INDOCO REMEDIES LTD.

ANNUAL REPORT 2012 - 2013

Corporate Information

BOARD OF DIRECTORS

Mr. Suresh G. Kare, Chairman

Ms. Aditi Panandikar, Managing Director

Mr. Sundeep V. Bambolkar, Jt. Managing Director

Mr. D.M. Gavaskar

Mr. Rajiv P. Kakodkar

Mr. Sharad P. Upasani

Dr. Anil M. Naik

SENIOR MANAGEMENT

Mr. Sunil D. Joshi, President – Finance & Company Secretary

Mr. A.S. Rege, President – Operations

Dr. Kavita Inamdar, President – R&D (Formulations)

Mr. Vilas V. Nagare, Executive Vice President – Corporate Affairs

Mr. B. Rajendra Kumar, Vice President – Sales & Marketing

Mr. Rakesh Malik, Vice President – Sales & Marketing

Mr. Clarence P. D'souza, Vice President – International Business

Mr. Ajay Karajagi, Associate Vice President – Marketing Services

Mr. Amulya Nayak, Associate Vice President – Sales & Marketing

Ms. Aida Dias, Associate Vice President – Corporate Q.A.

Mr. P. V. Ramesan, Associate Vice President – Technical Operations (API)

BANKERS

Citibank N.A

DBS Bank Ltd.

HDFC Bank Ltd.

IDBI Bank Ltd.

Kotak Mahindra Bank Ltd.

Saraswat Co-op Bank Ltd.

Standard Chartered Bank

State Bank of India

AUDITORS

Patkar & Pendse, Chartered Accountants
9 Chartered House CHS,
Marine Lines, Mumbai-400 002

REGISTERED OFFICE

Indoco House, 166 CST Road,
Kalina, Mumbai-400 098
Tel No.:+91 22 26541851-55
Fax No. : +91 22 26520787
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

Message from the Top Management

Dear Stakeholders

The pharmaceutical industry is passing through a very challenging phase. Currently, the industry is facing head wind on account of several domestic and international factors. Most of these factors are dynamic by their very nature and demand considerable time, energy and efforts to overcome them. Indoco today, is better prepared to meet these challenges and has the necessary infrastructure and skill sets in place. The 'Innovation in Quality Excellence Award' received from UBM at the CPhI India 2012 is a recognition of the robust systems and practices followed by the Company.

Your Company has achieved a turnover of ₹ 4070.2 million in the domestic business and ₹ 2187.1 million in the international business in the financial year 2012-13. During the year, 37 products have been launched in the domestic market, across acute and chronic therapies. Moving forward, the Company has plans to increase the share of the chronic segment while continuing to promote legacy brands.

In the international markets, the alliances and partnership model will bring synergy through optimum utilization of the Company's and partners' strengths and competencies. The US business is set to take off and speedily ramp up upon ANDA approvals by USFDA. The Company is moving from contract manufacturing to 'supplies against own dossiers/marketing authorizations' in European markets and concrete steps in that direction have been taken.

A formal plan is in place to achieve an ambitious target for the coming years and the Company is confident of achieving the same. We express our gratitude to all our stakeholders including shareholders, customers, bankers, vendors and the medical fraternity for their unstinted support. We thank all Indocoiites for their contribution which we value the most.

Thanking you all!

Suresh G. Kare
Chairman

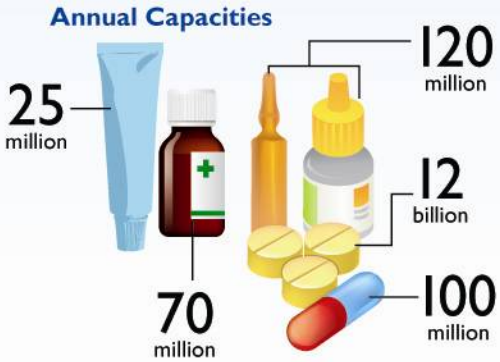
Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

About Us

Indoco Remedies Limited, headquartered in Mumbai, is a fully integrated, research - oriented global pharmaceutical company with a strong presence in over 80 countries including USA & UK. Indoco develops, manufactures and distributes a wide range of pharmaceutical products in various therapeutic segments in the Indian and international markets. The Company is listed on the stock exchanges in India.

Infrastructure and R&D



"Innovation in Quality Excellence" Award at **CPhI India 2012**

Sponsorship to the **'Indian Cancer Society'** to support their mission of **"Care to Cure"** for poor and underprivileged cancer patients.

Domestic & International Business

Turnover
₹ 630 crores

RANKED
26th by CMARC (Prescription Ranking)
29th by AWACS (SSA Ranking)

Revenues
65% DOMESTIC
35% EXPORT

8 Specialized Marketing Divisions

Regulatory Approvals

No. 1 in Dental Segment

5 Brands ranking amongst the top 500

2,00,000 doctors across India

Pan India presence

Presence across 80 countries

32 products ranking amongst the top 5 in their therapeutic segments

29 DEPOTS & BRANCHES

Donation to the **'Kasturba Gandhi National Memorial Trust'** for education and empowerment of women and children in rural areas.

Toward a Better Future

- Domestic formulations business to outperform industry growth rates
- Brand building and focus on chronic segment
- High prescription base to ensure sustainable growth
- Partnerships and alliances to provide impetus to international business
- Regulatory approvals from over 25 countries including USA, UK and South Africa to facilitate further growth
- Shift from CRAMS to supplies against own dossiers / marketing authorizations in regulated markets
- Transformation of business model from 'distributor' to 'promotional' in emerging markets
- Significant API contribution with expanded product basket and services
- Creation of own Intellectual Property through Patents & Trademarks
- NDDS and new platform technologies for future commercial exploitation

The Company is poised to take a higher leap forward...

Continued support to the **children of the victims of the 2006 bomb blast** in Mumbai for education purpose

Safe Harbour

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

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INDOCO REMEDIES LIMITED

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

Notice

Notice is hereby given that the Sixty-Sixth Annual General Meeting of the members of INDOCO REMEDIES LIMITED will be held on Tuesday, the 30th July, 2013, at 11.30 a.m., at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013 and Profit and Loss Account for the year ended 31st March, 2013 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Divakar M. Gavaskar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sharad P. Upasani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (the Act) or any statutory modification or re-enactment thereof, the company in general meeting hereby, approves and confirms the re-appointment of Mr. Suresh G. Kare as Whole Time Director of the Company designated as Chairman, for a period of 5 (Five) years from 1st July, 2013 to 30th June, 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with authority to the Board of Directors to alter and vary the terms and conditions and/or remuneration, of the said re-appointment within the limits specified under Sections 198 and 309 of the Act or any statutory modification(s) or re-enactment thereof."

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 FILLED, STAMPED, DULY SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

   The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 which sets out details relating to Special Business at the meeting is annexed hereto.
2. Bodies Corporate who are members of the Company are requested to send duly certified copy of the Board resolution authorising their representatives to attend and vote at the Meeting.
3. Members are requested to bring their Attendance Slip while attending the Annual General Meeting. Members holding shares in demat form are requested to write their DP ID and Client ID and those

holding shares in physical form are requested to write their Folio Numbers on the attendance slip for attending the meeting.

4. Government of India, Ministry of Corporate Affairs has announced "Green initiative in the Corporate Governance" by permitting the Companies to send the Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. to their members through email instead of mailing physical copies.

   Members are requested to support the Green Initiative by the Government and get their email addresses registered with their Depository Participants in case of shares held in demat form or with Link Intime India Pvt. Ltd. (Registrars) in case of shares held in physical form.

5. Annual Report copies will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report.

6. As required by clause 49 (IV) (G) of the Listing Agreement, a brief profile of Directors seeking appointment or re-appointment at ensuing Annual General Meeting is given separately in this Annual Report. The Directors seeking appointment/re-appointment have furnished the declaration under the Companies (Disqualification of Directors u/s 274(1)(g) of the Companies Act, 1956) Rules, 2003

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. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday 23rd July, 2013 to Tuesday 30th July, 2013 (both days inclusive).

9. Members holding shares in demat (electronic) account are requested to notify changes, if any, in their address, e-mail address, bank mandate etc. to their respective Depository Participants (DPs). Members holding shares in physical form are requested to intimate the changes to the Company's Registrars.

10. The dividend for the year ended 31st March, 2013 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members on 30th July, 2013. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose.The dividend will be paid on and from 5th August, 2013.

11. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate to the Company's Registrars the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:
    (i) Name of the Sole/First joint holder and the Folio Number
    (ii) Particulars of Bank Account, viz:
    Name of the Bank
    Name of the Branch
    Complete address of the Bank with Pin Code number
    Account type whether Saving or Current
    Bank Account Number
    MICR Code :
    IFSC Code :

    (b) Members holding shares in demat form may please note that their Bank account details, as furnished by their Depositories to the Company, shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their bank details or particulars are requested to contact their Depository Participants.

(c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through NEFT/RTGS. This facility is available at locations designated by Reserve Bank of India. Members holding shares in physical form and desirous of availing the facility are requested to contact the Registrars.

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 2004-2005 to Investor Education and Protection Fund (the IEPF) established by the Central Government.

    Dividends for the financial years 2005-2006 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 2005-06 onwards and seek revalidation of their warrants are requested to write to Company's Registrars without any delay.

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

14. Facility of nomination is now available and members are requested to make use of the same by contacting the Registrars in case of physical holding and DPs in case of demat holdings.

15. For any assistance or information about shares, dividend etc., members may contact the Company or the Registrars.

16. Members are requested to quote their Folio Number / Demat Account Number and contact details such as email address, contact number and complete address in all correspondences with the Company or its Registrars.

17. Members who hold shares in multiple folios and in identical names are requested to contact the Registrars for consolidating their holdings into a single folio.

18. 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.

19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are having demat accounts. Members holding shares in physical form are requested to submit PAN details to the Company / Registrars.

By order of the Board

SUNIL D. JOSHI

President (Finance) & Company Secretary

Mumbai, 28th May, 2013

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Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 to the Item of Special Business annexed to AGM Notice dated 28th May, 2013

Item No. 6

Under the able leadership of Mr. Suresh G. Kare, one of the Promoters of the Company, your Company has achieved the scale of operations and commendable performance witnessed today. He has ably led the Company during the past 50 years.

Mr. Suresh G. Kare was re-appointed as Chairman & Managing Director of the Company for a period of 5 years from 1st July, 2008 to 30th June, 2013.

However, in February 2012 Mr. Suresh G. Kare relinquished the post of Managing Director and was re-designated as Chairman with effect from 15th February, 2012 upto the expiry of his term i.e. 30th June, 2013.

The term of Mr. Suresh G. Kare as Chairman expires on 30th June, 2013. The Board of Directors of the Company ('the Board') therefore at its meeting held on 28th May, 2013, subject to the approval of the members at the forthcoming Annual General Meeting re-appointed Mr. Suresh G. Kare as Whole Time Director designated as the Chairman of the Company for a further period of 5 years with effect from 1st July, 2013.

In compliance with the requirements of Section 302 of the Companies Act, 1956 an abstract of the remuneration payable to Mr. Suresh G. Kare as Chairman and the terms of his re-appointment together with the Memorandum of concern or interest of the Directors therein has been communicated to the members vide circular dated 28th May, 2013. The terms of the re-appointment of Mr. Suresh G. Kare are stated below for consideration by the members:

i) **Salary :** In the range of ₹ 6,25,000 (Rupees Six Lakhs Twenty Five Thousand only) to ₹ 10,00,000 (Rupees Ten Lakhs only) per month.

ii) **Commission :** Not exceeding 2% of the net profits of the Company in each financial year.

iii) **Perquisites :** The Chairman shall be entitled to the following perquisites classified into three categories "A", "B", and "C" :

CATEGORY "A"

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

i) **Housing I :** In case of furnished accommodation, the ceiling of fifty percent of the salary, shall be applicable.

Or

Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the Chairman shall be deducted by the Company.

Or

Housing III : In case of no accommodation is provided by the Company, the Chairman shall be entitled to House Rent Allowance subject to the ceiling of fifty percent of salary.

Explanation **:** The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962.

ii) **Medical Reimbursement :** Reimbursement of actual expenses incurred in India or abroad and including hospitalisation, nursing homes and surgical charges for self and family including premium on medical insurance .

iii) **Club Fees :** In accordance with the Rules of the Company or as may be agreed by the Board of Directors.

iv) **Personal Accident Insurance :** Personal Accident Insurance policy as per rules of the Company.

v) **Leave Travel Concession :** Return passage for self and family in accordance with the rules of the Company.

CATEGORY "B"

Contribution to Provident Fund, Superannuation Fund and Gratuity payable as per the rules of the Company and Encashment of leave at the end of the tenure shall not be included in the computation of perquisites for the purpose of calculating such ceiling.

CATEGORY "C"

i) Provision of car with driver and telephone, telefax and other communication facilities at residence will not be considered as perquisites for the purposes of calculating such ceiling.

ii) Reimbursement of entertainment expenses incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.

Minimum Remuneration :

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

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

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

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

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

The Board commends the resolution set out at item No. 6 for the approval by the members.

By order of the Board

SUNIL D. JOSHI

President (Finance) & Company Secretary

Mumbai, 28th May, 2013

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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. Suresh G. Kare	Mr. Divakar M. Gavaskar	Mr. Sharad P. Upasani
Date of Birth	9th January, 1939	5th February, 1943	1st October, 1938
Date of appointment	2nd July, 1963	11th April, 2005	23rd February, 2008
Qualifications	B.Sc.	B.Com, FCA, FCS	M.Com, LL.B., IAS, MBA
Expertise in specific functional area	Operations, Marketing and overall Business Management.	Management and Finance	Retired Public Servant, Corporate Law Advisory Services and Public Administration
Directorships held in other companies	1. Indoco Pharmchem Limited 2. Indoco Capital Markets Limited 3. Shanteri Investment Private Limited 4. SPA Holdings Private Limited	1. New Consolidated Construction Co. Limited 2. Axis Holdings Private Limited 3. Anjan Drug Private Limited 4. Jasdan Construction Private Limited	1. Blue Dart Express Limited 2. M. Visvesvaraya Industrial Research & Development Centre
Membership of committees in other Public Limited Companies (included only Audit & Shareholders' / Investors' Grievance Committee)	NA	**Audit Committee** New Consolidated Construction Co. Limited (Chairman)	**Audit Committee** Blue Dart Express Limited (Chairman)
No. of shares held in the Company	42,72,402	Nil	Nil

Directors' Report

Dear Members,

Your Directors are pleased to present the Sixty-Sixth Annual Report on the business operations of the Company together with the Audited Accounts for the financial year ended 31st March, 2013.

FINANCIAL PERFORMANCE

The highlights of the performance of the Company for the year ended 31st March, 2013 are summarized below:

(₹ lakhs)

Particulars	***Financial Year ended 31st March, 2013***	***Financial Year ended 31st March, 2012***
Sales & Operations	**64164**	57622
Less: Excise Duty	**(1124)**	(745)
Net Sales	**63040**	56877
Other Income	**90**	226
Total Income	**63130**	57103
Profit Before Interest, Depreciation and Tax	**9397**	8684
Less: Finance Cost	**2188**	1633
Less: Depreciation & amortisation	**2372**	1925
Profit Before Tax	**4837**	5126
Less: Provision for Taxation		
- Current	**968**	1026
- Deferred	**543**	366
- Earlier Years Adjustment	**28**	–
- MAT Credit Entitlement	**(968)**	(900)
Net Profit After Tax	**4266**	4634
Balance brought forward	**11832**	9876
Amount available for appropriation	**16098**	14510
Appropriations :		
Proposed Dividend	**1014**	1014
Dividend Tax	**172**	164
Transfer to General Reserve	**1500**	1500
Balance carried forward	**13412**	11832
	16098	14510

Results from Operations:

The financial year 2012-13 witnessed a slowdown in global economy with signs of improvement, albeit at a slower pace. Euro zone including countries like Portugal, Spain and Cyprus remained mired in recession. Prolonged non-resolution of the debt crisis in the Euro region and deferral in the recovery process of the US economy coupled with slowing down of the emerging countries affected India's growth momentum. In addition to subdued global demand, policy drift and persistent inflationary pressures within the country weakened the economic growth in India.

Inspite of the challenges and sluggish trend in the second half of the year, the Indian Pharmaceutical Industry registered a decent growth of 11.9%. Your Company registered better growth rate than the industry average in the domestic market and performed reasonably well in the international market.

During the year 2012-13, the total income of the Company amounted to ₹ 63130 lakhs as compared to ₹ 57103 lakhs in the previous year. This represent 10.55% growth. The Profit before Tax (PBT) at ₹ 4837 lakhs as compared to ₹ 5126 lakhs in the previous year represent a decline of 5.64%. After providing for Tax and MAT, the Net Profit after Tax (PAT) amounts to ₹ 4266 lakhs as against ₹ 4634 lakhs in the previous year. The decline in PBT & PAT is mainly due to rise in input costs.

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

Sub-division of shares and Bonus shares:

The Company on 8th May, 2012, through Postal Ballot sub-divided the nominal value of the share from ₹ 10/- per share to ₹ 2/- per share and subsequently issued bonus shares to its shareholders in the ratio of 1 equity share for every 2 equity shares held.

Dividend & Reserves:

Your Directors are pleased to recommend a dividend of ₹ 1.10 per share @ 55% (Previous year ₹ 1.10 per share @ 55%) on the face value of ₹ 2/- each. The dividend payout will aggregate ₹ 1013.65 lakhs (Previous year ₹ 1013.65 lakhs) and the tax on distributed profits payable by the Company would amount to ₹ 172.27 lakhs (Previous year ₹ 164.44 lakhs).

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

Credit Rating:

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

Social Initiatives

Indoco's Corporate Social responsibilities continued to be focused on promoting education, health and hygiene. In this connection the Company during the year under consideration made donations of ₹ 62.57 lakhs.

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

Subsidiaries:

The Company has two subsidiary companies:
1. Indoco Industrial Designers and Engineers Private Limited
2. Indoco Pharmchem Limited

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

respective subsidiary companies. The Consolidated Financial Statement of your Company includes the financial results of its subsidiary companies.

Consolidated Financial Statements :

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

Corporate Governance

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

Directors' Responsibility Statement

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

i. that in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

ii. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that year;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the annual accounts have been prepared on a 'going concern' basis.

Directors

During the year, Mr. D. M. Sukthankar, resigned from the Directorship of the Company. His resignation was accepted by the Board with effect from 3rd November, 2012. The Board places on record its appreciation for the valuable contribution by him as Independent Director during his tenure.

Mr. Suresh G. Kare was re-appointed as Chairman & Managing Director of the Company for a period of 5 years from 1st July, 2008 to 30th June, 2013. However, in February 2012 Mr. Suresh G. Kare relinquished the post of Managing Director and was re-designated as Chairman with effect from 15th February, 2012 upto the expiry of his term i.e. 30th June, 2013.

The Board is of the view that on account of Mr. Suresh G. Kare's vast experience and knowledge of the Pharmaceutical Industry and his commitment towards the business, his re-appointment will immensely benefit the Company. Hence it is proposed to re-appoint him as the Wholetime Director of the Company, designated as Chairman on fresh terms & conditions including remuneration. The Board of Directors at its meeting held on 28th May, 2013 have approved the re-appointment of Mr. Suresh G. Kare subject to approval of shareholders at Annual General Meeting for a tenure of 5 years with effect from 1st July, 2013 on revised terms and conditions as stated in the explanatory statement annexed to Notice to Annual General Meeting. The members are requested to approve the resolution No.6 in the Notice.

In terms of provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. D. M. Gavaskar and Mr. Sharad Upasani retire by rotation at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment. The profile of directors seeking reappointment pursuant to 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 as required by 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

In terms of the Order issued by the Central Government under Section 233B of the Companies Act, 1956, the Company was required to appoint cost auditors to get the audit of the cost records of the Company. Accordingly, for the FY 2011-12, the Company had appointed Mr. Prakash A. Sevekari, as the Cost Auditor and from FY 2012-13 the Company appointed M/s Sevekari Khare & Associates to get the audit of the cost records done. For the FY 2011-12, Mr. Prakash A. Sevekari was required to submit his report by 31st January, 2013 and he has submitted the report on 14th January, 2013.

For the FY 2012-13, M/s Sevekari Khare & Associates would be required to submit the report by 30th September, 2013.

For the FY 2013-14, M/s Sevekari Khare & Associates has been appointed as the cost auditor by the Company. They would be required to submit the report by 30th September, 2014.

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

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

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

Employee Relations

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

Acknowledgement

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

For and on behalf of the Board of Directors

SURESH G. KARE
Chairman

Mumbai, 28th May, 2013

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Annexure-I
to the Directors' Report

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

A. CONSERVATION OF ENERGY -

(a) Details of Energy Conservation measures taken in 2012-13 :-

1. Installation of 5 star rating Air conditioners and Motors for plant machineries to save electricity.
2. Installation of Variable Frequency Drive (VFDS) to all air handling units and plant machineries.
3. Additional Capacitor Bank installed for APFC (automatic power factor correction) panels to maintain power factor.
4. Installation of Screw Air Compressors.
5. Utility equipments operationally controlled as per the production plans.
6. Installation of SCADA for temperature and humidity control in all warehouses, which controls the consumption of utility.

(b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy:-

1. Rain harvesting proposal to save water.
2. Replacement of vapour absorption chillers to screw chillers for saving of electric energy.
3. Implementation of pressure impedance balancing control valves to all air handling systems to control chilled water and utility.
4. Old reciprocating air compressors to be replaced by efficient screw air compressors.

(c) Impact of measures at (a) & (b) above for reduction of energy consumption & consequent on the cost of production of goods :-

1. Reduction in Energy cost.
2. Reduced Fuel and water consumption.
3. Improved air compressor efficiency.

(d) Total energy consumption and energy consumption per unit of production:

FORM A

1. Power and Fuel Consumption

Particulars	*Current Year 2012-13*	*Previous Year 2011-12*
1) Electricity		
a) Purchased Units (in lakhs)	**222.52**	215.73
Total Amount (₹ lakhs)	**1224.49**	1313.85
Rate/Unit (₹)	**5.50**	6.09
b) Own generation		
i) Through diesel generator		
Units (KWH'000)	**1119.23**	1801.60
Units per ltr. of diesel oil (KWH)	**3.05**	2.91
Rate/Unit (₹)	**14.29**	14.44
ii) through steam turbine/generator		
Units	**Nil**	Nil
Units per ltr of fuel oil/gas		
Cost/Unit (₹)		
2) Coal		
Qty	**Nil**	Nil
Total cost		
Average rate		
3) Furnace Oil		
Qty (Kilo litres)	**322.41**	350.08
Total Amount (₹ lakhs)	**146.88**	137.62
Average rate (₹)	**45.56**	39.31
4) Others/internal generation (briquettes, cashew seeds etc.)		
Quantity	**NIL**	NIL
Total Cost (₹ lakhs)	**151.14**	167.48
Rate/Unit (₹)	**NIL**	NIL

2. Consumption per unit of production

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

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B given below :-

FORM B

Research and Development (R&D)

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

   Development of manufacturing processes and analytical methods for APIs, intermediates and finished dosages, including development of non-infringing route of synthesis/formulations and Novel New Drug Delivery System (NDDS). Development of Complex generics involving multi unit pellet systems (MUPS) and enteric coated pellets for highly variable drugs are also undertaken. New developments for catering to the Dental range of products for treatment of sensitive teeth are also in the pipeline.

2. Benefits derived as a result of above efforts are

   Creation of the Company's own intellectual property which can be exploited commercially and for preventing competitors from blocking ideas for design around manufacturing processes. R&D efforts gives an edge over the competitors in the market place in terms of early entry and better pricing. The Company's patent portfolio consists of 7 granted formulation patents and 60 patent applications applied for.

3. Future plan of action

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

4. Expenditure on R & D:

(₹ lakhs)

Sr. No.	*Particulars*	***Current Year 2012-13***	*Previous Year 2011-12*
1	Capital	**434.83**	651.77
2	Recurring	**1290.24**	1080.32
3	Total	**1725.07**	1732.09
4	Total R&D expenditure as a % of total net sales	**2.74**	3.04

Technology absorption, adaptation and innovation

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

   During the year the following processes were successfully implemented:

   a) **Rasagiline Mesylate -** The Technology for synthesizing this molecule was developed in-house by using a novel resolution process and was implemented successfully at the plant level.

   b) **Quetiapine -** A process for manufacturing of Quetiapine Fumarate was improvised at the R&D and scaled up at the plant level; the new process is cost effective as well as environmentally benign.

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

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

The Company participates in International Conferences and exhibitions in US, Europe, Japan and other countries. Such participation helps us in expanding our network of customers. During the year the Company continued with its efforts of filing own Dossiers in Europe through DCP (Decentralization Procedure) route and filing own ANDA's with USFDA. The product basket has been expanded and scope of services offered is also extended to analytical and synthesis of impurities, reference standards and building blocks of NCEs for MNCs. The Company plans to move up in the value chain by offering new products/services and expanding into newer territories is well on track.

(b) Total foreign exchange used and earned

(₹ lakhs)

Sr. No.	*Particulars*	***Current Year 2012-13***	*Previous Year 2011-12*
1	Total foreign exchange earned (CIF)	**21871.04**	20172.35
2	Total foreign exchange used	**4303.24**	4850.23

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Annexure to the Directors' Report
Report on Corporate Governance for the year ended 31st March, 2013

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

Indoco's Philosophy on Code of Governance:

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

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

BOARD OF DIRECTORS

Composition and Size:

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

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

The Directors are not related to each other in terms of the definition of "relative" under the Companies Act, 1956, except Ms. Aditi Panandikar, Managing Director who is the daughter of Mr. Suresh G. Kare, Chairman.

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

The Composition of the Board of Directors, the number of other Directorships and Committee positions held by each Director as on 31st March, 2013 is as under:

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

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

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

Notes:

$ Resigned as Independent Non -Executive Director w.e.f 3rd November, 2012.

Attendance of each Director at the Board Meetings held in financial year 2012-2013 and at the last Annual General Meeting of the Company:

Name of the Director	*No. of Board Meetings held during the year*	*No. of Board Meetings attended*	*Attendance at the last AGM held on July 30, 2012*
Mr. Suresh G. Kare	6	4	Present
Ms. Aditi Panandikar	6	6	Present
Mr. Sundeep V. Bambolkar	6	5	Present
Mr. D. M. Sukthankar $	6	3	Present
Mr. D. M. Gavaskar	6	5	Present
Mr. Rajiv P. Kakodkar	6	4	Present
Mr. Sharad P. Upasani	6	5	Present
Dr. Anil M. Naik	6	4	Present

$ Resigned as Independent Non -Executive Director w.e.f 3rd November, 2012

Board Meeting Details:

During the year 6 Board Meetings were held and the gap between two Board Meetings did not exceed four months.

Date on which Board Meeting was held	*Total Strength of the Board*	*No. of Directors Present*
9th May, 2012	8	6
21st May, 2012	8	3
28th May, 2012	8	5
30th July, 2012	8	8
2nd November, 2012	8	8
29th January, 2013	7	6

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, out of whom three are independent directors and one is the Joint Managing Director:

1. Dr. Anil M.Naik - Chairman
2. Mr. D. M. Gavaskar - Member
3. Mr. Rajiv Kakodkar - Member
4. Mr. Sundeep V. Bambolkar- Member

Terms of reference:

The terms of reference of the Audit Committee are wide covering the matters specified under Clause 49 of the Listing Agreements 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.

Meetings and attendance:

During the financial year 2012-13 Four (4) Audit Committee Meetings were held and the attendance of the Members of the Committee at the said Meetings were as follows:

Name of Member	*Dates of Audit Committee Meetings*			
	28th May, 2012	30th July, 2012	2nd November, 2012	29th January, 2013
Dr. Anil M. Naik	Absent	Present	Present	Present
Mr. D. M. Gavaskar	Present	Present	Present	Present
Mr. Rajiv P. Kakodkar	Present	Present	Present	Absent
Mr. Sundeep V. Bambolkar	Present	Present	Present	Present

The auditors are the permanent invitees at the Meeting.

The Company Secretary acts as the Secretary of the Committee.

The Statutory Auditors of the Company were present at Four (4) 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:

The Committee comprises of:

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

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

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

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

During the financial year, the Committee met on 2nd November, 2012 and 9th January, 2013 to review the investor complaints and redressal of their grievances.

The Company during the year had received 13 complaints. The complaints pertained to revalidation of dividend warrants, non receipt of Annual Reports etc.

The Company has resolved all the complaints as at the end of financial year 31st March, 2013 to the satisfaction of the shareholders and no complaints were pending for redressal.

c) REMUMERATION COMMITTEE:

The Remuneration Committee is a non-mandatory requirement. The Company at present does not have a Remuneration Committee.

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

REMUNERATION TO DIRECTORS:

Remuneration Policy

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

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

Details of remuneration paid to Directors during the financial year 2012-13 are as follows:

1) Executive Directors:

(In ₹)

Name of Director	*Salary*	*Benefits & Perquisites*	*Commission/ Performance Linked Incentives*	*Stock Options*	*Total*
Mr. Suresh G. Kare	96,00,000/-	20,62,642/-	60,00,000/-	Nil	**1,76,62,642/-**
Ms. Aditi Panandikar	79,90,483/-	53,70,325/-	7,00,000/-	Nil	**1,40,60,808/-**
Mr. Sundeep V.Bambolkar	67,87,724/-	30,23,612/-	10,00,000/-	Nil	**1,08,11,336/-**

2) Non Executive Directors:

Name of Director	*Sitting fees (₹)*
Mr. D. M. Sukthankar $	60000/-
Mr. D. M. Gavaskar	140000/-
Mr. Rajiv P. Kakodkar	120000/-
Mr. Sharad P. Upasani	100000/-
Dr. Anil M. Naik	110000/-

$ Resigned as Independent Non -Executive Director w.e.f 3rd November, 2012.

Notes:

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

DETAILS OF GENERAL BODY MEETINGS:

Annual General Meeting:

The details of the last three Annual General Meetings held:

Financial Year	*AGM*	*Date*	*Time*	*Venue of the AGM*
2011-12	65th	30th July, 2012	11.30 am	MIG Cricket Club
2010-11	64th	28th July, 2011	10.30 am	MIG Colony, Bandra (E),
2009-10	63rd	22nd July, 2010	10.30 am	Mumbai - 400 051

Postal ballots were used /invited for voting for passing resolution u/s 198/309/301/311, u/s 16/94 of the Companies Act, 1956 and Capitalization of Reserves on 8th May, 2012.

No Postal ballot were used/invited for any other Meetings

Subsidiary Companies:

Following companies are subsidiaries of the Company

Name	**Percentage of Holding**
Indoco Pharmchem Ltd.	100%
Indoco Industrial Designers & Engineers Pvt. Ltd.	60.04%

DISCLOSURES:

1) There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc., during the year, that may have the potential conflict with the interests of the Company at large.
2) The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
3) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.
4) All mandatory requirements as per Clause 49 of the Listing Agreement have been complied with by the Company.
5) The Company follows Accounting Standards issued by The Institute of Chartered Accountants of India and there are no statutory audit qualifications in this regard.
6) In terms of Clause 49(V) of the Listing Agreement, the Managing Director and the President (Finance) & Company Secretary have made a certification to the Board of Directors in the prescribed format for the year under review which has been reviewed by the Audit Committee and taken on record by the Board.

MEANS OF COMMUNICATION:

Financial Results

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

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

Presentation to Institutional Investors/Analysts

4 Tele-conferences were held with Institutional Investors/Analysts on 28th May, 2012, 30th July, 2012, 2nd November, 2012 & 29th January, 2013.

GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Date and Time	:	Tuesday, 30th July, 2013 at 11.30 a.m.
Venue	:	MIG Cricket Club MIG Colony, Bandra (E), Mumbai 400 051
Financial year	:	1st April, 2012 to 31st March, 2013
Date of Book Closure	:	23rd July, 2013 to 30th July, 2013 (both days inclusive)
Dividend Payment Date	:	On or after 5th August, 2013.
Corporate Identification Number (CIN)	:	The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is **L85190MH1947PLC005913**. The Company is registered at Mumbai in the State of Maharashtra, India.

Insider Trading:

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

Code of Conduct:

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

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

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

Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The annual listing fees have been paid upto 31st March, 2014 and there is no outstanding payment towards the Exchanges, as on date.

Stock Code

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

MARKET PRICE DATA

The Members by way of Postal Ballot on 8th May, 2012 approved the sub-division of shares of ₹ 10/- each to shares of ₹ 2/- each and the issue of Bonus shares in the ratio of One (1) share for every Two (2) shares held. In the month of April and beginning of May the shares were being traded at the face value of ₹ 10/-.

The High and Low prices of the Company's share (of the face value of ₹ 2/- each) from April, 2012 till March, 2013 (after adjusting the price of April & May to the new face value) are as below. The Market Price data for the months of April and May has been adjusted to post subdivision/bonus issue:

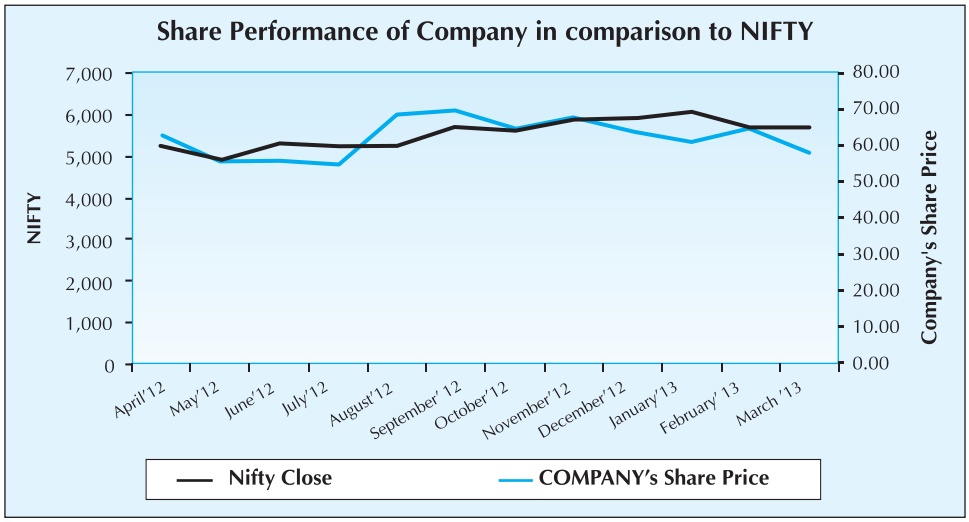
National Stock Exchange of India Limited (NSE)

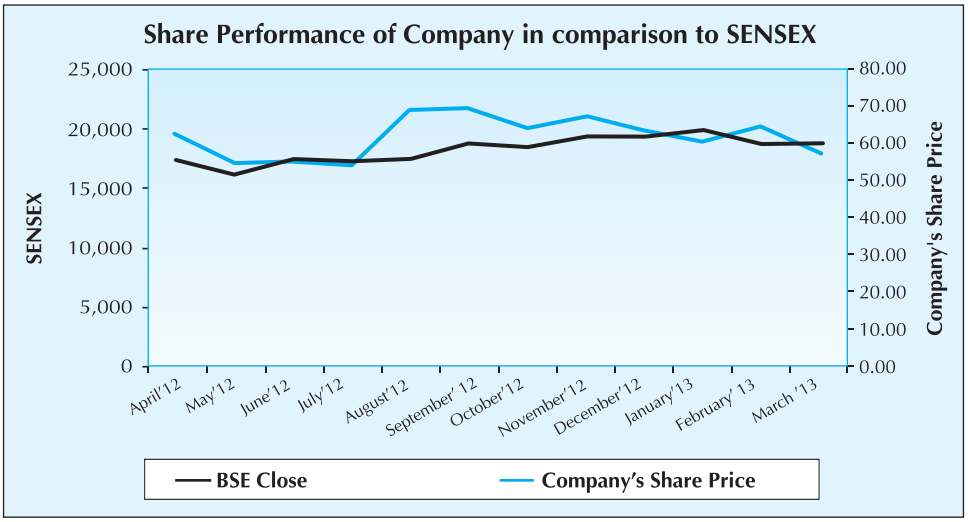
Month	*Company's Share Price*			*No. of Shares traded during the month*	*Turnover (₹ lakhs)*
	High (₹)	*Low (₹)*	*Close (₹)*		
April '12	63.80 (478.40)	53.65 (402.50)	62.60 (469.30)	119287	532.39
May'12	63.45 (476.00)	54.00	55.45	363643	463.57
June'12	58.50	51.70	55.45	357680	196.49
July '12	64.70	52.35	54.60	1399104	840.19
August '12	72.75	53.65	68.40	1204063	769.36
September'12	75.40	66.00	69.50	2900178	2069.43
October '12	71.00	60.65	64.40	1101481	729.71
November '12	71.80	62.35	67.60	888099	600.02
December'12	70.70	62.50	63.95	712111	469.39
January '13	68.80	60.10	61.10	2167246	1352.00
February '13	68.50	59.00	64.30	1518072	979.46
March '13	66.25	56.00	58.15	592493	368.53

Bombay Stock Exchange Limited (BSE)

Month	*Company's Share Price*			*No. of Shares traded during the month*	*Turnover (₹ lakhs)*
	High (₹)	*Low (₹)*	*Close (₹)*		
April '12	64.00 (480.00)	53.90 (404.00)	62.40 (468.15)	102050	456.87
May'12	65.55 (476.50)	54.80	55.00	222519	305.55
June'12	58.35	51.40	55.40	162975	89.62
July '12	64.70	52.50	54.45	782610	460.84
August '12	77.00	53.90	69.55	776496	495.48
September'12	83.00	67.65	69.50	1212541	868.74
October '12	71.45	61.40	64.50	453992	301.40
November '12	73.50	62.75	67.50	400813	271.66
December'12	69.00	62.75	63.85	362121	237.55
January '13	69.70	59.00	60.85	1068658	665.69
February '13	68.50	59.00	64.70	596081	384.50
March '13	66.50	56.00	57.85	192728	118.80

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





Distribution of Shareholding as on 31st March, 2013

No. of Equity shares held	*No. of shareholders*	*Percentage of shareholders*	*No. of shares held*	*Percentage of shareholding*
1 to 500	10419	77.60	1854471	2.01
501 to 1000	1350	10.06	1026614	1.11
1001 to 2000	660	4.92	989313	1.07
2001 to 3000	284	2.11	725079	0.79
3001 to 4000	135	1.01	495323	0.54
4001 to 5000	88	0.65	404733	0.44
5001 to 10000	215	1.60	1591684	1.73
10001 & above	275	2.05	85063138	92.31
Total	**13426**	**100.00**	**92150355**	**100.00**

Shareholding Pattern as on 31st March, 2013

Category	*No. of shares held*	*Percentage of shareholding*
Promoter & Promoter Group		
Indian		
- Individuals	19952748	21.65
- Bodies Corporates	14863755	16.13
- Person Acting in Concert	19728137	21.41
Foreign	Nil	Nil
Public Shareholdings		
Institutions		
- Mutual Funds/UTI	12923356	14.02
- FII	2239258	2.43
- Financial Inst./Banks	18850	0.02
Non Institutions		
- Bodies Corporates	2682306	2.91
- Individuals:		
Upto 1 lakh	9970953	10.82
Above 1 lakh	9134905	9.92
- Clearing Members	115296	0.13
- Trust	4500	0.005
- NRI	516291	0.56
Custodian	Nil	Nil
Total :	**92150355**	**100.00**

Disclosure of information on pledged shares:

The details of shares pledged by promoter are as follows:

Name of Promoter/Promoter Group	*No.of shares held*	*No. of shares pledged*	*% of total shares pledged to total no of shares held by entity in the Company*	*% of shares pledged to the total no of outstanding shares of the Company*
NIL	**NIL**	**NIL**	**NIL**	**NIL**

ADR/GDR:

The Company has not issued any ADR/GDR.

Dematerialisation Information:

The shares of your Company are available in Dematerialised form with National Securities Depository Limited (NSDL) & Central Depository Services (I) Limited (CDSL). The ISIN of the Company is INE873D01024.

Dematerialisation of shares:

As on 31st March, 2013, 98.22% of the total shares of the Company have been dematerialised as shown below:

Total No. Shares of the Company	92150355
No. of Shares dematted	90514648
% of total no. of Shares of the Company	98.22%
Total No. of Shareholders of the Company	13426
No. of shareholders with dematerialized shares	13343
% of total no. of Shareholders	99.38%

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

The break-up of shares in physical and demat form as on 31st March, 2013 is given below:

	No. of shares	*% of total shares*
No. of Shares in Physical Form	1635707	1.78
No. of Shares in Demat Form		
(1) With NSDL	86275022	93.62
(2) With CDSL	4239626	4.60
Total No. of Shares	**92150355**	**100.00**

Share Transfer System

The share transfer, transmission, consolidation, sub-division and matters related thereto are delegated to a Share Transfer Committee. The requests are processed within 15 days of lodgement. In case of requests for dematerialisation of shares, if the documents are clear in all respects, the requests are processed and confirmation given by Company's Registrars to the Depository i.e. NSDL or CDSL within 15 days.

Registrar & Share Transfer Agent:

Link Intime India Pvt. Ltd - C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078.

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

Phone No. : +91-22-25946970

Fax : +91-22-25946969

Address for correspondence:

Shareholders may address their communication to Company's Registrars and Share Transfer Agent or the Secretarial Department of the Company at the following address:

(1) Link Intime India Private Limited
Unit: Indoco Remedies Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400078
Contact Person: Ms. Sadhana Tripathi/
Mr. Dyanesh Gharote

Tel. No.: +91-22-25946970
Email id: rnt.helpdesk@linkintime.co.in

(2) Secretarial Department
Indoco Remedies Limited
Indoco House, 166 CST Road,
Kalina, Santacruz (East),
Mumbai - 400098
Contact Person: Mr. Sunil D. Joshi

Tel No.: +91-22-26541851-55
email id: sunil.joshi@indoco.com

Nomination Facility:

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

UNPAID/ UNCLAIMED DIVIDENDS

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

The due dates for transfer to IEPF of dividends remaining unclaimed/unpaid since 2005-06 are given below:

Financial year	*Unclaimed dividend amount as on 31.03.2013*	*Due date for transfer to IEPF*
2005-06 - Final	1,88,613.00	14.12.2013
2006-07 - Final	2,45,554.00	28.01.2015
2007-08 - Final	1,80,010.00	02.11.2015
2008-09 - Interim	1,52,330.75	02.01.2016
2008-09 - Final	86,408.00	25.10.2016
2009-10 - Final	2,06,899.00	28.08.2017
2010-11 - Final	1,84,248.00	03.09.2018
2011-12 - Final	5,11,772.20	05.09.2019

Plant Locations:

1) L-14, Verna Industrial Estate,
Verna, Goa 403722

2) L-32,33,34, Verna Industrial Estate,
Verna - Goa 403722

3) R-104 Rabale, TTC Area,
MIDC Thane Belapur Road,
Navi Mumbai 400701
Maharashtra

4) A-26 MIDC Industrial Estate,
Patalganga, Village Kaire,
Dist Raigad, Maharashtra 410220

5) B- 20 MIDC,Waluj,
Aurangabad, Maharashtra 431133

6) Village Katha, P.O. Baddi,
Tehsil Nalagarh, Dist. Solan,
Himachal Pradesh-173205

R&D Centre:

R-92/93, Rabale TTC Area,
MIDC Thane Belapur Road,
Navi Mumbai 400701

Registered Office:

Indoco Remedies Limited
Indoco House, 166 CST Road,
Kalina, Santacruz (East),
Mumbai 400098.
Tel : +91- 22-2654 1851- 55
Fax : +91- 22-26520787

Presently the Company has not adopted any non - mandatory provisions of Clause 49 of the Listing Agreement.

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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, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned 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
Firm Registration No:107824W

B.M. PENDSE
Partner
M. No. 32625

Date : 28th May, 2013

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

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

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls and we have taken steps to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee that there are no
   a) significant changes in internal control during the year, if any;
   b) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements, if any and
   c) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

ADITI PANANDIKAR
Managing Director
(Chief Executive Officer)

SUNIL D. JOSHI
President (Finance) & Company Secretary
(Chief Financial Officer)

Mumbai, 28th May, 2013

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Managing Director's Certification Declaration on Code of Conduct
to the Members of Indoco Remedies Limited

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

I confirm that the Company has in respect of the year ended 31st March, 2013, 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.

ADITI PANANDIKAR
Managing Director

Mumbai, 28th May, 2013

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Management Discussion And Analysis

a) Industry Structure and Development

The global pharmaceutical market crossed the US$ 1 trillion mark in 2013, with a contribution of over 70% from the developed countries. Emerging markets continued to register a double digit growth while the developed markets registered a marginal growth of around 1%. Due to mounting pressure on healthcare costs and changing demographics, markets across the world are moving towards generics.

The Indian pharmaceutical industry commenced the year with a promising growth in the first half followed by a sluggish trend in the second half, resulting in an annual growth rate of 11.9% for the year as against 15.8% in the previous year. Within therapies, the chronic segment grew by 14% and the acute segment grew by 11%. Higher base effect, poor season and low stocking due to the pricing policy resulted in less than the expected growth for the industry.

b) Opportunities and Threats

The global market presents a huge opportunity for the pharma industry both in developed and emerging markets. Indian pharma companies have established world class manufacturing facilities and R&D capabilities to grab a larger share of the growing generic industry. In addition to products going off-patent, higher genericisation across the globe has given a boost to the generic industry. Currency fluctuations, delayed regulatory approvals, non-tariff barriers to trade and economic slowdown may, however, impact the international business.

On the Indian business front, the growth pace is expected to pick up momentum in view of the favourable macro economic factors. However, poor public healthcare funding, postponement of treatments, inflation and delays in government approvals are some of the causes of concern. The new pricing policy announced by the Government of India expands the number of products coming under price control and is perceived as a risk in the short term for the Industry.

c) Financial Performance

The overall financial performance of the Company was reasonably good for the year ended 31st March 2013 with the domestic formulations business growing at 15.4% and the international business growing at 8.4%. The domestic business contributed to 65% and international business contributed to 35% of the total business. The formulations business contribution stood at 94.5% as against that of the API business, which stood at 5.5% of the total business.

The international business comprises of formulations and Active Pharmaceutical Ingredients (APIs) exports, the details of which are as follows:

(₹ In lakhs)

Particulars	***FY 12-13***	***FY 11-12***
Regulated Markets	18,138	14,948
Emerging Markets	1,951	3,599
Formulation Total	**20,089**	**18,547**
API	1,782	1,625
Total	**21,871**	**20,172**

Other operating income in the current year reduced by ₹ 4.67 crore as compared to the previous year. The decrease is mainly on account of lesser export benefits and reduced exchange gain.

The material consumption to net sales is 41.8% at ₹ 261.96 crore as compared to 43.7% at ₹ 244.98 crore last year. This decrease in the material cost is due to the product mix as also efficiency in manufacturing processes as well as effective procurement policies. The staff cost to net sales is 16.0 % at ₹ 100.31 crore as compared to 14.6% at ₹ 81.88 crore last year. The increase is mainly on account of normal annual increase in salary and new recruitments. The recurring R&D expenses to net sales are 2.1% at ₹ 12.90 crore as compared to 1.9% at ₹ 10.80 crore last year. Other expenses to net sales are at 25.9 % at ₹ 162.15 crore as compared to 26.2% at ₹ 146.53 last year. The finance cost to net sales is at 3.5% at ₹ 21.88 crore as compared to 2.9% at ₹ 16.33 crore. The impact is higher due to exchange loss of ₹ 12.7 crores on currency fluctuations. The operating profit increased by 1.0% to ₹ 60.38 crore from ₹ 59.80 crore last year. The increase in profit is mainly on account of increase in revenues. Depreciation is higher at ₹ 23.72 crore as against ₹ 19.25 crore in the previous year.

Profit before tax is at ₹ 48.37 crore as compared to ₹ 51.27 crore in the last year showing a decrease of 5.7%. Profit after tax was ₹ 42.66 crore as against ₹ 46.34 crore in the last year, thereby showing a decrease of 7.9%.

Basic & Diluted earnings per share (EPS) for the year is ₹ 4.63 as against ₹ 5.03 in the previous year (both after and before the extra-ordinary items). The outstanding debt as on 31st March, 2013 was ₹ 118.80 crore as compared to ₹ 114.70 crore last year. The cash outflow on account of capital expenditure (CAPEX) during the year was ₹ 43.36 crore as compared to ₹ 65.97 crore in the last year. During the year an amount of ₹ 8.33 crore was contributed to the national exchequer by way of payment of income tax and ₹ 2.14 crore by way of sales tax. The net worth of the company as at 31st March, 2013 is ₹ 414.05 crore against ₹ 379.96 crore previous year which is on account of retained profits. The debt-equity ratio during the year was 0.07 times as compared to 0.12 times in the previous year. The return on net worth was 10.3% as at 31st March, 2013 against 12.2% as at 31st March, 2012.

d) Business Overview

Domestic Business

The Company's domestic business continued to record a healthy growth which is well above the industry average. A number of strategic initiatives were taken by the Company, viz., focus on brand building, select therapies majorly in the chronic segment and training & development of the field force. These initiatives continue to yield positive results and would ensure sustainable growth.

The Company markets and distributes finished dosages in 18 therapeutic segments through 8 marketing divisions. The distribution network comprises of 29 sales depots and offices spread across the country.

Details of major therapies of the domestic branded formulations are:

(₹ in lakhs)

Therapy	*Cont. %*	*2012-13*	*2011-12*	*Gwth %*
Respiratory	18.2	7,314	6,780	7.9
Stomatologicals	17.4	6,986	5,961	17.2
Anti-Infectives	15.5	6,237	5,587	11.6
Gastro Intestinal	13.7	5,501	4,535	21.3
Pain / Analgesics	7.5	3,025	2,193	37.9
Ophthalmic / Otologicals	5.6	2,251	1,851	21.6
Gynaec.	5.5	2,187	1,892	15.6
Vitamins / Minerals / Nutrients	5.2	2,086	1,680	24.2

Brands which have contributed to the volume of the domestic formulations business are FEBREX PLUS, CYCLOPAM, SENSODENT, SENSODENT-K, ATM, SENSOFORM, CLOBEN G, OXIPOD, CITAL and VEPAN. The contribution of these brands accounts for over 50 % of the domestic formulations revenues.

Indoco is ranked 29th as per AWACs as on 31st March'2013 and at 26th as per the CMARC Prescription Ranking (Rxs). During the year, two of our brands moved up the ranks, making the total number of brands to five in the top 500 brand category. The Company enjoys a good position in the domestic market with 26 brands ranking amongst the top 5 positions in their respective segments, details of which are given below:

BRAND	*RANK*	*THERAPY*	*MARKET SHARE %*
CYCLOPAM	1	Antispasmodic/Analgesic	11.6
SENSODENT-K	1	Desensitizing Toothpaste	95.6
CITAL	1	Urinary Alkalizer	38.5
SENSOFORM	1	Desensitizing Toothpaste	65.8
CARMICIDE	1	Anti-flatulant	68.5
HOMIDE	1	Opthalmic	94.3
RENOLEN	1	Opthalmic	69.6
FEBREX PLUS	2	Anti-cold	22.9
SENSODENT-KF	2	Desensitizing Toothpaste	26.8
TUSPEL PLUS	2	Cough Syrup	18.8
MCBM 69	2	Gynaec	8.5
HEMSYL	2	Gynaec	13.7
TUSPEL PX	2	Cough Syrup	18.6
LORCHEK MR	2	Pain/Analgesic	18.6
DEXOREN - S	2	Opthalmic	14.3
TOBAREN D	2	Opthalmic	21.1
CLOBEN G	3	Anti-fungal Skin Cream	15.7
SCABEX	3	Scabies Skin Cream	17.7
OTOREX	3	Opthalmic	11.8
ZINCOREN	3	Opthalmic	10.6
OTICHEK	3	Opthalmic	9.6
VEPAN	4	Anti-infective	15.8
TRIZ	4	Anti-allergic	6.2
NOSIC	4	Anti-emetic	5.6
ATM	5	Anti-infectives	5.0
TOBAREN	5	Opthalmic	8.1

Source: AWACs data

Domestic Marketing Divisions

INDOCO

Indoco division has a strong presence in major therapies including Gastrointestinal, Anti-Infectives, Respiratory, Anti-Diabetics and Vitamins. CYCLOPAM, KARVOL PLUS, CLOBEN-G, TUSPEL PLUS, OXIPOD, GLYCHEK, HEMSYL, MCBM 69 are the top brands promoted by the division with a strong prescription equity amongst the covered specialties like General Practitioners, Consulting Physicians, Gynecologists, Pediatricians, ENTs.

SPADE

Spade division covers General Practitioners, Consulting Physicians, ENTs, Pediatricians, Dermatologists and Chest Physicians. The division promotes brands like Febrex Plus, ATM, and Methycal besides others. Along with Febrex Plus, ATM has entered the league of Top 500 Brands of Indian Pharma Market during the year.

WARREN

Warren's product basket comprises of toothpastes for hypersensitivity, mouthwashes and a range of antibiotics, analgesics/anti inflammatory, local anesthetics and other oral care products. The division currently enjoys the coveted No.1position in the stomatological segment and has launched Senolin SF (Dental Balm) and Snowdent (Tooth whitening paste) for the first time in India.

SPERA

Spera division covers General Practitioners, Gynecologists and Pediatricians as its target specialties with a focus on new products viz., DBZ, Flamar Plus Gel coupled with legacy brands like Cital etc.

EXCEL

Excel division covers Ophthalmologists, ENTs and General Practitioners promoting products in the ophthalmic, anti-oxidant and anti-infective segments. The major brands marketed by this division are Homide, Renolen, Dexoren-S, Mofloren-BF, Alerchek, Lotechek-LS, Macuchek and Lotechek.

ETERNA

Eterna division's focus is on chronic, nutritional and pain management therapies and covers Orthopedic and Consultant Physicians with brands like Osteochek, Lorchek and Xanfeb-DSR. The division has launched Lorchek-PTC, Lorchek-MR gel and Xanfeb-DSR combinations for the first time in India.

Indoco CND

'Indoco CND' caters to super-specialists like Cardiologists, Diabetologists, Endocrinologists, Nephrologists and Consulting Physicians with an objective to strengthen the Company's presence in chronic segment. The division is progressing well with its top brands like Prichek, Amchek, Cal-aid, Telmichek, G-Neuro and Febubest. A combination of Rosuvastatin and Vitamin D has been launched for the first time in India under the brand name Rosuchek-D and has received a good response at the consultant level.

New Product launches

During the year, the Company launched 37 products, out of which 8 products cater to chronic ailments. The details on new launches are given below:

BRANDS	*DIVISION*	*THERAPY*
Cyclopam DF Drops	Indoco	Gastro - Intestinal
Cyclopam MF tab.	Indoco	Gastro - Intestinal
Hemsyl-CVP	Indoco	Gyneac
Oxipod-O tablet	Indoco	Anti-Infectives
Inflachek tab	Indoco	Pain / Analgesics
Inflachek-D tab	Indoco	Pain / Analgesics
Febrex CCF Drops	Spade	Respiratory
Febrex CCF Syrup	Spade	Respiratory
ATM-OF tablet	Spade	Anti-Infectives
Concize Caps	Spade	Vitamins / Minerals / Nutrients
Febrex LP tablet	Spade	Respiratory
Ristor 30 tab	Spade	Gyneac
Ristor 60 tab	Spade	Gyneac
Fevorit-O D.S.	Spade	Anti-Infectives
ATM-A Gel	Spade	Anti-Infectives
Mofloren-LP	Excel	Opthal / Otological
Mofloren-BF Eye Drops	Excel	Opthal / Otological
Irimist-V Solution	Excel	Opthal / Otological
Mofloren UNIMs	Excel	Opthal / Otological
Cital-H tablet	Spera	Gyneac
Vcef Plus tab.	Spera	Anti-Infectives
Osteoflam Aq. Inj.	Spade	Pain / Analgesics
Rosuchek 10mg	Indoco CND	Cardiac
Rosuchek 5mg	Indoco CND	Cardiac
Rosuchek-5D	Indoco CND	Cardiac
Rosuchek D	Indoco CND	Cardiac
Telmichek-M 25	Indoco CND	Cardiac
Telmichek-M 50	Indoco CND	Cardiac
Telmichek 80H tab	Indoco CND	Cardiac
Telmichek 80 tab	Indoco CND	Cardiac
Xanfeb DSR	Eterna	Pain / Analgesics
Nutrichek	Eterna	Vitamins / Minerals / Nutrients
Lorchek-PTC tab	Eterna	Pain / Analgesics
ATM-LX tablet	Eterna	Anti-Infectives
Osteochek D3	Eterna	Vitamins / Minerals / Nutrients
Osteochek-K tab	Eterna	Vitamins / Minerals / Nutrients
Lorchek-MR Gel	Eterna	Pain / Analgesics

Impact of Drugs (Price Control) Order, 2013

The new Drug (Price control) Order announced by the Government of India affects 8 Indoco products, the overall impact of which will be marginal on our domestic formulations sales. The long term impact of the new pricing policy on the company as well as the industry overall remains positive.

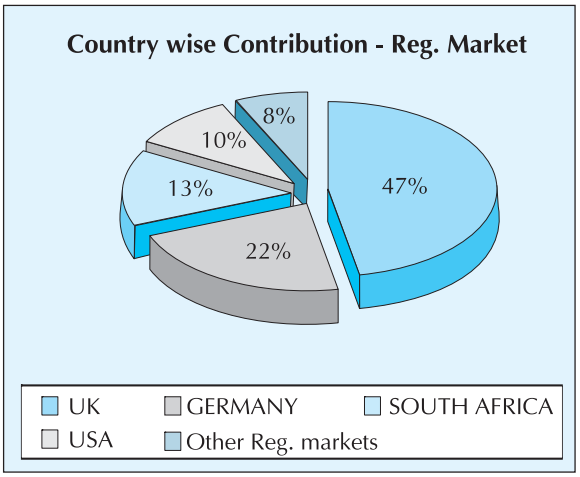
❖ **International Business**

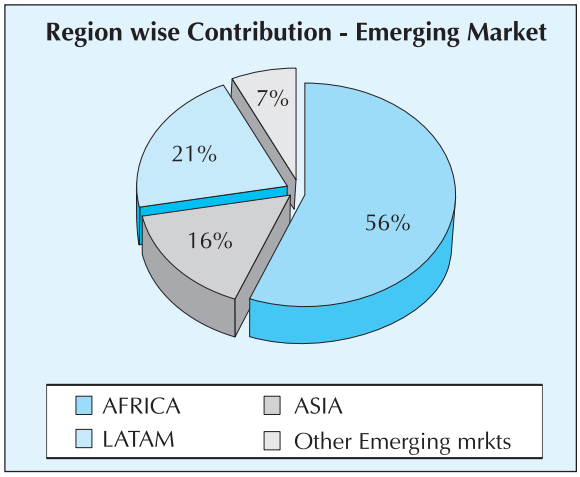
Indoco offers a complete solution to generic companies world-wide, including development, manufacturing and supply of Finished Dosages, APIs and Intermediates.

For regulated markets, the Company has a large basket of products backed by eCTD dossiers, ANDAs, DMFs, CoS and a strong product pipeline covering NDDS, Para IV filings and 505(b)2 applications. Having established itself as a reliable player in (CRAMS) Contract Research & Manufacturing Services, Indoco is now moving higher in the value chain through filing dossiers and ANDAs in its own name.

The Company offers branded generics with promotional support for countries in the emerging markets and has established itself through brand loyalty in some of these markets.

Country wise / Region wise Sales Contribution for the year 2012-13 is shown in the graph below:





North America

Pharmaceutical sales in the United States of America (USA), the largest pharmaceutical market in the world, are expected to be in the range of US$ 350-380 billion (Source IMS data) by 2016, with around 30% comprising of generic products. The generics market growth in the country has been ahead of the pharma market and this trend is expected to continue.

Four of Indoco's products are already available in the US market through our partners. The product basket with Watson /Actavis, USA has been increased to 21. Additionally, Indoco has 37 ANDAs at various stages of development, out of which 13 will be filed in Indoco's name and the rest through partners in the US market.

The company has also started receiving approvals from Health-Canada for Opthalmic ANDS and supplies have commenced.

Europe

Top 5 European markets are expected to grow at a CAGR of ~ -1% to ~ 2% by 2016 to achieve sales in the range of US$ 135-165 billion (Source IMS data). Major EU markets contribute 25% by value to the worldwide generics industry and have grown at a faster rate when compared to the low single digit growth for the pharma industry as a whole.

Indoco's business from the European market is evenly focused on Contract Research & Manufacturing Services (CRAMS). UK and Germany are the major contributors in addition to Denmark, Slovenia and Croatia. The Company started with contract manufacturing and progressed to out-licensing of dossiers. The next step to move up the value chain has been already initiated through registration of eCTD dossiers and by obtaining marketing authorizations (MAs) in Indoco's name. Business in Europe will comprise of a combination of contract manufacturing, out-licensing of Dossiers and MAs.

South Africa / New Zealand/ Australia

Indoco is emerging as a key partner to Aspen as the deal with Aspen now covers over 50 products, 30 geographies and 4 different business models. Indoco's manufacturing and R&D skills and Aspen's regulatory and marketing expertise makes the partnership synergistic. The business with Aspen is growing well and is supplemented by business from other customers in the region.

Emerging Markets

From a global perspective, emerging markets present a better opportunity as these markets are registering a double digit growth and facilitate speedy regulatory approvals. The industry strategy is to build brands through active promotion for sustainable business with high growth and better margins.

Indoco's presence in South-East Asia and Africa is sizeable with Kenya, Tanzania, Myanmar and Sri Lanka being the top four contributing countries. For long term and sustainable growth, the Company has changed the business model from the present 'Distributor model' to 'Promotional model' in select countries. The Company's strength in ophthalmic and dental products range is also being exploited by registering these products in 25 countries in the emerging markets.

❖ **API Business**

The API division provides a strong support to the Company's efforts of backward integration by using own APIs in the ANDAs and Dossiers developed for regulated markets. At the same time, the available capacities are being used for manufacturing APIs for domestic as well as international markets. Efforts are made to secure long term contracts for API supplies to generic companies from regulated markets, in addition to the spot business in domestic and emerging markets.

Indoco has 3 API manufacturing facilities near Mumbai, with reaction capabilities like asymmetric synthesis, green chemisty, organo-metallic reactions, click chemistry, chiral separation, stereo-selective reactions, cryogenic reactions and hydrogenation. The multi-ton plant at Patalganga and the kilo facility at Rabale have been approved by USFDA, TGA and WHO. For several APIs, Indoco has USDMFs, Certificates of Suitability (CEPs) and EUDMFs and many new products are under various stages of development and regulatory submissions. Indoco is exporting APIs and intermediates to more than 30 countries including USA, United Kingdom, Italy, Egypt, Argentina, U.A.E, Guatemala, Taiwan and Pakistan.

Indoco's new initiative - 'AnaCipher' will provide analytical services and meet customers' analytical research needs, utilizing its state-of-art infrastructure and highly experienced human resource. The analytical facility of AnaCipher has been approved by USFDA.

Research & Development

Our Research and Development (R&D) is an expression of our commitment towards excellence through innovation.

Spread over an area of 100,000 square feet, Indoco's ultra modern and multi disciplinary R&D centre houses state-of-the-art equipments, analytical instruments and latest databases. A team of 200 experienced scientists - doctorates, post graduates and graduates in pharmacy & chemistry are working in three areas:

- API development
- Formulation development
- Analytical services

During the year, an amount of ₹ 17.25 crores was incurred on R&D activities totally as against ₹ 17.32 crores last year. The recurring R&D expenditure amounted to ₹ 12.90 crores as compared to ₹ 10.80 crores last year. The capital expenditure was ₹ 4.35 as against ₹ 6.52 crores in the last year. The R&D expenditure as a percentage to net sales is 2.74 % out of which, 2.05% pertains to revenue and 0.69% pertains to capital expenditure.

Intellectual Property Rights (IPR):

The Company understands the need to create and protect its Intellectual Property and has a separate IPR cell to support its R&D activities. An in-depth study of the existing patents and patent applications is carried out to make sure that the products offered are non-infringing. Innovative processes developed during product development are protected by filing patent applications, the details of which are as under:

Patent Applications	*FDFs*	*APIs*
India	18	24
PCT applications	-	13
Total	**18**	**37**

e) Human Resources

The Company's growth plans demand the best talent and clusters of high performing teams. With shared values and vision, HR has instituted a development model and has taken the following initiatives:

TALENT MANAGEMENT

GEMS - A mentoring programme to develop leaders of the future. This programme has been initiated under the guidance of our visionary leader, Mr. Suresh G. Kare, who is the Chief Mentor.

HIGH FLYERS - A 3 day event organized in Mumbai annually for select MRs / FSOs from all over the country, along with spouses and children, in recognition of their consistent performance.

LEARNING AND DEVELOPMENT

The culture of continuous development is inculcated through an in-house training module, viz., "IMPACT" - Indoco Management Programme for Achieving Competitive Talents and "CLIMB" - Cluster of Learning at Indoco for Mutual Benefit. These programmes cater to the development of the middle management for personal and professional growth.

CREATING SYNERGIES

The Company conducts employee oriented activities like Foundation Day, Women's Day, Family Day, Safety-Week celebrations and various other competitions and environment awareness programmes. Every year on 9th January, a cultural event under the banner of 'Inspira' is organized to give a platform to employees to display their talents.

LEADERSHIP EXCELLENCE

The Leadership Excellence programmes are conducted from time to time, including :

Strategic Analysis Meet : Senior management meets quarterly to develop business plans for achieving organizational goals.

Retreat : An outdoor event wherein the top management exchanges ideas for development of new business strategies.

Impetus : A group of senior managers meets quarterly to discuss business processes for cost control and efficiency improvement.

f) Future Outlook

With a strong infrastructure, skilled manpower and strategic alliances, the Company is poised to take a higher leap forward. The Company clocked growth rates better than the industry average in the domestic business and is expected to continue the momentum. The focus on legacy brands will continue and new products will be launched across covered therapeutic areas. The strategy to increase the share of chronic segment is being pursued through consistent focus on Indoco-CND and Eterna divisions.

On the international front, the US business will speedily ramp up upon ANDA approvals. The planned launch in US, South Africa and other emerging markets through partners is expected to improve the sales as well as margins. New products are continuously being added to the basket of products with our partners in these markets. In Europe, the Company is gradually reducing its dependence on contract manufacturing and moving on to supplies against own dossiers/marketing authorizations.

The API business is expected to grow at a much faster pace and will contribute to the Company's formulation business in regulated markets through backward integration in select APIs. Part of the API production will be marketed in domestic and international markets with higher penetration in the emerging markets. The new initiative, AnaCipher is contributing a steady stream of income by offering analytical services and is expected to grow in the segment of highly specialized analytical research needs of generic companies.

Considering the above triggers and initiatives, the Company is confident to achieve the intended growth in all the business segments it operates in.

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Independent Auditors' Report
to the Members of Indoco Remedies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Indoco Remedies Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

b) in the case of the Statement of Profit and Loss of the profit for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;

e) on the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

B. M. PENDSE
Partner
M. No. 32625

Date : 28th May, 2013

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ANNEXURE
to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date for 31st March, 2013

1. (a) The Company had maintained proper records showing full particulars including quantitative details and situation of the fixed assets.

   (b) As explained to us the fixed assets had been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) In our opinion, the Company had not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.

2. In respect of inventory :

   (a) as explained to us, inventories had been physically verified by the management at the end of the year.

   (b) in our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) the Company had maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

   (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

   (b) As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act exceeding five lakhs rupees in respect of each party in a financial year have been made at prices which appear reasonable as per information available with the company.

6. The Company had not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956.

7. In our opinion the Company had an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

9. In respect of statutory dues :

   (a) according to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax. Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable.

   (b) the disputed statutory dues aggregating to ₹ 721.89 lakhs have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Particulars	Financial Years to which matter pertains	Forum where dispute is pending	Amount (₹ Lakhs)
1	Income Tax Act , 1961	2003-04	ITAT, Mumbai	4.30
		2004-05	ITAT, Mumbai	3.16
		2006-07	CIT(A), Mumbai	15.05
		2007-08	CIT(A), Mumbai	2.10
		2009-10	CIT(A), Mumbai	164.56
		2011-12	CIT(A), Mumbai	69.05
2	Central Excise Act, 1944	1995-96	CESTAT	0.64
		1997-98	Divisional Dy. Comn. Boisar	3.40
		1997-98	Honbl. Supreme Court	2.92
		1997-98	Divisional Dy. Comn. Mumbai	0.97
		1998-99	Divisional Dy. Comn. Boisar	1.64
		2003-04	CESTAT	2.71
		2005-06	Divisional Dy. Comn. Goa	1.25
		2006-07	CESTAT	91.97
		2007-08	Commissioner Service Tax - Mumbai	247.21
			CESTAT Mumbai	11.21
3	Sales Tax	2005-09	The Commercial Tax Officer , Nacharam Circle, A.P.	94.91
		2008-09	The Commercial Tax Officer , Assam	0.22
		2003-04 & 2004-05	Tax Officer, West Bengal	1.39
		2011-12	Add. Commissioner Appeal (U.P.)	3.23

10. The Company does not have accumulated losses. The Company had not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company had not defaulted in repayment of dues to a financial institution, bank or debenture holder.

12. The Company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. According to the information and explanations given to us and the records examined by us the Company has given a guarantee for a loan taken by a subsidiary from the bank and in our opinion the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

16. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans had been applied for the purposes for which they were raised.

17. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis had been used for long term investment and vice versa.

18. According to the information and explanations given to us, the Company had not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. The Company had not issued debentures.

20. The Company had disclosed the end use of money raised by public issue during earlier years and the same was verified.

21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company had been noticed or reported during the year.

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

B. M. PENDSE
Partner
M. No. 32625

Date : 28th May, 2013

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Balance Sheet

As at 31st March, 2013

(₹ lakhs)

	Note No.	Current Year As at 31.03.2013		Previous Year As at 31.03.2012	
I. EQUITY AND LIABILITIES					
1) **Shareholders' Funds**					
(a) Share Capital	3	1,843.01		1,228.67	
(b) Reserves & Surplus	4	39,561.42		36,766.47	
			41,404.43		37,995.14
2) **Non-Current Liabilities**					
(a) Long Term Borrowings	5	2,738.56		4,624.16	
(b) Deferred Tax Liabilities (Net)	6	3,481.08		2,938.19	
(c) Other Long Term Liabilities	7	920.20		914.82	
(d) Long Term Provisions	8	681.96		456.30	
			7,821.80		8,933.47
3) **Current Liabilities**					
(a) Short Term Borrowings	9	6,283.58		4,146.14	
(b) Trade Payables	10	6,809.07		7,645.42	
(c) Other Current Liabilities	11	5,131.96		5,002.86	
(d) Short Term Provisions	12	1,483.67		1,432.75	
			19,708.28		18,227.17
TOTAL			68,934.51		65,155.78
II. ASSETS					
1) **Non Current Assets**					
(a) Fixed Assets					
(i) Tangible Assets	13A	29,100.29		28,343.80	
(ii) Intangible Assets	13B	3,043.08		1,818.50	
(iii) Capital Work In Progress		2,199.00		1,688.61	
(iv) Intangible Assets Under Development		1,579.49		1,572.17	
(b) Non Current Investments	14	39.62		12.10	
(c) Long Term Loans And Advances	15	5,665.27		5,519.67	
			41,626.75		38,954.85
2) **Current Assets**					
(a) Inventories	16	9,275.98		10,188.70	
(b) Trade Receivables	17	12,707.72		11,371.36	
(c) Cash and Bank Balances	18	1,181.17		1,047.93	
(d) Short Term Loans And Advances	19	4,138.57		3,549.24	
(e) Other Current Assets	20	4.32		43.70	
			27,307.76		26,200.93
TOTAL			68,934.51		65,155.78
Significant Accounting Policies	1 & 2				
Notes on Financial Statements	3 to 45				

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Statement of Profit and Loss Account

For the year ended 31st March 2013

(₹ lakhs)

	Note No.	Current Year Apr'12- Mar'13	Previous Year Apr'11- Mar'12
INCOME			
1) Revenue from Operations (Gross)	21	**64,163.82**	57,622.08
Less : Excise Duty Recovery		**(1,124.20)**	(744.83)
Revenue from Operations (Net)		**63,039.62**	56,877.25
2) Other Income	22	**89.51**	226.31
Total Revenue (I)		**63,129.13**	57,103.56
EXPENSES			
3) Cost of Materials Consumed	23A	**22,328.53**	22,270.64
4) Purchase of Stock in Trade	23B	**3,554.45**	3,365.24
5) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress	23C	**313.33**	(1,137.58)
6) Employee Benefits Expense	24	**10,031.16**	8,188.07
7) Research & Development Expenses ...	25	**1,290.24**	1,080.32
8) Other Expenses	26	**16,214.63**	14,652.44
Total Expenses (II)		**53,732.34**	48,419.13
Earnings before Finance Cost, Depreciation and Amortisation and Tax (I - II)		**9,396.79**	8,684.43
9) Finance Cost	27	**2,188.21**	1,633.02
10) Depreciation and Amortization Expense	13C	**2,371.59**	1,924.84
Profit before Tax		**4,836.99**	5,126.57
11) Provision for Tax			
(a) Current		**967.74**	1,025.71
(b) Deferred		**542.89**	366.17
(c) Earlier Years Adjustment		**28.25**	–
(d) Mat Credit Entitlement		**(967.74)**	(899.55)
Total Taxes		**571.14**	492.33
Profit for the year		**4,265.85**	4,634.24
12) Earnings Per Share			
Basic & Diluted (₹ 10/- each)	28	**–**	37.72
Basic & Diluted (₹ 2/- each)	28	**4.63**	5.03
Significant Accounting Policies	1 & 2		
Notes on Financial Statements	3 to 45		

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Cash Flow Statement

For the year ended 31st March, 2013

(₹ lakhs)

		Current Year Apr'12 - Mar'13		Previous Year Apr'11-Mar'12
A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and extraordinary items		**4,836.99**		5,126.57
Adjustments for :				
Depreciation and Amortisation Expense	**2,371.59**		1,924.84	
Profit on sale of Fixed Assets	**(1.20)**		(5.65)	
Loss on sale of Fixed Assets	**8.11**		14.31	
Deferred expenses written off	**–**		1.40	
Sundry Balances written back	**(1.06)**		(0.49)	
Provision for Doubtful Debts / Bad Debts	**105.18**		44.65	
Interest Income	**(47.16)**		(153.39)	
Dividend received on Investments	**(0.17)**		(0.02)	
Unrealised Foreign Exchange (Gain) / Loss	**691.70**		366.69	
Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss)	**1,587.96**		1,114.60	
		4,714.95		3,306.94
Operating Profit before Working Capital Change		**9,551.94**		8,433.51
Adjustments for :				
Trade Payables and Other liabilities	**(574.20)**		3,945.15	
Trade and Other Receivables	**(2,170.85)**		(2,325.43)	
Inventories	**912.71**		(2,146.60)	
		(1,832.34)		(526.88)
Cash generated from Operations		**7,719.60**		7,906.63
Income Tax Paid (Net of Refund)		**(832.68)**		(999.87)
Net Cash generated from Operating Activities (A)		**6,886.92**		6,906.76
B) CASH FLOW FROM INVESTING ACTIVITIES :				
Payment towards Capital Expenditure	**(4,336.28)**		(6,597.08)	
Sale of Fixed Assets	**25.05**		46.22	
Purchases of Investments	**(27.52)**		(10.00)	
Interest Received	**49.67**		174.38	
Dividend received on Investments	**0.17**		0.02	
Net Cash used in Investing Activities (B)		**(4,288.91)**		(6,386.46)

Contd...

Cash Flow Statement

For the year ended 31st March, 2013

... Contd. from previous page

(₹ lakhs)

	Current Year Apr'12 - Mar'13		Previous Year Apr'11-Mar'12	
C) CASH FLOW FROM FINANCING ACTIVITIES :				
Finance Cost [Other than Unrealised Foreign Exchange Gain / (Loss)]	**(1,606.56)**		(1,079.36)	
Dividend Paid	**(1,174.35)**		(1,141.90)	
Proceeds from Long Term Borrowings	**39.63**		360.38	
Repayment of Long Term Borrowings	**(76.08)**		(31.70)	
Proceeds from Short Term Borrowings	**2,106.17**		1,790.92	
Proceeds from External Commercial Borrowings	**597.19**		–	
Repayment of External Commercial Borrowings	**(2,527.77)**		(1,642.08)	
Net Cash inflow from Financing Activities (C)		**(2,641.77)**		(1,743.74)
Net Increase in Cash or Cash equivalents (A+B+C)		**(43.76)**		(1,223.44)
Cash and Cash Equivalents (Opening)		**917.67**		2,141.11
Cash and Cash Equivalents (Closing)		**873.91**		917.67
(Refer note no. 18)				

Notes :

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

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Significant Accounting Policies

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and preparation of Financial Statements

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

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

2.2 Use of Estimates

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

2.3 Fixed Assets

Tangible Assets

Tangible Assets are stated at historical cost net of recoverable taxes such as CENVAT. In case of fixed assets acquired for new projects / expansion, interest cost on borrowings & other related revenue expenses such as salaries etc. are capitalised till commencement of commercial production.

Intangible Assets

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

2.4 Capital work in progress

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

2.5 Depreciation and Amortisation

Tangible Assets

Depreciation on Fixed Assets is provided on the straight line method on all assets except assets at Waluj, Rabale & Head Office which is provided on written down value at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. However, depreciation on residential flat at Head Office and plant and machinery at Rabale is provided on straight line method.

Intangible Assets

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

All revenue expenditure incurred till the development of ANDAs / DMFs / Dossiers etc. are grouped under Intangible Assets under development. Once the development is complete, the expenditure incurred on the said project is capitalized & grouped under "Intangible Assets" and amortized based on best estimated commercial revenue period, not exceeding 5 years. The carrying value of the capitalized project is reviewed for impairment annually.

2.6 **Borrowing Cost**

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

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

2.7 **Impairment of Tangible Assets and Intangible Assets**

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

2.8 **Government Grants and Subsidies**

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital grants related to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognized in the Profit & Loss account. Subsidies received from the State Government are treated as reserves.

2.9 **Investments**

Current Investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

2.10 **Inventories**

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

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

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

All materials are valued at weighted average cost.

Samples are valued at cost.

2.11 **Research & Development Expenses**

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

2.12 **Revenue Recognition:**

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

2.13 **Sale of goods and services**

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

2.14 **Interest and Dividend Income**

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

2.15 **Foreign Currency Transactions**

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

2.16 **Retirement and Other Employees' Benefits**

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

2.17 **Income Taxes**

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal tax after tax holiday period. Accordingly it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

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

2.18 **Earnings Per Share (EPS)**

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

2.19 **Provisions**

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

2.20 **Contingent Liabilities**

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

2.21 **Excise Duty**

Excise duty is accounted for as and when paid on the clearance of the goods from bonded premises. Excise duty in respect of finished goods lying in bonded premises are provided for and included in the valuation of inventory.

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Notes
on financial statements for the Year ended 31st March 2013

Note 3 : SHARE CAPITAL

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
1) **Authorised :**		
12,50,00,000 Equity Shares of ₹ 2/- each (Previous Year 1,80,00,000 Equity Shares of ₹ 10/- each)	2,500.00	1,800.00
2) **Issued,Subscribed and Paid up:**		
9,21,50,355 Equity Share of ₹ 2/- each fully paid up (Previous year 1,22,86,714 Equity Share of ₹ 10/- each fully paid up)	1,843.01	1,228.67

a) **Reconciliation of number of Equity Shares outstanding**

Particulars	2012-13 Equity Shares		2011-12 Equity Shares	
	Number	₹ lakhs	Number	₹ lakhs
Shares outstanding at the beginning of the year	12,286,714	1,228.67	12,286,714	1,228.67
Adjustments for Sub-division of Ordinary Shares of ₹10/- each into 5 shares of ₹ 2/- each	61,433,570	1,228.67	–	–
Add: Issue of Bonus Shares	30,716,785	614.34	–	–
Less: Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	92,150,355	1,843.01	12,286,714	1,228.67

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

		As at 31 March 2013 Equity Shares		As at 31 March 2012 Equity Shares	
		No of Shares held @ ₹ 2/- per share (*)	% holding in that class of Shares	No of Shares held @ ₹ 10/- per share	% holding in that class of Shares
Equity Shares with voting rights :					
i)	SPA Holdings Pvt Ltd	1,91,65,000	20.80%	25,46,000	20.72%
ii)	Shanteri Investment Pvt Ltd	1,48,63,755	16.13%	19,81,834	16.13%
iii)	Reliance Capital Trustee Co.Ltd	68,07,428	7.39%	7,39,868	6.02%
iv)	Aditi Panandikar	55,27,642	6.00%	7,37,019	6.00%
v)	Madhura Anup Ramani	51,64,079	5.60%	6,88,544	5.60%
vi)	Aruna Suresh Kare	47,35,125	5.14%	6,31,350	5.14%

* The Board of Directors after the approval of shareholders have subdivided one equity share having face value of ₹ 10/- into five equity shares having face value of ₹ 2/- each fully paid up. Bonus shares in ratio of one equity share of ₹ 2/- each fully paid for every two shares held by existing shareholders have also been issued.

c) **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹ 2/- per share (Refer Note No. 35 for disclosure regarding post balance sheet event). Each holder of equity shares is entitled to one vote per share. All equity shares of the Company rank pari passu in all respects including the right to dividend. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.10 on the face value of ₹ 2/- (Previous year ₹ 1.10 on the face value of ₹ 2/-) of the company.

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

Notes
on financial statements for the Year ended 31st March 2013

Note 4 : RESERVES AND SURPLUS

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
a) Capital Reserve	0.02	0.02
b) Securities Premium Account		
Opening Balance	7,035.27	7,035.27
Less: Utilised for Bonus Issue	(614.34)	–
	6,420.93	7,035.27
c) Revaluation Reserve		
Opening Balance	–	0.03
Less : Transfer to Profit and Loss Account	–	(0.03)
Closing Balance	–	–
d) Capital Subsidy		
(i) Tarapur Unit, Maharashtra	7.50	7.50
(ii) Baddi Unit, Himachal Pradesh	30.00	30.00
(iii) Verna Unit, Goa	25.00	25.00
	62.50	62.50
e) Foreign Currency Monetary Item Translation Difference a/c	(151.55)	(480.91)
f) General Reserve		
Opening Balance	18,317.64	16,817.64
Add : Transferred from Surplus in Statement of Profit & Loss	1,500.00	1,500.00
Closing Balance	19,817.64	18,317.64
g) Surplus in Statement of Profit & Loss		
Opening Balance	11,831.95	9,875.80
Add : Net Profit after Tax transferred from Statement of Profit & Loss	4,265.85	4,634.24
Amount available for appropriation	16,097.80	14,510.04
Less : Transferred to General Reserve	(1,500.00)	(1,500.00)
Less : Proposed Dividend	(1,013.65)	(1,013.65)
Less : Dividend Tax	(172.27)	(164.44)
Closing Balance	13,411.88	11,831.95
TOTAL	39,561.42	36,766.47

Notes
on financial statements for the Year ended 31st March 2013

Note 5 : LONG TERM BORROWINGS

(₹ lakhs)

Particulars	Terms of Repayment & Securities	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
Secured			
a) Term Loans from Banks			
Foreign currency loan - External Commercial Borrowings (ECB)	Refer Note No. 5.1	**1,927.99**	4,374.33
Indian rupee loan	Refer Note No. 5.2	**213.38**	249.83
Unsecured			
a) Term Loan from Others			
Foreign currency loan - External Commercial Borrowings (ECB)	Refer Note No. 5.1	**597.19**	–
TOTAL.....		**2,738.56**	4,624.16

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

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

Notes
on financial statements for the Year ended 31st March 2013

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	*Name of the Bank*	*Terms of Repayment & Securities*
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 60,00,000
	Terms of Repayment	The ECB is repayable in 13 quarterly installments of USD 461,538.46 each commencing from 28th November, 2011, ending on 28th November, 2014. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	6.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on all present and future movable properties & immovable fixed assets at new tablet manufacturing facility at Plot No. L 32/33-34, Verna Industrial Area, Verna, Goa.
5.1	DBS Bank Ltd.	
	Amount Sanctioned	USD 45,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 300,000 each commencing from 08th November, 2011, ending on 08th May, 2015. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	5.05 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The loan is secured by charge on present & future movable fixed assets and equitable mortgage of Land and Building at Plot No. B -20, M. I. D. C. , Waluj, Aurangabad.
5.1	Watson Pharmaceuticals Inc.	
	Amount Sanctioned	USD 1,100,000
	Terms of Repayment	The ECB is repayable in 4 quarterly installments of USD 275,000 each commencing from 31st December, 2015, ending on 30th September, 2016. The amount is payable in the month of March, June, September, and December of each year.
	Rate of Interest	LIBOR + 100 bps.
	Nature of Security	The Loan is Unsecured.
5.2	Jankalyan Sahakari Bank Ltd.	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 59 monthly installments of ₹ 6,67,000/- and last installment of ₹ 6,47,000/- each commencing from 14th November, 2011 ending on 14th October, 2016.
	Rate of Interest	13.25 % p.a.
	Nature of Security	Mortgage of Land & Building situated at Plot No. R - 94, T.T.C. Industrial Area, Rabale, Thane Belapur Road, Rabale.

Notes
on financial statements for the Year ended 31st March 2013

Note 6 : DEFERRED TAX LIABILITIES (Net)

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
a) Deferred Tax Liability		
i) On fiscal allowances on fixed assets	**3,681.64**	3,094.89
Sub Total	**3,681.64**	3,094.89
b) Deferred Tax Assets		
i) On employees' separation and retirement etc.	**(119.81)**	(100.14)
ii) On provision for doubtful debts	**(80.75)**	(56.56)
Sub Total	**(200.56)**	(156.70)
TOTAL	**3,481.08**	2,938.19

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured

a) Advance from Others	**305.16**	304.98
b) Security Deposit Payable	**615.04**	609.84
TOTAL	**920.20**	914.82

Note 8 : LONG TERM PROVISIONS

a) Retirement Benefits	**354.62**	165.82
b) Other Long-Term Benefits	**327.34**	290.48
TOTAL	**681.96**	456.30

Notes
on financial statements for the Year ended 31st March 2013

Note 9 : SHORT TERM BORROWINGS

(₹ lakhs)

Particulars	Repayment and Rate of Interest	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
Secured (Refer Note below)			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	**3,869.02**	1,158.40
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	**561.99**	1,000.00
(c) Buyer's Credit	Refer Note No. 9.3	**–**	74.39
(d) Working Capital Demand Loan	Refer Note No. 9.4	**400.00**	–
Unsecured			
Loans from Banks			
(a) Cash Credit Facility	Refer Note No. 9.1	**149.49**	–
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	**903.08**	956.14
(c) Buyer's Credit	Refer Note No. 9.3	**–**	757.21
(d) Working Capital Demand Loan	Refer Note No. 9.4	**400.00**	200.00
TOTAL.....		**6,283.58**	4,146.14

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

Note No.	Type of Loan	Repayment and Rate of Interest
9.1	Cash Credit Facility	Is repayable on demand and carries interest @ 10.20% p.a. to 12.75% p.a. (Previous year @ 11.75% p.a. to 13.25% p.a.)
9.2	Foreign Currency Export Packing Credit	Is payable on completion of the tenure. It carries interest @ LIBOR + 125 bps to 175 bps. (Previous year LIBOR + 100 bps to 200 bps)
9.3	Buyer's Credit	Is payable on completion of the tenure. Currrent Year Not Applicable (Previous year LIBOR + 100 bps to 250 bps)
9.4	Working Capital Demand Loan	Is repayable on demand and carries interest @ 9.75% p.a. to 11% p.a. (Previous year @ 10.75 % p.a. to 11.25 % p.a.)

Notes
on financial statements for the Year ended 31st March 2013

Note 10 : TRADE PAYABLES

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
a) Trade payables		
(i) Acceptances	537.56	188.07
(ii) Other than Acceptances (Refer Note No. 44)	6,271.51	7,457.35
TOTAL	6,809.07	7,645.42

Note 11 : OTHER CURRENT LIABILITIES

Secured		
a) Term Loans from Banks		
Foreign Currency loan -ECB (Refer Note No. 5.1)	2,739.56	2,567.48
Indian Rupee loan (Refer Note No. 5.2.)	78.84	78.84
	2,818.40	2,646.32
b) Interest accrued but not due on borrowings	39.51	53.42
c) Unclaimed Dividends	17.99	14.25
d) Statutory Dues	271.31	228.01
Unsecured		
a) Other Current Liabilities	1,984.75	2,060.86
TOTAL	5,131.96	5,002.86

Note 12 : SHORT TERM PROVISIONS

a) Provision for Leave Encashment	41.92	18.16
b) Provision For Bonus	255.83	236.50
c) Proposed Dividend	1,013.65	1,013.65
d) Dividend Tax	172.27	164.44
TOTAL	1,483.67	1,432.75

Notes

on financial statements for the Year ended 31st March 2013

Note 13 : FIXED ASSETS

(₹ lakhs)

	GROSS BLOCK				ACCUMULATED DEPRECIATION / AMORTISATION				NET BLOCK	
	Balance as at 1st April 2012	Additions	Disposal/ Sales	Balance as at 31st March 2013	Balance as at 1st April 2012	Depreciation/ Amortisation for the year	Eliminated on Disposal/Sale of Assets	Balance as at 31st March 2013	As at 31st March 2013	As at 31st March 2012
A) Tangible Assets										
i) Land	525.89	–	–	**525.89**	7.02	0.24	–	**7.26**	**518.63**	518.87
ii) Buildings & Premises	10,590.71	258.53	–	**10,849.24**	2,211.13	337.24	–	**2,548.37**	**8,300.87**	8,379.58
iii) Plant & Machinery	9,042.67	1,275.50	–	**10,318.17**	1,666.04	455.04	–	**2,121.08**	**8,197.09**	7,376.63
iv) Handling Equipments	723.57	16.28	–	**739.85**	299.63	33.13	–	**332.76**	**407.09**	423.94
v) Pollution Control Equipments	262.01	–	–	**262.01**	127.43	11.97	–	**139.40**	**122.61**	134.58
vi) Laboratory Equipments	3,020.91	328.91	3.00	**3,346.82**	517.38	161.72	1.02	**678.08**	**2,668.74**	2,503.53
vii) R&D Equipments	1,855.10	66.72	–	**1,921.82**	699.74	82.75	–	**782.49**	**1,139.33**	1,155.36
viii) Plant - Utilities	4,011.76	141.97	–	**4,153.73**	942.13	196.52	–	**1,138.65**	**3,015.08**	3,069.63
ix) Electrical Installations	2,089.07	12.55	–	**2,101.62**	601.37	100.18	–	**701.55**	**1,400.07**	1,487.70
x) Furniture & Fixtures	1,298.49	49.66	–	**1,348.15**	542.93	75.56	–	**618.49**	**729.66**	755.56
xi) Office Equipments	360.16	40.24	–	**400.40**	188.12	17.84	–	**205.96**	**194.44**	172.04
xii) Computers	1,148.54	161.39	–	**1,309.93**	810.60	139.16	–	**949.76**	**360.17**	337.94
xiii) Networking Instruments	43.43	–	–	**43.43**	40.27	1.08	–	**41.35**	**2.08**	3.16
xiv) Air-conditioning Units	2,400.30	127.03	–	**2,527.33**	623.19	119.01	–	**742.20**	**1,785.13**	1,777.11
xv) Vehicles	354.35	98.41	45.95	**406.81**	106.18	57.30	15.97	**147.51**	**259.30**	248.17
Total - Tangible Assets	**37,726.96**	**2,577.19**	**48.95**	**40,255.20**	**9,383.16**	**1,788.74**	**16.99**	**11,154.91**	**29,100.29**	**28,343.80**
Previous year	**28,453.74**	**9,383.52**	**110.30**	**37,726.96**	**7,820.15**	**1,618.43**	**55.42**	**9,383.16**	**28,343.80**	
B) Intangible Assets										
i) Trade Mark	1,032.30	–	–	**1,032.30**	544.89	46.94	–	**591.83**	**440.47**	487.41
ii) Technical Knowhow	1.15	–	–	**1.15**	1.06	0.02	–	**1.08**	**0.07**	0.09
iii) ANDAs, DMFs, Dossiers, etc.	1,597.94	1,807.43	–	**3,405.37**	266.94	535.89	–	**802.83**	**2,602.54**	1,331.00
Total - Intangible Assets	**2,631.39**	**1,807.43**	–	**4,438.82**	**812.89**	**582.85**	–	**1,395.74**	**3,043.08**	**1,818.50**
Previous year	**1,134.58**	**1,496.81**	**–**	**2,631.39**	**506.45**	**306.44**	**–**	**812.89**	**1,818.50**	
Total Fixed Assets	**40,358.35**	**4,384.62**	**48.95**	**44,694.02**	**10,196.05**	**2,371.59**	**16.99**	**12,550.65**	**32,143.37**	**30,162.30**
Previous year	**29,588.32**	**10,880.33**	**110.30**	**40,358.35**	**8,326.60**	**1,924.87**	**55.42**	**10,196.05**	**30,162.30**	
Capital Work-in-Progress									**2,199.00**	1,688.61
Intangible Assets Under Development									**1,579.49**	1,572.17
Total									**35,921.86**	33,423.08

Notes
on financial statements for the Year ended 31st March 2013

Note 13 : FIXED ASSETS *Contd.*

C) Depreciation and Amortisation relating to continuing operations :

	Particulars	*For the year ended 31st March 2013*	*(₹ lakhs) For the year ended 31st March 2012*
i)	Depreciation and amortisation for the year on Tangible Assets (As per Note 13A)	**1,788.74**	1,618.43
ii)	Depreciation and amortisation for the year on Intangible Assets (As per Note 13B)	**582.85**	306.44
iii)	*Less* : Utilised from Revaluation Reserve	**–**	(0.03)
	Depreciation and amortisation relating to continuing operations	**2,371.59**	1,924.84

Note : Details of amounts written off on reduction of capital or revaluation of assets or sums added to assets on revaluation during the preceding 5 years :

	Particulars	*31st March 2013*	*31st March 2012*	*Year 31st March 2011*	*31st March 2010*	*(₹ lakhs) 31st March 2009*
i)	Opening Balance	**–**	0.03	0.04	0.05	0.06
ii)	Written off on revaluation	**–**	(0.03)	(0.01)	(0.01)	(0.01)
	Balance as at 31st March	**–**	**–**	**0.03**	**0.04**	**0.05**

Notes
on financial statements for the Year ended 31st March 2013

Note 14 : NON-CURRENT INVESTMENTS

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
Unquoted : (at cost)		
a) Trade		
In Subsidiary Companies		
(i) Indoco Industrial Designers & Engineers P. Ltd. (15,025 Shares of ₹ 149.91 each)	**22.52**	–
(ii) Indoco Pharmchem Ltd. ..... (50,000 Shares of ₹ 10/- each)	**5.00**	–
b) Non-Trade - Other		
Other than Subsidiary Companies		
Shivalik Solid Waste Management Ltd. Baddi (20,000 Shares of ₹ 10/- each)	**2.00**	2.00
c) Shares of Saraswat Co-op. Bank Ltd. ..... (1,000 Shares of ₹10/- each)	**0.10**	0.10
d) Shares of Jankalyan Sahakari Bank ..... (1,00,000 Shares of ₹10/- each)	**10.00**	10.00
TOTAL	**39.62**	12.10

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured, considered good			
a)	Capital Advances	**108.11**	674.16
b)	Deposit Others	**108.50**	100.16
c)	Tender Deposits	**6.42**	14.56
d)	Advance Income Tax (Net)	**205.19**	369.65
e)	MAT Credit Entitlement	**4,842.38**	3,874.64
f)	Pre-paid Expenses	**30.96**	29.82
g)	Other Loans & Advances	**363.71**	456.68
	TOTAL	**5,665.27**	5,519.67

Notes
on financial statements for the Year ended 31st March 2013

Note 16 : INVENTORIES

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
a) Raw and Packing Materials	**3,555.69**	4,178.76
b) Work in Progress	**1,161.35**	1,104.90
c) Finished Goods	**3,581.89**	3,776.94
d) Stock in Trade	**840.32**	1,015.06
e) Stores and Spares	**136.73**	113.04
TOTAL	**9,275.98**	10,188.70

Note 17 : TRADE RECEIVABLES

Unsecured

a) Debts outstanding for more than six months from the date they are due for payment		
Considered Good	**1,971.31**	1,290.27
Considered Doubtful	**248.88**	174.34
	2,220.19	1,464.61
Less: Provision for doubtful debts	**(248.88)**	(174.34)
	1,971.31	1,290.27
b) Other Debts - Considered Good	**10,736.41**	10,081.09
TOTAL	**12,707.72**	11,371.36

Notes
on financial statements for the Year ended 31st March 2013

Note 18 : CASH AND BANK BALANCES

(₹ lakhs)

Particulars	Current Year As at 31.03.2013	Previous Year As at 31.03.2012
a) **Cash and Cash Equivalents**		
(i) Cash on hand	**4.48**	9.69
(ii) Balances with Banks		
In Current Accounts	**413.20**	637.05
In EEFC Accounts	**121.94**	22.05
In Fixed Deposit Accounts	**334.29**	248.88
Sub Total	**873.91**	917.67
b) **Other Bank Balances**		
(i) In Earmarked Accounts		
Unpaid Dividend Accounts	**17.99**	14.25
Margin Accounts	**289.27**	116.01
Sub Total	**307.26**	130.26
TOTAL (a + b)	**1,181.17**	1,047.93

Note 19 : SHORT TERM LOANS & ADVANCES

Unsecured, considered good

a) Advances to Suppliers	**232.50**	346.38
b) Tender Deposits	**38.40**	42.18
c) Employee Advances	**353.29**	370.87
d) Pre-Paid Expenses	**592.15**	207.91
e) Balance with Customs, Central Excise Authorities	**2,922.23**	2,581.90
TOTAL	**4,138.57**	3,549.24

Note 20 : OTHER CURRENT ASSETS

a) Interest Receivable	**2.69**	5.20
b) Other Current Assets	**1.63**	38.50
TOTAL	**4.32**	43.70

Notes
on financial statements for the Year ended 31st March 2013

Note 21 : REVENUE FROM OPERATIONS

(₹ lakhs)

Particulars	Current Year Apr '12-Mar '13	Previous Year Apr '11-Mar '12
a) Sale of Products		
Domestic Sales	**41,825.91**	36,494.42
Export Sales	**19,360.18**	17,527.29
	61,186.09	54,021.71
b) Sale of Services		
Export Sales-Dossiers	**2,510.86**	2,645.06
Analytical & Testing Income	**69.84**	91.09
	2,580.70	2,736.15
c) Other Operating Revenue		
Exchange Gain (Net) (other than considered in Finance Cost)	**85.60**	445.89
Export Incentives	**298.29**	406.18
Scrap Sale	**13.14**	12.15
	397.03	864.22
Total Revenue from Operations (Gross) (a + b + c)	**64,163.82**	57,622.08
Less :		
d) Excise Duty	**(1,124.20)**	(744.83)
TOTAL	**63,039.62**	56,877.25

Note 22 : OTHER INCOME

a)	Interest Received	**47.16**	153.39
b)	Sundry Balances Written Back	**1.06**	0.49
c)	Sundry Receipts	**39.92**	66.76
d)	Dividend Received	**0.17**	0.02
e)	Profit on Sale of Fixed Assets	**1.20**	5.65
TOTAL		**89.51**	226.31

Notes
on financial statements for the Year ended 31st March 2013

Note 23 : COST OF MATERIALS CONSUMED

(₹ lakhs)

Particulars	Current Year Apr '12-Mar '13	Previous Year Apr '11-Mar '12
a) Cost of Material Consumed		
Opening Stock	**4,178.76**	3,170.43
Add : Purchases (Net of Excise Duty)	**21,705.46**	23,278.97
Less : Closing Stock	**(3,555.69)**	(4,178.76)
	22,328.53	22,270.64
b) Purchase of Stock in Trade	**3,554.45**	3,365.24
c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress		
Inventories at the beginning of the year		
Finished Goods	**3,776.94**	2,979.66
Stock in Trade	**1,015.06**	828.61
WIP	**1,104.90**	951.05
	5,896.90	4,759.32
Inventories at the end of the year		
Finished Goods	**(3,581.89)**	(3,776.94)
Stock in Trade	**(840.33)**	(1,015.06)
WIP	**(1,161.35)**	(1,104.90)
	(5,583.57)	(5,896.90)
Net (Increase) / Decrease	**313.33**	(1,137.58)

Note 24 : EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	**8,896.50**	7,353.25
b) Contribution to Provident and Other Funds	**991.00**	683.26
c) Staff Welfare Expenses	**143.66**	151.56
TOTAL	**10,031.16**	8,188.07

Note 25 : RESEARCH & DEVELOPMENT EXPENSES

a) R&D Employee Cost	**547.49**	447.23
b) Other R&D Expenses	**742.75**	633.09
TOTAL	**1,290.24**	1,080.32

Notes
on financial statements for the Year ended 31st March 2013

Note 26 : OTHER EXPENSES

(₹ lakhs)

	Particulars		Current Year Apr '12-Mar '13		Previous Year Apr '11-Mar '12
a)	Consumable Stores		141.30		167.69
b)	Job Work Charges		294.83		258.80
c)	Power and Fuel		1,637.26		1,848.33
d)	Rent, Rates and Taxes		178.88		173.51
e)	Insurance		131.55		125.64
f)	Repairs :				
	(i) Building	81.17		132.30	
	(ii) Plant and Machinery	338.87		312.41	
	(iii) Others	606.27		624.52	
			1,026.31		1,069.23
g)	Packing and Delivery Expenses		2,212.32		1,985.51
h)	Analytical Expenses		497.84		521.59
i)	Turnover and Additional Tax		137.53		123.36
j)	Advertising and Sales Promotion Expenses		2,785.16		2,062.31
k)	Commission and Incentives on sales		1,471.42		1,344.06
l)	Travelling, Conveyance and Motor Car Expenses		3,502.22		2,808.99
m)	Legal and Professional Fees		88.77		151.58
n)	Director's Sitting Fees		5.30		3.35
o)	Postage and Telephone Expenses		169.29		222.24
p)	Printing and Stationery Expenses		224.09		235.88
q)	Payments to Auditors				
	(i) Audit Fees	3.50		3.50	
	(ii) Tax Audit Fees	1.25		1.25	
	(iii) Other Services	0.40		0.40	
			5.15		5.15
r)	Loss on sale of Assets		8.11		14.31
s)	Miscellaneous Expenditure Written Off		–		1.40
t)	Provision for Doubtful Debts		84.84		40.53
u)	Bad Debts written off		30.64		4.12
v)	Donation		62.57		94.78
w)	Miscellaneous Expenses		1,519.25		1,390.08
	TOTAL		16,214.63		14,652.44

Note 27 : FINANCE COST

a)	Interest Expense	841.91	585.42
b)	Other Financial charges	81.37	91.90
c)	Exchange (Gain) / Loss - Net	1,264.93	955.70
	TOTAL	2,188.21	1,633.02

Notes
on financial statements for the Year ended 31st March 2013

Note 28 : EARNINGS PER SHARE (EPS)

Particulars	*Current Year Apr '12-Mar '13*	*Previous Year Apr '11-Mar '12*
Basic & Diluted (Before Split and Bonus)		
Total Operations		
Net Profit for the year (₹ lakhs)	–	4,634.24
Weighted average number of equity shares .	–	1 22 86 714
Earning per share (₹ 10/-)	–	37.72
Basic & Diluted (Post Split and Bonus)		
Total Operations		
Net Profit for the year (₹ lakhs)	**4,265.85**	4,634.24
Weighted average number of equity shares .	**9 21 50 355**	9 21 50 355
Earning per share (₹ 2/-)	**4.63**	5.03

Notes
on financial statements for the Year ended 31st March 2013

(₹ In lakhs)

	As at 31st March, 2013	As at 31st March, 2012
Note 29 :		
Contingent Liabilities not provided for:		
A) Matters under dispute		
i) Sales Tax (₹ 94.90 lakhs has been paid under protest Previous year ₹ 100.87 lakhs)	**194.65**	203.59
ii) Excise / Service Tax	**363.92**	365.78
iii) Income Tax	**258.22**	258.22
B) Bank Guarantees	**286.85**	245.09
C) Letters of Credit	**857.52**	523.77
D) Estimated amount of contracts remaining to be executed on Capital Account, net of advances of ₹ 108.11 lakhs (Previous year ₹ 26.21 lakhs)	**161.99**	598.86
E) Corporate Guarantee given to Bank on behalf of the Subsidiary	**200.00**	–

Note 30 :

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

(₹ In lakhs)

	2012-13	2011-12
Additions in R&D Assets		
Building	**37.51**	152.60
Plant & Machinery	**13.87**	18.07
Handling Equipments	**–**	0.61
Laboratory Equipments	**242.45**	208.57
R&D Equipments (Instruments)	**66.72**	88.46
Plant Utility (Equipments)	**7.26**	31.05
Electric Installation	**2.50**	16.02
Furniture & Fixtures and Office Equipments & Data Processing Equipments	**58.36**	81.23
Vehicles	**–**	45.46
Air Conditioning & Ventilation	**6.16**	9.70
	434.83	651.77

Notes
on financial statements for the Year ended 31st March 2013

Note 31 :

Expenditure incurred on R&D activities is as follows:

Additions in R&D Assets *(₹ Lakhs)*

	2012-13	2011-12
Building	**37.51**	152.60
Equipments & other capital expenditure	**397.32**	499.17
Total Capital Expenditure	**434.83**	651.77
Revenue Expenditure	**1,290.24**	1,080.32
Total R&D Expenditure	**1,725.07**	1,732.09

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

Note 32 :

Tax deducted at source from Other Income consists of:

₹ 5.65 lakhs on account of Professional or Tech Services (Previous year ₹ 5.80 lakhs)

₹ 3.92 lakhs on account of Interest received (Previous year ₹ 15.27 lakhs)

₹ 0.95 lakhs on account of Contracts (Previous year ₹ 0.38 lakhs)

Note 33 :

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical) *(₹ In lakhs)*

Sales and Services	2012-13	2011-12
India	**40,771.55**	35,840.68
Outside India	**21,871.04**	20,172.35
Total	**62,642.59**	56,013.03

Note 34 :

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

The outstanding position of the forward contracts as at 31st March, 2013 is ₹ 7,054.90 lakhs (Previous Year ₹ 10,086.82 Lakhs) with Banks. Category wise break up is given here under:

Category *(₹ Lakhs)*

	31.03.2013	31.03.2012
A) Forward Contract		
– Receivables	**5,589.72**	8,869.50
– Imports / Loans (PCFC)	**1,465.18**	1,217.32

Notes
on financial statements for the Year ended 31st March 2013

Note 34 : *Contd.*

Un-hedged foreign currency exposure as at 31st March, 2013 is:

	As at 31st March,2013			As at 31st March,2012	
	In FCY	₹ In lakhs		In FCY	₹ In lakhs
ECB Loan	USD 96,97,438.00	5,264.74	USD	1,36,43,589.00	6,941.86
PCFC	–	–	USD	11,58,225.40	589.30
PCFC	–	–	EUR	2,20,593.75	149.52
Letter of Credit	USD 15,78,170.00	857.52	USD	10,54,900.00	523.77
Buyers Credit	–	–	USD	16,34,420.00	831.60

B) Some of the ECB loans availed in JPY & SGDs have been converted into USD by entering into derivative contracts. The company has also entered into Interest Rate Swap agreements for all the ECBs. Thus, any cross currency movement in USD / JPY & USD / SGD as well as any movement in LIBOR has no impact on the future financials of the company.

Note 35 :

Changes in the Capital Structure

The Board of Directors in their meeting held on 29th March, 2012 proposed to subdivide one equity share having face value of ₹ 10/- each into five equity shares having face value of ₹ 2/- each fully paid up. The Board of Directors also proposed to enhance the authorised capital from present ₹ 1,800 lakhs to ₹ 2,500 lakhs and also to issue Bonus shares in proportion to one equity share of ₹ 2/- each fully paid for every two shares held by existing shareholders.

The members of the Company have given their approval to the above proposals by Postal Ballot on 08th May, 2012 and the allotment of the bonus shares was done on 21st May 2012.

Pursuant to the above approvals by the members, the Company has issued Bonus share by capitalising Securities Premium account. The Equity share capital as on date has been increased to ₹ 1,843.01 lakhs consisting of 9,21,50,355 Equity shares of ₹ 2/- each fully paid up.

Note 36 :

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

Note 37 :

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

I. Related Parties

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

Holding Companies	Nil
Subsidiary Companies	I) Indoco Industrial Designers & Engineers Pvt. Ltd. II) Indoco Pharmchem Limited.
Fellow Subsidiaries	NIL

B. Associates and Joint Ventures of reporting company:

Associates	Nil
Joint Ventures	Nil

Notes
on financial statements for the Year ended 31st March 2013

Note 37 : *Contd.*

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

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

(ii) Their relatives :

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

D. (i) Key Management personnel:

Mr. Suresh G. Kare, Mrs. Aditi Panandikar, Mr. Sundeep V. Bambolkar

(ii) Their relatives:

Mrs. Aruna S. Kare, Mrs. Madhura A. Ramani, Mr. Ramnath Kare, Mrs. Suman Naik, Mrs Sudha Pai, Mrs. Laxmi Bambolkar, Dr Milind Panandikar, Mrs. Neeta Bambolkar, Mr. Vasant Bambolcar, Ms. Manali Bambolkar, Mr. Paresh Bambolkar

E. Enterprises controlled by key management personnel:

SPA Holdings Pvt Ltd., Shanteri Investments Pvt Ltd., Indoco Capital Markets Ltd., A K Services, Suresh Kare Indoco Foundation

II. Transactions in respect of which disclosures to be made

(₹ In lakhs)

Particulars of transaction		*Enterprises that control or are controlled by reporting company*	*Associates and Joint Ventures of reporting company*	*Individuals owning and having control over the reporting company and their relatives*	*Key Management personnel and their relatives*	*Enterprises controlled by key management personnel*
		(A)	*(B)*	*(C)*	*(D)*	*(E)*
Purchases or sales of goods (finished or unfinished)		–	–	–	–	–
Purchases or sales of fixed assets		–	–	–	–	–
Rendering or receiving of services	C.Y.	60.23	–	–	3.11	73.73
	P.Y.	–	–	–	–	123.02
Agency arrangements		–	–	–	–	–
Remuneration paid	C.Y.	–	–	–	425.35	–
	P.Y.	–	–	–	325.98	–
Transfer of research and development		–	–	–	–	–
License agreements	C.Y.	–	–	–	10.86	27.30
	P.Y.	–	–	–	–	35.94
Finance (including loans and equity contributions in cash or in kind)	C.Y.	27.52	–	–	–	–
	P.Y.	–	–	–	–	1.00
Guarantees and collaterals	C.Y.	200.00	–	–	–	–
	P.Y.	–	–	–	–	–
Management contracts including for deputation of employees		–	–	–	–	–
Receivable	C.Y.	0.29	–	–	–	–
	P.Y.	–	–	–	–	–
Payable	C.Y.	–	–	–	–	–
	P.Y.	–	–	–	–	–

Notes
on financial statements for the Year ended 31st March 2013

Note 37 : *Contd.*

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

(₹ In lakhs)

Particulars of transaction		*Enterprises that control or are controlled by reporting company*	*Associates and Joint Ventures of reporting company*	*Individuals owning and having control over the reporting company and their relatives*	*Key Management personnel and their relatives*	*Enterprises controlled by key management personnel*
		(A)	*(B)*	*(C)*	*(D)*	*(E)*
(i) Transactions in the ordinary course	C.Y.	288.04	–	–	439.32	101.03
	P.Y.	–	–	–	325.98	159.96
(ii) Transactions not in the normal course		–	–	–	–	–
(iii) Transaction not on arm's length basis		–	–	–	–	–
(iv) Justification for (iii)		–	–	–	–	–

Note 38 :

Imported and Indigenous Materials Consumed :

	2012-13		*2011-12*	
	₹ in lakhs	*%*	*₹ in lakhs*	*%*
(a) Raw and Packing Materials				
(i) Imported	**2,800.87**	**12.54**	3,642.39	16.36
(ii) Indigenous	**19,527.66**	**87.46**	18,628.25	83.64
Total	**22,328.53**	**100.00**	22,270.64	100.00
(b) Stores and Spares consumed				
(i) Imported	**16.36**	**11.58**	18.43	10.99
(ii) Indigenous	**124.94**	**88.42**	149.26	89.01
Total	**141.30**	**100.00**	167.69	100.00

Note 39 :

During the year the Company has subscribed to 15,015 shares of Indoco Industrial Designers and Engineers Private Limited face Value ₹ 10/- at a premium of ₹ 140/- per share. Pursuant to the Issue Indoco Industrial Designers and Engineers Private Limited became a subsidiary of Indoco Remedies Limited.

Note 40 :

During the year the Company has also subscribed to 50,000 shares of Indoco Pharmchem Limited face Value ₹ 10/- per share at par. Pursuant to the Issue Indoco Pharmchem Limited became a subsidiary of Indoco Remedies Limited.

	2012-13	*2011-12*
Note 41 :		
Earnings in Foreign Currency (FOB value)	**21,157.54**	19,596.31

Notes
on financial statements for the Year ended 31st March 2013

		2012-13	2011-12
Note 42 :			
Expenditure in Foreign Currency :			
(a)	On travel and export promotion	**203.55**	188.25
(b)	On interest on Foreign Currency Loan	**334.61**	548.73
(c)	Others	**340.64**	123.59
Note 43 :			
Value of Imports CIF Basis			
(a)	Raw Materials / Packing Materials.....	**2,648.00**	3,322.84
(b)	Capital Goods	**760.82**	531.44
(c)	Consumable Stores	**15.62**	135.38

Note 44 :

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

(₹ In lakhs)

		2012-13	2011-12
(a)	Principal Amount Due	**87.37**	2.20
	Interest due on the above	**–**	–
(b)	Interest paid during the year beyond the appointed day	**–**	–
(c)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	**–**	–
(d)	Amount of interest accrued and remaining unpaid at the end of the year.	**–**	–
(e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small Enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	**–**	–

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

Note 45 :

Previous year's figures have been regrouped and reclassified wherever necessary.

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

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

Name of Subsidiary Company	Indoco Pharmchem Limited	Indoco Industrial Designers & Engineers Private Limited
Financial Year of Subsidiary ended	**31st March, 2013**	**31st March, 2013**
Holding Company's Interest		
No. of Shares	50,000	15,025
Extent of Holding	100%	60.04%
Net Aggregate Amount of Subsidiary's Profit/(Loss) not dealt with in the Holding Company A/C's		
for subsidiary FY	₹ (29,534)	₹ 6,25,212
for Previous FY	NA	NA
Net Aggregate Amount of Subsidiary's Profit/(Loss) dealt with in the Holding Company A/c's		
for subsidiary FY	Nil	₹ 15,025
for Previous FY	Nil	Nil
Material changes between end of subsidiary FY and 31st March, 2013		
Subsidiary's Fixed Asset	Nil	Nil
Subsidiary's Investment	Nil	Nil
Money Lent by subsidiary	Nil	Nil
Money borrowed by subsidiary	Nil	Nil

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Financial Highlights

		Current Year 2012-13	(₹ Lakhs) Previous Year 2011-12
OPERATIONAL REVIEW			
1)	Gross Sales / Income from Operations (Inclusive of excise duty)	**64,164**	57,622
2)	EBIDTA	**10,598**	9,539
3)	Depreciation and Amortisation Expenses	**2,372**	1,925
4)	Finance Cost	**2,188**	1,633
5)	PBT	**4,837**	5,126
6)	PAT	**4,266**	4,634
FINANCIAL STRUCTURE			
1)	Net Fixed Assets	**35,922**	33,423
2)	Investments	**40**	12
3)	Long Term Loans & Advances	**5,665**	5,520
4)	Other Non-Current Assets	**–**	–
5)	Current Assets	**27,308**	26,201
6)	**Total Assets**	**68,935**	**65,156**
7)	Net Worth	**41,405**	37,996
8)	Non Current Liabilities	**7,822**	8,933
9)	Current Liabilities	**19,708**	18,227
10)	**Total Liabilities**	**68,935**	**65,156**
MARGINS & RATIOS			
1)	EBIDTA Margins on Net Sales (%)	**16.92**	17.03
2)	PAT Margins on Net Sales (%)	**6.81**	8.27
3)	Debt-to-Equity (times)	**0.07**	0.12
4)	Interest Cover (times)	**6.07**	8.92
5)	Return on Net Worth (%)	**10.30**	12.20
6)	Return on Capital Employed (%)	**9.80**	10.90

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Financial Highlights

(₹ lakhs)

OPERATIONAL RESULTS

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
1) Revenue from Operations (Net) / Other Income	63,129.13	57,103.56	48,394.62	40,275.36	35,605.94
2) Material Cost	26,196.31	24,498.30	20,856.10	16,963.51	14,731.91
3) Employee Benefits Expense	10,031.16	8,188.07	6,727.00	5,667.43	4,812.75
4) Other Expenses	16,214.63	14,652.44	12,821.26	10,931.31	9,312.76
5) Research & Development Expenses	1,290.24	1,080.32	934.15	1,022.26	923.49
6) Finance Cost	2,188.21	1,633.02	52.25	168.07	1,395.44
7) Depreciation and Amortisation Expenses	2,371.59	1,924.84	1,345.41	1,210.05	1,115.54
8) Profit before tax (before exceptional item)	4,836.99	5,126.57	5,658.45	4,312.73	3,314.05
9) Exceptional items	–	-	-	-	-
10) Profit before tax (after exceptional item)	4,836.99	5,126.57	5,658.45	4,312.73	3,314.05
11) Provision For Taxation	1,538.88	1,391.88	1,274.48	834.27	540.32
12) MAT Credit Entitlement	967.74	899.55	727.81	730.75	370.40
13) Profit after Tax	4,265.85	4,634.24	5,111.78	4,209.21	3,144.13
14) Retained Earnings	3,079.93	3,456.15	3,969.38	3,206.29	2,389.45
15) Earnings Per Share (₹ 10/-) (After exceptional items)	–	37.72	41.60	34.26	25.59
16) Earnings Per Share (₹ 2/-) (After exceptional items)	4.63	–	–	–	–
17) Book Value (₹ 10/-)	–	309.24	285.02	252.72	226.62
18) Book Value (₹ 2/-)	44.93	–	–	–	–
19) Debt: Equity Ratio	0.07	0.12	0.15	0.13	0.05

FINANCIAL SUMMARY

Assets Employed

1) Fixed Assets (Net)					
(a) Tangible Assets	29,100.29	28,343.80	20,633.59	19,140.02	16,929.17
(b) Intangible Assets	3,043.08	1,818.50	628.13	597.95	664.37
(c) Capital Work In Progress	2,199.00	1,688.61	3,297.37	817.59	708.30
(d) Intangible Assets Under Development	1,579.49	1,572.17	1,972.29	958.82	298.62
2) Investments	39.62	12.10	2.10	2.28	2.28
3) Long Term Loans & Advances	5,665.27	5,519.67	6,881.45	4,425.71	3,005.76
4) Other Non Current Assets	–	-	325.13	-	-
5) Current Assets	27,307.76	26,200.93	22,581.76	21,963.87	19,963.57
Total Assets	**68,934.51**	**65,155.78**	**56,321.82**	**47,906.24**	**41,572.07**

FINANCED BY

1) Share Capital	1,843.01	1,228.67	1,228.67	1,228.67	1,228.67
2) Reserves & Surplus	39,561.42	36,766.47	33,791.26	29,821.89	26,615.61
3) Non Current Liabilities					
(a) Long Term Borrowings	2,738.56	4,624.16	5,404.54	3,890.47	1,528.50
(b) Deferred Tax Liabilities (Net)	3,481.08	2,938.19	2,572.02	2,425.28	2,299.93
(c) Other Long Term Liabilities	920.20	914.82	883.95	853.56	833.53
(d) Long Term Provisions	681.96	456.30	349.51	255.97	175.43
4) Current Liabilities	19,708.28	18,227.17	12,091.87	9,430.40	8,890.40
Total Fund	**68,934.51**	**65,155.78**	**56,321.82**	**47,906.24**	**41,572.07**

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Financial Performance

(₹ In lakhs)

	Financial Year ended 31st March, 2013	Financial Year ended 31st March, 2012
Sales & Operations	**63,767**	56,758
Excise Duty	**(1,124)**	(745)
Net Sales	**62,643**	56,013
Other Operating Income	**397**	864
Other Income	**90**	226
Total Income	**63,130**	57,103
Profit before Finance Cost, Depreciation & Tax	**9,397**	8,684
Less : Finance Cost	**2,188**	1,633
Depreciation and Amortisation Expenses	**2,372**	1,925
Profit Before Tax	**4,837**	5,126
Less : Provision for Taxation		
Current	**968**	1,026
Deferred	**543**	366
Earlier Years Adjustment	**28**	–
MAT Credit Entitlement	**(968)**	(900)
Net Profit After Tax	**4,266**	4,634
Balance brought forward	**11,832**	9,876
Amount available for appropriation	**16,098**	14,510
Appropriations :		
Proposed Dividend	**1,014**	1,014
Dividend Tax	**172**	164
Transfer to General Reserve	**1,500**	1,500
Balance carried forward	**13,412**	11,832
	16,098	14,510

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

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Indoco Remedies Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31st March, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion

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

a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;

b) in the case of the Consolidated Statement of Profit and Loss of the profit of the Group for the year ended on that date; and

c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. We did not audit the financial statement of one subsidiary whose financial statements reflect total assets (net) of ₹49.37 lakhs as at 31st March, 2013, total revenues (net) of ₹ 57.29 lakhs and net cash flows amounting to ₹ 205.84 lakhs for the year ended on that date. These financial statements have been audited by other Auditors whose report has been furnished to us and our opinion, is based solely on the report of the other Auditor.

Our opinion is not qualified in respect of other matters.

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

B. M. PENDSE
Partner
M. No. 32625

Date : 28th May, 2013

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Consolidated Balance Sheet

As at 31st March, 2013

(₹ lakhs)

	Note No.	Current Year As at 31.03.2013	
I. EQUITY AND LIABILITIES			
1) **Shareholders' Funds**			
(a) Share Capital	3	1,843.01	
(b) Reserves & Surplus	4	39,573.60	
			41,416.61
2) **Minority Interest**			**19.62**
3) **Non-Current Liabilities**			
(a) Long Term Borrowings	5	2,738.56	
(b) Deferred Tax Liabilities (Net)	6	3,481.37	
(c) Other Long Term Liabilities	7	920.20	
(d) Long Term Provisions	8	681.96	
			7,822.09
4) **Current Liabilities**			
(a) Short Term Borrowings	9	6,483.58	
(b) Trade Payables	10	6,825.74	
(c) Other Current Liabilities	11	5,134.62	
(d) Short Term Provisions	12	1,483.81	
			19,927.75
TOTAL			**69,186.07**
II. ASSETS			
1) **Non Current Assets**			
(a) Fixed Assets			
(i) Tangible Assets	13A	29,099.88	
(ii) Intangible Assets	13B	3,043.08	
(iii) Capital Work In Progress		2,198.99	
(iv) Intangible Assets Under Development		1,579.49	
(b) Goodwill on Consolidation		11.92	
(c) Non Current Investments	14	12.10	
(d) Long Term Loans And Advances	15	5,672.10	
(e) Other Non Current Assets	16	0.21	
			41,617.77
2) **Current Assets**			
(a) Inventories	17	9,318.26	
(b) Trade Receivables	18	12,707.72	
(c) Cash and Bank Balances	19	1,399.00	
(d) Short Term Loans And Advances	20	4,139.08	
(e) Other Current Assets	21	4.24	
			27,568.30
TOTAL			**69,186.07**
Significant Accounting Policies	1 & 2		
Notes on Financial Statements	3 to 42		

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Consolidated Statement of Profit and Loss Account

For the Year ended 31st March 2013

(₹ lakhs)

		Note No.	Current Year Apr'12-Mar'13
INCOME			
1)	Revenue from Operations (Gross)	22	64,204.07
	Less : Excise Duty Recovery		(1,124.20)
	Revenue from Operations (Net)		63,079.87
2)	Other Income	23	89.36
	Total Revenue (I)		**63,169.23**
EXPENSES			
3)	Cost of Materials Consumed	24A	22,328.54
4)	Purchase of Stock in Trade	24B	3,554.45
5)	Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress	24C	313.33
6)	Employee Benefits Expense	25	10,044.34
7)	Research & Development Expenses	26	1,290.24
8)	Other Expenses	27	16,223.24
	Total Expenses (II)		**53,754.14**
	Earning before Finance Cost, Depreciation and Amortisation and Tax (I - II)		**9,415.09**
9)	Finance Cost	28	2,188.33
10)	Depreciation and Amortization Expense	13C	2,371.75
	Profit before Tax		**4,855.01**
11)	Provision for Tax		
	(a) Current		975.19
	(b) Deferred		543.19
	(c) Earlier Years Adjustment		28.26
	(d) Mat Credit Entitlement		(967.74)
	Total Taxes		**578.90**
	Profit after Tax before Minority Interest		**4,276.11**
12)	Less: Share of Profit transferred to Minority Interest		(4.26)
	Profit for the year		**4,271.85**
13)	Earnings Per Share		
	Basic & Diluted (₹ 2/- each)	29	**4.64**
	Significant Accounting Policies	1 & 2	
	Notes on Financial Statements	3 to 42	

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Consolidated Cash Flow Statement

For the Year ended 31st March, 2013

(₹ lakhs)

		Current Year Apr'12-Mar'13
A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary item		**4,855.01**
Adjustments for :		
Depreciation and Amortisation Expense	2,371.75	
Profit on sale of Fixed Assets	(1.20)	
Loss on sale of Fixed Assets	8.11	
Deferred expenses written off	0.07	
Sundry Balances written back	(1.06)	
Provision for Doubtful Debts / Bad Debts	105.18	
Interest Income	(47.16)	
Dividend received on Investments	(0.02)	
Unrealised Foreign Exchange (Gain) / Loss	691.70	
Finance Cost (Other than Unrealised Foreign Exchange (Gain) / Loss)	1,588.08	
		4,715.45
Operating Profit before Working Capital Change		**9,570.46**
Adjustments for :		
Trade Payables and Other liabilities	(557.41)	
Trade and Other Receivables	(2,170.26)	
Inventories	870.44	
		(1,857.23)
Cash generated from Operations		**7,713.23**
Income Tax Paid (Net of Refund)		(843.04)
Net Cash generated from Operating Activities (A)		**6,870.19**
B) CASH FLOW FROM INVESTING ACTIVITIES :		
Payment towards Capital Expenditure	(4,336.01)	
Sale of Fixed Assets	25.05	
Interest Received	49.67	
Dividend received on Investments	0.02	
Net Cash used in Investing Activities (B)		**(4,261.27)**

Contd...

Consolidated Cash Flow Statement

For the Year ended 31st March, 2013

... Contd. from previous page

(₹ lakhs)

		Current Year Apr'12-Mar'13
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Finance Cost [Other than Unrealised Foreign Exchange Gain / (Loss)]	(1,606.56)	
Dividend Paid	(1,174.42)	
Proceeds from Long Term Borrowings	39.63	
Repayment of Long Term Borrowings	(76.08)	
Proceeds from Short Term Borrowings	2,306.17	
Proceeds from External Commercial Borrowings-Others	597.19	
Repayment of External Commercial Borrowings	(2,527.77)	
Net Cash inflow from Financing Activities (C)		**(2,441.84)**
Net Increase in Cash or Cash Equivalents (A+B+C)		**167.08**
Cash and Cash Equivalents (Opening)		**924.66**
Cash and Cash Equivalents (Closing) (Refer note no. 19)		**1,091.74**

Notes :

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

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Significant Accounting Policies Consolidated

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and preparation of Financial Statements

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

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

2.2 Principles of Consolidation

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

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

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

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

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

2.3 Use of Estimates

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

2.4 Fixed Assets

Tangible Assets

Tangible Assets are stated at historical cost net of recoverable taxes such as CENVAT. In case of fixed assets acquired for new projects / expansion, interest cost on borrowings & other related revenue expenses such as salaries etc. are capitalised till commencement of commercial production.

Intangible Assets

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

2.5 **Capital work in progress**

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

2.6 **Depreciation and Amortisation**

Tangible Assets

Depreciation on Fixed Assets is provided on the straight line method on all assets except assets at Waluj, Rabale & Head Office which is provided on written down value at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. However, depreciation on residential flat at Head Office and plant and machinery at Rabale is provided on straight line method.

Intangible Assets

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

All revenue expenditure incurred till the development of ANDAs / DMFs / Dossiers etc. are grouped under Intangible Assets under development. Once the development is complete, the expenditure incurred on the said project is capitalized & grouped under "Intangible Assets" and amortized based on best estimated commercial revenue period, not exceeding 5 years. The carrying value of the capitalized project is reviewed for impairment annually.

2.7 **Borrowing Cost**

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

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

2.8 **Impairment of Tangible Assets and Intangible Assets**

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

2.9 **Government Grants and Subsidies**

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital grants related to specific fixed assets are reduced from the gross value of the respective fixed assets. Revenue grants are recognized in the Profit & Loss account. Subsidies received from the State Government are treated as reserves.

2.10 **Investments**

Current Investments are carried at lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

2.11 **Inventories**

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

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

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

All materials are valued at weighted average cost.

Samples are valued at cost.

2.12 **Research & Development Expenses**

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

2.13 **Revenue Recognition:**

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

2.14 **Sale of goods and services**

1. Sales of products are recognized when risk and rewards of ownership of the product are passed on to the customers, which is generally on despatch of goods.
2. Export sales are recognized on the basis of Bill of Lading / Airway Bills.
3. All sales revenues are stated at net of returns, discounts and sales tax.
4. Exports benefits available under prevalent scheme are accrued and accounted in the year in which the goods are exported to the extent considered receivable.
5. Revenue from services rendered is recognised in the Profit and Loss account based on underlying contract.
6. The Company follows completed project method of accounting ("Project Completion Method of Accounting"). Allocable expenses incurred on incomplete projects during the year are debited to work-in-progress account. The income is accounted for as and when the projects gets completed or substantially completed. The revenue is recognised to the extent it is probable and the economic benefits will flow to the Company and the revenue can be reliably measured.
7. Revenue from Consultancy services rendered is recognised in the Profit and Loss account based on underlying contracts.

2.15 **Interest and Dividend Income**

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

2.16 **Foreign Currency Transactions**

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

2.17 **Retirement and Other Employees' Benefits**

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

2.18 **Income Taxes**

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the company will pay normal tax after tax holiday period. Accordingly it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

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

2.19 **Earnings Per Share (EPS)**

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

2.20 **Provisions**

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

2.21 **Contigent Liabilities**

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

2.22 **Excise Duty**

Excise duty is accounted for as and when paid on the clearance of the goods from bonded premises. Excise duty in respect of finished goods lying in bonded premises are provided for and included in the valuation of inventory.

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 3 : SHARE CAPITAL

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

A) **Reconciliation of number of Equity Shares outstanding**

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

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

	As at 31st March 2013 Equity Shares No of Shares held @ ₹ 2/- per share (*)	% holding in that class of Shares
Equity Shares with voting rights :		
i) SPA Holdings Pvt Ltd	1,91,65,000	20.80%
ii) Shanteri Investment Pvt Ltd	1,48,63,755	16.13%
iii) Reliance Capital Trustee Co.Ltd	68,07,428	7.39%
iv) Aditi Panandikar	55,27,642	6.00%
v) Madhura Anup Ramani	51,64,079	5.60%
vi) Aruna Suresh Kare	47,35,125	5.14%

* The Board of Directors after the approval of shareholders have subdivided one equity share having face value of ₹ 10/- into five equity shares having face value of ₹ 2/- each fully paid up. Bonus shares in proportion to one equity share of ₹ 2/- each fully paid for every two shares held by existing shareholders have also been issued.

C) Terms/rights attached to equity shares

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

During the year ended 31st March 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.10 on the face value of ₹ 2/- (Previous year ₹ 1.10/- on the face value of ₹ 2/-) of the company.

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

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 4 : RESERVES AND SURPLUS

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

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 5 : LONG TERM BORROWINGS

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

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

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

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 5 : LONG TERM BORROWINGS *Contd.*

Note No.	*Name of the Bank*	*Terms of Repayment & Securities*
5.1	Standard Chartered Bank	
	Amount Sanctioned	USD 60,00,000
	Terms of Repayment	The ECB is repayable in 13 quarterly installments of USD 461,538.46 each commencing from 28th November, 2011, ending on 28th November, 2014. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	6.30 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	First & exclusive charge on all present and future movable properties & immovable fixed assets at new tablet manufacturing facility at Plot No. L 32/33-34, Verna Industrial Area, Verna, Goa.
5.1	DBS Bank Ltd.	
	Amount Sanctioned	USD 45,00,000
	Terms of Repayment	The ECB is repayable in 15 quarterly installments of USD 300,000 each commencing from 08th November, 2011, ending on 08th May, 2015. The amount is payable in the month of February, May, August, and November of each year.
	Rate of Interest	5.05 % p.a. (The rate of interest is fixed as Company has entered into Interest rate swap Agreement).
	Nature of Security	The loan is secured by charge on present & future movable fixed assets and equitable mortgage of Land and Building at Plot No. B -20, M. I. D. C., Waluj, Aurangabad.
5.1	Watson Pharmaceuticals Inc.	
	Amount Sanctioned	USD 1,100,000
	Terms of Repayment	The ECB is repayable in 4 quarterly installments of USD 275,000 each commencing from 31st December, 2015, ending on 30th September, 2016. The amount is payable in the month of March, June, September, and December of each year.
	Rate of Interest	LIBOR + 100 bps.
	Nature of Security	The Loan is Unsecured.
5.2	Jankalyan Sahakari Bank Ltd.	
	Amount Sanctioned	₹ 4,00,00,000
	Terms of Repayment	The Term Loan is repayable in 59 monthly installments of ₹6,67,000/- and last installment of ₹ 6,47,000/- each commencing from 14th November, 2011 ending on 14th October, 2016.
	Rate of Interest	13.25 % p.a.
	Nature of Security	Mortgage of Land & Building situated at Plot No. R - 94, T.T.C. Industrial Area, Rabale, Thane Belapur Road, Rabale.

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 6 : DEFERRED TAX LIABILITIES (Net)

Particulars	*(₹ lakhs)* ***Current Year As at 31.03.2013***
a) Deferred Tax Liability	
i) On fiscal allowances on fixed assets	3,681.93
Sub Total	**3,681.93**
b) Deferred Tax Assets	
i) On employees' separation and retirement etc.	(119.81)
ii) On Provision for Doubtful Debts	(80.75)
Sub Total	**(200.56)**
TOTAL (a - b)	**3,481.37**

Note 7 : OTHER LONG TERM LIABILITIES

Unsecured	
a) Advance from Others	305.16
b) Security Deposit Payable	615.04
TOTAL	**920.20**

Note 8 : LONG TERM PROVISIONS

a) Retirement Benefits	354.62
b) Other Long-Term Benefits	327.34
TOTAL	**681.96**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 9 : SHORT TERM BORROWINGS

Particulars	*Repayment and Rate of Interest*	*(₹ lakhs) Current Year As at 31.03.2013*
Secured (Refer Note)		
Loans from Banks		
(a) Cash Credit Facility	Refer Note No. 9.1	3,869.02
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	561.99
(c) Working Capital Demand Loan	Refer Note No. 9.3	400.00
Unsecured		
Loans from Banks		
(a) Cash Credit Facility	Refer Note No. 9.1	149.49
(b) Foreign Currency Export Packing Credit	Refer Note No. 9.2	903.08
(c) Working Capital Demand Loan	Refer Note No. 9.3	600.00
TOTAL.....		**6,483.58**

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

Note No.	*Type of Loan*	*Repayment and Rate of Interest*
9.1	Cash Credit Facility	Is repayable on demand and carries interest @ 10.20% p.a. to 12.75% p.a.
9.2	Foreign Currency Export Packing Credit	Is payable on completion of the tenure. It carries interest @ LIBOR + 125 bps to 175 bps.
9.3	Working Capital Demand Loan	Is repayable on demand and carries interest @ 9.75% p.a. to 11% p.a.

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 10 : TRADE PAYABLES

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

Note 11 : OTHER CURRENT LIABILITIES

Secured	
a) Term Loans from Banks	
Foreign currency loan -ECB (Refer Note No. 5.1)	2,739.56
Indian rupee loan (Refer Note No. 5.2.)	78.84
	2,818.40
b) Interest accrued but not due on borrowings	39.51
c) Unclaimed Dividend	17.99
d) Statutory Dues	271.34
Unsecured	
a) Other Current Liabilities	1,987.38
TOTAL	**5,134.62**

Note 12 : SHORT TERM PROVISIONS

a) Provision for Leave Encashment	41.92
b) Provision For Bonus	255.83
c) Proposed Dividend	1,013.75
d) Dividend Tax	172.31
TOTAL	**1,483.81**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 13 : FIXED ASSETS

(₹ lakhs)

		GROSS BLOCK					ACCUMULATED DEPRECIATION / AMORTISATION					NET BLOCK
		Balance as at 1st April 2012	Additions	Disposal/ Sales	Adjustments	Balance as at 31st March '2013	Balance as at 1st April '2012	Depreciation/ Amortisation for the year	Eliminated on Disposal/Sale of Assets	Adjustments	Balance as at 31st March 2013	As at 31st March 2013
A)	**Tangible Assets**											
i)	Land	525.89	–	–	–	**525.89**	7.02	0.24	–	–	**7.26**	**518.63**
ii)	Buildings & Premises	10,590.71	258.54	–	–	**10,849.25**	2,211.13	337.24	–	–	**2,548.37**	**8,300.88**
iii)	Plant & Machinery	9,042.67	1,278.58	–	6.40	**10,314.85**	1,666.04	455.06	–	0.03	**2,121.07**	**8,193.78**
iv)	Handling Equipments	723.57	16.28	–	–	**739.85**	299.63	33.13	–	–	**332.76**	**407.09**
v)	Pollution Control Equipments	262.01	–	–	–	**262.01**	127.43	11.97	–	–	**139.40**	**122.61**
vi)	Laboratory Equipments	3,020.91	328.92	3.00	–	**3,346.83**	517.38	161.72	1.02	–	**678.08**	**2,668.75**
vii)	R&D Equipments	1,855.10	66.72	–	–	**1,921.82**	699.74	82.75	–	–	**782.49**	**1,139.33**
viii)	Plant - Utilities	4,011.76	141.97	–	–	**4,153.73**	942.13	196.52	–	–	**1,138.65**	**3,015.08**
ix)	Electrical Installations	2,089.07	12.55	–	–	**2,101.62**	601.37	100.18	–	–	**701.55**	**1,400.07**
x)	Furniture & Fixtures	1,298.49	49.66	–	–	**1,348.15**	542.93	75.56	–	–	**618.49**	**729.66**
xi)	Office Equipments	360.16	40.24	–	–	**400.40**	188.12	17.84	–	–	**205.96**	**194.44**
xii)	Computers	1,148.54	164.44	–	–	**1,312.98**	810.60	139.33	–	–	**949.93**	**363.05**
xiii)	Networking Instruments	43.43	–	–	–	**43.43**	40.27	1.08	–	–	**41.35**	**2.08**
xiv)	Air-conditioning Units	2,400.30	127.03	–	–	**2,527.33**	623.19	119.01	–	–	**742.20**	**1,785.13**
xv)	Vehicles	354.35	98.41	45.95	–	**406.81**	106.18	57.30	15.97	–	**147.51**	**259.30**
	Total - Tangible Assets	**37,726.96**	**2,583.34**	**48.95**	**6.40**	**40,254.95**	**9,383.16**	**1,788.93**	**16.99**	**0.03**	**11,155.07**	**29,099.88**
B)	**Intangible Assets**											
i)	Trade Mark	1,032.30	–	–	–	**1,032.30**	544.89	46.94	–	–	**591.83**	**440.47**
ii)	Technical Knowhow	1.15	–	–	–	**1.15**	1.06	0.02	–	–	**1.08**	**0.07**
iii)	ANDAs, DMFs, Dossiers, etc.	1,597.94	1,807.43	–	–	**3,405.37**	266.94	535.89	–	–	**802.83**	**2,602.54**
	Total - Intangible Assets	**2,631.39**	**1,807.43**	–	–	**4,438.82**	**812.89**	**582.85**	–	–	**1,395.74**	**3,043.08**
	Total Fixed Assets	**40,358.35**	**4,390.77**	**48.95**	**6.40**	**44,693.77**	**10,196.05**	**2,371.78**	**16.99**	**0.03**	**12,550.81**	**32,142.96**
	Capital Work-in-Progress											**2,198.99**
	Intangible Assets Under Development											**1,579.49**
	Total											**35,921.44**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 13 : FIXED ASSETS *Contd.*

C) Depreciation and Amortisation relating to continuing operations :

	Particulars	*(₹ lakhs)* *For the year ended 31st March 2013*
i)	Depreciation and amortisation for the year on Tangible Assets (As per Note 13A)	1,788.90
ii)	Depreciation and amortisation for the year on Intangible Assets (As per Note 13B)	582.85
iii)	*Less :* Utilised from Revaluation Reserve	–
	Depreciation and amortisation relating to continuing operations	2,371.75

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 14 : NON-CURRENT INVESTMENTS

Particulars	(₹ lakhs) Current Year As at 31.03.2013
Unquoted : (at cost)	
a) Non-Trade - Other	
Other than Subsidiary Companies	
Shivalik Solid Waste Management Ltd. Baddi (20,000 Shares of ₹ 10 each)	2.00
b) Shares of Saraswat Co-op. Bank Ltd. ..... (1,000 Shares of ₹10 each)	0.10
c) Shares of Jankalyan Sahakari Bank ..... (1,00,000 Shares of ₹10 each)	10.00
TOTAL	**12.10**

Note 15 : LONG TERM LOANS AND ADVANCES

Unsecured, considered good		
a)	Capital Advances	108.11
b)	Deposit Others	108.80
c)	Tender Deposits	6.42
d)	Advance Income Tax (Net)	211.72
e)	MAT Credit Entitlement	4,842.38
f)	Pre-paid Expenses	30.96
g)	Other Loans & Advances	363.71
	TOTAL	**5,672.10**

Note 16 : OTHER NON-CURRENT ASSETS

a)	Other Non Current Assets	0.21
	TOTAL	**0.21**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 17 : INVENTORIES

Particulars		*(₹ lakhs)* ***Current Year As at 31.03.2013***
a)	Raw and Packing Materials	3,555.69
b)	Work in Progress	1,203.63
c)	Finished Goods	3,581.89
d)	Stock in Trade	840.32
e)	Stores and Spares	136.73
	TOTAL	**9,318.26**

Note 18 : TRADE RECEIVABLES

Unsecured

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

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 19 : CASH AND BANK BALANCES

Particulars	*(₹ lakhs)* ***Current Year As at 31.03.2013***
a) **Cash and Cash Equivalents**	
(i) Cash on hand	4.61
(ii) Balances with Banks	
In Current Accounts	625.90
In EEFC Accounts	121.94
In Fixed Deposit Accounts	339.29
Sub Total	**1,091.74**
b) **Other Bank Balances**	
(i) In Earmarked Accounts	
Unpaid Dividend Accounts	17.99
Margin Accounts	289.27
Sub Total	**307.26**
TOTAL (a + b)	**1,399.00**

Note 20 : SHORT TERM LOANS & ADVANCES

Unsecured, considered good

a) Advances to Suppliers	232.50
b) Tender Deposit	38.40
c) Employee Advances	353.73
d) Pre-Paid Expenses	592.15
e) Balance with Customs, Central Excise Authorities	2,922.30
TOTAL	**4,139.08**

Note 21 : OTHER CURRENT ASSETS

a) Interest Receivable	2.69
b) Other Current Assets	1.55
TOTAL	**4.24**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 22 : REVENUE FROM OPERATIONS

Particulars	(₹ lakhs) Current Year Apr '12-Mar '13
a) Sale of Products	
Domestic Sales	41,825.91
Export Sales	19,360.18
	61,186.09
b) Sale of Services	
Export Sales-Dossiers	2,510.86
Sales - Engg.Services	40.25
Analytical & Testing Income	69.84
	2,620.95
c) Other Operating Revenue	
Exchange Gain (Net) (other than considered in Finance Cost)	85.60
Export Incentives	298.29
Scrap Sale	13.14
	397.03
Total Revenue from Operations (Gross) (a + b + c)	**64,204.07**
Less :	
d) Excise Duty	(1,124.20)
TOTAL	**63,079.87**

Note 23 : OTHER INCOME

a) Interest Received	47.16
b) Sundry Balances Written Back	1.06
c) Sundry Receipts	39.92
d) Dividend Received	0.02
e) Profit on Sale of Fixed Assets	1.20
TOTAL	**89.36**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 24 : COST OF MATERIALS CONSUMED

Particulars	(₹ lakhs) Current Year Apr '12-Mar '13
a) Cost of Material Consumed	
Opening Stock	4,178.76
Add : Purchases (Net of Excise Duty)	21,705.47
Less : Closing Stock	(3,555.69)
	22,328.54
b) Purchase of Stock in Trade	**3,554.45**
c) Changes in Inventories of Finished Goods, Stock in Trade & Work in Progress	
Inventories at the beginning of the year	
Finished Goods	3,776.94
Stock in Trade	1,015.06
WIP	1,104.90
	5,896.90
Inventories at the end of the year	
Finished Goods	(3,581.90)
Stock in Trade	(840.32)
WIP	(1,161.35)
	(5,583.57)
Net (Increase) / Decrease	**313.33**

Note 25 : EMPLOYEE BENEFITS EXPENSE

a) Salaries, Wages and Bonus	8,905.70
b) Contribution to Provident and Other Funds	994.98
c) Staff Welfare Expenses	143.66
TOTAL	**10,044.34**

Note 26 : RESEARCH & DEVELOPMENT EXPENSES

a) R&D Employee Cost	547.49
b) Other R&D Expenses	742.75
TOTAL	**1,290.24**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 27 : OTHER EXPENSES

Particulars			(₹ lakhs) Current Year Apr '12-Mar '13
a)	Consumable Stores		141.30
b)	Job Work Charges		294.83
c)	Power and Fuel		1,637.26
d)	Rent, Rates and Taxes		178.88
e)	Insurance		131.79
f)	Repairs :		
	(i) Building	81.17	
	(ii) Plant and Machinery	338.87	
	(iii) Others	606.51	
			1,026.55
g)	Packing and Delivery Expenses		2,212.32
h)	Analytical Expenses		497.84
i)	Turnover and Additional Tax		137.53
j)	Advertising and Sales Promotion Expenses		2,785.16
k)	Commission and Incentives on sales		1,471.42
l)	Travelling, Conveyance and Motor Car Expenses		3,506.31
m)	Legal and Professional Fees		90.12
n)	Director's Sitting Fees		5.30
o)	Postage and Telephone Expenses		169.68
p)	Printing and Stationery Expenses		224.23
q)	Payments to Auditors		
	(i) Audit Fees	3.84	
	(ii) Tax Audit Fees	1.25	
	(iii) Other Services	0.40	
			5.49
r)	Loss on sale of Assets		8.11
s)	Miscellaneous Expenditure Written Off		0.07
t)	Provision for Doubtful Debts		84.84
u)	Bad Debts written off		30.64
v)	Donation		62.57
w)	Miscellaneous Expenses		1,521.00
	TOTAL		**16,223.24**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 28 : FINANCE COST

	Particulars	*Current Year Apr '12-Mar '13*
a)	Interest Expense	842.02
b)	Other Financial charges	81.38
c)	Exchange (Gain) / Loss - Net	1,264.93
	TOTAL	**2,188.33**

Note 29 : EARNINGS PER SHARE (EPS)

Basic and Diluted (Post Split and Bonus)

Total Operations	
Net Profit for the year (₹ lakhs)	4,271.85
Weighted average number of equity shares... (As per working)	9 21 50 355
Earnings per share (₹ 2/-)	**4.64**

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

(₹ In lakhs)

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

Note 31 :

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

(₹ In lakhs)

	2012-13
Additions in R&D Assets	
Building	37.51
Plant & Machinery	13.87
Laboratory Equipments	242.45
R&D Equipments (Instruments)	66.72
Plant Utility (Equipments)	7.26
Electric Installation	2.50
Furniture & Fixtures and Office Equipments & Data Processing Equipments	58.36
Air Conditioning & Ventilation	6.16
	434.83

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 32 :

Expenditure incurred on R&D activities is as follows:

Additions in R&D Assets	*(₹ Lakhs)*
	2012-13
Building	37.51
Equipments & other capital expenditure	397.32
Total Capital Expenditure	**434.83**
Revenue Expenditure	1,290.24
Total R&D Expenditure	**1,725.07**

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

Note 33 :

Tax deducted at source from Other Income consists of:

₹ 5.65 lakhs on account of Professional or Tech Services

₹ 3.92 lakhs on account of Interest received

₹ 0.95 lakhs on account of contracts

Note 34 :

Segment Reporting:

Primary Segment:

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

Secondary Segment: (Geographical)	*(₹ In lakhs)*
Sales and Services	***2012-13***
India	40,811.80
Outside India	21,871.04
Total	**62,682.84**

Note 35 :

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

The outstanding position of the forward contracts as at 31st March, 2013 is ₹ 7,054.90 lakhs with Banks. Category wise break up is given here under:

Category	*(₹ In lakhs)*
	31.03.2013
A) Forward Contract	
– Receivables	5,589.72
– Imports / Loans (PCFC)	1,465.18

Un-hedged foreign currency exposure as at 31st March, 2013 is:

Note 35 : *Contd.*

	As at 31st March, 2013	
	In FCY	₹ In lakhs
ECB Loan	USD 96,97,438.00	5,264.74
Letter of Credit	USD 15,78,170.00	857.52

B) Some of the ECB loans availed in JPY & SGDs have been converted into USD by entering into derivative contracts. The company has also entered into Interest Rate Swap agreements for all the ECBs. Thus, any cross currency movement in USD / JPY & USD / SGD as well as any movement in LIBOR has no impact on the future financials of the company.

Note 36 :

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

Note 37 :

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

I. Related Parties

A. Enterprises that control or are controlled by the reporting company: — Not Applicable

Holding Companies — Not Applicable

Subsidiary Companies — Not Applicable

Fellow Subsidiaries — Not Applicable

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, Mrs. Aruna S. Kare, Mrs. Aditi Panandikar, Mrs. Madhura A. Ramani

(ii) Their relatives :

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

D. (i) Key Management personnel:

Mr. Suresh G. Kare, Mrs. Aditi Panandikar, Mr. Sundeep V. Bambolkar

(ii) Their relatives:

Mrs. Aruna S. Kare, Mrs. Madhura A. Ramani, Mr. Ramnath Kare, Mrs. Suman Naik, Mrs Sudha Pai, Mrs. Laxmi Bambolkar, Dr Milind Panandikar, Mrs. Neeta Bambolkar, Mr. Vasant Bambolcar, Ms. Manali Bambolkar, Mr. Paresh Bambolkar

E. Enterprises controlled by key management personnel:

SPA Holdings Pvt Ltd, Shanteri Investments Pvt Ltd, Indoco Capital Markets Ltd, A K Services, Suresh Kare Indoco Foundation

Note 37 : *Contd.*

II. Transactions in respect of which disclosures to be made

(₹ In lakhs)

Particulars of transaction		*Enterprises that control or are controlled by reporting company*	*Associates and Joint Ventures of reporting company*	*Individuals owning and having control over the reporting company and their relatives*	*Key Management personnel and their relatives*	*Enterprises controlled by key management personnel*
		(A)	*(B)*	*(C)*	*(D)*	*(E)*
Purchases or sales of goods (finished or unfinished)		–	–	–	–	–
Purchases or sales of fixed assets		–	–	–	–	–
Rendering or receiving of services	C.Y.	–	–	–	3.11	69.58
Agency arrangements	C.Y.	–	–	–	–	–
Remuneration paid	C.Y.	–	–	–	425.35	–
Transfer of research and development		–	–	–	–	–
License agreements	C.Y.	–	–	–	10.86	27.30
Finance (including loans and equity contributions in cash or in kind)	C.Y.	–	–	–	–	–
Guarantees and collaterals		–	–	–	–	–
Management contracts including for deputation of employees		–	–	–	–	–

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

(₹ In lakhs)

Particulars of transaction		*Enterprises that control or are controlled by reporting company*	*Associates and Joint Ventures of reporting company*	*Individuals owning and having control over the reporting company and their relatives*	*Key Management personnel and their relatives*	*Enterprises controlled by key management personnel*
		(A)	*(B)*	*(C)*	*(D)*	*(E)*
(i) Transactions in the ordinary course	C.Y.	–	–	–	439.32	96.88
(ii) Transactions not in the normal course		–	–	–	–	–
(iii) Transaction not on arm's length basis		–	–	–	–	–
(iv) Justification for (iii)		–	–	–	–	–

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 38 :
Imported and Indigenous Materials Consumed :

		2012-13 ₹ in lakhs	%
(a)	Raw and Packing Materials		
(i)	Imported	2,800.87	12.54
(ii)	Indigenous	19,527.66	87.46
	Total	**22,328.53**	**100.00**
(b)	Stores and Spares consumed		
(i)	Imported	16.36	11.58
(ii)	Indigenous	124.94	88.42
	Total	**141.30**	**100.00**

Note 39 :

	(₹ in lakhs) 2012-13
Earnings in Foreign Currency (FOB value)	21,157.54

Note 40 :

Expenditure in Foreign Currency :	
(a) On travel and export promotion	203.55
(b) On interest on Foreign Currency Loan	334.61
(c) Others	340.64

Note 41 :

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

Notes (Consolidated)
on financial statements for the Year ended 31st March 2013

Note 42 :

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

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

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

As per our Report attached

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

B. M. Pendse
Partner
Membership No. 32625

Sunil D. Joshi
President (Finance) & Company Secretary

Aditi Panandikar
Managing Director

Sundeep V. Bambolkar
Jt. Managing Director

Mumbai, 28th May, 2013

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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.

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, branch 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.

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INDOCO REMEDIES LIMITED

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

PROXY FORM

66th Annual General Meeting – 30th July, 2013

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 **66th Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 30th July, 2013 at 11.30 am or at any adjournment(s) thereof.

Signed this ..... day of 2013

Signed .....

Affix Re. 1.00 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

66th Annual General Meeting – 30th July, 2013

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 **66th Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 30th July, 2013 at 11.30 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.***

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Corporate Events 2012-13

65 years of Indoco

Udyog Shree Award

Diwali Celebrations

Ganesh Festival

Star Awards

Inspira

Blood Donation Drive

High Flyers

CONSTANTLY EVOLVING...
CONSISTENTLY EXCELLING

INDOCO REMEDIES LTD.

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