

Annual Report 2009-10



Ipca

Ipca Laboratories Limited
Partnering healthcare globally

Ten Years' Highlights

(Rs. Crores)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Total Income*	358.64	416.89	484.32	622.74	685.45	752.82	924.84	1059.16	1275.57	1558.95
Domestic Income*	183.96	185.61	206.31	265.26	274.87	350.99	440.38	522.90	595.18	752.87
Export Income	174.68	231.28	278 .01	357.48	410.58	401.83	484.46	536.26	680.39	806.08
Earning before Interest, Depreciation & Tax	48.35	68.01	96.39	128.51	134.48	116.62	202.52	#186.44	#270.01	#338.10
Profit before Tax	22.09	42.95	79.32	108.00	101.55	78.39	151.24	176.87	124.65	271.73
Net Profit after Tax	20.47	32.02	61.86	79.25	80.71	63.98	122.23	141.12	@91.22	209.19
Share Capital	12.50	12.50	12.50	12.50	**25.00	25.00	25.00	25.09	24.99	25.04
Reserves & Surplus	163.23	144.54	199.30	263.17	312.59	360.89	461.02	582.57	613.52	849.82
Net Worth	175.73	157.04	211.80	275.67	337.59	385.89	486.02	607.66	638.51	874.86
Net Block	154.86	143.27	149.88	195.92	322.46	373.52	431.48	541.04	579.72	674.75
Net Current Assets	177.67	179.96	210.11	248.27	268.52	243.23	319.79	445.12	517.07	684.00
Dividend (%)	50%	55%	90%	110%	**55%	55%	75%	80%	110%	140%
Earnings per share (Rs.)	16.38	25.62	49.49	63.41	**32.28	25.59	48.89	56.38	36.33	@@16.75
Book Value per share (Rs.)	140.58	125.63	169.44	220.54	**135.04	154.36	194.41	242.19	255.51	@@69.86

* Net of Excise duty and Sales tax.

Before Forex translations gain/loss.

** Post 1:1 Bonus Issue.

@ After Forex translations loss of Rs. 75.69 crores and provision of Rs. 10.19 crores for investment/loan in a wholly owned subsidiary.

@@ Post Sub-division of each equity share of Rs. 10/- into 5 equity shares of Rs. 2/- each.

BOARD OF DIRECTORS

R. S. Hugar	Chairman
Premchand Godha	Managing Director
A. K. Jain	Executive Director
Pranay Godha	Executive Director
M. R. Chandurkar	
Babulal Jain	
Dr. V. V. Subba Rao	
A. T. Kusre	

AUDIT COMMITTEE

Babulal Jain
Dr. V. V. Subba Rao
A. T. Kusre

CORPORATE MANAGEMENT TEAM

Premchand Godha	Managing Director
A. K. Jain	Executive Director
Pranay Godha	Executive Director
J. L. Nagori	President – Operations
Dr. Ashok Kumar	President – R&D (Chemicals)
M. D. Sharma	President – Domestic Marketing
Dr. Y. K. Bansal	President – R&D (Formulations)
Prakash Shanware	President – HR
N. Guhaprasad	President – International Marketing
Dr. Anil Pareek	President – Medical Affairs & Clinical Research

VICE PRESIDENT – LEGAL & COMPANY SECRETARY

Harish P. Kamath

AUDITORS

Natvarlal Vepari & Co.
Chartered Accountants

BANKERS

Canara Bank	Corporation Bank	ICICI Bank
HDFC Bank	Standard Chartered Bank	Calyon Bank
BNP Paribas	Bank of Baroda	DBS Bank Ltd.
Citi Bank	Kotak Mahindra Bank	Barclays Bank PLC

REGISTERED OFFICE & INTERNATIONAL DIVISION

48, Kandivli Industrial Estate,
Kandivli (West),
Mumbai - 400 067.
Maharashtra.
Tel: (022) 6647 4444 Fax: 2868 6613

CORPORATE OFFICE

142-AB, Kandivli Industrial Estate,
Kandivli (West), Mumbai - 400 067.
Maharashtra.
Tel: (022) 6647 4747 Fax: 2868 6954/2875

DOMESTIC MARKETING DIVISION

Ipca House, 63 E, Kandivli Industrial Estate,
Kandivli (West), Mumbai - 400 067.
Maharashtra.
Tel: (022) 6647 4222 Fax: 6647 4114

RESEARCH & DEVELOPMENT CENTRE

123-AB, 125 & 126, Kandivli Industrial Estate,
Kandivli (West), Mumbai - 400 067.
Maharashtra.
Tel: (022) 6647 4755 Fax: 6647 4757

WORKS

1. P.O. Sejavta,
Ratlam - 457 002.
Madhya Pradesh.
Tel: (07412) 278000 Fax: 279083
2. Plot No. 89-A-D/90/91,
Industrial Estate, Pologround,
Indore - 452 003, Madhya Pradesh.
Tel: (0731) 2421172/2081; Fax: 2422082
3. Plot No. 69 to 72 (B),
Sector II, Kandla Free Trade Zone,
Gandhidham - 370 230, Gujarat.
Tel: (02836) 252385/389; Fax: 252313
4. Plot No. 255/1, Village Athal,
Silvassa - 396 230.
Dadra & Nagar Haveli (U.T.).
Tel: (0260) 2640301; Fax: 2640303
5. Plot No. 65 & 99,
Danudyog Industrial Estate,
Silvassa - 396 230.
Dadra & Nagar Haveli (U.T.).
Tel: (0260) 2640850; Fax: 2640646
6. H-4, MIDC, Waluj,
Aurangabad - 431 136.
Maharashtra.
Tel: (0240) 6611501; Fax: 2564113
7. C-6, Sara Industrial Estate, Chakrata Road,
Rampur, Dehradun - 248 197.
Uttarakhand.
Tel: (0135) 2699195; Fax: 2699171
8. 1, Pharma Zone,
SEZ Indore,
Pithampur - 454 775.
Madhya Pradesh.
Tel: (07292) 667777; Fax: 667020

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NOTICE

NOTICE is hereby given that the 60th ANNUAL GENERAL MEETING of Ipca Laboratories Limited will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile Parle (W), Mumbai 400 056 on Thursday, 29th July, 2010 at 3.30 p.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare / note payment of dividend on equity shares.
3. To appoint a Director in place of Mr. Premchand Godha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. S. Hugar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Babulal Jain who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Anand T. Kusre who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr. Anand T. Kusre as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to special business is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 20th July, 2010 to Thursday, 29th July, 2010 (both days inclusive).
- (4) The dividend if sanctioned at the meeting will be paid to those Members, whose names appear in the Register of Members on 29th July, 2010 and to those beneficial owners whose names are provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on 19th July, 2010.
- (5) The information required to be provided under Clause 49 of the Listing Agreement with the Stock Exchanges regarding the Directors retiring by rotation and eligible for re-appointment as well as Directors being appointed is furnished in the Report on Corporate Governance.
- (6) Members are requested to:
 - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
 - (d) encash the Dividend Warrants on their receipt as Dividend remaining unclaimed for seven years are now required to be transferred to the 'Investor Education and Protection Fund' established by the Central Government under the amended provisions of the Companies Act, 1956 and the members shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter. Pursuant to Section 205A(5) of the Companies Act, 1956, all unclaimed dividend declared and paid for the calendar year upto 2002 have been transferred by the Company to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants for subsequent period are requested to encash the same immediately.
- (7) All documents referred in the Notice will be available for inspection by the members at the Registered Office of the Company during working hours on all working days upto the date of the Annual General Meeting and shall also be placed before the members at the said Annual General Meeting.

By Order of the Board
For **Ipca Laboratories Ltd.**

Harish P. Kamath
Vice President - Legal &
Company Secretary

Mumbai
28th May, 2010

Registered Office:
48, Kandivli Industrial Estate,
Kandivli (West), Mumbai 400 067.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Mr. Anand Kusre was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company with effect from 21st January, 2010. He holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Kusre as a candidate for the office of Director of the Company.

Mr. Kusre aged 60 years is a M. Tech. in Chemical Engineering from Indian Institute of Technology (IIT), Mumbai. He is currently working as a Professor at Shailesh J Mehta School of Management, IIT Mumbai. Prior to this, he worked with ICICI Bank for about 30 years with leadership roles in several important functions.

Mr. Kusre has nearly three decades of experience in designing and managing programmes aimed at development and commercialization of technologies. He has also supported several companies and technology institutions for development of innovative products. He is also actively associated with industry associations and leading academic and professional Institutes.

He was earlier a nominee Director of ICICI Limited on the Board of Directors of the Company from 3rd November, 1993 to 26th March, 1997.

Mr. Kusre is holding Directorship in the following companies:

1.	MITCON Consultancy Services Limited	3.	Gujarat Industrial and Technical Consultancy Organisation Limited
2.	ITCOT Consultancy and Services Limited	4.	Loyalty Solutions and Research Limited

Mr. Kusre does not hold any equity shares in the Company.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr. A. T. Kusre is interested or concerned in passing of this resolution.

Mumbai
28th May, 2010

Registered Office:
48, Kandivli Industrial Estate,
Kandivli (West), Mumbai 400 067.

By Order of the Board
For **Ipca Laboratories Ltd.**

Harish P. Kamath
Vice President - Legal &
Company Secretary

Directors' Report

TO THE MEMBERS

Your Directors have pleasure in presenting the 60th Annual Report and Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	For the year ended 31.3.2010 (Rs. crores)	For the year ended 31.3.2009 (Rs. crores)
Sales and other Income (net of Excise duty & Sales tax)	1558.95	1275.57
Profit before financial cost, depreciation & Foreign Exchange translations Loss / (Gain)	338.10	270.01
Less: Financial cost	25.83	30.39
Depreciation and Amortisation	46.33	39.28
Loss / (Gain) on foreign exchange translations	(5.79)	75.69
Profit before tax	271.73	124.65
Less: Provision for taxation		
Current	47.30	14.25
Deferred	14.20	7.75
Fringe Benefit	-	6.00
Short / (Excess) provision of earlier year	1.04	(4.76)
Profit after tax (before exceptional items)	209.19	101.41
Exceptional items		
Provision for disputed tax written back	-	4.89
Less: Amount transferred to General Reserve	-	(4.89)
Provision for investment / loan to wholly-owned subsidiary	-	10.19
Net Profit	209.19	91.22
ADJUSTMENTS		
Balance of profit brought forward	151.95	149.73
Amount available for appropriation	361.14	240.95
YOUR DIRECTORS RECOMMEND THE FOLLOWING APPROPRIATIONS		
Debenture Redemption Reserve	15.00	5.00
General Reserve	152.54	51.72
Interim dividends	22.49	17.60
Proposed final dividend	12.52	9.99
Proposed dividend of previous year reversed on shares bought back	(0.01)	-
Tax on dividend	5.90	4.69
Surplus transferred to Balance Sheet	152.70	151.95
	361.14	240.95

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development

The global pharmaceutical market is now estimated to be US \$773 billion and is growing at a rate of about 4.8% per annum. US, Japan and Europe constitute about 86% of the global pharmaceutical market and are growing at a slower annual rate of about 4% mainly due to loss of exclusivity, lesser new product approvals and price erosions due to generics competition.

In contrast, pharmaceutical market of emerging economies like India, Brazil, Mexico, etc. are growing at a much faster rate of 12% – 16% per annum driven by improved per capita income, increased access and rising awareness of modern medicines and strengthening of healthcare infrastructure.

b) Outlook, risks and concerns

Though in the world pharmaceutical market, India has a share of less than 3% by value, India today is recognized as one of the leading global players with large number of drug master files and dossier registrations for Active Pharmaceutical Ingredients (APIs) and formulations with manufacturing facilities approved by regulatory authorities of the developed countries.

Indian companies are today focusing on global generic and API business, R&D activities and contract research and manufacturing alliances with multinational companies. India is also fast emerging as a preferred pharmaceuticals manufacturing location.

Several multi-billion dollar drugs going off patent over next few years and increasing use of pharmaceutical generics in developed markets will provide attractive growth opportunities to generics manufacturers and thus Indian pharmaceutical industry is poised for an accelerated growth in the coming years.

However, poor public healthcare funding and infrastructure, low per capita consumption of medicines in developing and under developed countries including India as well as currency fluctuations are a few causes of concern.

c) Financial Performance and Operations Review

Your Company had another successful financial year with a net total income of Rs. 1,558.95 crores as against Rs. 1,275.57 crores in the previous year, a growth of 22%.

The Company's focus on formulations business resulted into increase in overall formulation sales to Rs. 1,086.99 crores, an increase of 19% over previous year formulations sales of Rs. 913.76 crores.

The company further expanded its therapeutic coverage with introduction of new formulations, both in the domestic and export markets, especially in the fast growing life style related segments.

The Active Pharmaceutical Ingredient (API) business also increased by 30% to Rs. 458.56 crores.

During the financial year under report, the Earnings before interest, depreciation, foreign exchange translation gain/loss increased by 25% to Rs. 338.10 crores as against Rs. 270.01 crores in the previous financial year. The operations have resulted in a net profit of Rs. 209.19 crores during the financial year under report as against Rs. 91.22 crores in the previous financial year, an increase of 129%.

Break-up of sales

Rs. Crores (net of excise duty & sales tax)

	2009-10				2008-09			
	Domestic	Exports	Total	Growth	Domestic	Exports	Total	Growth
Formulations	597.84	489.15	1086.99	19%	476.59	437.17	913.76	18%
APIs & Intermediates	141.63	316.93	458.56	30%	108.34	243.22	351.56	31%
Net Total Sales	739.47	806.08	1545.55	22%	584.93	680.39	1265.32	21%
Growth	26%	18%	22%		16%	27%	21%	

d) International business

The products of your Company are now exported to over 110 countries across the globe. During the financial year under report, the international business increased by 18% to Rs. 806.08 crores as against Rs. 680.39 crores in the previous year. Formulation exports of your Company increased by 12% to Rs. 489.15 crores and exports of APIs and Drug Intermediates increased by 30% to Rs. 316.93 crores.

Continent-wise exports

(Rs. Crores)

	2009-10				2008-09			
	Formulations	APIs and Intermediates	Total	% to exports	Formulations	APIs and Intermediates	Total	% to exports
Europe	248.33	117.57	365.90	45%	174.08	81.87	255.95	38%
Americas	66.36	88.81	155.17	19%	24.24	68.03	92.27	13%
CIS	65.80	2.96	68.76	9%	102.25	1.62	103.87	15%
Asia	17.29	77.12	94.41	12%	17.72	70.75	88.47	13%
Africa	79.36	27.10	106.46	13%	109.85	18.04	127.89	19%
Australasia	12.01	3.37	15.38	2%	9.03	2.91	11.94	2%
Total	489.15	316.93	806.08	100%	437.17	243.22	680.39	100%

Formulation Exports - Therapeutic contribution

Therapeutic Group	2009-10	2008-09
Cardiovasculars & Anti-diabetics	41%	39%
Non-steroidal anti-inflammatory drugs (NSAID)	21%	17%
Anti-bacterials	19%	16%
Anti-malarials	7%	15%
Gastro Intestinal (G.I.) products	2%	4%
Cough Preparations	1%	1%
CNS	1%	1%
Anthelmintics	2%	2%
Others	6%	5%
TOTAL	100%	100%

Europe

Your Company achieved export sales of Rs. 365.90 crores during the financial year under report as against sales of Rs. 255.95 crores in the previous year, a growth of 43% from this continent.

Your Company has developed and submitted 45 generic formulation dossiers for registration in UK out of which 29 dossiers are already registered. 24 more generic formulations are under development at various stages for European market.

Your Company has also obtained certificate of suitability (COS) of 29 APIs from European Directorate for Quality Medicines.

Your Company has also stepped up the activity of registering products in other main EU markets. Your Company has started exporting formulations to few more European countries during the financial year under report.

Americas

Your Company mainly exports its APIs to USA, Canada and South American countries and formulations to USA, Panama, West Indies and few other South American countries in this subcontinent.

Your Company achieved sales of Rs. 155.17 crores in this continent as against Rs. 92.27 crores in the previous year, a growth of 68%.

Your Company is working on a list of formulations for development and filing of ANDAs with US FDA. Most of these formulations are from own APIs for which the Company has filed/in the process of filing Drug Master File (DMF).

Your Company has currently signed agreements with 2 marketing partners for sale/distribution of generic formulations on a profit sharing arrangement in the US market. 16 ANDA applications in respect of generic formulations developed by your Company are filed with US FDA out of which 10 ANDA applications are granted till date.

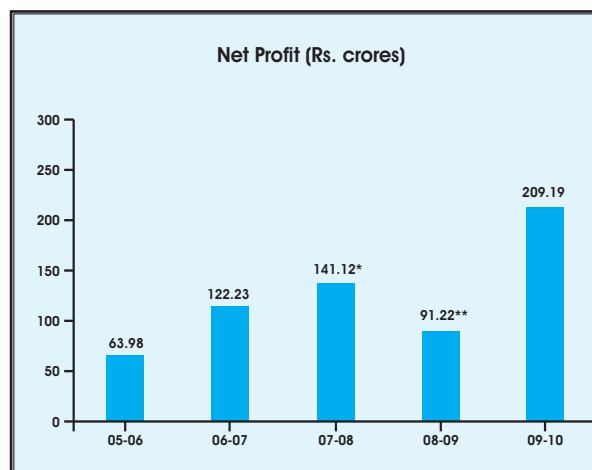
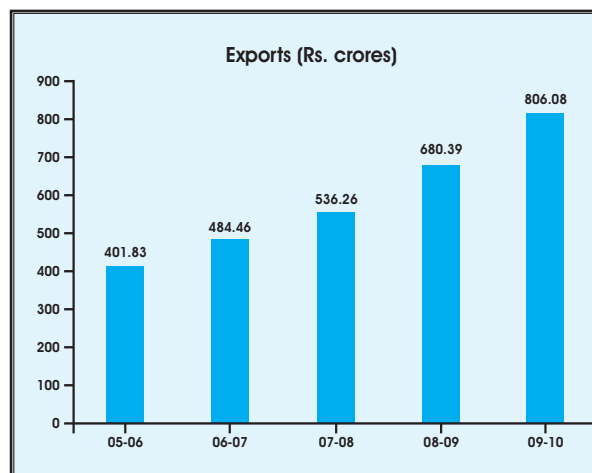
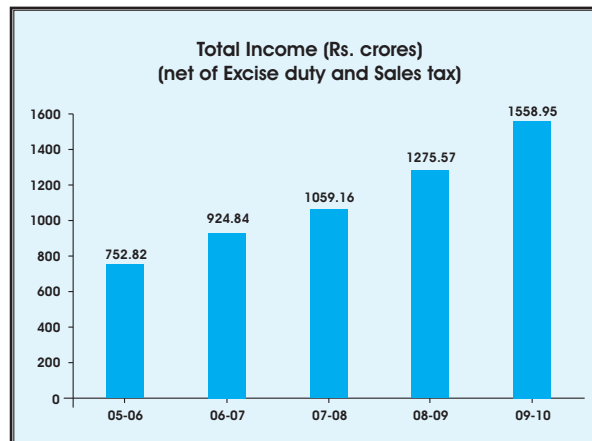
Your Company has signed agreements with 3 marketing partners for sale/distribution of generic formulations in Canadian market and under these agreements, your Company has developed and filed few formulation dossiers for registration in Canada and the formulations business from this country is expected to commence in the ensuing financial year.

Your Company's wholly-owned subsidiary in Mexico has started activities of filing the formulation dossiers for registration in the said country. Your Company has also started marketing its branded formulations in Venezuela, Columbia and Peru in the Latin American market with a few product registrations. Several more formulations dossiers are in the process of being registered/submitted for registration in all these markets of Latin America.

Confederation of Independent States (CIS)

Your Company's CIS business recorded a sales of Rs. 68.76 crores as against Rs. 103.87 crores in the previous year, most of which is from branded formulations business from Russia, Ukraine and Belarus. The Company's branded formulations are marketed by its own field force appointed through its non-trading offices. Your Company is continuously expanding its product range and geographical reach in the CIS market.

Though, during the year under report, the branded formulations business decreased in this continent mainly on account of currency fluctuations and regulatory changes, your Company is confident of achieving higher growth in coming years from this market through field force expansion and introduction of more formulations which are currently under registration/development.



* include forex translations gain of Rs. 42.72 crores

** after forex translations loss of Rs. 75.69 crores and provision of Rs. 10.19 crores for investment/loan in a wholly owned subsidiary.

Asia

The Asian business (excluding India) recorded a Sales of Rs. 94.41 crores as against Rs. 88.47 crores in the previous year. The Company exports formulations as well as APIs to several Asian countries. In countries like Sri Lanka, Myanmar, Philippines and Vietnam, the Company markets its branded formulations through dedicated field force. The field force and product range of the Company in Asian market is also being expanded.

Africa

Your Company achieved export sales of Rs. 106.46 crores to Africa during the financial year under report as against Rs. 127.89 crores in the previous year.

The Company exports formulations as well as APIs to several African countries. Your Company markets branded formulations in countries like Uganda, Sudan, Tanzania, Kenya and Nigeria through dedicated field force.

Your Company is expanding its branded formulations business across this continent through expansion of field force and geographical coverage and increase in the number of branded formulations marketed.

36 generic formulations dossiers developed by your Company are registered in South Africa and another 11 dossiers are under registration.

Australasia

Your Company exports APIs to Australia and formulations to Australia and New Zealand in this subcontinent. The business from this continent was Rs. 15.38 crores during the financial year under report as against Rs. 11.94 crores in the previous year.

Your Company is focusing on registering more formulation dossiers in Australia and New Zealand through its wholly-owned subsidiary Company Ipca Pharma (Australia) Pty Ltd, Australia and its wholly-owned subsidiary Ipca Pharma (NZ) Pty Ltd., New Zealand.

e) Domestic formulations business

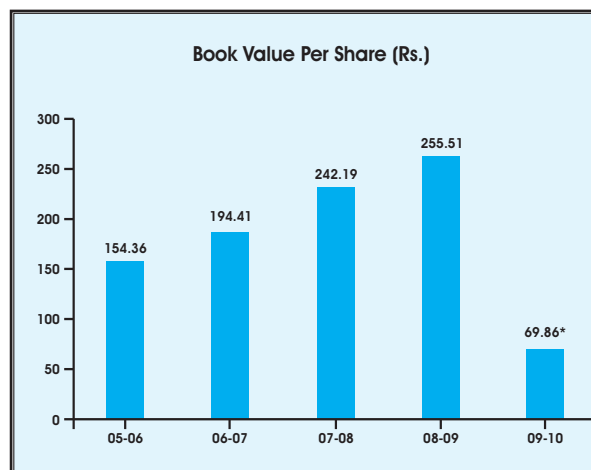
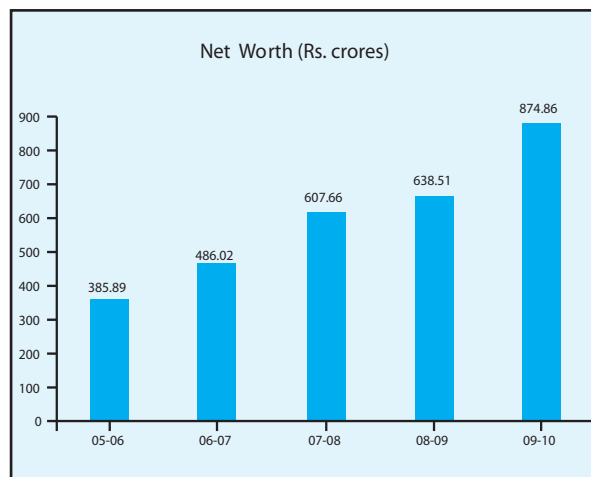
Your Company's formulations business in India now comprises of 11 marketing divisions focusing on key therapeutic segments including 3 new divisions – 3D (Cardio-Vascular), Nephro Sciences (Nephrology) and Urosciences (Urology) which started operations from April 2010.

The brand building was in evidence especially in chronic therapy segments such as cardiovasculars, anti-diabetics, newer anti-malarials, central nervous system (CNS), Dermatology and non-steroidal anti-inflammatory drugs (NSAID).

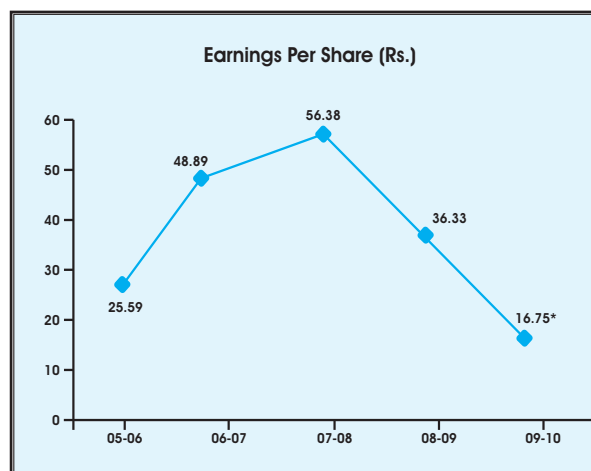
In order to increase the reach and the penetration in the Indian pharmaceuticals market, your Company has substantially increased its field force strength during the last 2 financial years. The total field force strength of your Company in the Indian market is currently about 3,800 people including PSRs, Area and Regional Business Managers.

During the year under report, the Company introduced 8 new products in the domestic market. New products introduced during the last four financial years now constitute nearly 14% of the Company's domestic formulations sales.

During the financial year under report, the domestic formulations business recorded a growth of 25% at Rs. 597.84 crores as against Rs. 476.59 crores in the previous year.



* On face value of Rs. 2/- each. Rest all on face value of Rs. 10/- each.



* On face value of Rs. 2/- each. Rest all on face value of Rs. 10/- each.

Domestic branded formulations – Therapeutic contribution

	2009-10	2008-09
Therapeutic segment	% to sales	% to sales
Cardiovasculars & Anti-diabetics	28%	29%
Non-steroidal anti-inflammatory drugs (NSAID)	26%	24%
Anti-malarials	17%	17%
Anti-bacterials	9%	10%
Gastro Intestinal (GI) products	7%	7%
Neuro psychiatry	4%	4%
Cough Preparations	4%	4%
Dermatology	4%	3%
Others	1%	2%
Total	100%	100%

f) Active Pharmaceutical Ingredients (APIs) and Intermediates business

During the financial year under report, the APIs and Intermediates business recorded sales of Rs. 458.56 crores as against Rs. 351.56 crores in the previous financial year. Nearly 69% of the APIs and Intermediates business is from exports.

Your Company has also stepped up Drug Master File (DMF) registration activities. 49 DMFs (previous year - 42 DMFs) of your Company are currently filed with US FDA. Your Company has also obtained Certificate of Suitability (COS) for 29 APIs from European Directorate for Quality Medicines (EDQM) for EU countries.

g) Intellectual property protection

Your company has created intellectual property management group within the Research and Development centres to deal with management and protection of intellectual property. Your company has filed as many as 192 patent applications till date as against 176 patent applications filed a year ago in India, USA and other countries. These applications relate to novel and innovative manufacturing processes for the manufacture of APIs and pharmaceutical formulations.

Your directors have pleasure in informing you that 60 patent applications of your Company are since registered, 50 in India, 5 in US and 5 in the European Union.

h) Manufacturing facilities

Your Company's new formulations manufacturing unit at Special Economic Zone (SEZ) Indore meeting current Good Manufacturing Practices (cGMP) and regulatory requirements of developed countries though commercialised in December 2008 is currently awaiting regulatory inspections and approvals and therefore, yet to commence any commercial business. Your Company expects the regulatory inspections of this manufacturing facility to take place during financial year 2010-11.

Your Company is currently in the process of setting up a new formulations manufacturing unit at Sikkim to cater to future manufacturing needs of growing formulations business.

The API manufacturing facility at Sejavata, Ratlam was further expanded by adding new manufacturing blocks to cater to growing manufacturing needs of APIs.

i) Internal control systems

The Company has an adequate internal control system including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorisation and approval procedures. The Company has an internal audit department which carries out audits throughout the year. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit committee of the Board.

j) Human Resources

The human resource plays an important and vital role in the growth and success of an organization.

Your Company has maintained cordial and harmonious relations with all employees across various locations.

During the year, your Company has implemented various measures to build a strong, adaptive and mature corporate structure which is flexible, responsive and simple.

During the year under review, various development workshops were organized to improve the overall competency level of employees with an objective to improve the operational performance of individuals. Your Company has also taken efforts to build competent team to handle challenging assignments and for developing relationship with educational institutes with a view to attract and build a talent pool.

The involvement of employees at all levels has been achieved through continued promotion of TQM activities across the organization with the involvement of top management team.

Your Company strives to enhance the technical, work related and general skills of all employees through dedicated training programmes on a continuous basis.

Your Company has 7,580 permanent employees as on 31st March, 2010.

k) Cautionary statement

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realisation, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

SUBSIDIARY COMPANIES

The Company's wholly-owned subsidiary Company Laboratories Ipca Do Brasil Ltda, Brazil is in the process of being voluntarily wound-up.

In terms of the approval granted by Central Government under section 212(8) of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors And Auditors of the Company's wholly-owned subsidiaries have not been attached with the Balance Sheet of the Company. Any member interested in obtaining the same may write to the Company Secretary at the Corporate Office of the Company. These documents are available for inspection by Members at the Registered office of the Company on all days during business hours till the date of the forthcoming Annual General Meeting and will also be placed before the said meeting.

However, as directed by the Central Government, the financial data of the subsidiaries have been furnished under 'Details of Subsidiaries' forming part of the Annual Report. The annual accounts of the subsidiaries are also uploaded on the website of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard AS-21, the audited consolidated financial statements are provided in the Annual Report.

RESEARCH & DEVELOPMENT (R&D)

Your Company has always considered Research and Development (R&D) as crucial for the sustained growth of the Company. The global challenges for the Indian pharma industry at large have increased several folds in the face of the transition from process to product patent regime in India from 2005. Your Company has stepped-up investments in R&D to keep pace with the changing domestic and global scenario.

Your Company has R&D centres at Mumbai, Ratlam, Athal and Indore, duly recognized by the Government of India, Ministry of Science and Technology, Department of Scientific & Industrial Research (DSIR). These R&D centres are also duly approved by the prescribed authority under Section 35 (2AB) of the Income Tax Act, 1961 for availing weighted tax benefit on the R&D expenditure.

During the year under report, your company has started a new division under the name of "COVENANCE" to undertake Contract Research and Manufacturing Activities (CRAMS).

Your Company has stepped up its R&D expenditure from Rs. 50.22 crores (3.97% of the turnover) in the previous year to Rs. 57.28 crores (3.71% of the turnover) in the year under report. The revenue R&D expenditure has increased to Rs. 50.52 crores as against Rs. 43.42 crores in the previous year.

With qualified and experienced research scientists and engineers manning the research and development activities, your Company has focused its thrust on new and innovative process and product development for the manufacture of APIs with non-infringing processes.

Apart from development of new dosage forms and drug delivery systems, improvement in processes and yield as well as cost reduction are also focus areas.

The company has also stepped up formulation development and dossier registration activities for several countries across the globe.

EMPLOYEES' STOCK OPTIONS SCHEME (ESOS)

During the year under report, the Company allotted 77,250 fully paid up equity shares of Rs. 10/- each at an exercise price of Rs. 200/- to the option grantees on exercise of stock options granted on 23rd September, 2006, 18,250 fully paid up equity shares of Rs. 10/- each at an exercise price of Rs. 315/- to the option grantees on exercise of stock options granted on 29th October, 2007 and 14,250 fully paid up equity shares of Rs. 10/- each at an exercise price of Rs. 315/- to the option grantees on exercise of stock options granted on 11th November, 2008.

Disclosure pursuant to the provisions of SEBI (ESOS and ESPS) Guidelines, 1999 is annexed to this report as Annexure I.

BUY-BACK OF EQUITY SHARES THROUGH OPEN MARKET PURCHASE

During the year under report, your Company concluded its programme to buy-back its own equity shares through open market purchase mechanism. All the formalities connected with the buy-back programme were completed by the Company upon its closure on 10th November, 2009. 2,56,219 equity shares of Rs. 10/- each were purchased and extinguished under buy-back programme.

SUB-DIVISION OF EQUITY SHARES OF THE COMPANY

In order to increase the liquidity of the Company's equity shares and also to bring the nominal value of the Company's equity shares with the nominal value of the equity shares of several other listed companies, each fully paid-up equity share of Rs.10/- (Rupees Ten) each of the Company was divided into 5 equity shares of Rs.2/- (Rupees Two) each with record date 23rd March, 2010. The sub-divided equity shares are already credited to the demat account of the shareholders and sub-divided shares certificates are mailed to shareholders holding shares in the physical form.

DIVIDEND

Your Directors had declared 1st interim equity dividend of Rs. 5/- per share (50%) at the meeting of the Board of Directors of the Company held on 27th October, 2009 and a 2nd Interim equity dividend of Rs. 4/- per share (40%) at the meeting of the Board of Directors of the Company held on 21st January, 2010. The said interim dividend was paid on 9th November, 2009 and 4th February, 2010, respectively, to those shareholders, whose names appeared on the register of members of the Company on 3rd November, 2009 and 28th January, 2010. Your directors are now pleased to recommend a final equity dividend of Re. 1/- per share (50%), making the total dividend recommended to 140% for the financial year under report as against 110% paid in the previous financial year. The dividend will be tax free in the hands of the shareholders.

The dividend (inclusive of interim dividend already paid) amounting to Rs. 35.01 crores and dividend tax amounting to Rs. 5.90 crores, if approved at the ensuing Annual General Meeting, will be appropriated out of the profits for the year.

DIRECTORS

Mr. Premchand Godha, Mr. R. S. Hugar and Mr. Babulal Jain, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Mr. V. A. Gore, Director of the Company suddenly expired on 2nd December, 2009. The Board place on record its sincere appreciation for the services rendered to the Company by Mr. V. A. Gore during his tenure of 9 years as an Independent Director.

Mr. Anand T. Kusre was appointed as an Additional Director of the Company with effect from 21st January, 2010 and he holds office till the conclusion of the ensuing Annual General Meeting. Being eligible, he has offered himself for appointment as a Director of the Company.

A brief note on Directors retiring by rotation and eligible for reappointment/Director being appointed is furnished in the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors 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 March 31, 2010 and of the profit of the Company for the year;
- iii) that the Directors had taken proper and sufficient care 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 Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

As per the requirement of listing agreement with the Stock Exchanges, your Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance together with a certificate of its compliance from Statutory Auditors, forms part of this report.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits.

AUDITORS, AUDIT REPORT AND AUDITED ACCOUNTS

M/s Natvarlal Vepari & Co., Chartered Accountants, retire as auditors and, being eligible, offer themselves for reappointment.

The Auditors' Report read with the notes to the accounts referred to therein are self-explanatory and, therefore, do not call for any further comments.

EMPLOYEES

Information under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Shareholders interested in obtaining this information may write to the Company Secretary at the Corporate Office of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to good corporate citizenship. As a part of its corporate social responsibility, your Company continues to undertake a range of activities in respect of healthcare and education to improve living conditions of people living in the neighbourhood of its manufacturing facilities.

During the year under report, your Company has also supported healthcare and educational projects undertaken by charitable institutions and organizations.

The Company considers safety, environment and health as the management responsibility. Regular employee training programmes are carried out in the manufacturing facilities on safety and environment.

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

In accordance with the requirements of 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, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the enclosed Annexure II.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the continued co-operation and support extended to the Company by the Consortium of Banks and Financial Institutions. Your Directors also thank the Medical Profession, the Trade and Consumers for their patronage of the Company's products. Your Directors also place on record their profound admiration and sincere appreciation of the continued hard work put in by employees at all levels.

For and on behalf of the Board

Mumbai
28th May, 2010

R. S. Hugar
Chairman

ANNEXURE I TO THE DIRECTORS' REPORT

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	Employees Stock Option Scheme – 2006 (Grant I)	Employees Stock Option Scheme- 2006 (Grant II)	Employees Stock Option Scheme- 2006 (Grant III)
a. Options granted	3,99,000 (on 23rd September, 2006)	1,10,000 (on 29th October, 2007)	57,000 (on 11th November, 2008)
b. The pricing formula	Closing market price on the day prior to grant of options Rs.367.10 and exercise price Rs.200	Closing market price on the day prior to grant of options Rs.619.35 and exercise price Rs.315	Closing market price on the day prior to grant of options Rs.400.45 and exercise price Rs.315
c. Options vested	2,47,000	40,500	14,250
d. Options exercised	2,47,000	40,500	14,250
e. The total number of shares arising as a result of exercise of options	2,47,000	40,500	14,250
f. Options lapsed (as at March 31, 2010)	79,500	39,000	4,500
g. Variation of terms of options (as at March 31, 2010)	N/A	N/A	N/A
h. Money realized by exercise of options	Rs.494.00 lacs including share premium of Rs.469.30 lacs	Rs.127.58 lacs including share premium of Rs.123.53 lacs	Rs.44.89 lacs including share premium of Rs.43.46 lacs
i. Total number of options in force (as at March 31, 2010)	72,500	30,500	38,250
j. Director / Employee wise details of options granted to:			
i) Directors	Mr. R. S. Hugar - Chairman 5,000 Mr. Babulal Jain - Director 5,000 Dr. V. V. Subba Rao - Director 5,000 Mr. V. A. Gore - Director 5,000 (Expired and so ceased to be a Director on 02.12.2009) Mr. T. Ramachandran - Director 5,000 (Resigned as Director w.e.f. 31.10.2008) Mr. A. K. Jain - Executive Director 12,000	-	-
ii) Senior managerial personnel	Mr. M. D. Sharma - President Mktg. 10,000 Mr. Prakash Shanware - President HR 10,000 Dr. Ashok Kumar - President – R&D (Chemicals) 10,000 Mr. Y. K. Bansal - President – R&D (Formulations) 10,000 Mr. Jeevan Lal Nagori - President Operations 10,000	Mr. N. Guhaprasad - President Int. Mktg. 10,000	Nil
iii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	Mr. N. Guhaprasad - President Int. Mktg. 10,000 Mr. Rajesh Bahal - V.P. – Sales (Since Resigned) 8,000 Mr. P. B. Nair - V.P. – Mfg (Since Resigned) 8,000 Mr. L. K. Gupta - V.P. – Bulk Drugs 8,000 Mr. Pradiya Deshmukh - Sr. G. M. Quality (Since Resigned) 6,000	Mr. J. S. Sood - Sr. G. M. Int. Mktg. 6,000
iv) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options	Nil	Nil	Nil
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs.16.72		
l. i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.167.10	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.304.35	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.85.45
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	The Employee compensation cost would have been higher by Rs.72,90,297/- had the company used fair value method for accounting the options issued under ESOS.		
iii) The impact of this difference on profits and on EPS of the Company	The profit would have been lower by Rs.72,90,297/- and the earnings per share would have been lower by Rs.0.06 per share had the Company used fair value method for accounting the options issued under ESOS		
m. Weighted average exercise price	Rs.200	Rs.315	Rs.315
Weighted average fair value	Rs.342.60	Rs.357.27	Rs.152.91
n. Fair value of options based on Black Scholes methodology	Rs.342.60	Rs.357.27	Rs.152.91
Assumptions	- Risk Free Rate is based upon Govt. Securities - Dividends are not considered - There was no Transaction & Tax cost		
Risk Free rate	8.00 %		
Expected life of options	Average time for expiry of option is taken as 0.44 years	Average time for expiry of option is taken as 1.53 years	Average time for expiry of option is taken as 2.57 years
Expected Volatility	17.10 %		
Expected Dividends	In the calculation of fair value of the options, expected dividend had been ignored as the weighted average life of the option is more than 1 year and hence the estimation of the future dividend is difficult.		
Closing market price of share on a date prior to option grant	Rs.367.10	Rs.619.35	Rs.400.45

Note: Each option granted at the time of grant of options represent a right to the option grantee but not an obligation to apply for 1 fully paid up equity share of Rs.10/- each of the Company at pre-determined exercise price. Due to corporate action on 23rd March, 2010 for sub-division of 1 fully paid up equity share of Rs.10/- each into 5 fully paid up equity shares of Rs.2/- each. Each of the outstanding options now represent a right but not an obligation to the option grantee to apply for 5 fully paid up equity shares of Rs.2/- each of the Company at exercise price duly adjusted for the said corporate action.

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

To
The Members of
IPCA LABORATORIES LIMITED

We have examined the books of account and other relevant records and based on the information and explanations given to us, certify that in our opinion, the company has implemented the Employees Stock Option Scheme in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the company in General Meeting held on 28th July, 2006 and 20th July, 2007.

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No.106971W

Mumbai,
28th May, 2010

N. Jayendran
Partner
M. No. 40441

ANNEXURE II TO THE DIRECTORS' REPORT

Information pursuant to the Companies (Disclosure of particulars in Report of the Board of Directors) Rules, 1988

1. CONSERVATION OF ENERGY

(i) Energy conservation measures taken:

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilisation of energy.

The following energy conservation measures were implemented during the financial year:

- Installation of condensate recovery system.
- Installation of BMS system in hVAC.
- Installation of adjustable speed drive in AHU.
- Installation of on-line temperature controller with sensor on cooling tower.
- Waste heat recovery system in hVAC.
- Flash steam recovery system to reduce steam loss.
- Reuse of effluent water by installing R.O.
- Installation of natural eco ventilation in place of electric driven exhaust fan.
- Conversion of steam coal fire boiler to pet coke fire boiler.
- Excess steam generated is used in the turbine to generate power. During the year, 1,41,664 kwh electricity was generated through turbine.

(ii) Additional investments and proposals being implemented for reduction of energy consumption:

The Company is continuously installing electroflow and other devices to improve quality of power through voltage improvement.

(iii) Impact of the above measures:

The adoption of energy conservation measures have resulted in considerable savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor and consequential tariff benefit.

(iv) A. Power and fuel Consumption:

	2009-10	2008-09
a) Electricity:		
(i) Purchased:		
Units (KWH)	6,55,01,827	5,98,06,355
Total Amount (Rs. in lacs)	2656.63	2355.35
Rate / Unit (Rs.)	4.06	3.94
(ii) Own Generation:		
Through Diesel Generator		
Units (KWH)	12,12,580	11,10,568
Units per Ltr. Of Diesel Oil (KWH)	3.21	3.23
Cost of Diesel per KWH (Rs.)	10.13	10.51
b) Light Diesel Oil (LDO):		
Quantity (K.Ltrs.)	12,314	72.867
Total Amount (Rs. in lacs)	5.89	27.63
Average Rate/Ltr. (Rs.)	47.86	37.92
c) Others (Rs. in lacs):		
HSD	176.95	132.69
LSHS	4.97	0.91
Coal	1077.61	1156.96
Furnace Oil	189.68	172.43
Others	1.02	2.93

B. Consumption per unit of Production:

In view of the varied nature of the products and packs, the compilation of accurate consumption per unit of production is not feasible.

2. TECHNOLOGY ABSORPTION

Research & Development

(A) Specific areas in which R&D work was carried out by the Company:

The Company's R&D Centres at Mumbai, Ratlam, Athal and Indore are approved by Department of Scientific and Industrial Research, Government of India. These centres are also approved U/s 35 (2AB) of Income Tax Act, 1961 for purposes of weighted tax deduction. The Company carries out R&D in several areas including:

- (i) Development of indigenous technologies for major drugs and intermediates, process improvements, technology absorption and optimisation of basic drugs, process simplification, etc.
- (ii) Improvement of existing processes to improve yields and quality, reduce cost and lead to eco friendly process.
- (iii) Development of newer dosage forms and new drug delivery systems.
- (iv) Development of non-infringing processes for APIs.

(B) Benefits derived as a result of the above R&D :

- (i) R&D efforts have helped bring out an improvement in processes, product design and operating efficiencies.
- (ii) Development of new formulations and line extensions.
- (iii) Development of various APIs and Intermediates.
- (iv) Development of new markets, adaptation to meet export requirements, quality upgradation and cost reduction.

(C) Future Plan of Action :

- (i) Development of various APIs/intermediates having good potential for exports and local market.
- (ii) Additional investment in manpower, latest instrumentation to upgrade and strengthen R & D facilities.
- (iii) Development of newer drug delivery systems.
- (iv) Development of formulations for developed market and bio-equivalence studies of the same.

(D) Expenditure on R&D:

	2009-10 (Rs. Crores)	2008-09 (Rs. Crores)
a) Capital	<u>6.76</u>	6.80
b) Revenue	<u>50.52</u>	43.42
c) Total	<u>57.28</u>	50.22
d) R&D expenditure as a percentage of turnover	<u>3.71%</u>	3.97%

(E) Imported technology (imported during last 5 years):

The Company has not imported any technology during the last 5 years.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Earnings

The CIF value of exports of the Company during the year aggregated to Rs. 806.08 crores as against Rs. 680.39 crores in the previous year.

B. Outgo

Detailed information is furnished in the Notes to the Accounts.

For and on behalf of the Board

Mumbai
28th May, 2010

R. S. Hugar
Chairman

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, given below is a report on the Corporate Governance in the Company:

1. Company's philosophy of Corporate Governance is to ensure:

- that the Board and top management of the Company are fully apprised of the affairs of the Company that is aimed at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the stakeholders.
- that the Board exercises its fiduciary responsibilities towards shareholders and creditors so as to ensure high accountability.
- that all disclosure of information to present and potential investors are maximised.
- that the decision making process in the organisation is transparent and are backed by documentary evidences.

2. Board of Directors

The present strength of the Board of Directors of the Company is eight directors of which one is promoter Managing Director, one professional non-promoter Executive Director, one promoter Executive Director, one promoter non-executive Director and four non-executive independent directors with independent judgment in the deliberation and decision of the Board. The Chairman of the Board is a non-executive independent Director.

7 (seven) board meetings were held during the Financial Year 2009-10. The dates on which the said meetings were held are as follows:

28 th May, 2009	3 rd November, 2009	25 th February, 2010
30 th July, 2009	10 th December, 2009	
27 th October, 2009	21 st January, 2010	

The last Annual General Meeting of the Company was held on 30th July, 2009.

Details of composition and category of Directors, their attendance at the Board meetings, Annual General meeting and shareholding of each Director are as follows:

Name of the Director	Category	No. of board meetings		Attendance at last AGM (30.07.2009)	No. of Equity shares held in the Company *	No. of options held under ESOS 2006
		Held	Attended			
Mr. R. S. Hugar	Chairman, Non-Executive, Independent Director	7	4	Yes	6,250	1,250
Mr. Premchand Godha	Managing Director, Promoter Director	7	6	Yes	28,51,340	Nil
Mr. M. R. Chandurkar	Non-Executive, Promoter Director	7	7	Yes	21,51,000	Nil
Mr. A. K. Jain	Executive Director, Professional, Non-Promoter	7	6	Yes	51,000	3,000
Mr. Pranay Godha	Executive Director, Promoter Director	7	5	Yes	6,06,000	Nil
Mr. Babulal Jain	Non-Executive, Independent Director	7	7	Yes	20,250	1,250
Dr. V. V. Subba Rao	Non-Executive, Independent Director	7	4	No	6,250	1,250
Mr. Anand T. Kusre	Non-Executive Independent Director (Appointed on 21.01.2010)	7	2	–	Nil	Nil
Mr. V. A. Gore	Non-Executive, Independent Director (expired on 02.12.2009)	7	4	Yes	Not Applicable	Not Applicable

Notes:

Mr. Premchand Godha, Managing Director and Mr. Pranay Godha, Executive Director are related to each other. None of the other Directors are related to each other.

Mr. V. A. Gore, Independent Director expired on 2nd December, 2009.

Mr. Anand T. Kusre was appointed as Additional Director at the meeting of the Board of Directors of the Company held on 21st January, 2010.

*The above shareholding as at 31st March, 2010 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest.

• **Number of other Companies or Committees of which the Director is a Director/Member/Chairman:**

Name of Director	No. of other public limited Companies in which he is Director	No. of Committees in which he is Member (other than Ipca)	No. of Committees of which he is Chairman (other than Ipca)
Mr. R. S. Hugar	2	2	2
Mr. Premchand Godha	3	2	Nil
Mr. M. R. Chandurkar	1	Nil	Nil
Mr. A. K. Jain	Nil	Nil	Nil
Mr. Pranay Godha	Nil	Nil	Nil
Mr. Babulal Jain	Nil	Nil	Nil
Dr. V. V. Subba Rao	Nil	Nil	Nil
Mr. Anand T. Kusre	4	Nil	Nil

Directorship held by Directors mentioned above does not include Directorship of foreign companies and private limited companies.

The memberships/chairmanships in Audit Committee and Shareholders Grievance Committee only of Indian public limited companies have been considered.

The Company has a process to provide, inter-alia, the information to the Board as required under Annexure IA to Clause 49 of the listing agreement pertaining to Corporate Governance. The Board periodically reviews the compliances by the Company of all applicable laws.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the companies in which they are Directors. All the Directors have made necessary disclosures in this regard to the Company.

The Company has not entered into any materially significant transactions during the year under report with promoters, directors, senior management personnel, etc., other than the transactions entered into in the normal course of Company's business. Transactions with related parties are disclosed under notes forming part of the accounts.

• **Information required under Clause 49 IV G of the listing agreement on Directors seeking appointment/reappointment**
Mr. Premchand Godha

Mr. Premchand Godha aged 63 years is a qualified Chartered Accountant and a Commerce graduate. He is also a first generation entrepreneur. He is a director on the Board of Directors of the Company since 31st October, 1975 and has been the Managing Director of the Company since March, 1983. He has 35 years of experience in the pharmaceutical industry.

He is also a Director of the following companies:

1	Kaygee Investments Pvt. Ltd.	6	Kaygee-Loparex India Pvt. Ltd.
2	Vasant Investment Corporation Ltd.	7	IndusInd Bank Ltd.
3	Gudakesh Inv. & Traders Pvt. Ltd.	8	Ipca Traditional Remedies Pvt. Ltd.
4	Paranthapa Inv. & Traders Pvt. Ltd.	9	Cognizant Finance Pvt. Ltd.
5	Brescon Corporate Advisors Ltd.		

He is also member of the Audit Committee and Remuneration Committee of the Board of Brescon Corporate Advisors Ltd. He is also a member of Audit Committee of IndusInd Bank Ltd.

He holds 28,51,340 equity shares of the Company.

Mr. R. S. Hugar

Mr. R. S. Hugar aged 69 years was first appointed as an Additional Director of the Company with effect from 11th June, 2002. He is also designated as the non-executive Chairman of the Board of Directors of the Company with effect from the said date.

Mr. Hugar is a postgraduate in Econometrics from Pune University and brings with him vast experience of over three and half decade in Banking and finance.

Mr. Hugar's last employment was as the Chairman & Managing Director of Global Trust Bank Ltd., for a brief tenure of nine months. Prior to that he held position of Director, Institute of Banking Personnel Selection (RBI), Mumbai, a premier institute of our country for Banking Personnel Selection.

Mr. Hugar's illustrious career in Banking started at Bank of Maharashtra from January, 1967 where he worked for over 25 years in various capacities. Most important and memorable stint of Mr. Hugar's career is his tenure of 3 years as the Chairman and Managing Director of Corporation Bank.

Mr. Hugar has been conferred with various meritorious awards by national and international organisations in recognition of his services to the Indian banking sector.

He is also a Director of the following companies:

1	Dewan Housing Finance Corpn. Ltd.	2	DHFL Vysya Housing Finance Ltd.
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He is also the Chairman of the Audit Committee of the Board of Directors of Dewan Housing Finance Corporation Limited and DHFL Vysya Housing Finance Limited

His knowledge in the field of Banking, Finance and General Management would be of immense benefit to the Company.

He holds 6,250 equity shares in the Company.

Mr. Babulal Jain

Mr. Babulal Jain aged 59 years is a non-executive independent Director of the Company since 1988. He is a practising Chartered Accountant by profession. He is also the Chairman of the Audit Committee, Remuneration Committee and Investors Grievance Committee of the Board of Directors of the Company. He has professional experience of nearly 33 years in the field of Audit, Finance, Company Law and Taxation. His professional knowledge and vast experience will be of immense benefit to the Company.

He is also a Director of Nipra Exports Pvt. Ltd.

He holds 20,250 equity shares in the Company.

Mr. A.T. Kusre

Mr. Kusre aged 60 years is a M. Tech. in Chemical Engineering from Indian Institute of Technology (IIT), Mumbai. He is currently working as a Professor at Shailesh J. Mehta School of Management, IIT Mumbai. Prior to this, he worked with ICICI Bank for about 30 years with leadership roles in several important functions.

Mr. Kusre has nearly three decades of experience in designing and managing programmes aimed at development and commercialization of technologies. He has also supported several companies and technology institutions for development of innovative products. He is also actively associated with industry associations and leading academic and professional Institutes.

He was earlier a nominee Director of ICICI Limited on the Board of Directors of the Company from 3rd November, 1993 to 26th March, 1997.

He is also a Director in the following companies:

1.	MITCON Consultancy Services Limited	3.	Gujarat Industrial and Technical Consultancy Organisation Limited
2.	ITCOT Consultancy and Services Limited	4.	Loyalty Solutions and Research Limited

Mr. Kusre does not hold any equity shares in the Company.

• Code of Conduct

The Board has laid down a code of conduct for Board members and senior management personnel of the Company. The said code of conduct is posted on Company's website. The Board members and senior management personnel have affirmed compliance with the said code of conduct. A declaration signed by the Managing Director/CEO is given at the end of this report.

The Company has also adopted a code of conduct for Prevention of Insider Trading. All the Directors, Senior Management employees and other employees who have access to the unpublished price sensitive information of the Company are governed by this code. During the year under Report, there has been due compliance with the said code of conduct for Prevention of Insider Trading.

3. Audit Committee

• Terms of Reference & Composition, Name of Members and Chairman:

The Audit Committee of the Company currently comprises of Mr. Babulal Jain, Chairman of the Committee and Dr. V. V. Subba Rao and Mr. Anand T. Kusre, all being Independent Directors with independent judgment in the deliberation and decisions of the Board as well as Audit Committee. All members of the Audit Committee have knowledge on financial matters and the Chairman of the Audit Committee is a Senior Chartered Accountant in practice having accounting and financial management expertise.

The Executive Director in-charge of Finance along with Statutory Auditors, Cost Auditors and General Manager (Internal Audit) are invitees to the meetings of the Audit Committee. Mr. Harish P. Kamath, Vice President – Legal and Company Secretary is the Secretary of this Committee.

The terms of Reference to this Committee, inter-alia, covers all the matters specified under Section 292 (A) of the Companies Act, 1956 and also all the matters listed under Clause 49 of the Listing Agreement with Stock Exchanges such as oversight of the Company's financial reporting process; recommending the appointment/reappointment of statutory auditors; reviewing with the management annual financial statements, quarterly financial statements and other matters as covered under role of audit committee in clause 49. The Audit Committee has powers, inter-alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company/Company's subsidiaries as well as seek outside legal and professional advice.

The Audit committee reviews all the information that is required to be mandatorily reviewed by it under the corporate governance.

• **Audit Committee meetings and the attendance during the financial year 2009-10.**

There were 4 (Four) meetings of the Audit Committee during the Financial Year 2009-10. The dates on which the said meetings were held are as follows:

28 th May, 2009	27 th October, 2009
30 th July, 2009	21 st January, 2010

The attendance of each member of the Audit Committee in the committee meetings is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Babulal Jain	4	4
Dr. V. V. Subba Rao	4	3
Mr. Anand T. Kusre (Appointed on 21.01.2010)	4	Nil
Mr. V. A. Gore (expired on 02.12.2009)	4	3

• **Subsidiary Companies**

The Company has one non-listed, non-material Indian subsidiary company. The Company also has 8 overseas wholly-owned subsidiary companies and one wholly-owned subsidiary Company of a wholly-owned subsidiary, the financial statements of which are regularly reviewed by the Audit Committee.

4. Remuneration and Compensation Committee

The Company has a Remuneration and Compensation Committee of the Board which currently comprises of Mr. Babulal Jain (Chairman of the Committee), Dr V. V. Subba Rao and Mr. Anand T. Kusre, all independent directors to function in the manner and to deal with the matters specified in the Clause 49 of the listing agreement and also to review the overall compensation structure and policies of the Company to attract, motivate and retain employees as well as to consider grant of stock options to permanent employees and Directors of the Company and Company's subsidiaries.

There were 2 (Two) meetings of this Committee during the Financial Year 2009-10. The dates on which the said meetings were held are as follows:

28 th May, 2009	21 st January, 2010
----------------------------	--------------------------------

The attendance of each member of the Remuneration and Compensation Committee in the committee meetings is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Babulal Jain	2	2
Dr. V. V. Subba Rao	2	2
Mr. Anand T. Kusre (Appointed on 21.01.2010)	2	1
Mr. V. A. Gore (expired on 02.12.2009)	2	1

• **The details of the remuneration payable to Managing/Executive Directors for the Financial Year 2009-10 are given below:**

(Rs.lacs)

Name of the Director	Salary	Benefits and Perquisites	Commission*	Total
Mr. Premchand Godha	120.00	83.00	480.00	683.00
Mr. A. K. Jain	33.43	40.19	66.87	140.49
Mr. Pranay Godha	21.00	20.52	42.00	83.52

* As provided in the Annual Accounts 2009-10 and payable subject to shareholders approval.

The appointment of Managing/Executive Directors is contractual and is generally for a period of 5 years. Either party is entitled to terminate agreement by giving not less than two months notice in writing to the other party.

At the end of the financial year as on 31st March, 2010, the Company had a scheme for grant of stock options to the Directors and to the selected Employees of the Company and its subsidiaries under "Ipca Laboratories Limited – Employees Stock Option Scheme 2006 (ESOS)." Under this ESOS, the Remuneration and Compensation Committee till date has granted following options:

Grant Date	No. of options granted	Exercise Price
23.09.2006	3,99,000	Rs. 200
29.10.2007	1,10,000	Rs. 315
11.11.2008	57,000	Rs. 315

Each option represent a right to the option grantee but not an obligation to apply for 1 fully paid equity share of Rs. 10/- each of the Company at the Exercise Price (post corporate action for sub-division – 5 equity shares of Rs. 2/- each with pro-rata change in exercise price).

The options granted would be vested equally over a period of 4 years from the date of grant of options.

Details of number of options granted to Directors and the Senior Management personnel of the Company is given under Annexure to the Directors Report.

Disclosure pursuant to SEBI (ESOS and ESPS) Guidelines, 1999 is annexed to the Directors' Report forming part of this Annual Report.

The Non-Executive Directors are paid only sitting fees for attending the meetings of the Board of Directors and Committees thereof.

• **Details of payments made to Non-Executive Directors in the Financial Year 2009-10 are as under:**

Name of the Director	Sitting fees Paid (Rs)	Commission paid (Rs)
Mr. R.S. Hugar	40,000	Nil
Mr. M. R. Chandurkar	1,00,000	Nil
Mr. Babulal Jain	1,60,000	Nil
Mr. V.A. Gore (expired on 02.12.2009)	80,000	Nil
Dr. V.V. Subba Rao	90,000	Nil
Mr. Anand T. Kusre (appointed w.e.f. 21.01.2010)	30,000	Nil

5. Shareholders/Investors Grievance Committee

• **Details of the Members, Compliance Officer, No. of complaints received and pending, No. of transfers pending as on close of the financial year.**

This Committee functions under the Chairmanship of Mr. Babulal Jain, the non-executive independent Director. Mr. Premchand Godha, Managing Director and Mr. M. R. Chandurkar, Director are the other Members of this Committee.

There were 3 (Three) meetings of this Committee during the Financial Year 2009-10. The dates on which the said meetings were held are as follows:

30 th July, 2009	27 th October, 2009	21 st January, 2010
-----------------------------	--------------------------------	--------------------------------

The attendance of each member of the Remuneration and Compensation Committee in the committee meetings is given below:

Name of the Director	No. of meetings held	No. of meetings attended
Mr. Babulal Jain	3	3
Mr. Premchand Godha	3	2
Mr. M. R. Chandurkar	3	3

Mr. Harish P. Kamath, Vice President – Legal & Company Secretary is the Compliance Officer of the Company.

This Committee monitors share transfers, transmissions and other shareholders related activities including redressal of investor grievances.

During the year, the Company received 226 complaints/communications from the shareholders, mostly regarding non-receipt of dividend warrants posted/request for revalidation of date expiry warrants, bonus shares issue related queries, etc., all of which are attended to. The Company had no unattended request pending for transfer of its equity shares at the close of the financial year.

6. General Body Meetings

• **Details of the location where the last three AGMs and last EGM were held and the details of the resolutions passed or proposed to be passed by Postal Ballot.**

AGM for the F.Y. ended	Day, Date & Time of AGM	Place of AGM	Special Resolutions Passed
31-3-2009	Friday, 30-7-2009 at 3.30 p.m.	Bhaidas Hall, Vile Parle, Mumbai	None
31-3-2008	Friday, 25-7-2008 at 3.30 p.m.	Bhaidas Hall, Vile Parle, Mumbai	None
31-3-2007	Friday, 20-7-2007 at 3.30 p.m.	Bhaidas Hall, Vile Parle, Mumbai	1. Amendment to Employee's Stock Option Scheme (ESOS). 2. Extension of benefit of Employee's Stock Option Scheme to employees and Directors of subsidiary Companies. 3. Increase in the remuneration payable to Mr. Pranay Godha under Section 314(1B) of the Companies Act, 1956.

Day, Date & Time of EGM	Place of EGM	Special Resolutions Passed
Thursday, 25-2-2010 at 3.30 p.m.	Plot No. 47, Kandivli Industrial Estate, Kandivli West, Mumbai	None

All the resolutions including special resolutions set out in the respective notices calling the AGM/EGM were passed by the

shareholders. No postal ballots were used for voting at these meetings. There is no proposal to pass any Special Resolution through postal ballot at the ensuing Annual General Meeting.

7. Disclosures

- i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.

None

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. Disclosures from senior management staff have been obtained to the effect that they have not entered into any material financial and commercial transactions where they have personal interest that may have potential conflict with the interest of the Company at large.

Transactions with the related parties are disclosed in the notes to the accounts forming part of the Annual Report.

- ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by SEBI, ROC, Stock Exchanges or any other statutory authorities on any matter related to capital market during the last 3 financial years.

None

- iii) There is a whistle blowing policy in the Company and that no personnel has been denied access to the Audit Committee.

- iv) The Company has complied with all the mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement. The Company has adopted the non-mandatory requirements of the Clause 49 of the Listing Agreement pertaining to Corporate Governance such as whistle blower policy, remuneration committee, etc.

- v) The CEO/CFO certification form part of this Annual Report.

Risk Management

The Company has adopted a risk management policy. The Board of Directors of the Company have been informed from time to time of the business risks faced by the Company and the steps taken by the management to face such risks.

Proceeds from Initial Public Offerings (IPOs), etc

The Company has not made any IPO during the year under report.

Management Discussions and Analysis

The Management Discussion and Analysis forms part of this annual report.

8. Means of Communication

Quarterly/Annual Results	: The results of the Company are published in the Newspapers.
Newspapers in which results are generally published	: The Business Standard, Free Press Journal, and Nav Shakti.
Website, where displayed	: At http://www.ipcalabs.com
Whether website also displays official news releases	: Yes.
Presentation made to institutional investors or to the analysts	: The website includes all the information on presentations made to the investors and analysts.
E-mail id for investor grievances	: investors@ipca.co.in

9. General Shareholders Information

AGM: Date, Time and Venue	: Thursday, 29 th July, 2010 at 3.30 p.m. at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile Parle (W), Mumbai 400 056.
Financial Year	1 st April –31 st March
First quarter results	Last week of July*
Second quarter results	Last week of October*
Third quarter results	Last week of January*
Annual results	Last week of May*
	* Tentative
Date of Book closure	: Tuesday, 20 th July, 2010 to Thursday, 29 th July, 2010 (both days inclusive).

Dividend Payment date(s)	: The Company has paid 1st Interim Dividend of Rs. 5/- per share (50%) on 09.11.2009 and 2nd Interim Dividend of Rs. 4/- per share (40%) on 04.02.2010 on the equity share capital for the financial year 2009-10. It is now proposed to declare final dividend of Re. 1/- per share (50%) on equity share capital for the financial year 2009-10 which if sanctioned will be paid on or before August 18, 2010.
Listing on Stock Exchanges	: The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). Listing fees have been paid to both the Stock Exchanges for the financial year 2010-11 in April, 2010. The fees of the depositories for the financial year 2010-11 is also paid in April, 2010.
Stock code – Physical	: 524494 on BSE; IPCALAB on NSE
ISIN Number for NSDL & CDSL	: INE 571A01020
Corporate Identity Number allotted by Ministry of Corporate Affairs	: L24239MH1949PLC007837
Market price data: High, Low during each month in last financial year	: Please see Annexure 'A'
Stock performance in comparison to BSE Sensex	: Please see Annexure 'B'
Registrars and Share Transfer Agents	: Link Intime India Private Limited C-13, Pannalal Silks Mills Compound L B S Marg, Bhandup (W) Mumbai 400 078 Tel. No. (022) 2596 3838 Fax. No. (022) 2567 2693
Share Transfer system	: All share transfers, subject to correctness and completion of all documents would normally be registered and returned within 2 weeks from the date of receipt.
Distribution of shareholding/shareholding pattern as on 31.3.2010	: Please see Annexure 'C'
Dematerialisation of shares and liquidity	: 97.57% of the paid-up share capital has been dematerialised as on 31 st March, 2010.
Outstanding GDRs/ADRs/warrants/convertible instruments, etc	: 1,41,250 options issued under Ipca Laboratories Ltd- Employees Stock Option Scheme 2006 (ESOS) are outstanding as at 31 st March, 2010. Each option now represent a right to the option grantee but not an obligation to apply for 5 equity shares of Rs. 2/- each of the Company at the Exercise Price over a period of 4 years from grant date (consequent to corporate action for sub-division of each equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each)
Plant Location	: 1. Ratlam, Madhya Pradesh. 2. Pologround, Indore, Madhya Pradesh. 3. Gandhidham, Gujarat. 4. Athal, Silvassa. 5. Dandudyog Industrial Estate, Silvassa. 6. Aurangabad, Maharashtra. 7. Dehradun, Uttaranchal. 8. SEZ Indore, Pithampur, Madhya Pradesh.
Share Transfer and other communications may be addressed to the Registrars and Share Transfer Agents	: Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L B S Marg, Bhandup (W) Mumbai 400 078 Tel. No. (022) 2596 3838
Investors complaint may be addressed to	: Harish P Kamath V.P.- Legal & Company Secretary Ipca Laboratories Limited 142-AB, Kandivli Indl. Est Kandivli (W), Mumbai 400 067 Tel. No. (022) 6647 4644 E-mail : investors@ipca.co.in

Annexure A

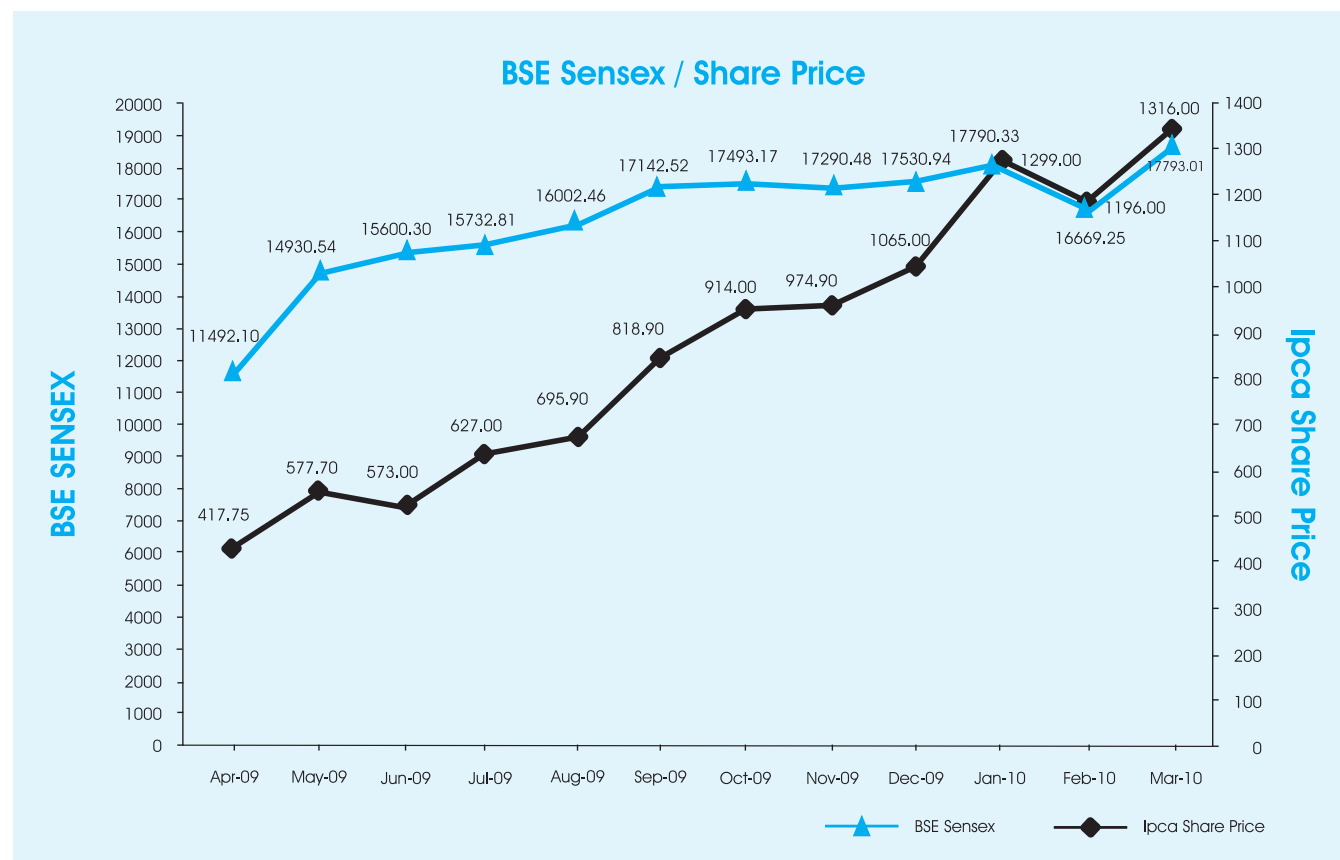
High/Low of Market price of the Company's shares traded on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd. (NSE) during the financial year 2009-10 furnished below:

Year	Month	Highest (Rs.)		Lowest (Rs)	
		BSE	NSE	BSE	NSE
2009	April	417.75	469.25	317.00	320.00
	May	577.70	583.95	401.25	393.40
	June	573.00	629.55	480.05	453.00
	July	627.00	627.00	490.05	458.30
	August	695.90	729.90	590.00	581.00
	September	818.90	840.00	675.60	594.40
	October	914.00	910.00	778.50	785.60
	November	974.90	976.00	875.00	860.30
	December	1065.00	1080.00	920.00	922.00
2010	January	1299.00	1290.00	1010.00	1001.10
	February	1196.00	1198.00	1072.00	1078.00
	March	1316.00	1314.90	254.15*	252.20*

*On face value of Rs. 2/- each. Rest all quotes on face value of Rs. 10/- each

Annexure B

Graph of Share Price/BSE Sensex



Annexure C

The distribution of shareholding as on March 31, 2010 is as follows :

No. of equity shares held			No. of shareholders	%	No. of shares	%
Upto		500	15897	94.92	8751883	6.99
501	to	1000	413	2.47	1540973	1.23
1001	to	2000	177	1.06	1344096	1.07
2001	to	3000	51	0.30	649917	0.52
3001	to	4000	25	0.15	454065	0.36
4001	to	5000	21	0.12	491313	0.39
5001	to	10000	47	0.29	1721970	1.38
10001	to	above	107	0.69	110273438	88.06
Grand Total			16738	100.00	125227655	100.00
No. of shareholders in Physical Mode			2516	15.03	3040040	2.43
No. of shareholders in Electronic Mode			14222	84.97	122187615	97.57

Shareholding pattern as on March 31, 2010 is as follows :

Categories of shareholders	No. of shareholders	No. of shares	% holding
Indian Promoters	21	57910290	46.24
Banks and Insurance Companies	3	3000	0.00
UTI and Mutual Funds	62	38009809	30.35
FII's and NRIs	247	6621341	5.29
Domestic Companies	569	7329878	5.85
Resident Individuals	15836	15353337	12.27
	16738	125227655	100.00

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of

IPCA LABORATORIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by IPCA LABORATORIES LIMITED for the period ended on 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Mumbai,
28th May, 2010

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M. No. 40441

To,
All the Members of
IPCA LABORATORIES LTD.

It is hereby certified and confirmed that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2010.

Mumbai,
28th May, 2010

For **Ipca Laboratories Limited**
Premchand Godha
Managing Director/CEO

CEO/CFO CERTIFICATION

The Board of Directors
Ipca Laboratories Limited
48, Kandivli Industrial Estate,
Kandivli - West
Mumbai – 400 067

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief;
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. 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.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) 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 the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Ipca Laboratories Ltd.**

Mumbai,
28th May, 2010

Premchand Godha
Managing Director/CEO

A.K. Jain
Executive Director/CFO

AUDITORS' REPORT

To
The Members of

IPCA LABORATORIES LIMITED

We have audited the attached Balance Sheet of Ipca Laboratories Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure Statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) 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.
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanation given to us, the accounts and the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (a) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010 and
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on 31st March 2010.
 - (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M.No. 40441

Mumbai,
28th May, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The fixed assets have been physically verified by the management at reasonable intervals and any material discrepancies noticed on such verification have been properly dealt with in the books of account;
- (c) The Company has not disposed off any substantial part of fixed assets.
- (ii) (a) Stock of finished goods, stores, spare parts and raw materials has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage/Excess automatically gets adjusted and the same is properly dealt in the books of accounts.
- (iii) The Company has not taken/given any loan from/to any party listed in the register maintained under Section 301.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We have not come across any continuing failure to correct major weaknesses in internal control.
- (v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of Section 301 of the Act has been properly entered.
- (b) All the transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and the nature of services rendered by such parties.
- (vi) The Company has not accepted any deposits from the public during the year under review, and consequently the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) In our opinion the Company has an Internal Audit system commensurate with the size of the company and the nature of its business.
- (viii) According to the records produced and information given to us, the cost records and accounts as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 have been made and maintained by the company but no examination of such records and accounts has been carried out by us.
- (ix) (a) The Company is regular in depositing Provident Fund, Employees State Insurance, income tax, sales tax, service tax, customs duty and excise duty dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, the following Tax/duty, etc, has not been deposited on account of dispute.

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Valuation of Inputs	12,00,441	2001-02 & 2002-03	Commissioner of Central Excise
Excise Duty	Cenvat availed on direct clearance of goods from job worker's premises.	34,37,000	April 2002 - Jan 2005	CESTAT
Excise Duty/ Service Tax	Availment of Cenvat Credits on Input Services.	2,84,190	2006-2007 and 2007-2008	Assistant Commissioner of Central Excise
Excise Duty / Service Tax	Availment of Cenvat Credits on Input Services.	1,01,888	April 2008 - Dec 2008	Assistant Commissioner of Central Excise
Excise Duty / Service Tax	Availment of Cenvat Credits on Input Services.	40,477	Jan 2009 - Sep 2009	Assistant Commissioner of Central Excise
Service Tax	Availment of Cenvat Credits on H.O invoices.	90,58,560	April 2006 –Nov 2008	Commissioner of Central Excise.
Service Tax	Availment of Cenvat Credits on H.O invoices.	2,05,49,912	April 2006 –Nov 2008	Commissioner of Central Excise.

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Incorrect classification of derivative product.	13,47,42,700	March 2005 - March 2008	Commissioner of Central Excise.
Service Tax	Incorrect classification of derivative product.	2,22,664	March 2005 - March 2008	Commissioner of Central Excise.
Excise Duty/ Service Tax	Availment of Cenvat Credits on Common Inputs.	5,75,52,022	May 2007 –March 2008	Commissioner of Central Excise.
Excise Duty	Non reversal of service tax credit on short receipt and destruction of RM/PM	1,06,865	2005-06 to 2007-08	Assistant Commissioner of Central Excise
Excise Duty	Service Tax on Import of services	3,58,05,442	2002-03 to 2005-06	Commissioner of Service Tax Mumbai
Sales Tax	Disputed demand	67,846	2001-2002	Sales Tax authority- Patna
Sales Tax	Disputed demand	2,98,219	2004-2005	Sales Tax authority – Jaipur
Income Tax	Disallowances and additions during assessments	1,82,45,741	A.Y:- 2005-2006	CIT(A) XIX, Mumbai.
Income Tax	Disputed Demands	3,28,66,390	A.Y:- 2004-2005	Mumbai High Court
Income Tax	Order u/s 143(3)	45,84,510	A.Y:- 2006-2007	DRP – 1, Mumbai

- (x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.
- (xi) We are informed that the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- (xii) On the basis of the audit procedures followed and the representations from the management, we report that the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi/mutual benefit fund/society and accordingly Clause (xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xiv) The company has maintained proper records of securities and other investments, which it has traded in and also in respect of shares and other securities, held as investments and the said investments are in the name of the company.
- (xv) According to the information and explanations given to us, the company has given guarantee for loans taken by others from bank, the terms and conditions whereof are not prejudicial to the interest of the company.
- (xvi) The term loans which are in the nature of External Commercial Borrowings taken during the year have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us, on an over all examination of the Balance sheet of the company and the necessary representations from the management, we report that no short term funds raised by the company have been applied towards long term assets/investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act. Accordingly Clause (xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xix) The Company has not made any fresh issue of debentures during the year and accordingly Clause (xix) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (xx) The Company has not raised any money by public issues during the year and accordingly Clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable.
- (xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M.No. 40441

Mumbai,
28th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31 st March, 2010		31 st March, 2009	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	25.04		24.99	
Share Application money pending allotment (Refer Note No. 20(c))		0.01		0.03	
Reserves and Surplus	2	849.82	874.87	613.52	638.54
Loan Funds					
Secured Loans	3	379.08		331.04	
Unsecured Loans	3	74.90	453.98	119.13	450.17
Deferred Taxation (Net) (Refer Note No. 7)			79.31		65.11
			1,408.16		1,153.82
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	878.47		763.99	
Less: Depreciation/Amortisation/Impairment		242.00		200.96	
Net Block		636.47		563.03	
Capital Work-in-Progress and Capital Advances		38.28	674.75	16.69	579.72
Investments	5		49.42		57.03
Current Assets, Loans and Advances					
Inventories	6	370.84		299.83	
Sundry Debtors	7	391.91		342.77	
Cash and Bank Balances	8	8.29		5.84	
Loans and Advances	9	121.54		82.18	
		892.58		730.62	
Less: Current Liabilities and Provisions					
Current Liabilities	10	183.92		193.57	
Provisions		24.67		19.98	
		208.59		213.55	
Net Current Assets			683.99		517.07
			1,408.16		1,153.82
Notes to the Accounts	17				

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-2010		2008-2009	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
INCOME					
Sales			1,588.75		1,307.84
Less: Excise duty		10.31		16.42	
Sales tax		32.89	43.20	26.10	42.52
			1,545.55		1,265.32
Income from Operations	11	7.19		8.04	
Other Income	12	6.21	13.40	2.21	10.25
			1,558.95		1,275.57
EXPENDITURE					
Material Cost and Inventory Adjustments	13	640.95		498.18	
Personnel Cost	14	216.38		184.29	
Manufacturing and Other Expenses	15	360.49		323.04	
Financial Cost	16	25.83		30.39	
Depreciation and Amortisation	4	46.33		39.28	
Loss/(Gain) on foreign exchange translations		(5.79)		75.69	
Provision for Diminution in value of investments		3.03	1,287.22	0.05	1,150.92
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS			271.73		124.65
Less: Provision for Taxation					
- Current		47.30		14.25	
- Deferred (Net)		14.20		7.75	
- Fringe Benefit		-		6.00	
- Short/(Excess) provision of earlier year		1.04	62.54	(4.76)	23.24
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS			209.19		101.41
EXCEPTIONAL ITEMS					
Provision for Disputed Tax Written Back		-		4.89	
Less: Amount transferred to General Reserve		-	-	4.89	-
Provision for investment/loan to subsidiary			-		10.19
NET PROFIT			209.19		91.22
Balance brought forward			151.95		149.73
AMOUNT AVAILABLE FOR APPROPRIATION			361.14		240.95
APPROPRIATIONS					
Debenture Redemption Reserve			15.00		5.00
General Reserve			152.54		51.72
Interim Dividend			22.49		17.60
Proposed Final Dividend			12.52		9.99
Proposed Dividend of previous year reversed on					
Shares bought back			(0.01)		-
(Refer Note No. 16(b))					
Tax on Dividend			5.90		4.69
Balance carried forward to Balance Sheet			152.70		151.95
			361.14		240.95
EARNINGS PER SHARE (In Rupees)					
[Refer Note No.18]					
(Nominal value of each share Rs. 2/-)					
Basic					
Before Exceptional Items			16.75		8.08
After Exceptional Items			16.75		7.27
Diluted					
Before Exceptional Items			16.72		8.05
After Exceptional Items			16.72		7.24

Notes to the Accounts

17

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 Rupees in Crores	2008-2009 Rupees in Crores
A CASH FLOW FROM OPERATING ACTIVITIES		
1 Net profit before taxation and extraordinary item	271.73	124.65
Adjustments for:		
Depreciation, amortisation and Impairment	46.33	39.28
Reversal of Impairment loss of assets	-	(0.02)
Provision for employee benefit	2.76	2.39
(Profit)/Loss on sale of assets	0.38	(0.01)
(Profit)/Loss on sale of investments	(3.70)	(0.04)
Assets scrapped	0.69	0.19
Miscellaneous balance written off/(back)	-	0.30
Bad debts (recovered)/Written off	0.47	(0.01)
Provision for doubtful debts/advances	1.15	0.24
Provision for diminution in value of current investment	3.03	0.05
Employee Stock Option Compensation expenses	1.08	2.16
Foreign exchange (gain)/loss	(5.79)	75.69
Interest income	(6.55)	(5.95)
Dividend income	(1.12)	(0.68)
Interest expense	27.03	30.33
Operating profit before working capital changes	65.76	143.92
Increase/(Decrease) in short term borrowings	337.49	268.57
Decrease/(Increase) in Receivables	23.51	40.67
Decrease/(Increase) in Inventories	(76.18)	(106.77)
Increase/(Decrease) in Sundry creditors	(71.01)	(40.31)
Cash generated from operation	26.13	16.35
Income tax paid (Net)	(97.55)	(90.06)
Gratuity contribution to LIC	239.94	178.51
Net cash from operating activities	(45.44)	(22.41)
	(0.98)	(1.18)
B CASH FLOW FROM INVESTING ACTIVITIES	193.52	154.92
Purchase of fixed assets	(143.44)	(78.75)
Investment in subsidiaries	(0.87)	(8.45)
Purchase of Investments	-	(26.40)
Proceeds from sale of investments	9.15	0.04
Purchase/redemption of mutual fund units		
- Purchases	(481.95)	(455.28)
- Redemption	481.95	455.28
Proceeds from sale of assets	1.01	0.63
Interest received	6.43	6.29
Dividend received	1.12	0.68
Net cash from/(used in) investing activities	(126.60)	(105.96)
C CASH FLOW FROM FINANCING ACTIVITIES		
ESOS Commitment Deposit	-	0.01
Proceeds from Issue of Share Capital including premium	2.56	2.31
Share bought back & extinguished	(2.54)	(6.90)
Proceeds from Issue of Debenture	-	50.00
Proceeds from long-term borrowings	71.21	15.02
Repayment of long-term borrowings	(69.05)	(48.16)
Interest paid	(28.78)	(29.37)
Dividend & dividend tax paid	(37.87)	(33.62)
Net cash used in financing activities	(64.47)	(50.71)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	2.45	(1.75)
Cash and cash equivalents at beginning of period	5.84	7.59
Cash and cash equivalents at end of period	8.29	5.84
Components of Cash & Cash equivalents:		
Cash and Cheques on hand	3.37	2.32
Balance with banks		
- On current account	4.13	2.55
- On deposit account	0.01	0.02
Balance with non scheduled Banks	0.78	0.95

As per our Report of even date attached
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

SCHEDULES TO THE ACCOUNTS

Schedules 1 to 17 forming part of the Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended 31st March, 2010

	31.03.2010	31.03.2009
	Rupees in Crores	Rupees in Crores
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
22,50,00,000 Equity Shares of Rs. 2 each	<u>45.00</u>	<u>45.00</u>
(Previous year 4,50,00,000 Equity Shares of Rs.10 each)		
Issued and Subscribed:		
12,65,08,750 Equity Shares of Rs. 2 each (Previous year	<u>25.30</u>	<u>25.19</u>
2,51,92,000 equity Shares of Rs. 10 each)		
Paid up:		
12,52,27,655 Equity Shares of Rs. 2 each (Previous year	<u>25.04</u>	<u>24.99</u>
2,49,88,991 Equity Shares of Rs.10 each)		
PER BALANCE SHEET	<u>25.04</u>	<u>24.99</u>
Of the above:		
(i) 48,200 Equity Shares of Rs. 10 each have been issued as fully paid for consideration other than cash		
(ii) (a) 84,00,000 Equity Shares of Rs. 10 each fully paid have been issued as Bonus Shares by capitalisation of General Reserve		
(b) 1,25,00,000 Equity Shares of Rs. 10 each fully paid have been issued as Bonus Shares by capitalisation of Share Premium		
(iii) 3,01,750 (Previous year 1,92,000) Equity Shares of Rs. 10 each issued on exercise of options under Employees Stock Option Scheme		
(iv) 2,56,219 (Previous year 2,03,009) Equity Shares of Rs. 10 each extinguished under Buy-back Scheme (Refer Note 16(a))		
Note: Equity Share of Rs.10 each have been sub-divided into five equity shares of Rs. 2 each pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on 25 th February, 2010		
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve		
Per last Balance Sheet	0.04	0.04
Capital Redemption Reserve		
Per last Balance Sheet	0.20	-
Add: Transferred from General Reserve	<u>0.06</u>	<u>0.20</u>
(Refer Note No.16(a))		
Share Premium Account		
Per last Balance Sheet	34.11	29.86
Add: On issue of Employee stock options	<u>4.43</u>	<u>4.25</u>
General Reserve		
Per last Balance Sheet	450.00	400.00
Less: Amount withdrawn for Shares Buy-back	<u>2.48</u>	<u>6.70</u>
(Refer Note No.16(a))		
Less: Amount transferred to Capital Redemption Reserve	<u>0.06</u>	<u>0.20</u>
Add: Forfeiture of Employee stock option	-	0.29
Add: Provision for disputed tax written back	-	4.89
Add: Transferred from Profit and Loss Account	<u>152.54</u>	<u>51.72</u>
Debenture Redemption Reserve		
Per last Balance Sheet	5.00	-
Add: Transferred from Profit and Loss Account	<u>15.00</u>	<u>5.00</u>
Employee Stock Options		
Employee stock option outstanding	2.47	4.78
Less: Deferred Employee compensation expenses	<u>0.58</u>	<u>2.01</u>
Foreign Exchange Hedging Reserve	36.39	(30.55)
Profit and Loss Account	<u>152.70</u>	<u>151.95</u>
PER BALANCE SHEET	<u>849.82</u>	<u>613.52</u>

31.03.2010 31.03.2009
Rupees in Crores Rupees in Crores

SCHEDULE 3
LOANS

a) Secured Loans

Working Capital Loan

159.23 99.67

- Canara Bank-Consortium-Secured by first charge by way of hypothecation of raw materials, packing materials, work-in-process, finished goods, stores and spares, book debts and all other movable current assets of the Company and second charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company.

12.75% Secured Redeemable Non-Convertible Debentures

50.00 50.00

- Redeemable in 3 equal annual instalments commencing from the end of 3rd year from the date of the allotment, secured by mortgage over company's office premises at Ahmedabad, Gujarat, first pari passu charge over movable & immovable properties at Dehradun & pari passu first charge on Company's plant & machinery at Ratlam.

Rupee Term Loan

HDFC Bank Ltd.

29.33 40.00

- Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

Bank of Baroda

15.00 15.00

- Secured by first charge by way of equitable mortgage of land and building of the Company situated at Indore (except Pithampur), Dehradun, Ratlam, Mumbai, Athal & Piparia (both in Silvassa).

Foreign Currency Term Loans

ICICI Bank Singapore

- 20.30

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

ICICI Bank Offshore Banking Unit

- 12.18

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

- Secured by exclusive charge on the entire movable fixed assets at SEZ, Indore, Pithampur and pari passu first charge on movable fixed assets at Kandla.

33.82 53.29

BNP PARIBAS

24.05 40.60

- Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

CITI BANK

22.55 -

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

DBS BANK SINGAPORE

45.10 -

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

PER BALANCE SHEET

379.08 331.04

(Refer Note No. 5)

b) Unsecured Loans

Short Term Loans from Banks:

- Buyers Credit

49.59 48.51

- Barclays Bank

11.27 70.00

- CITI BANK

13.53 -

Deposits from dealers

0.51 0.53

Madhya Pradesh State sales tax loan

- 0.09

PER BALANCE SHEET

74.90 119.13

(Refer Note No. 5)

SCHEDULE 4

FIXED ASSETS

(Rs. in Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION, AMORTISATION & IMPAIRMENT					NET BLOCK	
		As on	Additions	Sales, w/off,	As on	Up to	For the	Sales, w/back,	Impairment	Up to	As on	As on
		01.04.2009	during the year	adjustments during the year	31.03.2010	31.03.2009	year	adjustments during the year	Changes	31.03.2010	31.03.2010	31.03.2009
A	<u>Tangible Assets</u>											
1	Land											
	- Freehold	11.66	11.67	-	23.33	0.03	-	-	-	0.03	23.30	11.63
	- Leasehold	10.90	-	-	10.90	0.33	0.11	-	-	0.44	10.46	10.57
2	Buildings	153.06	8.39	(0.12)	161.33	22.03	4.74	(0.01)	-	26.76	134.57	131.03
3	Plant & machinery	482.72	90.98	(4.33)	569.37	131.88	31.88	(2.84)	-	160.92	408.45	350.84
4	Effluent treatment plant	5.97	0.08	-	6.05	2.35	0.36	-	-	2.71	3.34	3.62
5	Furniture & fixtures	14.11	2.17	(0.06)	16.22	6.49	1.27	(0.05)	-	7.71	8.51	7.62
6	Vehicles	7.38	1.47	(1.16)	7.69	4.18	1.04	(0.96)	-	4.26	3.43	3.20
7	R & D assets											
	- Building	6.92	0.28	-	7.20	1.39	0.23	-	-	1.62	5.58	5.53
	- Equipments	60.74	6.42	(1.95)	65.21	25.14	5.94	(1.49)	-	29.59	35.62	35.60
	- Furniture	1.36	0.05	-	1.41	0.49	0.12	-	-	0.61	0.80	0.87
	- Intangible Assets-Software	-	0.01	-	0.01	-	-	-	-	-	0.01	-
B	<u>Intangible Assets</u>											
1	Software	3.17	0.58	-	3.75	0.95	0.70	-	-	1.65	2.10	2.22
2	Know - how	3.84	-	-	3.84	3.65	-	-	-	3.65	0.19	0.19
3	Brands and trademarks	2.16	-	-	2.16	2.05	-	-	-	2.05	0.11	0.11
	Total	763.99	122.10	(7.62)	878.47	200.96	46.39	(5.35)	-	242.00	636.47	
	Previous Year	577.09	189.46	(2.56)	763.99	163.66	39.39	(2.07)	(0.02)	200.96		563.03
C	Capital work-in-progress & capital advances including project expenses pending allocation											
											38.28	16.69
											674.75	579.72

PER BALANCE SHEET

Notes:

- Buildings include cost of shares in Co-operative societies.
- Out of depreciation and amortisation for the year of Rs. 46.39 crores (Previous year Rs. 39.39 crores), depreciation of Rs. 0.06 crore (Previous year Rs. 0.11 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation.
- Cost of Borrowing of Rs. 0.09 crores (Previous year Rs. 1.81 crores) is capitalised to the projects.
- The Company has capitalised project expenses pending allocation of Rs. 0.05 crores (previous year Rs. 19.49 crores) proportionately over all assets capitalised as on the date the project is completed and commercial production started. The said amount includes interest & depreciation.

	No. of Shares	Face Value	31.03.2010	31.03.2009
	31.03.2010	31.03.2009	Rupees	Rupees in Crores

SCHEDULE 5

INVESTMENTS - At cost

A) Unquoted: Long Term (Trade)

(i) Government Securities					
National Saving Certificates				-	-
(Refer Note No. 27)					
(ii) Subsidiary Companies					
Equity Shares (Fully paid)					
Ipca Pharmaceuticals, Inc. USA	1000	1000	No Par Value	7.61	7.61
Ipca Laboratories U.K. Ltd., U.K.	500955	500955	STG 1	4.08	4.08
Ipca Pharma Nigeria Ltd., Nigeria	51589190	51589190	Naira 1	2.82	2.82
National Druggist (PTY) Ltd., South Africa	1059732	1059732	Rand 1	0.64	0.64
Ipca Pharma (Australia) Pty Ltd., Australia	26944	26944	AUS \$ 1	0.17	0.17
Ipca Pharmaceuticals (Shanghai) Ltd., China	-	-	RMB	0.84	0.25
Ipca Pharmaceuticals Ltd. SA de CV. Mexico	-	-	Peso	0.38	0.19
Ipca Traditional Remedies Pvt. Ltd.	2960000	2960000	10	2.96	2.96
Laboratories Ipca Do Brasil Ltda., Brasil	6917694	6345324	R \$ 1	10.83	9.69
(Quotas of Brazilian Real of 1 each)					
Less: Provision for diminution in value				(10.83)	19.50
(Refer Note No.15(b))					(9.69)
(iii) Joint Venture Company					
Activa Pharmaceuticals (FZC), UAE	-	3670	AED 100	-	0.43
[Refer Note No.19]					
(iv) Associates					
Equity Shares (Fully paid)					
Paschim Chemicals Pvt. Ltd.	63690	63690	100	20.34	20.34
Exon Laboratories Pvt. Ltd.	-	499000	10	-	5.02
CCPL Software Pvt. Ltd. #	55000	55000	100	-	20.34
# Cost fully written off in books					-

B) Quoted: Long Term (Trade)

Equity Shares (Fully paid)					
Mangalam Drugs & Organics Ltd.	1633417	1633417	10	5.09	5.09
Tonira Pharma Ltd.	2565808	2565808	10	7.33	7.33
				12.42	12.42
Less: Provision for Diminution in value				(2.99)	9.43
(Refer Note No.15(a))					-

C) Quoted: Current (Non-Trade)

Aurobindo Pharma Ltd.	5000	5000	10	0.15	0.10
PER BALANCE SHEET				49.42	57.03
Note-For details of securities purchased and sold during the year Refer Note No.14					
Aggregate Book Value of Investments					
Unquoted				39.84	44.51
Quoted				9.58	12.52
Aggregate Market Value of Quoted Investments				10.88	4.49

SCHEDULE 6

INVENTORIES

(As taken, valued and certified by the Management)

Stock in Trade

Raw materials	156.75	104.54
Packing materials	18.92	14.41
Work-in-process	68.44	50.18
Finished goods	123.70	127.79
Stores and spares	3.03	2.91
PER BALANCE SHEET	370.84	299.83

31.03.2010
Rupees in Crores Rupees in Crores

31.03.2009
Rupees in Crores Rupees in Crores

SCHEDULE 7

SUNDRY DEBTORS

(Unsecured-considered good, unless otherwise stated)

Outstanding for more than six months

- Considered good		92.59		73.27
- Considered doubtful	0.25		1.02	
Less: Provision for doubtful debts	0.25	-	1.02	-
Other debts		299.32		269.50
PER BALANCE SHEET		391.91		342.77

SCHEDULE 8

CASH AND BANK BALANCES

Cash on hand		0.36		0.30
Cheques on hand		3.01		2.02
Margin money with banks		-		0.01
Balances with scheduled banks				
On current accounts	4.13		2.54	
On deposit accounts	0.01	4.14	0.02	2.56
Balances with non scheduled banks		0.78		0.95
(Refer Note No. 9)				
PER BALANCE SHEET		8.29		5.84

SCHEDULE 9

LOANS AND ADVANCES

(Unsecured-considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

- Considered good		34.63		34.39
Loans given to:				
- Subsidiaries	3.86		0.72	
- Employees	2.72		2.51	
- Others	20.12		21.59	
	26.70		24.82	
Less: Provision for Loan to subsidiary	0.50	26.20	0.50	24.32
Advance excise duty		13.05		9.33
Deposits		5.23		5.23
Foreign Currency hedging gain		36.39		-
Prepaid taxes	135.11		99.99	
Less: Provision for taxation	(129.07)	6.04	(91.08)	8.91
PER BALANCE SHEET		121.54		82.18

SCHEDULE 10

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry creditors:				
- Micro, Small and Medium Enterprises	0.63		0.60	
(Refer Note No. 10)				
- Others	69.12		64.86	
Against acceptance of import documents	49.84		27.35	
Unpaid dividends (Refer Note No. 13)	1.16		1.05	
Foreign Currency hedging loss	-		37.81	
Other liabilities	55.57		50.70	
Advances from customers	5.02		6.32	
Interest accrued but not due on loans	2.58	183.92	4.88	193.57

Provisions

Proposed final dividend	12.52		9.99	
Provision for tax on dividend	2.08		1.70	
Provision for gratuity	1.50		1.00	
Provision for leave encashment	6.50		5.10	
Provision for leave travel assistance	2.07	24.67	2.19	19.98
PER BALANCE SHEET		208.59		213.55

	2009-2010		2008-2009	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SCHEDULE 11				
INCOME FROM OPERATIONS				
Duty Free Entitlement Credit under target plus and other schemes		2.92		2.36
Other income from operations		4.27		5.68
PER PROFIT AND LOSS ACCOUNT		<u>7.19</u>		<u>8.04</u>
SCHEDULE 12				
OTHER INCOME				
Profit on sale of assets		0.15		0.14
Profit on sale of Investments		3.70		0.04
Dividend income from:				
- Joint Venture	0.89		-	
- Others	<u>0.23</u>	1.12	<u>0.68</u>	0.68
Bad debts recovered		-		0.01
Reversal of Impairment loss of assets		-		0.02
Miscellaneous income		1.24		1.32
PER PROFIT AND LOSS ACCOUNT		<u>6.21</u>		<u>2.21</u>
SCHEDULE 13				
MATERIAL COST AND INVENTORY ADJUSTMENTS				
Raw materials consumed				
Opening stock	104.54		99.52	
Add: Purchases	547.95		416.37	
Raw material conversion charges	<u>12.35</u>		<u>11.50</u>	
	664.84		527.39	
Less: Closing stock	<u>156.75</u>	508.09	<u>104.54</u>	422.85
Packing materials consumed				
Opening stock	14.41		14.08	
Add: Purchases	<u>107.16</u>		<u>83.08</u>	
	121.57		97.16	
Less: Closing stock	<u>18.92</u>	102.65	<u>14.41</u>	82.75
Finished goods purchased		71.25		50.92
Inventory adjustments				
Stock at commencement				
Work-in-process	50.18		46.71	
Finished goods	<u>127.79</u>		<u>96.84</u>	
	177.97		143.55	
Less: Stock at close				
Work-in-process	68.44		50.18	
Finished goods	<u>123.70</u>		<u>127.79</u>	
	192.14	(14.17)	177.97	(34.42)
Neutralisation of duties and taxes on inputs on exports-DEPB/Drawback benefits				
		(28.67)		(24.05)
Variation in excise duty on:				
Closing stock of finished goods	7.40		5.60	
Less: Opening stock of finished goods	<u>5.60</u>	1.80	<u>5.47</u>	0.13
PER PROFIT AND LOSS ACCOUNT		<u>640.95</u>		<u>498.18</u>
SCHEDULE 14				
PERSONNEL COST				
Payment to and provision for salaries, wages and bonus		194.75		163.56
Contribution to provident fund, employees' state Insurance and other funds		11.13		9.59
Employee Stock Option Compensation expenses		1.08		2.16
Employee leave encashment benefit		2.73		2.82
Welfare expenses		4.47		3.63
Recruitment and training		2.22		2.53
PER PROFIT AND LOSS ACCOUNT		<u>216.38</u>		<u>184.29</u>

	2009-2010		2008-2009	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SCHEDULE 15				
MANUFACTURING AND OTHER EXPENSES				
Consumption of stores		10.68		7.92
Power, fuel, gas & water charges		47.42		43.60
Repairs:				
- Building	5.60		4.67	
- Machinery	20.42		16.48	
- Others	0.52	26.54	0.44	21.59
Insurance		5.65		5.56
Rent		5.16		3.55
Rates and taxes		3.46		3.43
Freight, forwarding and transportation		40.12		36.57
Commission		11.42		15.11
Royalty		0.14		0.15
Field staff expenses		27.81		24.84
Auditors' remuneration:				
Audit fees (Including tax audit)	0.25		0.25	
Tax Matters	0.05		0.05	
Certification Fees	0.04		0.02	
Reimbursement of expenses	-	0.34	0.01	0.33
Expenditure on scientific research (Refer Note No. 11)		28.80		23.96
Loss on sale of assets		0.53		0.13
Fixed assets scrapped		0.69		0.19
Outside manufacturing charges		12.86		18.52
Laboratory expenses and analytical charges		9.53		8.39
Communication expenses		6.81		5.82
Travelling expenses		11.41		10.17
Professional charges		6.71		3.46
Printing and stationery		4.35		3.79
Books, Subscription & Software		1.59		0.87
Product information catalogue		10.89		11.04
Sales & marketing expenses		67.02		58.95
Net miscellaneous balance written off/(back)		0.47		0.30
Provision for doubtful debts/advances		1.15		0.24
Intellectual property right expenses		0.79		1.04
Product registration expenses		5.89		3.12
Excise duty		4.41		3.82
Miscellaneous expenses		7.85		6.58
PER PROFIT AND LOSS ACCOUNT		360.49		323.04

SCHEDULE 16
FINANCIAL COST

Interest Expenses				
On fixed loans		13.62		9.56
Others		13.41		20.77
		27.03		30.33
Less: Interest income				
[Including tax deducted at source Rs.0.55 crore (Prior year Rs. 0.80 crore)]		6.55		5.95
		20.48		24.38
Bank charges		5.35		6.01
PER PROFIT AND LOSS ACCOUNT		25.83		30.39

SCHEDULE 17

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies discussed more fully below, are consistent with those used in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Inflation

Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money.

d) Fixed Assets

- i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/Service Tax/VAT credit availed. Revalued assets are recorded at revalued amounts.
- ii. Project expenses pending allocation are apportioned to the fixed assets of the project proportionately.
- iii. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.
- iv. Intangible Assets are recorded at cost of acquisition.
- v. Leasehold land is amortised over leasehold period.

e) Investments

Long term Investments are stated at cost. Provisions are made for diminution in value of investments other than temporary in nature. Current Investments are stated at cost or market value which ever is lower.

f) Depreciation, Amortisation and Impairment

- i) Depreciation on all assets of the Company is charged on straight line method over the useful life of assets estimated by the management in the manner provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.

The management has estimated the useful life for the various fixed assets as follows.

Assets	Estimated useful life (Years)
Buildings	28 to 58
Plant and Machinery and R&D Equipments	9 to 20
Computers	6
Furniture and Fixtures	10
Vehicles	6
Brands and Trademarks	4
Technical Know how	4
Software for internal use	4

- ii) The Company carries out exercise of assessment of any impairment to its fixed assets as at each balance sheet date. Changes in level of impairment are accounted in Profit and Loss Account separately. Impairment loss in respect of assets sold/scrapped are reversed and consequent profit or loss on such sale is accounted.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Depreciation charged on assets impaired is adjusted in future period over its remaining useful life.

g) Inventories

Items of inventories are valued on the basis given below :

Raw Materials and Packing Materials	a)	At Cost net of CENVAT/VAT computed on First-in-First-out method.
	b)	Bulk drugs produced for captive consumption are valued at cost.
Work-in-process and Finished Goods		At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or realisable value, whichever is lower in case of finished goods except physicians' samples which are valued at cost as computed above. Excise duty is considered as cost for finished goods wherever applicable.
Stores and Spares		Stores and spare parts are valued at purchase cost.

h) Employees Benefits

- i. Retirement benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.
- ii. Gratuity being a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period.
- iii. Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

i) Excise Duty and CENVAT Credit

- i. The excise duty expenses are bifurcated into three components: excise duty expenses related to sales is reduced from Gross Sales, excise duty relating to the difference between the closing and opening stock of finished goods is recognized in the material cost and inventory adjustments and the un-recovered excise duty is recognized under manufacturing and other expenses.
- ii. CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year end is considered as advance excise duty.

j) Service Tax Credit

Service tax credit utilised during the year towards excise liability is accounted in excise duty and unutilised service tax credit at the year-end is considered as advance excise duty.

k) Sales

Local sales include excise duty and sales tax.

l) Foreign Exchange Transactions

Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement/negotiation during the year is recognised in the Profit and Loss Account.

Foreign currency transactions remaining unsettled at the end of the year are converted at year-end rates. Gain or loss arising on account of transactions covered by forward contract is recognised over the period of contracts.

Current assets and current liabilities at the end of the year not covered by forward contracts are converted at the year end rate and the resultant gain and loss are accounted for in the Profit and Loss Account.

The overseas trading and non trading offices are integral foreign operation and are accounted accordingly.

m) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30). The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the Profit and Loss Account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss Account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the Profit and Loss Account for the period.

n) Research and Development

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to fixed assets.

o) Revenue Recognition

- i. In respect of incentives attributable to the export of goods, the Company following the accounting principle of matching revenue with the cost has recognised export incentive receivable when all conditions precedent to the eligibility of benefits have been satisfied and when it is reasonably certain of deriving the benefit. Since these schemes are meant for neutralisation of duties and taxes on inputs pursuant to exports, the same are grouped under material costs.
- ii. The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under income from operations.
- iii. Revenue in respect of insurance/other claims, interest, commission, etc., are recognised only when it is reasonably certain that the ultimate collection will be made.

p) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

q) Employee Stock Option Scheme

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

r) Taxation

Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefit Tax:

i. Current Tax:

Current Tax is calculated as per the provisions of the Income tax Act, 1961.

ii. Deferred Tax:

Deferred Tax is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

iii. Fringe Benefit Tax:

Tax on Fringe Benefits is measured as the specified rates on the value of Fringe Benefits in accordance with the provisions of the Section 115 WC of the Income Tax Act, 1961. Accounting for Fringe Benefit Tax is done as per the guidance note issued by ICAI.

iv. In view of judicial pronouncements and in accordance with advice of the Company's Tax Advisor, no provision has been made for the completed assessments, which are in appeal.

v. MAT Credit:

MAT Credit entitlement is recognized only when the Company actually avails the MAT credit based on its annual tax computation.

s) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

Contingent Liabilities are not recognised but disclosed in notes to accounts.

Contingent assets are neither recognised nor recorded in financial statements.

t) Government Grants

The Company accounts government grants relating to specific fixed assets as deferred income and recognises the same proportionately over the useful life of the asset.

	31.03.2010	31.03.2009
	Rupees in Crores	Rupees in Crores
2. Estimated amount of contracts remaining to be executed on capital account.		
- Tangible Assets	38.25	21.18
- Intangible Assets	3.17	4.51
3. Contingent liabilities not provided for in respect of:		
a) Bills discounted with banks	87.00	50.79
Since realized	26.48	14.46
b) Other moneys for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the Company	30.31	28.63
c) Claims against the Company not acknowledged as debts	0.10	0.53
d) Corporate Guarantees given to bankers of associates & subsidiaries for which the Company holds counter guarantees	30.00	40.10
e) Corporate Guarantee given to others.	2.28	-
f) Guarantees given by banks in favour of Govt. & others/ Letter of Credit opened against which goods are not received.	33.86	17.39
4. Additional information pursuant to paragraphs 3, 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956		

(A) Installed Capacity, Actual Production, Purchases, Sales and Stock: (Value in Rupees Crores)

Class of Goods	Units	Basis	Installed Capacity	Actual Production	Opening Stock		Purchases		Sales		Closing Stock	
					Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Tablets/Capsules	Lacs	Single Shift	144679 (108099)	100493 (75257)	6515 (7546)	37.29 (37.35)	2099 (1756)	41.10 (27.57)	100822 (78044)	928.26 (777.19)	8285 (6515)	49.09 (37.29)
Orals/Liquids	Lacs	Single Shift	178 (163)	395 (281)	70 (84)	5.80 (7.17)	34 (23)	6.47 (4.20)	425 (318)	71.03 (57.35)	74 (70)	7.38 (5.80)
Injectables	Lacs	Single Shift	138 (156)	1024 (434)	120 (193)	7.40 (10.99)	94 (112)	5.49 (7.45)	1100 (619)	87.70 (79.21)	138 (120)	10.61 (7.40)
Basic Drugs/Intermediates	Tonnes	Triple Shift	4150 (3835)	3049 (3457)	575 (360)	77.30 (41.20)	307 (32)	13.64 (2.64)	2461 (2048)	452.96 (345)	382 (575)	56.48 (77.30)
Others					- (-)	- (0.13)	- (-)	4.55 (9.06)	- (-)	5.60 (6.57)	- (-)	0.14 (-)
Total						127.79 (96.84)		71.25 (50.92)		1545.55 (1265.32)		123.70 (127.79)

Notes:-

- As the industrial licensing in respect of drugs and pharmaceuticals produced by the Company has been abolished under the Industrial Policy, the particulars of licensed capacity are not stated.
- Installed capacity, being of a technical nature is not verified by the Auditors.
- Production of basic drugs/intermediates includes 1088 tonnes (Previous year 1226 tonnes) used for captive consumption.
- Production includes production under contract manufacturing.
- Previous year's figures are given in brackets.

(B) Raw Materials Consumed:

	Units	2009-2010		2008-2009	
		Quantity	Rupees in Crores	Quantity	Rupees in Crores
Artemisinin	Tonnes	33	45.46	30	30.74
Novaldiamine	Tonnes	219	13.85	169	8.96
Ethoxymethylene Malonic Acid Ester	Tonnes	653	12.75	548	10.56
Para Hydroxy Acetophenone	Tonnes	438	11.72	830	22.65
Amoxycillin Trihydrate	Tonnes	163	23.32	88	14.58
Others (None of which individually forms more than 10% of the total consumption.)		-	400.99	-	335.36
			<u>508.09</u>		<u>422.85</u>

(C) Imported & Indigenous Consumption:

		2009-2010		2008-2009	
		Rupees in Crores	Percentage	Rupees in Crores	Percentage
(a) Raw materials:					
Imported		207.76	40.89	171.79	40.63
Indigenous		300.33	59.11	251.06	59.37
		<u>508.09</u>	<u>100.00</u>	<u>422.85</u>	<u>100.00</u>
(b) Packing materials					
Imported		6.62	6.45	4.19	5.33
Indigenous		96.03	93.55	78.56	94.67
		<u>102.65</u>	<u>100.00</u>	<u>82.75</u>	<u>100.00</u>
(c) Stores and spares:					
Imported		0.89	8.33	0.62	7.83
Indigenous		9.79	91.67	7.30	92.17
		<u>10.68</u>	<u>100.00</u>	<u>7.92</u>	<u>100.00</u>

(D) Value of Imports on CIF basis:

	2009-2010		2008-2009	
	Rupees in Crores		Rupees in Crores	
Raw materials	189.71		149.57	
Packing Materials	5.70		4.33	
Traded goods	8.90		1.29	
Capital goods	40.96		20.94	
Stores and machine components	0.89		0.62	
	<u>246.16</u>		<u>176.75</u>	

(E) Expenditure in Foreign Currency:

Professional charges	1.06	0.08
Interest on foreign currency loan	6.27	9.32
Overseas office expenses	25.83	25.96
Product registration and marketing expenses	27.76	22.50
Other Matters	22.35	9.70
	<u>83.27</u>	<u>67.56</u>

(F) Earnings in Foreign Currency:

FOB value of exports	783.32	657.40
Dividend and Interest	1.07	-
Proceeds received on disposal of Joint Venture	0.23	0.04
Other Service charges	1.10	3.56
	<u>785.72</u>	<u>661.00</u>

5. Amount of long term loans repayable in the following 12 months aggregate to Rs. 41.18 crores (Previous year Rs. 72.00 crores).

6. Provision for taxation includes provision for wealth tax of Rs. 0.05 crore (Previous year Rs.0.05 crore).

7. Break-up of Deferred tax assets and liabilities are as under:

Particulars	As at 31.03.2010 Rupees in Crores	As at 31.03.2009 Rupees in Crores
Deferred tax liability on account of		
Depreciation including on R&D Assets, amortisation and impairment	82.85	68.16
Deferred tax asset on account of		
Provision for leave encashment	2.15	1.73
Provision for unpaid bonus	0.95	0.81
Disallowance u/s 40a(i)	0.06	0.51
Provision for doubtful debts	0.38	-
Net deferred tax liability	79.31	65.11

8. In the opinion of the Board of Directors, all the current assets, loans & advances have value on realisation atleast of an amount equal to the amount at which they are stated in the Balance Sheet.

9. Bank balances:

- a) Balances with scheduled banks in Schedule 8 include Rs.1.16 crore (Previous year Rs. 1.05 crore) in unpaid dividend account.
- b) Balances with non-scheduled banks in Schedule 8:

Name of the Bank	Maximum Balance		Balance As On	
	2009-2010 Rupees in Crores	2008-2009 Rupees in Crores	31.03.2010 Rupees in Crores	31.03.2009 Rupees in Crores
Moscow Indus Bank, Russia	1.69	1.54	0.08	0.38
Vietcom Bank, Vietnam (Balance as on 31/03/2010 Rs. 21,414/-)	0.19	0.19	-	0.03
First Ukranian Int. Bank, Ukraine	0.51	0.65	0.29	0.10
Texaka Bank, Kazakhstan	0.15	0.22	0.03	0.12
Bank of Baroda (Kenya) Ltd.	0.15	0.23	0.01	0.08
Union Bank of Philippines	0.18	0.16	0.08	0.13
ICICI Bank Sri Lanka	0.13	0.26	0.06	0.09
Banco de Credito, Columbia	0.23	0.14	0.16	0.02
Bancolumbia Group, Colombia	0.09	0.16	0.04	-
Helm Trust S.A., Colombia (Balance as on 31/03/2010 Rs. 12,930/- & maximum balance Rs. 13,162/-)	-	0.05	-	-
May Bank, Malaysia	0.03	-	0.03	-
Total			0.78	0.95

10. The disclosure of information related to Micro, Small and Medium Enterprises creditors is made on the basis of information of registration under the Micro, Small and Medium Enterprises Development Act 2006 given to the Company by the creditors. This information is relied upon by the auditors.

The disclosure pursuant to the said Act is as under.

	2009-10 (Rs. In Crores)	2008-09 (Rs. In Crores)
Principal Amount due at year end for period beyond 45 days	0.04	0.01
Interest accrued as on 31.03.2010 thereon Rs.6,057/- (Previous year Rs. 1,284/-)	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	3.75	2.10
Interest paid to suppliers under the MSME Act	0.01	-
Interest due & payable to suppliers under MSME Act towards payment already made	0.03	0.01

	2009-2010 Rupees in Crores	2008-2009 Rupees in Crores
11. Total expenditure on R&D is included in respective heads of accounts as under:		
Expenditure on Scientific Research (Includes stores and chemicals, Bio-availability, Bio-equivalence and Toxicity Studies)	28.80	23.96
Material Cost	0.38	0.24
Personnel cost	13.19	11.87
Other overheads	8.15	7.35
Depreciation	6.29	6.05
	<u>56.81</u>	<u>49.47</u>
12. Managerial Remuneration:		
i) Managerial remuneration under Section 198 of the Companies Act, 1956.		
Salary	1.74	1.42
Commission	5.89	2.84
Contribution to provident fund and other funds	0.38	0.32
Perquisites and benefits	1.06	0.89
Sitting fees	0.05	0.05
	<u>9.12</u>	<u>5.52</u>
Managerial Remuneration does not include Stock Option Compensation cost relating to Executive Director & Independent Directors of Rs.0.04 crore (previous year Rs. 0.19 crore) charged to Profit & Loss Account.		
ii) Computation of Net Profit as per Section 349 read with Section 309(5) of the Companies Act, 1956.		
Profit before taxation as per Profit and Loss Account	271.73	124.65
Add: Depreciation/Amortisation/Impairment as per Accounts	46.33	39.28
Directors' remuneration (Including sitting fees)	3.23	2.68
Commission to Directors	5.89	2.84
	<u>327.18</u>	<u>169.45</u>
Less: Depreciation and Amortisation under Section 350	46.33	39.28
Reversal of Impairment loss of assets/Capital Profit on sale of Assets	-	0.04
Profit on sale of Investment	3.70	0.04
	<u>277.15</u>	<u>130.09</u>
Net Profit	277.15	130.09
Overall ceiling on Managerial remuneration under Section 198 of the Companies Act, 1956.	27.71	13.00
Total Managerial remuneration paid/payable during the year	9.12	5.52

13. Unpaid dividend does not include any amount to be credited to Investor Education and Protection fund.

14. Investments purchased and sold during the year:

Mutual Fund	Face Value (Rupees)	No. of Units (In Lacs)	Cost (Rupees in Crores)
ICICI Prudential Institutional Liquid plan Super Inst. Daily Dividend	10/-	1311.44	131.17
ICICI Prudential Institutional Liquid plan Super Inst. Daily Dividend	100/-	180.57	180.61
ICICI Prudential Flexible Income Plan – Daily Dividend	10/-	263.11	27.82
Canara Robeco Liquid Fund – Super inst. Daily Dividend Reinvestment Fund	10/-	917.73	92.15
Birla Sunlife – Instl. Prem. Daily Dividend Reinvest	10/-	288.63	28.92
Reliance Liquid Fund – Daily Dividend-Reinvestment Option	10/-	135.00	13.50
Baroda Pioneer Liquid Fund	10/-	29.99	3.00
Axis Liquid Fund – Daily Dividend Plan	10/-	50.07	5.01

15. a) The Company has made provision for diminution in the value of Investments in shares of Mangalam Drugs & Organics Ltd. Of Rs.2.99 Crores.
- b) The Company has made further provision of Rs. 0.09 crores towards diminution in the value of Investment in respect of its investments in Laboratories Ipca Do Brasil Ltda. (wholly owned subsidiary) on account of the unviability of the business in Brazil. The company will take steps to close down its subsidiary and liquidate its investments.
16. a) In terms of the Scheme of Buy-Back of the Equity Shares of the Company, the Company has upto the closure of the scheme bought back 2,56,219 equity shares of Rs.10 each from open market operations at an average price of Rs. 368.43. These shares have been extinguished and the paid up capital has been reduced accordingly by Rs. 0.26 crore. The cost of purchase in excess of the nominal value of the shares has been debited to General Reserve Account. The Company has also transferred an amount of Rs. 0.26 crore to the Capital Redemption Reserve by debit to the General Reserve as required by the provisions of the Companies Act.
- b) The Company has reversed back the proposed dividend of Rs.0.01 crore on equity shares that were extinguished between the date of previous Balance Sheet and the record date for declaration of dividend.
17. Disclosure under Accounting Standard -29 "Provisions, Contingent Liabilities and Contingent Assets".

(Rupees in Crores)

Particulars	Balance as on 1 st April 2009	Additions during the year	Amounts paid/reversed during the year	Balance as on 31 st March 2010
Provision for wage revision under negotiation	0.51	0.06	-	0.57

18. Earning per share

The earning per share is calculated by dividing the profit after tax by weighted average No. of shares outstanding for basic & diluted EPS.

Sr.No	Particulars	2009-10	2008-09
a.	Profit after tax before Exceptional Item (Rs. In Crores)	209.19	101.41
	No. of shares outstanding	12,52,27,655	12,49,44,955
	Weighted Average No. of shares outstanding (Nos.) – Basic	12,48,96,735	12,55,36,575
	Weighted Average No. of shares outstanding (Nos.) – Diluted	12,51,48,680	12,59,49,530
	Nominal value of equity share (Rs.)	2	2
	Earning per share before Exceptional Item (Rs.) – Basic	16.75	8.08
	– Diluted	16.72	8.05
b.	Profit after tax and exceptional Items (Rs. In Crores)	209.19	91.22
	No. of shares outstanding	12,52,27,655	12,49,44,955
	Weighted Average No. of shares outstanding (Nos.) – Basic	12,48,96,735	12,55,36,575
	Weighted Average No. of shares outstanding (Nos.) – Diluted	12,51,48,680	12,59,49,530
	Nominal value of equity share (Rs.)	2	2
	Earning per share after Exceptional Item (Rs.) – Basic	16.75	7.27
	– Diluted	16.72	7.24

Note:- The Company has during the year, more specifically on 25.02.10, sub divided the face value of each equity share from Rs. 10 to Rs. 2 each and accordingly issued 5 equity shares of Rs. 2 each against each share of Rs. 10. On account of this sub division, the outstanding equity shares as at 31st March, 2010 is 12,52,27,655 including 15,08,750 equity shares issued on exercise of ESOPs by the employees. The earnings per share for the current year and the previous year is calculated on the face value of Rs. 2 each as required by AS-20, Earnings Per Share, of the Companies (Accounting Standards) Rules, 2006.

19. Interest in Joint Venture:

The Company has a Joint Venture Company in Middle East by name of Activa Pharmaceuticals (FZC), SAIF – Zone, Sharjah in which it has a control of 50%. In the standalone Balance Sheet of the Company, Joint Venture interest is reported under Long term Investment at Cost. During the year, the said JV has been shut down and liquidated. The excess of Rs. 0.23 crore over the value of Investment has been included in Profit on Sale of Investments. The final accounts post liquidation has been received and necessary effects have been given. Proportionate share of the Company as on 31st March 2010 in the assets, liabilities, income, expenditure, contingent liability and capital commitments of the Joint Venture company is as follows:

(Rupees in crores)

Description	31.03.2010	31.03.2009
Assets		
Non Current Assets	-	-
Current Assets	-	2.03
Accumulated Losses	-	-
Total	-	2.03
Liabilities		
Share Capital	-	0.43
Reserves & Surplus	-	1.08
Current Liabilities	-	0.52
Provisions	-	-
Total	-	2.03
Income		
Sales and Other Income	1.92	15.89
Expenditure		
Cost of Sales	1.87	15.07
Other Expenses	0.21	0.31
Total	2.08	15.38
Contingent Liabilities	-	-
Capital Commitments	-	-

20. a) If the compensation cost of shares issued under Employees Stock Option Scheme 2006 (ESOS) is determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the year ended March 31, 2010 as reported would change to amounts indicated below:

(Rupees in Crores)

Particulars	2009-10	2008-09
Net Profit as reported (after exceptional items)	209.19	91.22
Add: Stock based compensation expense included in the reported income	1.08	2.16
Less: Stock based compensation expenses determined using fair value of options	1.81	3.58
Net profit (adjusted)	208.46	89.80
Weighted average number of shares considered for basic earnings per share	12,48,96,735	12,55,36,575
Weighted average number of shares considered for diluted earnings per share	12,51,48,680	12,59,49,530
Basic earnings per share as reported (Rupees)	16.75	7.27
Basic earnings per share (adjusted) (Rupees)	16.69	7.15
Diluted earnings per share as reported (Rupees)	16.72	7.24
Diluted earnings per share (adjusted) (Rupees)	16.66	7.13

- b. The details of options as at 31st March, 2010 are as under:

Options	31.03.2010	31.03.2009
At the beginning of the year	2,69,250	3,53,500
Granted	-	57,000
Exercised	1,09,750	1,03,250
Forfeited/lapsed	18,250	38,000
Outstanding at the end of the year	1,41,250	2,69,250
Outstanding exercisable at the end of the year	-	-
Exercise price for outstanding options – Grant I	Rs. 200	Rs. 200
– Grant II	Rs. 315	Rs. 315
– Grant III	Rs. 315	Rs. 315

- c) ESOS Commitment Deposit:

Amount received from employees/directors on grant of stock options pending exercise/allotment of shares is shown as share application money pending allotment.

21. As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet are given herein below.

(Rs. In Crores)

Sr. no.	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
I.	Change in Benefit Obligation				
	Liability at the beginning of the year	8.58	6.85	5.10	3.79
	Interest cost	0.69	0.56	0.45	0.33
	Current Service Cost	0.88	0.88	1.53	1.36
	Past year Service Cost	-	0.13	-	-
	Benefit Paid	(0.57)	(0.75)	(1.33)	(1.51)
	Actuarial (gain)/loss on obligations	1.54	0.91	0.75	1.13
	Curtailments and Settlements	-	-	-	-
	Liability at the end of the year	11.12	8.58	6.50	5.10
II.	Fair Value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	7.58	5.67	-	-
	Expected Return on Plan Assets	0.82	0.68	-	-
	Contributions	1.79	1.98	-	-
	Benefit paid	(0.57)	(0.75)	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Fair Value of Plan Assets at the end of the year	9.62	7.58	-	-
	Total Actuarial gain/(loss) to be Recognised	1.50	1.00	(0.75)	(1.13)
III.	Actual Return on Plan Assets				
	Expected Return on Plan Assets	0.82	0.68	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	0.82	0.68	-	-
IV.	Amount Recognised in the Balance Sheet.				
	Liability at the end of the year	11.12	8.58	6.50	5.10
	Fair Value of Plan Assets at the end of the year	9.62	7.58	-	-
	Difference	1.50	1.00	-	-
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	1.50	1.00	6.50	5.10
V.	Expenses Recognised in the Income Statement				
	Current Service Cost	0.88	0.88	1.53	1.36
	Interest Cost	0.69	0.56	0.45	0.33
	Expected Return on Plan Assets	(0.82)	(0.68)	-	-
	Net Actuarial (gain)/loss to be Recognised	1.54	0.91	0.75	1.13
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-
	Effect of Curtailment or Settlements.	-	-	-	-
	Expense Recognised in Profit and Loss Account	2.29	1.67	2.73	2.82
VI.	Balance Sheet Reconciliation				
	Opening Net Liability	1.00	1.18	5.10	3.79
	Expense as above	2.29	1.67	2.73	2.82
	Past year Service Cost	-	0.13	-	-
	Employers Contribution	(1.79)	(1.98)	(1.33)	(1.51)
	Amount Recognised in Balance Sheet.	1.50	1.00	6.50	5.10
VII.	Actuarial Assumptions				
	Discount Rate	8%	8%	8%	8%

- Note: i) Employer's contribution includes payments made by the Company directly to its past employees.
ii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

22. Disclosure under Accounting Standard – 19 “Leases”, issued by the Institute of Chartered Accountants of India:

The Company has taken various residential/godowns/office premises (including Furniture and Fittings if any) under leave and licence agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognised in the Profit and Loss Account under Rent.

23. a) The Company has entered into various derivatives transactions, which are not intended for trading or speculative purpose but to hedge the export receivable including future receivables and foreign currency loan interest rate risks.

The Company as on 31st March 2010 has the following derivatives instruments outstanding.

Sr. no.	Type of Transaction	Purpose	Amount Outstanding (In Million)	
			31.03.2010	31.03.2009
i.	USD Put Options (Purchase)	To hedge export receivable	USD 37.50	USD 48.00
ii.	USD Call Option (Sold)	To hedge export receivable	USD 39.30	USD 42.15
iii.	JPY/ USD full Currency swap	To hedge the currency risk and interest rate risk of JPY Loan	JPY 637.20 (outstanding)	JPY 955.80 (outstanding)
iv.	USD Interest Rate Swap (Rs.)	To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate.	USD 17.83 (outstanding)	USD 24.90 (outstanding)
v.	Currency Swap	To reduce cost of borrowing	USD 10.74	NIL

- b) The Company has continued its decision not to exercise the option available under amendment to AS 11 relating to “The effects of Changes in Foreign Exchange Rates” in respect of its Long Term Foreign Currency Monetary Items in respect of foreign currency loans for the acquisition of fixed assets.

- c) The Company has following unhedged foreign exchange risk.

Sr. no.	Particulars	31.03.2010 USD (Million)	31.03.2009 USD (Million)
i	Term loan	27.83	24.90
ii.	Short term working capital loan/PCFC/Buyers credit	18.33	9.96
iii.	Sundry creditors for imports	11.05	5.39
iv.	Currency Swap	10.74	NIL

- d) The Company has an annual average exports of USD 171 Million of which the Company has partially hedged its receivables by the aforesaid options disclosed in para (a) above. The unhedged currency risk detailed in para (c) above has a natural hedge against the unhedged export receivables of USD 54.01 Million (Previous year 23.44 Million) as at 31st March, 2010.

24. The entire operations of the Company relate to only one segment, viz. pharmaceuticals. As such, there is no separate reportable segment under Accounting Standard – AS 17 on Segment Reporting.
25. Related Party Disclosure as required by Accounting Standard – AS 18 issued by the Institute of Chartered Accountants of India.

Relationships:

A. Entities where control exists

Shareholders of Ipca Laboratories Ltd

Kaygee Investments Pvt. Ltd.
Chandurkar Investments Pvt. Ltd.

Subsidiaries

Laboratories Ipca Do Brasil Ltda, Brazil
Ipca Pharmaceuticals, Inc., USA
Ipca Laboratories U.K. Ltd., United Kingdom

Ipca Pharma (Australia) Pty Ltd., Australia
 Ipca Pharma Nigeria Ltd., Nigeria
 National Druggists (Pty) Ltd., South Africa
 Ipca Pharmaceuticals (Shanghai) Ltd.
 Ipca Pharmaceuticals Ltd. SA de CV, Mexico
 Ipca Traditional Remedies Pvt. Ltd.

Step-down Subsidiaries

Ipca Pharma (NZ) Pty Ltd., New Zealand.

Joint Venture Company

Activa Pharmaceuticals (FZC), UAE. (Liquidated on 09.03.2010)

B. Key Management Personnel

Mr. Premchand Godha	Managing Director
Mr. A.K. Jain	Executive Director
Mr. Pranay Godha	Executive Director

C. Associates

Paschim Chemicals Pvt. Ltd.
 Tonira Pharma Ltd.
 Makers Laboratories Ltd.

D. Other Related Parties (Entities in which Directors or their relatives have significant influence)

Nipra Industries Pvt. Ltd.
 Keymed
 Oscar Industries
 Mrs. Usha P. Godha
 Mrs. Bhawana P. Godha
 Mrs. Neetu P. Godha
 Prabhat Foundation
 Vandhara Resorts Pvt. Ltd.

Transactions with Related Parties

(Rupees in Crores)

Description	Entities where control exists			Key Management Personnel	Associates	Other Related Parties	Total
	Shareholders of Ipca	Subsidiaries	Joint Venture Co.				
Purchase of goods and services	-	0.60	1.67	-	26.07	1.02	29.36
(Previous year)	-	-	-	-	21.16	0.69	21.85
Sales of goods and services	-	23.73	2.08	-	5.43	-	31.24
(Previous year)	-	23.56	28.24	-	3.99	0.01	55.80
Interest income	-	0.18	-	-	1.36	-	1.54
(Previous year)	-	0.11	-	-	1.11	-	1.22
Purchase of fixed assets	-	12.54	-	-	0.06	-	12.60
(Previous year)	-	-	-	-	0.01	-	0.01
Sale of fixed assets	-	-	-	-	0.44	-	0.44
(Previous year)	-	-	-	-	0.09	-	0.09
Excise duty, Rent and other expenses	-	2.26	-	-	0.01	0.18	2.45
(Previous year)	-	0.49	-	-	(0.01)	0.17	0.65
Rent and Other Income	-	-	-	-	0.01	-	0.01
(Previous year)	-	-	-	-	-	-	-

Transactions with Related Parties

(Rupees in Crores)

Description	Entities where control exists			Key Management Personnel	Associates	Other Related Parties	Total
	Shareholders of Ipca	Subsidiaries	Joint Venture Co.				
Dividend Income (Previous year)	- -	- -	0.89 -	- -	- -	- -	0.89 -
Net loans and advances given/(Recovered) (Previous year)	- -	0.91 (0.30)	- -	- -	(2.04) 10.16	- -	(1.13) 9.86
Investments made (Previous year)	- -	1.92 8.53	- -	- -	- 3.05	- -	1.92 11.58
Purchase of Investments (Previous year)	- 4.31	- -	- -	- -	- -	- 18.98	- 23.29
Sale of Investments (Previous year)	7.31 -	- -	0.67 -	- -	- -	1.17 -	9.15 -
Guarantees Outstanding (Previous year)	- -	- 12.00	- -	- -	30.00 28.10	- -	30.00 40.10
Remuneration to Directors (Previous year)	- -	- -	- -	9.07 5.48	- -	- -	9.07 5.48
Donation (Previous year)	- -	- -	- -	- -	- -	1.10 0.05	1.10 0.05
Balance as on 31/03/10 Receivables Payables	- -	12.83 0.40	- -	- 6.38	2.88 2.09	- 0.15	15.71 9.02
Balance as on 31/03/09 Receivables Payables	- -	14.99 0.02	- -	- 3.16	3.30 -	- 0.11	18.29 3.29

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

(Rupees in Crores)

	2009-10	2008-09		2009-10	2008-09
Purchase of Goods & Services:			Net Loans & Advances Given/ (Recovered):		
Paschim Chemicals Pvt. Ltd.	19.84	14.15	Laboratories Ipca Do Brazil Ltda.	-	(2.77)
Makers Laboratories Limited	5.76	4.29	Paschim Chemicals Pvt. Ltd.	(0.42)	(0.32)
			Ipca Pharma Nigeria Ltd.	3.16	-
Sale of Goods & Services:			Tonira Pharma Ltd.	(1.62)	10.48
Ipca Pharma Nigeria Ltd.	15.01	16.92	Ipca Traditional Remedies Pvt. Ltd.	(2.25)	2.25
Activa Pharmaceuticals (FZC)	2.08	28.24			
Ipca Pharmaceuticals, Inc. USA	7.35	3.16	Investments Made:		
Paschim Chemicals Pvt. Ltd.	3.24	0.32	Laboratories Ipca Do Brazil Ltda.	1.14	3.31
			Ipca Pharmaceuticals, Inc. USA	-	1.58
Purchase of Investments:			Ipca Traditional Remedies Pvt. Ltd.	-	2.88
Chandurkar Investments Pvt.Ltd.	-	4.31	Tonira Pharma Ltd.	-	3.05
Mrs. Usha M. Chandurkar	-	18.98	Ipca Pharmaceuticals (Shanghai) Ltd.	0.59	0.25
			Ipca Pharmaceuticals Ltd.Mexico	0.19	0.19

(Rupees in Crores)

	2009-10	2008-09		2009-10	2008-09
Purchase of Fixed Assets:			Interest Income:		
Ipca Traditional Remedies Pvt. Ltd.	12.54	-	Ipca Pharma Nigeria Ltd.	0.18	-
Makers Laboratories Limited	-	0.01	Tonira Pharma Ltd.	1.36	1.11
Sale of Fixed Assets:			Remuneration to Directors:		
Paschim Chemicals Pvt. Ltd.	0.26	-	Mr. Premchand Godha	6.83	4.02
Tonira Pharma Ltd.	0.18	0.09	Mr. A.K. Jain	1.40	1.11
Excise Duty, Rent & Other Exp.:			Receivables:		
Ipca Pharmaceuticals, Inc., USA	2.02	0.31	Ipca Pharma Nigeria Ltd.	10.28	9.14
Ipca Pharma (Australia) Pty Ltd., Australia	0.24	0.18	Paschim Chemicals Pvt. Ltd.	2.61	3.08
Vandhara Resorts Pvt. Ltd.	0.13	0.12	Ipca Pharmaceuticals, Inc., USA	1.96	0.14
Donation:			Payables:		
Prabhat Foundation	1.10	0.05	Mr. Premchand Godha	5.19	2.36
Dividend Income:			Mr. A. K. Jain	0.71	0.61
Activa Pharmaceuticals (FZC)	0.89	-	Makers Laboratories Limited	2.09	0.32
Sale of Investments:					
Kaygee Investments Pvt. Ltd.	7.31	-			
Guarantees Outstanding:					
Ipca Traditional Remedies Pvt. Ltd.	-	12.00			
Tonira Pharma Ltd.	30.00	28.10			

26. a) Details of loans and advances in the nature of loan to subsidiaries, associates etc. as required under clause 32 of the listing agreement:

(Rupees in Crores)

Sr. no.	Name of the Company	Relationship	Balance as on		Maximum outstanding	
			31.03.2010	31.03.2009	During 2009-2010	During 2008-2009
i)	Laboratories Ipca Do Brasil Ltda.	100% Subsidiary	0.50	0.50	0.50	3.81
ii)	Ipca Pharmaceuticals, Inc. USA (Rs. 27,051/- Previous year Rs. 30,432/-) Maximum outstanding (Rs. 30,432/- Previous year Rs. 30,432/-)	100% Subsidiary	-	-	-	-
iii)	Ipca Pharmaceuticals Ltd., Mexico	100% Subsidiary	0.08	0.09	0.09	0.09
iv)	Ipca Pharmaceuticals (Shanghai) Ltd.	100% Subsidiary	0.12	0.13	0.13	0.13
v)	Ipca Pharma Nigeria Ltd.	100% Subsidiary	3.16	-	4.02	-
vi)	Tonira Pharma Ltd.	Associate	8.86	10.26	14.86	10.26

Loans and advances to subsidiary companies (Sr. No. i to iv) are without interest and there is no repayment schedule fixed. Loans and advances to subsidiary / associate (Sr. No. v to vi) are interest bearing loans subject to repayment within three years.

- b) Investment by the loanee in the shares of the Company
None of the loanees have, per se, made investments in the shares of the Company.

27. Details of rounded off amounts

The financial statements are represented in Rupees crore. Those items which are not represented in the financial statement due to rounding off to the nearest Rs. crore are given below.

Balance Sheet items

(Rupees)

Refer	Description	As at 31 st March 2010	As at 31 st March 2009
Schedule 4	Sales, W/off, adjustments during the year		-
	Intangible assets-Software	50,733	-
	Effluent treatment plant	(898)	-
Schedule 5	Government Securities		26,000
	National Saving Certificates	36,000	

Profit & Loss Account items

Schedule 4	Depreciation, Amortisation & Impairment for the year		-
	Brands and trademarks	28,750	-
	R&D Intangible Assets Software	461	-

Notes to the Accounts

(Rupees)

Refer	Description	Year ended 31.03.2010	Year ended 31.03.2009
Note No. 25	Sale of goods and services – Other related parties	36,590	(*)
	Excise Duty, Rent and Other expenses – Other related parties	639	-

(*) Figures are represented in financial statement.

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

As per our Report of even date attached

For **Natvarlal Vepari & Co.**

Chartered Accountants

Firm Registration No. 106971W

N. Jayendran

Partner

M.No. 40441

Mumbai

28th May, 2010

For and on behalf of the Board of Directors

Premchand Godha

Managing Director

A. K. Jain

Executive Director

Pranay Godha

Executive Director

Harish P. Kamath
Company Secretary

29. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration details.

Registration No.			7	8	3	7		
Balance Sheet	3	1	0	3	2	0	1	0
	Date	Month	Year					

State Code	1	1
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II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue			N	I	L
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Rights Issue			N	I	L
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Bonus Issue			N	I	L
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Private Placement			1	0	9	7
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III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	1	6	1	6	7	5	6	1
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Total Assets	1	6	1	6	7	5	6	1
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Sources of Funds			2	5	0	4	5	5
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Share Application money						1	4	1
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Paid-Up Capital			8	4	9	8	2	7	2
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Secured Loans			3	7	9	0	7	7	5
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Reserves & Surplus			7	4	9	0	3	1
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Deferred Tax Liability			7	9	3	1	0	0
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Unsecured Loans			6	7	4	7	4	4	7
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Investments			4	9	4	1	9	7
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Application of Funds			6	8	4	0	1	3	1
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Misc. Expenditure			N	I	L
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Net Fixed Assets			N	I	L
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Net Current Assets			1	6	1	6	7	5	6	1
--------------------	--	--	---	---	---	---	---	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	1	5	5	8	9	4	1	7
----------	---	---	---	---	---	---	---	---

Total Expenditure	1	2	8	7	2	2	0	0
-------------------	---	---	---	---	---	---	---	---

Profit/Loss Before Tax	+	-	✓		2	7	1	7	2	1	7
------------------------	---	---	---	--	---	---	---	---	---	---	---

Profit/Loss After Tax(*)	+	-	✓		2	0	9	1	8	6	0
--------------------------	---	---	---	--	---	---	---	---	---	---	---

(Please tick appropriate box + for Profit, - for Loss)

Earning Per Share in Rs. (*)

			1	6	=	7	5
--	--	--	---	---	---	---	---

(*) After exceptional item

V. Generic names of three principal products/services of the Company.

(as per monetary terms)

Item Code No.

(ITC Code)

Product Description

				3	0	0	4	9	0	5	4
--	--	--	--	---	---	---	---	---	---	---	---

A	T	E	N	O	L	O	L
---	---	---	---	---	---	---	---

Item Code No.

(ITC Code)

Product Description

				3	0	0	4	9	0	3	1
--	--	--	--	---	---	---	---	---	---	---	---

C	H	L	O	R	O	Q	U	I	N	E
P	H	O	S	P	H	A	T	E		

Item Code No.

(ITC Code)

Product Description

				2	9	3	9	2	1	9	0
--	--	--	--	---	---	---	---	---	---	---	---

H	Y	D	R	O	X	Y	C	H	L	O	R	O	Q	U	I	N	E
S	U	L	F	A	T	E											

Note : Classification of products/services under ITC code being of a technical nature is not verified by the Auditors.

For and on behalf of the Board of Directors
 Premchand Godha Managing Director
 A. K. Jain Executive Director
 Pranay Godha Executive Director

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

PARTICULARS	NAME OF THE SUBSIDIARY									
	IPCA PHARMA NIGERIA LIMITED, NIGERIA	NATIONAL DRUGGIST (Pty) LIMITED, SOUTH AFRICA	IPCA PHARMA (AUSTRALIA) PTY LTD, AUSTRALIA	LABORATORIES IPCA DO BRASIL LTDA. BRAZIL	IPCA PHARMACEUTICALS INC., USA	IPCA LABORATORIES UK LTD., UK	IPCA PHARMACEUTICALS LIMITED S.A DE CV, MEXICO	IPCA PHARMACEUTICALS (SHANGHAI) LTD, CHINA	IPCA TRADITIONAL REMEDIES PRIVATE LIMITED	IPCA PHARMA (NZ) PTY LTD, NEW ZEALAND
Financial year/period of the subsidiary companies ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010
No. of Equity shares held by Ipca Laboratories Limited in the subsidiary as at 31 st March, 2010	5,15,89,190 Equity shares of Naira 1 each fully paid	10,59,732 Equity shares of Rand 1 each fully paid	26,944 Equity shares of Aus \$ 1 each fully paid	69,17,694 Quotas of Brazilian Real of 1 each	1000 Shares of no par value	5,00,955 Shares of STG £ 1 each	Shares of no par value	Shares of no par value	29,60,000 shares of Rs. 10 each	100 Equity shares of NZ \$ 1 each
Extent of interest of Ipca Laboratories Limited in the capital of the subsidiary	100%	100%	100%	100%	100%	100%	100%	100%	99.2%	@
Net aggregate amount of the profits/(losses) of the subsidiaries so far it concerns to the members of Ipca Laboratories Limited as it is not dealt with the Company's Accounts for the year ended 31 st March, 2010 of the subsidiaries	(N 1,63,72,800) (Rs.178.98 Lacs)	(R 13,247) (Rs. 0.81 Lacs)	(Aus \$ 22,734) (Rs.19.12Lacs)	(R\$ 13,660) (Rs. 3.51 Lacs)	(US\$ 43,065) (Rs. 20.56 Lacs)	(STG £ 1,33,678) (Rs. 101.85 Lacs)	(MXN 6,63,897) (Rs. 24.20 lacs)	(RMB 7,41,999) (Rs. 52.10 lacs)	(Rs.102.85 lacs)	This Company is yet to commence any business
Net aggregate amount of the profits/(losses) of the subsidiaries so far as dealt with or provision is made for those losses in the Accounts of Ipca Laboratories Limited for the subsidiary's Financial year ended 31 st March, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: 1. Figures in Indian Rupees, wherever it appears in respect of overseas subsidiaries, have been given only as additional information.

@ Ipca Pharma (NZ) Pty Ltd, New Zealand is a wholly owned subsidiary of Ipca Pharma (Australia) Pty. Ltd, Australia which is a wholly owned subsidiary of the Company

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

Details of Subsidiaries

(Rs. In thousands)

PARTICULARS	IPCA PHARMA NIGERIA LIMITED, NIGERIA	NATIONAL DRUGGIST (PTY) LIMITED, SOUTH AFRICA	IPCA PHARMA (AUSTRALIA) PTY LTD	LABORATORIES IPCA DO BRASIL LTDA. BRAZIL	IPCA PHARMACEUTICALS INC., USA	IPCA LABORATORIES UK LTD., UK	IPCA PHARMACEUTICALS LIMITED S.A DE CV, MEXICO	IPCA PHARMACEUTICALS (SHANGHAI) LTD, CHINA	IPCA TRADITIONAL REMEDIES PRIVATE LIMITED	IPCA PHARMA (NZ) PTY LTD, NEW ZEALAND
Capital	18,894	4,572	1,298	1,13,273	76,097	40,777	3,761	8,414	29,840	4
Reserves	49,326	4,779	2798	(1,11,009)	(73,626)	(28,425)	(3,649)	(6,200)	(25,813)	-
Total Assets	1,69,193	9,711	5,178	1,16,472	96,134	39,610	5,375	8,729	29,953	97
Total Liabilities	1,69,193	9,711	5,178	1,16,472	96,134	39,610	5,375	8,729	29,953	97
Investments	-	-	4	-	-	-	-	-	-	-
Total Income/turnover	2,68,811	18,734	2,516	619	93,082	816	-	6,303	2069	-
Profit / (loss) Before Taxation	(17,898)	(81)	2166	351	2,056	(8,677)	(2,420)	(5,209)	(10,285)	-
Provision for Taxation	-	-	254	-	-	1,508	-	-	-	-
Profit / (loss) After Taxation	(17,898)	(81)	1,912	351	2,056	(10,185)	(2,420)	(5,209)	(10,285)	-
Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Exchange rate considered as on 31st March, 2010: 1 USD = Rs. 45.0301, 1R\$ (Brazilian Real) = Rs. 25.1496, 1 STG £ = Rs. 67.8685, 1 N (Nigerian Naira) = Rs. 0.303, 1R (South African Rand) = Rs. 6.1119, 1Aus \$ = Rs. 41.4051, 1RMB (Chinese Yuan) = Rs. 6.6064, 1MXN (Mexican Peso) = Rs. 3.629, 1 NZ \$ = Rs. 32.0189

The Company owns 100% interest in all the above subsidiaries excepting Ipca Traditional Remedies Pvt. Ltd. In which it holds 99.20% of the paid up equity share capital and Ipca Pharma (NZ) Pty Ltd, New Zealand which is a 100% subsidiary of Ipca Pharma (Australia) Pty Ltd.

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF IPCA LABORATORIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IPCA LABORATORIES LIMITED, ITS SUBSIDIARIES AND ITS JOINT VENTURE

We have audited the attached consolidated Balance Sheet as at 31st March 2010, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year then ended of Ipca Laboratories Limited, its subsidiaries and its joint venture.

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

We have audited the financial statements of the subsidiaries for the purposes of complying with the requirements of the Companies Act 1956 relating to the subsidiaries and holding company disclosures relying on the Financial Statements which were audited by other auditors. The Financial Statements of the subsidiaries including the step down subsidiary and the joint venture company which were audited by other auditors reflect total assets of Rs. 22.24 crores as at 31st March 2010 and total revenues of Rs. 40.90 Crores for the year then ended. Further in case of Ipca Pharma (NZ) Pty Ltd, Ipca Do Brazil LTDA and Ipca Pharma (Australia) Pty Ltd the accounts for the period 1st April 2009 to 31st March 2010 which include total assets of Rs. 0.81 crores and total revenue of Rs. 0.31 crores are based on un-audited data as certified by the management.. Excepting the aforementioned information relating to management accounts, the aforesaid financial statements have been audited by other auditors whose report(s) have been furnished to us, and our opinion, in so far as they relates to the amounts included in respect of these subsidiaries and joint venture company, are based on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated Financial Statements", Accounting Standard - 23 "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard – 27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Ipca Laboratories Ltd., its subsidiaries including step down subsidiaries and joint venture company included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Ipca Laboratories Ltd., its aforesaid subsidiaries and its joint venture, we are of the opinion that :

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Ipca Laboratories Limited, its subsidiaries including step down subsidiaries and its joint venture as at 31st March 2010 and
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Ipca Laboratories Limited, its subsidiaries including step down subsidiary and its joint venture for the year then ended.
- c) the Consolidated Cash Flow Statement, gives a true and fair view of the cash flows of Ipca Laboratories Limited, its subsidiaries including step down subsidiary and its joint venture for the year then ended.

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

Mumbai,
May 28th, 2010

N. Jayendran
Partner
M.No. 40441

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31 st March, 2010		31 st March, 2009	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	25.04		24.99	
Share Application money pending allotment (Refer Note No. 13(c))		0.01		0.03	
Reserves and Surplus	2	839.84	864.89	606.30	631.32
Loan Funds					
Secured Loans	3	379.08		340.23	
Unsecured Loans	3	75.44	454.52	119.13	459.36
Deferred Taxation (Net) (Refer Note No. 10)			79.30		65.11
Minority Interest			(0.58)		(0.38)
			<u>1,398.13</u>		<u>1,155.41</u>
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		881.17		778.96	
Less : Depreciation/Amortisation/Impairment		243.32		202.20	
Net Block		637.85		576.76	
Capital Work-in-Progress and Capital Advances		38.28	676.13	14.44	591.20
Investments	5		32.54		41.17
Current Assets, Loans and Advances					
Inventories	6	380.23		306.16	
Sundry Debtors		388.02		339.14	
Cash and Bank Balances	7	10.79		10.74	
Loans and Advances	8	120.12		83.18	
		<u>899.16</u>		<u>739.22</u>	
Less : Current Liabilities and Provisions	9				
Current Liabilities		185.03		196.19	
Provisions		24.67		19.99	
		<u>209.70</u>		<u>216.18</u>	
Net Current Assets			<u>689.46</u>		523.04
			<u>1,398.13</u>		<u>1,155.41</u>
Notes to the Accounts	16				

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-2010 Rupees in Crores	2008-2009 Rupees in Crores
INCOME			
Sales		1,602.75	1,326.32
Less: Excise duty		10.31	16.42
Sales tax		32.89	26.10
		43.20	42.52
		1,559.55	1,283.80
Income from Operations	10	7.03	8.84
Other Income	11	2.54	2.10
		9.57	10.94
		1,569.12	1,294.74
EXPENDITURE			
Material Cost and Inventory Adjustments	12	645.60	507.27
Personnel Cost	13	220.70	188.21
Manufacturing and Other Expenses	14	366.77	331.82
Financial Cost	15	26.38	31.80
Depreciation and Amortisation	4	46.74	39.66
Loss / (Gain) on foreign exchange translations		(6.27)	77.61
Provision for Diminution in value of investments		2.94	0.05
		1,302.86	1,176.42
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS		266.26	118.32
Less : Provision for Taxation			
- Current		47.48	14.26
- Deferred (Net)		14.20	7.75
- Fringe Benefit		-	6.00
- Short/(Excess) provision of earlier year		1.04	(4.76)
		62.72	23.25
PROFIT AFTER TAXATION		203.54	95.07
Share of loss transferred to Minority Interest		0.20	0.38
Share of profits/ (loss) from Investments in Associates		1.03	4.00
Proportionate share of dividend received by Associates from cross-holding		0.59	1.35
		1.62	5.35
PROFIT AFTER TAXATION AND BEFORE EXCEPTIONAL ITEMS		205.36	100.80
EXCEPTIONAL ITEMS			
Provision for Disputed Tax Written Back		-	4.89
Less : Amount transferred to General Reserve		-	4.89
		-	-
NET PROFIT		205.36	100.80
Balance brought forward		145.71	133.91
AMOUNT AVAILABLE FOR APPROPRIATION		351.07	234.71
APPROPRIATIONS			
Debtenture Redemption Reserve		15.00	5.00
General Reserve		152.54	51.72
Interim Dividend		22.49	17.60
Proposed Final Dividend		12.52	9.99
Proposed Dividend of previous year reversed on Shares bought back		(0.01)	-
Tax on Dividend		5.90	4.69
Balance carried forward to Balance Sheet		142.63	145.71
		351.07	234.71
EARNINGS PER SHARE (In Rupees)			
[Refer Note No.19]			
(Nominal value of each share Rs. 2/-)			
Basic			
Before Exceptional Items		16.44	8.03
After Exceptional Items		16.44	8.03
Diluted			
Before Exceptional Items		16.41	8.00
After Exceptional Items		16.41	8.00

Notes to the Consolidated Accounts

16

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2010

	2009-2010 Rupees in Crores	2008-2009 Rupees in Crores
A CASH FLOW FROM OPERATING ACTIVITIES		
1 Net profit before taxation and extraordinary item	266.26	118.32
Adjustments for :		
Depreciation and Amortisation	46.74	39.66
Reversal of Impairment Loss of Assets	-	(0.02)
Provision for employee benefits	2.76	2.39
(Profit) / Loss on sale of assets	(0.01)	(0.02)
(Profit) / Loss on sale of investments	(0.16)	0.14
Fixed Assets scrapped	0.70	0.19
Miscellaneous Balance Written off / (back)	0.78	0.30
Bad debts recovered	-	(0.01)
Provision for diminution in value of investment	2.94	0.05
Provision for Doubtful Debts	1.15	0.24
Employee Stock Option Compensation expenses	1.08	2.16
Foreign exchange (gain) / loss	(6.27)	77.61
Interest income	(6.55)	(5.95)
Dividend income	(0.23)	(0.63)
Interest expense	27.39	31.22
2 Operating profit before working capital changes	70.32	147.33
(Decrease) / Increase in short term borrowings	24.05	40.67
(Increase) / Decrease in Receivables	(73.11)	(110.96)
(Increase) in inventories	(74.07)	(38.57)
(Decrease) / Increase in sundry creditors	24.65	17.51
Movement in Foreign Currency Translation Reserve	0.01	1.68
3 Cash generated from operation	(98.47)	(89.67)
Income tax paid (Net)	238.11	175.98
Gratuity contribution to LIC	(45.86)	(22.41)
Net cash from operating activities	(0.98)	(1.18)
	191.27	152.39
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(134.09)	(89.83)
Disposal of Joint Venture / Subsidiaries	0.23	(0.14)
Disposal of Investment in Associates	8.49	-
Investment in Associates	-	(26.40)
Goodwill paid on Acquisition of Subsidiary	-	(0.02)
Purchase / Redemption of mutual fund units		
- Purchases	(481.95)	(455.28)
- Redemption	481.95	455.28
Proceeds from sale of assets	1.50	0.77
Interest received	6.43	6.29
Dividend received from associates	-	0.05
Dividend received from others	0.23	0.63
Net cash from / (used in) investing activities	(117.21)	(108.65)
C CASH FLOW FROM FINANCING ACTIVITIES		
ESOS Commitment Deposit	-	0.01
Proceeds from Issuance of Share Capital Including Premium	2.56	2.31
Share bought back and extinguished	(2.54)	(6.90)
Proceeds from issue of debenture	-	50.00
Proceeds from long-term borrowings	71.21	24.21
Repayment of long-term borrowings	(78.24)	(48.16)
Interest paid	(29.13)	(30.26)
Dividend Paid	(37.87)	(33.62)
Net cash used in financing activities	(74.01)	(42.41)
Net increase in cash and cash equivalents (A + B + C)	0.05	1.33
Cash and cash equivalents at beginning of period	10.74	9.41
Cash and cash equivalents at end of period	10.79	10.74
Components of Cash & Cash equivalents :		
Cash and Cheques on hand	3.40	2.38
Balance with banks on Current Account	7.39	8.36
	10.79	10.74

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March, 2010 and Consolidated Profit & Loss Account for the year ended 31st March, 2010.

	31.03.2010		31.03.2009
	Rupees in Crores	Rupees in Crores	Rupees in Crores
SCHEDULE 1			
SHARE CAPITAL			
Authorised :			
22,50,00,000 Equity Shares of Rs. 2 each	45.00		45.00
(Previous year 4,50,00,000 Equity Shares of Rs.10 each)			
Issued and Subscribed :			
12,65,08,750 Equity Shares of Rs. 2 each (Previous year			
2,51,92,000 equity Shares of Rs. 10 each)	25.30		25.19
Paid up :			
12,52,27,655 Equity Shares of Rs.2 each (Previous year	25.04		24.99
2,49,88,991 Equity Shares of Rs.10 each)			
PER BALANCE SHEET	25.04		24.99
Of the above:			
(i) 48,200 Equity Shares of Rs. 10/- each have been issued as fully paid for consideration other than cash			
(ii) (a) 84,00,000 Equity Shares of Rs. 10/- each fully paid have been issued as Bonus Shares by capitalisation of General Reserve			
(b) 1,25,00,000 Equity Shares of Rs.10/- each fully paid have been issued as Bonus Shares by capitalisation of Share Premium			
(iii) 3,01,750 (Previous year 1,92,000) Equity Shares of Rs.10/- each issued on exercise of options under Employees Stock Option Scheme			
(iv) 2,56,219 (Previous year 2,03,009) Equity Shares of Rs.10/- each extinguished under Buy back Scheme			
Note: Equity Share of Rs.10/- each have been sub-divided into five equity shares of Rs.2/- each pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on 25 th February, 2010			

SCHEDULE 2 RESERVES AND SURPLUS

Capital Reserve			
Per last Balance Sheet	0.04		0.04
Capital Redemption Reserve			
Per last Balance Sheet	0.20	-	
Add: Transferred from General Reserve	0.06	0.20	0.20
Share Premium Account			
Per last Balance Sheet	34.11	29.86	
Add: On issue of Employee stock options	4.43	4.25	34.11
General Reserve			
Per last Balance Sheet	449.37	399.39	
Less: Amount withdrawn for shares buy back	2.48	6.70	
Less: Goodwill on Acquisition of Subsidiary	-	0.02	
Less: Amount transferred to Capital redemption reserve	0.06	0.20	
Add: Reversal of effects of changes in carrying value of Investments in associates on account of sale	1.28	-	
Less: Reversal of transfer of profit to reserves by joint venture pursuant to closure of joint venture	0.22	-	
Add: On Forfeiture of Employee stock option	-	0.29	
Add: Provision for disputed tax written back	-	4.89	
Add: Transferred from Profit and Loss Account	152.54	51.72	449.37
Debenture Redemption Reserve			
Per last Balance Sheet	5.00	-	
Add: Transferred from Profit and Loss Account	15.00	5.00	5.00
Employee Stock Options			
Employee stock option outstanding	2.47	4.78	
Less: Deferred Employee compensation expenses (Refer Note No.13)	0.58	2.01	2.77
Foreign Exchange Hedging Reserve			(30.55)
Foreign Currency Translation Reserve			
Per last Balance Sheet	(0.35)	(2.03)	
Add/(Less) : Movements during the year	0.01	1.68	(0.35)
Profit and Loss Account	142.63		145.71
PER BALANCE SHEET	839.84		606.30

31.03.2010 31.03.2009
Rupees in Crores Rupees in Crores

SCHEDULE 3
LOANS

a) Secured Loans

Working Capital Loan

- Canara Bank-Consortium-Secured by first charge by way of hypothecation of raw materials, packing materials, work-in process, finished goods, stores and spares, book debts and all other movable current assets of the Company and second charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company.

159.23 99.67

12.75% Secured Redeemable Non-Convertible Debentures

50.00 50.00

- Redeemable in 3 equal annual instalments commencing from the end of 3rd year from the date of the allotment, secured by mortgage over company's office premises at Ahmedabad, Gujarat, first pari passu charge over movable & immovable properties at Dehradun & pari passu first charge on Company's plant & machinery at Ratlam.

Rupee Term Loan

HDFC Bank Ltd.

29.33 40.00

- Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

Bank of Baroda

15.00 15.00

- Secured by first charge by way of equitable mortgage of land and building of the Company situated at Indore(except Pithampur), Dehradun, Ratlam, Mumbai, Athal & Piparia (both in Silvassa).

AXIS Bank Limited

- 9.19

- Exclusive first charge on entire movable and immovable assets including land & building of the subsidiary company located at Village -Vasave - Thane.

Foreign Currency Term Loans

ICICI Bank Singapore

- 20.30

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

ICICI Bank Offshore Banking Unit

- 12.18

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

- Secured by exclusive charge on the entire movable fixed assets at SEZ, Indore, Pithampur and pari passu first charge on movable fixed assets at Kandla.

33.82 53.29

BNP PARIBAS

24.05 40.60

- Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

CITI BANK

22.55 -

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

DBS BANK SINGAPORE

45.10 -

- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore.

PER BALANCE SHEET
(Refer Note No. 6)

379.08 340.23

b) Unsecured Loans

Short Term Loans from Banks :

- Buyers Credit

49.59 48.51

- Barclays Bank

11.27 70.00

- CITI BANK

13.53 -

Bill Discounted with Bank - China

0.54 -

Deposits from dealers

0.51 0.53

Madhya Pradesh State sales tax loan

- 0.09

PER BALANCE SHEET

75.44 119.13

(Refer Note No. 6)

SCHEDULE 4

FIXED ASSETS

(Rs. in Crores)

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION, AMORTISATION & IMPAIRMENT					NET BLOCK	
		As on	Additions	Sales, w/off,	As on	Up to	For the	Sales, w/back,	Impairment	Up to	As on	As on
		01.04.2009	during the year	adjustments during the year	31.03.2010	31.03.2009	year	adjustments during the year	Changes	31.03.2010	31.03.2010	31.03.2009
A Tangible Assets												
1	Land											
	- Freehold	11.66	11.67	-	23.33	0.03	-	-	-	0.03	23.30	11.63
	- Leasehold	19.54	-	(8.64)	10.90	0.35	0.11	-	-	0.46	10.44	19.19
2	Buildings	156.95	8.63	(3.84)	161.74	22.17	4.79	(0.10)	-	26.86	134.88	134.78
3	Plant & machinery	483.91	91.02	(4.89)	570.04	132.37	31.93	(2.91)	-	161.39	408.65	351.54
4	Effluent treatment plant	5.97	0.08	-	6.05	2.35	0.36	-	-	2.71	3.34	3.62
5	Furniture & fixtures	14.57	2.22	(0.18)	16.61	6.77	1.31	(0.08)	-	8.00	8.61	7.80
6	Vehicles	8.18	2.24	(1.49)	8.93	4.48	1.32	(1.10)	-	4.70	4.23	3.70
7	R & D assets											
	- Building	6.92	0.28	-	7.20	1.40	0.22	-	-	1.62	5.58	5.52
	- Equipments	60.73	6.42	(1.95)	65.20	25.14	5.94	(1.49)	-	29.59	35.61	35.59
	- Furniture	1.36	0.05	-	1.41	0.49	0.12	-	-	0.61	0.80	0.87
	- Intangible Assets - Software	-	0.01	-	0.01	-	-	-	-	-	0.01	-
B Intangible Assets												
1	Software	3.17	0.58	-	3.75	0.95	0.70	-	-	1.65	2.10	2.22
2	Know - how	3.84	-	-	3.84	3.65	-	-	-	3.65	0.19	0.19
3	Brands and trademarks	2.16	-	-	2.16	2.05	-	-	-	2.05	0.11	0.11
	Total	778.96	123.20	(20.99)	881.17	202.20	46.80	(5.68)	-	243.32	637.85	
	Previous Year	578.92	202.72	(2.68)	778.96	164.58	39.77	(2.13)	(0.02)	202.20		576.76
C Capital work-in-progress & capital advances including project expenses pending allocation											38.28	14.44
PER BALANCE SHEET											676.13	591.20

Notes:

- Buildings include cost of shares in Co-operative societies.
- Out of depreciation and amortisation for the year of Rs.46.80 crores (previous year Rs.39.77 crores) , Depreciation of Rs.0.06 crore (previous year Rs. 0.11 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation.
- Cost of Borrowing of Rs.0.09 crore (Previous year Rs. 1.81 crore) is capitalised to the projects.
- The company has capitalised project expenses pending allocation of Rs. 0.05 Crore (previous year Rs.19.49 Crores) proportionately over all assets capitalised as on the date the project is completed and commercial production started. The said amount includes interest and depreciation.

	No. of Shares	Face Value	31.03.2010	31.03.2009
	31.03.2010	31.03.2009	Rupees	Rupees in Crores

SCHEDULE 5

INVESTMENTS - At cost

A) Unquoted : Long Term (Trade)

(i) Government Securities						
National Saving Certificates				-		-
(Refer Note No.25)						
(ii) Trade Investments						
Equity Shares (Fully paid)						
In Associates using Equity Method						
Paschim Chemicals Pvt. Ltd.	63,690	63,690	100	22.45		21.13
Exon Laboratories Pvt. Ltd.	-	499,000	10	-		7.32
CCPL Software Pvt.Ltd. #	55,000	55,000	100	-		-
Tonira Pharma Ltd. (Quoted)	2,565,808	2,565,808	10	7.84	30.29	7.53 35.98
# Cost fully written off in books						

B) Quoted : Long Term (Trade)

Equity Shares (Fully paid)						
Mangalam Drugs & Organics Ltd.	1,633,417	1,633,417	10	5.09		5.09
Less : Provision for Diminution in value				(2.99)	2.10	- 5.09
(Refer Note No.11)						

C) Quoted : Current (Non - Trade)

Aurobindo Pharma Ltd.	5,000	5,000	10	0.15		0.10
PER BALANCE SHEET				32.54		41.17

Note :- Refer note no 5 for details of investments in associates under equity method.

SCHEDULE 6

INVENTORIES

(As taken, valued and certified by the Management)

Stock in Trade

Raw materials	156.75	104.54
Packing materials	18.92	14.41
Work-in-process	68.44	50.18
Finished goods	133.09	134.12
Stores and spares	3.03	2.91
PER BALANCE SHEET	380.23	306.16

SCHEDULE 7

CASH AND BANK BALANCES

Cash on hand	0.39	0.36
Cheques on hand	3.01	2.02
Margin money with Banks	-	0.01
Balances with banks	7.39	8.35
PER BALANCE SHEET	10.79	10.74

SCHEDULE 8

LOANS AND ADVANCES

(Unsecured-considered good unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	36.73	35.99
Loans to employees	2.72	2.51
Other loans	20.14	21.62
Advance excise duty	13.05	9.33
Deposits	5.25	5.24
Foreign Currency hedging gain	36.39	-
Prepaid Taxes	135.26	99.99
Less: Provision for taxes	(129.42)	(91.50)
PER BALANCE SHEET	120.12	83.18

	31.03.2010		31.03.2009	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SCHEDULE 9				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry creditors	70.21		66.81	
Against acceptance of import documents	49.84		27.35	
Unpaid dividends	1.16		1.05	
Other liabilities	56.22		51.97	
Advances from customers	5.02		6.32	
Foreign Currency hedging loss	-		37.81	
Interest accrued but not due on loans	2.58	185.03	4.88	196.19
Provisions				
Proposed final dividend	12.52		9.99	
Provision for tax on dividend	2.08		1.70	
Provision for gratuity	1.50		1.01	
Provision for leave encashment	6.50		5.10	
Provision for leave travel assistance	2.07	24.67	2.19	19.99
PER BALANCE SHEET		209.70		216.18
	2009-2010		2008-2009	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SCHEDULE 10				
INCOME FROM OPERATIONS				
Duty Free Entitlement Credit under target plus and other schemes		2.92		2.36
Other Income from operations		4.11		6.48
PER PROFIT AND LOSS ACCOUNT		7.03		8.84
SCHEDULE 11				
OTHER INCOME				
Profit on sale of assets		0.54		0.15
Profit on sale of Investment in associate		0.16		-
Dividend income		0.23		0.63
Bad debts recovered		-		0.01
Reversal of Impairment loss of Assets		-		0.02
Miscellaneous income		1.61		1.29
PER PROFIT AND LOSS ACCOUNT		2.54		2.10
SCHEDULE 12				
MATERIAL COST AND INVENTORY ADJUSTMENTS				
Raw materials consumed				
Opening stock	104.54		99.51	
Add: Purchases	547.38		415.18	
Raw material conversion charges	12.35		11.50	
	664.27		526.19	
Less: Closing stock	156.75	507.52	104.54	421.65
Packing materials consumed				
Opening stock	14.41		14.08	
Add: Purchases	107.16		83.08	
	121.57		97.16	
Less: Closing stock	18.92	102.65	14.41	82.75
Finished goods purchased				
		79.53		59.46
Inventory adjustments				
Stock at commencement				
Work-in-process	50.18		46.71	
Finished goods	134.12		104.92	
	184.30		151.63	
Less : Stock at close				
Work-in-process	68.44		50.18	
Finished goods	133.09		134.12	
	201.53	(17.23)	184.30	(32.67)
Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits				
		(28.67)		(24.05)
Variation in excise duty on :				
Closing stock of finished goods	7.40		5.60	
Less: Opening stock of finished goods	5.60	1.80	5.47	0.13
PER PROFIT AND LOSS ACCOUNT		645.60		507.27

2009-2010
Rupees in Crores

2008-2009
Rupees in Crores

SCHEDULE 13

PERSONNEL COST

Payment to and provision for salaries, wages and bonus	198.64	167.04
Contribution to provident fund, employees' state		
Insurance and other funds	11.13	9.59
Employee stock option compensation expenses	1.08	2.16
Provision for leave encashment	2.73	2.82
Welfare expenses	4.90	4.07
Recruitment and training	2.22	2.53
PER PROFIT AND LOSS ACCOUNT	220.70	188.21

SCHEDULE 14

MANUFACTURING AND OTHER EXPENSES

Consumption of stores	10.68	7.92
Power, fuel, gas & water charges	47.61	43.92
Repairs & Maintenance	26.69	21.76
Insurance	5.97	5.80
Rent	5.94	4.34
Rates and taxes	3.58	3.63
Freight, forwarding and transportation	40.73	37.14
Commission	11.53	15.13
Royalty	0.14	0.15
Field staff expenses	28.88	25.88
Auditors' remuneration	0.34	0.33
Expenditure on scientific research	28.80	24.03
Loss on sale of assets	0.53	0.13
Fixed assets scrapped	0.70	0.19
Outside manufacturing charges	12.86	18.52
Laboratory expenses and analytical charges	9.53	8.39
Communication expenses	7.01	6.05
Travelling expenses	12.37	11.25
Professional charges	7.22	4.02
Printing and stationery	4.42	3.88
Product information catalogue	11.14	11.46
Sales and Marketing expenses	66.63	60.53
Miscellaneous balance written off/(back)	0.73	0.30
Provision for doubtful debts / advances	1.15	0.24
Books, Subscription & Software	1.59	0.87
Intellectual property right expenses	0.79	1.04
Loss on Disposal of Subsidiaries	-	0.14
Product registration expenses	6.49	3.78
Excise duty	4.41	3.82
Pre-Incorporation expenses written off	0.05	0.14
Miscellaneous expenses	8.26	7.04
PER PROFIT AND LOSS ACCOUNT	366.77	331.82

SCHEDULE 15

FINANCIAL COST

Interest Expenses	27.39	31.22
Less: Interest income	6.55	5.95
	20.84	25.27
Bank Charges	5.54	6.53
PER PROFIT AND LOSS ACCOUNT	26.38	31.80

SCHEDULE 16

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Principles of Consolidation:

The consolidated financial statements relates to Ipca Laboratories Ltd. and its Subsidiary Companies and Joint Venture. The consolidated financial statements have been prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statement", Accounting Standard - 23 "Accounting for Investment in associate in consolidated financial statements" and Accounting Standard – 27 " Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis:-

- The Financial Statements of the Company and its subsidiary companies have been 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 inter group transactions resulting in unrealized profits and losses.
- In case of foreign subsidiaries, revenue items are consolidated at average rate prevailing during the year. All Assets and Liabilities are converted at the rates prevailing at the end of the year. Exchange gain or loss on conversion arising on consolidation are recognized under foreign currency translation reserve.
- Investments in Associate Companies have been accounted under equity method as per Accounting Standard - 23.
- Interest in Joint Venture has been accounted using proportionate consolidation method as per Accounting Standard - 27.
- The financial statements of the subsidiaries, associate and Joint Venture used in consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March.
- The difference between the cost to the Company of its investments in the subsidiary companies and joint venture over the Company's portion of equity is recognized in the financial statement as Goodwill or Capital Reserve.

The list of subsidiary companies, joint venture and associate companies included in consolidation and Company's holding therein are as under:-

Name of the Subsidiaries	Country of Incorporation	% of ultimate holding	
		2009-10	2008-09
Laboratories Ipca Do Brasil Ltda.	Brasil	100	100
Ipca Pharmaceuticals, Inc. USA	USA	100	100
Ipca Laboratories (U.K.) Ltd.	UK	100	100
National Druggists (Pty) Ltd.	South Africa	100	100
Ipca Pharma Nigeria Ltd.	Nigeria	100	100
Ipca Pharma (Australia) Pty.Ltd.	Australia	100	100
Ipca Pharmaceuticals (Shanghai) Ltd.	China	100	100
Ipca Pharmaceuticals Ltd.,SA de CV	Mexico	100	100
Ipca Traditional Remedies Private Ltd.	India	74*	74*
Ipca Pharma (NZ) Pty. Ltd.	New Zealand	100	100
Joint Venture			
Activa Pharmaceuticals (FZC) (See Note No.12)	Sharjah(UAE)	-	50
Name of the associate companies			
Exon Laboratories Private Ltd.	India	-	44.55
CCPL Software Private Ltd.	India	28.95	28.95
Paschim Chemicals Private Ltd.	India	45.23	45.23
Tonira Pharma Ltd.	India	32.30	32.30

[* Although the Company's holding in Ipca Traditional Remedies Private Limited is to be 74% as per the shareholders agreement with the other minority shareholder, on account of the non-infusion of capital by the minority shareholder, the company's holding is 99.20% as at the Balance Sheet Date. Since this holding is only temporary pending infusion of funds, the consolidation is done considering the minority interest at 26%.]

2. ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the notified accounting standards by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies discussed more fully below, are consistent with those used in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Inflation

Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money.

d) Fixed Assets

- i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/ Service Tax/ VAT credit availed. Revalued assets are recorded at revalued amounts.
- ii. Project expenses pending allocation are apportioned to the fixed assets of the project proportionately.
- iii. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.
- iv. Goodwill on acquisition of shares representing excess of cost of investment over its share of equity is charged to the reserves in the first year of such acquisition.
- v. Intangible assets are recorded at cost of acquisition.
- vi. Leasehold land is amortised over leasehold period.

e) Investments

- i. Long term Investments are stated at cost. Provisions are made for diminution in value of investments other than temporary in nature. Current Investments are stated at Cost or market value whichever is lower.
- ii. Investments in associates are accounted for using equity method. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

f) Depreciation, Amortisation and Impairment

- i. Depreciation on all assets of the Company is charged on straight line method over the useful life of assets estimated by the management in the manner provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.

The management has estimated the useful life for the various fixed assets as follows.

Assets	Estimated useful life (Years)
Buildings	28 to 58
Plant and Machinery and R&D Equipments	9 to 20
Computers	6
Furniture and Fixtures	10
Vehicles	6
Brands and Trademarks	4
Technical Know how	4
Software for internal use	4

- ii. The Company carries out exercise of assessment of any impairment to its fixed assets as at each balance sheet date. Changes in level of impairment are accounted in Profit and Loss Account separately. Impairment loss in respect of assets sold / scrapped are reversed and consequent profit or loss on such sale is accounted.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Depreciation charged on assets impaired is adjusted in future period over its remaining useful life.

- iii. In respect of assets belonging to foreign subsidiaries including step down subsidiaries, depreciation is charged at the rates and in the manner provided under the respective local laws.

g) Inventories

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials	• At Cost net of CENVAT / VAT computed on First-in-First-out method. • Bulk drugs produced for captive consumption are valued at cost.
Work-in-process and Finished Goods	At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or realisable value, whichever is lower in case of finished goods except Physicians' Samples which are valued at cost as computed above. Excise duty is considered as cost for finished goods wherever applicable.
Stores and Spares	Stores and spare parts are valued at purchase cost.

h) Employees Benefits

- i. Retirement benefits in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.
- ii. Gratuity being a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period.
- iii. Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.
- v. Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

i) Excise Duty and CENVAT Credit

- i. The excise duty expenses are bifurcated into three components: excise duty expenses related to sales is reduced from Gross Sales, excise duty relating to the difference between the closing and opening stock of finished goods is recognized in the material cost and inventory adjustments and the un-recovered excise duty is recognized under manufacturing and other expenses.
- ii. CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year-end is considered as advance excise duty.

j) Service Tax Credit

Service tax credit utilised during the year towards excise liability is accounted in excise duty and unutilised service tax credit at the year-end is considered as advance excise duty.

k) Sales

Local sales include excise duty and sales tax.

l) Foreign Exchange Transactions

Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year are recognised in the Profit and Loss Account.

Foreign currency transactions remaining unsettled at the end of the year are converted at yearend rates. Gain or losses arising on account of transactions covered by forward contract are recognised over the period of contracts.

Current assets and current liabilities at the end of the year not covered by forward contracts are converted at the yearend rate and the resultant gain and loss are accounted for in the Profit and Loss Account.

The overseas trading and non trading offices are integral foreign operation and are accounted accordingly.

m) Derivative instruments and hedge accounting

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS-30). The use of hedging instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the profit and loss account for the period

n) Research and Development

Revenue expenditure on research and development is charged to Profit and Loss Account in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to fixed assets.

o) Revenue Recognition

- i. In respect of incentives attributable to the export of goods, the Company following the accounting principle of matching revenue with the cost has recognised export incentive receivable when all conditions precedent to the eligibility of benefits have been satisfied and when it is reasonably certain of deriving the benefit. Since these schemes are meant for neutralisation of duties and taxes on inputs pursuant to exports, the same are grouped under material costs.
- ii. The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under income from operations.
- iii. Revenue in respect of insurance/other claims, interest, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.

p) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

q) Employee Stock Option Scheme

Employee stock options are evaluated and accounted on intrinsic value method as per the accounting treatment prescribed under Guidance Note on "Accounting for Employee Share-based payments" issued by the ICAI read with SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities and Exchange Board of India. Accordingly the excess of market value of the stock options as on the date of grant over the exercise price of the options is recognized as deferred employee compensation and is charged to profit and loss account on graded vesting basis over the vesting period of the options. The un-amortized portion of the deferred employee compensation is reduced from Employee Stock Option Outstanding which is shown under Reserves and Surplus.

r) Taxation

Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefit Tax.:

i. Current Tax:

Current Tax is calculated as per the provisions of the Income tax Act, 1961.

ii. Deferred Tax:

Deferred Tax is recognized on timing differences being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets, subject to the consideration of prudence are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. The tax effect is calculated on the accumulated timing difference at the year-end based on the tax rates and laws enacted or substantially enacted on balance sheet date.

iii. Fringe Benefit Tax:

Tax on Fringe Benefits is measured as the specified rates on the value of Fringe Benefits in accordance with the provisions of the section 115 WC of the Income Tax Act, 1961. Accounting for Fringe Benefit Tax is done as per the guidance note issued by ICAI.

iv. In view of judicial pronouncements and in accordance with advice of the Company's Tax Advisor, no provision has been made for the completed assessments, which are in appeal.

v. MAT Credit:

MAT Credit entitlement is recognized only when the Company actually avails the MAT credit based on its annual tax computation.

s) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on 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.

Contingent Liabilities are not recognised but disclosed in notes to accounts.

Contingent assets are neither recognised nor recorded in financial statements.

t) Government Grants

The Company accounts government grants relating to specific fixed assets as deferred income and recognises the same proportionately over the useful life of the asset.

31.03.2010 31.03.2009
Rupees in Crores Rupees in Crores

3. Estimated amount of contracts remaining to be executed on capital account.

- Tangible Assets	38.25	21.18
- Intangible Assets	3.17	4.51
4. Contingent liabilities not provided for in respect of :

a) Bills discounted with banks.	87.00	50.79
Since realized	26.48	14.46
b) Other moneys for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the Company.	30.31	28.63
c) Claims against the Company not acknowledged as debts.	0.10	0.53
d) Corporate Guarantees given to bankers of associates & subsidiaries for which the Company holds counter guarantees.	30.00	40.10
e) Corporate Guarantee given to others.	2.28	-
f) Guarantees given by banks in favour of Govt. & others/ Letter of Credit opened against which goods are not received.	33.86	17.39

5. The associates of the Company and the ownership interest are as follows: - (Rs. In Crores)

Name of the Associate	% of Share held	Original cost of Investment	(Goodwill)/ Capital Reserve	Accumulated Profit/ (Loss) up to 31/03/09 (Including proportionate Dividend received by associates from cross holdings)	Share of Profit/ (Loss) for the year Plus Proportionate Dividend received by Associates	Dividend received from associates	Carrying value of Investment on 31/03/10
CCPL Software Private Ltd.	28.95%	1.31	(0.79)	(0.51)*	-	NIL	NIL**
Paschim Chemicals Private Ltd.	45.23%	20.34	(18.34)	0.79	1.31	-	22.44
Tonira Pharma Ltd.	32.30%	7.33	(3.27)	0.20	0.31	-	7.84
Total		28.98			1.62	-	30.28

* No effect of share of loss from CCPL is taken since 01.04.2004, as the Company has no further commitment towards its share of loss in the Associate.

** Balance cost is fully written off in books.

6. Amount of long term loans repayable in the following 12 months aggregate to Rs. 41.18 crores (Previous year Rs. 72.00 crores).
7. Provision for taxation includes provision for wealth tax of Rs.0.05 crore (Previous year Rs.0.05 crore).
8. Remuneration to auditors of the Subsidiaries including the step down subsidiaries and Joint Venture are grouped with the professional charges.
9. Significant accounting policies and notes to this consolidated financial statement are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the Management could be better viewed when referred from the individual financial statements.
10. Break-up of Deferred tax assets and liabilities are as under :

Particulars	As at 31.03.2010 Rupees in Crores	As at 31.03.2009 Rupees in Crores
Deferred tax liability on account of		
Depreciation including on R & D Assets, amortisation and impairment	82.84	68.16
Deferred tax asset on account of		
Provision for leave encashment	2.15	1.73
Provision for unpaid bonus	0.95	0.81
Disallowance u/s 40a(i)	0.06	0.51
Provision for doubtful debts	0.38	-
Net deferred tax liability	79.30	65.11

No credit for deferred tax assets is taken in the consolidated financial statements of the loss making foreign subsidiaries since in the opinion of the Management there is no virtual certainty supported by convincing evidence to assess fairly the future business prospects and the likely tax assessments.

11. The Company has made provision for diminution in the value of Investments in shares of Mangalam Drugs & Organics Ltd. of Rs.2.99 Crores.

12. Interest in Joint Venture :

The Company has a Joint Venture Company in Middle East by name of Activa Pharmaceuticals (FZC), SAIF – Zone, Sharjah in which it has a control of 50%. During the year, the said JV has been shut down and liquidated. The final Accounts post liquidation has been received and necessary effects have been given. The Proportionate share of the Company, as on 31st March 2010 included under the respective heads of the assets, liabilities, income, expenditure, contingent liability and capital commitments of the Joint Venture company in the consolidated financial statements is as follows :

(Rupees in Crores)		
Description	31.03.2010	31.03.2009
Assets		
Non Current Assets	-	-
Current Assets	-	2.03
Accumulated Losses	-	-
Total	-	2.03
Liabilities		
Share Capital	-	0.43
Reserves & Surplus	-	1.08
Current Liabilities	-	0.52
Provisions	-	-
Total	-	2.03
Income		
Sales and Other Income	1.92	15.89
Expenditure		
Cost of Sales	1.87	15.07
Other Expenses	0.21	0.31
Total	2.08	15.38
Contingent Liabilities	-	-
Capital Commitments	-	-

13. a) If the compensation cost of shares issued under Employees Stock Option Scheme 2006 (ESOS) is determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the year ended March 31, 2010 as reported would change to amounts indicated below:

(Rupees in Crores)		
Particulars	2009-10	2008-09
Net Profit as reported (after exceptional items)	205.36	100.80
Add: Stock based compensation expense included in the reported income	1.08	2.16
Less: Stock based compensation expenses determined using fair value of options	1.81	3.58
Net profit (adjusted)	204.63	99.38
Weighted average number of shares considered for basic earnings per share	12,48,96,735	12,55,36,575
Weighted average number of shares considered for diluted earnings per share	12,51,48,680	12,59,49,530
Basic earnings per share as reported (Rupees)	16.44	8.03
Basic earnings per share (adjusted) (Rupees)	16.38	7.92
Diluted earnings per share as reported (Rupees)	16.41	8.00
Diluted earnings per share (adjusted) (Rupees)	16.36	7.89

- b) The details of options as at 31st March, 2010 are as under:

Options	31.03.2010	31.03.2009
At the beginning of the year	2,69,250	3,53,500
Granted	-	57,000
Exercised	1,09,750	1,03,250
Forfeited / lapsed	18,250	38,000
Outstanding at the end of the year	1,41,250	2,69,250
Outstanding exercisable at the end of the year	-	-
Exercise price for outstanding options – Grant I	Rs. 200	Rs. 200
– Grant II	Rs. 315	Rs. 315
– Grant III	Rs. 315	Rs. 315

c) ESOS Commitment Deposit:

Amount received from employees/directors on grant of stock options pending exercise/allotment of shares is shown as share application money pending allotment.

14. As per Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit, expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet are given herein below.

(Rs. In Crores)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
I	Change in Benefit Obligation				
	Liability at the beginning of the year	8.58	6.85	5.10	3.79
	Interest cost	0.69	0.56	0.45	0.33
	Current Service Cost	0.88	0.88	1.53	1.36
	Past year Service Cost	-	0.13	-	-
	Benefit Paid	(0.57)	(0.75)	(1.33)	(1.51)
	Actuarial (gain)/loss on obligations	1.54	0.91	0.75	1.13
	Curtailments and Settlements	-	-	-	-
	Liability at the end of the year	11.12	8.58	6.50	5.10
II.	Fair Value of Plan Assets				
	Fair Value of Plan Assets at the beginning of the year	7.58	5.67	-	-
	Expected Return on Plan Assets	0.82	0.68	-	-
	Contributions	1.79	1.98	-	-
	Benefit paid	(0.57)	(0.75)	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Fair Value of Plan Assets at the end of the year	9.62	7.58	-	-
	Total Actuarial gain/(loss) to be Recognised.	1.50	1.00	(0.75)	(1.13)
III.	Actual Return on Plan Assets				
	Expected Return on Plan Assets	0.82	0.68	-	-
	Actuarial gain/(loss) on Plan Assets	-	-	-	-
	Actual Return on Plan Assets	0.82	0.68	-	-
IV.	Amount Recognised in the Balance Sheet				
	Liability at the end of the year	11.12	8.58	6.50	5.10
	Fair Value of Plan Assets at the end of the year	9.62	7.58	-	-
	Difference	1.50	1.00	-	-
	Unrecognised Past Service Cost	-	-	-	-
	Amount Recognised in the Balance Sheet	1.50	1.00	6.50	5.10
V.	Expenses Recognised in the Income Statement				
	Current Service Cost	0.88	0.88	1.53	1.36
	Interest Cost	0.69	0.56	0.45	0.33
	Expected Return on Plan Assets	(0.82)	(0.68)	-	-
	Net Actuarial (gain)/loss to be Recognised	1.54	0.91	0.75	1.13
	Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-	-	-
	Effect of Curtailment or Settlements	-	-	-	-
	Expense Recognised in Profit and Loss Account	2.29	1.67	2.73	2.82
VI.	Balance Sheet Reconciliation				
	Opening Net Liability	1.00	1.18	5.10	3.79
	Expense as above	2.29	1.67	2.73	2.82
	Past year Service cost	-	0.13	-	-
	Employers Contribution	(1.79)	(1.98)	(1.33)	(1.51)
	Amount Recognised in Balance Sheet.	1.50	1.00	6.50	5.10
VII	Actuarial Assumptions				
	Discount Rate	8%	8%	8%	8%

- Note:
- Employer's contribution includes payments made by the Company directly to its past employees.
 - The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
 - The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

15. Sundry debtors are unsecured and considered good.
16. The entire operations of the Company relate to only one segment viz. pharmaceuticals. As such, there is no separate reportable segment under Accounting Standard - AS 17 on Segment Reporting.
17. Related Party Disclosure as required by Accounting Standard – AS 18 issued by the Institute of Chartered Accountants of India

Relationships:

A. Entities where control exists

Shareholders of Ipca Laboratories Ltd.

Kaygee Investments Pvt. Ltd.
Chandurkar Investments Pvt. Ltd.

B. Key Management Personnel

Mr. Premchand Godha Managing Director
Mr. A. K. Jain Executive Director
Mr. Pranay Godha Executive Director

C. Associates

Paschim Chemicals Pvt. Ltd.
Tonira Pharma Ltd.
Makers Laboratories Ltd.

D. Other Related Parties (Entities in which Directors or their relatives have significant influence)

Nipra Industries Pvt. Ltd.
Keymed
Oscar Industries
Mrs. Usha P. Godha
Mrs. Usha M. Chandurkar
Mrs. Bhawana P. Godha
Mrs. Neetu P. Godha
Prabhat Foundation
Vandhara Resorts Pvt. Ltd.

Transactions with Related Parties

(Rupees in Crores)

Description	Entities where control Exists	Key Management Personnel	Associates	Other Related Parties	Total
Purchase of Goods & Services (Previous Year)	- -	- -	26.07 21.16	1.02 0.69	27.09 21.85
Sale of Goods & Services (Previous Year)	- -	- -	5.43 3.99	- 0.01	5.43 4.00
Interest Income (Previous Year)	- -	- -	1.36 1.11	- -	1.36 1.11
Purchase of Fixed Assets (Previous Year)	- -	- -	0.06 0.01	- -	0.06 0.01
Sale of Fixed Assets (Previous Year)	- -	- -	0.44 0.09	- -	0.44 0.09
Excise Duty, Rent & other Expenses (Previous Year)	- -	- -	0.01 (0.01)	0.18 0.17	0.19 0.16
Rent Income (Previous Year)	- -	- -	0.01 -	- -	0.01 -
Net Loans & Advances Given / (Recovered) (Previous Year)	- -	- -	(2.04) 10.16	- -	(2.04) 10.16
Purchase of Investments (Previous year)	- 4.31	- -	- -	- 18.99	- 23.30
Sale of Investment (Previous year)	7.31 -	- -	- -	1.17 -	8.48 -

(Rupees in Crores)

Description	Entities where control Exists	Key Management Personnel	Associates	Other Related Parties	Total
Investment Made (Previous year)	-	-	-	-	-
	-	-	3.05	-	3.05
Donation (Previous year)	-	-	-	1.10	1.10
	-	-	-	0.05	0.05
Guarantees Outstanding (Previous year)	-	-	30.00	-	30.00
	-	-	28.10	-	28.10
Remuneration to Directors (Previous year)	-	9.07	-	-	9.07
	-	5.48	-	-	5.48
Balances as on 31/03/10					
Receivables	-	-	2.88	-	2.88
Payables	-	6.38	2.09	0.15	8.62
Balances as on 31/03/09					
Receivables	-	-	3.30	-	3.30
Payables	-	3.16	1.94	0.11	5.21

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year.

	2009-10	2008-09		2009-10	2008-09
Purchase of Goods & Services:			Net Loans & Advances Given/ (Recovered):		
Makers Laboratories Ltd.	5.76	5.54	Paschim Chemicals Pvt. Ltd.	(0.42)	(0.32)
Paschim Chemicals Pvt. Ltd.	19.84	14.15	Tonira Pharma Ltd.	(1.62)	10.48
Sale of Goods & Services:			Excise Duty, Rent & other Expenses		
Makers Laboratories Ltd.	2.15	3.42	Makers Laboratories Ltd.	0.07	(0.01)
Paschim Chemicals Pvt. Ltd.	3.24	0.32	Keymed	0.04	0.04
			Vandhara Resorts Pvt. Ltd.	0.13	0.12
Interest Received:			Rent Income		
Tonira Pharma Ltd.	1.36	1.11	Makers Laboratories Ltd.	0.01	-
Purchase of Fixed Assets:			Guarantees Outstanding:		
Tonira Pharma Ltd.	0.05	-	Tonira Pharma Ltd.	30.00	28.10
Makers Laboratories Ltd.	-	0.01			
Sale of Fixed Assets:			Remuneration to Directors:		
Paschim Chemicals Pvt. Ltd.	0.26	-	Mr. Premchand Godha	6.83	4.02
Tonira Pharma Ltd.	0.18	0.09	Mr. A.K. Jain	1.40	1.11
Sale of Investment:			Receivables:		
Kaygee Investments Pvt. Ltd.	7.31	-	Paschim Chemicals Pvt. Ltd.	2.61	3.08
Investment Made:			Payables:		
Tonira Pharma Ltd.	-	3.05	Mr. Premchand Godha	5.19	2.36
			Mr. A.K. Jain	0.71	0.61
Donation:					
Prabhat Foundation	1.10	0.05			
Purchase of Investments:					
Chandurkar Investments Pvt. Ltd.	-	4.31			
Mrs. Usha M. Chandurkar	-	18.98			

18. Disclosure under Accounting Standard -29 "Provisions, Contingent Liabilities and Contingent Assets".

(Rupees in Crores)

Particulars	Balance as on 1 st April 2009	Additions during the year	Amounts paid/ reversed during the year	Balance as on 31 st March 2010
Provision for wage revision under negotiation	0.51	0.06	-	0.57

19. Earning per share

The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding for basic & diluted EPS.

Sr.no	Particulars	2009-10	2008-09
a.	Profit after tax before Exceptional Item (Rs. In Crores)	205.36	100.80
	No. of shares outstanding	12,52,27,655	12,49,44,955
	Weighted Average no. of shares outstanding (Nos.) – Basic	12,48,96,735	12,55,36,575
	Weighted Average no. of shares outstanding (Nos.) – Diluted	12,51,48,680	12,59,49,530
	Nominal value of equity share (Rs.)	2	2
	Earning per share before Exceptional Item (Rs.) – Basic	16.44	8.03
	– Diluted	16.41	8.00
b.	Profit after tax and exceptional Items (Rs. In Crores)	205.36	100.80
	No. of shares outstanding	12,52,27,655	12,49,44,955
	Weighted Average no. of shares outstanding (Nos.) – Basic	12,48,96,735	12,55,36,575
	Weighted Average no. of shares outstanding (Nos.) – Diluted	12,51,48,680	12,59,49,530
	Nominal value of equity share (Rs.)	2	2
	Earning per share after Exceptional Item (Rs.) – Basic	16.44	8.03
	– Diluted	16.41	8.00

Note :- The Company has during the year, more specifically on 25.02.10, sub divided the face value of each equity share from Rs.10/- to Rs.2/- each and accordingly issued 5 equity shares of Rs.2 each against each share of Rs.10/-. On account of this sub division, the outstanding equity shares as at 31st March,2010 is 12,52,27,655 including 15,08,750 equity shares issued on exercise of ESOPs by the employees. The earnings per share for the current year and the previous year is calculated on the face value of Rs.2/- each as required by AS-20, Earnings Per Share, of the Companies (Accounting Standards) Rules, 2006.

20. In the opinion of the Board of Directors all the current assets, loans & advances have value on realisation atleast of an amount equal to the amount at which they are stated in the Balance Sheet.

21. Disclosure under Accounting Standard – 19 "Leases", issued by the Institute of Chartered Accountants of India.

- The Company has taken various residential / godowns / office premises (including Furniture and Fittings if any) under leave and licence agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Profit and Loss Account under Rent.
- Ipca Pharmaceuticals Inc.(USA), the wholly owned subsidiary of the company, has two lease commitments for its guest house and office under non-cancelable operating lease which expires on 28th February, 2012 and 31st March, 2014 respectively. The total lease commitments are Rs. 0.89 lacs (USD 1,97,695) [Previous year 0.56 crore (USD 1,10,060)]

22. a) The Company has entered into various derivatives transactions, which are not intended for trading or speculative purpose but to hedge the export receivable including future receivables and foreign currency loan interest rate risks.

The Company as on 31st March, 2010 has the following derivatives instruments outstanding.

Sr.No	Type of Transaction	Purpose	Amount Outstanding (In Million)	
			31.03.2010	31.03.2009
i.	USD Put Options (Purchase)	To hedge export receivable	USD 37.50	USD 48.00
ii.	USD Call Option (Sold)	To hedge export receivable	USD 39.30	USD 42.15
iii.	JPY/ USD full Currency swap	To hedge the currency risk and interest rate risk of JPY Loan	JPY 637.20 (outstanding)	JPY 955.80 (outstanding)
iv.	USD Interest Rate Swap (Rs.)	To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate.	USD 17.83 (outstanding)	USD 24.90 (outstanding)
v.	Currency Swap	To reduce cost of borrowing	USD 10.74	NIL

- b) The Company has continued its decision not to exercise the option available under amendment to AS 11 relating to "The effects of Changes in Foreign Exchange Rates" in respect of its Long Term Foreign Currency Monetary Items in respect of foreign currency loans for the acquisition of fixed assets.
- c) The Company has following unhedged foreign exchange risk.

Sr.No	Particulars	31.03.2010 USD (Million)	31.03.2009 USD (Million)
i	Term loan	27.83	24.90
ii.	Short term working capital loan / PCFC / Buyers credit	18.33	9.96
iii.	Sundry creditors for imports	11.05	5.39
iv.	Currency Swap	10.74	NIL

- d) The Company has an annual average exports of USD 171 Million of which the Company has partially hedged its receivables by the aforesaid options disclosed in para (a) above. The unhedged currency risk detailed in para (c) above has a natural hedge against the unhedged export receivables of USD 54.01 Million (Previous year 23.44 Million) as at 31st March, 2010.
- e) None of the foreign subsidiaries have effected any steps to hedge their currency risks vis a vis the Indian Parent.
23. In terms of the shareholders agreement between the Company and the minority shareholders of Ipca traditional remedies private limited, the share of profit / loss of the said subsidiary is allocated to the minority shareholders at 26% although the investment by the minority shareholders is not completed by the end of the year, on account of this there is a debit balance in the minority interest.
24. The figures of the subsidiaries including the step down subsidiaries & proportionate share in Joint Venture are appropriately grouped along with the figures of the parent Ipca Laboratories Ltd.
25. Details of rounded off amounts

The financial statements are represented in Rupees crore. Those items which were not represented in the financial statement due to rounding off to the nearest Rs. Crore are given below.

Balance Sheet items

Refer	Description	As at 31 st March 2010	As at 31 st March 2009
Schedule 4	Sales, W/off, adjustments during the year		
	Intangible assets-Software	50,733	-
	Effluent treatment plant	(898)	-
Schedule 5	Government Securities		
	National Saving Certificates	36,000	26,000

Profit & Loss Account items

Schedule 4	Depreciation, Amortisation & Impairment for the year		
	Brands and trademarks	28,750	-
	R&D Intangible Assets Software	461	-

Notes to the Accounts

Refer	Description	Year ended 31.03.2010	Year ended 31.03.2009
Note No. 17	Sale of goods and services – Other related parties	36,590	(*)
	Excise Duty, Rent and Other expenses – Other related parties	639	-

(*)Figures are represented in financial statement.

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

As per our Report of even date attached
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Registration No. 106971W

For and on behalf of the Board of Directors
Premchand Godha Managing Director
A. K. Jain Executive Director
Pranay Godha Executive Director

N. Jayendran
Partner
M.No. 40441
Mumbai
28th May, 2010

Harish P. Kamath
Company Secretary

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Ipca Laboratories Limited

PROXY

Registered Office: 48, Kandivli Industrial Estate, Kandivli (W), Mumbai - 400 067.

I/We.....
of.....In the district of
.....being a member/members of the above named
Company hereby appoint.....of.....in
the district of.....or failing him
.....of
.....in the district of.....
.....as my/our proxy to vote for me/
us on my/our behalf at the 60th Annual General Meeting of the Company to be held on Thursday, 29th July, 2010 at 3.30 p.m. and
at any adjournment thereof.

Signed this day of.....2010

Signed by the said.....

Reg. Folio No.

* Client ID No.

* DP ID No.

No. of Shares held

30 ps.
Revenue
Stamp

Note.: The Companies Act, 1956 lays down that on instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time for holding the meeting.

* Applicable for investors holding shares in electronic form.

Ipca Laboratories Limited

ATTENDANCE SLIP

Registered Office: 48, Kandivli Industrial Estate, Kandivli (W), Mumbai - 400 067.

I hereby record my presence of the 60th Annual General Meeting held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhakti Vedanta Marg, J.V.P.D. Scheme, Vile Parle (W), Mumbai 400 056 on Thursday, 29th July, 2010 at 3.30 p.m.

Name of the Shareholder (s)

(In Block Capitals)

Name of the Proxy or Company Representative

(In Block Capitals)

Signature of the Shareholder or

Proxy or Company Representative

Note: 1. A Proxy attending on behalf of a Shareholder should please write the name of the Shareholder from whom he holds Proxy.

2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

Reg. Folio No.

* Client ID No.

* DP ID No.

No. of Shares held

* Applicable for Investors holding shares in electronic form.

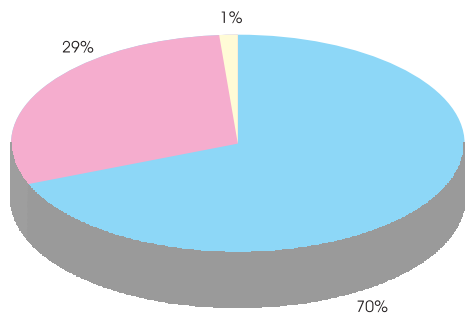
NOTES

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NOTES

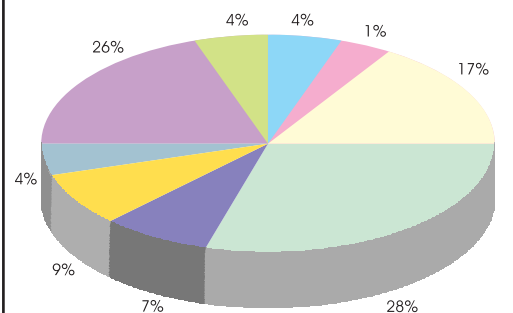
This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Total Income
2009-10 Rs.1558.95 crores



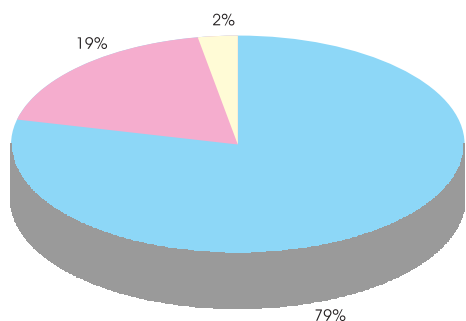
Formulations Bulk Drugs & Intermediates Other Income

Domestic Branded Formulations Groupwise Contribution for 2009-10



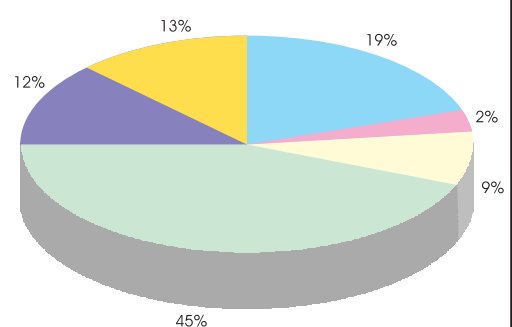
Anti-Malarials Cardiovasculars G.I. Products
Anti-Bacterials Cough Preparation N.S.A.I.D
Dermatology Neuro Psychiatry Other

Domestic Income
2009-10 Rs.752.87 crores



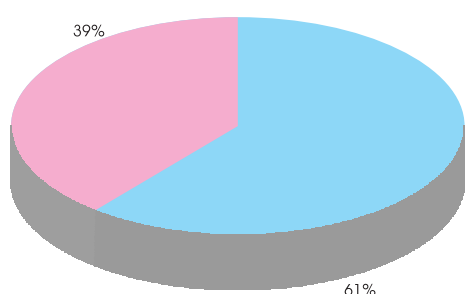
Formulations Bulk Drugs & Intermediates Other Income

Continentwise Exports (Percentages)



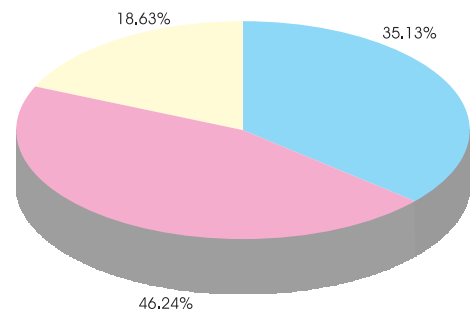
Europe Asia Africa
Americas Australasia CIS

Export Income
2009-10 Rs.806.08 crores



Formulations Bulk Drugs & Intermediates

Distribution of Shareholding as on 31st March, 2010



Promoters Mutual Funds/FIs/Flls Public



Ipca Laboratories Limited
Partnering healthcare globally



International Subsidiaries

USA

Ipca Pharmaceuticals, Inc.
51, Cragwood Road, Suite No.203
South Plainfield, New Jersey, 07080.
Phone ++ 1 908 412 6561
(D) 908 412 6563
Fax ++1 908 412 6564
Email: hasit@ipcausa.com

SOUTH AFRICA

National Druggists (pty) Ltd.
30, Marlborough Road
Spring Field Johannesburg
2190 Gauteng, S.A.
Phone ++ 27 011 4345669
TeleFax ++ 27 011 4345719
Email: ipca.southafrica@ipca.co.in

CHINA

Ipca Pharmaceuticals (Shanghai) Ltd.
Room 1110, 11/F Hua Tian Holiday Hotel
Office Building, 469 Zhonghua Xin Road
Zhabei District, Shanghai PRC.

UK

Ipca Laboratories (UK) Ltd.
72, New Bond Street
Mayfair, London W1S 1RR.
Phone ++ 44 207 493 7302
Fax ++ 44 207 493 4120
Email: ipca.uk@ipca.co.in

AUSTRALIA

Ipca Pharma (Australia) Pty Ltd.
6, Morotai Avenue, Ashburton, vic 3147
Melbourne, Australia.
Phone ++613 98856172
Tele Fax ++613 98856173
Email: ipca.australia@ipca.co.in

NEW ZEALAND

Ipca Pharma (NZ) Pvt. Ltd.
3-A, St. Oswalds Road,
Greenlane, Auckland - 1061
New Zealand.
Phone ++ 64 2136 0880
Email: ipca.newzealand@ipca.co.in

NIGERIA

Ipca Pharma Nigeria Ltd.
17, Osolo Way, Ajao Estate
Isolo, Lagos.
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