

Annual Report
2008-2009



Constantly *Evolving*
Consistently *Excelling*



Indoco Remedies Limited

A Suresh G Kare Enterprise



Indoco Remedies Limited

Vision

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

Mission

- To continue to be quality driven, research based, focused pharmaceutical company.
- To adapt and assimilate cGMP (Current Good Manufacturing Practices) with strict adherence to environment safety.
- To build on the trust generated by the medical fraternity.
- To share management goals, with employees and also to celebrate corporate successes with them.

A handwritten signature in black ink, appearing to read 'Suresh G. Kare', with a horizontal line underneath.

Suresh G. Kare
Chairman & Managing Director

Corporate Information

Board of Directors :

Directors :

- Mr. Suresh G. Kare - Chairman & Managing Director
- Mr. F.X. Coutinho - Director Marketing
- Mr. Sundeeep V. Bambolkar - Director Finance & Operations
- Ms. Aditi Kare Panandikar - Director - HR & Business Development
- Dr. M.R. Narvekar
- Mr. D.M. Sukthankar
- Mr. D.N. Mungale
- Mr. D.M. Gavaskar
- Mr. Rajiv P. Kakodkar
- Mr. Sharad P. Upasani

Company Secretary :

- Mr. Jagdish B. Salian

Auditors :

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

Bankers :

- Saraswat Co-op. Bank Ltd.
- State Bank of India
- HDFC Bank Ltd.
- Citi Bank NA
- Standard Chartered Bank
- Kotak Mahindra Bank
- IDBI Bank Ltd

Registered Office :

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

Registrar & Share Transfer Agent :

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

Company Identification Number :

CIN : L85190MH1947PLC005913



Chairman's Note

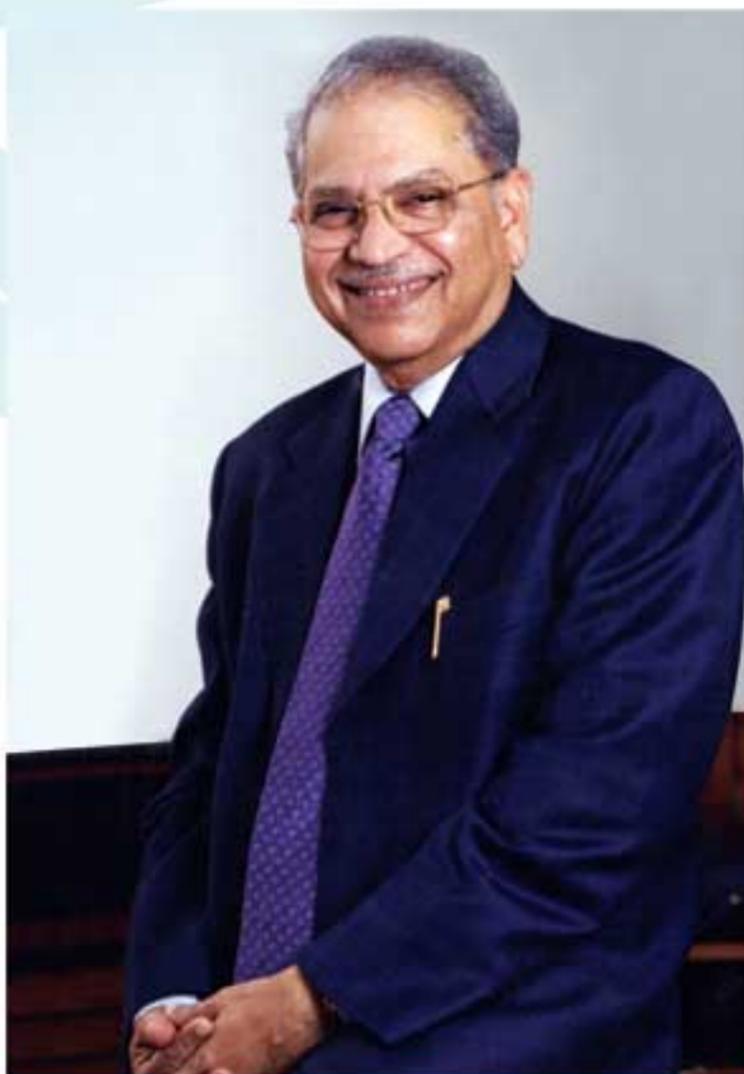
Dear Shareholders,

The past year was an extremely turbulent one for the world economy. The year witnessed one of the worst global financial crisis. The sequence of crisis began with the sub-prime mortgage transactions in the US which led to serious difficulties in a host of financial institutions. The economies of almost all the countries in the world were seriously affected. The general consumer demand in both the US and other developed economies dropped. As a consequence, emerging economies saw export markets contract. The financial credit literally dried up thereby considerably lowering the economic activity. The year also witnessed the crude oil prices soar to \$150 per barrel and then drop down to less than \$40 per barrel. Expert reports emanating from knowledgeable sources suggest that the recessionary trend might prevail until at least the end of 2009 and the recovery might commence in the first quarter of 2010.

The developments in the international financial markets have had an impact on the pace of economic activity the worldover, and India was no exception. Owing to the impact of global financial crisis, Indian GDP growth rate fell to 6.7 per cent during 2008-09, after posting 9 per cent in three consecutive earlier years. One notable positive feature of the Indian economy is that inspite of the crisis the banking system remained strong as compared to many other countries. The Indian Banking system is better prepared to deal with crisis today, than at any time before.

The Economic Survey Report (ESR) for 2008-09 is optimistic about the future. The ESR estimates strong recovery through the second half of 2009-10. The possibility of 7.50 per cent GDP growth in 2009-10 is much higher than the 6.25 per cent projected earlier. The ESR projection is also shared by the World Bank which too expects India to hit 8 per cent growth in 2009-10. To achieve this growth rate, there are some underlying assumptions that the US economy must bottom out by the fourth quarter of 2009, the monsoon in India must be reasonable and private consumption must surge. Besides, the government spending on infrastructure projects needs dramatic acceleration. The mood going into 2009-10 is one of slightly heightened optimism.

As far as the Pharma sector is concerned the Economic Survey has recommended that the government should control prices of essential drugs that have limited number of manufacturers and decontrol all other medicines. To quote the Survey Report – "Drug price control should be limited to essential drugs in which there are less than five producers.



Suresh G. Kare
Chairman & Managing Director



Head Office, Mumbai

All other drugs should be decontrolled". Since the Economic Survey recommendations are based on reality, it is hoped that the Government heeds the Survey Report and notifies a policy that is in the best interest of all concerned.

This would definitely trigger substantial investment in world class manufacturing facilities in specifically high-tech areas such as vaccines and injectables, besides encouraging innovation and increased spend on R & D in the Indian Pharmaceutical Industry. The Industry could then consolidate its status as a force to reckon with on the Global pharma scenario.

On the export front, INDOCO achieved yet another significant milestone crossing Rs.100 crores for the year. During the year Indoco was awarded the prestigious AOK Tender for Metformin Tablets through its agents in Germany. The total value of USD 10 million would accrue against supplies for 2 years. Our Baddi facility has been approved by the UK-MHRA. This will definitely boost the supply chain for regulated markets. The International Business now contributes over 26% of our total revenue. With the initiatives planned on new geographies and the resounding opportunities from our existing customers mainly in Europe, we are confident of the International Business contributing over 40% of the revenue in the next 2 to 3 years.

The domestic sales during the year registered a degrowth because of the tight credit control policy implemented by the company. It has significantly reduced the company's outstandings thereby improving the liquidity position and reducing the working capital debt by half.

At Indoco, we put in our best efforts to develop our Human Resource. My sincere thanks to all Indocoites for their unstinted support and co-operation during one of the most challenging times. I would also like to express my gratitude to our customers, bankers, vendors and above all our shareholders for reposing their faith in us.



Suresh G. Kare
Chairman & Managing Director



Plant II, Verna Goa.

Indian Business

The major brands contributing to domestic formulation business were Febrex Plus, Cyclopam, Sensodent, Sensoform, Karvol Plus, Cloben-G, Oxipod etc. The top 10 brands contributed 61% of total turnover.

Some of Indoco's brands are ranked among top 5 in their respective categories:

BRANDS	THERAPEUTIC CATEGORY	RANK	MARKET SHARE (%)
Febrex Plus	Anti-Cold	2	10.09
Cyclopam	Antispasmodics	1	52.41
Vepan	Anti-infectives	1	17.62
Sensodent-K	Dental	1	7.10
ATM	Anti-infectives	5	4.3
Cloben-G	Topical Anti-Fungal, Anti infective	2	12.88
Cital	Urinary Alkaliser	1	18.28
Karvol Plus	Respiratory	4	7.54
Carmicide	Antiflatulent	2	17.45
Scabex	Anti-Scabies	3	18.78
Renolen	Saline	1	40.69
Homide	Mydriatic & Cycloplegic	1	92.24
Dexoren-S	Ophthal Anti-biotic with steroid	3	10.92
Lignox-ADR	Anaesthetic Injectable	2	27.08
Tobaren-D	Ophthal Anti-biotic with steroid	4	11.59

The acute therapy segments such as Anti-infectives, Respiratory and Alimentary System, were the major contributors to domestic business. To strengthen the chronic therapy segments, brands such as Megachek and Prichek-GMP were launched.

Among the new products Clamchek, Megachek, Aloha-XT and Methycal have recorded encouraging sales.

Indoco has six marketing divisions each of which focuses on different specialities:

Indoco the main division focuses on General Practitioners, Consulting Physicians, Gynaecologists and Paediatricians with products for Antibiotics, Respiratory, Antispasmodics, Antidiabetics etc.

Spade the second largest division focuses on General Practitioners Consulting Physicians, Gynaecologists and Paediatricians and has drugs for Anti-cold, Antibiotics, Haematinic.

Warren caters to dentists and General Practitioners with dental care products and antibiotics. Recently, Warren launched some innovative products like Sensoform HK for dentine hypersensitivity and Kidodent Mouthwash for cavity prevention in kids.

febrex plus 

Vepan[®]
Cefadroxil

CYCLOPAM

ATM

SENSODENT-K

SENSOFORM

OXIPOD

Dexoren-S

CLOBEN-G
Skin Cream 

TUSPEL PLUS

Clamchek 

→ 

→ SPADE

→ warren



Warren Excel an offshoot of Warren division caters to Ophthalmologists and has a whole range of ophthal products and some ENT products.

→ warren excel

Spera was carved out of the main division, "Indoco" to focus on brands like Cital, Scabex, Triz, Carmicide. These brands have picked up very well.

Spera is present in the South and West India and focuses on General Practitioners, Consulting Physicians, Gynaecologists Paediatricians. Some new brands of Spera Speraflox, Sperogest that have performed well and have crossed Rupees one crore mark in sales.

→ SPERA

Surge-Radius the speciality care division catering to Diabetologists, Cardiologists, General Surgeons & Orthopaedics has chronic as well as acute therapy products for these specialities.

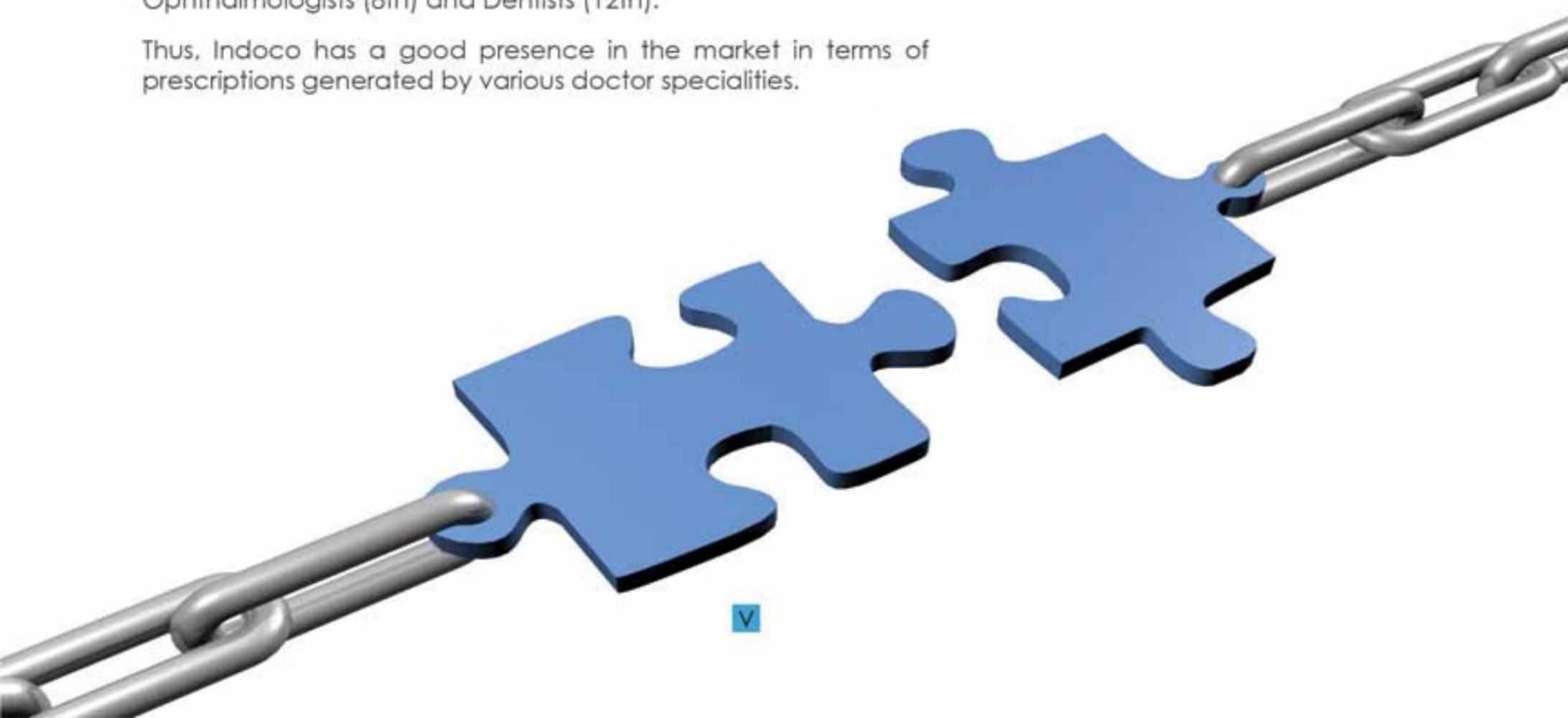
→ SURGE-Radius

To address the doctors growing need for better and more effective treatment of patients, Indoco has launched some new products during the year -

Brand	Category	Division
Cef-Vepan	Anti-infective	Indoco
Favorit	Anti-infective	Spade
Duocek	Anti-infective	Spade
Aloha-XT	Haematinic	Spade
Sensoform-HK	Dental	Warren
Kidodent Mouth Wash	Dental	Warren
Irimist	Ophthal (Tear substitute)	Warren Excel
Alerchek	Ophthal (Ocular anti-allergic)	Warren Excel

In prescription drugs Indoco is ranked 23rd among the pharma Companies. As per ORG (March 2009), Indoco is ranked even higher in some specialities - General Practitioners MBBS (15th), Non-MBBS (21st), Gynaecologists(18th), Paediatricians(16th), Ophthalmologists (8th) and Dentists (12th).

Thus, Indoco has a good presence in the market in terms of prescriptions generated by various doctor specialities.



International Business (Formulations)

For the year ended 31st March 2009, the company's revenue from Formulation Exports grew by 24% at Rs. 94.81 crore as compared to Rs. 76.53 crore for the last year. This was driven by both, the regulated markets which registered a 27.5% growth and the semi-regulated markets which registered a 12.7% growth.

In Regulated Markets, the company has spread its wings in Europe from the established markets of UK & Germany to Spain, Hungary, Slovenia and Bulgaria. Besides, the adjoining market of Turkey has also been accessed. The focus now is on licensing / selling of Indoco's own intellectual property (dossiers), coupled with a 5 year supply agreement to ensure a steady business. The markets of South Africa, Australia and New Zealand are progressing well.

In the Emerging markets (Semi-Regulated), the company is leveraging its pipeline of dossiers, which were originally made for Regulated Markets. This enables us to offer latest products in the Emerging Markets, resulting in early registrations / product launches and improved margins.

The company successfully faced the inspection of its Baddi facility from MHRA UK and intend to use this plant extensively for meeting the demands of the Regulated markets. Currently only the tablet area is offered for approval and the other sections will be offered later.

Indoco is almost ready with its 1st ANDA and intends to file the same in its own name in the early part of the next financial year. Indoco has filed four ANDAs earlier through its partners and two of them are already commercialised.

The Ophthalmic projects are progressing well and we expect to have a sizeable product basket in the Ophthalmic segment in the next year, for both U.S. as well as European market.

Initiatives taken to increase exports & development of new export markets.

Concentrated efforts in developing the Regulated Markets is showing promising results with the increased base and respectable percentage growth. Within Europe, the new territories of Spain, Hungary and Bulgaria have been added. Turkey appears to be a promising market for licensing of dossiers and efforts are on to explore the same. A number of dossiers have been submitted to MCC-South Africa and on receipt of registrations, we will participate in the tender business, in collaboration with the local partner.

During the year, the company participated with its own stall at CPhI, Brazil to expand the territories and explore new business opportunities in Latin America.



Contract Research & Development : API

Indoco is pursuing opportunities with innovator & big generic companies in USA, Europe & Japan for supply of important intermediates for their products in various phases of launch (Pre-clinical, Phase -I/II/III).

The company has developed capabilities to support outsourcing needs of MNCs under collaborative research business model by acting as FTE or Fee for service provider partner.

API Business

The company has restructured its API manufacturing operations to expand manufacturing capacity to include more products & prepare for regulatory inspections like USFDA & EDQM in the near future. A separate production block at Patalganga site is now in operation to manufacture ophthalmic range APIs & Intermediates. This will add value, as backward integration in terms of own APIs to our ANDA & eCTD program.

Indoco presently holds 6 USDMF & 3 COS certifications for APIs developed by R & D and many products are under various stages of development & regulatory approval. These approvals have helped the company to begin sale of APIs in US & EUROPE markets & expand customer base in more than 25 countries in Rest Of the World (ROW) markets.



API Plant, Patalganga

Contract Research & Manufacturing Services

Contract research and contract manufacturing services (CRAMS) have emerged as a significant opportunity area for the Indian pharmaceutical industry, and India has the potential to emerge as a significant player in this sphere, says a KPMG report titled 'India Pharma Inc. A continuing success story' released at the CII Pharma Summit 2007.

Within the CRAMS space, contract manufacturing offers the biggest opportunity. At present, its global market size is estimated at \$20 billion, and is expected to grow to \$31 billion by 2010. The global opportunity in contract research in 2006 was pegged at \$14 billion. This is expected to grow to \$24 billion by 2010.

Some of the leading Indian players have done extremely well in the CRAMS sphere. Reliable estimates are not available for the size of the Indian CRAMS industry, which is at a nascent stage. But according to the report, the contract research industry in India is expected to grow at a compounded annual growth rate of 30-35 per cent between 2006 and 2011.

With a number of blockbuster drugs getting off patent in the coming years and increasing R&D costs coupled with low R&D productivity, major pharmaceutical companies worldwide are finding it difficult to maintain their bottom lines. They have taken recourse to outsourcing part of their research and manufacturing activities to lower cost countries, thereby saving costs and time, in the process. This has led to the evolution of Contract Research and Manufacturing Services (CRAMS) as a fast emerging business opportunity for Indian companies.

The critical success factors of Indian companies engaged in CRAMS include smooth supply chain management, proper research design and low cost. Indoco has successfully met the customer expectations on all these accounts and have successfully executed a number of contracts for dossier development (research services). Most of the customers have come back to us with repeat requests for development of dossiers going off patent.

Indoco, with its inherent competitive advantages for products and extraordinary technical skills, stands as one of the most preferred outsourcing partner for a range of activities in the CRAMS space.



R & D Center, Navi Mumbai

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INDOCO REMEDIES LIMITED

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

Notice

Notice is hereby given that the Sixty-Second Annual General Meeting of the members of INDOCO REMEDIES LIMITED will be held on Friday, the 18th September, 2009, at 10.30 a.m. at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend of Rs. 3.25 per equity share and to declare a final dividend on equity shares for the year ended 31st March, 2009.
3. To appoint a Director in place of Ms. Aditi Kare Panandikar, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Rajiv P. Kakodkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. Madhukar R. Narvekar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT Mr. Sharad P. Upasani who was appointed a Director of the Company with effect from 23rd February, 2008 in the casual vacancy caused by the resignation of Mr. Atul S. Rajadhyaksha and who, in terms of Section 262 of the Companies Act, 1956, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Sharad P. Upasani as a candidate for the Office of Director, be and is hereby appointed a Director of the Company."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of Mr. Francis X. Coutinho, as a Wholetime Director, designated as Director- Marketing for a period of three years with effect from 1st April, 2009 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions and/or terms of re-appointment and remuneration so as to not to exceed the limits specified in Schedule XIII to the Act or any statutory modification(s) or enactment thereof."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (the Act) (including any statutory

modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of Mr. Sundeep V. Bambolkar, as a Wholetime Director, designated as Director- Finance & Operations for a period of three years with effect from 1st April, 2009 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions and/or terms of re-appointment and remuneration so as to not to exceed the limits specified in Schedule XIII to the Act or any statutory modification(s) or enactment thereof."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956 (the Act) (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the re-appointment of Ms. Aditi Kare Panandikar, as a Wholetime Director, designated as Director- Business Development & HRD for a period of three years with effect from 1st April, 2009 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed hereto, with liberty to the Board of Directors to alter and vary the terms and conditions and/or terms of re-appointment and remuneration so as to not to exceed the limits specified in Schedule XIII to the Act or any statutory modification(s) or enactment thereof."

Notes:

1. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to SPECIAL BUSINESSES at item Nos.7 to 10 of the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members who are bodies corporate can attend the meeting through their authorised representatives. They are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the ensuing Annual General Meeting on or before 16th September, 2009.
4. Members are requested to notify any change in their address/ bank mandate to their respective Depository Participants (DPs) in respect of shares held by them in demat mode (electronic share account) and to the Registrar and Share Transfer Agents of the Company, Link Intime India Pvt. Ltd. (formerly known as "Intime Spectrum Registry Limited"), C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078 in respect of shares held by them in physical mode.
5. Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report.
6. Members holding shares in dematerialised form are requested to write their Client ID and DP ID and those holding shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the meeting.
7. In case of joint holders attending the Meeting, joint holder ranked higher in the order of names will be entitled to vote at the meeting.
8. Relevant documents, if any, referred to in the accompanying Notice shall be open for inspection by the members at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 am and 1.00 p.m. upto the date of the meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 11th September, 2009 to Friday, 18th September, 2009 (both days inclusive).
10. The final dividend for the year ended 31st March, 2009 as recommended by the Board, if sanctioned at

the Meeting, will be paid to those members whose names appear on the Company's Register of Members on 18th September, 2009. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the NSDL and CDSL for the purpose. The dividend will be paid on and from 29th September, 2009.

11. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate to the Company's Registrars and Share Transfer Agents, Link Intime India Pvt. Ltd., under the signature of the sole/first joint holder, the following information to be incorporated on the dividend warrants:

(i) Name of the Sole/First joint holder and the Folio Number

(ii) Particulars of Bank Account, viz:

- Name of the Bank
- Name of the Branch
- Complete address of the Bank with Pin Code number
- Account type whether Saving or Current
- Bank Account Number.

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

(c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing the facility are requested to contact the Company's Registrars, Link Intime (India) Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.

12. Pursuant to the provisions of Section 205 of the Companies Act, 1956, all unclaimed dividends declared up to the financial year 1998-99 have been transferred to the General Revenue Account of the Central Government in compliance of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

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

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

Dividends for the financial years 2002-2003 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not so far encashed their dividend warrants for the aforesaid years are requested to seek revalidation/issue of duplicate warrants by writing to the Company's Registrars and Share Transfer Agents, Link Intime (India) Pvt. Ltd.

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

14. Members who hold shares in physical form in multiple folios and in identical names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents, Link Intime India Pvt. Ltd., for consolidation into a single folio.
15. Members desirous of getting any information, on the accounts and operations of the Company, may please forward their queries to the Company at least seven days prior to the Meeting so as to enable the Company to provide appropriate response thereto, at the Meeting.
16. Facility of nomination is now available and members holding shares in physical form may obtain Nomination forms from the Company's Registrar & Share Transfer Agents. Members holding shares in electronic form may obtain nomination forms from their respective Depository Participants.
17. As required by clause 49 IV (G) of the Listing Agreement, the brief profile of Directors seeking appointment or re-appointment at ensuing Annual General Meeting is given separately in this Annual Report.

Place : Mumbai
Date : 30th July, 2009

By order of the Board
JAGDISH B. SALIAN
VP (Legal) & Company Secretary

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

Item No. 7

Mr. Sharad P. Upasani was appointed a Director of the Company with effect from 23rd February, 2008, by the Board in the casual vacancy caused by the resignation of Mr. Atul S. Rajadhyaksha. Under Section 262 of the Companies Act, 1956, Mr. Upasani holds office up to the date upto which Mr. Rajadhyaksha would have held office, namely, the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Sharad P. Upasani as a candidate for the Office of Director.

Mr. Sharad P. Upasani has a post graduate degree in Commerce and a Bachelor of Laws Degree from Bombay University. He is an IAS of 1962 cadre, besides holding a Master of Business Administration from USA.

Mr. Upasani has varied experience and has held important positions in both State and Central Government. He held the highest position in Maharashtra State Administration as the Chief Secretary. He was the Secretary of Department of Industry. He was also the Managing Director of Maharashtra State Finance Corporation (MSFC), Vice Chairman of Maharashtra State Road Transport Corporation (MSRTC), Chairman of Maharashtra State Textile Corporation (MSTC). He served a term as the Vice-Chancellor of Agricultural University, Akola, Maharashtra.

At the Central level, Mr. Upasani has worked in the Finance Ministry, Industry Ministry and Information and Broadcasting Ministry. He was the Chairman of the Company Law Board and the Bureau of Costs and Prices, New Delhi. He was also the Chairman of Film Certification Board, Mumbai.

The Company would benefit from the rich experience that Mr. Upasani will bring to the Board.

The Board, therefore, recommends the Resolution as set out at Item No. 7 of the Notice convening the Meeting.

No Director, excepting Mr. Upasani, is concerned or interested in the resolution.

Item No. 8

The five year tenure of Mr. F. X. Coutinho as a Wholetime Director of the Company concluded on 31st March, 2009. The Board of Directors ("the Board") at its meeting held on 30th January 2009, has re-appointed Mr. Francis X. Coutinho as Director- Marketing of the Company for a further period of three years with effect from 1st April 2009 subject to the approval of the members at the forthcoming Annual General Meeting.

Approval of the members is being sought to the re-appointment and the terms and conditions of reappointment including payment of remuneration to Mr. Francis X. Coutinho as a Wholetime Director of the Company for a further period of three years from 1st April, 2009. The material terms and conditions of his appointment are as follows:

Period:

From 1st April, 2009 to 31st March, 2012

Remuneration:

The remuneration payable by way of salary, perquisites and commission shall be subject to the limits laid down under Sections 198 and 309 of the Companies Act, 1956. Within the said overall limits, the remuneration payable shall be as under:

Salary:

Rs.3,00,000/- per month with an annual increment effective 1st April, 2010 not exceeding 20% of the salary.

Perquisites:

The total value of perquisites shall not exceed 100% of salary. The perquisites shall be paid as follows:

- i) **Housing:** Furnished residential Accommodation or house rent allowances in lieu thereof. Expenses pertaining to gas, electricity, water and other utilities shall be borne/ reimbursed by the Company.
- ii) **Education Allowance:** for self and/or family payable on a monthly basis as per rules of the company.
- iii) **Medical Allowance:** As per the rules of the company.
- iv) **Leave Travel Concession:** Return passage for self and family in accordance with the rules of the Company.
- v) **Club Fees:** In accordance with the rules of the Company or as may be agreed by the Board of Directors.
- vi) **Personal Accident Insurance:** Personal Accident Insurance policy as per rules of the Company.

For the purpose of calculating the ceiling on perquisites (100% of salary) as mentioned above, the perquisites shall be evaluated as per the Income Tax Rules, 1962, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.

Provision for use of Company's car with Driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites for the purpose of calculating such ceiling.

Note: Family for this purpose shall mean the spouse, the dependent children and the dependent parents of the appointee.

Other Benefits:

Company's contribution to provident fund, superannuation fund, annuity fund to the extent, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable and encashment of leave at

the end of the tenure shall not be included in the computation of perquisites.

Further, the appointee will also be entitled for re-imbursement of expenses incurred in connection with the business of the company including traveling, conveyance, hotel accommodation and credit card expenses.

Commission / Performance Incentive:

As decided by the Board or Committee thereof not exceeding 0.5% of the net profits of the Company in any particular financial year.

Minimum Remuneration:

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the salary and perquisites shall not exceed the ceiling laid down in this behalf under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

The terms and conditions of the appointment of Mr. Francis X. Coutinho as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII of the Act, or any amendments made thereto.

Mr. Coutinho shall not be entitled for sitting fees for attending Board/Committee Meetings.

His appointment is subject to retirement of Directors by rotation.

MEMORANDUM OF CONERN OR INTEREST

None of the Directors of the Company other than the appointee himself is in any way concerned or interested in the above appointment.

Item No. 9

The five year tenure of Mr. Sundeep V. Bambolkar as a Wholetime Director of the Company concluded on 31st March, 2009. The Board of Directors ("the Board") at its meeting held on 30th January 2009, has re-appointed Mr. Sundeep V. Bambolkar as Director- Finance & Operations of the Company for a further period of three years with effect from 1st April 2009 subject to the approval of the members at the forthcoming Annual General Meeting.

Approval of the members is being sought to the re-appointment and the terms and conditions of re-appointment including payment of remuneration to Mr. Sundeep V. Bambolkar as a Wholetime Director for a further period of three years from 1st April, 2009. The material terms and conditions of appointment are as follows:-

Period:

From 1st April, 2009 to 31st March, 2012.

Remuneration:

The remuneration payable by way of salary, perquisites and commission shall be subject to the limits laid down under Sections 198 and 309 of the Companies Act, 1956. Within the said overall limits, the remuneration payable shall be as under:

Salary:

Rs.2,60,000/- per month with an annual increment effective 1st April, 2010 not exceeding 20% of the salary.

Perquisites:

The total value of perquisites shall not exceed 100% of salary. The perquisites shall be paid as follows:

- i) **Housing:** Furnished residential Accommodation or house rent allowances in lieu thereof. Expenses pertaining to gas, electricity, water and other utilities shall be borne/ reimbursed by the Company.
- ii) **Education Allowance:** for self and/or family payable on a monthly basis as per rules of the company.
- iii) **Medical Allowance:** As per the rules of the Company.
- iv) **Leave Travel Concession:** Return passage for self and family in accordance with the rules of the Company.
- v) **Club Fees:** In accordance with the rules of the Company or as may be agreed by the Board of Directors.
- vi) **Personal Accident Insurance:** Personal Accident Insurance policy as per rules of the Company.

For the purpose of calculating the ceiling on perquisites (100 % salary) as mentioned above, the perquisites shall be evaluated as per the Income Tax Rules, 1962, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.

Provision for use of Company's car with Driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites for the purpose of calculating such ceiling.

Note: Family for this purpose shall mean the spouse, the dependent children and the dependent parents of the appointee.

Other Benefits:

Company's contribution to provident fund, superannuation fund, annuity fund to the extent, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of perquisites.

Further, the appointee will also be entitled for re-imbursement of expenses incurred in connection with the business of the company including traveling, conveyance, hotel accommodation and credit card expenses.

Commission / Performance Incentive:

As decided by the Board or Committee thereof not exceeding 0.5% of the net profits of the Company in any particular financial year.

Minimum Remuneration:

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the salary and perquisites shall not exceed the ceiling laid down in this behalf under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

The terms and conditions of the appointment of Mr. Sundeep V. Bambolkar as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

Mr. Bambolkar shall not be entitled for sitting fees for attending Board/Committee Meetings.

His appointment is subject to retirement of Directors by rotation.

MEMORANDUM OF CONCERN OR INTEREST

None of the Directors of the Company other than the appointee himself is in any way concerned or interested in the above appointment.

Item No.10:

The five year tenure of Ms. Aditi Kare Panandikar as a Wholetime Director of the Company concluded on 31st March, 2009. The Board of Directors ("the Board") at its meeting held on 30th January 2009, has re-appointed Ms. Aditi Kare Panandikar, as Director- Business Dev. & HRD of the Company for a further period of three years with effect from 1st April 2009 subject to the approval of the members at the forthcoming Annual General Meeting.

Approval of the members is being sought to the re-appointment and the terms and conditions of re-appointment including payment of remuneration to Ms. Aditi Kare Panandikar as a Wholetime Director for a further period of three years from 1st April, 2009. The material terms and conditions of appointment are as follows:-

Period:

From 1st April, 2009 to 31st March, 2012.

Remuneration:

The remuneration payable by way of salary, perquisites and commission shall be subject to the limits laid down under Sections 198 and 309 of the Companies Act, 1956. Within the said overall limits, the remuneration payable shall be as under:

Salary:

Rs.1,70,000/- per month with an annual increment effective from 1st April, 2010 not exceeding 20% of the salary.

Perquisites:

The total value of perquisites shall not exceed 100% of salary. The perquisites shall be paid as follows:

- i) **Housing:** Furnished residential Accommodation or house rent allowances in lieu thereof. Expenses pertaining to gas, electricity, water and other utilities shall be borne/ reimbursed by the Company.
- ii) **Education Allowance:** for self and/or family payable on a monthly basis as per the rules of the company.
- iii) **Medical Allowance:** As per the rules of the Company.
- iv) **Leave Travel Concession:** Return passage for self and family in accordance with the rules of the Company.
- v) **Club Fees:** In accordance with the rules of the Company or as may be agreed by the Board of Directors.
- vi) **Personal Accident Insurance:** Personal Accident Insurance policy as per rules of the Company.

For the purpose of calculating the ceiling on perquisites (100% of salary) as mentioned above, the perquisites shall be evaluated as per the Income Tax Rules, 1962, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.

Provision for use of Company's car with Driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites for the purpose of calculating such ceiling.

Note: Family for this purpose shall mean the spouse, the dependent children and the dependent parents of the appointee.

Other Benefits:

Company's contribution to provident fund, superannuation fund, annuity fund to the extent, either singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable and encashment of leave at

the end of the tenure shall not be included in the computation of perquisites.

Further, the appointee will also be entitled for re-imbursement of expenses incurred in connection with the business of the company including traveling, conveyance, hotel accommodation and credit card expenses.

Commission / Performance Incentive:

As decided by the Board or Committee thereof not exceeding 0.5% of the net profits of the Company in any particular financial year.

Minimum Remuneration:

Notwithstanding anything to the contrary herein, where in any financial year, during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the salary and perquisites shall not exceed the ceiling laid down in this behalf under Schedule XIII to the Companies Act, 1956 or any amendment thereof.

The terms and conditions of the appointment of Mrs. Aditi M. Panandikar as stated above can be altered and varied from time to time by the Board of Directors at its discretion, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

Ms. Panandikar shall not be entitled for sitting fees for attending Board/Committee Meetings.

Her appointment is subject to retirement of Directors by rotation.

MEMORANDUM OF CONCERN OR INTEREST

Ms. Aditi Kare Panandikar is concerned or interested in the reappointment. Mr. Suresh G. Kare is the father of Ms. Panandikar, as such he may be considered interested. No other Director of the Company is concerned or interested in the proposal.

Place : Mumbai

Date : 30th July, 2009

By order of the Board

JAGDISH B. SALIAN

VP (Legal) & Company Secretary

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

Name of the Director	Ms. Aditi Kare Panandikar	Mr. Sundeep V. Bambolkar	Mr. Francis Xavier Coutinho	Mr. Sharad P. Upasani
Date of Birth	22nd January, 1970	23rd October, 1960	23rd September, 1950	1st October, 1938
Date of appointment on the Board	1st April, 2004	1st April, 2004	1st April, 2004	28th February, 2008
Qualifications	B. Pharm, Masters in Business Management, Ohio State University, USA.	B.Sc, MBA from Mumbai University, He is also trained in the field of advanced management at the Indian School of Business, Hyderabad and the Kellogg School of Business, Chicago, USA.	B.Sc, Degree in Management from the Mumbai University.	M.Com, LL.B, IAS, MBA
Expertise in specific functional area	She heads Company's Business Development Team and has played pivotal role in establishing the Company's API Business in the domestic and overseas markets. She also heads the Company's R & D Department. She has been with the Company for over 15 years and is experienced in technical and human resource fields	He heads Finance and Operations functions. He is also responsible for the International Business pertaining to formulations. He has over two decades of experience in the relevant field.	He has been with the Company since 1975 and has vast experience in the field of pharma sales and marketing. He heads Indoco's 2000 strong marketing force.	Mr. Upasani has vast experience and has held important positions in State and Central government. He was Chief Secretary of Government of Maharashtra, Secretary of Department of Industry, Managing Directors of MSFC, Vice Chairman of MSRTC, Chairman of MSTC, the Vice-Chancellor of Agricultural University, Akola. At the Central level Mr. Upasani has worked in the Finance Ministry and Information & Broadcasting. He was the Chairman of the Company Law Board and the Bureau of Cost and Prices, New Delhi. He was also the Chairman of film Certification Board, Mumbai. Mr. Upasani was on deputation to IMF, from 1974 to 1978. He is a member of the Bar Council of Maharashtra and Goa. At present he acts as a Consultant on corporate law matters and an Arbitrator in corporate disputes.
Directorships held in other Companies	Shanteri Investment Pvt. Ltd Indoco Global Market Pvt. Ltd	Spa Holdings Pvt. Ltd Indoco Global Markets Pvt. Ltd	Nil	Blue Dart Express Ltd. M.V. Vishveshvaraya Industrial Research & Development Center
Membership of committees in other Public Limited Companies (included only Audit & Shareholders'/ investors' Grievance Committee)	Nil	Nil	Nil	Nil
No. of shares held in the Company	7,24,350 Equity Shares of Rs. 10/- each	91,010 Equity Shares of Rs. 10/- each	10,400 Equity Shares of Rs. 10/- each	Nil

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

Name of the Director	Ms. Aditi Kare Panandikar	Mr. Rajiv P. Kakodkar	Dr. Madhukar R. Narvekar
Date of Birth	22nd January, 1970	23rd December, 1956	28th March, 1930
Date of appointment on the Board	1st April, 2004	26th April, 2007	15th June, 1957
Qualifications	B. Pharm, Masters in Business Management, Ohio State University, USA.	B. Pharm., MBA from Stuart School of Business, USA.	Bachelor of Medicine & Surgery (MBBS), Post Graduation in Medicine (MD) with a specialisation in Obstetrics & Gynaecology.
Expertise in specific functional area	Ms. Aditi Kare Panandikar heads Company's Business Development Team and has played pivotal role in establishing the Company's API Business in the domestic and overseas markets. She also heads the Company's R & D Department. She has been with the Company for over 15 years and is experienced in technical and human resource fields	Mr. Rajiv P. Kakodkar has vast international business experience in pharmaceutical field. His area of expertise include Indenting and Sourcing of pharmaceuticals for global and domestic business. He has founded his own chemical business in operation for over two decades.	Dr. Narvekar is a leading Gynaecologist in Mumbai. Dr. Narvekar is also a Fellow member of International College of Surgeons. He is a member of the Board of Studies of Obstetrics & Gynaecology with the University of Bombay. He is also a member of the Peer Review Committee-Journal of Obstetrics & Gynaecology of India.
Directorships held in other Companies	Shanteri Investment Pvt. Ltd Indoco Global Market Pvt. Ltd	Vasundhara Rasayans Ltd	Nil
Membership of committees in other Public Limited Companies (included only Audit & Shareholders'/ investors' Grievance Committee)	Nil	Nil	Nil
No. of shares held in the Company	7,24,350 Equity Shares of Rs. 10/- each	Nil	68,288 Equity Shares of Rs. 10/- each.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Sixty-Second Annual Report together with the Audited Accounts for the financial year ended March 31, 2009.

FINANCIAL PERFORMANCE

Summary of Financials:

The highlights of the performance for the year ended March 31, 2009 is summarised below:

(Rs lakhs)

	<i>Current Year (12 months)</i>	<i>Previous Year (9 months)</i>
Sales & Operations	35526	27189
Less: Excise Duty	(462)	(921)
Net Sales	<u>35064</u>	<u>26268</u>
Other Income	393	250
Total Income	<u>35457</u>	<u>26518</u>
Profit Before Interest, Depreciation, Extra ordinary items and Tax	5015	4527
Less: Interest	585	362
Depreciation	1116	778
Extra Ordinary items	-	183
Profit Before Tax	<u>3314</u>	<u>3204</u>
Less: Provision for Taxation		
- Current	370	355
- Deferred	108	123
- Fringe Benefit	93	71
- Prior year	(31)	-
- MAT Credit Entitlement	(370)	(355)
Profit After Tax	<u>3144</u>	<u>3010</u>
- Balance brought forward	4811	4020
Balances in Profit & Loss Account credited/debited pursuant to scheme of amalgamation of Shree Herbal Technologies Ltd.	-	(1)
	<u>7955</u>	<u>7029</u>
Appropriations :		
Interim Dividend	399	-
Proposed Dividend	246	614
Dividend Tax	110	104
Transfer to General Reserve	1500	1500
Balance carried forward	5700	4811
	<u>7955</u>	<u>7029</u>

Results of Operations:

In view of the change in accounting year, the previous year's operations comprised of nine months as compared to 12 months in the current year. Hence, the figures are not comparable on a like to like basis. Wherever, the growth parameters such as percentages are mentioned, the same are based on comparable previous 12 months. Given the general economic scenario, the management decided to implement a credit policy firmly. As a result, the domestic formulation business has shown a degrowth. The domestic business registered a sales of Rs.250.39 crore and international business Rs.100.25 crore.

The profit before tax was Rs.33.14 crore and profit after tax Rs.31.44 crore as compared to Rs.32.04 crore and Rs.30.10 crore respectively for the previous year.

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

Dividend & Reserves:

Midway through the year, the Board had announced an interim dividend of Rs.3.25 per equity share and the said dividend was paid on 19th December, 2008 absorbing Rs.4.67 crore.

The Directors are pleased to recommend a final dividend of Rs.2.00 per equity share thereby making the dividend for the financial year 2008-09 at Rs.5.25 per equity share (previous year Rs.5.00 per equity share). If approved by the shareholders at the Annual General Meeting, the interim and final dividends together would absorb Rs.7.55 crore (previous year Rs.7.18 crore) inclusive of Dividend Distribution Tax of Rs.1.10 crore (previous year Rs.1.04 crore).

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

Credit Rating:

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

The Company was also awarded A1+ rating for its working capital facility and LA+ rating for its long term borrowing by ICRA. The A1+ rating indicates highest Credit quality rating while LA+ indicates adequate credit quality rating.

Expansion:

During the year, the Company undertook a modernisation and expansion program of its API manufacturing facility at Patalganga. The expansion has increased the installed capacity of the Unit. The Company's API production is sold in the domestic & various international markets. An amount of Rs.15.00 crore was invested for the expansion project. The investment was largely funded by the ECB from Citibank.

OPERATIONS**Domestic Business:**

The domestic business registered a turnover of Rs.250.39 crore. The formulation business recorded Rs.239.60 crore sales and the API Rs.10.79 crore.

The major brands contributing to domestic formulation business were Febrex Plus, Cyclopam, Sensodent, Sensoform, Karvol Plus, Cloben-G, Oxipod, etc. The top 10 brands contributed 61% of total turnover as follows:

<i>BRANDS</i>	<i>% OF DOMESTIC FORMULATION SALES</i>
Febrex Plus	13.3
Cyclopam	10.2
Vepan	8.4
Sensodent-K	5.4
ATM	5.8
Sensoform	4.1
Cloben-G	3.8
Cital	3.3
Glychek/M	3.2
Oxipod	3.2

Several doctor specific campaigns and activities contributed to the achieving of sales revenue.

Some of Indoco's brands are ranked among the top 5 in their respective categories as explained below:

<i>BRANDS</i>	<i>THERAPEUTIC CATEGORY</i>	<i>RANK</i>	<i>MARKET SHARE (%)</i>
Febrex Plus	Anti-cold	2	10.09
Cyclopam	Antispasmodic Analgesics	1	52.41
Vepan	Anti-Infectives	1	17.62
Sensodent-K	Dental	1	7.10
ATM	Anti-Infectives	5	4.30
Cloben-G	Anti - fungal	2	12.88
Cital	Urinary	1	18.28
Karvol Plus	Respiratory	4	7.54
Carmicide	Antiflatulent	2	17.45
Scabex	Anti -Scabicide	3	18.78
Renolen	Saline	1	40.69
Homide	Mydriatic & Cycloplegic	1	92.24
Dexoren-S	Antibiotic	3	10.92
Lignox+Adrenaline	Anaesthetics Injecta	2	27.08
Tobaren-D	Antibiotic with steroid	4	11.59

The acute therapy segments such as Anti-infectives, Respiratory and Alimentary System, were the major contributors to domestic business. To strengthen the chronic therapy segments, brands like Megachek, Prichek-GMP were launched.

Among the new products Clamchek, Megachek, Aloha-XT and Methycal have recorded encouraging sales.

Indoco has six marketing divisions each of which focuses on different specialities:

Indoco, the main division focuses on General Practitioners, Consulting Physicians, Gynaecologists and Paediatricians with medicines for Antibiotics, Respiratory, Antispasmodics, Antidiabetics etc.

Spade, the second largest division focuses on General Practitioners, Consulting Physicians, Gynaecologists and Paediatricians and has drugs for Anti-cold, Antibiotics, Haematinic.

Warren, caters to dentists and General Practitioners with dental care products and antibiotics used by dentists.

Recently, Warren launched some innovative products like Sensiform HK for dentine hypersensitivity and Kidodent Mouthwash for cavity prevention in kids.

Warren Excel, an offshoot of Warren division caters to Ophthalmologists and has a whole range of ophthal products and few ENT products.

Spera, was carved out of the main division, “Indoco” to focus on brands like Cital, Scabex, Triz, Carmicide. These brands have picked up very well.

Spera is present in the South and West India and focuses on General Practitioners, Consulting Physicians, Gynaecologists and Paediatricians. Some new brands of Spera include Speraflox, Sperogest that have performed well and have crossed one crore mark in sales.

Surge-Radius, the speciality care division caters to Diabetologists, Cardiologists, General Surgeons & Orthopaedics has chronic as well as acute therapy products for these specialities.

To address the doctors' growing need for better and more effective treatment of patients, Indoco has launched some new products during the year -

<i>BRAND</i>	<i>CATEGORY</i>	<i>DIVISION</i>
Cef-Vepan	Anti-infective	Indoco
Fevorit	Anti-infective	Spade
Duocek	Anti-infective	Spade
Aloha-XT	Haematinic	Spade
Sensiform-HK	Dental	Warren
Kidodent Mouth Wash	Dental	Warren
Irimist	Ophthal (Tear substitute)	Warren Excel
Alercek	Ophthal (Ocular anti-allergic)	Warren Excel

In prescription drugs Indoco is ranked 23rd among the Pharma Companies. As per ORG (March 2009), Indoco is ranked even higher in some specialities - General Practitioners MBBS (15th), Non-MBBS (21st), Gynaecologists (18th), Paediatricians (16th), Ophthalmologists (8th) and Dentists (12th).

Thus, Indoco has a good presence in the market in terms of prescriptions generated by various doctor specialities.

International Business:

International Business registered a growth of 24.1% during the year ended 31st March, 2009.

Formulations:

For the year ended 31st March, 2009, the Company's revenue from formulation exports grew by 23.9% at Rs. 94.81 crore as compared to Rs. 76.53 crore last year. The growth was driven by both, the regulated markets (27.5%) and the semi-regulated markets (11.2%).

In Regulated Markets, the Company spread its wings in Europe from the established markets such as UK & Germany to Spain, Hungary, Slovenia and Bulgaria. The adjoining market of Turkey was also accessed. The focus is now on licensing / selling of Indoco's own intellectual property (dossiers), coupled with a 5 year supply agreement to ensure a steady business. The markets of South Africa, Australia and New Zealand are progressing well.

In the Emerging markets (Semi-Regulated), the Company is leveraging its pipeline of dossiers, which were

originally made for Regulated Markets. This enables the Company to offer latest products in the Emerging Markets, resulting in early registrations / product launches and improved margins.

Indoco achieved a big breakthrough when the prestigious AOK Tender from Germany was awarded to the Company's agents in Germany for Metformin tablets. The tender award covers three strengths, viz., 500mg, 850mg and 1000mg, and the entire territories in Germany. The supplies would be spread over a period of two years and is expected to earn a business of over US\$ 10 million for the Company. The first dispatch of metformin against the AOK tender commenced during last quarter and would now see Metformin tablets manufactured by Indoco present in every pharmacy in Germany.

Indoco's sterile facility was audited by Slovenian Regulatory Authorities for Carprofen Injection and the facility at Goa, now stands approved for supplies to the entire Europe, since Slovenia is part of European Union.

The company successfully faced the inspection of its Baddi facility from MHRA UK and intend to use this plant extensively for meeting the demands of the Regulated markets. Currently only the tablet area is offered for approval and the other sections will be offered later.

Indoco is almost ready with its first ANDA and intends to file same in its own name in the early part of the next financial year.

The Ophthalmic projects are progressing well and we expect to have a sizable product basket in the Ophthalmic segment in the next year, for both US as well as European market.

APIs:

The Company's API business recorded revenues of Rs.16.23 crore during the year as compared to Rs.11.92 crore last year.

Both the Kilo Plant-Rabale (as per cGMP standards) and API & Intermediate Plant - Rabale (as per local GMP Standards) stabilized production to optimum capacity.

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

The Multi-Ton plant at Patalganga (as per cGMP standards) has undergone expansion & modernisation in preparation for regulatory inspections by USFDA & EDQM. The plant has been fully operational since June 2009.

The APIs manufactured by the company are also used for captive consumption in the various formulations thus contributing to the cost efficiency of formulation business.

Research & Development:

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

The research activities in the R & D (API) consists of –

I. Synthetic Chemistry:

1. Generics:

- Development of non-infringing process for patent filing and creation of intellectual property.
- Scale up and process optimization for new and existing processes.
- Filing of in-house Drug Master File (DMF) and Certificate of Suitability (COS) for Regulated markets.

2. Custom Synthesis/ Contract Research:

- Developing processes for Intermediates/ finished products as per the Customer's requirement.
- Development of New Polymorphs.
- Synthesis and development of impurities and their standards.

II. IPR Studies:

- Literature update, Root of Synthesis (ROS) selection.
- Filing and maintaining of Patents
- Evaluation of Patent infringement/ Non-infringement analysis.

The research activities (Formulation) consists of –

The formulation R & D is capable of developing formulations in various dosage forms, Novel Drug Delivery Systems and Technology Platforms. These activities are supplemented by the company's regulatory department which has tie-ups with external CROs to conduct Bio-Equivalence Studies and Clinical trials. The formulation R&D is also engaged in the development of various dosage forms which include solid orals, topical, injections and ophthalmic preparations.

In the New Drug Delivery System, Indoco's R&D is working on projects including mix miceller solutions, sustained release dosage forms and micro emulsions.

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

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

Apart from the in-house development work, Indoco's R&D is involved in contract research where Indoco's Research Centre develops the products for both domestic and international markets and prepares the dossiers for submissions to the various regulatory agencies all over the world i.e USA, Europe, South Africa, Australia, Brazil etc.

Peep into the Future:

Indoco has set its eyes on a separate fund being created by the Government of India to encourage pharmaceutical research. With the requisite set up in place, the R&D Centre is toying with the idea of venturing into newer areas in the near future.

The R&D Centre's success in churning out 14 generic molecules in a record span of little over 2 years, makes it confident to embark upon such new ambitious discovery projects.

On the formulation front, Indoco is developing a strong pipeline in the slow release technology and shall provide value added products to the Generic Companies, worldwide. With a strong position in Solid Dosages and Ophthalmics, Indoco has also developed the technology of deciphering the reference products in a scientific manner. These dosage forms will add substantial value in the future growth, as Indoco will be one of the few companies offering this expertise.

With API, R&D and Formulation capabilities of high order, Indoco can undertake projects from conceptualisation to commercialization, in a vertically integrated manner, at a short span of time encompassing international requirements in a scientific and economical manner.

To increase production capacity and accommodate more products, the company has successfully expanded its manufacturing facility at Patalganga and Baddi and is on the look out for setting up new plants to augment the rising demands.

It is heartening to mention that Indoco has filed COS/DMF in Europe & USA, for following products:

Metformin HCL, Allopurional , Ciprofloxacin HCL, Brimonidine Tartrate ,Dicyclomine HCL, Glimepiride.

As many as eleven additional products are under development and are at various stages of filing.

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

Presently a team of about 40 scientists are engaged in the activities relating to analyzing, formulating and documenting the research work for formulation research.

Another team of about 70 scientists is engaged in activities relating to analyzing, process development and documenting the API research work.

SOCIAL INITIATIVES

In keeping with Indoco's commitment towards contribution to community welfare, the Company supports on a regular basis several initiatives in the area at education of needy, reliefs to victims of natural calamities, program for the elderly and environment protection etc. During the year Company donated medicines for the flood victims of Bihar & Orissa. Two ambulances were sponsored and handed over by the Company to Bhawkareshwar Charitable Trust for dedicating it to needy patients.

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

DIRECTORS

Dr. M.R. Narvekar, Mr. Rajiv Kakodkar and Mrs. Aditi Kare Panandikar retire by rotation at the forthcoming Annual General Meeting, and they are eligible for re-appointment. The profile of directors as per Clause 49(IV)G(i) of the Listing Agreement with the Stock Exchanges appears in this Report after the Notice convening the AGM.

Mr. Sharad P. Upasani was appointed a Director in the casual vacancy caused by the resignation of Mr. Atul S. Rajadhyaksha. Mr. Upasani holds office only upto the date of the ensuing Annual General Meeting. Notice has been received from a member proposing Mr. Upasani's appointment as a Director of the Company.

AUDITORS

M/s. Patkar & Pendse, Chartered Accountants, hold their office as Auditors till the conclusion of the ensuing

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

COST AUDIT

As per the Order of the Government, INDOCO's Cost Records in relation to the formulations manufacturing activity, for the year ended March 31, 2009, are being audited by Cost Auditor, Mr. Prakash A. Sevekari, Cost Accountant, who has been appointed by the Board, and whose appointment has been approved by the Government, to conduct the said audit in terms of the provisions of Section 233B of the Companies Act, 1956.

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

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

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

EMPLOYEES RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

SURESH G. KARE

Chairman & Managing Director

Mumbai : 30th July, 2009



Annexure to the Directors' Report

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

A CONSERVATION OF ENERGY-

- a) Energy conservation measures taken:
 - 1) Switched over from Centralised Air Conditioning Plant to Vapour Absorption machine to conserve energy;
 - 2) Installed Energy efficient (Agro Fired Boiler) in place of Non-IBR Conventional (Furnance Oil Fired Boiler) resulting in reduction in furnance oil consumption and electricity;
 - 3) Rain Harvesting project implemented to save water;
 - 4) Installed High Speed Production Machines in place of low speed machines to save on electricity and increase productivity;
 - 5) Variable Frequency Drives installed on Production & Utility Machines to save electricity.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - 1) Replacement of Coolers on shop floor by using direct chilled water line.
 - 2) Implementation of Censors to control electricity consumption in Administrative and Non-Production area.
 - 3) Proposal for using screw compressor in place of reciprocating type is under study.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods:
The implementation of the above energy conservation measures have helped the Company to curtail consumption of furnance oil , electrical energy and water.
- d) Total energy consumption and energy consumption per unit of production as per prescribed Form "A".

FORM "A"

1. Power and Fuel Consumption

	<i>Current Year (12 months)</i>	<i>Previous Year (9 months)</i>
1) Electricity		
a) Purchased Units	113610	75980
Total Amount (Rs.lakhs)	917.30	552.00
Rate/Unit (Rs.)	8.07	7.27
b) Own generation		
i) through diesel		
Units (KWH'000)	287.526	483.401
Units per ltr of diesel oil (KWH)	3.19	3.23
Rate/Unit (Rs.)	10.67	9.17
ii) through steam turbine		
Units	Nil	Nil
Units per ltr of fuel oil/gas		
Rate/Unit (Rs.)		
2) Furnance Oil		
Purchased Qty (Kilo litres)	494687	614511
Total Amount (Rs.lakhs)	147.06	160.20
Rate/Unit (Rs.)	29.73	26.07
3) Others/internal generation (Briquettes, cashew seeds etc.)		
Total Cost (Rs.lakhs)	109.81	58.86

2. Consumption per unit of production

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

FORM "B"

B TECHNOLOGY ABSORPTION

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

Research and development (R&D)

- Specific areas in which R & D carried out by the company:

Development of manufacturing processes for API and intermediates. This includes non-infringing routes, generation of data to meet regulatory market requirements for submission of CTD (Europe) and DMF (USA)

Contract Research

- Developing processes for API Intermediates for international MNCs;
 - Technology transfer of above intermediates for contract manufacturing and supply;
 - Impurity profiling and characterization studies for international MNCs.
- Benefits derived as a result of the above R & D
 - New Products / Process developed = 9
 - Non Infringing Routes APIs / Intermediates developed = 7
 - Projects currently ongoing = 10
 - Projects successfully transferred for manufacturing and commercialized = 8
 - Contract Projects completed and samples submitted to customers = 8
 - Contract Projects under Progress = 2

Our in-depth analysis of intellectual properties has resulted in filing patents in India and other countries
 - No of Patents Filed in India = 7
 - No of Patents Filed in PCT = 3
 - Future plan of action

In the coming year, focus will be on increasing activity by running more projects for API development and contract research. It is also intended to increase the horizon by collaborative research and venturing into NCEs / Biotech area.
 - Expenditure on R & D:

	<i>Current Year (12 months) (Rs.lakhs)</i>	<i>Previous Year (9 months) (Rs. lakhs)</i>
a) Capital	190.13	295.65
b) Recurring	923.49	718.32
c) Total	1113.62	1013.97
d) Total as % of Turnover	3.18	3.86

During the year the following processes were successfully commercialized:

1. Allopurinol

The technology was developed in R & D Rabale (Navi Mumbai) and successfully commercialized at 200 kg level with consistent quality and yield at our Patalganga production facility. The raw material

cost was drastically reduced by technology up-gradation during the process of commercialization which is now competitive in all aspects like raw material cost, quality and time cycle. The product has USDMF approval and EDGM has granted COS. This will open up opportunity to take some share @ 300 MT/year in European Market.

2. **Dicyclomine HCl**

The manufacturing technology was developed at Company's R & D at Rabale (Navi Mumbai) with optimization to achieve best quality to comply with the US FDA and EDQM requirements. Thus the Company has acquired one of the best quality among the other manufacturers in the world. The modified technology was successfully commercialized at 150 kg level at Company's Patalganga production facility. The DMF was filed for US market and COS for European Union market. This product too has USDMF approval and EDGM has granted COS.

3. **Gliclazide**

The indigenous technology to manufacture this API was developed in Company's R & D. The technology was successfully commercialized at 200 kg level with consistent quality and yield. The problem of impurities was controlled in the reaction itself and an expensive synthetic method of double purification was overcome. This demonstrated Company's in-house capabilities and competitive abilities.

4. **Ciprofloxacin HCl**

The process was standardized at bench scale level in Company's R & D. The technology was further upgraded to achieve E.P. Grade API. The technology was successfully commercialized at 200 kg level with consistent quality and yield at our Patalganga plant. The Company has USDMF approval and has filed for COS.

5. **Carvedilol**

The most economic route for synthesis of Carvedilol was developed in R & D. The indigenous technology is influenced by skill of an art that provides high purity of carvedilol at crude stage itself. The yield was drastically increased that helped to reduce the raw material cost. The technology was successfully commercialized by carrying out 50 kg batches at Goa Plant that provide EP grade API.

6. **Brimonidine Tartrate**

Process for brimonidine tartrate was developed in lab and further optimized with respect to various variables and validated. The technology was commercialized and technology was adopted after successful validation. The Company has US-DMF for this product and EU-DMF is ready for filing.

7. **Dorzolamide**

Process initially optimized, developed considering all aspects such as cost effectiveness, plant friendliness at R&D on gm scale. The process was successfully transferred to kilo lab. Now the process is under commercialization.

8. **Intermediates of Olopatadine HCl**

a. Isoxepac:

Process for Isoxepac was developed in lab. The process was further optimized with respect to various variables and validated. The process was successfully scaled up to kilo level first and then commercialized.

b. 3-(dimethyl amino propyl) triphenyl phosphonium bromide hydro bromide:

This intermediate was also successfully commercialized on 70 kg scale.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Concentrated efforts in developing the Regulated Markets is showing promising result with the increased base and respectable percentage growth. Within Europe, the new territories of Spain, Hungary and Bulgaria have been added. Turkey appears to be a promising market for licensing of dossiers and efforts are on to explore the same. A number of dossiers have been submitted to MCC-South Africa and on receipt of registrations, we will participate in the tender business, in collaboration with the local partner.

This year, the company participated with its own stall at CPhI, Brazil to expand the territories and explore new business opportunities in Latin America.

- (b) Total Foreign Exchange used and earned:

(Rs. In lakhs)

<i>Particulars</i>	<i>Current Year (12 months)</i>	<i>Previous Year (9 months)</i>
i) Total Foreign Exchange earned (CIF)	10024.85	6017.84
ii) Total foreign Exchange used	2190.40	1779.63



Annexure to the Directors' Report

REPORT ON CORPORATE GOVERNANCE

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

Indoco's Philosophy on Code of Governance:

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

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

BOARD OF DIRECTORS

Composition and Size:

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

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

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

The Composition of the Board of Directors, the number of other Directorships and Committee positions held by each Director as on March 31, 2009 is as under:

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

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

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

Attendance of each Director at the Board Meetings in financial year 2008-09 and at the last Annual General Meeting

<i>Sr. No.</i>	<i>Name of the Director</i>	<i>No. of Board Meetings held during the year</i>	<i>No. of Board Meetings attended</i>	<i>Attendance at the last AGM held on September 26, 2008</i>
1	Mr. Suresh G. Kare	8	8	Present
2	Dr. M. R. Narvekar	8	6	Present
3	Mr.D. M. Sukthankar	8	6	Present
4	Mr. D. N. Mungale	8	6	Present
5	Mr. D. M. Gavaskar	8	7	Present
6	Mr. Rajiv P. Kakodkar	8	7	Present
7	Mr. Sharad P. Upasani	8	7	Present
8	Mr. F. X. Coutinho	8	7	Present
9	Mr. Sundeep V. Bambolkar	8	8	Present
10	Ms. Aditi Kare Panandikar	8	8	Present

Board Meetings and attendance:

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

<i>Serial No.</i>	<i>Date on which Board Meeting was held</i>	<i>Total Strength of the Board</i>	<i>No. of Directors Present</i>
1	April 30, 2008	10	8
2	July 30, 2008	10	10
3	September 02, 2008	10	10
4	September 05, 2008	10	10
5	September 26, 2008	10	10
6	October 31, 2008	10	7
7	November 26, 2008	10	8
8	January 30, 2009	10	7

Details of shares held by Non-Executive Directors:

<i>Sr. No.</i>	<i>Name of Director</i>	<i>No. of shares held</i>
1	Dr. M. R. Narvekar	68288
2	Mr. D. M. Sukthankar	1600
3	Mr. D. N. Mungale	6506

Details of Directors being re-appointed

As per the provisions of Companies Act, 1956 read with Article 151 of the Articles of Association of the Company, Ms. Aditi Kare Panandikar, Mr. Rajiv P. Kakodkar and Dr. M.R. Narvekar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Sharad P Upasani who was appointed a Director in the casual vacancy caused by the resignation of Mr. Atul Rajadhyaksha, will cease to be a Director at the ensuing Annual General Meeting i.e. the date upto which Mr. Rajadhyaksha would have held office. Notice has been received from a member proposing Mr. Upasani's appointment as Director of the Company.

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

Ms. Aditi Kare Panandikar - Director - Business Development & HRD

Ms. Panandikar is a pharmacy graduate and holds a Master's degree in Business Management from the Ohio State University, USA. She has been with the Company for over a decade and is experienced in technical and human resource fields.

Ms. Panandikar is the Director - Business Development & HRD in the Company. She heads the Business Development Team and has played a pivotal role in establishing the Company's presence in the overseas markets. She also heads the Company's R&D and API departments.

Mr. Rajiv P. Kakodkar - Director (Non Executive)

Mr. Kakodkar holds a bachelor of pharmacy degree from Bombay University and an MBA degree from the prestigious Stuart School of Business, Chicago, USA. He has vast international business experience in pharmaceutical field. His area of expertise include Indenting and Sourcing of pharmaceuticals for global and domestic businesses. He has founded his own chemical business in operation for over two decades.

Dr. M.R. Narvekar - Director (Non-Executive)

Dr. Narvekar holds Bachelor Degree in Medicines and Surgery(MBBS). He completed his post graduation in Medicines (MD) with a specialisation in Obstetrics & Gynaecology. He is a leading Gynaecologist in Mumbai. Dr. Narvekar is also a Fellow member of International College of Surgeons. He is a member of the Board of Studies of Obstetrics & Gynaecology with the University of Bombay. He is also a member of the Peer Review Committee- Journal of Obstetrics & Gynaecology of India. He actively supports social activities for the up-liftment of the society. He was appointed on the Board on June 15, 1977.

Mr. Sharad P. Upasani : Director (Non Executive)

Mr. Upasani holds post-graduate degree (Master of Commerce) and a Bachelor of laws degree . He also holds a Master of Business Administration from USA. He is an IAS of 1962 cadre.

Mr. Upasani has varied experience and has held important positions in both State and Central Government. He held the highest position in Maharashtra State Administration as the Chief Secretary. He was the Secretary of Department of Industry. He was also the Managing Director of Maharashtra State Finance Corporation (MSFC), Vice Chairman of Maharashtra State Road Transport Corporation (MSRTC), Chairman of Maharashtra State Textile Corporation (MSTC). He served a term as the Vice-Chancellor of Agricultural University, Akola, Maharashtra.

At the Central level, Mr. Upasani has worked in the Finance Ministry, Industry Ministry and Information and Broadcasting Ministry. He was the Chairman of the Company Law Board and the Bureau of Costs and Prices, New Delhi. He was also the Chairman of Film Certification Board, Mumbai.

Mr. Upasani was on deputation to International Monetary Fund, Washington from 1974-1978. He is a member of the Bar Council of Maharashtra and Goa. Presently he is engaged in Consultancy on corporate law matters and acts as an Arbitrator in corporate disputes.

COMMITTEES OF THE BOARD:

a) **Audit Committee:**

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

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

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

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

During the financial year 2008-09, four (4) Audit Committee Meetings were held and the attendance of the Members of the Committee at the said Meetings were as follows:

Sr. No.	Dates on which Audit Committee Meeting was held	Attendance record of the Members			
		D.N. Mungale	D. M. Gavaskar	Rajiv P. Kakodkar	Dr. M. R. Narvekar
1	April 30,2008	Attended	Attended	Attended	Absent
2	July 30, 2008	Attended	Attended	Attended	Attended
3	October 31, 2008	Absent	Attended	Attended	Absent
4	January 30, 2009	Absent	Attended	Attended	Attended

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

The Company Secretary acts as the Secretary of the Committee.

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

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

b) Remuneration Committee:

The Company has not constituted any remuneration committee.

Remuneration to Directors:

Remuneration Policy

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

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

Details of remuneration paid to Directors during the financial year 2008-09 are as follows:

1) Executive Directors:

<i>Sr. No.</i>	<i>Name of Director</i>	<i>Salary, allowances & perks (Rs.)</i>	<i>Commission</i>	<i>Total</i>
1	Mr. Suresh G. Kare	90,48,000	60,00,000	1,50,48,000
2	Mr. F. X. Coutinho	49,75,671	Nil	49,75,671
3	Mr. Sundeep V.Bambolkar	46,71,892	Nil	46,71,892
4	Ms. Aditi Kare Panandikar	30,67,200	Nil	30,67,200

2) Non Executive Directors:

<i>Sr. No.</i>	<i>Name of Director</i>	<i>Sitting fees</i>
1	Dr. M. R. Narvekar	40000/-
2	Mr. D. M. Sukthankar	30000/-
3	Mr. D. N. Mungale	40000/-
4	Mr. D. M. Gavaskar	55000/-
5	Mr. Rajiv P. Kakodkar	80000/-
6	Mr. Sharad P. Upasani	35000/-

Notes:

- The sitting fees indicated above includes fees paid for attending Meetings of the Board and Committee.
- The Company has entered into an agreement with Chairman & Managing Director for a period of 5 years. The notice period for severance of the contract is six months.
After the approval by the shareholders of the re-appointment of three executive directors it is proposed to enter into an agreement with each of the said Directors for a period of 3 years each. It is proposed to make the notice period for severance of the contract at three months.
- The Company has not introduced any scheme for grant of Stock Option to its Directors or Employees.

c) Shareholders/ Investors' Grievance Committee:

Mr. Rajiv P. Kakodkar, a non-executive director heads the Committee. The Committee is as follows:

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

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

The Committee met on April 02, 2008; July 22, 2008; October 10, 2008; January 12, 2009 and March 31, 2009 to review the investor complaints and redressal of their grievances. The details of meetings held and attendance at the meetings were as follows:

Sr. No.	Name of the Committee Member	No. of Meetings	
		Held during the year	Attended during the year
1	Rajiv P. Kakodkar	5	5
2	Sundeep V. Bambolkar	5	5
3	Aditi Kare Panandikar	5	5

The terms of reference of the Committee include the following:

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

The Company during the year had received 23 complaints. The complaints pertained to refund orders under IPO, non allotment of shares in IPO, revalidation of dividend warrants etc.

The Company has resolved all the complaints as at the end of financial year on March 31, 2009 to the satisfaction of the shareholders and no complaints were pending for redressal.

Details of General Body Meetings:

ANNUAL GENERAL MEETING:

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

Sr. No.	Year	Date	Time	Venue
1	2007-08	September 26, 2008	11.00 am	MIG Cricket Club
2	2006-07	December 22, 2007	10.00 a.m.	MIG Colony, Bandra (E)
3	2005-06	November 07, 2006	2.30 p.m.	Mumbai - 400 051

Resolution passed through Postal Ballot

During the year, one ordinary and one special resolution as proposed in Postal Ballot notice dated 31st October 2008 were passed on January 07, 2009.

The resolutions were passed with requisite majority as explained below:

<i>Sr.No.</i>	<i>Particulars of resolution</i>	<i>Percentage of votes cast in favour of the resolution</i>
1	Ordinary resolution u/s 293(1)(a) of the Companies Act, 1956 to authorise the Board, if so necessary, to dispose of Company's undertaking or any part of the undertaking at Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai 400 093; and	99.9
2	Special resolution u/s. 17 and 149 (2)A of the Companies Act, 1956 - alteration to the object clause in the memorandum of association of the Company and to enable commencement of new business.	99.9

The Company has complied with the relevant procedures for conducting the postal ballot prescribed under the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and amendments thereto. The Board does not recommend any special resolution for approval by the members at the ensuing AGM.

Disclosures:

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

Means of communication:

The quarterly results of the Company are published in newspapers of repute like Economic Times, Maharashtra Times, Navshakti, Gomantak, Navhind and the Loksatta. The results are also displayed on Company's website: www.indoco.com

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

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

GENERAL SHAREHOLDER INFORMATION:

Corporate Identity Number (CIN) : The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is L85190MH1947PLC005913. The Company is registered at Mumbai in the State of Maharashtra, India.

Financial year : 1st April to 31st March, each year.

Annual General Meeting:

Date and Time : Friday, the 18th September, 2009 at 10.30 a.m.

Venue : MIG Cricket Club, MIG Colony, Bandra (E), Mumbai 400 051

Book Closure : The date of book closure is from Friday, 11th September 2009 to Friday, 18th September 2009 inclusive of both days.

Dividend Payment Date : On or after 29th September, 2009

Insider Trading:

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

Code of Conduct:

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

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

Listing on Stock Exchanges:

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

Stock Code

Bombay Stock Exchange Limited : 532612

The National Stock Exchange of India Limited : INDOCO EQ

MARKET PRICE DATA

The High and Low prices of the Company's equity share of the face value of Rs. 10/- each from April, 2008 till March, 2009 are given below:

National Stock Exchange of India Limited (NSE)

Sr. No.	Month	IRL Share Price			No. of Shares traded during the month	Turnover Rs. lakhs
		High Rs.	Low Rs.	Close Rs.		
1	April '08	308.90	261.05	306.95	58613	172.67
2	May'08	312.50	262.15	269.15	43401	126.05
3	June'08	325.00	267.15	280.85	70247	209.68
4	July '08	279.50	240.00	269.40	65637	168.54
5	August '08	288.50	250.10	254.35	75017	203.68
6	September'08	272.90	226.10	230.99	257244	653.43
7	October '08	246.65	146.10	160.30	37487	70.16
8	November '08	173.90	114.05	125.70	65471	85.31
9	December'08	144.00	121.10	128.50	16768	21.56
10	January '09	131.70	115.05	117.50	43417	54.76
11	February '09	129.80	104.55	123.80	166648	185.22
12	March '09	145.05	110.00	145.00	206686	234.55

Bombay Stock Exchange Limited (BSE)

Sr. No.	Month	IRL Share Price			No. of Shares traded during the month	Turnover Rs. lakhs
		High Rs.	Low Rs.	Close Rs.		
1	April '08	313.00	268.30	305.65	88900	260.72
2	May'08	308.00	265.65	268.10	52161	148.41
3	June'08	325.00	266.30	280.50	93450	279.29
4	July '08	278.85	245.60	272.65	34759	90.85
5	August '08	290.00	242.00	259.25	86609	226.95
6	September'08	272.00	221.00	229.25	235807	600.35
7	October '08	240.00	145.10	161.55	65915	123.40
8	November '08	169.00	116.05	127.30	119934	171.59
9	December'08	139.00	122.30	127.65	45210	59.49
10	January '09	140.40	115.30	116.85	37500	47.36
11	February '09	128.45	109.10	120.80	144791	163.24
12	March '09	145.05	104.00	137.15	473032	593.69

Distribution of Shareholding as on 31st March 2009

Sr. No.	No. of Equity shares held	No. of shareholders	Percentage of shareholders	No. of shares held	Percentage of shareholding
1	1 to 500	11612	95.3836	663393	5.3993
2	501 to 1000	223	1.8318	178575	1.4534
3	1001 to 2000	123	1.0103	177794	1.447
4	2001 to 3000	54	0.4436	139848	1.1382
5	3001 to 4000	19	0.1561	67041	0.5456
6	4001 to 5000	13	0.1068	60061	0.4888
7	5001 to 10000	42	0.345	300936	2.4493
8	10001 & above	88	0.7229	10699066	87.0783

Shareholding Pattern as on March 31st 2009

Category	No. of shares held	Percentage of shareholding
Promoter & Promoter Group		
Indian		
- Individuals	4791843	39.0002
- Bodies Corporates	2465640	20.0675
Foreign	Nil	Nil
Public Shareholdings		
Institutions		
- Mutual Funds/UTI	1028974	8.3747
- FII's	343286	2.7940
Non Institutions		
- Bodies Corporates	356209	2.8991
- Individuals:		
Upto 1 lakh	1538761	12.5238
Above 1 lakh	1441351	11.7310
- Clearing Members	260900	2.1234
- Trust	175	0.0014
- NRI's	59575	0.4849
Custodian	Nil	Nil
Total :	12286714	100

Disclosure of information on pledged shares:

The details of shares pledged by promoter is as follows:

Name of Promoter/Promoter Group	No. of shares held	No. of shares pledged	% of total shares pledged to total no of shares held by entity in the Company	% of shares pledged to the total no of outstanding shares of the Company
Mr. Ramnath G. Kare	95740	8200	8.56	0.06

ADR/GDR:

The Company has not issued any ADR/GDR.

Dematerialisation Information:

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

Dematerialisation of shares :

As on March 31,2009 shares of the Company as shown below have been dematerialised:

Number of shares	% of total shares	No. of shareholders	% of total shareholders
11693701	95.17	12060	99.07

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

The break-up of shares in physical and demat form as on March 31, 2009 is given below :

No. of Demat/physical form as on March 31, 2009

		<i>No. of shares</i>	<i>% of total shares</i>
1	Physical Segment	593013	4.82
	Total :	593013	4.82
2	Demat Segment		
	- NSDL	10960730	89.21
	- CDSL	732971	5.97
	Total :	11693701	93.82
	Grand Total :	12286714	100

Share Transfer System

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

Registrar & Share Transfer Agent:

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

Contact person : Mr. Raghunath Poojary
Ms. Sadhana Tripathi

e-mail : raghunath.poojary@linkintime.co.in
sadhana.tripathi@linkintime.co.in

Tel No. : 022-25963838

Fax : 022-25946969

Address for correspondence :

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

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

Tel Nos. : 022-2654 1851- 55

e-mail id : jagdishs@indoco.com

Nomination Facility :

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

UNPAID/ UNCLAIMED DIVIDENDS

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

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

Sr. No.	Financial year	Unclaimed dividend amount as on 31.03.2009	Due date for transfer to IEPF
1	2001-02 - Interim	100800.00	19.04.2009
2	2002-03 - Final	41560.00	04.12.2010
3	2003-04 - Interim	112800.00	03.06.2011
4	2004-05 - Final	155115.00	05.11.2012
5	2005-06 - Final	209113.00	14.12.2013
6	2006-07 - Final	267442.00	28.01.2015
7	2007-08 - Final	193025.00	02.11.2015
8	2008-09 - Interim	172750.17	02.01.2016

Plant Locations:

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

R&D Centre:

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

Registered Office:

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

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



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

We have examined all relevant records of Indoco Remedies Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and The National Stock Exchange of India Ltd for the financial year ended 31st March, 2009. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : July 30, 2009



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

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

I confirm that the Company has in respect of the year ended 31st March 2009, received from the senior management team of the Company and the Members of the Board affirmations of compliance with the Code of Conduct as applicable to them.

SURESH G. KARE
Chairman & Managing Director

Mumbai : July 30, 2009



Management Discussion And Analysis

GLOBAL PHARMACEUTICAL INDUSTRY

The globalisation process has increased competition among pharmaceutical companies. The industry is facing several strategic challenges. The biggest challenge faced by the innovator companies is the drying R&D pipeline.

In spite of the fact that billions of dollars are being invested by these companies in Research & Development. This has accelerated the consolidation process and there have been a number of M&As, the industry has witnessed in recent times.

The world pharma market was US\$ 773 billion in 2008 growing at around 5% every year. Of this India's contribution is one per cent in value terms. However, India's share in the generic segment was substantial in the total global pharma business and includes both Innovator and Generic Products.

With the global pharmaceutical market likely to witness products worth 123 billion dollars losing patents by 2012, the generics driven Indian drugs industry could be benefitted to the tune of around 18.4 billion dollars (about Rs. 91,576 crores).

According to a report by an inter-ministerial task force headed by the Joint Secretary of the Commerce Ministry, at a conservative estimate of 15 per cent opportunity, Indian pharma business can garner 18.4 billion dollars of the drugs that would go off patent in the next three years.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharma industry has made significant progress in the creation of required infrastructure, meeting global needs for supply of quality medicines and APIs. One of central objectives of Department of Pharmaceuticals (DoP) is to enable Indian pharmaceutical industry to play a leading role in the global market and to ensure availability of quality medicines and pharmaceutical products at reasonable prices for all.

The Indian pharmaceutical industry, has grown from a mere Rs 1500 crores turnover in 1980 to about \$19 billion (over Rs. 78,000 crores) in 2008. The country now ranks 3rd in terms of volume of production (10% of global share) and 14th largest by value (1.5%). One reason for lower value share is the lower cost of drugs in India ranging from 5% to 50% less as compared to developed countries. Indian pharma industry's growth has been fuelled by exports and its products are exported to almost all the countries in the world with a sizeable share in advanced regulated markets of US and Western Europe. The total employment is about 340,000 in the sector and an estimated 400,000 doctors and 500,000 chemists are serving over 1 billion customer market.

During 2008-09, the Indian pharmaceutical sector performed creditably. It registered a domestic sale of Rs. 35,367.50 crore as against Rs. 32,605.70 crore last year, thereby recording a growth of 10.1%. This achievement comes in the wake of the global economic slowdown currently being experienced specially in U.S. & Europe.

Exports were expected to be Rs 36,471 crores in FY2008-09 and were poised to register a growth rate of 25% in 2008-09 over 2007-08.

According to Pharmaceuticals Exports Promotion Council (PEPC), "Of the total export in 2007-08, 25% went to European countries, 19% to Asia, 18.3% to North America, 13.5% to African countries, 8% to CIS countries and rest to other regions. This distribution was also likely to be same in fiscal year 2008-09.

Country wise US gets largest exports from India followed by Netherlands, UK and Germany".

Indian pharma market is contributing 8% globally in terms of production, 2% in terms of value by producing drugs worth \$18 billion.

- The Domestic pharma sector had been expanding and has crossed Rs.52,000 crores in November, 08 from Rs. 33,036 crores in November 2004.
- Exports of pharmaceuticals have been consistently outstripping the value of corresponding Imports in the period 1996-97 upto 2007-08. The trade positive balance increased from Rs. 2157 crores in 1996-97 to Rs. 13,893 crores in 2007-08.

INDOCO'S PERFORMANCE

International Business

During the year, Company's revenue from formulation exports grew by 24% over the previous financial year and International Business achieved a milestone of Rs.100 crore mark in turnover.

The impressive performance was driven by the in-roads made into new markets, such as Australia, New Zealand, South Africa, Canada, Romania, Hungary, Chile and Egypt. The sales from the Regulated Markets stood at Rs. 75.76 crores and from the Emerging Markets at Rs. 19.05 crores.

The International Business is contributing significantly to the Company's business and has increased its contribution from 21% last year to 27% in the current financial year.

During the year under review, the Company embarked on a new area of business by successfully registering its dossiers in the Regulated Markets. Indoco received approval of its dossiers from regulated markets like, Australia, New Zealand, Bulgaria etc. The Company can now take pride in supplying its products against its own dossiers in these markets. These achievements have raised the popularity of the Company with its customers as is evident from the spate of agreements executed in countries like, South Africa, Spain, Canada, Hungary, Lithuania, etc.

The performance highlights from Regulated Markets include winning a tender from AOK, Germany and Medsafe, New Zealand.

The AOK tender for Metformin, an anti-diabetic drug covers 3 strengths, viz., 500mg, 850mg and 1000mg and would cover the territories in Germany. Metformin supplies would be 100 crore tablets, to be shipped over a period of two years and business would be worth over US\$ 10 million during this period. Thanks to the AOK tender, Metformin tablets manufactured by Indoco would be found in every retail pharmacy in Germany.

Medsafe, New Zealand tender was won by the Company against stiff competition. This tender allows Indoco to supply the entire requirement of Paracetamol tablets to New Zealand over the next 2 years.

South Africa is emerging as an important market from the future growth perspective. The Company has signed a number of contracts with customers in South Africa for products and dossier developments. The contracts cover 18 products, which have a market size of approximately USD 30 million. First site transfer approval for Metformin in South Africa was obtained. This would pave the way for participation by the Company in the forthcoming tender.

It has now become customary for Indoco's manufacturing facilities to face regulatory inspections. During the year Goa Plant I & II were approved by MCC - South Africa. The sterile facility was audited by Slovenian Regulatory Authorities for Carprofen Injection and the Injectable area now stands approved for supplies in the entire Europe.

Anticipating huge demand from the Regulated Markets, Indoco is now bracing up its Baddi Plant to meet the extra capacity requirement. The Baddi plant has already received approval from Slovenian Regulatory Authorities and has also received the most coveted approval, i.e. from UK MHRA. It is expected that 50% of the capacity from the Baddi Plant would be utilized for Regulated Markets and this percentage would keep rising year after year.

In the Emerging Markets, Indoco shifted its focus from the tender to trade business, which enhanced the margins substantially. Indoco used its CTD dossiers for these markets and could get the products registered in countries like Malaysia and Chile, which promises good business. Company's Waluj (Aurangabad) plant, which caters mainly to business from the Emerging Markets, was inspected by Botswana & Tanzanian Regulatory Authorities. The Company bagged a tender from CMS Sudan for Lignox 2% to be supplied over a period of 2 years.

Ophthalmic Updates

Driven by demographic trends, such as increase in "aged" population, the global ophthalmic pharmaceutical market is set to become a serious business prospect at an estimated compound annual growth rate of 13%. The Report on Global Ophthalmic Pharmaceutical Market 2004-2009, explains just how this market would experience growth over the medium term future.

The world Ophthalmic market is currently valued at \$7.25bn and revenues are expected to rise to over \$14bn in 2009.

Ophthalmic products are high on the Company's agenda for the US and European markets. Indoco has made substantial progress by developing over half a dozen products and development of about 6 more products are nearing completion. The total market size in the US for the Ophthalmic products where Indoco's products would participate, exceeds US\$ 1 billion. Some of the products may be filed under Para IV, promising good returns.

Indoco's Presence In International Markets

Indoco has made its mark as a reliable partner in Contract Manufacturing (CRAMS). The Company's customers have appreciated its performance in Contract Manufacturing of Finished Dosages and have favoured it with new contracts.

Indoco has now gained an expertise in quickly adding its manufacturing site on the customers' Marketing Authorisations by taking up the validation batches and providing necessary documents. Indoco's prominent customers are based in countries like USA, UK, Germany, Australia and New Zealand.

Having perfected the contract manufacturing skill, Indoco has now embarked on the next step in the value chain, that of compiling eCTD dossiers. The Company can boast of having a sizeable basket of its own dossiers, which it licences to its customers across the globe. Some of these dossiers are backed by its own APIs and has the technology advantage in terms of NDDS or innovative formulation processes.

Indoco is currently present in more than 50 countries worldwide, 12 amongst them being from regulated markets in US and Europe. Currently the Company is selling its finished dosage forms to these markets and has filed its own dossiers for registrations. With full vertical integration and its own dossiers, Indoco's global presence would be dominant in the years to come leading to International Business contributing to 50% of total revenues.

Research & Development

R&D has been one of the core activities of the Company having a state-of-the-art R&D Center at Navi Mumbai with a cumulative investment of US\$ 10 Million. The robust R&D environment within the company for both process designing and product development reflects company's commitment to be a leader in the

generic segment as also in non infringing APIs and value added formulations.

Indoco's specialization also includes New Drug Delivery Systems and Technology Platforms for finished dosages and non-infringing processes for APIs and Intermediates.

In formulation R & D, Indoco is making strong strides in the sustained release technology which would provide value added products to the generic market worldwide. With a strong position in solid dosages and Ophthalmics, Indoco has developed the technology of deciphering the reference products in a quick and scientific manner to pave the way for conducting Bio-Equivalence Studies pertaining to newer molecules.

Domestic Business:

Indoco has six marketing divisions - each focusing on different doctor categories.

Indoco, the main division focuses on General Practitioners, Consulting Physicians, Gynaecologist and Pediatricians by promoting Antibiotics, Respiratory care products, Antispasmodics, Antidiabetics, etc.

Spade, the second largest division focuses on General Practitioners, Consulting Physicians, Gynaecologist and Pediatricians and promotes Anti-cold products, Antibiotics, Haematinics, etc.

Warren caters to dentists and some General Practitioners with dental products and antibiotics.

Recently, Warren launched some innovative products like Sensoform HK for dental hypersensitivity and Kidodent for cavity prevention in kids.

Warren Excel, an offshoot of Warren division caters to Ophthalmologists and has a whole range of ophthalmic products and some ENT specialities.

Spera, has been carved out of Indoco division to focus on established brands like Cital, Scabex, Triz, Carmicide. Spera products have shown a sharp rise in sales thus strengthening the company's decision on creation of Spera. At present Spera is marketed in the South and West India and focuses on General Practitioners, Consulting Physicians, Gynaecologist and Pediatricians. The new brands of Spera - Speraflox, Sperogest have been received well by various doctor categories and have crossed the Rs. 1 crore turnover.

Surge-Radius, the speciality care division catering to Diabetologists, Cardiologists, General Surgeons and Orthopaedics has chronic as well as acute therapy medicines.

To cater to doctors' growing need and more effective treatment of patients, the following new products were launched:

- Anti-infective : Cef-Vepan, Favorit, Duocek
- Haematinic : Aloha-XT
- Dental : Sensoform - HK, Kidodant mouth wash
- Ophthalmology : Irimist (Tear substitute),
Alercek (Ocular anti-allergic)

As far as prescription medicines are concerned, Indoco is ranked 23rd among the pharma companies (ORG-IMS March'2009). Indoco is ranked higher in some doctor categories -

General Practitioners (MBBS)	- 15th
General Practitioners (Non-MBBS)	- 21st
Gynaecologists	- 18th
Pediatricians	- 16th
Ophthalmologists	- 8th
Dentists	- 12th

Thus, Indoco has a good presence in the pharma industry in terms of prescriptions generated by various doctor categories.

Indoco's domestic turnover for 2008-09 touched Rs. 250.39 crore. The top 10 brands contributed 61% of total turnover. The top ten brands were-

Febrex Plus, Cyclopan, Vepan, Sensodent-K, ATM, Sensoform, Cloben-G, Cital, Glychek/M and Oxipod.

During the year several doctor specific campaigns and activities were carried out. That made it possible to achieve the turnover.

Some of Indoco's brands are ranked among top 5 in their respective therapeutic categories:

<i>Sr. No.</i>	<i>BRAND</i>	<i>Therapeutic Category</i>	<i>RANK</i>	<i>Market Share (%)</i>
1	Febrex Plus	Anti-cold	2	10.09
2	Cyclopan	Antispasmodic Analgesics	1	52.41
3	Vepan	Anti-Infectives	1	17.62
4	Sensodent-K	Dental	1	7.10
5	ATM	Anti-Infectives	5	4.30
6	Cloben-G	Anti - fungal	2	12.88
7	Cital	Urinary	1	18.28
8	Karvol Plus	Respiratory	4	7.54
9	Carmicide	Antiflatulent	2	17.45
10	Scabex	Anti -Scabicide	3	18.78
11	Renolen	Saline	1	40.69
12	Homide	Mydriatic & Cycloplegic	1	92.24
13	Dexoren-S	Antibiotic	3	10.92
14	Lignox+Adrenaline	Anaesthetics Injecta	2	27.08
15	Tobaren-D	Antibiotic with steroid	4	11.59

In 2008-09, acute therapy segments such as Anti-infectives, Respiratory Alimentary System, etc were major contributors to domestic business. To strengthen the chronic therapy segments, brands like Megachek, Prichek-GMP were launched.

Among the new products launched recently, Clamchek, Megachek, Aloha-XT and Methycal have recorded encouraging sales.

Regulatory Affairs:

Regulatory Affairs is responsible for registration of new products, obtaining clinical trial approvals, monitoring Bio-Equivalence studies, regulatory clearance of imports, safety reporting, labeling, fulfilling regulatory and safety obligations. Apart from responsibilities relating to the International market, the Regulatory Affairs group is also responsible for support to operations and product commercialization.

Milestones Achieved:

- 1 Certificate of Suitability (COS) received for Metformin Hydrochloride, Allopurinol and Dicyclomine HCL APIs.
- 2 Indoco's first ANDA application ready: Brimonidine Tartrate Ophthalmic Solution 0.2%.
- 3 Approval received for Metformin Tablets 500mg & 850mg from Spain and Australia.
- 4 Dossier of Atenolol Tablets accepted in South Africa.
- 5 All Indoco sites (currently engaged in manufacturing for regulated markets) registered with USFDA.

Financial Performance:

Despite slow down in the economy, Indoco delivered yet another satisfactory performance during the year with improvement in business across all therapeutic segments. Both, domestic and international businesses registered excellent growth.

Turnover achieved for the year ended 31st March, 2009 was Rs.355.26 crore compared to Rs.271.89 crore for the financial year ended 31st March, 2008.

The consumption of raw material was at Rs.149.57 crore as compared to Rs.112.73 crore last year.

The Employee cost was Rs.47.94 crore for the year as against Rs.32.27 crore during the previous year.

Profit before interest, tax, depreciation and Extra Ordinary Items was Rs.50.15 crore as compared to previous year Rs.45.27 crore.

Other income was at Rs.3.93 crore as compared to Rs.2.50 crore last year.

Interest cost was Rs.5.85 crore as against Rs.3.62 crore in the previous year.

Depreciation was Rs.11.16 crore as against Rs.7.78 crore in the previous year.

Profit after tax was Rs.31.44 crore as against Rs.30.10 crore in the previous year.

Basic earning per share (EPS) for the year was Rs.25.59 as against Rs. 24.50 for the previous year.

The outstanding debt as on 31st March, 2009 was Rs.55.55 crore as compared to Rs.34.25 crore as on 31st March, 2008.

Capital expenditure during the year was Rs. 30.15 crore.

Outlook:

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

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

APIs:

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

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

Human Resources:

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

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

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

Risks, Concerns and Threats:

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

Price Control:

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

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

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

Forex transactions:

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

During the year the Company has borrowed long term funds in the form of External Commercial Borrowing (ECBs) to the tune of US\$ 3 million to finance the expansion program at Patalganga Plant.

Patent regime risks:

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

Internal Control Systems:

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

Forward - Looking Statements:

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

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

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



Auditors' Report to the Members of Indoco Remedies Limited

We have audited the attached Balance Sheet of INDOCO REMEDIES LIMITED as at 31st March, 2009 and also the Profit & Loss Account and Cash Flow Statement for the year ended 31st March, 2009 annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 2. As required by Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said Order.
 3. Further to our comments in the Annexure referred to in paragraph 2 above we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge & belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us and read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.
- and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner
M. No. 32625

Mumbai : July 30, 2009

Annexure to the Auditors' Report

Referred To In Our Report Of Even Date For The year ended 31st March, 2009

1. (a) The Company had maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
(b) As explained to us the fixed assets had been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) In our opinion, the Company had not disposed off a substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventory:
 - (a) as explained to us, inventories had been physically verified by the management at the end of the year.
 - (b) in our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) the Company had maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to book records.
3. The Company had not granted or taken any loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and on the basis of information and explanations given to us, the Company had adequate internal control system commensurate with its size and the nature of its business for the purchase of finished goods, spares, plant and machinery, equipment and other assets and for the sale of goods and services. During the course of the audit we have not observed any major weakness in internal controls.
5. (a) The particulars of contracts or arrangements referred to in Section 301 of the Act had been entered in the register required to be maintained under that Section; and
(b) Transactions made in pursuance of such contracts or arrangements had been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company had not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.
7. In our opinion the Company had an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the same.
9. In respect of statutory dues:
 - (a) according to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six

months from the date they became payable.

- (b) the disputed statutory dues aggregating to Rs. 825.77 lakhs have not been deposited on account of matters pending before appropriate authorities are as under:

Sr. No.	Particulars	Financial Years to which matter pertains	Forum where dispute is pending	Amount (Rs lakhs)
1.	Income Tax Act, 1961	1996-97 to 2001- 02	ITAT, Mumbai	434.51
		2002-03	ITAT, Mumbai	112.78
		2003-04	ITAT, Mumbai	26.24
		2004-05	ITAT, Mumbai	19.90
		2005-06	ITAT, Mumbai	75.14
2.	Central Excise Act, 1944	1995-96	CESTAT	0.64
		1997-98	Divisional Dy. Comn. Boisar	3.40
		1997-98	Divisional Dy. Comm. Mumbai	0.79
		1997-98	Honbl. Supreme Court	2.92
		1998-99	Divisional Dy. Comn. Boisar	1.64
		2003 - 04	CESTAT	2.71
		2005 - 06	Divisional Dy. Comn. Goa	1.25
		2006 - 07	Commissioner - Thane II	91.97
		2007 - 08	Commissioner (Appeals) Aurangabad	28.26
		2008 - 09	Commissioner (Appeals) Mumbai	2.05
		2008 - 09	CESTAT, Mumbai	11.20
3.	Sales Tax	2004 - 05	The Addl. Comm. Commercial Taxes , Kolkata	0.70
		2005 - 06	The Addl. Comm. Commercial Taxes , Bangalore	1.02
		2006 - 07	The Addl. Comm. Commercial Taxes , Bangalore	2.97
		2007 - 08	The Addl. Comm. Commercial Taxes , Bangalore	5.68

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

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

Mumbai : July 30, 2009

For **PATKAR & PENDSE**
Chartered Accountants

BM PENDSE
Partner
M. No. 32625



Balance Sheet

As at 31st March, 2009

	Schedule	Current Year As at 31.03.2009	(Rs. lakhs) Previous Period As at 31.03.2008
SOURCES OF FUNDS			
1) Shareholders' Funds :			
(a) Share Capital	A	1,228.67	1,228.67
(b) Reserves & Surplus	B	<u>26,615.61</u>	<u>24,196.17</u>
		27,844.28	25,424.84
2) Loan Funds :			
(a) Secured Loans	C	3,975.84	2,214.36
(b) Unsecured Loans	D	1,579.46	1,210.72
3) Deferred Tax :	E		
(a) Deferred Tax Liability		2,457.14	2,341.45
(b) Deferred Tax Asset		<u>(157.21)</u>	<u>(149.43)</u>
		2,299.93	2,192.02
TOTAL		<u>35,699.51</u>	<u>31,041.94</u>
APPLICATION OF FUNDS			
4) Fixed Assets :	F		
(a) Gross Block		23,432.30	21,899.12
Less : Depreciation		<u>5,838.73</u>	<u>4,737.05</u>
Net Block		17,593.57	17,162.07
(b) Capital Work in Progress including Capital Advances		<u>1,628.01</u>	<u>182.61</u>
		19,221.58	17,344.68
5) Investments	G	2.28	0.30
6) Current Assets, Loans & Advances :	H		
(a) Inventories		5,248.05	4,432.60
(b) Sundry Debtors		10,032.84	10,776.11
(c) Cash and Bank Balances		2,902.27	1,612.21
(d) Loans & Advances		<u>4,151.40</u>	<u>3,092.95</u>
		22,334.56	19,913.87
7) Less : Current Liabilities and Provisions :	I		
(a) Current Liabilities		5,234.10	5,176.47
(b) Provisions		<u>638.76</u>	<u>1,083.66</u>
		5,872.86	6,260.13
Net Current Assets		16,461.70	13,653.74
8) Miscellaneous Expenditure : (to the extent not written off or adjusted)	J	13.95	43.22
TOTAL		<u>35,699.51</u>	<u>31,041.94</u>

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

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

BM Pendse
Partner
M. No. 32625

Mumbai : July 30, 2009

Jagdish B Salian
Company Secretary

Mumbai : July 30, 2009

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 30, 2009

Profit and Loss Account

For the year ended 31st March, 2009

	Schedule	Current Year April'08 - Mar'09	(Rs. lakhs) Previous Period July'07 - Mar'08
INCOME			
1) Sales & Operations		35,525.65	27,189.32
Less : Excise Duty		(462.19)	(920.85)
Net Sales		<u>35,063.46</u>	<u>26,268.47</u>
2) Other Income	K	393.22	249.99
		<u>35,456.68</u>	<u>26,518.46</u>
EXPENDITURE			
3) Materials	L	14,956.64	11,272.68
4) Staff Cost	M	4,793.90	3,226.63
5) Other Expenditure	N	9,768.47	6,774.06
		<u>29,519.01</u>	<u>21,273.37</u>
PROFIT BEFORE R & D, INTEREST DEPRECIATION, EXTRA ORDINARY ITEMS & TAX			
		5,937.67	5,245.09
6) R&D Expenses	O	923.49	718.32
7) Interest	P	584.59	361.74
8) Depreciation		<u>1,115.54</u>	<u>777.95</u>
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION			
		3,314.05	3,387.08
9) Extraordinary items		-	182.79
(Refer Note No. 8 of Schedule 'Q')			
PROFIT BEFORE TAX			
		3,314.05	3,204.29
10) Provision for Tax			
(a) Current		370.40	354.92
(b) Deferred		107.91	122.86
(c) Fringe Benefit		93.20	71.76
(d) Earlier years		(31.19)	-
Mat Credit Entitlement		<u>(370.40)</u>	<u>(354.92)</u>
PROFIT AFTER TAX			
		3,144.13	3,009.67
11) Balance brought forward from last year		4,810.68	4,020.44
12) Balance in profit & loss account credited pursuant to scheme of amalgamation : Shree Herbal Technologies Limited		-	(0.69)
PROFIT AVAILABLE FOR APPROPRIATION			
		<u>7,954.81</u>	<u>7,029.42</u>
13) Appropriations :			
(a) Interim Dividend		399.32	-
(b) Proposed Dividend		245.73	614.33
(c) Dividend Tax		109.63	104.41
(d) Transfer to General Reserve		1,500.00	1,500.00
(e) Balance Carried to Balance Sheet		<u>5,700.13</u>	<u>4,810.68</u>
		<u>7,954.81</u>	<u>7,029.42</u>
14) Earning Per Share			
Basic & Diluted (Rs.) - Without Extraordinary items		25.59	25.98
Basic & Diluted (Rs.) - After Extraordinary items		25.59	24.50

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

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

BM Pendse
Partner
M. No. 32625

Mumbai : July 30, 2009

Jagdish B Salian
Company Secretary

Mumbai : July 30, 2009

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 30, 2009

Schedules

Forming part of the Balance Sheet

SCHEDULE 'A' : Share Capital	<i>As at 31.03.2009</i>	<i>Rs lakhs As at 31.03.2008</i>
1) Authorised : 180,00,000 Equity Shares of Rs.10/- each	<u>1,800.00</u>	<u>1,800.00</u>
2) Issued,Subscribed and Paid up: 12,286,714 (Previous Year 12,286,714) Equity Share of Rs. 10/- each fully paid up.	<u>1,228.67</u>	<u>1,228.67</u>
Out of the above Equity Shares issued & subscribed :		
a) 3,500 Equity Shares are allotted as fully paid up to vendors pursuant to a contract without payment being received in cash in the year 1948-49		
b) 4,300 Equity Shares are allotted as fully paid up to a Director as consideration for purchase of land and building without payment being received in cash in the year 1948-49.		
c) 32,84,260 Equity Shares are issued as Bonus Shares by capitalising an equivalent amount from the Revaluation and General Reserve.		
d) 4,65,000 Equity Shares of Rs. 10/- each fully paid up are allotted to the share holders of Spa Pharmaceuticals P. Ltd. in pursuant to the scheme of Amalgamation of their demerged pharmaceutical division with the company.		
SCHEDULE 'B' : Reserves and Surplus		
1) Capital Reserve	0.02	0.02
2) Share Premium As per last Balance Sheet	7,035.27	7,035.27
3) Revaluation Reserve As per last Balance Sheet	0.06	0.07
Less : Transfer to Profit and Loss Account	(0.01)	(0.01)
	<u>0.05</u>	<u>0.06</u>
4) Capital Subsidy		
(a) Tarapur Unit	7.50	7.50
(b) Himachal Pradesh Unit	30.00	-
(c) Goa Unit	25.00	25.00
	<u>62.50</u>	<u>32.50</u>
5) General Reserve :		
As per last Balance Sheet	12,317.64	10,984.64
Add : Transfer from Profit and Loss Account	1,500.00	1,500.00
Less : Cancellation of Company's Investment in Shree Herbal Technologies Ltd. *	-	(167.00)
	<u>13,817.64</u>	<u>12,317.64</u>
6) Profit & Loss Account	<u>5,700.13</u>	<u>4,810.68</u>
TOTAL	<u>26,615.61</u>	<u>24,196.17</u>

* Adjustment for difference between face value and cost of acquisition of Equity Shares of Shree Herbal Technologies Ltd. in IRL's books Pursuant to a Scheme of Amalgamation.

Schedules

Forming part of the Balance Sheet

SCHEDULE 'C' : Secured Loans	<i>As at 31.03.2009</i>	<i>Rs lakhs As at 31.03.2008</i>
1) Cash Credit facilities from banks for Working Capital*	2,432.01	668.13
2) Overdraft against Fixed Deposits**	15.33	80.23
3) Commercial Paper placed with Banks*** (Maximum balance during the Year Rs.1200.00 Lacs, Previous Year Rs.1200.00 Lacs)	-	1,200.00
4) Term Loan from Bank****	-	266.00
5) External Commercial Borrowings *****	1,528.50	-
TOTAL	<u>3,975.84</u>	<u>2,214.36</u>

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

** Secured against Fixed Deposit Receipts pledged with Banks.

*** Commercial paper is issued by earmarking working capital facilities from the banks.

**** The term loan from bank is secured by a first pari-passu charge on all movable and immovable fixed assets, both present & future located at Patalganga Plant.

***** The ECB from Citi Bank is secured by way of a first charge on all existing Plant & Machineries, Equipments & Accessories of the Company's Patalganga Unit, and specific Plant & Machineries to be purchased out of the proceeds from ECB loan at Company's Patalganga Unit and Goa Units I & II.

SCHEDULE 'D' : Unsecured Loans

1) Foreign Currency Packing Credit	1,579.46	962.16
2) Overdraft facility from Banks	-	248.56
TOTAL	<u>1,579.46</u>	<u>1,210.72</u>

SCHEDULE 'E' : Deferred Tax

1) Deferred Tax Liability		
(a) Depreciation	2,452.40	2,327.34
(b) Deferred Revenue Expenses	4.74	14.11
	<u>2,457.14</u>	<u>2,341.45</u>
Less :		
2) Deferred Tax Assets		
(a) Provision for Leave Encashment	59.63	72.36
(b) Provision for Doubtful Debts	23.48	12.12
(c) Voluntary Retirement Scheme	30.67	50.52
(d) Unpaid Liabilities allowable as a deduction on payment basis	43.43	14.43
	<u>157.21</u>	<u>149.43</u>
TOTAL	<u>2,299.93</u>	<u>2,192.02</u>

Schedules

Forming part of the Balance Sheet

SCHEDULE 'F' : Fixed Assets

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April 2008	Additions during the year *****	Deductions/Sales during the year	As at 31st March 2009	For the Year	Deductions/Sales during the year	As at 31st March 2009	As at 31st March 2008
	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs	Rs lakhs
Land (Lease Hold)	454.36	5.70	-	460.06	0.04	-	453.60	447.94
Buildings & Premises *	6,759.51	222.96	-	6,982.47	219.56	-	5,560.96	5,557.56
Plant & Machinery **	3,187.17	636.19	6.21	3,817.15	175.15	1.71	2,993.20	2,536.67
Handling Equipments	491.61	7.06	-	498.67	29.04	-	280.64	302.62
Pollution Control Equipments	245.07	-	-	245.07	13.02	-	153.47	166.49
Laboratory Equipments	979.70	159.49	3.88	1,135.31	60.12	-	922.63	827.15
R&D Equipments	1,760.18	0.52	-	1,760.70	83.63	-	445.95	1,397.86
Plant - Utilities	2,418.93	199.57	0.98	2,617.52	131.81	-	490.31	2,060.43
Electrical Installations	1,397.99	54.00	-	1,451.99	77.29	-	1,098.58	1,121.87
Furniture & Fixtures and Office & Data Processing Equipments	1,577.84	213.80	-	1,791.64	142.26	-	969.79	750.31
Air-conditioning Unit	1,431.21	7.64	-	1,438.85	74.33	-	354.55	1,150.99
Vehicles	162.10	62.39	25.07	199.42	35.46	12.15	117.99	103.98
Trade Mark	1,032.30	-	-	1,032.30	73.80	-	664.22	738.02
Technical Knowhow	1.15	-	-	1.15	0.03	-	0.17	0.20
Total	21,899.12	1,569.32	36.14	23,432.30	1,115.54	13.86	17,593.57	17,162.07
Previous Year **	20,671.85	1,335.02	107.75	21,899.12	777.95	5.23	17,162.07	-
Capital Work-in-Progress**** (Including Capital advances)							1,628.01	182.61
Total							19,221.58	17,344.68

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

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

*** Includes addition of land of Rs.82.98 lakhs on amalgamation of Shree Herbal Technologies Ltd with the Company.

**** Capital work in progress includes Rs. 298.62 lakhs expenditure incurred on DMF/Dossiers/ANDAS as the same are yet to be commercialised.

***** Addition during the period includes Additions to R&D Assets amounts to Rs. 190.13 Lacs as per details given below.

	As at 31.03.2009 (12 Months)	As at 31.03.2008 (9 Months)
Building	17.36	71.59
Plant & Machinery	36.15	4.05
Handling Equipments	0.74	0.00
Laboratory Equipments	6.96	64.77
R&D Equipments (Instruments)	0.52	20.92
Plant Utility (Equipments)	66.58	104.27
Electric Installation	18.63	3.21
Furniture & Fixtures and Office & Data Processing Equipments	37.28	26.53
Air Conditioning & Ventilation	5.89	0.31
Total	190.13	295.65

Schedules

Forming part of the Balance Sheet

SCHEDULE 'G' : Investments	<i>As at 31.03.2009</i>	<i>Rs lakhs As at 31.03.2008</i>
1) Unquoted : (at cost)		
(a) <i>Non-Trade - Others</i>		
Other Companies		
(i) Shares of Shivalik Solid Waste Management Ltd., Baddi (H.P.) (20,000 Shares of Rs. 10/- each)	2.00	-
(b) <i>Non-Trade - Government Securities</i>		
(i) 12 Yrs National Defence Certificates	-	0.01
(ii) 7 Yrs National Savings Certificates	0.18	0.18
	<u>0.18</u>	<u>0.19</u>
(c) <i>Shares of Saraswat Co-op. Bank Ltd.</i> (1,000 Ordinary Shares of Rs 10/- each)	0.10	0.10
2) Quoted		
<i>Long Term (at Cost)</i>		
Shares of Citurgia Bio-Chemicals Ltd. (100 equity shares of Rs 10/- each) (Script not traded since 27.04.2007)	-	0.01
	<u> </u>	<u> </u>
TOTAL	<u><u>2.28</u></u>	<u><u>0.30</u></u>

Investment Details As at 31.03.2009

Sr.	Particulars	Opening Balance		Purchase / Reinvested		Sold/Redeemed		Closing Balance	
		Units	Value	Units	Value	Units	Value	Units	Value
1)	Unquoted: (at cost)								
	(a) Non-Trade Government Securities								
	12 Yrs. National Defence Certificate		0.01			0.01			0.00
	7 yrs National Saving Certificate		0.18						0.18
	(b) Shares of Saraswat Co-op Bank Ltd.	1000.00	0.10					1000.00	0.10
	(c) Shares of Shivalik Solid Waste Management Ltd., Baddi (H.P.)			20000.00	2.00			20000.00	2.00
2)	Quoted:								
A	In Mutual Funds								
	Liquid Funds								
	1 Dws Credit Opportunities Cash Fund - Weekly Dividend	0.00	0.00	5126720.82	516.16	5126720.82	516.16	0.00	0.00
	2 LICMF Liquid Plus Fund	0.00	0.00	14324721.53	1433.97	14324721.53	1433.97	0.00	0.00
	3 Fidelity Liquid Plus Fund	0.00	0.00	2033475.99	203.49	2033475.99	203.49	0.00	0.00
	4 HDFC Cash Management Fund	0.00	0.00	1508700.64	151.16	1508700.64	151.16	0.00	0.00
	5 J.P.Morgan India Treasury Fund	0.00	0.00	501309.00	50.22	501309.00	50.22	0.00	0.00
B	Long Term (at Cost)								
	Shares of Citurgia Bio-Chemicals Ltd	100.00	0.01				0.01	0.00	0.00
C	Fixed Maturity Plans								
	LICMF Interval Fund (Series 1 monthly Div Plan)			7167060.34	716.71	7167060.34	716.71	0.00	0.00
	TOTAL		0.30		3073.71		3071.73		2.28

Schedules

Forming part of the Balance Sheet

SCHEDULE 'H' : Current Assets, Loans And Advances	<i>As at 31.03.2009</i>	<i>As at 31.03.2008</i>
1) Current Assets :		
<i>(As certified by the Management)</i>		
Inventories (At Cost)		
(a) Stock of Consumables	129.12	63.10
(b) Stock in Trade :		
(i) Raw and Packing Materials	2,142.59	1,906.57
(ii) Finished Goods	2,636.54	2,195.22
(iii) Work in Progress	339.80	267.71
	5,248.05	4,432.60
Sundry Debtors		
Unsecured		
(a) Debts outstanding for more than six months		
Considered Good	1,089.66	1,334.33
Considered Doubtful	69.07	35.67
	1,158.73	1,370.00
Less : Provision for Doubtful Debts	(69.07)	(35.67)
	1,089.66	1,334.33
(b) Other Debts - Considered Good	8,943.18	9,441.78
	10,032.84	10,776.11
Cash and Bank Balances:		
(a) Cash on hand	16.91	14.40
(b) Balances with Scheduled Banks :		
(i) In Current Accounts	1,591.12	1,304.83
(including Equity Shares Application Money		
of Rs 8.21 Lakhs, Previous Year Rs 8.82 Lakhs)		
(ii) In Fixed Deposit Accounts	1,166.26	175.67
(iii) In Margin Accounts	115.09	107.03
(iv) In Unpaid Dividend Accounts	12.89	10.28
	2,902.27	1,612.21
2) Loans and Advances:		
<i>(Unsecured, Considered Good, unless stated otherwise)</i>		
(a) Advances recoverable in cash or in kind		
or for the value to be received	2,857.18	2,058.04
(b) Advance Income Tax (Net)	734.14	640.75
(c) Balances in Excise Accounts	560.08	394.16
	4,151.40	3,092.95
TOTAL	22,334.56	19,913.87

Schedules

Forming part of the Balance Sheet

SCHEDULE 'I' : Current Liabilities & Provisions	<i>As at 31.03.2009</i>	<i>Rs lakhs</i> <i>As at 31.03.2008</i>
1) Current Liabilities :		
(a) Sundry Creditors.....	3,274.13	3,560.18
(b) Unclaimed Dividend *	12.59	9.87
(c) Interest accrued but not due on loans	18.47	1.26
(d) Equity share application money refundable	8.21	8.82
(e) Security Deposit Payable	603.09	543.66
(f) Other Liabilities	1,317.59	1,052.68
	<u>5,234.10</u>	<u>5,176.47</u>
<i>* Liability towards Investor Education and Protection Fund - Not due</i>		
2) Provisions :		
(a) Provision for Bonus	175.84	152.04
(b) Proposed Dividend	245.73	614.34
(c) Dividend Tax	41.76	104.41
(d) Provision for Leave Encashment	175.43	212.88
	<u>638.76</u>	<u>1,083.66</u>
TOTAL	<u><u>5,872.86</u></u>	<u><u>6,260.13</u></u>

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

As per last Balance Sheet	43.22	52.55
Add : Additions during the year	-	15.14
Less : Amortised during the year	(29.27)	(24.47)
TOTAL	<u><u>13.95</u></u>	<u><u>43.22</u></u>

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'K' : Other Income*	Current Year April'08--Mar'09	Rs lakhs Previous Period July'07--Mar'08
1) Interest Received (Net)	49.92	13.51
2) Exchange Gain (Net of exchange loss of Rs.97.06 lakhs)	-	79.14
3) Export Incentives	157.65	15.71
4) Sundry Balances Written Back	30.75	0.72
5) Insurance Claim	27.68	47.95
6) Sundry Receipts	72.25	63.77
7) Dividend Received	44.88	19.70
8) Profit on Sale of Fixed Assets	3.82	0.36
9) Profit on Sale of Investments	1.82	0.04
10) Sales Tax Refund	4.45	9.09
TOTAL	393.22	249.99

*Refer Note No. 7 of Schedule 'Q'

SCHEDULE 'L' : Materials

1) Cost of Material Consumed :			
Opening Stock	1,906.57	1,592.55	
Add : Purchases	12,426.23	9,105.47	
Less : Closing Stock	<u>(2,142.59)</u>	<u>(1,906.57)</u>	
	12,190.21		8,791.45
2) Purchase of Finished Goods	3,093.72		2,748.50
3) Excise Duty	186.12		27.98
4) (Increase)/Decrease in Stock of Finished Goods and WIP:			
(a) Opening Stock	2,462.93	2,167.68	
(b) Closing Stock	<u>(2,976.34)</u>	<u>(2,462.93)</u>	
	(513.41)		(295.25)
TOTAL	14,956.64		11,272.68

SCHEDULE 'M' : Staff Cost

1) Salaries, Wages and Bonus	4,281.60	2,874.55
2) Contribution to Provident and Other Funds .	420.79	284.83
3) Staff Welfare Expenses	91.51	67.25
TOTAL	4,793.90	3,226.63

Schedules

Forming part of the Profit and Loss Account

SCHEDULE - 'N' : Other Expenditure	<i>Current Year</i> <i>April'08--Mar'09</i>	<i>Rs lakhs</i> <i>Previous Period</i> <i>July'07--Mar'08</i>
1) Consumable Stores	62.79	65.05
2) Job Work Charges	180.49	141.20
3) Power and Fuel	1,250.18	814.14
4) Rent, Rates and Taxes	109.59	72.71
5) Insurance	72.54	64.12
6) Repairs :		
(a) Buildings	175.10	109.24
(b) Plant and Machinery	242.80	184.50
(c) Others	249.54	176.34
	<u>667.44</u>	470.08
7) Packing and Delivery Expenses	1,259.36	771.79
8) Analytical Expenses	187.66	139.05
9) Turnover and Additional Tax	55.64	50.36
10) Advertising and Sales Promotion Expenses ..	1,435.34	938.63
11) Commission and Incentives on sales	590.11	909.52
12) Travelling, Conveyance and Motor Car Expenses	1,976.39	1,351.70
13) Legal and Professional Fees	67.80	53.23
14) Director's Sitting Fees	2.80	1.70
15) Postage, Telephone and Telex Expenses	99.63	84.56
16) Printing and Stationery Expenses	183.82	126.19
17) Payments to Auditors:		
(a) Audit Fees	2.50	1.65
(b) Tax Audit Fees	0.75	0.75
	<u>3.25</u>	2.35
18) Loss on sale of Investments	1.44	0.75
19) Loss on sale of Assets	0.08	-
20) Miscellaneous Expenditure Written off	29.27	24.47
21) Provision for Doubtful Debts	33.40	14.98
22) Exchange Loss (Net of Exchange Gain Rs. 763.16 Lacs)	424.77	-
23) Other Expenses	1,074.68	677.48
TOTAL	<u><u>9,768.47</u></u>	<u><u>6,774.06</u></u>
 SCHEDULE 'O' : R&D Expenses*		
1) R&D Employee Cost	359.04	214.42
2) Other R&D Expenses	564.45	503.90
TOTAL	<u><u>923.49</u></u>	<u><u>718.32</u></u>
* Refer Note No. 5 of Schedule 'Q'		
 SCHEDULE 'P' : Interest		
1) Interest on Fixed Loans from Banks	11.05	61.08
2) Interest on Other Facilities from Banks	332.61	64.65
3) Interest on Other Unsecured Loans	240.93	236.00
TOTAL	<u><u>584.59</u></u>	<u><u>361.74</u></u>

Notes Forming Part of Accounts for the year ended March 31, 2009.

SCHEDULE 'Q' :

1) Significant Accounting Policies

(a) Basis of preparation of financial statements –

- (i) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act, 1956.
- (ii) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.
- (iii) The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

(b) Fixed Assets, Depreciation and Amortisation –

(i) Tangible Assets :

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

(ii) Intangible Assets :

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

(c) Investments –

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

(d) Inventories –

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

(e) Foreign Currency Transactions –

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

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

(f) Sales –

The company recognizes domestic sales at the point of dispatch of goods to the customer and are accounted inclusive of excise duty but are net of discounts and sales tax.

(g) Excise Duty –

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

(h) Employees Retirement and Other Benefits –

Company's contribution to Provident, Superannuation Funds is accounted on accrual basis and charged to Profit & Loss Account. The Company also provides for unutilized leave benefits to its employees on actuarial valuation. The company's contribution to LIC for group gratuity policy is charged to profit and loss account each year. The contribution for group gratuity policy is based on values as actuarially determined & demanded by L.I.C.

Notes Forming Part of Accounts for the year ended March 31, 2009.

- (i) Borrowing Cost –
Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets upto the date when the asset is ready for its intended use.
- (j) Research & Development Expenses –
Research & Development costs of revenue nature are charged to Profit & Loss Account when incurred., Expenditure of capital nature is capitalised and depreciation is provided on these assets as per the provisions of the Companies Act, 1956. Revenue Expenditure incurred on development of Dossiers / ANDAs / DMFs etc. at R & D centre are capitalised and treated as “intangible assets”.
- (k) Taxes on Income –
Current tax is determined as the amount of tax payable in respect of taxable income for the year.
Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.
- (l) Impairment of Fixed Assets –
At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss Account in the year in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in prior accounting periods is reversed, if there has been a change in the estimate of recoverable amount.

	<i>Current Year Rs Lakhs (12 months)</i>	<i>Previous Year Rs Lakhs (9 months)</i>
2) Contingent Liabilities Not Provided For :		
(a) Matters under dispute		
(i) Sales Tax	10.37	16.04
(Rs 2.00 Lakhs has been paid under protest)		
(ii) Excise / Service Tax	146.83	133.80
(iii) Income Tax.....		
– Where the Company is in appeal	231.95	156.81
(Rs 48.30 lakhs has been paid under protest)		
– Where the department is in appeal	436.62	436.62
(iv) In respect of claims made against the Company not acknowledged as debts (Labour matters)	5.49	21.73
(b) Bank Guarantees	98.52	67.23
(c) Letters of Credit	734.35	314.64
(d) Estimated amount of contracts remaining to be executed on Capital Account, net of advances of Rs 589.97 Lakhs (Previous year Rs 112.95 Lakhs)	1047.83	181.63
(e) Discounting of debtors to the extent not actually realized.	195.08	365.91
3) Remuneration / Perquisites paid / payable to Managing / Whole-time Directors (Included in staff cost)		
(a) Salary.....	181.86	113.02
(b) Commission.....	60.00	45.00
(c) Provident & Super Annuation Fund Contribution.....	29.42	20.23
(d) Other Perquisites.....	6.35	6.35
	277.63	184.60

Notes Forming Part of Accounts for the year ended March 31, 2009.

	<i>Current Year Rs Lakhs (12 months)</i>	<i>Previous Year Rs Lakhs (9 months)</i>
4) Computation of Net Profit under Section 349 of the Companies Act, 1956 :		
(a) Profit before Tax as per Profit and Loss Account.....	3314.05	3,204.29
Add : (i) Loss on Sale of Fixed Assets	0.08	-
(ii) Loss on Sale of Investments	1.44	0.75
(iii) Depreciation	1115.54	777.95
(iv) Directors' Sitting Fees	2.80	1.70
(v) Directors' Remuneration	277.63	184.60
	4711.54	4,169.29
Less : (i) Profit on Sale of Fixed Assets	3.82	0.36
(ii) Depreciation u/s 350	1115.54	777.95
(iii) Profit on Sale of Investment	1.82	0.04
Net Profit	3590.36	3,390.94
(b) Commission Payable to the Managing Director	60.00	45.00
5) Research & Development expenses include salary & wages, chemicals/materials consumed, electricity, travel, repairs, insurance premium and similar such expenses.		
6) During the last three years capital expenditure incurred on R & D activities are as follows:		
(For Period April - March)		Rs. lakhs
	2008-09	2007-08
		2006-07
Land	-	-
Building	17.36	80.75
Equipments	135.49	373.84
Others	37.28	38.41
TOTAL	190.13	493.00
		700.18
7) Tax deducted at source from Other Income consists of:		
- Rs 7.32 Lakhs on account of Professional or Tech Services (Previous year Rs. 6.29 lakhs)		
- Rs 0.48 Lakhs on account of Job work Charges (Previous Year Rs. Nil)		
- Rs 7.78 Lakhs on account of Interest received (Previous Year Rs.12.41 lakhs)		
8) During the previous year Rs. 182.79 lakhs was shown under the heading "Extra Ordinary" Item in Profit & Loss account which consist of Rs. 93.52 lakhs towards reversal of interest income from subsidiary due to amalgamation of the said subsidiary with the company with retrospective effect from 01.07.2005, Rs. 3.83 lakhs towards reversal of depreciation charge due to decapitalization of interest as mentioned above after effect of amalgamation, Rs. 21.30 lakhs towards VRS to the Tarapur Unit of the company and Rs. 71.80 lakhs towards prior period bonus paid in view of amendment to the payment of bonus act 1965.		
9) The Company's exclusive business is manufacturing and selling of pharmaceutical products comprising of bulk drugs and formulations and therefore it is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India. Although the Company caters to the needs of export markets, the export turnover is not significant in the context of total turnover. As such there is no reportable geographical segment.		

Notes Forming Part of Accounts for the year ended March 31, 2009.

10) The Company is exposed to various financial risks which relate to changes in exchange rates and interest rates. The Company hedges risks of the aforesaid nature using forward contracts. The outstanding position and exposure is as under:

- a) As at 31st March, 2009 the outstanding position in respect of forward contract is Rs.6058.87 lakhs.
- b) As at 31st March, 2009 un-hedged foreign currency exposure in GBP Rs.196.23 lakhs.

11) Miscellaneous Expenditure to the extent not written off includes Rs. 12.20 lakhs on account of product registration charges & Rs. 1.75 Lakhs on account of preliminary expenses incurred by erstwhile Shree Herbal Technologies Ltd.

12) Earnings Per Share (EPS) :	<i>Current Year Rs Lakhs</i>	<i>Previous Year Rs Lakhs</i>
(a) Profit After Tax (Rs lakhs)	3144.13	3,009.67
(b) Weighted Average Number of Ordinary Shares for Basic EPS.....	12286714	12,286,714
(c) Weighted Average Number of Ordinary Shares for Diluted EPS	12286714	12,286,714
(d) Earnings Per Share (Face Value Rs10/- Per Share)		
(i) Basic (a/b)	25.59	24.50
(ii) Diluted (a/d)	25.59	24.50

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

I Related Parties

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

Holding Companies	Nil
Subsidiary Companies	Nil
Fellow Subsidiaries	Nil

B. Associates and Joint Ventures of reporting company

Associates	Nil
Joint Ventures	Nil

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

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

(ii) their relatives

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

D. (i) Key Management personnel

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

(ii) their relatives :

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

E. Enterprises controlled by key management personnel

SPA Holdings Pvt Ltd, Shanteri Investments Pvt Ltd, Indoco Global Markets Pvt Ltd, Indoco Capital Markets Ltd, Narsinh Investment & Finance Pvt Ltd and AK Services

Notes Forming Part of Accounts for the year ended March 31, 2009.

II. Transactions in respect of which disclosures to be made

Particulars of transaction		Rs Lakhs				
		Enterprises that control or are controlled by reporting company (A)	Associates and joint Ventures of reporting company (B)	Individuals owning and having control over the reporting company and their relatives (C)	Key Management personnel and their relatives (D)	Enterprises controlled by key management personnel (E)
Purchases or sales goods (finished or unfinished)		-	-	-	-	-
Purchases or sales of fixed assets		-	-	-	-	-
Rendering or receiving of services	C.Y.	-	-	105.10	-	-
Agency arrangements	P.Y.	-	-	135.07	-	-
Remuneration paid	C.Y.	-	-	-	277.62	-
	P.Y.	-	-	-	184.60	-
Transfer of research and development		-	-	-	-	-
License agreements	C.Y.	-	-	21.27	15.60	-
	P.Y.	-	-	15.97	21.93	-
Finance (including loans and equity contributions in cash or in kind)	C.Y.	-	-	1,633.35	-	-
	P.Y.	-	-	773.85	493.00	-
Guarantees and collaterals		-	-	-	-	-
Management contracts including for deputation of employees		-	-	-	-	-

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

(i) Transactions in the ordinary course	C.Y.	-	-	1,759.72	293.22	-
	P.Y.	-	-	924.89	699.53	-
(ii) Transactions not in the normal course		-	-	-	-	-
(iii) Transaction not on arm's length basis		-	-	-	-	-
(iv) Justification for (iii)		-	-	-	-	-

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

14) Capacities and Production* :

	Unit	Current Year (12 months)		Previous Year (9 months)	
		Installed Capacity Per annum	Actual Production	Installed Capacity Per annum	Actual Production
Liquid Orals	K.L.	3255	2346.64	3255	1714.94
Tablets	Million	2064	2226.47	2064	1468.16
Capsules	Million	-	40.99	-	36.83
Injectables & Eye Preparations	K.L.	222	149.08	222	136.63
Ointments & Lotions	Tonnes	490	85.35	490	78.92
Toothpaste & Mouth Gel	Tonnes	792	790.08	792	683.87
Bulk Drug	Tonnes	648	277.80	638	319.09

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

Notes Forming Part of Accounts for the year ended March 31, 2009.

15) Sales & Purchases in respect of each class of Finished Goods :	Unit	Sales				Purchases			
		Current Year (12 months)		Previous Year (9 months)		Current Year (12 months)		Previous Year (9 months)	
		Qty	Value Rs lakhs						
Liquid Orals	K.L.	2488.76	6514.66	1773.99	5130.06	258.81	671.34	122.10	246.25
Tablets	Million	2259.63	17800.50	1634.60	13397.71	70.33	1296.19	72.06	1101.29
Capsules	Million	49.24	1059.96	50.34	1124.61	13.95	263.57	14.82	260.30
Injectable & Eye Preparations	K.L.	175.76	2643.55	150.24	1743.07	17.81	472.29	15.45	188.97
Ointments & Lotions	Tonnes	229.50	1410.13	241.69	1187.07	135.49	242.00	179.26	251.02
Toothpaste & Mouth Gel	Tonnes	859.17	3225.05	595.10	2328.90	0.50	38.13	0.41	29.56
Bulk Drugs	Tonnes	293.80	1748.73	360.96	1438.28	19.72	110.20	26.14	671.11
Other			1123.07		839.62				
			<u>35525.65</u>		<u>27189.32</u>		<u>3093.72</u>		<u>2748.50</u>

16) Stock of Finished Goods :

	Unit	As on 31st March, 2009		As on 31st March, 2008	
		Qty	Value Rs lakhs	Qty	Value Rs lakhs
Liquid Orals	K.L.	375.41	647.86	258.72	347.41
Tablets	Million	171.87	1134.29	134.70	792.90
Capsules	Million	11.87	141.20	6.17	86.54
Injectables & Eye Preparations	K.L.	25.34	407.69	34.21	378.21
Ointments & Lotions	Tonnes	42.42	129.33	51.08	124.35
Toothpaste & mouth gel	Tonnes	52.49	87.78	121.08	173.12
Bulk Drugs	Tonnes	13.89	88.39	10.17	292.69
			<u>2636.54</u>		<u>2195.22</u>

17) Consumption of Materials :

	Current Year (12 months)	Previous Year (9 months)
	Value (Rs lakhs)	Value (Rs lakhs)
(a) Raw Materials – Azithromycin, Cefadroxyl, Gliclazide, Methycobalamine, Metformin Hydro, Ibuprofen, Paracetamol, Ofloxacin, Sugar Ciprofloxacin etc.	7437.64	6027.17
(b) Packing Materials – Aluminium Foils, Tubes, Glass Bottles, Cartons, Labels, PVC Films, P.P. Caps, Plastic Containers, Boxes, Shippers etc.	4752.57	2764.28
Total	<u>12190.21</u>	<u>8791.45</u>

Notes Forming Part of Accounts for the year ended March 31, 2009.

	Current Year (12 months)		Previous Year (9 months)	
	Rs lakhs	Percentage	Rs lakhs	Percentage
18) Imported and Indigenous Materials Consumed :				
(a) Raw and Packing Materials –				
(i) Imported	1964.57	16.12	1,589.95	18.09
(ii) Indigenous.....	10225.64	83.88	7,201.50	81.91
Total	12190.21	100.00	8,791.45	100.00
(b) Stores and Spares consumed				
(i) Imported	30.94	49.28	1.13	1.74
(ii) Indigenous	31.85	50.72	63.92	98.26
Total	62.79	100.00	65.05	100.00
19) Earnings in Foreign Currency (FOB value)				
20) Expenditure in Foreign Currency :				
(a) On Travel and Export Promotion				
(b) On Interest on Foreign Currency Loan				
(c) Others				
21) Value of Imports CIF Basis				
(a) Raw Materials				
(b) Capital Goods				

22) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act have not been given.

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse

Partner
M. No. 32625

Mumbai : July 30, 2009

Jagdish B Salian
Company Secretary

Mumbai : July 30, 2009

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 30, 2009

Cash Flow Statement for the year ended 31st March, 2009

	<i>Current Year Rs lakhs</i>	<i>Previous Period Rs lakhs</i>
A) Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary items	3,314.05	3,387.08
Adjustments for :		
a) Depreciation	1,115.54	777.95
b) Profit on sale of Fixed Assets	(3.82)	(0.36)
c) Profit on sale of Investment	(1.82)	(0.04)
d) Loss on sale of Fixed Assets	0.08	-
e) Loss on sale of Investments	1.44	0.75
f) Deferred expenses written off	29.27	24.47
g) Deferred expenses paid during the year	-	(15.14)
h) Sundry Balance written back	(30.75)	(0.72)
i) Provision for Doubtful Debts	33.40	14.98
j) Interest Income	(49.92)	(13.51)
k) Dividend received on Investments	(44.88)	(19.70)
l) Unrealised Foreign Exchange (Gain) / Loss	(176.81)	(18.69)
m) Interest Expense	584.59	361.74
	<u>1,456.32</u>	<u>1,111.73</u>
Operating Profit before Working Capital Change	4,770.37	4,498.81
Adjustments for :		
a) Trade and Other Receivables	(175.54)	(1,480.86)
b) Inventories	(815.45)	(635.90)
c) Trade Payables and Other Liabilities	524.11	1,350.08
	<u>(466.88)</u>	<u>(766.66)</u>
Cash generated from Operations	4,303.49	3,732.14
Tax paid	(527.13)	(691.24)
Net Cash generated from Operating Activities Before Extra Ordinary Items (A)	3,776.36	3,040.90
Extraordinary items	-	(93.10)
Net Cash generated from Operating Activities (A)	3,776.36	2,947.80
B) Cash flow from Investing Activities :		
a) Purchases of Fixed Assets (incl. CWIP)	(3,014.72)	(1,516.74)
b) Sale of Fixed Assets	26.02	13.19
c) Purchases of Investments	(3,073.71)	(2,900.58)
d) Sale of Investments	3,072.11	2,899.87
e) Interest Received	52.42	50.64
f) Dividend received on Investments	44.88	19.70
g) Proceeds of State Subsidy	30.00	-
Net Cash used in Investing Activities (B)	(2,863.00)	(1,433.92)

Cash Flow Statement for the year ended 31st March, 2009

	<i>Current Year</i> <i>Rs lakhs</i>	<i>Previous Period</i> <i>Rs lakhs</i>
C) Cash flow from Financing Activities :		
a) Interest Paid	(567.38)	(392.83)
b) Dividend Paid	(1,183.22)	(932.28)
c) Proceeds from CC/WCDL/OD	1,450.42	-
d) Repayment of CC/WCDL/OD	-	(723.02)
e) Proceeds from External Commercial Borrowings	1,528.50	-
f) Proceeds from Short Term borrowings/ Commercial Papers	614.38	2,173.92
g) Repayment of Short Term borrowings/ Commercial Papers	(1,200.00)	(87.28)
h) Repayment of Term borrowings	(266.00)	(1,482.02)
Net Cash from/used in Financing Activities (C)	376.70	(1,443.51)
Net Increase in Cash or Cash equivalents (A+B+C)	1,290.06	70.37
Cash and Cash Equivalents (Opening)	1,612.21	1,542.53
Cash and Cash Equivalents Acquired on Amalgamation		(0.69)
Cash and Cash Equivalents (Closing)	2,902.27	1,612.21
Cash and Cash Equivalents Comprise:		
Cash on hand	16.91	14.40
Balance with Scheduled Banks:		
In Current Accounts	1,591.12	1,304.83
In Fixed Deposit Accounts	1,166.26	175.67
In Margin Accounts	115.09	107.03
In Unpaid Dividend Accounts	12.89	10.28
	2,902.27	1,612.21

Notes :

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse
Partner
M. No. 32625

Mumbai : July 30, 2009

Jagdish B Salian
Company Secretary

Mumbai : July 30, 2009

Suresh G Kare
Chairman & Mg. Director

FX Coutinho
Sundeep V Bambolkar
Aditi Kare Panandikar
Whole Time Directors

Mumbai : July 30, 2009

Financial Highlights

	<i>2008-09</i> <i>(12 Months)</i>	<i>2007-08</i> <i>(9 Months)</i>
		(Rs lakhs)
OPERATIONAL REVIEW		
Gross Sales (Before excise duty)	35,526	27,189
EBIDTA	5,912	5,240
Depreciation	1,116	778
Interest	585	362
PBT (After Extra-ordinary items)	3,314	3,204
PAT	3,144	3,010
 FINANCIAL STRUCTURE		
	<i>2008-09</i> <i>(12 Months)</i>	<i>2007-08</i> <i>(9 Months)</i>
Net Fixed Assets	19,222	17,345
Investments	2	0.30
Net Current Assets	16,462	13,654
Total Assets	35,686	30,999
Net Worth	27,831	25,382
Borrowings	5,555	3,425
Deferred Tax Liability	2,300	2,192
Total Liabilities	35,686	30,999
 MARGINS & RATIOS		
	<i>2008-09</i> <i>(12 Months)</i>	<i>2007-08</i> <i>(9 Months)</i>
EBIDTA Margins on Net Sales (%)	16.86	19.95
PAT Margins on Net Sales (%)	8.97	11.46
Debt-to-Equity (times)	0.20	0.13
Interest Cover (times)	6.38	9.32
Return on Net Worth (%)	11.30	11.86
Return on Capital Employed (%)	8.81	9.71



Financial Highlights

(Rs lakhs)

OPERATIONAL RESULTS

Particulars	2008-09	2007-08*	2006-07	2005-06	2004-05
Net Sales and Other Income	35,456.68	26,518.46	32,891.83	25,067.42	19,895.19
Material Cost	14,956.64	11,272.68	14,304.24	10,155.63	8,104.48
Staff Cost	4,793.90	3,226.63	3,415.46	2,702.88	2,134.32
Manufacturing, Administrative and Selling Exps.	9,768.47	6,774.06	8,395.77	6,701.07	5,169.77
R&D Expenses	923.49	718.32	544.65	222.72	184.31
Interest	584.59	361.74	508.68	357.23	203.40
Depreciation	1,115.54	777.95	902.53	632.28	434.11
Profit before tax (before exceptional item)	3,314.05	3,387.08	4,820.49	4,295.61	3,664.80
Exceptional items	–	182.79	159.16	–	–
Profit before tax (after exceptional item)	3,314.05	3,204.29	4,661.33	4,295.61	3,664.80
Provision For Taxation	540.32	549.55	875.72	1,146.52	1,160.57
MAT Credit Entitlement	(370.40)	(354.92)	(418.20)	–	–
Profit after Tax	3,144.13	3,009.67	4,203.82	3,149.09	2,504.23
Retained Earnings	2,389.45	2,290.92	3,269.46	2,306.60	1,830.24
Earnings Per Share (After exceptional items)	25.59	24.50	35.21	26.64	24.55
Book Value	226.62	206.93	189.65	167.81	148.30
Debt: Equity Ratio	0.20	0.13	0.15	0.18	0.28

FINANCIAL SUMMARY

ASSETS EMPLOYED

Gross Fixed Assets	23,432.30	21,899.12	20,671.85	16,555.75	10,393.57
Net Fixed Assets	19,221.58	17,344.68	16,875.42	14,353.79	9,614.48
Investments	2.28	0.30	0.30	633.53	4,007.65
Net Current Assets	16,461.70	13,653.74	11,997.75	10,141.37	9,721.10
Total Assets	35,685.56	30,998.72	28,873.48	25,128.68	23,343.23

FINANCED BY

Share Capital	1,228.67	1,228.67	1,182.17	1,182.17	1,182.17
Share Capital Suspense	–	–	46.50	–	–
Reserves & Surplus	26,615.61	24,196.17	22,072.95	18,655.88	16,349.30
Total Shareholders' Funds	27,844.28	25,424.84	23,301.62	19,838.05	17,531.47
Miscellaneous Expenditure (to the extent not written-off)	13.95	43.22	52.55	88.00	140.09
Net Worth	27,830.33	25,381.62	23,249.07	19,750.06	17,391.38
Borrowings	5,555.30	3,425.07	3,555.24	3,625.95	4,975.52
Deferred Tax Liability	2,299.93	2,192.02	2,069.16	1,752.68	976.33
Total Fund	35,685.56	30,998.72	28,873.48	25,128.68	23,343.23

* Nine months period



Statement Pursuant to Part IV to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile :

(I) Registration Details –

Registration No.....	5913
State Code.....	11
Balance Sheet Date	31-03-2009

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

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

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

Total Liabilities.....	35,699.51
Total Assets.....	35,699.51

Sources of Funds –

Paid-up Capital.....	1,228.67
Reserves & Surplus.....	26,615.61
Secured Loans.....	3,975.84
Unsecured Loans	1,579.46
Deferred Tax Liability.....	2,299.93

Application of Funds –

Net Fixed Assets	19,221.58
Investments	2.28
Net Current Assets	16,461.70
Miscellaneous Expenditure	13.95
Accumulated Losses	–

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

Total Income	35456.68
Total Expenditure	32142.63
Profit Before Tax	3314.05
Profit After Tax.....	3144.13
Earnings per share in Rs.	25.59
(Basic & Diluted - After Extraordinary items)	
Dividend %	52.5

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

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

As per our Report attached

For **Patkar & Pendse**
Chartered Accountants

BM Pendse

Partner
M. No. 32625

Mumbai : July 30, 2009

Jagdish B Salian

Company Secretary

Mumbai : July 30, 2009

Suresh G Kare

Chairman & Mg. Director

FX Coutinho

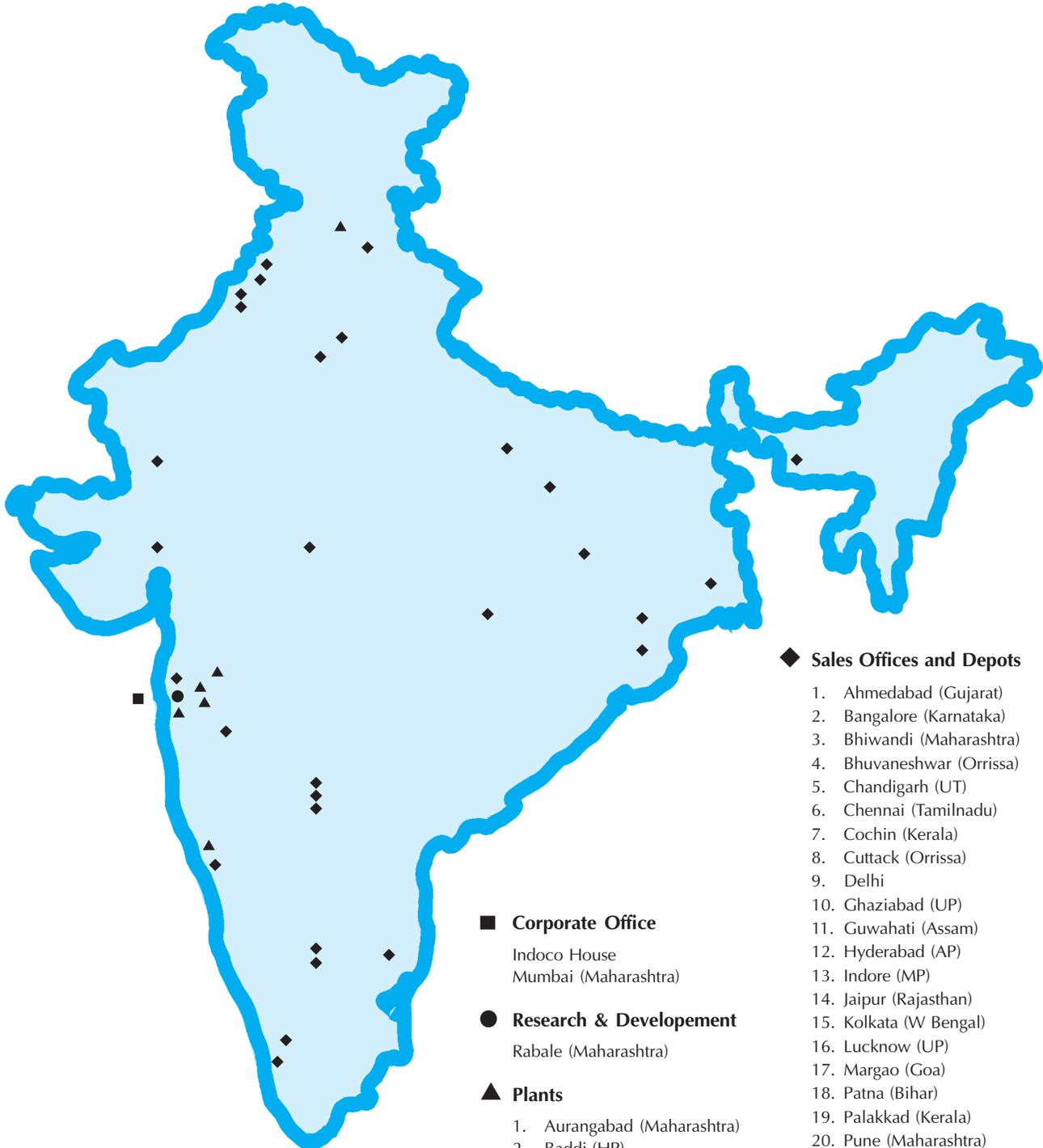
Sundeep V Bambolkar

Aditi Kare Panandikar

Whole Time Directors

Mumbai : July 30, 2009

ALL INDIA NETWORK



■ **Corporate Office**

Indoco House
Mumbai (Maharashtra)

● **Research & Development**

Rabale (Maharashtra)

▲ **Plants**

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

◆ **Sales Offices and Depots**

1. Ahmedabad (Gujarat)
2. Bangalore (Karnataka)
3. Bhiwandi (Maharashtra)
4. Bhuvaneshwar (Orissa)
5. Chandigarh (UT)
6. Chennai (Tamilnadu)
7. Cochin (Kerala)
8. Cuttack (Orissa)
9. Delhi
10. Ghaziabad (UP)
11. Guwahati (Assam)
12. Hyderabad (AP)
13. Indore (MP)
14. Jaipur (Rajasthan)
15. Kolkata (W Bengal)
16. Lucknow (UP)
17. Margao (Goa)
18. Patna (Bihar)
19. Palakkad (Kerala)
20. Pune (Maharashtra)
21. Raipur (Chhattisgarh)
22. Ranchi (Jharkhand)
23. Rohtak (Harayana)
24. Roorkee (Uttaranchal)
25. Zirakpur (Punjab)

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

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

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH ONLY

For shares held in physical form

Master Folio No.

For shares held in electronic form

DP. Id

Client Id

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

Name of Sole / First holder _____

Bank Name _____

Branch Name _____

Branch Code

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

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

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

Effective date of this mandate	→	
--------------------------------	---	--

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

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

Dated : _____

(Signature of Sole / First holder)

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



INDOCO REMEDIES LIMITED

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

PROXY FORM

62nd Annual General Meeting – 18th September, 2009

DP ID

Regd. Folio No./Client ID

No. of Shares

I/We of in the district of being a Member / Members of the Company hereby appoint of in the district of or failing him/her of in the district of as my/our Proxy to vote for me / us on my / our behalf at the **62nd Annual General Meeting** of the Company to be held at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 18th September, 2009 at 10.30 am or at any adjournment(s) thereof.

Signed this day of 2009

Signed

Affix
Re. 0.15
Revenue
Stamp

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

INDOCO REMEDIES LIMITED

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

ATTENDANCE SLIP

62nd Annual General Meeting – 18th September, 2009

DP ID

Regd. Folio No./Client ID

No. of Shares

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

I hereby record my presence at the **62nd Annual General Meeting** of the Company at MIG Cricket Club, MIG Colony, Bandra (E), Mumbai - 400 051 on 18th September, 2009 at 10.30 am

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

.....
Signature of Member / Proxy

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



Plant I, Verna, Goa

Approvals



Australia Government
Department of Health and Ageing
Therapeutic Goods Administration

DARMSTADT
Darmstadt - Germany



Global Presence

Srilanka
Myanmar
Vietnam
Malaysia
Thailand
Phillipines
Papus New Guinea
Maldives
Macau

Algeria
Egypt
Togo
Jordan
Benin
Liberia
Kenya
Ghana
Ivory Coast

Zambia
Malawi
Zimbabwe
Tanzania
Uganda
Ethiopia
Sudan
Botswana
Yemen

Ukraine
Azerbaijan
Russia
Belarus
Moldova
Bolivia
Trinidad
Peru
Guatemala
Costa Rica

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



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



Constantly *Evolving*
Consistently *Excelling*



Indoco Remedies Limited

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

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