports. The domestic pharmaceutical output has increased from Rs. 400 crore in 1970-71 to Rs. 41000 crore in 2009 at a compound growth rate (CAGR) of 13 per cent per annum. The Indian pharma industry ranks third in terms of volume and thirteenth in terms of value, globally.

As per the joint report published by the Federation of Indian Chambers of Commerce and Industry (FICCI) and Ernst & Young, India's growing pharmaceutical industry is expected to touch \$20 billion by 2015 and feature among the global top ten.

According to the said report, with over \$90 billion patented drugs going off-patent in the near future, the Indian pharmaceutical market, will treble to \$20 billion by 2015 with a compounded annual growth rate (CAGR) of 12.3 per cent.

It is expected that the patented drugs will account for 8-10 per cent of the total market and the affordability of high-patent drugs will be driven by the population in the high-income bracket, which is expected to grow to 25 million by 2015 from the present 10 million.

INDOCO'S PERFORMANCE

Domestic Business

The Company's domestic business registered an overall growth of 11.63 per cent during the year. In spite of the recessionary trend that prevailed in the economy for a major part of the financial year, the Company's domestic business showed satisfactory performance. Almost all the domestic divisions contributed to a healthy growth.

Indoco has generated 48.9 million prescriptions and is placed at 23rd position as per the IMS prescription audit, establishing itself as a strong prescription driven company.

The Company's five marketing divisions are growing with a healthy double digit growth rate. The Company added two new divisions during the year. The performance of each division is as follows:

Indoco: is one of the seven marketing divisions and is also the largest. The performance of this division during the year 2009-10 has been good since it turned in a growth rate of 19.48 per cent. The volume of business and the performance of both the old and new products acted as growth drivers.

Seventy - five per cent of the total sales of this division is contributed by anti-infectives, gastro-intestinal, respiratory and dermatologicals. The performance of this division in covered markets has helped it gain one rank higher at 11th position. The top products of this division volume-wise include Cyclopam, Vepan, Oxipod, Cloben-G, Tuspel Plus and Karvol Plus. In fact, Cyclopam and Vepan ranked 112 and 232 respectively, find mention among the top 300 brands of the Indian Pharmaceutical market.

The products having high growth potential for future include Oxipod, Clamchek, Omegachek and Cefvepan. Oxipod has shown considerable growth within 5 years of its launch and is ranked 5th in the highly competitive Cefpodoxime market.

Spade: is the next important division in terms of sales contribution and has a field staff strength of 428 personnel. Spade's therapeutic segment includes Anti-cold, Anti-infectives, Haematinics & Calcium Supplementations. The performance of the division during 2009-10 has been reasonably good with a growth rate of 16 per cent. Both the old as well as new products acted as growth drivers.

With a higher value and volume growth, Spade division has notched up one rank higher in its covered market. The top products include Febrex Plus, ATM, Aloha XT and Methycal, where Febrex Plus features among the top 200 brands in the Indian Pharmaceutical Industry.

The potential products in terms of growth for future years include ATM, Febrex Plus DS, Aloha XT and Methycal. With the addition of 51 field force, Spade division has expanded into Mumbai and Bangalore to exploit the potentials in these markets.

Warren: is a division shaped out of an acquisition made by Indoco in 1999 and has a dedicated field force of 280 professionals. It is a speciality division and boasts of a number one position in the dental care category.

The product portfolio of this division consists of stomatologicals, anti-infectives and analgesics. The contribution of stomatologicals range is to the tune of 60 per cent. The division is working on developing anti-infective and analgesic therapeutic products.

Warren has performed well during 2009-10 to register a growth of 21 per cent from old as well as select new products. The top performer of this division is Sensodent K, ranked number one in the Stomatological segment, followed by Sensiform, Sensodent KF & Lignox 2% A. The potential product from this division for the future would be Amclaird which has jumped 11 ranks in its therapeutic category.

Spera: since its inception in 2007 has consistently increased contribution to the total domestic revenues. Some potential products of the main division Indoco, like Cital, Carmicide and Triz have been transferred to Spera. These products have done well and are growing at more than 30 per cent.

In the covered market, Spera holds 3 per cent of the market share and contributes 30 per cent of the value. Among Specialties, the GP (MBBS) & Non MBBS segments contribute a major prescription share of this division at 50 per cent followed by Pediatricians & Gynecologists. Of the products, Cital and Carmicide have registered over 30 per cent growth and have increased their market share.

Currently Spera is present in Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. Future plan envisions expansion in West Zone by launching in Madhya Pradesh, Gujarat and Rajasthan.

Excel: is a niche division with 158 highly trained sales professionals, catering to the specific therapeutic needs of Ophthalmologists and ENT specialists.

The therapeutic categories of Excel include tear substitutes, topical anti-infectives, anti-allergics and ocular anti-oxidants which are fast growing segments in the ophthalmic market. The other therapeutic segments are mydriatics, cycloplegics and otologicals. The growth drivers for Excel division are products like Homide, Dexoren-S, Renolen, Otorex and new products, Irivisc, Mo-floren and Alerchek.

The two new products launched last year Macuchek and Mofloren-KT are showing promise in terms of sales and acceptance by Ophthalmologists. These products would be taken on high priority in the next year. To increase the contribution of Excel, ENT specific high value products are planned for launching in 2010-11.

Xtend: a new division was launched with a view to target extra-urban towns. Xtend has been launched in six States to start with, namely, Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu, Madhya Pradesh and Orissa.

The extra-urban towns present a huge opportunity for growth. The Company is already having some presence in these markets. To further strengthen its presence, Xtend has been launched to cater to various doctor specialities like General Physicians, Pediatricians and Gynecologists. The key therapeutic segments include anti-infectives, pain management, anti-peptic ulcerants, cough syrups, tonic, appetite enhancer and lipid management.

Eterna: is a new division to market a range of anti-infectives, gastro-intestinal therapy, vitamins and pain management products through Consulting Physicians, Orthopedicians, Gastroenterologists and top GPs.

With the launch of Eterna, the Company intends to further build the highly growing doctor specialities mentioned above. The basket of products selected for the division is driving a better growth with healthy CAGR.

International Business (Finished Dosages)

The International Business displayed consistency in performance by registering a 18.49 per cent growth. During the year, the Company's revenue from formulation exports grew by 15.01 per cent at Rs. 109.04 crore as compared to Rs. 94.81 crore during previous financial year.

Regulated Markets

The International formulations business gained momentum to spread across new territories in the Regulated Markets. In terms of volumes, the growth appears impressive when compared to 1.6 billion tablets exported in the previous year to 2.5 billion tablets exported in the current year only in the Regulated markets. The share of other dosage forms has also increased substantially. The consistent supplies of sterile products to US markets have kept our customers satisfied and have proved our manufacturing excellence.

Indoco signed two major deals, one with Watson, USA for US markets and the other with Pharmicare Limited (ASPEN), South Africa for Emerging markets. Indoco's scope under the agreement with Watson covers API development & manufacturing, formulation development & manufacture of approved generic drugs. Watson's role is to compile and file Abbreviated New Drug Applications (ANDAs) for US FDA approval and sale & distribution of the products in the US pharmaceutical market. Watson and Indoco will share the development costs, including cost towards bio-studies / clinical trials, legal fees and net profits.

The agreement with ASPEN would give Indoco revenues during the process of product registration in the form of milestone payments and through the sale proceeds. The agreement will be broadened on an ongoing basis by adding new products and territories from time to time, thus giving INDOCO's products farther reach across geographies.

The Company won the MEDSAFE tender in New Zealand against GSK's bid and successfully continued supplies against this tender as well as the tender from AOK, Germany. Our own dossiers have now been commercialized in countries like Australia, Canada and Bulgaria.

Indoco is progressing well on its ambitious plans to have a sizeable number of our own dossiers, covering the latest molecules going off-patent.

Emerging Markets

In Emerging markets, Kenya, Uganda, Srilanka, Myanmar and Tanzania are the top five contributors to the revenues. Indoco's focus on the tender business has also yielded good results and the Company was able to bag several tenders from countries like Uganda, Kenya, Costa Rica & Sudan.

The economic slowdown had a minor impact on the Company's business from Emerging markets. However, the Company converted this situation to its advantage by converting the open payment terms to secured payments like, Letter of Credits and / or advance payment. The Company streamlined its manufacturing operations for Emerging markets for optimization from the logistics and Operations perspective.

The Company has laid emphasis on product registrations and the activities in this area during the current year are given below:

Sr. No.	Countries	Dossiers submitted	Registrations received	Under Registration
1	CIS & ME	39	8	31
2	ASIA	23	8	15
3	AFRICA	43	19	24
4	LATAM	19	8	11
	TOTAL	124	43	81

During the year, the Company has filed more than 100 dossiers in 17 different countries and has received the registration for 43 products in 15 countries from Emerging markets. In the near future, the Company intends to file many more dossiers by introducing new brands in different countries.

Indoco signed marketing and distribution contracts with business partners in Columbia & Cameroon, which now opens Cameroon, Colombian and Panama markets for Indoco in Francophone Africa & Latin America.

Tender Business (Overseas)

The Company's manufacturing facilities remained busy supplying against various tenders that were bagged during the year. The supplies to AOK, Germany for Metformin tablets commenced in May 2009 and 412 million tablets were dispatched till March 2010. The tender is still active and the supplies are in full swing.

The supplies against MEDSAFE tender in New Zealand are continuing and during the year, the Company supplied a total of 290 million tablets to New Zealand.

The South African partners were successful in winning a national tender for Metformin tablets worth US\$ 6 million with supplies spreading over a period of two years. Indoco has committed to supply 50 per cent of the tender quantity, which would bring revenue of US\$ 3 million over the next couple of years.

The Company expects a sales turnover of Rs. 3 crore over period of 2 years from a single product (Lidocaine Injections) against tender award from Sudan. The Company could commence shipment against KEMSA tender in Kenya and expect to accelerate the number of shipments to KEMSA in the future quarters. Indoco also bagged a tender in Costa Rica for supply of Ibuprofen tablets valued at Rs. 150 lakhs, for which the shipments have already commenced.

API Business

The Company's API business recorded net revenues of Rs. 18.58 crore during the year as compared to Rs. 16.23 crore last year. The Kilo Plant and the API & Intermediate Plant at Rabale stabilized production to optimum capacity.

The Kilo plant at Rabale and the Multi-Ton plant at Patalganga are ready for regulatory inspections by USFDA & EDQM for the products to be exported to US and European markets. At present Indoco's API products are exported to more than 25 countries.

The manufacturing facility at Patalganga (built as per cGMP standards) is geared up for regulatory inspections by USFDA & EDQM and other regulatory authorities. The Company uses some of the own manufactured APIs for captive consumption in finished dosages, thus contributing to the cost efficiency and better control on supply chain as far as the finished dosage business is concerned. The APIs manufactured by the Company are also exported to various countries and Indoco is the only CEP holder for Dicycloverine API in the world.

Research & Development

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

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

At Indoco, the comprehensive evaluation of drug candidates during pre-formulation is critical to the formulation development process. Certain candidates present specific challenges such as low bioavailability, poor solubility and/or permeability and poor physical stability. The Company's experienced formulation development team is proficient in handling these issues with ease.

During the year, an amount of Rs. 12.57 crore was incurred on research and development activities on a total basis as against Rs. 11.14 crore last year, an increase by 12.8 per cent. The recurring R&D expenditure amounted to Rs. 10.22 crore as compared to Rs. 9.23 crore last year. The capital expenditure was Rs. 2.35 crore as against Rs. 1.90 crore in the previous year. The R&D spend as a percentage of net sales was 3.16 per cent.

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

The formulation development team works on four types of projects

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

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

Apart from the in-house development work, Indoco is involved in contract research where Indoco research team develops the products for other organizations and prepares the dossiers for submissions to the various regulatory agencies all over the world (USA, Europe, South Africa, Australia, Brazil and other semi regulated countries).

Indoco also undertakes the manufacturing site transfer (Toll / Contract manufacturing) projects for generic companies from Europe, US and Australia. In the year 2009-2010 Indoco has made site transfers of a number of projects.

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

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

Manufacturing facility Approvals

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

Indoco's manufacturing facility at Goa, has been approved by MHRA-UK and DARMSTADT, Germany for solid dosages, and MHRA-UK has now successfully completed the inspection for liquid orals and cream and ointment facility.

The Company's Waluj plant received the approval from Botswana Regulatory Authorities (DRU), Namibia Health Authorities and Supreme Board of Drugs and Medical appliances, Yemen during the year.

Sterile facility: During the year, the Company's sterile facility at Goa for injectables was certified as GMP compliant in accordance with EU-GMP principles and guidelines laid down in the Directive 91/412/EC. The Goa plant was inspected in April 2009 by JAZMP, Slovenia. The facility already has a USFDA approval in force for ophthalmic solutions.

This facility was inspected and approved by Sudan authorities in November 2009 and was successfully re-inspected by NDA, Uganda.

Regulatory Services

The success of International Business hinges on the quality of registration dossiers / drug master files and the speed with which they are submitted with the Regulatory Authorities. Company's regulatory affairs department has rendered excellent services by providing quality dossiers within the required time. The Regulatory team has kept itself abreast on the latest development in the field and has implemented the latest software and technology for preparation and security of the registration files.

API-DMF / CoS filing status: Indoco has two API manufacturing facilities at Rabale and Patalganga and intends to have EU and US approvals for these plants in the coming year. Indoco has filed six US DMFs and five Certificate of Suitability (CoS) applications. The Company has received CoS certificates from European Directorate for the Quality of Medicine for four products. Apart from this, Indoco also has filed DMFs with Canadian and Cyprus Regulatory Authorities.

ANDA /CTD Dossiers: The Company has developed a number of ANDAs and CTD dossiers. These dossiers are either submitted by the Company in its own name or has licensed them out to overseas customers. The queries raised by these Regulatory Authorities are promptly responded by the Regulatory Affairs team for timely registration of the products.

Financial Performance

The Company delivered satisfactory financial performance during the year with majority of the parameters showing improvement.

The turnover surpassed Rs. 400 crore mark to register an all time high figure of Rs.402.31 crore reflecting a growth 13.24 per cent over the previous year. During the year, exports were higher by 18.49 per cent at Rs.118.79 crore and domestic business by 11.63 per cent at Rs.279.50 crore (net of excise).

The consumption of raw materials as a percentage to sales increased by 1.00 per cent from 42.66 per cent previous year to 43.66 per cent this year. This was mainly on account of increase in raw material prices, product mix and devaluation of rupee.

The staff cost was Rs. 56.46 crore for the year as against Rs. 47.93 crore previous year, partly on account of increase in staff strength and partly due to annual increments.

The operating profit increased by 27.07 per cent from Rs. 41.86 crore to Rs. 53.19 crore. The increase in profit is mainly on account of increase in revenues.

Other income increased to 5.06 crore as against Rs.3.93 crore in the previous year.

Interest costs were lower by 50.25 per cent at Rs. 2.91 crore as compared to Rs. 5.85 crore in the previous year, primarily on account of borrowings in foreign currency and improvement in the working capital cycle.

Depreciation was marginally higher at Rs.12.10 crore against Rs. 11.16 crore in the previous year.

Profit after tax was Rs. 42.09 crore as against Rs. 31.44 crore during the previous year, thereby showing an increase of 33.87 per cent.

Basic earning per share (EPS) for the year was Rs.34.26 as against Rs. 25.59 in the previous year (both after and before the extra-ordinary items).

The outstanding debt as on 31st March, 2010 was Rs. 66.04 crore as compared to Rs. 55.74 crore as on 31st March, 2009.

The cash outflow on account of capital expenditure (CAPEX) during the year was Rs. 48.09 crore as compared to Rs.30.15 crore in the previous year, primarily on account of the various expansion programs undertaken by the Company at its manufacturing facilities.

During the year an amount of Rs. 7.54 crore was contributed to the national exchequer by way of payment of income tax.

The net worth of the company at Rs.310.51 crore as at 31st March, 2010 was higher by Rs. 32.07 crore as compared to the previous year, on account of retained profits.

The debt-equity ratio during the year was 0.21 as compared to 0.20 in the previous year.

The improved profitability resulted in increased return on networth from 11.30 per cent as at previous year to 13.56 per cent as at 31st March, 2010.

Human Resources

The value of an organization is unequivocally linked to the collective efforts of its people. Indoco believes, that the growth of the Company can be sustained through the continuous development of people who contribute to the organization's success.

Through a synergy of active talents at work, remarkable business performance can be attained. The HR function offers an integrated process that helps build talent and equip them with new skills.

During the year, the initiatives were focused on:

- Increasing productivity through nurturing talents
- Improving collaboration and coordination
- Appreciating Graciously Innovative ideas
- Optimizing Investment
- Employee as an asset to the Organization.

Talent Acquisition

Indoco has a Management Trainee Programme which is a perfect example of its commitment towards developing and nurturing young talent. Indoco recruits best minds from Business Schools and prepares them for the challenges of business. Indoco participated in campus recruitments, walk-in interviews which has also helped in building organization brand equity.

Learning & Development initiatives

In a dynamic and challenging scenario, it is very important to sustain the competitive advantage with the help of learning and developing through training. Highlights of the activities undertaken are as follows:-

MAGIC: Motivating Appreciating Graciously Innovative Culture. It is an initiative to make people support what they help create. It has given greater insights and has helped the Company to identify means of improving employee satisfaction, retention and productivity.

PACE: Performance Achieved through Combined Efforts - it aims to create a performance based culture by creating a synergy imbuing Leadership qualities. It is a novel concept based on sports activities to enhance collaboration and team work.

EVENT: It is an initiative aimed for the core management to be a part of strategic decision making. It is a programme that has been developed to create new business opportunities with combined competence to achieve excellence.

IMPETUS: is an idea to create a dynamic management team for the future. This activity was planned as the Organization is well positioned for a quantum leap. This programme is meant for Senior Managers and General Managers.

CLIMB: A Cluster of Learning at Indoco for Mutual Benefits - is a youngsters' club to allow informal interaction to foster personal growth. It is a learning invention for Managers to focus on self productivity, enhancing leadership inputs and building a diverse team.

The other programmes conducted during the year -

"Educate" a training programme on "What Got You Here Won't Get You There"; "How to Win over the Doctors" and "Enhancing Competence for Achieving Sales Month After Month".

Indoco organized a Pharmacy Day FDA-Rally participation. The Company has cGMP Programmes and Safety Related Awareness Programmes as an on-going activity at all its manufacturing locations. This has helped in successful audit of the manufacturing facilities by the Regulatory Authorities from various countries.

The Company believes in cultural diversity and celebrates all festivals.

"Competition is a key catalyst in speedy growth" and on this basis activities like Rangoli, Dance, Wall Painting, Lantern making, Essay writing were organized.

"Functionally United Network Day" (FUN-DAY) where Indocoites come together to have informal communication that bind them together as one family.

The camp "Kolhapuri Misal" is an outbound training for 2 days for almost 200 members.

In Indoco the right talent is nurtured and this talent is engaged in activities conducive towards development of individual and management capabilities in turn creating leaders for future. This provides a true reflection of the collaboration between various internal functional teams which contribute to organizational objective of Collective Competence to Competitive Excellence.

Risks, Concerns and Threats

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

Price Control

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

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

The Government continuously monitors and reviews the drug policy and can announce new drug policy that may have impact on the operations of pharmaceutical companies including Indoco.

Forex Transactions

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

During the year the Company has borrowed long term funds in the form of External Commercial Borrowings (ECBs) to tune of US \$ 7 million to finance the development of ANDAs, Dossiers, DMFs, etc. at R&D Centre at Rabale and an additional tablet manufacturing unit at Goa.

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 thus enhancing the possibility of higher growth in its international business.

Internal Control Systems

INDOCO has evolved effective internal controls in its operations. These controls are constantly reviewed and revised with the changing business dynamics. Internal audit is carried out by the in-house team as well as the external agency, covering areas like 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.

Future Outlook

The signing of contract with the two major generic players has established Indoco's credentials further as a reliable service provider for development and manufacturing of Finished Dosage Forms. These deals cover solid dosages and also sterile products, where Indoco has been investing the major portion of its R&D efforts. Indoco will further add on to its expertise and the infrastructure in sterile manufacturing space and build on it in the near future.

Our success in churning out a sizeable number of CTD dossiers of generic molecules going off patent in the next couple of years, gives us the confidence to increase the scale of dossier development activities and to foray into the new technology platforms.

We are currently working on a dual strategy of working with partners in USA and also filing a basket of ANDAs on our own. During the next couple of years, we will have a sizeable number of ANDAs filed in Indoco's name. We are also planning to register our own dossiers in Europe through DCP (Decentralized Procedure) and MRP (Mutual Recognition Procedure) routes. This will enhance our margins and give us a sustainable business, since the marketing authorization will be controlled and owned by Indoco.

To increase production capacity and accommodate more products the company has successfully expanded its formulation plant at Baddi and has commenced construction of the new tablet manufacturing plant in Goa. Baddi Plant is now fully geared up and has started dispatches of various products to UK and Germany.

The Company's API business is also expanding and to meet the growing demands, the Company has increased its production capacity at its manufacturing facility at Rabale and Patalganga and is on the look out for setting up new plants for manufacturing Active Pharmaceutical Ingredients.



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 Company's prospects and take informed investment decisions. The management has 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.

The management cannot guarantee that these forward-looking statements will materialize, although it believes it has been prudent in making those assumptions. The achievement of results is subject to risks or uncertainties and even inaccurate assumptions. Should any of the known or unknown risks or uncertainties materialize, 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.

The management undertakes 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, 2010 and also the Profit & Loss Account and Cash Flow Statement for the year ended on 31st March, 2010 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, 2010 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, 2010;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner

Membership No. 32625

Place : Mumbai
Date : 31st May, 2010

Annexure to the Auditors' Report

Referred to in our report of even date for the year ended 31st March, 2010

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

payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

- (b) the disputed statutory dues aggregating to Rs.960.30 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	2000-01	ITAT, Mumbai	55.49
		2001-02	ITAT, Mumbai	274.16
		2002-03	ITAT, Mumbai	5.54
		2003-04	ITAT, Mumbai	9.15
		2004-05	ITAT, Mumbai	13.64
		2005-06	ITAT, Mumbai	32.26
2.	Central Excise Act, 1944	1995-96	CESTAT	0.64
		1997-98	Divisional Dy. Comn. Boisar	3.39
		1997-98	Divisional Dy. Comm. Mumbai	1.63
		1997-98	Honbl. Supreme Court	2.92
		1998-99	Divisional Dy. Comn. Boisar	0.79
		2003-04	CESTAT	2.71
		2005-06	Divisional Dy. Comn. Goa	1.25
		2006-07	Commissioner - Thane II	91.97
			Commissioner Central Excise - Mumbai	4.82
			Commissioner Service Tax - Mumbai	247.21
	Commissioner (Appeals) Mumbai	2.05		
	CESTAT Mumbai	11.20		
3.	Sales Tax	2005-06	The Additional Comm. Commercial Taxes, Bangalore	1.02
		2006-07	The Additional Comm. Commercial Taxes, Bangalore	2.97
		2007-08	The Additional Comm. Commercial Taxes, Bangalore	5.68
		2005-09	The Commercial Tax Officer, Nacharam Circle, A.P.	189.81

10. The Company does not have accumulated losses. The Company had not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company had not defaulted in repayment of dues to a financial institution, bank or debenture holder.
12. The Company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us the Company had not given any guarantees for loans taken by others from banks or financial institutions.

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

Place : Mumbai
Date : 31st May, 2010

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner
Membership No. 32625



Balance Sheet

As at 31st March, 2010

	Schedule	Current Year As at 31.03.2010	(Rs. lakhs) Previous Year As at 31.03.2009
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,228.67	1,228.67
(b) Reserves & Surplus	B	29,821.89	26,615.61
		31,050.56	27,844.28
2) Loan Funds :			
(a) Secured Loans	C	5,695.94	3,994.31
(b) Unsecured Loans	D	907.98	1,579.46
3) Deferred Tax :	E		
(a) Deferred Tax Liability		2,553.51	2,457.14
(b) Deferred Tax Asset		(128.23)	(157.21)
		2,425.28	2,299.93
TOTAL		40,079.76	35,717.98
APPLICATION OF FUNDS			
4) Fixed Assets :	F		
(a) Gross Block		26,758.84	23,432.30
Less : Depreciation		7,020.87	5,838.73
Net Block		19,737.97	17,593.57
(b) Capital Work in Progress including Capital Advances		3,052.98	1,628.01
		22,790.95	19,221.58
5) Investments	G	2.28	2.28
6) Current Assets, Loans & Advances :	H		
(a) Inventories		6,929.71	5,248.05
(b) Sundry Debtors		9,071.48	10,032.84
(c) Cash and Bank Balances		3,754.57	2,902.27
(d) Loans & Advances		5,352.02	4,151.08
		25,107.78	22,334.24
7) Less : Current Liabilities and Provisions :	I		
(a) Current Liabilities		6,365.79	5,215.31
(b) Provisions		1,460.67	638.76
		7,826.46	5,854.07
Net Current Assets		17,281.32	16,480.17
8) Miscellaneous Expenditure : (to the extent not written off or adjusted)	J	5.21	13.95
TOTAL		40,079.76	35,717.98

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
Membership No. 32625

Mumbai, 31st May, 2010

Jagdish B Salian
Company Secretary

Mumbai, 31st May, 2010

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai, 31st May, 2010

Profit and Loss Account

For the year ended 31st March, 2010

	Schedule	Current Year Apr'09 - Mar'10	(Rs. lakhs) Previous Year Apr'08 - Mar'09
INCOME			
1) Sales & Operations		40,230.75	35,525.65
Less : Excise Duty		(402.27)	(462.19)
Net Sales		39,828.48	35,063.46
2) Other Income	K	506.38	393.22
		<u>40,334.86</u>	<u>35,456.68</u>
EXPENDITURE			
3) Materials	L	17,390.84	14,956.64
4) Staff Cost	M	5,646.32	4,792.92
5) Other Expenditure	N	10,462.08	9,769.45
		<u>33,499.24</u>	<u>29,519.01</u>
PROFIT BEFORE R & D, INTEREST DEPRECIATION & TAX			
6) R&D Expenses	O	6,835.62	5,937.67
7) Interest	P	1,022.26	923.49
8) Depreciation		290.58	584.59
		<u>1,210.05</u>	<u>1,115.54</u>
PROFIT BEFORE TAX			
9) Provision for Tax		4,312.73	3,314.05
(a) Current		730.75	370.40
(b) Deferred		125.36	107.91
(c) Fringe Benefit		-	93.20
(d) Earlier years		(21.84)	(31.19)
Mat Credit Entitlement		(730.75)	(370.40)
PROFIT AFTER TAX			
10) Balance brought forward from last year		4,209.21	3,144.13
		<u>5,700.13</u>	<u>4,810.68</u>
PROFIT AVAILABLE FOR APPROPRIATION			
11) Appropriations :		9,909.34	7,954.81
(a) Interim Dividend		-	399.32
(b) Proposed Dividend		860.07	245.73
(c) Dividend Tax		142.85	109.63
(d) Transfer to General Reserve		1,500.00	1,500.00
(e) Balance Carried to Balance Sheet		7,406.42	5,700.13
		<u>9,909.34</u>	<u>7,954.81</u>
12) Earning Per Share			
Basic & Diluted (Rs.)		34.26	25.59

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

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

BM Pendse
Partner
Membership No. 32625

Mumbai, 31st May, 2010

Jagdish B Salian
Company Secretary

Mumbai, 31st May, 2010

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai, 31st May, 2010

Schedules

Forming part of the Balance Sheet

SCHEDULE 'A' : Share Capital	<i>Current Year</i> <i>As at 31.03.2010</i>	<i>(Rs lakhs)</i> <i>Previous Year</i> <i>As at 31.03.2009</i>
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 12,286,714) Equity Share of Rs. 10/- each fully paid up.	<u>1,228.67</u>	<u>1,228.67</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) 4,65,000 Equity Shares of Rs. 10/- each fully paid up are allotted to the share holders of Spa Pharmaceuticals P. Ltd. in pursuant to the scheme of Amalgamation of their demerged pharmaceutical division with the company.		
 SCHEDULE 'B' : Reserves and Surplus		
1) Capital Reserve	0.02	0.02
2) Share Premium As per last Balance Sheet	7,035.27	7,035.27
3) Revaluation Reserve As per last Balance Sheet	0.05	0.06
Less : Transfer to Profit and Loss Account	<u>(0.01)</u>	<u>(0.01)</u>
	0.04	0.05
4) Capital Subsidy		
(a) Tarapur Unit	7.50	7.50
(b) Himachal Pradesh Unit	30.00	30.00
(c) Goa Unit	<u>25.00</u>	<u>25.00</u>
	62.50	62.50
5) General Reserve :		
As per last Balance Sheet	13,817.64	12,317.64
Add : Transfer from Profit and Loss Account	<u>1,500.00</u>	<u>1,500.00</u>
	15,317.64	13,817.64
6) Profit & Loss Account	7,406.42	5,700.13
TOTAL	<u><u>29,821.89</u></u>	<u><u>26,615.61</u></u>

Schedules

Forming part of the Balance Sheet

SCHEDULE 'C' : SECURED LOANS	Current Year As at 31.03.2010	(Rs lakhs) Previous Year As at 31.03.2009
	1) Working Capital Facilities from Banks*	
(a) Cash Credit Facility	801.02	2,432.01
(b) Foreign Currency Packing Credit	359.12	-
2) Overdraft against Fixed Deposits**	8.70	15.33
3) External Commercial Borrowings ***	4,493.63	1,528.50
4) Interest Accrued but not due on Loans	33.47	18.47
TOTAL	5,695.94	3,994.31

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

** Secured against Fixed Deposit Receipts pledged with Banks.

*** ECB Loans are secured by hypothecation of present moveable assets at R&D Centre, Rabale, present & future moveable assets at Patalganga & at L/32,33,34, Verna Industrial Area, Verna, Goa - 403 722 & by equitable mortgage by deposit of title deeds of present land at L/32,33,34, Verna Industrial Area, Verna, Goa - 403 722 and present & future buildings at L/32,33,34, Verna Industrial Area, Verna, Goa - 403 722.

SCHEDULE 'D' : Unsecured Loans

1) Foreign Currency Loan		
(a) Packing Credit	799.04	1,579.46
(b) Buyer's Credit	108.94	-
TOTAL	907.98	1,579.46

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability		
(a) Depreciation	2,551.74	2,452.40
(b) Deferred Revenue Expenses	1.77	4.74
	2,553.51	2,457.14
Less :		
2) Deferred Tax Assets		
(a) Provision for Leave Encashment	87.01	59.63
(b) Provision for Doubtful Debts	31.89	23.48
(c) Voluntary Retirement Scheme	9.33	30.67
(d) Unpaid Liabilities allowable as a deduction on payment basis	-	43.43
	128.23	157.21
TOTAL	2,425.28	2,299.93

Schedules

Forming part of the Balance Sheet

SCHEDULE 'F' : Fixed Assets

	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at 1st April 2009	Additions during the year ****	As at 1st April 2009	For the Year	As at 31st March 2010	As at 31st March 2009
1) Land (Lease Hold)	460.06	65.83	6.46	0.04	519.39	453.60
2) Buildings & Premises *	6,982.47	705.18	1,421.51	230.85	6,035.29	5,560.96
3) Plant & Machinery **	3,817.15	1,072.58	823.95	216.80	3,831.48	2,993.20
4) Handling Equipments	498.67	30.93	218.03	25.59	285.98	280.64
5) Pollution Control Equipments	245.07	-	91.60	12.20	141.27	153.47
6) Laboratory Equipments	1,135.31	489.80	212.68	70.92	1,341.51	922.63
7) R&D Equipments	1,760.70	-	445.95	83.62	1,231.13	1,314.75
8) Plant - Utilities	2,617.52	283.69	490.31	136.51	2,274.39	2,127.21
9) Electrical Installations	1,451.99	110.30	353.41	74.64	1,134.24	1,098.58
10) Furniture & Fixtures and Office & Data Processing Equipments	1,791.64	415.63	969.79	180.28	1,057.20	821.85
11) Air-conditioning Unit	1,438.85	186.78	354.55	78.37	1,192.71	1,084.30
12) Vehicles	199.42	23.01	81.43	33.80	95.42	117.99
13) Trade Mark	1,032.30	-	368.08	66.40	597.82	664.22
14) Technical Knowhow	1.15	-	0.98	0.03	0.14	0.17
Total	23,432.30	3,383.73	5,838.73	1,210.05	19,737.97	17,593.57
Previous Year	21,899.12	1,569.32	4,737.05	1,115.54	17,593.57	16,280.01
Capital Work-in-Progress*** (Including Capital advances)					3,052.98	1,628.01
Total					22,790.95	19,221.58

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

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

*** Capital work in progress includes Rs. 958.82 lakhs expenditure incurred on DMF/Dossiers/ANDAS as the same are yet to be commercialised.

**** Addition during the period includes Additions to R&D Assets amounts to Rs. 234.73 lakhs as per details given below.

	As at 31.03.2010	As at 31.03.2009
1) Building	33.34	17.36
2) Plant & Machinery	8.04	36.16
3) Handling Equipments	0.36	0.74
4) Laboratory Equipments	108.82	6.97
5) R&D Equipments (Instruments)	-	0.52
6) Plant Utility (Equipments)	36.41	66.58
7) Electrical Installation	1.52	18.63
8) Furniture & Fixtures and Office & Data Processing Equipments	29.41	37.28
9) Vehicle	5.11	-
10) Air Conditioning & Ventilation	11.72	5.89
Total	234.73	190.13

Schedules

Forming part of the Balance Sheet

SCHEDULE 'G' : INVESTMENTS

Particulars	Opening Balance		Purchase / Reinvested		Sold/Redeemed		Closing Balance	
	Units	Value	Units	Value	Units	Value	Units	Value
1) Unquoted: (at cost)								
(a) Non-Trade Government Securities								
7 yrs National Saving Certificate	-	0.18	-	-	-	-	-	0.18
(b) Shares of Saraswat Co-op Bank Ltd.	1,000.00	0.10	-	-	-	-	1000.00	0.10
(c) Shares of Shivalik Solid Waste Management Ltd., Baddi (H.P.)	20,000.00	2.00	-	-	-	-	20000.00	2.00
2) Quoted:								
In Mutual Funds								
Liquid Funds								
(a) Fidelity Liquid Plus Fund	-	-	1017317.02	101.84	1017317.02	101.84	-	-
(b) HDFC Cash Management Fund	-	-	2027317.64	203.28	2027317.64	203.28	-	-
(c) J.P.Morgan India Treasury Fund	-	-	8440950.33	844.85	8440950.33	844.85	-	-
(d) J.P.Morgan India Treasury Fund Growth	-	-	2101334.77	250.00	2101334.77	250.00	-	-
(e) DSP Blackrock Floating Rate Fund	-	-	2020824.73	202.95	2020824.73	202.95	-	-
TOTAL	-	2.28	-	1602.92	-	1602.92	-	2.28

(Rs lakhs)

Schedules

Forming part of the Balance Sheet

SCHEDULE 'H' : CURRENT ASSETS, LOANS AND ADVANCES

(Rs lakhs)
 Current Year
 As at 31.03.2010
 Previous Year
 As at 31.03.2009

1) Current Assets : (As certified by the Management)			
Inventories (At Cost)			
(a) Stock of Consumables	133.99	129.12	
(b) Stock in Trade :			
(i) Raw and Packing Materials	3,225.91	2,142.59	
(ii) Finished Goods	2,949.11	2,636.54	
(iii) Work in Process	620.70	339.80	
	6,929.71	5,248.05	
Sundry Debtors			
Unsecured			
(a) Debts outstanding for more than six months			
Considered Good	1,165.46	1,089.66	
Considered Doubtful	93.82	69.07	
	1,259.28	1,158.73	
Less : Provision for Doubtful Debts	(93.82)	(69.07)	
	1,165.46	1,089.66	
(b) Other Debts - Considered Good	7,906.02	8,943.18	
	9,071.48	10,032.84	
Cash and Bank Balances:			
(a) Cash on hand	11.03	16.91	
(b) Balances with Scheduled Banks :			
(i) In Current Accounts	582.44	1,591.12	
[including Equity Shares Application Money of Rs 8.21 lakhs (Previous Year Rs 8.21 lakhs)]			
(ii) In EEFC Accounts	349.68	-	
(iii) In Fixed Deposit Accounts	2,675.70	1,166.26	
(iv) In Margin Accounts	123.07	115.09	
(v) In Unpaid Dividend Accounts	12.65	12.89	
	3,754.57	2,902.27	
2) Loans and Advances: (Unsecured, Considered Good, unless stated otherwise)			
(a) Advances recoverable in cash or in kind or for the value to be received	4,123.88	2,856.86	
(b) Advance Income Tax (Net)	338.98	734.14	
(c) Balances in Excise Accounts	889.16	560.08	
	5,352.02	4,151.08	
TOTAL	25,107.78	22,334.24	

Schedules

Forming part of the Balance Sheet

SCHEDULE 'I' : Current Liabilities & Provisions	Current Year As at 31.03.2010	(Rs lakhs) Previous Year As at 31.03.2009
1) Current Liabilities :		
(a) Sundry Creditors	4,155.32	3,090.96
(b) Unclaimed Dividend *	12.45	12.59
(c) Equity share application money refundable	8.21	8.21
(d) Security Deposit Payable	632.03	603.09
(e) Other Liabilities	<u>1,557.78</u>	<u>1,500.46</u>
	6,365.79	5,215.31
* <i>Liability towards Investor Education and Protection Fund - Not due</i>		
2) Provisions :		
(a) Provision for Bonus	201.78	175.84
(b) Proposed Dividend	860.07	245.73
(c) Dividend Tax	142.85	41.76
(d) Provision for Leave Encashment	<u>255.97</u>	<u>175.43</u>
	1,460.67	638.76
TOTAL	<u>7,826.46</u>	<u>5,854.07</u>

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

As per last Balance Sheet	13.95	43.22
Add : Additions during the year	-	-
Less : Amortised during the year	<u>(8.74)</u>	<u>(29.27)</u>
TOTAL	<u>5.21</u>	<u>13.95</u>

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'K' : Other Income*	Current Year	(Rs lakhs)
	Apr'09-Mar'10	Previous Year Apr'08-Mar'09
Operating Income		
1) Interest Received	185.58	49.92
2) Export Incentives	189.83	157.65
3) Sundry Balances Written Back	0.47	30.75
4) Insurance Claim	59.49	27.68
5) Analytical Income	34.24	40.49
6) Sundry Receipts	20.79	36.21
7) Dividend Received (Tax free)	12.94	44.88
8) Profit on Sale of Fixed Assets	2.73	3.82
9) Profit on Sale of Investments	0.31	1.82
TOTAL	506.38	393.22

*(Refer Note No. 6 of Schedule 'Q')

SCHEDULE 'L' : Materials

1) Cost of Material Consumed :		
Opening Stock	2,142.59	1,906.57
Add : Purchases	16,932.75	13,055.03
Less : Closing Stock	(3,225.91)	(2,142.59)
	15,849.43	12,819.01
2) Purchase of Finished Goods	2,521.16	3,093.72
3) Excise Duty	(386.28)	(442.68)
4) (Increase)/Decrease in Stock of Finished Goods and WIP:		
(a) Opening Stock	2,976.34	2,462.93
(b) Closing Stock	(3,569.81)	(2,976.34)
	(593.47)	(513.41)
TOTAL	17,390.84	14,956.64

SCHEDULE 'M' : Staff Cost

1) Salaries, Wages and Bonus	5,077.51	4,280.62
2) Contribution to Provident and Other Funds .	484.21	420.79
3) Staff Welfare Expenses	84.60	91.51
TOTAL	5,646.32	4,792.92

Schedules

Forming part of the Profit and Loss Account

	<i>Current Year</i> <i>Apr'09-Mar'10</i>	<i>(Rs lakhs)</i> <i>Previous Year</i> <i>Apr'08-Mar'09</i>
SCHEDULE - 'N' : Other Expenditure		
1) Consumable Stores	163.74	62.79
2) Job Work Charges	203.06	180.49
3) Power and Fuel	1,394.90	1,250.18
4) Rent, Rates and Taxes	126.20	109.59
5) Insurance	88.32	72.54
6) Repairs :		
(a) Buildings	112.63	92.17
(b) Plant and Machinery	318.13	242.80
(c) Others	372.11	332.47
	<u>802.87</u>	667.44
7) Packing and Delivery Expenses	1,469.00	1,231.34
8) Analytical Expenses	327.87	187.66
9) Turnover and Additional Tax	50.09	55.64
10) Advertising and Sales Promotion Expenses ..	1,218.64	1,458.49
11) Commission and Incentives on sales	760.45	590.11
12) Travelling, Conveyance and Motor Car Expenses	2,040.06	1,976.39
13) Legal and Professional Fees	63.74	67.40
14) Director's Sitting Fees	1.95	2.80
15) Postage & Telephone Expenses	146.88	99.63
16) Printing and Stationery Expenses	186.60	183.82
17) Payments to Auditors:		
(a) Audit Fees	2.50	2.50
(b) Tax Audit Fees	0.75	0.75
(c) Other Services	0.40	0.40
	<u>3.65</u>	3.65
18) Loss on sale of Investments	0.22	1.44
19) Loss on sale of Assets	12.02	0.08
20) Miscellaneous Expenditure Written off	8.74	29.27
21) Provision for Doubtful Debts	24.76	33.40
22) Exchange Loss [Net of Exchange Gain Rs. 1068.61 lakhs, (Previous year Rs. 763.16 lakhs)]	31.85	424.77
23) Other Expenses	1,336.47	1,080.53
TOTAL	<u><u>10,462.08</u></u>	<u><u>9,769.45</u></u>
SCHEDULE 'O' : R&D Expenses		
1) R&D Employee Cost	357.04	310.33
2) Other R&D Expenses	665.22	613.16
TOTAL	<u><u>1,022.26</u></u>	<u><u>923.49</u></u>
SCHEDULE 'P' : Interest		
1) Interest on Term Loans from Banks	47.71	11.05
2) Interest on Working Capital Facilities from Banks	124.40	332.61
3) Interest - Other	118.47	240.93
TOTAL	<u><u>290.58</u></u>	<u><u>584.59</u></u>

Notes Forming Part of Accounts for the year ended March 31, 2010.

SCHEDULE 'Q' :

1) Significant Accounting Policies

(a) Basis of preparation of financial statements –

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

(b) Fixed Assets, Depreciation and Amortisation –

(i) Tangible Assets :

Fixed Assets are stated at historical cost net of cenvat credit. In case of fixed assets acquired for new projects / expansion, interest cost on borrowings & other related expenses such as salaries, are capitalised. Depreciation on Fixed Assets is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on all assets except assets at Waluj, Rabale & HO which is provided on written down value.

(ii) Intangible Assets :

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

Revenue Expenditure incurred on development of Dossiers / ANDAs / DMFs etc. are capitalized & treated as " Intangible Assets " and charged to Profit & Loss Account after commercialization of project based on best estimated commercial revenue.

(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) Work-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) 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.

(f) Revenue Recognition –

Sales of products are recognized when risk and rewards of ownership of the product are passed on to the customers, which is generally on dispatch of goods. Export sales are recognized on the basis of Bill of Lading / Airway Bills. Sales stated net of returns, discounts and sales tax.

(g) 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 Goods lying in the bonded premises.

(h) Employees Retirement and Other Benefits –

Company's contribution to Provident, Superannuation Funds is accounted on accrual basis and charged to Profit & Loss Account. The Company also provides for unutilized leave benefits to its employees on actuarial valuation. The company's contribution to LIC for group gratuity policy is charged to profit and loss account

Notes Forming Part of Accounts for the year ended March 31, 2010.

each year. The contribution for group gratuity policy is based on values as actuarially determined & demanded by L.I.C.

(i) Borrowing Cost –

Borrowing cost are debited to Profit & Loss Account, except borrowing cost 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.

(j) 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.

(k) Taxes on Income –

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

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

(l) 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</i>	<i>Previous Year Rs Lakhs</i>
2) Contingent Liabilities Not Provided For :		
(a) Matters under dispute		
(i) Sales Tax	199.48	10.37
(Rs 72.65 lakhs has been paid under protest)		
(ii) Excise / Service Tax	370.58	146.83
(iii) Income Tax.....		
– Where the Company is in appeal	120.27	231.95
(Rs 48.30 lakhs has been paid		
under protest)		
– Where the department is in appeal	269.97	436.62
(iv) In respect of claims made against the Company		
not acknowledged as debts (Labour matters)	3.57	5.49
(b) Bank Guarantees	205.82	98.52
(c) Letters of Credit	792.24	734.35
(d) Estimated amount of contracts remaining to be		
executed on Capital Account [Net of advances of		
Rs 338.41 lakhs (Previous year Rs 589.97 lakhs)]	1,056.30	1,047.83
(e) Discounting of debtors to the extent not		
actually realized as on Balance Sheet date	70.33	195.08
3) Remuneration / Perquisites paid / payable to		
Managing / Whole-time Directors (Included in staff cost)		
(a) Salary.....	218.43	181.86
(b) Commission.....	60.00	60.00
(c) Provident & Super Annuation Fund Contribution.....	30.85	29.42
(d) Other Perquisites.....	11.18	6.35
	<u>320.46</u>	<u>277.63</u>

Notes Forming Part of Accounts for the year ended March 31, 2010.

	<i>Current Year Rs Lakhs</i>	<i>Previous Year Rs Lakhs</i>
4) Computation of Net Profit under Section 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account.....	4,312.73	3,314.05
Add : (i) Loss on sale of Fixed Assets	12.02	0.08
(ii) Loss on sale of Investments	0.22	1.44
(iii) Depreciation	1,210.05	1,115.54
(iv) Directors' sitting Fees	2.03	2.80
(v) Directors' remuneration	320.46	277.63
	5,857.51	4,711.54
Less : (i) Profit on sale of Fixed Assets	2.73	3.82
(ii) Depreciation u/s 350	1,210.05	1,115.54
(iii) Profit on sale of Investment	0.31	1.82
Net Profit	4,644.42	3,590.36
(b) Commission Payable to the Managing Director	60.00	60.00

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

6) Tax deducted at source from Other Income consists of:

- Rs 8.87 lakhs on account of Professional or Tech Services (Previous year Rs. 7.32 lakhs)
- Rs Nil on account of Job work Charges (Previous Year Rs. 0.48 lakhs)
- Rs 20.75 lakhs on account of Interest received (Previous Year Rs.7.78 lakhs)

7) 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.

8) 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:

- a) As at 31st March, 2010 the outstanding position in respect of the forward contracts is Rs.2851.88 lakhs with Banks
- b) As at 31st March, 2010 un-hedged foreign currency exposure is:

	<i>2009-2010</i>		<i>2008-2009</i>	
	<i>In FCY</i>	<i>Rs. In Lakhs</i>	<i>In FCY</i>	<i>Rs. In Lakhs</i>
ECB Loan	\$9,733,333.00	436,929,318.37	\$3,000,000.00	152,850,000.00
PCFC	\$400,000.00	17,956,000.00	\$3,100,015.00	157,945,764.00

9) Miscellaneous Expenditure to the extent not written off includes Rs. 3.64 lakhs (Previous year Rs. 12.20 lakhs) on account of product registration charges & Rs. 1.57 lakhs (Previous year Rs. 1.75 lakhs) on account of preliminary expenses incurred by erstwhile Shree Herbal Technologies Ltd.

Notes Forming Part of Accounts for the year ended March 31, 2010.

	<i>Current Year</i>	<i>Previous Year</i>
10) Earnings Per Share (EPS) :		
(a) Profit After Tax (Rs lakhs)	4,209.21	3,144.13
(b) Weighted Average Number of Ordinary Shares for Basic EPS.....	12,286,714	12,286,714
(c) Weighted Average Number of Ordinary Shares for Diluted EPS	12,286,714	12,286,714
(d) Earnings Per Share (Face Value Rs10/- Per Share)		
(i) Basic (a/b)	34.26	25.59
(ii) Diluted (a/d)	34.26	25.59

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

I Related Parties

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

Holding Companies	Nil
Subsidiary Companies	Nil
Fellow Subsidiaries	Nil

B. Associates and Joint Ventures of reporting company

Associates	Nil
Joint Ventures	Nil

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

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

(ii) their relatives

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

D. (i) Key Management personnel

Mr. Suresh G. Kare, Ms. Aditi Kare Panandikar, Mr. FX Coutinho, Mr. Sundeep V. Bambolkar

(ii) their relatives :

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

E. Enterprises controlled by key management personnel

SPA Holdings Pvt Ltd, Shanteri Investments Pvt Ltd, Indoco Global Markets Pvt Ltd, Indoco Capital Markets Ltd, and AK Services.

Notes Forming Part of Accounts for the year ended March 31, 2010.

II. Transactions in respect of which disclosures to be made

Particulars of transaction		(Rs lakhs)				
		Enterprises that control or are controlled by reporting company	Associates and Joint Ventures of reporting company	Individuals owning and having control over the reporting company and their relatives (C)	Key Management personnel and their relatives (D)	Enterprises controlled by key management personnel (E)
		(A)	(B)	(C)	(D)	(E)
Purchases or sales of goods (finished or unfinished)		-	-	-	-	-
Purchases or sales of fixed assets		-	-	-	-	-
Rendering or receiving of services	C.Y.	-	-	-	-	44.14
Agency arrangements	P.Y.	-	-	-	-	105.10
Remuneration paid		-	-	-	-	-
	C.Y.	-	-	-	320.46	-
	P.Y.	-	-	-	277.63	-
Transfer of research and development		-	-	-	-	-
License agreements		-	-	-	-	24.48
	C.Y.	-	-	-	-	36.87
	P.Y.	-	-	-	-	-
Finance (including loans and equity contributions in cash or in kind)		-	-	-	-	-
	C.Y.	-	-	-	-	-
	P.Y.	-	-	-	-	572.53
Guarantees and collaterals		-	-	-	-	-
Management contracts including for deputation of employees		-	-	-	-	-

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

(i) Transactions in the ordinary course	C.Y.	-	-	-	320.46	68.62
	P.Y.	-	-	-	277.63	714.50
(ii) Transactions not in the normal course		-	-	-	-	-
(iii) Transaction not on arm's length basis		-	-	-	-	-
(iv) Justification for (iii)		-	-	-	-	-

Note : C.Y. refers to current year and P.Y. refers to previous year

12) Capacities and Production* :

	Unit	Current Year		Previous Year	
		Installed Capacity Per annum	Actual Production	Installed Capacity Per annum	Actual Production
Liquid-Orals & Externals	K.L.	3255	2605.60	3255	2262.14
Tablets & Capsules	Million	4000	3038.53	2064	2351.96
Injectables & Eye Preparations	K.L.	222	201.24	222	149.08
Powders	Tonnes	-	28.55	-	11.93
Toothpaste, Cream & Ointments	Tonnes	1282	998.57	1282	868.80
API	Tonnes	454	238.77	419	277.80

* 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, 2010.

13) Sales & Purchases in respect of each class of Finished Goods :	Unit	Sales				Purchases			
		Current Year		Previous Year		Current Year		Previous Year	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid-Orals & Externals	K.L.	2791.57	7290.84	2544.29	6451.58	269.32	396.79	362.49	679.06
Tablets & Capsules	Million	3176.48	21674.78	2371.18	18518.39	99.11	1350.56	84.29	1559.76
Injectable & Eye Preparations	K.L.	199.51	2430.92	169.47	2091.48	13.68	153.12	9.72	120.71
Toothpaste, Cream & Ointments	Tonnes	962.75	4631.90	942.00	4295.03	10.21	31.97	5.64	36.35
Powder	Tonnes	49.25	983.69	49.06	985.66	23.62	384.17	37.57	549.52
API*	Tonnes	242.67	1922.75	293.80	1748.73	30.98	160.20	19.72	110.20
Other			1295.87		1434.78		44.35		38.12
			<u>40230.75</u>		<u>35525.65</u>		<u>2521.16</u>		<u>3093.72</u>

* API Sales do not include usage towards Captive Consumption.

14) Stock of Finished Goods :

	Unit	As on 31st March, 2010		As on 31st March, 2009	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid-Orals & Externals	K.L.	453.49	658.24	370.14	610.44
Tablets & Capsules	Million	168.60	1304.72	207.44	1306.86
Injectable & Eye Preparations	K.L.	38.95	438.29	23.54	251.02
Toothpaste, Cream & Ointments	Tonnes	116.73	237.51	70.70	166.57
Powder	Tonnes	10.70	196.64	7.78	201.94
API	Tonnes	9.36	99.15	13.89	88.39
Other	-	-	14.56	-	11.32
			<u>2949.11</u>		<u>2636.54</u>

15) Consumption of Materials :

	Current Year	Previous Year
	Value Rs lakhs	Value Rs lakhs
(a) Raw Materials – Azithromycin, Cefadroxyl, Gliclazide, Methycobalamine, Metformin Hydro, Ibuprofen, Paracetamol, Ofloxacin, Sugar Ciprofloxacin etc.	10512.70	7821.27
(b) Packing Materials – Aluminium Foils, Tubes, Glass Bottles, Cartons, Labels, PVC Films, P.P. Caps, Plastic Containers, Boxes, Shippers etc.	5336.73	4997.74
Total	<u>15849.43</u>	<u>12819.01</u>

Notes Forming Part of Accounts for the year ended March 31, 2010.

	Current Year		Previous Year	
	<i>Rs lakhs</i>	Percentage	<i>Rs lakhs</i>	Percentage
16) Imported and Indigenous Materials Consumed :				
(a) Raw and Packing Materials –				
(i) Imported	2,305.58	14.55	1964.57	15.33
(ii) Indigenous	13,543.85	85.45	10,854.44	84.67
Total	15,849.43	100.00	12,819.01	100.00
(b) Stores and Spares consumed				
(i) Imported	53.47	32.66	30.94	49.28
(ii) Indigenous	110.27	67.34	31.85	50.72
Total	163.74	100.00	62.79	100.00
			<i>Rs lakhs</i>	<i>Rs lakhs</i>
17) Earnings in Foreign Currency (FOB value)		11,265.38		8,985.82
18) Expenditure in Foreign Currency :				
(a) On Travel and Export Promotion		109.14		153.65
(b) On Interest on Foreign Currency Loan		115.71		26.77
(c) Others		172.67		51.88
19) Value of Imports CIF Basis				
(a) Raw Materials		2,097.80		1,767.67
(b) Capital Goods		290.45		190.43
(c) Consumable Stores		53.47		–
20) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.				
21) Previous year's figures have been regrouped and reclassified wherever necessary.				

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

BM Pendse
Partner
Membership No. 32625

Mumbai, 31st May, 2010

Jagdish B Salian
Company Secretary

Mumbai, 31st May, 2010

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : 31st May, 2010

Cash Flow Statement for the year ended 31st March, 2010

	Current Year	(Rs lakhs) Previous Year
A) Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	4,312.73	3,314.05
Adjustments for :		
(a) Depreciation	1,210.05	1,115.54
(b) Profit on sale of Fixed Assets	(2.73)	(3.82)
(c) Profit on sale of Investment	(0.31)	(1.82)
(d) Loss on sale of Fixed Assets	12.02	0.08
(e) Loss on sale of Investments	0.22	1.44
(f) Deferred expenses written off	8.74	29.27
(g) Sundry Balance written back	(0.47)	(30.75)
(h) Provision for Doubtful Debts	24.76	33.40
(i) Interest Income	(185.58)	(49.92)
(j) Dividend received on Investments	(12.94)	(44.88)
(k) Unrealised Foreign Exchange (Gain) / Loss	(178.64)	(176.81)
(l) Interest Expense	290.58	584.59
	<u>1,165.70</u>	<u>1,456.32</u>
Operating Profit before Working Capital Change	5,478.43	4,770.37
Adjustments for :		
(a) Trade and Other Receivables	(297.08)	(175.22)
(b) Inventories	(1,681.66)	(815.45)
(c) Trade Payables and Other Liabilities	2,041.05	518.04
	<u>62.31</u>	<u>(472.63)</u>
Cash generated from Operations	5,540.74	4,297.74
Tax paid	(756.78)	(527.13)
Net Cash generated from Operating Activities (A)	4,783.96	3,770.61
B) Cash flow from Investing Activities :		
(a) Purchases of Fixed Assets (incl. CWIP)	(4,808.70)	(3,014.72)
(b) Sale of Fixed Assets	19.99	26.02
(c) Purchases of Investments	(1,602.92)	(3,073.71)
(d) Sale of Investments	1,603.01	3,072.11
(e) Interest Received	105.06	52.42
(f) Dividend received on Investments	12.94	44.88
(g) Proceeds of State Subsidy	-	30.00
Net Cash used in Investing Activities (B)	(4,670.62)	(2,863.00)

Contd...

Cash Flow Statement for the year ended 31st March, 2010

... Contd. from previous page

	Current Year	(Rs lakhs) Previous Year
C) Cash flow from Financing Activities :		
(a) Interest Paid	(295.44)	(580.10)
(b) Dividend Paid	(287.63)	(1,183.22)
(c) Proceeds from CC/WCDL/OD	-	1,450.42
(d) Repayment of CC/WCDL/OD	(1,278.50)	-
(e) Proceeds from External Commercial Borrowings	3,240.64	1,546.97
(f) Proceeds from Short Term borrowings/ Commercial Papers	-	614.38
(g) Repayment of Short Term borrowings/ Commercial Papers	(640.11)	(1,200.00)
(h) Repayment of Term borrowings	-	(266.00)
Net Cash inflow from Financing Activities (C)	738.96	382.45
Net Increase in Cash or Cash equivalents (A+B+C)	852.30	1,290.06
Cash and Cash Equivalents (Opening)	2,902.27	1,612.21
Cash and Cash Equivalents (Closing)	3,754.57	2,902.27
Cash and Cash Equivalents Comprise:		
Cash on hand	11.03	16.91
Balance with Scheduled Banks:		
(a) In Current Accounts	582.44	1,591.12
(b) In EEFC Accounts	349.68	-
(c) In Fixed Deposit Accounts	2,675.70	1,166.26
(d) In Margin Accounts	123.07	115.09
(e) In Unpaid Dividend Accounts	12.65	12.89
	3,754.57	2,902.27

Notes :

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner

Membership No. 32625

Mumbai, 31st May, 2010

Jagdish B Salian
Company Secretary

Mumbai, 31st May, 2010

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai, 31st May, 2010

Financial Highlights

	Current Year 2009-10	(Rs lakhs) Previous Year 2008-09
<u>OPERATIONAL REVIEW</u>		
1) Gross Sales (Inclusive of excise duty)	40,231	35,526
2) EBIDTA	6,829	5,916
3) Depreciation	1,210	1,116
4) Interest	291	585
5) PBT	4,313	3,314
6) PAT	4,209	3,144
<u>FINANCIAL STRUCTURE</u>		
1) Net Fixed Assets	22,791	19,222
2) Investments	2	2
3) Net Current Assets	17,282	16,480
4) Total Assets	40,075	35,704
5) Net Worth	31,045	27,830
6) Borrowings	6,607	5,574
7) Deferred Tax Liability (Net)	2,426	2,300
8) Total Liabilities	40,075	35,704
<u>MARGINS & RATIOS</u>		
1) EBIDTA Margins on Net Sales (%)	16.94	16.71
2) PAT Margins on Net Sales (%)	10.57	8.97
3) Debt-to-Equity (times)	0.21	0.20
4) Interest Cover (times)	15.49	6.38
5) Return on Net Worth (%)	13.56	11.30
6) Return on Capital Employed (%)	10.50	8.81



Financial Highlights

(Rs lakhs)

OPERATIONAL RESULTS

Particulars	2009-10	2008-09	2007-08*	2006-07	2005-06
1) Net Sales and Other Income	40,334.86	35,456.68	26,518.46	32,891.83	25,067.42
2) Material Cost	17,390.84	14,956.64	11,272.68	14,304.24	10,155.63
3) Staff Cost	5,646.32	4,792.92	3,226.63	3,415.46	2,702.88
4) Manufacturing, Administrative and Selling Exps.	10,462.08	9,769.45	6,774.06	8,395.77	6,701.07
5) R&D Expenses	1,022.26	923.49	718.32	544.65	222.72
6) Interest	290.58	584.59	361.74	508.68	357.23
7) Depreciation	1,210.05	1,115.54	777.95	902.53	632.28
8) Profit before tax (before exceptional item)	4,312.73	3,314.05	3,387.08	4,820.49	4,295.61
9) Exceptional items	-	-	182.79	159.16	-
10) Profit before tax (after exceptional item)	4,312.73	3,314.05	3,204.29	4,661.33	4,295.61
11) Provision For Taxation	834.27	540.32	549.55	875.72	1,146.52
12) MAT Credit Entitlement	(730.75)	(370.40)	(354.92)	(418.20)	-
13) Profit after Tax	4,209.21	3,144.13	3,009.67	4,203.82	3,149.09
14) Retained Earnings	3,206.29	2,389.45	2,290.92	3,269.46	2,306.60
15) Earnings Per Share (After exceptional items)	34.26	25.59	24.50	35.21	26.64
16) Book Value	252.72	226.62	206.93	189.65	167.81
17) Debt: Equity Ratio	0.21	0.20	0.13	0.15	0.18

FINANCIAL SUMMARY

Assets Employed

1) Gross Fixed Assets	26,758.84	23,432.30	21,899.12	20,671.85	16,555.75
2) Net Fixed Assets	22,790.95	19,221.58	17,344.68	16,875.42	14,353.79
3) Investments	2.28	2.28	0.30	0.30	633.53
4) Net Current Assets	17,281.32	16,480.17	13,653.74	11,997.75	10,141.37
Total Assets	40,074.55	35,704.03	30,998.72	28,873.48	25,128.68

FINANCED BY

1) Share Capital	1,228.67	1,228.67	1,228.67	1,182.17	1,182.17
2) Share Capital Suspende	-	-	-	46.50	-
3) Reserves & Surplus	29,821.89	26,615.61	24,196.17	22,072.95	18,655.88
4) Total Shareholders' Funds	31,050.56	27,844.28	25,424.84	23,301.62	19,838.05
5) Miscellaneous Expenditure (to the extent not written-off)	5.21	13.95	43.22	52.55	88.00
6) Net Worth	31,045.35	27,830.33	25,381.62	23,249.07	19,750.06
7) Borrowings	6,603.92	5,573.77	3,425.07	3,555.24	3,625.95
8) Deferred Tax Liability	2,425.28	2,299.93	2,192.02	2,069.16	1,752.68
Total Fund	40,074.55	35,704.03	30,998.72	28,873.48	25,128.68

* Nine months period



Statement Pursuant to Part IV to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –

Registration No.	5913
State Code.....	11
Balance Sheet Date	31-03-2010

(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.....	40,079.76
Total Assets.....	40,079.76

Sources of Funds –

Paid-up Capital.....	1,228.67
Reserves & Surplus.....	29,821.89
Secured Loans.....	5,695.94
Unsecured Loans	907.98
Deferred Tax Liability.....	2,425.28

Application of Funds –

Net Fixed Assets	22,790.95
Investments	2.28
Net Current Assets	17,281.32
Miscellaneous Expenditure	5.21
Accumulated Losses	-

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

Total Income	40,334.86
Total Expenditure	36,022.13
Profit Before Tax	4,312.73
Profit After Tax	4,209.21
Earnings per share in Rs.	34.26
(Basic & Diluted - After Extraordinary items)	
Dividend %	70

(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

Membership No. 32625

Mumbai, 31st May, 2010

Jagdish B Salian
Company Secretary

Mumbai, 31st May, 2010

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai, 31st May, 2010

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%;" 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 [Please Tick (✓) wherever applicable] → Savings Current Cash Credit

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

Effective date of this mandate →

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

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

Dated : _____

(Signature of Sole / First holder)

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

This Page Is Intentionally Kept Blank

INDOCO REMEDIES LIMITED

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

PROXY FORM

63rd Annual General Meeting – 22nd July, 2010

DP ID

Regd. Folio No./Client ID

No. of Shares

I/We of in the district of being a Member / Members of the Company hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to vote for me / us on my / our behalf at the **63rd Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 22nd July, 2010 at 10.30 am or at any adjournment(s) thereof.

Signed this day of 2010

Signed

Affix
Re. 0.15
Revenue
Stamp

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



INDOCO REMEDIES LIMITED

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

ATTENDANCE SLIP

63rd Annual General Meeting – 22nd July, 2010

DP ID

Regd. Folio No./Client ID

No. of Shares

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

I hereby record my presence at the **63rd Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 22nd July, 2010 at 10.30 am

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

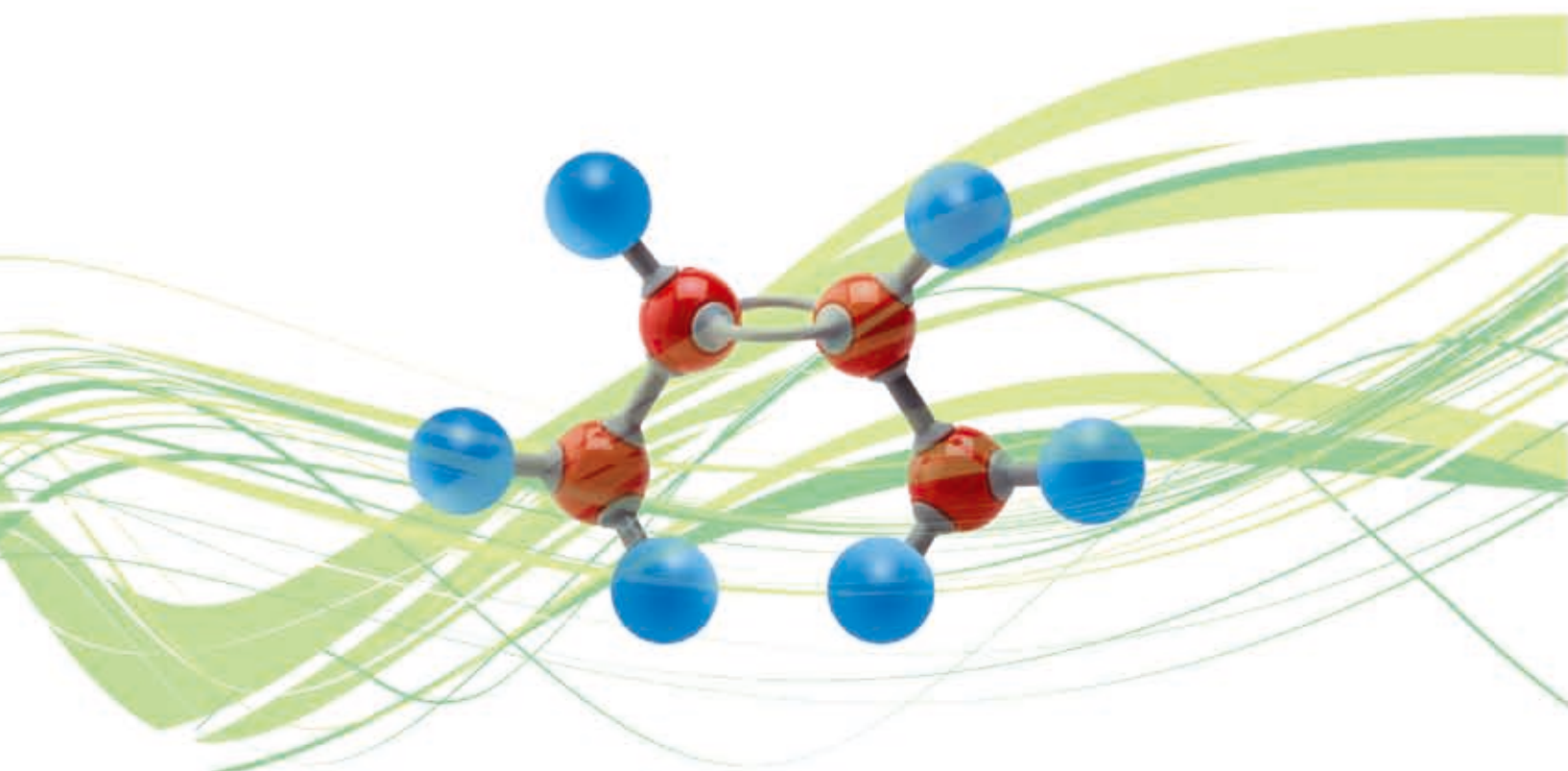
.....
Signature of Member / Proxy

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

This Page Is Intentionally Kept Blank

HR EVENTS AT INDOCO





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

Tel.: +91 22 26541851 / 55 ■ Fax: +91 22 26523067

Web : www.indoco.com

CONSTANTLY EVOLVING
CONSISTENTLY EXCELLING