Annual Report 2010-11







Ipca Laboratories Limited Partnering healthcare globally



Ten Years' Highlights

(Rs. Crores)

| | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--|---------|---------|---------|----------|---------|---------|---------|---------|---------|---------|
| Total Income* | 416.89 | 484.32 | 622.74 | 685.45 | 752.82 | 924.84 | 1059.16 | 1275.57 | 1565.50 | 1889.54 |
| Domestic Income* | 185.61 | 206.31 | 265.26 | 274.87 | 350.99 | 440.38 | 522.90 | 595.18 | 759.42 | 864.36 |
| Export Income | 231.28 | 278.01 | 357.48 | 410.58 | 401.83 | 484.46 | 536.26 | 680.39 | 806.08 | 1025.18 |
| Earning before Interest, Depreciation & Tax | 68.01 | 96.39 | 128.51 | 134.48 | 116.62 | 202.52 | #186.44 | #270.01 | #344.65 | #386.93 |
| Profit before Tax | 42.95 | 79.32 | 108.00 | 101.55 | 78.39 | 151.24 | 176.87 | 124.65 | 271.73 | 343.70 |
| Net Profit after Tax | 32.02 | 61.86 | 79.25 | 80.71 | 63.98 | 122.23 | 141.12 | @91.22 | 209.19 | 255.37 |
| Share Capital | 12.50 | 12.50 | 12.50 | **25.00 | 25.00 | 25.00 | 25.09 | 24.99 | 25.04 | 25.14 |
| Reserves & Surplus | 144.54 | 199.30 | 263.17 | 312.59 | 360.89 | 461.02 | 582.57 | 613.52 | 849.82 | 1028.72 |
| Net Worth | 157.04 | 211.80 | 275.67 | 337.59 | 385.89 | 486.02 | 607.66 | 638.51 | 874.86 | 1053.86 |
| Net Block | 143.27 | 149.88 | 195.92 | 322.46 | 373.52 | 431.48 | 541.04 | 579.72 | 674.75 | 810.97 |
| Net Current Assets | 179.96 | 210.11 | 248.27 | 268.52 | 243.23 | 319.79 | 445.12 | 517.07 | 683.99 | 805.49 |
| Dividend (%) | 55% | 90% | 110% | **55% | 55% | 75% | 80% | 110% | 140% | 160% |
| Earnings per share (Rs.) | 25.62 | 49.49 | 63.41 | **32.28 | 25.59 | 48.89 | 56.38 | @36.33 | @@16.75 | 20.36 |
| Book Value per share (Rs.) | 125.63 | 169.44 | 220.54 | **135.04 | 154.36 | 194.41 | 242.19 | 255.51 | @@69.86 | 83.84 |

* Net of Excise duty and Sales tax

Before Forex translations gain/loss

** Post 1:1 Bonus Issue

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

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



BOARD OF DIRECTORS

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

Chairman Managing Director Joint Managing Director **Executive Director**

AUDIT COMMITTEE

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

CORPORATE MANAGEMENT TEAM . . .

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

SR. VICE PRESIDENT - LEGAL & COMPANY SECRETARY

. .

Harish P. Kamath

AUDITORS

Natvarlal Vepari & Co. Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai- 400 078. Tel.: (022) 2596 3838 Fax: 2567 2693

BANKERS

Canara Bank **Corporation Bank** ICICI Bank Ltd. HDFC Bank Ltd. HSBC Ltd.

Standard Chartered Bank Kotak Mahindra Bank **UBS AG** DBS Bank Ltd. **BNP** Paribas Barclays Bank PLC Bank of Baroda Citi Bank N.A.

CONTENTS

| Notice | . 2 |
|---|-----|
| Directors' Report | . 4 |
| Report on Corporate Governance | 15 |
| Auditors' Report | 25 |
| Standalone Accounts | 28 |
| Auditors' Report on Consolidated Accounts | 53 |
| Consolidated Accounts | 54 |
| Details of Subsidiaries | 75 |
| Attendance Slip/Proxy Form | 77 |
| | |

REGISTERED OFFICE & INTERNATIONAL DIVISION

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

CORPORATE OFFICE

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

DOMESTIC MARKETING DIVISION

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

RESEARCH & DEVELOPMENT CENTRE

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

WORKS

- P.O. Sejavata, 1. Ratlam - 457 002. Madhya Pradesh. Tel: (07412) 278000 Fax: 279083
- 2. Plot No. 89-A-D/90/91, Industrial Estate, Pologround, Indore - 452 003, Madhya Pradesh. Tel: (0731) 2421172/2081; Fax: 2422082
- Plot No. 69 to 72 (B), 3. Sector II, Kandla Free Trade Zone, Gandhidham - 370 230, Gujarat. Tel: (02836) 252385/389; Fax: 252313
- Plot No. 255/1, Village Athal, 4 Silvassa - 396 230. Dadra & Nagar Haveli (U.T.). Tel: (0260) 2640301; Fax 2640303
- Plot No. 65 & 99, 5. Danudyog Industrial Estate, Silvassa - 396 230. Dadra & Nagar Haveli (U.T.). Tel: (0260) 2640850; Fax: 2640646
- H-4, MIDC, Waluj, 6. Aurangabad-431 136. Maharashtra. Tel: (0240) 6611501; Fax: 2564113
- C-6, Sara Industrial Estate, Chakrata Road, 7. Rampur, Dehradun - 248 197. Uttarakhand. Tel: (0135) 2699195; Fax: 2699171
- 8. 1, Pharma Zone, SEZ Indore, Pithampur - 454 775. Madhya Pradesh. Tel: (07292) 667777; Fax: 667020
- 9. Plot No. 393/394, Melli Jorethang Road, Gom Block, Bharikhola, South District Sikkim - 737121 Telefax: (03595) 276372



NOTICE

NOTICE is hereby given that the 61st ANNUAL GENERAL MEETING of Ipca Laboratories Limited will be held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile Parle (W), Mumbai 400 056 on Thursday, 28th July, 2011 at 3.30 p.m. to transact the following business.

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2. To declare / note payment of dividend on equity shares.
- 3. To appoint a Director in place of Dr. V. V. Subba Rao who retires by rotation and being eligible, offers himself for re-appointment.
- 4. To appoint a Director in place of Mr. M. R. Chandurkar who retires by rotation and being eligible, offers himself for re-appointment.
- 5. To appoint a Director in place of Mr. A. K. Jain who retires by rotation and being eligible, offers himself for re-appointment.
- 6. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT re-designation of Mr. A. K. Jain as the Joint Managing Director of the Company be and is hereby confirmed and approved."

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

"RESOLVED THAT in supersession of the resolution passed at the Annual General Meeting of the Company held on 23rd December, 2004 and subject to the provisions of sub-section (1) (a) and (1) (d) of Section 293 of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money from time to time which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed at any time the aggregate of the paid-up capital of the company and its free reserves (that is to say, reserves not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed the limit of Rs. 1200 crores (Rupees One Thousand Two Hundred Crores).

RESOLVED FURTHER that the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and/or charge the whole or substantially the whole of the undertakings of the Company to secure the borrowings on such terms and conditions as the Board of Directors of the Company may consider to be in the interest of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and they are hereby authorised to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this Resolution".

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 20th July, 2011 to Thursday, 28th July, 2011 (both days inclusive).
- (3) The dividend if sanctioned at the meeting will be paid to those Members, whose names appear in the Register of Members on 28th July, 2011 and to those beneficial owners whose names are provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the close of business hours on 19th July, 2011.
- (4) The information required to be provided under Clause 49 of the Listing Agreement with the Stock Exchanges regarding the Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.
- (5) Members are requested to:
 - (a) intimate to the Company / their Depository Participant ("DP"), changes, if any, in their registered address at an early date;
 - (b) quote their Registered Folio No. and/or DP Identity and Client Identity number in their correspondence;
 - (c) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.



- (d) encash the Dividend Warrants on their receipt as Dividend remaining unclaimed for seven years are now required to be transferred to the 'Investor Education and Protection Fund' established by the Central Government under the amended provisions of the Companies Act, 1956 and the members shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter. Pursuant to Section 205A(5) of the Companies Act, 1956, all unclaimed dividend declared and paid upto 1st Interim Dividend for the financial year 2003-04 have been transferred by the Company to the Investor Education and Protection Fund. Members who have not encashed their dividend warrants for subsequent period are requested to encash the same immediately.
- (6) All documents referred in the Notice will be available for inspection by the members at the Registered Office of the Company during working hours on all working days upto the date of the Annual General Meeting and shall also be placed before the members at the said Annual General Meeting.

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

Sr. Vice President - Legal &

Harish P. Kamath

Company Secretary

Mumbai 24th May, 2011

Registered Office:

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

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

Item No. 7

At the 59th Annual General Meeting of the Company held on 30th July, 2009, the shareholders of the Company approved the re-appointment of Mr. A. K. Jain as the Executive Director of the Company for a period of 5 years with effect from 21st August, 2009 upon the terms and conditions set out in the agreement dated 28th May, 2009 entered into between Mr. A. K. Jain and the Company.

The Board of Directors of the Company at their meeting held on 29th July, 2010 re-designated Mr. A. K. Jain as the Joint Managing Director of the Company. However, all the other terms and conditions of appointment of Mr. A. K. Jain as approved by the shareholders remain unchanged.

The Board recommends passing of this resolution by the shareholders. .

None of the Directors of the Company except Mr. A. K. Jain are interested or concerned in passing of this resolution.

Item No. 8

Section 293 (1) (a) and (d) of the Companies Act, 1956 requires the Board of Directors of Company to obtain members' approval to create mortgage/ charge on the immovable property of the Company and to borrow monies in excess of the aggregate of the paid-up share capital and its free reserves, that is to say reserves not set apart for any specific purpose (excluding temporary loans obtained from the Company's bankers in the ordinary course of business).

At the Annual General Meeting of the Company held on 23rd December, 2004, authority was accorded to the Board of Directors to create mortgage / charge on the immovable properties of the Company and also to borrow for the purposes of the business of the Company upto an amount of Rs. 400 crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) notwithstanding the fact that the monies so borrowed may exceed the paid up share capital of the Company and its free reserves. In view of the increase in the paid-up share capital of the Company and its free reserves and proposed capital expenditure plans and also to meet the future long term working capital requirements, the Board considers it necessary to increase the mortgage and borrowing powers to Rs. 1200 crores (Rupees One Thousand Two Hundred Crores).

The Board of Directors recommends the resolution as set out in item 8 of the accompanying notice for the consideration and approval of the members. None of the directors of the Company are concerned or interested in this item of business.

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

Harish P. Kamath Sr. Vice President - Legal & Company Secretary

Mumbai 24th May, 2011

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



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 61st Annual Report and Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

| | For the year ended 31.3.2011 (Rs. crores) | For the year ended 31.3.2010 (Rs. crores) |
|--|---|---|
| Sales and other Income (net of Excise duty & Sales tax) | 1889.54 | 1565.50 |
| Profit before financial cost, depreciation & Foreign Exchange translations Loss / (Gain) | 386.93 | 344.65 |
| Less : Financial cost | 31.14 | 32.38 |
| Depreciation and Amortisation | 55.43 | 46.33 |
| Loss / (Gain) on foreign exchange translations | (43.34) | (5.79) |
| Profit before tax | 343.70 | 271.73 |
| Less : Provision for taxation | | |
| Current | 73.25 | 47.30 |
| Deferred | 1.42 | 14.20 |
| Short / (Excess) provision of earlier years | 3.70 | 1.04 |
| Profit after tax (before exceptional item) | 265.33 | 209.19 |
| Exceptional item | | |
| Provision for investment in subsidiaries | 9.96 | |
| Net Profit | 255.37 | 209.19 |
| ADJUSTMENTS | | |
| Balance of profit brought forward | 152.70 | 151.95 |
| Amount available for appropriation | 408.07 | 361.14 |
| YOUR DIRECTORS RECOMMEND THE | | |
| FOLLOWING APPROPRIATIONS | | |
| Debenture Redemption Reserve | 15.00 | 15.00 |
| General Reserve | 200.00 | 152.54 |
| Interim dividends | 25.13 | 22.49 |
| Proposed final dividend | 15.08 | 12.52 |
| Proposed dividend of previous year reversed on shares bought back | - | (0.01) |
| Tax on dividend | 6.62 | 5.90 |
| Surplus transferred to Balance Sheet | 146.24 | 152.70 |
| | 408.07 | 361.14 |

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure and Development

The global pharmaceutical market is now estimated to be US \$800 billion and is growing at a rate of about 5% per annum. US, Japan and Europe constitute about 85% of the global pharmaceutical market and are growing at a slower annual rate of about 4% mainly due to loss of exclusivity, lesser new product approvals and price erosions due to generics competition.

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

b) Outlook, Risks and Concerns

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

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

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



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

c) Financial Performance and Operations Review

The Company had another successful financial year with a net total income of Rs. 1889.54 crores as against Rs. 1565.50 crores in the previous year, a growth of 21%.

The Company's focus on formulations business resulted into increase in overall formulation sales to Rs. 1388.12 crores, an increase of 28% over previous year formulations sales of Rs. 1086.99 crores.

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

The Active Pharmaceutical Ingredient (API) business also increased by 4% to Rs. 477.80 crores.

During the financial year under report, the Earnings before interest, depreciation and foreign exchange translation gain increased by 12% to Rs. 386.93 crores as against Rs. 344.65 crores in the previous financial year. The operations have resulted in a net profit of Rs. 255.37 crores during the financial year under report as against Rs. 209.19 crores in the previous financial year, an increase of 22%.

Break-up of Sales

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

| | 2010-11 | | | | | 2009-10 | | |
|----------------------|----------|---------|---------|--------|----------|---------|---------|--------|
| | Domestic | Exports | Total | Growth | Domestic | Exports | Total | Growth |
| Formulations | 696.41 | 691.71 | 1388.12 | 28% | 597.84 | 489.15 | 1086.99 | 19% |
| APIs & Intermediates | 144.33 | 333.47 | 477.80 | 4% | 141.63 | 316.93 | 458.56 | 30% |
| Net Total Sales | 840.74 | 1025.18 | 1865.92 | 21% | 739.47 | 806.08 | 1545.55 | 22% |
| Growth | 14% | 27% | 21% | | 26% | 18% | 22% | |

d) International Business

The products of the Company are now exported to over 110 countries across the globe. During the financial year under report, the international business increased by 27% to Rs. 1025.18 crores as against Rs. 806.08 crores in the previous year. Formulation exports of the Company increased by 41% to Rs. 691.71 crores and exports of APIs and Drug Intermediates increased by 5% to Rs. 333.47 crores.

Continent-wise Exports

| (Rs. Crores) | | | | | | | | |
|--------------|--------------|---------------------------|---------|-----------------|--------------|---------------------------|--------|-----------------|
| | | 2010-1 | 1 | | 2009-10 | | | |
| | Formulations | APIs and Intermediates | Total | % to exports | Formulations | APIs and Intermediates | Total | % to exports |
| Europe | 279.98 | 108.01 | 387.99 | 38% | 248.33 | 117.57 | 365.90 | 45% |
| Americas | 115.91 | 95.07 | 210.98 | 20% | 66.36 | 88.81 | 155.17 | 19% |
| CIS | 74.19 | 3.75 | 77.94 | 8% | 65.80 | 2.96 | 68.76 | 9% |
| Asia | 25.82 | 85.75 | 111.57 | 11% | 17.29 | 77.12 | 94.41 | 12% |
| Africa | 171.61 | 32.94 | 204.55 | 20% | 79.36 | 27.10 | 106.46 | 13% |
| Australasia | 24.20 | 7.95 | 32.15 | 3% | 12.01 | 3.37 | 15.38 | 2% |
| Total | 691.71 | 333.47 | 1025.18 | 100% | 489.15 | 316.93 | 806.08 | 100% |

Formulation Exports - Therapeutic Contribution

| Therapeutic Group | 2010-11 | 2009-10 |
|---|---------|---------|
| Cardiovasculars & Anti-diabetics | 41% | 41% |
| Non steroidal Anti-inflammatory drugs (NSAID) | 20% | 21% |
| Anti-bacterials | 11% | 19% |
| Anti-malarials | 19% | 7% |
| Gastro Intestinal (G.I) products | 1% | 2% |
| Cough Preparations | 1% | 1% |
| Central Nervous System (CNS) products | 3% | 1% |
| Anthelmintics | 2% | 2% |
| Others | 2% | 6% |
| TOTAL | 100% | 100% |

5



Europe

The Company achieved export sales of Rs. 387.99 crores during the financial year under report as against sales of Rs. 365.90 crores in the previous year, a growth of 6% from this continent.

The Company has developed and submitted 54 generic formulation dossiers for registration in Europe out of which 42 dossiers are already registered.

The Company has also obtained certificate of suitability (COS) of 34 APIs from European Directorate for Quality Medicines.

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

Americas

The Company mainly exports its APIs to USA, Canada and South American countries and formulations to USA, Panama, West Indies and few South American countries in this sub-continent.

The Company achieved sales of Rs. 210.98 crores in this continent as against Rs. 155.17 crores in the previous year, a growth of 36%.

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

The Company has currently signed agreements with 3 marketing partners for sale / distribution of generic formulations on a profit sharing arrangement in the US market. 22 ANDA applications in respect of generic formulations developed by the Company are filed with US FDA out of which 12 ANDA applications are granted till date.

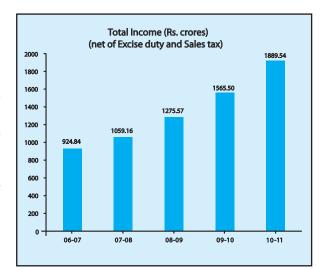
The formulations manufacturing facility of the Company at Indore SEZ, which is commercially ready since December 2008, is awaiting US FDA inspection and approval. Once this facility is inspected and approved by US FDA, the Company will be in a position to substantially scale up its US generic business.

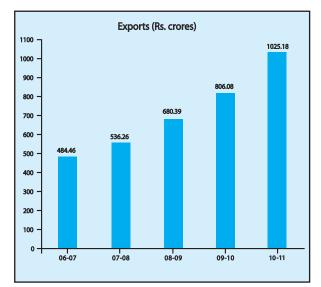
The Company has signed agreements with marketing partners for sale/ distribution of generic formulations in Canadian market and under these agreements, the Company has developed and filed few formulation dossiers for registration in Canada and the formulations business from this country is expected to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

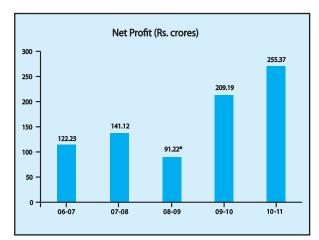
The Company's wholly owned subsidiary in Mexico has started activities of filing the formulation dossiers for registration in the said country. The Company has started marketing its branded formulations in Venezuela, Columbia and Peru in the Latin American market with a few product registrations. Several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

Confederation of Independent States (CIS)

The Company's CIS business recorded a sales of Rs. 77.94 crores as against Rs. 68.76 crores in the previous year, a growth of 13%. Most of the business is from branded formulations sales in Russia, Ukraine and Belarus. The Company's branded formulations are marketed by its own field force appointed through its non-trading offices. The Company is continuously expanding its product range and geographical reach in the CIS market.







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



Asia

The Asian business (excluding India) recorded a sales of Rs. 111.57 crores as against Rs. 94.41 crores in the previous year, a growth of 18%. The Company exports formulations as well as APIs to several Asian countries. In countries like Nepal, Srilanka, Myanmar, Philippines and Vietnam, the Company markets its branded formulations through dedicated field force. The field force and product range of the Company in Asian market is also being expanded.

Africa

The Company achieved export sales of Rs. 204.55 crores to Africa during the financial year under report as against Rs. 106.46 crores in the previous year, a growth of 92%.

WHO pre-qualification of anti-malarial formulation of Artemether + Lumefantrine helped the Company in increasing its anti-malarial formulations business in the African market.

The Company exports branded and generic formulations as well as APIs to 20 African countries. The Company markets branded formulations in countries like Uganda, Ghana, Ivory Coast, Burkina Faso, Zimbabwe, Sudan, Tanzania, Kenya, Ethiopia and Nigeria through dedicated field force.

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

Australasia

The Company exports APIs to Australia and formulations to Australia and New Zealand in this sub-continent. The business from this continent was Rs. 32.15 crores during the financial year under report as against Rs. 15.38 crores in the previous year, a growth of 109%.

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

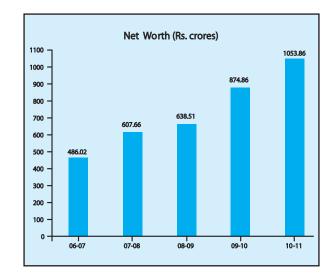
e) Domestic Formulations Business

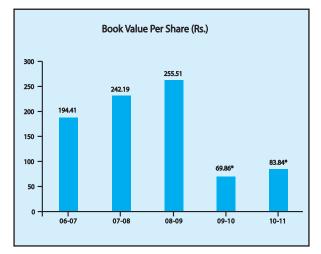
The Company's formulations business in India now comprises of thirteen marketing divisions focusing on key therapeutic segments including 2 new divisions – Ipca Pain Management and Ipca Dynamix which started operations from April 2011.

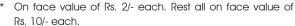
The brand building was in evidence especially in chronic therapy segments such as cardio-vasculars, anti-diabetics, newer anti-malarials and non steroidal anti-inflammatory drugs (NSAID).

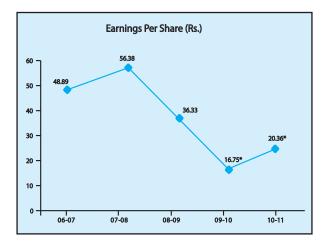
During the year under report, the Company introduced 25 new products in the domestic market.

During the financial year under report, the domestic formulations business recorded a growth of 16% at Rs. 696.41 crores as against Rs. 597.84 crores in the previous year.









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

Domestic Branded Formulations - Therapeutic Contribution

| | 2010-11 | 2009-10 |
|---|------------|------------|
| Therapeutic segment | % to sales | % to sales |
| Cardiovasculars & Anti-diabetics | 27% | 28% |
| Non steroidal anti-inflammatory drugs (NSAID) | 28% | 26% |
| Anti-malarials | 17% | 17% |
| Anti-bacterials | 8% | 9% |
| Gastro Intestinal (G I) products | 6% | 7% |
| Neuro psychiatry | 4% | 4% |
| Cough Preparations | 4% | 4% |
| Dermatology | 4% | 4% |
| Neutraceuticals | 1% | - |
| Others | 1% | 1% |
| Total | 100% | 100% |

f) Active Pharmaceutical Ingredients (APIs) and Intermediates Business

During the financial year under report, the APIs and Intermediates business recorded sales of Rs. 477.80 crores as against Rs. 458.56 crores in the previous financial year. Nearly 70% of the APIs and Intermediates business is from exports.

The Company exported APIs/Intermediates to 95 countries across the globe. Most of the international customers of the Company are end user formulations manufacturers including several multinational companies (MNCs). 17 new APIs were commercialized during the financial year under report.

The Ratlam API manufacturing facility of the Company is approved by regulatory agencies of US, Canada, Japan, Australia, UK and many other European countries.

The Company has also stepped up Drug Master File (DMF) registration activities. 57 DMFs (previous year - 49 DMFs) of the Company are currently filed with US FDA. The Company has also obtained Certificate of Suitability (COS) for 34 APIs from European Directorate for Quality Medicines (EDQM) for EU countries.

g) Intellectual Property Protection

The company has created intellectual property management group within the Research and Development centers to deal with management and protection of intellectual property. The company has filed as many as 196 patent applications till date as against 192 patent applications filed a year ago in India, USA and other countries. These applications relate to novel and innovative manufacturing processes for the manufacture of APIs and pharmaceutical formulations.

Your directors have pleasure in informing you that 75 patent applications of the Company are since registered, 58 in India, 11 in US and 6 in the European Union.

h) Manufacturing Facilities

The Company's new formulations manufacturing unit at Special Economic Zone (SEZ) Indore meeting current Good Manufacturing Practices (cGMP) and regulatory requirements of developed countries though commercialised in December 2008, recently inspected and approved by UK-MHRA and small quantities of generic formulations are currently manufactured from this plant and exported to U.K.

The Company's new formulations manufacturing unit at Sikkim is expected to start commercial production in June 2011.

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

The Company has taken effective steps for setting up a new green field API manufacturing facility at Village Ranu, Tehsil Padra, District – Vadodara (Gujarat).

i) Internal Control Systems

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



j) Human Resources

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

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

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

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

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

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

The Company has 8922 permanent employees as on 31st March, 2011.

k) Cautionary Statement

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

SUBSIDIARY COMPANIES

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

As communicated to the Company by the Brazilian Attorney, all Brazilian regulatory approvals except that of ANVISA are received for Company winding-up. The ANVISA approval is expected shortly.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India under section 212 of the Companies Act, 1956, copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors of the Company's subsidiaries have not been attached with the Balance Sheet of the Company. Any member interested in obtaining the same may write to the Company Secretary at the Corporate Office of the Company. These documents are available for inspection by Members at the Registered office of the Company and will also be placed before the Annual General Meeting.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

RESEARCH & DEVELOPMENT (R&D)

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

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

The company is in the process of setting up another new Research Centre at Kandivli, Mumbai for Biotech and other research & development activities.

The Company has stepped up its R&D expenditure from Rs. 57.28 crores (3.71% of the turnover) in the previous year to Rs. 71.27 crores (3.82% of the turnover) in the year under report. The revenue R&D expenditure has increased to Rs. 57.04 crores as against Rs. 50.52 crores in the previous year.

9



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

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

EMPLOYEES' STOCK OPTIONS SCHEME (ESOS)

During the year under report, the Company allotted 3,53,750 fully paid up equity shares of Rs. 2/- each at an exercise price of Rs. 40/- to the option grantees on exercise of stock options granted on 23rd September, 2006, 72,500 fully paid up equity shares of Rs. 2/- each at an exercise price of Rs. 63/- to the option grantees on exercise of stock options granted on 29th October, 2007 and 52,500 fully paid up equity shares of Rs. 2/- each at an exercise of stock option grantees on exercise of stock options grantees on exercise of stock options granted on 29th October, 2007 and 52,500 fully paid up equity shares of Rs. 2/- each at an exercise of Rs. 2/- each at an exercise of Rs. 63/- to the option grantees on exercise of stock options granted on 11th November, 2008.

In view of these allotments, the Company's paid-up equity share capital increased to Rs. 25,14,12,810/- consisting of 12,57,06,405 equity shares of Rs. 2/- each.

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

DIVIDEND

Your Directors had declared 1st interim equity dividend of Re. 1/- per share (50%) at the meeting of the Board of Directors of the Company held on 22nd October, 2010 and a 2nd Interim equity dividend of Re. 1/- per share (50%) at the meeting of the Board of Directors of the Company held on 25th January, 2011. The said interim dividend was paid on 4th November, 2010 and 10th February, 2011, respectively, to those shareholders, whose names appeared on the register of members of the Company on 29th October, 2010 and 2nd February, 2011. Your directors are now pleased to recommend a final equity dividend of Rs. 1.20 per share (60%), making the total dividend will be tax free in the hands of the shareholders.

The dividend (inclusive of interim dividend already paid) amounting to Rs. 40.21 crores and dividend tax amounting to Rs. 6.62 crores, if approved at the ensuing Annual General Meeting, will be appropriated out of the profits for the year.

DIRECTORS

Dr. V. V. Subba Rao, Mr. M. R. Chandurkar and Mr. A. K. Jain, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

During the year, Mr. A. K. Jain, the incumbent Executive Director was re-designated as the Joint Managing Director at the meeting of the Board of Directors of the Company held on 29th July, 2010.

A brief note on Directors retiring by rotation and eligible for re-appointment is furnished in the Report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2011 and of the profit of the Company for the year;
- iii) that your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that your Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

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

FIXED DEPOSITS

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

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AUDITORS, AUDIT REPORT AND AUDITED ACCOUNTS

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

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

EMPLOYEES

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

In accordance with the requirements of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the enclosed Annexure.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Mumbai 24th May, 2011 **R. S. Hugar** Chairman



ANNEXURE I TO THE DIRECTORS' REPORT

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

| | | Employees Stock Option Scheme – 2006 (Grant I) | Employees Stock Option Scheme- 2006 (Grant II) | (Grant III) |
|----|--|---|---|--|
| | Options granted | 3 99 000 (on 23 rd September, 2006) | (Grant II) 1,10,000 (on 29 th October, 2007) | 57 000 (on 11 th November 2008) |
|). | The pricing formula | Closing market price on the day prior to grant of options Rs.367.10 and exercise price Rs.200 | Closing market price on the day prior to | Closing market price on the day prior to grau of options Rs.400.45 and exercise pric Rs.315 |
| | Options vested | 3,17,750 | 55,000 | 24,750 |
| | Options exercised | 3.17.750 | 55,000 | 24,750 |
| | The total number of shares arising as a result of exercise of | 3,17,750 | 55,000 | 24 750 |
| | options | (of Rs. 10/- each) 81,250 | (of Rs. 10/- each) (41,250 | (of Rs. 10/- each) 11,250 |
| | Options lapsed (as at March 31, 2011) | 81,250 | 41,250 | 11,250 |
| | (as at March 31, 2011) | N/A | , | N/A |
| | Money realized by exercise of options | Rs.635.50 lacs including share premium of Rs.603.73 lacs | Rs.173.25 lacs including share premium of Rs.167.75 lacs | Rs.77.96 lacs including share premium (Rs.75.49 lacs |
| | (as at March 31, 2011) | Nil | 13,750 | 21,000 |
| | | Mr. R. S. Hugar - Chairman 5,000 Mr. Babulal Jain - Director 5,000 Dr. V. V. Subba Rao - Director 5,000 Mr. V. A. Gore - Director 5,000 Expliced and so ceased to be a Director on 02,12,2009) Mr. T. Ramachandran 5,000 Mr. A. K. Jain - Executive Director 12,000 | NONE | NONE |
| | | Mr. M. D. Sharma - President Mkg. 10,000 Mr. Prakash Shanware - President Mk 10,000 Dr. Ashok Kumar - President – R & D 10,000 [Chemicals] 10,000 Mr. Y. K. Bansal - President – R & D 10,000 [Comulations] 10,000 | Mr. N. Guhaprasad 10,000 President Int. Mittg. | NIL |
| | iii) any other employee who receives a grant in any one year | Mr. J. L. Nagori- President Operations 10,000 Nil | Mr. N. Guhaprasad 10,000 | Mr. J. S. Sood 6.00 |
| | of option amounting to 5% or more of option granted during that year | | President Inf. Mktg. Mr. Rajesh Bahal 8,000 V.PSolies (Since Resigned) 8,000 Wr. P. B. Nair 8,000 V.P Mig (Since Resigned) 8,000 Mr. L. K. Gupta V.P. – Bulk Drugs 8,000 Ms. Pradrya Destrmukh 6,000 Sr. G. M. Guality (Since Resigned) 4,000 | Sr. G. M. Int. Mktg. |
| | Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options | Nii | Nif | Nil |
| | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share' | | Rs. 20.35 | |
| | | The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOs. The intrinsic value is Rs. 127.10 | employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs. 304.35 | compensation cost using the intrinsic valumethod of accounting to account for option issued under the ESOS. The intrinsic value Rs.85.45 |
| | Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options | the options issued under ESOS. | | |
| | Company | The profit would have been lower by Rs.6,53,1 Company used fair value method for accounting | ng the options issued under ESOS | |
| n. | Weighted average exercise price Weighted average fair value | Rs.200 Rs.342.60 | Rs.315 Rs.357.27 Rs.357.27 | Rs.315 Rs.152.91 |
| | Fair value of options based on Black Scholes methodology Assumptions | Rs.342.60 - Risk Free Rate is based upon Govt. Secur - Dividends are not considered - There was no Transaction & Tax cost | Rs.152.91 | |
| | Risk Free rate | | 8% | |
| | Expected life of options | - | | Average time for expiry of option is taken of 1.53 years |
| | Expected Volatility | | 17.10% | |
| | Expected Dividends | In the calculation of fair value of the options, e | xpected dividend have been janored as th | ne weighted average life of the option is mo |
| | | than 1 year and hence the estimation of the ful | ure dividend is difficult | |
| | | Rs.367.10 | | Rs.400.45 |

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

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

To

The Members of IPCA LABORATORIES LIMITED

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

For **Natvarlal Vepari & Co.** Chartered Accountants

Firm Registration No. 106971W N. Javendran

Mumbai, Dated : May 24, 2011 N. Jayendran Partner M. No. 40441



ANNEXURE II TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

(i) Energy conservation measures taken :

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

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

- a. Replacement of inefficient motors with energy efficient motors.
- b. Replacement of electrically operated condensate recovery pump.
- c. Installation of adjustable speed drive in AHU.
- d. Installation of on-line temperature controller with sensor on cooling tower.
- e. Waste heat recovery system in hVAC.
- f. Flash steam recovery system to reduce steam loss.
- g. Reuse of effluent water through Reverse Osmosis Plant.
- h. Installation of natural eco ventilation in place of electric driven exhaust fan.
- i. Replacement of 1000 KVA transformer with OLTC transformer for better loading efficiency and voltage regulation.

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

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

(iii) Impact of the above measures :

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

(iv) A. Power and fuel Consumption:

| | | <u>2010-11</u> | 2009-10 |
|----|------------------------------------|----------------|----------|
| a) | Electricity : | | |
| | (i) Purchased : | | |
| | Units (KWH) | 76194001 | 65501827 |
| | Total Amount (Rs. in lacs) | 3251.04 | 2656.63 |
| | Rate / Unit (Rs.) | 4.27 | 4.06 |
| | (ii) Own Generation : | | |
| | Through Diesel Generator | | |
| | Units (KWH) | 1168019 | 1212580 |
| | Units per Ltr. Of Diesel Oil (KWH) | 3.26 | 3.21 |
| | Cost of Diesel per KWH (Rs.) | 11.60 | 10.13 |
| b) | Light Diesel Oil (LDO) : | | |
| | Quantity (K.Ltrs.) | 1710 | 12314 |
| | Total Amount (Rs. in lacs) | 1.57 | 5.89 |
| | Average Rate/Ltr. (Rs.) | 91.56 | 47.86 |
| C) | Others (Rs. in lacs) : | | |
| | HSD | 252.47 | 176.95 |
| | LSHS | - | 4.97 |
| | Coal / / Thermia B Oil | 963.51 | 1077.61 |
| | Furnace Oil | 290.01 | 189.68 |
| | Pet Coke | 437.37 | - |
| | Others | 1.35 | 1.02 |
| - | | | |

B. Consumption per unit of Production:

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



2. TECHNOLOGY ABSORPTION

Research & Development

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

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

- (i) Development of indigenous technologies for major drugs and intermediates, process improvements, technology absorption and optimisation of basic drugs, process simplification, etc.
- (ii) Improvement of existing processes to improve yields and quality, reduce cost and lead to eco friendly process.
- (iii) Development of newer dosage forms and new drug delivery systems.
- (iv) Development of non-infringing processes for APIs.
- (B) Benefits derived as a result of the above R & D :
 - (i) R&D efforts have helped bring out an improvement in processes, product design and operating efficiencies.
 - (ii) Development of new formulations and line extensions.
 - (iii) Development of various APIs and Intermediates.
 - (iv) Development of new markets, adaptation to meet export requirements, quality upgradation and cost reduction.

(C) Future Plan of Action :

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

| | 2010-11 | 2009-10 |
|--|--------------|--------------|
| | (Rs. Crores) | (Rs. Crores) |
| a) Capital | 14.23 | 6.76 |
| b) Revenue | 57.04 | 50.52 |
| c) Total | 71.27 | 57.28 |
| d) R & D expenditure as a percentage of turnover | 3.82% | 3.71% |

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

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Earnings

The CIF value of exports of the Company during the year aggregated to Rs. 1025.18 crores as against Rs. 806.08 crores in the previous year.

B) Outgo

Detailed information is furnished in the Notes to the Accounts.

For and on behalf of the Board

R. S. Hugar Chairman

| Mumbai, | | |
|----------------------------|--|--|
| 24 th May, 2011 | | |



ANNEXURE

REPORT ON CORPORATE GOVERNANCE

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

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

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

2. Board of Directors

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

5 (Five) board meetings were held during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

| 10 th Ap | ril, 2010 | 22 nd October, 2010 |
|----------------------|-----------|--------------------------------|
| 28 th Mc | ay, 2010 | 25 th January, 2011 |
| 29 th Jul | у, 2010 | |

The last Annual General Meeting of the Company was held on 29th July, 2010.

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

| Name of the Director | Category | No. of board meetings | | Attendance at last AGM | No. of Equity shares held in | No. of options held under |
|----------------------|--|--------------------------|----------|---------------------------|------------------------------|------------------------------|
| | - | Held | Attended | (29.07.2010) | the Company * | ESOS 2006 |
| Mr. R.S. Hugar | Chairman, Non-Executive, Independent Director | 5 | 5 | Yes | 12,500 | Nil |
| Mr. Premchand Godha | Managing Director, Promoter Director | 5 | 5 | Yes | 28,51,340 | Nil |
| Mr. M. R. Chandurkar | Non-Executive, Promoter Director | 5 | 5 | Yes | 21,51,000 | Nil |
| Mr. A. K. Jain | Joint Managing Director, Professional, Non- Promoter | 5 | 5 | Yes | 66,000 | Nil |
| Mr. Pranay Godha | Executive Director, Promoter Director | 5 | 3 | Yes | 6,06,000 | Nil |
| Mr. Babulal Jain | Non-Executive, Independent Director | 5 | 5 | Yes | 25,500 | Nil |
| Dr. V. V. Subba Rao | Non-Executive, Independent Director | 5 | 5 | Yes | 12,500 | Nil |
| Mr. Anand T. Kusre | Non-Executive Independent Director | 5 | 4 | Yes | Nil | Nil |

Notes:

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

Mr. A. K. Jain, the incumbent Executive Director was re-designated as Joint Managing Director at the meeting of the Board of Directors of the Company held on 29th July, 2010.

*The above shareholding as at 31st March, 2011 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest.



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

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

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

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

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

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

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

Information required under clause 49 IV G of the listing agreement on Directors seeking appointment/ re-appointment Dr. V. V. Subba Rao

Dr. V. V. Subba Rao aged 71 years is a Science Post Graduate in Chemistry from Andhra University and PhD in Chemistry from University of Pune. Dr Subba Rao has also carried out post doctoral research in surface Chemistry in USA. He has rich experience of over 4 decades in the field of science and technology. He retired as Advisor to the Ministry of Science & Technology (DSIR), Government of India. His technical knowledge and vast experience will be of immense benefit to the Company. He has been an independent Director on the Board of the Company since September, 2000. He is holding 12,500 equity shares of the Company.

He does not hold Directorship in any other Company.

Mr. M.R. Chandurkar

Mr. M. R. Chandurkar, promoter of the Company, aged 73 years is a graduate in commerce. He is also a first generation entrepreneur. He is a Director on the Board of Directors of the Company since 31st October, 1975 and has been the Managing Director of the Company from March, 1983 till 31st March, 2008. He has over 3 decades of experience in the pharmaceutical industry. He is holding 21,51,000 equity shares of the Company.

He is also a Director of the following companies:

| 1. Chandurkar Investments Pvt. Ltd. | 2. Monetize Financial Services Pvt. Ltd. |
|---|--|
| 3. Salvia Investments & Traders Pvt. Ltd. | 4. Asian Heart Institute & Research Centre Pvt. Ltd. |
| 5. Colaba Land & Mill Co. Ltd. | |

Mr. A.K. Jain

Mr. A. K. Jain aged 56 years is a qualified Chartered Accountant and a Science Graduate and is employed with the Company since 1980. He was first appointed as a Director of the Company designated as Executive Director on August 21, 1994. He is a professional, Wholetime, Non-promoter Director of the Company. He was re-designated as Joint Managing Director at the meeting of the Board of Directors of the Company held on 29th July, 2010.

He has over 3 decades of experience in the pharmaceutical industry in the field of Finance, Accounts, Information Technology, Legal, R&D, General Administration, etc.

He does not hold directorship in any other Company. He holds 66,000 equity shares in the Company.



Code of Conduct

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

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

3. Audit Committee

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

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

Mr. A. K. Jain, Joint Managing Director in-charge of Finance and Mr. Pranay Godha, Executive Director along with Statutory Auditors, Cost Auditors and Vice President (Audit) are invitees to the meetings of the Audit Committee. Mr. Harish P. Kamath, Sr. Vice President - Legal and Company Secretary is the Secretary of this Committee.

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

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

Audit Committee meetings and the attendance during the financial year 2010-11.

There were 5 (Five) meetings of the Audit Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

| 10 th April, 2010 | 29 th July, 2010 | 25 th January, 2011 |
|------------------------------|--------------------------------|--------------------------------|
| 28 th May, 2010 | 22 nd October, 2010 | |

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

| Name of the Director | No. of meetings held | No. of meetings attended |
|----------------------|----------------------|--------------------------|
| Mr. Babulal Jain | 5 | 5 |
| Dr. V. V. Subba Rao | 5 | 5 |
| Mr. Anand T. Kusre | 5 | 4 |

Subsidiary Companies

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

4. Remuneration and Compensation Committee

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



There were 2 (Two) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

| 28 th May, 2010 | 25 th January, 2011 |
|----------------------------|--------------------------------|
|----------------------------|--------------------------------|

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

| Name of the Director | No. of meetings held | No. of meetings attended |
|----------------------|----------------------|--------------------------|
| Mr. Babulal Jain | 2 | 2 |
| Dr. V. V. Subba Rao | 2 | 2 |
| Mr. Anand T. Kusre | 2 | 1 |

The details of the remuneration payable to Managing Director, Joint Managing Director and Executive Director for the Financial Year 2010-11 are given below :

| | | | | (Rs. Crores) |
|----------------------|--------|-----------------------------|-------------|--------------|
| Name of the Director | Salary | Benefits and Perquisites | Commission* | Total |
| Mr. Premchand Godha | 1.32 | 0.96 | 5.28 | 7.56 |
| Mr. A. K. Jain | 0.40 | 0.44 | 0.79 | 1.63 |
| Mr. Pranay Godha | 0.24 | 0.24 | 0.48 | 0.96 |

* as provided in the Annual Accounts 2010-11 and payable subject to shareholders approval.

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

At the end of the financial year as on 31st March, 2011, the Company had a scheme for grant of stock options to the Directors and to the selected Employees of the Company and its subsidiaries under "Ipca Laboratories Limited – Employees Stock Option Scheme 2006 (ESOS)". Under this ESOS, the Remuneration and Compensation Committee till date has granted following options:

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

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

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

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

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

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

Details of payments made to Non-Executive Directors in the Financial Year 2010-11 are as under:

| Name of the Director | Sitting fees Paid (Rs) | Commission paid (Rs) |
|----------------------|------------------------|----------------------|
| Mr. R.S. Hugar | 50,000 | Nil |
| Mr. M. R. Chandurkar | 80,000 | Nil |
| Mr. Babulal Jain | 1,50,000 | Nil |
| Dr. V.V. Subba Rao | 1,20,000 | Nil |
| Mr. Anand T. Kusre | 90,000 | Nil |



5. Shareholders / Investors Grievance Committee

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

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

There were 3 (three) meetings of this Committee during the Financial Year 2010-11. The dates on which the said meetings were held are as follows:

| 28 th May, 2010 22 nd | nd October, 2010 | 25 th January, 2011 |
|---|-----------------------------|--------------------------------|
|---|-----------------------------|--------------------------------|

The attendance of each member of the Shareholders/Investor Grievance Committee in the committee meetings is given below:

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

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

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

During the year, the Company received 184 complaints/communications from the shareholders, mostly regarding non-receipt of dividend warrants posted/request for revalidation of date expiry warrants, bonus shares issue, stock split share certificate related queries, etc. all of which are attended to. The Company had no unattended request pending for transfer of its equity shares at the close of the financial year.

6. General Body Meetings

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

| Day, Date & Time of AGM | Place of AGM | Special Resolutions Passed |
|----------------------------------|--|---|
| Thursday, 29-7-2010 at 3.30 p.m. | Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai | None |
| Thursday, 30-7-2009 at 3.30 p.m. | Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai | None |
| Friday, 25-7-2008 at 3.30 p.m. | Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai | None |
| ate & Time of EGM | Place of EGM | Special Resolutions Passed |
| .30 p.m. | | None |
| | Thursday, 29-7-2010 at 3.30 p.m. Thursday, 30-7-2009 at 3.30 p.m. | Thursday, 29-7-2010 at 3.30 p.m. Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai Thursday, 30-7-2009 at 3.30 p.m. Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai Friday, 25-7-2008 at 3.30 p.m. Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai ate & Time of EGM Place of EGM |

All the resolutions set out in the respective notices calling the AGM / EGM were passed by the shareholders. No postal ballots were used for voting at these meetings. There is no proposal to pass any Special Resolution through postal ballot at the ensuing Annual General Meeting.

7. Disclosures

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

None

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

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



- Details of non-compliance by the Company, penalties and strictures imposed on the Company by SEBI, ROC, Stock Exchanges or any other statutory authorities on any matter related to capital market during the last 3 financial years. None
- iii) There is a whistle blowing policy in the Company and that no personnel has been denied access to the Audit Committee.
- iv) The Company has complied with all the mandatory requirements of Corporate Governance under Clause 49 of the Listing Agreement. The Company has adopted the non-mandatory requirements of the Clause 49 of the Listing Agreement pertaining to Corporate Governance such as whistle blower policy, remuneration committee, etc.
- v) The CEO/CFO certification form part of this Annual Report.

Risk Management

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

Proceeds from Initial Public Offerings (IPOs), etc

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

Management Discussions and Analysis

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

8. Means of Communication

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

E-mail id for investor grievances

: investors@ipca.co.in

9. General Shareholders Information

| General Shareholders Information | | |
|--|---|---|
| AGM : Date, Time and Venue : | : | Thursday, 28 th July, 2011 at 3.30 p.m. at Shri Bhaidas Maganlal Sabhagriha, Swami Bhaktivedanta Marg, J.V.P.D. Scheme, Vile Parle (W), Mumbai 400 056 |
| Financial Year | : | 1 st April –31 st March |
| First quarter results | | Last week of July.* |
| Second quarter results | | Last week of October* |
| Third quarter results | | Last week of January* |
| Annual results | | Last week of May* * Tentative |
| Date of Book closure : | : | Wednesday, 20th July, 2011 to Thursday, 28th July, 2011 (both days inclusive). |
| Dividend Payment dates(s) : | : | The Company has paid 1st Interim Dividend of Re. 1/- per share (50%) on 04.11.2010 and 2nd Interim Dividend of Re. 1/- per share (50%) on 10.02.2011 on the equity share capital for the financial year 2010-11. It is now proposed to declare final dividend of Rs. 1.20 per share (60%) on equity share capital for the financial year 2010-11 which if sanctioned will be paid on or before August 20, 2011. |
| Listing on Stock Exchanges : | : | The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE). Listing fees have been paid to both the Stock Exchanges for the financial year 2011-12 in April, 2011. The fees of the depositories for the financial year 2011-12 is also paid in April, 2011. |
| Stock code – Physical : | : | 524494 on BSE; IPCALAB on NSE |
| ISIN Number for NSDL & CDSL | | INE 571A01020 |
| Corporate Identity Number allotted by Ministry of Corporate Affairs | : | L24239MH1949PLC007837 |





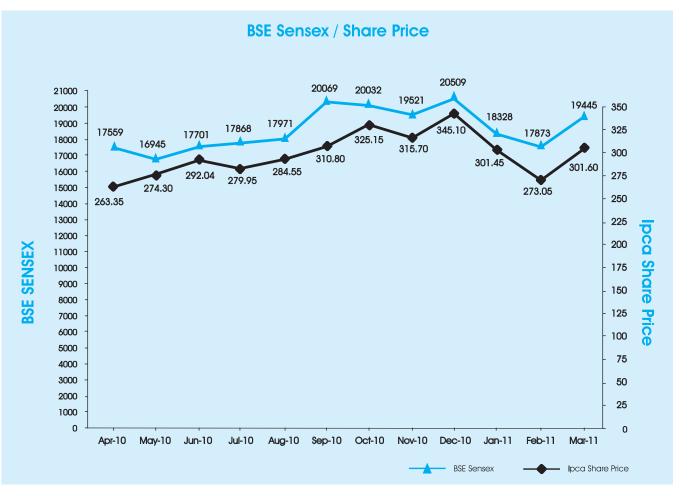
Annexure A

High/Low of Market price of the Company's shares traded on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd. (NSE) during the financial year 2010-11 furnished below:

| Year | Month | Highest (Rs.) | | Lowest (Rs) | | |
|------|-----------|---------------|--------|-------------|--------|--|
| | | BSE | NSE | BSE | NSE | |
| 2010 | April | 276.00 | 275.80 | 258.00 | 259.00 | |
| | May | 277.50 | 277.60 | 233.00 | 228.45 | |
| | June | 298.75 | 299.00 | 265.05 | 264.00 | |
| | July | 325.40 | 326.95 | 261.70 | 261.00 | |
| | August | 296.00 | 298.00 | 268.00 | 268.00 | |
| | September | 317.00 | 320.00 | 283.00 | 282.00 | |
| | October | 330.00 | 330.00 | 287.00 | 288.00 | |
| | November | 344.80 | 348.55 | 295.75 | 297.00 | |
| | December | 350.00 | 352.00 | 315.00 | 315.00 | |
| 2011 | January | 349.80 | 351.60 | 283.00 | 282.50 | |
| | February | 310.00 | 311.00 | 270.15 | 270.65 | |
| | March | 314.35 | 309.00 | 255.10 | 258.95 | |

Annexure B

Graph of Share Price/ BSE Sensex





Annexure C

The distribution of shareholding as on March 31, 2011 is as follows :

| No. of equity shares | held | | No. of shareholders | % | No. of shares | % |
|--------------------------------------|--------------------|-------|---------------------|---------|---------------|--------|
| Upto | | 500 | 20714 | 96.48 | 8258956 | 6.57 |
| 501 | to | 1000 | 307 | 1.43 | 1161954 | 0.92 |
| 1001 | to | 2000 | 153 | 0.71 | 1161816 | 0.92 |
| 2001 | to | 3000 | 55 | 0.26 | 699123 | 0.56 |
| 3001 | to | 4000 | 32 | 0.15 | 577854 | 0.46 |
| 4001 | to | 5000 | 22 | 0.10 | 517455 | 0.41 |
| 5001 | to | 10000 | 55 | 0.26 | 1984281 | 1.58 |
| 10001 | and | above | 131 | 0.61 | 111344966 | 88.58 |
| | Grand Total | | 21469 | 100.00 | 125706405 | 100.00 |
| No. of shareholders in Physical Mode | | 2216 | 10.32 | 2516490 | 2.00 | |
| No. of shareholders | in Electronic Mode | | 19253 | 89.68 | 123189915 | 98.00 |

| Shareholding pattern as on March 31, 2011 is as follows : | | | | | | | |
|---|---------------------|---------------|-----------|--|--|--|--|
| Categories of shareholders | No. of shareholders | No. of shares | % holding | | | | |
| Indian Promoters | 15 | 57885690 | 46.05 | | | | |
| Banks and Insurance Companies | 5 | 68334 | 0.05 | | | | |
| UTI and Mutual Funds | 76 | 28472233 | 22.65 | | | | |
| FIIs and NRIs | 528 | 11454800 | 9.11 | | | | |
| Domestic Companies | 546 | 13016885 | 10.36 | | | | |
| Resident Individuals | 20290 | 14808463 | 11.78 | | | | |
| | 21460 | 125706405 | 100.00 | | | | |



ANNEXURE '1'

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

IPCA LABORATORIES LIMITED

- 1. We have examined the compliance of conditions of Corporate Governance by IPCA LABORATORIES LIMITED for the period ended on 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.
- The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 2. procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally 3. complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness 4. with which the management has conducted the affairs of the company.

For Natvarlal Vepari & Co. Chartered Accountants Firm Registration No. 106971W N. Jayendran Partner M. No. 40441

To.

Mumbai,

24th May, 2011

All the Members of

Ipca Laboratories Ltd.

It is hereby certified and confirmed that as provided in Clause 49 I (D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2011.

Mumbai, 24th May, 2011 For Ipca Laboratories Limited Premchand Godha Managing Director / CEO

CEO/CFO CERTIFICATION

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

We hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2011 and that to the best of our knowledge and belief;
 - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be i. misleadina:
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an iii. employee having a significant role in the Company's internal control system over financial reporting.

For Ipca Laboratories Ltd.

| Mumbai, | Premchand Godha | A.K. Jain |
|----------------------------|-------------------------|-------------------------------|
| 24 th May, 2011 | Managing Director / CEO | Joint Managing Director / CFO |



AUDITORS' REPORT

To

The Members of IPCA LABORATORIES LIMITED

We have audited the attached Balance Sheet of Ipca Laboratories Limited as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanation given to us, the accounts and the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - (a) in the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2011 and
 - (b) in the case of Profit and Loss Account, of the Profit for the year ended on 31st March 2011.
 - (c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For Natvarlal Vepari & Co.

Chartered Accountants Firm Registration No. 106971W

> N. Jayendran Partner M.No. 40441

Mumbai, May 24, 2011



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

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

| Name of the Statute | Nature of Dues | Amount (Rs in crores) | Period to which the amount relates | Forum where dispute is pending |
|------------------------------|---|--------------------------|---------------------------------------|---|
| Excise Duty | Valuation of Inputs | 0.12 | 2001-2002 & 2002-2003 | Commissioner of Central Excise |
| Excise Duty | Cenvat availed on direct clearance of goods from job worker's premises. | 0.34 | April 2002 - Jan 2005 | CESTAT |
| Excise Duty/ Service Tax | Availment of Cenvat Credits on Input Services. | 0.03 | 2006-2007 and 2007- 2008 | Assistant Commissioner of Central Excise |
| Excise Duty / Service Tax | Availment of Cenvat Credits on Input Services. | 0.01 | April 2008 - Dec 2008 | Assistant Commissioner of Central Excise |
| Excise Duty / Service Tax | Availment of Cenvat Credits on Input Services. | 0.01 | Jan 2009 - Sep 2009 | Assistant Commissioner of Central Excise |
| Service Tax | Availment of Cenvat Credits on H.O invoices. | 0.91 | April 2006 –Nov 2008 | Commissioner of Central Excise. |
| Service Tax | Availment of Cenvat Credits on H.O invoices. | 2.06 | April 2006 –Nov 2008 | Commissioner of Central Excise. |
| Excise Duty / Service Tax | Availment of Cenvat Credits on Common Inputs. | 5.76 | May 2007 –March 2008 | Commissioner of Central Excise. |



AUDITORS' REPORT

| Name of the Statute | Nature of Dues | Amount (Rs in crores) | Period to which the amount relates | Forum where dispute is pending |
|------------------------|--|--------------------------|---------------------------------------|---|
| Excise Duty | Non reversal of service tax credit on short receipt and destruction of RM/PM | 0.01 | 2005-2006 to 2007-2008 | Assistant Commissioner of Central Excise |
| Excise Duty | Payment of Excise Duty | 0.51 | April 2003 to Dec 2008 | CESTAT-New Delhi |
| Service Tax | Availment Of Cenvat Credit on Service Tax | 0.01 | 2006-2007 | Asst Commissioner of Central Excise |
| Sales Tax | Disputed demand | 0.01 | 2001-2002 | Sales Tax Authority- Patna |
| Sales Tax | Disputed demand | 0.03 | 2004-2005 | Sales Tax Authority – Jaipur |
| Sales Tax | Disputed Demand | 0.95 | 2006-2007 | Gujarat Sales Tax |
| Sales Tax | Disputed Demand | 0.08 | 2008-2009 | Sales Tax Authority-UP |
| Income tax | Disputed disallowances | 0.57 | AY:-2007-08 | CIT(Appeal) |

(x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.

(xi) We are informed that the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

(xii) On the basis of the audit procedures followed and the representations from the management, we report that the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company is not a nidhi/ mutual benefit fund/society and accordingly clause (xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xiv) The company does not trade in securities and other investments. However in respect of shares and other securities held as investments, the said investments are in the name of the company.
- (xv) According to the information and explanations given to us, the company has given guarantee for loans taken by others from bank, the terms and conditions whereof are not prejudicial to the interest of the company.
- (xvi) On the basis of the documents submitted to the bankers and the other records perused by us we have to state that the term loans which are in the nature of External Commercial Borrowings taken during the year have been applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanation given to us, on an over all examination of the Balance Sheet of the company and the necessary representations from the management, we report that no short term funds raised by the company have been applied towards long term assets / investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly clause (xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xix) The Company has not made any fresh issue of debentures during the year and accordingly clause (xix) of Companies (Auditors' Report) Order, 2003 is not applicable
- (xx) The Company has not raised any money by public issues during the year and accordingly clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable;
- (xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

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

> N. Jayendran Partner M.No. 40441

Mumbai, May 24, 2011



BALANCE SHEET AS AT 31st MARCH, 2011

| | Schedule | 31 st Marc | ch,2011 | 31 st Marc | h,2010 |
|---|----------|-------------------------|-------------------------|-----------------------|------------------|
| | | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 25.14 | | 25.04 | |
| Share Application money pending allotment | | - | | 0.01 | |
| (Refer Note No. 19(c)and 26) | | | | | |
| Reserves and Surplus | 2 | 1,028.72 | 1,053.86 | 849.82 | 874.87 |
| Loan Funds | | | | | |
| Secured Loans | 3 | 427.25 | | 364.08 | |
| Unsecured Loans | 3 | 103.56 | 530.81 | 89.90 | 453.98 |
| Deferred Taxation (Net) | | | 80.73 | | 79.31 |
| (Refer Note No. 7) | | | | | |
| | | | 1,665.40 | | 1,408.16 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | 4 | | | | |
| Gross Block | | 985.58 | | 878.47 | |
| Less : Depreciation/Amortisation/Impairment | | 287.76 | | 242.00 | |
| Net Block | | 697.82 | | 636.47 | |
| Capital Work-in-Progress | | | | | |
| and Capital Advances | | 113.15 | 810.97 | 38.28 | 674.75 |
| Investments | 5 | | 48.94 | | 49.42 |
| Current Assets, Loans and Advances | | | | | |
| Inventories | 6 | 462.51 | | 370.84 | |
| Sundry Debtors | 7 | 466.31 | | 391.91 | |
| Cash and Bank Balances | 8 | 8.44 | | 8.29 | |
| Loans and Advances | 9 | 115.99 | | 126.98 | |
| | | 1,053.25 | | 898.02 | |
| Less : Current Liabilities and Provisions | 10 | | | | |
| Current Liabilities | | 205.76 | | 183.13 | |
| Provisions | | 42.00 | | 30.90 | |
| | | 247.76 | | 214.03 | |
| Net Current Assets | | | 805.49 | | 683.99 |
| | | | 1,665.40 | | 1,408.16 |
| | | | | | |

Notes to the Accounts

17

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

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011 For and on behalf of the Board of DirectorsPremchand GodhaManaging DirectorA. K. JainJoint Managing DirectorPranay GodhaExecutive Director

Harish P. Kamath Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

| Request in Crows Ruppest in Crows< | | Schedule | 2010- | 2011 | 2009-2 | 2010 |
|--|---|----------|-------------------------|------------------|------------------|------------------|
| Sales 1,220.94 1,588.75 Ibes: Excise duly 12,254 56.02 32,39 43,30 Ibes: Excise duly 11 15.18 7.19 Other Income 12 6.44 12.25 Income Itom Operations 11 15.18 7.19 Other Income 12 6.44 12.25 EXPENDINE 14 26.159 216.38 Material Cast and Inventory Adjustments 13 767.57 640.95 Personal Cast 14 26.159 216.38 Degreection and Amortisation 4 35.43 (6.79) Revision for Dimundion Invalue of Investments -343.70 3.03 1.293.77 Revision for Dimundion Invalue of Investments -345.70 3.03 1.293.77 Revision for Dimundion Invalue of Investments -345.70 3.03 1.291.77 Revision for Dimundion Invalue of Investments -345.70 3.03 1.291.77 Revision for Dimundion Invalue of Investments -345.70 3.03 1.291.77 Revisit Revision Divitorevori | | | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores |
| Less: Excise duty 12,78 500 10.31 Soles fax 42,24 55.02 32,89 1,43,55 Income from Operations 11 15,18 7,19 Other Income 12 6,44 12,26 EXPENDITIVE 1,869,54 12,26 Martied Cast and Inventory Adjustments 13 767,57 640,95 Presenting and Other Expenses 14 261,89 300,49 Homination Inventory Adjustments 16 31,14 32,28 Depreciation and Amoritation 16 31,14 32,28 Description for Amoritation 16 31,14 32,28 Description for Amoritation 1,545,84 3,33 1,293,77 Procent EXCENTIONAL ITEM -1,545,84 3,33 1,293,77 Procent EXCENTIONAL ITEM -2,52,73 1,420 -2,53 200,10 - Determed [keit] 1,422 14,20 -2,54 200,10 -2,53 200,10 2,55,37 200,19 3,50,27 3,51,12 2,249 1,56,06 1 | | | | 1 000 04 | | 1 600 76 |
| Sales Fox 42.24 55.02 32.89 43.20 Income from Operations 11 15.18 7.19 Other Income 12 6.44 1.275 Deternorme 13 76.75 640.05 Parsonnel Cost 14 26.159 216.33 Martiactumg and Other Expenses 15 473.45 300.49 Financial Cost 14 26.159 216.33 Depreciation and Amotisation 4 56.43 46.33 Concent 7.3.25 47.30 201.17.3 Evel Station Station Station Station 1.42 1.42.0 265.33 200.19 Current 7.3.25 47.30 201.17 265.37 209.19 Evel Statin Station Station Stationes 9.96 <td></td> <td></td> <td>12 78</td> <td>1,920.94</td> <td>10 31</td> <td>1,088.70</td> | | | 12 78 | 1,920.94 | 10 31 | 1,088.70 |
| Income from Operations 11 16.69.92 1.545.55 Other Income 12 6.44 1.27.6 EXPENDINCE 1.869.54 1.565.50 Material Cost and Inventory Adjustments 13 767.57 640.95 Personnic Cost 14 26.159 216.38 Manufacturing and Other Expenses 15 473.45 360.49 Previous To Commutation Invation 16 31.14 32.2.88 Descretion and Amontscion (43.34) 1.245.84 3.03 Loss (Coin) on loweign exchange tonstations (43.34) 3.02 2271.73 Loss (Foxion for Dacation 73.25 47.30 267.17 - Defrance (Wat) 1.42 73.27 14.20 - - Standard (Wat) 1.42 70 70.97 709.17 - Standard (Wat) 1.42 70 70.97 709.17 - Standard (Wat) 1.42 70 70.97 709.19 - Additional browship of caller yeas 3.70 78.57 709.19 - Deframe (Wat | | | | 55.02 | | 43.20 |
| Other Income 12 8.44 12.26 EXPENDITUE 1,889.54 1,565.50 EXPENDITUE 1,889.54 1,565.50 Matteid Cost ond Inventory Adjustments 13 767.57 640.95 Personnal Cost 14 201.59 360.49 Francial Cost and Inventory Adjustments 16 31.14 32.38 Depreciation and Amontsotions 4 55.43 46.33 Loss (Cost) on foreign exchange franktions 1.545.54 3.03 1.293.77 Protein after Dimution in volue of investments - 1.545.54 3.03 1.293.77 Loss (Cost) for facction 73.25 47.30 - 267.17.8 Loss (Powision for facction - 1.42 1.42.0 - Short(Exces) provision of eating years 3.70 78.37 1.04 62.54 PROFT ATER WAINON SEPCEXPERIONAL ITEM - 265.37 207.17.8 Less: Powision for facctions - - - - PROFT ATER WAINON SEPCEXPERIONALITEM - 25.37 20 | | | | | | |
| EVENDITIVE 1,889.54 1,565.50 Material Cost and Inventory Adjustments 13 767.57 40.95 Personnel Cost 14 261.59 216.58 Manuacoluing and Other Epenses 15 473.45 30.04 Depreciation and Amotisation 4 55.43 46.33 Depreciation and Amotisation 4 55.43 30.03 1.293.77 Prooff EFCRE Toxation AND EXCEPTIONAL ITEM 343.70 271.73 30.03 271.73 Uses : Rovision for facation - 1.545.54 30.03 202.77 201.73 Uses : Rovision for facation - 343.70 265.33 200.19 265.33 200.19 265.33 200.19 265.37 200.19 201.91 | Income from Operations | | | 15.18 | | 7.19 |
| EXPENDIUSE 4007 Vectorial Cost and Inventory Adjustments 13 767.57 640.95 Personnel Cost 14 261.59 216.38 Wonutactuling and Other Expenses 15 473.345 360.49 Financial Cost 4 55.43 463.33 Loss (Cost) on foreign exchange transitions 4 55.43 463.33 Loss (Cost) on foreign exchange transitions 433.70 271.73 Loss (Foxion for Taxction - 1.545.54 3.03 1.229.77 PROFT PERCE TXALION AND EXCEPTIONAL ITEM - 343.70 271.73 Less : Rovision for Taxction - 1.545.54 3.03 1.229.77 PROFT AFER INVATION BEFORE EXCEPTIONAL ITEM - 265.53 200.19 265.53 200.19 EXCEPTIONAL ITEM - 265.53 200.19 265.53 200.19 EXERCIVENT NATION BEFORE EXCEPTIONAL ITEM - 265.53 200.19 265.53 200.19 EXERCIVENT NATION SECONDAL TEM - 265.53 200.19 265.13 22.49 <td>Other Income</td> <td>12</td> <td></td> <td></td> <td></td> <td></td> | Other Income | 12 | | | | |
| Meterial Cost and Inventory Adjustments 13 767.57 440.95 Personnel Cost 14 261.59 21.6.88 Manufacturing and Other Expenses 15 473.46 360.49 Innancial Cost 16 31.14 32.38 Depreciation and Amotisation 4 65.43 46.53 Depreciation for Diminution in value of investments - 1,545.64 3.03 1,293.77 Proof represent function 7 343.70 271.75 14.20 - - Current 7.3.25 47.30 - | EVPENDITURE | | | 1,889.54 | | 1,565.50 |
| Personnel Cost 14 261.59 216.38 Manufactuling and Other Expenses 16 473.45 30.049 Princical Cost 16 473.45 30.049 Depreciation and Amotification 4 55.43 46.33 Loss/(Gon) on foreign exchange tonatations 4 55.43 46.33 Description in value of Investments - 1.545.84 30.03 1.293.77 PROFT BEFORE TAXATION AND EXCEPTIONAL ITEM - 343.70 271.73 1.42 Lass: Provision for location - - 2.65.37 209.19 PCCFTI FUNCATION NO BEFORE EXCEPTIONAL ITEM - 265.37 209.19 REXCEPTIONAL ITEM - 1.60 1.500 1.500 NET PROFIT 265.37 209.19 265.31 209.19 | | 13 | 767 57 | | 6/0.95 | |
| Moundacturing and Other Expenses 15 473.45 300.49 Financial Cost 16 31.14 32.38 Depreciation and Amoritation 4 55.43 46.33 Loss/(Com) on foreign exchange translations (43.34) (5.79) Provision for Daminuon in value of Investments (43.34) (5.79) Provision for Daminuon in value of Investments (43.34) (5.79) Provision for Daminuon in value of Investments (43.34) (5.79) Procent Excernition Clavation 1.223.77 (271.73) Less : Rovision for Location 73.25 47.30 - Deterred (Met) 1.42 (14.20) - Short(Excess) provision of earlier years 3.70 265.33 PROFIT AFER INALINE FOR EXCEPTIONAL ITEM 265.33 200.19 EXCEPTIONAL ITEM 225.53 200.19 Rear Note No. 15(0) 15.00 15.00 EXCEPTIONAL ITEM 225.37 200.19 Balance active Redemption Reserve 15.00 15.00 IFF PROFIT 20.30 12.52 Proposed Find Dividend | | | | | | |
| Depreciation and Amortisation 4 55.43 46.33 Loss(Golin) on foreign exchange fransitions (43.34) (5.79) PROFIT EFORE TWATION AND EXCEPTIONAL ITEM 343.70 271.73 Lass : Revision for location 343.70 271.73 - Current 73.25 47.30 - Deterred (Net) 1.42 1.420 - Short(Excess) provision of eatler years 3.70 78.37 1.04 62.54 PROFIT AFER TWATION ENCE EXCEPTIONAL ITEM 265.33 200.19 200.19 EXCEPTIONAL ITEM 265.37 200.19 200.19 EXCEPTIONAL ITEM 265.37 200.19 205.14 EXCEPTIONAL ITEM 265.37 200.19 205.14 EXCEPTIONAL ITEM 265.37 200.19 201.14 EXCEPTIONAL ITEM 265.37 200.19 201.14 Debenture Redemption Reserve 15.00 15.00 15.00 Gradial Reserve 200.00 15.25.4 125.24 Proposed Dividend of previous year reversed on - 0.001 15.00 < | | 15 | 473.45 | | 360.49 | |
| Loss/(Calin) on foreigne exchange framatations (43.34) (5.79) Provision for Diminution in vulnes of investments - 1.545.64 3.03 1.293.77 PROFIT SEFORE TAXABION AND EXCEPTIONAL ITEM - 343.70 271.73 Less : Provision for Dixaction - 1.442 14.20 - - Current 1.42 14.20 - 265.33 209.19 EXCEPTIONAL ITEM 265.33 209.19 205.07 205.17 200.19 EXCEPTIONAL ITEM 265.33 209.19 205.37 200.19 205.37 200.19 205.37 200.19 205.33 209.19 205.33 209.19 205.33 209.19 205.33 209.19 205.33 200.19 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.02 205.01 205.02 205.01 205.01 205.01 205.01 205.01 205.01 205.01 205.01 | | | | | | |
| Provision for Diminution in value of investments - 1,545,84 3.03 1,293,77 ProPRIT EFCORE TXANDON ARD DEXCEPTIONAL ITEM 343,70 271,73 Less : Provision for Taxation 73,25 47,30 - Deterred (Net) 1.42 14,20 - Short/Excess) provision of earlier years 3,70 265,33 200,19 PCRIT AFTER TXAXITON REPORE EXCEPTIONAL ITEM 265,33 200,19 200,19 EXCEPTIONAL ITEM 255,37 200,19 200,19 EXCEPTIONAL ITEM 255,37 200,19 200,19 Exerce two in chinvestments in Subsidiates 9,96 - - IF RPORT 255,37 200,19 201,19 Balance brought forward 152,70 151,95 - AMUNT AVAILABLE FOR APPROPRIATION 400,07 361,14 - Proposed Dividend 15.00 15.00 15.00 Descentrue Redemption Reserve 15.00 15.00 22.49 Proposed Dividend 6,62 5.90 361,14 Descentrue Redemption Reserve 20.30 12.52.40 361,14 Refore Booght back < | | 4 | | | | |
| PROFIL BEFORE TAXATION AND EXCEPTIONAL ITEM 343.70 271.73 Less: Provision for Toxotion - Current 73.25 47.30 - Short(Excess) provision of earlier years 3.70 28.37 1.04 62.54 PROFIL AFTER TAXATION BEFORE EXCEPTIONAL ITEM 2.66.33 200.19 62.54 PROFIL AFTER TAXATION SEFORE EXCEPTIONAL ITEM 2.66.33 200.19 62.54 PROFIL AFTER TAXATION SEFORE EXCEPTIONAL ITEM 2.66.33 200.19 62.54 EXCEPTIONAL ITEM 2.66.33 200.19 62.54 REVERTIONAL ITEM 2.66.33 200.19 62.54 EXCEPTIONAL ITEM 2.66.33 200.19 62.54 PROFIL AFTER TAXATION # EPORE EXCEPTIONAL ITEM 2.66.33 200.19 62.54 INET PROFIT 2.65.37 200.19 62.54 15.00 | | | (43.34) | 1 545 84 | · · · | 1 203 77 |
| Less: Provision for Toxition 73.25 47.30 - Deferred (Net) 1.42 14.20 - Short/(Excess) provision of earlier years 3.70 78.37 1.04 62.54 PPORT AFTER TXATION BEFORE EXCEPTIONAL TEM 265.33 209.19 EXCEPTIONAL ITEM 265.33 209.19 EXCEPTIONAL TIEM 265.33 209.19 Exer: Provision for Investments in Subsidiaries 9.96 - Ites: Provision for Investments in Subsidiaries 9.96 - Case Transmitter in Subsidiaries 9.96 - Interim Dividend 152.70 161.95 APROPRATIONS 408.07 361.14 Proposed Incol Dividend 25.13 22.49 Proposed Incol Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 162.70 Case Dividend 20.36 | | | | | 0.00 | |
| - Defensed (Net) 1.42 14.20 - Short/Excess) provision of earlier years 3.70 78.37 1.04 62.54 PROFIT AFTER TAXATION BEFORE EXCEPTIONAL ITEM 265.33 209.19 62.54 EXCEPTIONAL ITEM 265.33 209.19 62.54 209.19 EXCEPTIONAL ITEM 265.33 209.19 62.54 209.19 Excernition for Investments in Subsidiaries 9.96 - 16.27 16.195 AMOUNT AVAILABLE FOR APPROPRIATION 408.07 361.14 70.91 70.91 Balance brought forward 152.70 151.92 70.01 15.00 15.00 Ceneral Reserve 15.00 15.00 15.00 125.24 Interim Dividend 25.13 22.49 1900040 125.24 Proposed Final Dividend of previous year reversed on - (0.01) 361.14 Star Dividend 6.62 5.90 5.90 361.14 152.70 Star Dividend Items 21.16 16.72 408.07 361.14 152.70 152.70 152.7 | | | | | | |
| • Short/Excess/provision of certifer years 3.70 78.37 1.04 62.54 PROFIT AFTER TAXATION BEFORE EXCEPTIONAL ITEM 265.33 209.19 EXCEPTIONAL ITEM 265.33 209.19 Less: Provision for Investments in Subsidiaries 9.96 - IPrefor Note No. 15(a) 265.37 209.19 NET PROFIT 265.37 209.19 Status 265.37 209.19 IPrefor Note No. 15(a) 406.07 361.14 APPOOPRIATIONS 406.07 361.14 APPOOPRIATIONS 406.07 361.14 APPOOPRIATIONS 26.13 22.49 Poposed Final Dividend 26.13 22.49 Poposed Dividend of previous year reversed on - (0.01) States bought back 6.62 5.90 Tax on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 IRefer Note No.17] 100.11 16.72 361.14 IRefer Note No.17] 20.36 16.72 Indica Exceptional Items </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| PROFIX AFTER TAXATION BEFORE EXCEPTIONAL ITEM 265.33 209.19 EXCEPTIONAL ITEM 265.33 209.19 Less: Provision for Investments in Subsidiaries 9.96 - IRefer Note No. 15(a) 152.70 151.95 MRUMT AVAILABLE FOR APPROPRIATION 406.07 361.14 APPROPRIATIONS 200.00 152.64 Debenture Redemption Reserve 15.00 15.00 General Reserve 200.00 152.54 Interim Dividend 25.13 22.59 Poposed Final Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 Interim Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 IRefer Nole No.17] (Nominol Vuele of each share Rs. 2/-) 361.14 Balance Exceptional Items 21.16 16.72 After Exceptional Items 17 15.72 Notes to the Accounts 17 16.72 As per our Report of even date attached For and on behalf of the Board of Directors Fin Navel Weparit & Co. Prenchand Goaha Executive Director N. Joyendran 17 As per our date attached For and on behalf of the Board of Directors Fin Navel Meparit | | | | | | |
| EXCEPTIONAL TEM Less: Provision for Investments in Subsidiaries 9.96 - IRefer Note No. 15(a] NET PROFIT 255.37 209.19 Balance brought forward 162.70 151.90 AMOUNT AVAILABLE FOR APPROPRIATION 408.07 361.14 APPROPRIATIONS 200.00 152.04 Debenture Redemption Reserve 15.00 15.00 General Reserve 200.00 152.54 Interim Dividend 25.13 22.49 Proposed Final Dividend 16.26 12.52 Proposed Final Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 Tax on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 Refer Note No.17] 100 361.14 IRefer Note No.17] 100 361.14 IRefer Note No.17] 100 162.70 361.14 IRefer Note No.17] 100 167.50 167.50 Ather Exceptional Items 21.16 16.72 Ather Exce | | | 3.70 | | 1.04 | |
| [Refer Note No. 15(a)] 255.37 209.19 NET PROFIT 255.37 209.19 Balance brought forward 152.70 151.95 AMOUNT AVAILABLE FOR APPROPRIATION 406.07 361.14 PAPPOPRIATIONS 406.07 361.14 Debenture Redemption Reserve 15.00 15.00 Interim Dividend 25.13 22.49 Poposed Find Dividend 15.08 12.52 Proposed Dividend of previous year reversed on - (0.01) Shares bought back 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 Balance carried forward to Balance Sheet 146.24 152.70 Refer Note No.17] (Nominal value of each share Rs. 2/-) 8aic 20.36 Balance Exceptional Items 21.16 16.75 After Exceptional Items 12 16.72 After Exceptional Items 17 16.22 As per our Report of even date attached For and on behalf of the Board of Director For National Value Qalance Nonaging Director After Exceptional Items 17 16.72 After Exceptional Items 17 16.72 After Exceptional Items Account For National Value A. | | | | 203.33 | | 209.19 |
| NET PROFIT255.37209.19Balance brought forward152.70151.95Balance brought forward406.07361.14APPOPRATIONS406.07361.14Debenture Redemption Reserve15.0015.00General Reserve200.00152.54Interim Dividend25.1322.49Proposed Final Dividend of previous year reversed on-(0.01)Stares bought back-(0.01)Shares bought back-(0.01)Stares bought back-(0.01)Ix on Dividend6.625.90Balance carried forward to Balance Sheet146.24152.70Asser bought back-(0.01)Ikonical Vidend-(0.01)Stares bought back-(0.01)Ix on Dividend6.625.90Balance carried forward to Balance Sheet146.24152.70Asser back-15.00361.14BasicBefore Exceptional Items21.1616.75Basic-20.3616.75Diuted-20.3516.72Before Exceptional Items17-16.72As per our Report of even date attachedFor and on behalf of the Board of DirectorsFirm Registration No. 106971WPranay GodhaExecutive DirectorN.JayendranHarish P. KamathN.JayendranHarish P. Kamath- | Less: Provision for Investments in Subsidiaries | | | 9.96 | | - |
| Balance brought forward 152.70 151.95 AMCOUNT AVAILABLE FOR APPROPRIATION 408.07 361.14 APPROPRIATIONS 408.07 361.14 Debenture Redemption Reserve 15.00 15.00 General Reserve 200.00 152.54 Interim Dividend 25.13 22.49 Proposed Dividend of previous year reversed on - (0.01) Shares bought back 6.62 5.90 Rak on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 Instrum SPER SHARE (In Rupees) 406.07 361.14 Refer Note No.17] (Nominal value of each share Rs. 2/-) 8 Basic 21.16 16.75 Before Exceptional Items 21.16 16.75 After Exceptional Items 21.15 16.72 After Exceptional Items 17 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Nativarial Vepari & Co. Premachand Godha Executive Director N. Jayendran As per our Report of even date attached For and on behalf of the Board of Directors For Nativarial Vepari & Co. Premachand Godha Executive Director N. Jayendran Asin Pranay Godha | | | | | | |
| AMOUNT AVAILABLE FOR APPROPRIATION 408.07 361.14 APPROPRIATIONS 200.00 15.00 15.00 Debenture Redemption Reserve 200.00 152.54 Interim Dividend 25.13 22.49 Proposed Inal Dividend 15.08 12.52 Proposed Dividend of previous year reversed on - (0.01) Shares bought back - (0.01) Gar on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 After Note No.17) 408.07 361.14 (Norminal value of each share Rs. 2/-) 8asic 20.36 Before Exceptional Items 21.16 16.72 After Exceptional Items 20.35 16.72 Notes to the Accounts 17 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Nativarial Vepari & Co. Premchand Godha Managing Director A. K. Jain Jaint Managing Director A. K. Jain A. Jayendran Pranay Godha Executive Director | | | | | | |
| APPCOPRIATIONS 15.00 15.00 Debentrure Redemption Reserve 200.00 15254 Interim Dividend 25.13 22.49 Proposed Final Dividend of previous year reversed on 15.08 12.52 Proposed Dividend of previous year reversed on - (0.01) Shares bought back 6.62 5.90 Balance carried forward to Balance Sheet 446.24 152.70 Balance carried forward to Balance Sheet 408.07 361.14 CARNINGS PER SHARE (in Rupees) 10.08 12.52 Refer Note No.17] 10.07 361.14 Interim Dividend 5.02 5.00 Before Exceptional Items 21.16 16.75 Dilted 20.36 16.75 Dilted 20.35 16.72 After Exceptional Items 21.15 16.72 After Exceptional Items 21.15 16.72 After Exceptional Items 17 16.72 After Exceptional Items 17 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Matvarial Vepari & Co. Premchand Godha Managing Director Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| General Reserve200.00152.54Interim Dividend25.1322.49Proposed Enal Dividend of previous year reversed on15.0822.52Proposed Dividend of previous year reversed on-(0.01)Shares bought back-(0.01)Tax on Dividend6.625.90Balance carried forward to Balance Sheet146.24152.70Ad08.07361.14-EARNINGS PER SHARE (In Rupees)[Refer Note No.17](Norninal value of each share Rs. 2/-)20.3616.75Balance carried forward to Balance Sheet21.1616.75After Exceptional Items21.1516.72After Exceptional Items21.1516.72After Exceptional Items17-As per our Report of even date attachedFor and on behalf of the Board of DirectorsFor Nativarial Vepari & Co.Premchand GodhaManaging DirectorRim Registration No. 106971WPranay GodhaExecutive DirectorN. JayendranJoint Managing DirectorN. JayendranJoint Managing DirectorNunoal-Harish P. Kamath- | | | | 400.07 | | |
| Interim Dividend25.1322.49Proposed Final Dividend15.0812.52Proposed Final Dividend of previous year reversed on-(0.01)Shares bought back6.625.90Tax on Dividend6.625.90Balance carried forward to Balance Sheet146.24152.70Addence carried forward to Balance Sheet146.24152.70Balance carried forward to Balance Sheet146.24162.70Balance carried forward to Balance Sheet21.1616.75Balance Carried forward to Balance Sheet21.1516.72Balance Sheet1720.3516.72Notes to the Accounts1716.7220.35As per our Report of even date attachedPremchand GodhaManaging DirectorFor Nativarial Vepari & Co.Premchand GodhaManaging DirectorChartered AccountantsA. K. JainJoint Wanaging DirectorN. JayendranPartnerN. JayendranMunbaiHarish P. Kamath | Debenture Redemption Reserve | | | 15.00 | | 15.00 |
| Proposed Final Dividend 15.08 12.52 Proposed Dividend of previous year reversed on - (0.01) Shares bought back - - - - Balance carried forward to Balance Sheet - 146.24 - | | | | | | |
| Proposed Dividend of previous year reversed on - (0.01) Shares bought back 6.62 5.90 Tax on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 408.07 361.14 EARNINGS PER SHARE (in Rupees) 408.07 361.14 [Refer Note No.17] 408.07 361.14 (Nornial value of each share Rs. 2/-) Basic 20.36 16.75 Before Exceptional Items 21.16 16.75 16.72 Diluted 20.36 16.72 16.72 Before Exceptional Items 21.15 16.72 16.72 Notes to the Accounts 17 20.35 16.72 Notes to the Accounts 17 20.35 16.72 After Exceptional Items 17 20.35 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For and on behalf of the Board of Directors For Nativardal Vepari & Co. Premchand Goaha Managing Director Ark K. Jain Jaint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td></td<> | | | | | | |
| Shares bought back 6.62 5.90 Tax on Dividend 6.62 5.90 Balance carried forward to Balance Sheet 146.24 152.70 EARNINGS PER SHARE (In Rupees) 408.07 361.14 [Refer Note No.17] 408.07 361.14 Invincial values of each share Rs. 2/-) Basic 21.16 16.75 Before Exceptional Items 20.36 16.75 After Exceptional Items 20.36 16.72 Diluted 20.35 16.72 Before Exceptional Items 17 16.72 After Exceptional Items 17 16.72 Notes to the Accounts 17 16.72 Na sper our Report of even date attached For and on behalf of the Board of Directors Firm Registration No. 106971W Premchand Godha Managing Director N. Jayendran A. K. Jain Joint Managing Director N. No.40441 Mumbai Harish P. Kamath | | n | | 15.00 | | |
| Tax on Dividend6.625.90Balance carried forward to Balance Sheet146.24152.70Balance carried forward to Balance Sheet408.07361.14EARNINGS PER SHARE (In Rupees) [Refer Note No.17] [Norminal value of each share Rs. 2/-) Basic21.1616.75Before Exceptional Items21.1616.75After Exceptional Items20.3616.75Diluted20.3616.75Before Exceptional Items21.1516.72After Exceptional Items1716.72Notes to the Accounts1716.72As per our Report of even date attachedFor and on behalf of the Board of DirectorsFor Natvarial Vepari & Co.Premchand GodhaManaging DirectorChartered AccountantsA. K. JainJoint Managing DirectorFirm Registration No. 106971WPranay GodhaExecutive DirectorN. Jayendran PartnerHarish P. Kamath50.00000000000000000000000000000000000 | | | | | | (0.01) |
| ARNINGS PER SHARE (in Rupees) 408.07 361.14 [Refer Note No.17] (Nominal value of each share Rs. 2/-) 361.14 Basic 21.16 16.75 Before Exceptional Items 20.36 16.75 Diluted 20.36 16.72 Before Exceptional Items 21.15 16.72 After Exceptional Items 20.35 16.72 Notes to the Accounts 17 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Natvarial Vepari & Co. Premchand Godha Managing Director Chatered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Partner M.No.40441 Mumbai Harish P. Kamath Executive Director | 5 | | | 6.62 | | 5.90 |
| EARNINGS PER SHARE (in Ruppes) [Refer Note No. 17] (Nominal value of each share Rs. 2/-) Basic 21.16 16.75 Before Exceptional Items 21.16 16.75 After Exceptional Items 21.15 16.72 Diluted 20.36 16.75 Before Exceptional Items 21.15 16.72 After Exceptional Items 20.35 16.72 Notes to the Accounts 17 20.35 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Natvarial Vepari & Co. Premchand Godha Managing Director Chartered Accountnts A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Partner M.No.40441 Mumbai Harish P. Kamath Kamath | Balance carried forward to Balance Sheet | | | 146.24 | | 152.70 |
| [Refer Note No.17] (Nominal value of each share Rs. 2/-) Basic Before Exceptional Items After Exceptional Items Before Exceptional Items Before Exceptional Items Before Exceptional Items After Exceptional Items As per our Report of even date attached For Natvarial Vepari & Co. Chartered Accountants Firm Registration No. 106971W N. Jayendran Partner M.No.402411 Mumbai Harish P. Kamath | | | | 408.07 | | 361.14 |
| Nominal value of each share Rs. 2/-) Basic Before Exceptional Items After Exceptional Items Before Exceptional Items Before Exceptional Items Before Exceptional Items Before Exceptional Items After Exceptional Items As per our Report of even date attached For Natvarial Vepari & Co. Chartered Accountants Firm Registration No. 106971W N. Jayendran Partner M.No.40441 Mumbai Harish P. Kamath | | | | | | |
| Basic 21.16 16.75 After Exceptional Items 20.36 16.75 Diluted 20.36 16.72 Before Exceptional Items 21.15 16.72 After Exceptional Items 21.15 16.72 After Exceptional Items 21.15 16.72 Notes to the Accounts 17 20.35 16.72 Notes to the Accounts 17 20.35 16.72 As per our Report of even date attached For and on behalf of the Board of Directors For Natvarial Vepari & Co. Premchand Godha Managing Director Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Harish P. Kamath Harish P. Kamath | | | | | | |
| After Exceptional Items20.3616.75Diluted21.1516.72Before Exceptional Items21.1516.72After Exceptional Items20.3516.72Notes to the Accounts1717As per our Report of even date attachedFor and on behalf of the Board of DirectorsFor Natvarial Vepari & Co.Premchand GodhaManaging DirectorChartered AccountantsA. K. JainJoint Managing DirectorFirm Registration No. 106971WPranay GodhaExecutive DirectorN. Jayendran PartnerM.No.40441Harish P. Kamath | | | | | | |
| Diluted 21.15 16.72 After Exceptional Items 20.35 16.72 Notes to the Accounts 17 As per our Report of even date attached For and on behalf of the Board of Directors For Natvarial Vepari & Co. Premchand Godha Chartered Accountants A. K. Jain Firm Registration No. 106971W Pranay Godha N. Jayendran Executive Director M.No.40441 Harish P. Kamath | Before Exceptional Items | | | 21.16 | | |
| Before Exceptional Items21.1516.72After Exceptional Items20.3516.72Notes to the Accounts17As per our Report of even date attachedFor and on behalf of the Board of DirectorsFor Natvarlal Vepari & Co.Premchand GodhaChartered AccountantsA. K. JainFirm Registration No. 106971WPranay GodhaN. JayendranPartnerM.No.40441MumbaiHarish P. Kamath | | | | 20.36 | | 16.75 |
| After Exceptional Items20.3516.72Notes to the Accounts17As per our Report of even date attachedFor and on behalf of the Board of DirectorsFor Natvarial Vepari & Co.Premchand GodhaChartered AccountantsA. K. JainFirm Registration No. 106971WPranay GodhaN. Jayendran PartnerM.No. 40441MumbaiHarish P. Kamath | | | | 21.15 | | 16 70 |
| Notes to the Accounts 17 As per our Report of even date attached For and on behalf of the Board of Directors For Natvarial Vepari & Co. Premchand Godha Managing Director Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Partner M.No. 40441 Mumbai Harish P. Kamath | | | | | | |
| For Natvarlal Vepari & Co. Premchand Godha Managing Director Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran N. Jayendran For Marian P. Kamath For Marian P. Kamath | | 17 | | | | |
| For Natvarlal Vepari & Co. Premchand Godha Managing Director Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran N. Jayendran For Marian P. Kamath For Marian P. Kamath | | | | | | |
| Chartered Accountants A. K. Jain Joint Managing Director Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Partner V V M.No.400411 Harish P. Kamath V V | | | | | | |
| Firm Registration No. 106971W Pranay Godha Executive Director N. Jayendran Partner M.No.40441 Harish P. Kamath | | | | | | |
| N. Jayendran Partner M.No.40441 Mumbai Harish P. Kamath | | | | | | |
| Partner M.No.40441 Mumbai Harish P. Kamath | Firm Registration No. 1069/1W | | | Pranay Godh | ia Execut | ive Director |
| Partner M.No.40441 Mumbai Harish P. Kamath | N. Javendran | | | | | |
| Mumbai Harish P. Kamath | | | | | | |
| | M.No.40441 | | | | | |
| 24 th May, 2011 Company Secretary | Mumbai | | Harish P. Kamath | | | |
| | 24 th May, 2011 | C | Company Secretary | | | |



CASH FLOW FOR THE YEAR ENDED 31st MARCH, 2011

| | 2010-2011 Rupees in Crores | 2009-2010 Rupees in Crores | |
|---|-------------------------------|---------------------------------------|-----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | _ | |
| 1 Net profit before taxation and extraordinary item | 343.7 | 0 | 271.73 |
| Adjustments for : | EE 42 | 44.22 | |
| Depreciation , amortisation and Impairment Reversal of Impairment loss of assets | 55.43 (0.50) | 46.33 | |
| Provision for employee benefit | (0.50) | 2.76 | |
| (Profit) / Loss on sale of assets | 1.05 | 0.38 | |
| (Profit) / Loss on sale of investments | - | (3.70) | |
| Assets scrapped | 2.36 | 0.69 | |
| Miscellaneous balance written off/(back) | (0.07) | - | |
| Bad debts (recovered) / Written off | - | 0.47 | |
| Provision for doubtful debts/advances | 0.17 | 1.15 | |
| Provision for diminution in value of investment | | 3.03 | |
| Employee Stock Option Compensation expenses | 0.31 | 1.08 | |
| Foreign exchange (gain) / loss | (43.34) | (5.79) | |
| Interest income Dividend income | (6.44) (0.36) | (6.55) (1.12) | |
| Interest expense | 25.33 33.9 | | 65.76 |
| 2 Operating profit before working capital changes | <u></u> | | 337.49 |
| Increase/(Decrease) in short term borrowings | 30.06 | 23.51 | 007117 |
| Decrease/(Increase) in Receivables | (62.49) | (76.18) | |
| Decrease/(Increase) in Inventories | (91.68) | (71.01) | |
| Increase/(Decrease) in Sundry creditors | 24.82 (99.29 | 26.13 | (97.55) |
| 3 Cash generated from operation | 278.3 | | 239.94 |
| Income tax paid (Net) | (64.03 | | (45.44) |
| Gratuity contribution to LIC | | | (0.98) |
| Net cash from operating activities B CASH FLOW FROM INVESTING ACTIVITIES | 212.8 | 2 | 193.52 |
| Purchase of fixed assets | (195.83) | (143.44) | |
| Investment in subsidiaries | (1.63) | (0.87) | |
| Purchase of Investments | (7.86) | (0.07) | |
| Proceeds from sale of investments | 1 <u>1</u> | 9.15 | |
| Purchase/redemption of mutual fund units | | | |
| - Purchases | (610.41) | (481.95) | |
| - Redemption | 610.41 | 481.95 | |
| Proceeds from sale of assets | 1.26 | 1.01 | |
| Interest received Dividend received | 4.86 0.36 | 6.43 1.12 | |
| Net cash from / (used in) investing activities | (198.84 | | (126.60) |
| C CASH FLOW FROM FINANCING ACTIVITIES | (17010 | -, | (120100) |
| Proceeds from Issue of Share Capital including premium | 2.19 | 2.56 | |
| Share bought back & extinguished | - | (2.54) | |
| Proceeds from long-term borrowings | 95.48 | 71.21 | |
| Repayment of long-term borrowings | (41.54) | (69.05) | |
| Interest paid | (26.10) | (28.78) | |
| Dividend & dividend tax paid | <u>(43.86)</u> | (37.87) | (61 17) |
| Net cash used in financing activities Net increase / (decrease) in cash and cash equivalents (A + B - | + C) 0.1 | · · · · · · · · · · · · · · · · · · · | (64.47) 2.45 |
| Cash and cash equivalents at beginning of year | - C) <u> </u> | | 5.84 |
| Cash and cash equivalents at end of year | 8.4 | | 8.29 |
| Components of Cash & Cash equivalants : | | <u> </u> | |
| Cash and Cheques on hand | 3.1 | 2 | 3.37 |
| Balance with banks | | | |
| - On current account | 4.1 | | 4.13 |
| - On deposit account | 0.0 | | 0.01 |
| Balance with non scheduled Banks | | | 0.78 |
| | 8.4 | <u>4</u> | 8.29 |
| As per our Report of even date attached | For c | and on behalf of the Board of | Directors |
| For Natvarlal Vepari & Co. | Premchand | | |
| Chartered Accountants | A. K. Jain | Joint Managing | |
| Firm Registration No. 106971W | Pranay God | ha Executive Direct | Oľ |

Firm Registration No. 106971W

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011

Harish P. Kamath **Company Secretary**



SCHEDULES TO THE ACCOUNTS

Schedules 1 to 17 forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended 31st March, 2011

| | 31 | 03.2011 | 31 | 03.2010 |
|--|--------------------|------------------|-------------------|------------------|
| | | | Rupees in Crores | |
| SCHEDULE 1 | Rupees III Cloles | Rupees in ciores | Rupees III Cloles | Rupees In Cloles |
| SHARE CAPITAL | | | | |
| Authorised : | | | | |
| 22,50,00,000 Equity Shares of Rs.2 each | | 45.00 | | 45.00 |
| Issued and Subscribed : | | 45.00 | | 40.00 |
| | | 25.40 | | 05.20 |
| 12,69,87,500 Equity Shares of Rs.2 each | | 25.40 | | 25.30 |
| (Previous year 12,65,08,750 Equity Shares) | | | | |
| Paid up : | | 05.14 | | 05.04 |
| 12,57,06,405 Equity Shares of Rs.2 each | | 25.14 | | 25.04 |
| (Previous year 12,52,27,655 Equity Shares) PER BALANCE SHEET | | | | |
| | | 25.14 | | 25.04 |
| Of the above : | -1 | | | |
| (i) 48,200 Equity Shares of Rs. 10 each have been issue | 2 D | | | |
| as fully paid for consideration other than cash | | | | |
| (ii) (a) 84,00,000 Equity Shares of Rs. 10 each fully paid hav | | | | |
| issued as Bonus Shares by capitalisation of General F | | | | |
| (b) 1,25,00,000 Equity Shares of Rs.10 each fully paid ho | | | | |
| issued as Bonus Shares by capitalisation of Share Pre | | | | |
| (iii) Aggregate Shares issued under Employees Stock | | | | |
| (ESOS): 19,87,500 Equity Shares of Rs.2/- each (Previc Equity Shares) | ous year 15,08,750 | | | |
| (iv) 2,56,219 Equity Shares of Rs.10 each have been e | extinguished under | | | |
| Buy back Scheme | | | | |
| Note : Equity Share of Rs.10 each have been sub-divided int of Rs.2 each pursuant to the resolution passed by t | | | | |
| the Extra Ordinary General Meeting held on 25 th Feb | | | | |
| | | | | |
| SCHEDULE 2 | | | | |
| RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | 0.04 |
| Per last Balance Sheet | | 0.04 | | 0.04 |
| Capital Redemption Reserve | | | | |
| Per last Balance Sheet | 0.26 | | 0.20 | |
| Add : Transferred from General Reserve | | 0.26 | 0.06 | 0.26 |
| Share Premium Account | | | | |
| Per last Balance Sheet | 38.54 | | 34.11 | |
| Add : On issue of Equity Shares under Employee stock options | 3.82 | 42.36 | 4.43 | 38.54 |
| | | | | |
| General Reserve | | | | |
| Per last Balance Sheet | 600.00 | | 450.00 | |
| Less : Amount withdrawn for Shares Buy back | - | | 2.48 | |
| Less : Amount transferred to Capital Redemption Reserve | - | | 0.06 | |
| Add: Transferred from Profit and Loss Account | 200.00 | 800.00 | 152.54 | 600.00 |
| Debenture Redemption Reserve | | | | |
| Per last Balance Sheet | 20.00 | | 5.00 | |
| Add : Transferred from Profit and Loss Account | 15.00 | 35.00 | 15.00 | 20.00 |
| Employee Stock Options | | | | |
| Employee stock option outstanding | 0.60 | | 2.47 | |
| Less : Deferred Employee compensation expenses | 0.12 | 0.48 | 0.58 | 1.89 |
| Foreign Exchange Hedging Reserve | | 4.34 | | 36.39 |
| Profit and Loss Account | | 146.24 | | 152.70 |
| PER BALANCE SHEET | | 1,028.72 | | 849.82 |
| | | | | |



| | | 31.03.2011 Rupees in Crores | 31.03.2010 Rupees in Crores |
|------|---|--------------------------------|--------------------------------|
| SCH | EDULE 3 | | |
| LOAN | 15 | | |
| | ecured Loans | | |
| | Working Capital Loan | 160.29 | 144.23 |
| - | Canara Bank-Consortium-Secured by first charge by way of hypothecation of raw materials, packing materials, work-in process, finished goods, stores and spares, book debts and all other movable current assets of the Company and second charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company. | | |
| 1 | 2.75% Secured Redeemable Non-Convertible Debentures | 50.00 | 50.00 |
| r | Redeemble in 3 equal annual instalments from 26 th December, 2011, Secured by nortgage over company's office premises at Ahmedabad, Gujarat, first pari passu charge over movable & immovable properties at Dehradun & pari passu first charge on Company's plant & machinery at Ratlam. | | |
| F | Rupee Term Loan | | |
| ŀ | IDFC Bank Ltd. | 18.81 | 29.33 |
| | Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| | Bank of Baroda | 15.00 | 15.00 |
| | Secured by first charge by way of equitable mortgage of land and building of the Company situated at Indore(except Pithampur), Dehradun, Ratlam, Mumbai, Athal & Piparia. | | |
| _ | oreign Currency Term Loans | | |
| | Barclays Bank | 44.60 | - |
| | Secured by first pari passu charge on the plant & machinery of the Company except assets at Pithampur, Indore. | | |
| | CICI Bank Offshore Banking Unit | 20.07 | 33.82 |
| | Secured by exclusive charge on the entire movable fixed assets at SEZ, Indore, Pithampur and pari passu first charge on movable fixed assets at Kandla. | | |
| | INP PARIBAS | 56.49 | 24.05 |
| | Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| | CITI BANK | 22.30 | 22.55 |
| | Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| - | DBS BANK SINGAPORE | 39.69 | 45.10 |
| - | Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| | PER BALANCE SHEET | 427.25 | 364.08 |
| | (Refer Note No. 5) | | |
| b) l | Insecured Loans | | |
| S | Short Term Loans from Banks : | | |
| - | HSBC | 35.64 | - |
| | UBS AG | 40.00 | - |
| - | Barclays Bank | - | 11.27 |
| | CITI BANK | - | 13.53 |
| - | BNP Paribas | 13.38 | 15.00 |
| | Buyers Credit | 14.04 | 49.59 |
| [| Deposits from dealers | 0.50 | 0.51 |
| | PER BALANCE SHEET | 103.56 | 89.90 |
| | (Refer Note No. 5) | | |



SCHEDULE 4

| R. | DESCRIPTION OF | | GROSS | BLOCK | | DEPRECIATION, AMORTISATION & IMPAIRMENT | | | | | NET BL | NET BLOCK | |
|-----|------------------------------|---------------------|---------------------------------|--|-----------------------|---|-----------------|---|-----------------------|-----------------------|---------------------|---------------------|--|
| 10. | ASSETS | As on 01.04.2010 | Additions during the year | Sales, w/off, adjustments during the year | As on 31.03.2011 3 | Up to 1.03.2010 | For the year | Sales, w/ back, adjustments during the year | Impairment Changes | Up to 31.03.2011 3 | As on 81.03.2011 | As on 31.03.2010 | |
| ł | Tangible Assets Land | | | | | | | | | | | | |
| | - Freehold | 23.33 | 0.87 | - | 24.20 | 0.03 | - | - | - | 0.03 | 24.17 | 23.3 | |
| | - Leasehold | 10.90 | - | - | 10.90 | 0.44 | 0.11 | - | - | 0.55 | 10.35 | 10.4 | |
|) | Buildings | 161.33 | 9.73 | (0.02) | 171.04 | 26.76 | 4.99 | - | - | 31.75 | 139.29 | 134.5 | |
| 3 | Plant & machinery | 569.37 | 84.64 | (10.58) | 643.43 | 160.92 | 38.76 | (6.21) | (0.50) | 192.97 | 450.46 | 408.4 | |
| ļ | Effluent treatment plant | 6.05 | 2.84 | - | 8.89 | 2.71 | 0.85 | - | - | 3.56 | 5.33 | 3.3 | |
| 5 | Furniture & fixtures | 16.22 | 2.77 | (0.28) | 18.71 | 7.71 | 1.59 | (0.04) | - | 9.26 | 9.45 | 8.5 | |
| 5 | Vehicles | 7.69 | 6.15 | (1.64) | 12.20 | 4.26 | 1.09 | (1.29) | - | 4.06 | 8.14 | 3.4 | |
| 7 | Leasehold improvement | - | 0.76 | - | 0.76 | - | 0.07 | - | - | 0.07 | 0.69 | | |
| 5 | Intangible Assets | | | | | | | | | | | | |
| | Software | 3.75 | 1.04 | - | 4.79 | 1.65 | 0.82 | - | - | 2.47 | 2.32 | 2.10 | |
| 2 | Know - how | 3.84 | - | - | 3.84 | 3.65 | i - | - | - | 3.65 | 0.19 | 0.1 | |
| 3 | Brands and trademarks | 2.16 | 0.03 | - | 2.19 | 2.05 | 0.01 | - | - | 2.06 | 0.13 | 0.1 | |
| 2 | <u>R & D assets</u> | | | | | | | | | | | | |
| | Tangible Assets | | | | | | | | | | | | |
| | - Building | 7.20 | 0.67 | (0.81) | 7.06 | 1.62 | | () | - | 1.83 | 5.23 | 5.5 | |
| | - Leasehold improvement | - | 0.74 | | 0.74 | - | 0.06 | | - | 0.06 | 0.68 | | |
| | - Equipments | 65.21 | 12.00 | , | 74.70 | 29.59 | 6.69 | () | | 34.63 | 40.07 | | |
| | - Furniture | 1.41 | 0.23 | (0.11) | 1.53 | 0.61 | 0.16 | (0.03) | - | 0.74 | 0.79 | 0.8 | |
| | Intangible Assets | | | | | | | | | | | | |
| | - Software | 0.01 | 0.59 | - | 0.60 | - | 0.07 | - | - | 0.07 | 0.53 | 0.0 | |
| | Tota | 878.47 | 123.06 | (15.95) | 985.58 | 242.00 | 55.51 | (9.25) | (0.50) | 287.76 | 697.82 | | |
| | Previous Year | 763.99 | 122.10 | (7.62) | 878.47 | 200.96 | 46.39 | (5.35) | - | 242.00 | | 636.4 | |
|) | Capital work-in-progress & a | capital advar | nces | | | | | | | | | | |
| - | including project expenses | • | | | | | | | | | 113.15 | 38.2 | |
| | | | | | | | | | | ANCE SHEET | 810.97 | 674.7 | |

Notes:

1 Buildings include cost of shares in Co-operative societies.

2 Out of depreciation and amortisation for the year of Rs. 55.51 crores (Previous year Rs.46.39 crores), depreciation of Rs.0.08 crore (Previous year Rs.0.06 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation.

3 Cost of Borrowing of Rs. 1.21 crores (Previous year Rs. 0.09 crore) is capitalised to the projects.

31.03.2011 31.03.2010 No. of Shares Face Value 31.03.2011 31.03.2010 Rupees **Rupees in Crores Rupees in Crores SCHEDULE 5 INVESTMENTS - At cost** A) Unquoted : Long Term (Trade) **Government Securities** (i) National Saving Certificates (Refer Note No.26) Subsidiary Companies (ii) Equity Shares (Fully paid) Ipca Pharmaceuticals, Inc. USA 1000 1000 No Par Value 7.61 7.61 645955 4.08 Ipca Laboratories U.K. Ltd., U.K. 500955 STG 1 5.11 2.82 2.82 Ipca Pharma Nigeria Ltd. Nigeria 51589190 51589190 Naira 1 National Druggist (PTY) Ltd. South Africa 1059732 1059732 Rand 1 0.64 0.64 Ipca Pharma (Australia) Pty Ltd. Australia 26944 26944 AUS \$ 1 0.17 0.17 Ipca Pharmaceuticals(Shanghai) Ltd.China - No Par Value 1.19 0.84 Ipca Pharmaceuticals Ltd. SA de CV. Mexico - No Par Value 0.62 0.38 Ipca Traditional Remedies Pvt. Ltd. 2960000 2960000 10 2.96 2.96 6917694 6917694 R\$1 11.33 10.83 Laboratories Ipca Do Brasil Ltda., Brasil (Quotas of Brazilian Real of 1 each) Less : Provision for diminution in value 19.50 (21.29) 11.16 (10.83) (Refer Note No.15(a)) (iii) Associates Equity Shares (Fully paid) Paschim Chemicals Pvt. Ltd. 63690 63690 100 20.34 20.34 CCPL Software Pvt.Ltd. # 55000 55000 100 20.34 20.34 # Cost fully written off in books Others (iv) Equity Shares 780000 10 7.86 Trophic Wellness Pvt. Ltd. (100000 shares fully paid & 680000 partly paid - Rs.5/- per share) B) Quoted : Long Term (Trade) Equity Shares (Fully paid) Mangalam Drugs & Organics Ltd. 1633417 1633417 10 5.09 5.09 Tonira Pharma Ltd.(Associate) 2565808 2565808 10 7.33 7.33 (Refer Note No.15(b)) 12.42 12.42 Less: Provision for Diminution in value (2.99) 9.43 (2.99)9.43 C) Quoted : Current (Non - Trade) Aurobindo Pharma Ltd. 25000 5000 0.15 0.15 1 PER BALANCE SHEET 48.94 49.42 Note - For details of securities purchased and sold during the year Refer Note No.14 Aggregate Book Value of Investments Unquoted 39.36 39.84 Quoted 9.58 9.58 Aggregate Market Value of Quoted Investments 7.27 10.88 SCHEDULE 6 **INVENTORIES** (As taken, valued and certified by the Management) Stock in Trade Raw materials 192.71 156.75 Packing materials 23.26 18.92 Work-in-process 90.98 68.44 Finished goods 150.87 123.70 Stores and spares 4.69 3.03 462.51 370.84 PER BALANCE SHEET



| | 31.03.20 | | | 31.03.2010 | | |
|--|------------------|------------------|------------------|------------------|--|--|
| SCHEDULE 7 | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores | | |
| SUNDRY DEBTORS | | | | | | |
| (Unsecured-considered good, unless otherwise stated) | | | | | | |
| Outstanding for more than six months | | | | | | |
| - Considered good | | 62.96 | | 100.23 | | |
| - Considered doubtful | 0.24 | | 0.25 | | | |
| Less : Provision for doubtful debts | 0.24 | - | 0.25 | - | | |
| Other debts | | 403.35 | | 291.68 | | |
| PER BALANCE SHEET | | 466.31 | | 391.91 | | |
| SCHEDULE 8 | | | | | | |
| CASH AND BANK BALANCES | | | | | | |
| Cash on hand | | 0.38 | | 0.36 | | |
| Cheques on hand | | 2.74 | | 3.01 | | |
| Balances with scheduled banks | | | | | | |
| On current accounts | 4.14 | | 4,13 | | | |
| On deposit accounts | 0.02 | 4.16 | 0.01 | 4.14 | | |
| Balances with non scheduled banks | | 1.16 | | 0.78 | | |
| (Refer Note No. 9) | | | | | | |
| PER BALANCE SHEET | | 8.44 | | 8.29 | | |
| SCHEDULE 9 | | | | | | |
| LOANS AND ADVANCES | | | | | | |
| (Unsecured-considered good, unless otherwise stated) | | | | | | |
| Advances recoverable in cash or in kind or for value | | | | | | |
| to be received | | | | | | |
| - Considered good | | 35.38 | | 27.31 | | |
| Loans given to : | | | | | | |
| - Subsidiaries | - | | 3.86 | | | |
| - Employees | 2.55 | | 2.72 | | | |
| - Others | 25.75 | | 20.12 | | | |
| | 28.30 | | 26.70 | | | |
| Less : Provision for Loan to subsidiary | - | 28.30 | 0.50 | 26.20 | | |
| Indirect Taxes Recoverable | | 33.64 | | 20.37 | | |
| Deposits | | 6.70 | | 5.23 | | |
| Foreign Currency hedging gain | | 5.59 | | 36.39 | | |
| Prepaid Taxes (net of provisions) | | 6.38 | | 11.48 | | |
| PER BALANCE SHEET | | 115.99 | | 126.98 | | |
| SCHEDULE 10 | | | | | | |
| CURRENT LIABILITIES AND PROVISIONS | | | | | | |
| Current Liabilities | | | | | | |
| Sundry creditors : | | | | | | |
| Micro,Small and Medium Enterprises | 1.05 | | 0.63 | | | |
| (Refer Note No. 10) | | | | | | |
| - Others | 92.41 | | 68.68 | | | |
| Against acceptance of import documents | 39.00 | | 49.84 | | | |
| Unpaid dividends (Refer Note No.13) | 1.20 | | 1.16 | | | |
| Foreign Currency hedging loss | 1.25 | | - | | | |
| Duties & Taxes Payable | 10.74 | | 9.66 | | | |
| Other liabilities | 51.71 | | 45.56 | | | |
| Advances from customers | 6.19 | | 5.02 | | | |
| Interest accrued but not due on loans | 2.21 | 205.76 | 2.58 | 183.13 | | |
| Provisions | | | | | | |
| Proposed final dividend | 15.08 | | 12.52 | | | |
| Provision for tax on dividend | 2.45 | | 2.08 | | | |
| Provision for gratuity | 0.33 | | 1.50 | | | |
| Provision for leave encashment | 5.67 | | 6.50 | | | |
| Provision for leave travel assistance | 2.57 | | 2.07 | | | |
| Other employee related provision | 2.65 | | 0.79 | | | |
| Provision for taxation (net of prepaid taxes) | 13.25 | 42.00 | 5.44 | 30.90 | | |
| PER BALANCE SHEET | | 247.76 | | 214.03 | | |
| | | | | | | |



| Rupses in Cores Rupses in | | 2010-2011 | | 2009-2010 | | |
|--|--|-------------------------|------------------|------------------|------------------|--|
| INCOME FROM OPERATIONS FOCUS motifs and others schemes 4.45 8.7.3 8.7.3 4.27 PER REFIT AND LOSS ACCOUNT 2.92 7.19 SCHEDULE 12 OTHER INCOME 0.16 0.16 0.16 0.16 0.16 0.16 SCHEDULE 12 OTHER INCOME 0.44 0.055 0.16 0.16 0.16 0.16 PRICE REGISTION OF THE SCHEDULE 12 OTHER INCOME 0.16 0.16 0.16 0.16 0.16 0.16 PRICE INCOME 0.44 0.055 0.16 0.16 0.17 0.089 0.12 0.023 0.023 0.12 0.023 0.02 0.023 0.023 0.12 0.023 <t< th=""><th></th><th>Rupees in Crores</th><th>Rupees in Crores</th><th>Rupees in Crores</th><th>Rupees in Crores</th></t<> | | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores | |
| Focus motivel and other schemes 6.45 2.02 PER RROFT AND LOSS ACCOUNT 15.18 7.19 SCHEDUE 12 0 0.15 7.19 CHER INCOME 0.44 6.55 0.16 0.15 Infect and come 0.46 0.16 0.16 0.15 Protit on sole of investments 0.16 0.15 0.16 0.17 Point on sole of investments 0.36 0.23 1.12 0.12 Others 0.36 0.23 1.24 12.76 Worken income from: 0.36 0.23 1.12 12.76 ScheDul 12 0.36 0.23 1.24 12.76 Misselinosus income from: 0.36 0.23 1.24 12.76 ScheDul 13 0.36 0.23 1.24 12.76 12.44 12.76 ScheDul 14.10 LOSS ACCOUNT 3.64 12.76 12.44 12.76 12.76 12.76 12.76 12.76 12.76 12.76 12.76 12.76 12.76 12.76 <td< td=""><td></td><td></td><td></td><td></td><td></td></td<> | | | | | | |
| Cherk income from operations 8.73 4.27 PSE RPOIT AND LOSS ACCOUNT 15.16 7.19 SCHEDULE 12 Cherk income 6.44 6.55 Cherk income 6.44 6.55 Index MCOME 0.16 0.15 Profit on sole of assets 0.16 0.15 Profit on sole of assets 0.36 0.23 1.12 Prevaid val informer income 0.36 0.23 1.24 Prevaid val informer income 0.36 0.23 1.22 Prevaid val informer income 0.36 0.23 1.24 Prevaid val informations of assets 0.36 0.23 1.22 Macchanceu income 0.36 0.23 1.24 ScheDule 13 0.424 12.26 1.24 Material Cost and Inventions of assets 0.36 0.36 0.36 0.36 Coening alock 16.97 12.35 0.424 12.26 Coening alock 18.62 13.08 18.92 102.26 Cobing alock 18.62 13. | | | 6.45 | | 0.00 | |
| PER PROFIT AND LOSS ACCOUNT 15.16 7.19 SCHEDULE 12 ONLER INCOME Indexet Income Indexet Income (Previous year Rs.0.55 criter)] 6.44 6.55 ONLER INCOME Indexet Income Indexet Income Indexet Income Income Itom: 0.16 0.16 OTHER INCOME Indexet Income Income Itom: 0.16 0.16 0.15 Prot on sole of Investments 0.60 0.23 1.12 Others Is conset 0.56 0.23 1.22 Reversal of Impairment Iss of assets 0.56 0.24 2.76 Material Conversion Informed Reversal of Impairment Iss of assets 0.56 1.24 Material Conversion Informed Cost AND INVENTORY ADJUSTMENTS Rev moterial conversion Inforges 166.75 0.46.44 2.255 Reversal of and Investmend Opening stock 137.42 107.16 2.44.44 Opening stock 137.42 107.16 102.45 Investment Opening stock 132.42 107.16 122.57 Investment Add: Furcheses 132.42 107.16 122.45 Investment Opening stock of commencement Work-Propress Enclosed up on: Opening stock of finished goods 123.10 127.79 | | | | | | |
| SCHEDULE 12 OTHER INCOME Infractating tax deducted at source Rs.0.34 crore (Proviour year Rs.0.55 crore) 6.44 6.55 Protion sole of assets 0.16 0.15 Protion sole of assets 0.16 0.15 Dividend Income from : - Joint Wenture - 3.70 Dividend Income from : - Joint Wenture - 0.69 1.24 Revestal of Importment tos of assets 0.56 0.23 1.12 Revestal of Importment tos of assets 0.56 0.23 1.24 Miscolineous income 0.98 1.24 1.276 SCHEDULE 13 MATERIAL COST AND INVENTORY ADJUSTMENTS 8.44 1.276 Rev moterials consumed 16.57 104.54 547.59 Chening stock 16.57 104.54 547.59 Rev materials consumed 16.27 162.57 104.54 Add: Purchase 16.67 104.54 547.2 Rev material consumed 16.27 102.55 102.55 Rev material consumed 17.42 107.16 122.55 Reving material consumed 122.57 12 | | | | | | |
| OTHER INCOME 6.44 6.55 [including tax deducted at source (Rs.0.34 core) 6.44 6.55 (including tax deducted at source (Rs.0.34 core) 0.16 0.15 (including tax deducted at source (Rs.0.34 core) 0.16 0.15 (including tax deducted at source (Rs.0.34 core) 0.16 0.15 (including tax deducted at source (Rs.0.34 core) 0.16 0.15 (including tax deducted at source (Rs.0.34 core) 0.26 0.23 1.12 (including tax deducted at source (Rs.0.34 core) 0.89 1.23 1.24 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.276 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.276 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.276 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.24 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.276 (including tax deducted at source (Rs.0.34 core) 0.98 1.24 1.24 (including tax deducted at source (Rs.0.34 core) 1.2779< | FER FROFILAND LOSS ACCOUNT | | 15.10 | | | |
| Interest income 6.44 6.55 File/Juling fox deducted of source RS.0.34 crore (Pevious year R2.0.55 crore)) (Pevious year R2.0.55 crore)) Potition sole of Investments 0.16 0.15 Dividend Income from : - 0.89 - Others 0.36 0.23 1.12 Reversal of Impairment loss of assets 0.36 0.23 1.27 Reversal of Impairment loss of assets 0.36 0.23 1.27 Reversal of Impairment loss of assets 0.36 0.23 1.27 Reversal of Impairment loss of assets 0.36 0.23 1.27 MateRAL COST AND INVENTORY ADJUSTMENTS 8.44 12.76 104.54 Rev moterial conversion charges 16.97 12.35 608.09 Review moterial conversion charges 16.97 12.35 608.09 Coening stock 132.42 107.16 104.54 Add: Purchases 132.42 107.16 102.57 Cobing stock 132.72 156.75 608.09 12.270 Inventory adjustments 132.72 102.65 12.70 12.779 Stock of connegree | SCHEDULE 12 | | | | | |
| Including tax deducted of source Rs.0.34 crore Previous year (Rs.0.55 crore) Potit on sole of taxets 0.16 0.15 Dividend income from : - 0.370 Dividend income from : - 0.36 0.23 1.12 Reversiol of Impointment loss of casets 0.36 0.23 1.21 Reversiol of Impointment loss of casets 0.36 0.23 1.21 Reversiol of Impointment loss of casets 0.36 0.23 1.21 Markall COST AND INVENTORY ADJUSTMENTS 8.44 12.26 1.24 CHEDUE 13 1.56,75 104,54 0.454 1.24 Markall COST AND INVENTORY ADJUSTMENTS 644,71 54,795 Raw materials consumed 192,71 645,75 508,09 Packing materials consumed 192,72 166,75 508,09 101,46 Add: Purchases 137,42 107,16 104,54 71,25 102,66 Stock of consensement Workin-process 90,98 68,44 71,27,9 122,79 122,79 124,165 127,79 124,165 127,79 </td <td>OTHER INCOME</td> <td></td> <td></td> <td></td> <td></td> | OTHER INCOME | | | | | |
| (Previous year Ra.0.55 correl) 0.16 0.16 0.16 Potit on sole of Investments . 3.70 Dividend Income from : . 0.36 0.23 - Others 0.36 0.36 0.23 Reversal of Impairment loss of assets 0.36 0.23 1.12 Reversal of Impairment loss of assets 0.36 0.23 1.22 Matcellancess income 0.98 1.24 1.276 Mattenut Cost AND INVENTORY ADJUSTMENTS 6.44 12.75 1.45.4 Rev material conversion charges 16.97 12.35 6.64.84 Opening stock 186.75 508.09 12.25 Rev material conversion charges 16.97 12.55 508.09 Opening stock 18.62 13.08 18.92 102.65 Finished goods purchased 18.62 133.08 18.92 102.65 Finished goods purchased 192.14 177.97 12.87.0 12.779 Investrop adjustments 132.70 12.779 12.87.0 1.41 177.97 | | | 6.44 | | 6.55 | |
| Piotit on sole of taskets 0.16 0.15 Dividend income from : | | | | | | |
| Piolit on sole of Investments - 3.70 Dividend income from : 0.89 0.36 0.23 1.12 Reversal of Impairment loss of assets 0.96 1.24 12.76 Miscellaneous income 0.99 1.24 12.76 PRE REVET AND INVENTORY ADJUSTMENTS 0.44 12.76 Reversal of Impairment loss of assets 0.69 1.24 SCHEDUE 13 0.44 12.76 MATERIAL COST AND INVENTORY ADJUSTMENTS 644.71 64.72 Rev motificits consumed 166.75 104.54 Opening stock 618.45 646.71 Rev motificits consumed 18.92 14.41 Opening stock 135.24 107.16 Add: Purchases 137.42 102.65 Finished goods purchased 192.14 112.79 Lass: Closing stock 123.70 122.79 Isock at commencement 90.95 66.44 Westformodesis 150.97 123.70 Inventory adjustments 123.70 127.79 Isock at commencement </td <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| Dividend income from: - 0.89 - Others 0.36 0.23 1.12 Reversal of Importment loss of assets 0.36 0.23 1.24 Reversal of Importment loss of assets 0.36 0.23 1.24 SCHEDULE 13 8.44 12.76 MatRial, COST AND INVENTORY ADJUSTMENTS 8.44 12.76 Row material conversion charges 16.67 104.54 Add: Putchases 16.67 507.95 Row material conversion charges 16.97 12.36 Copening stock 18.92 14.41 Add: Putchases 137.42 107.16 Add: Putchases 137.42 107.16 122.57 Less: Closing stock 23.26 133.08 18.92 102.66 Finished goods 122.10 127.79 122.16 127.79 122.16 Stock at commencement Workin-process 66.44 50.18 127.79 Isock at commencement Workin-process 90.98 68.44 | | | 0.16 | | | |
| - Joint Venture - 0.89 - Others 0.36 0.23 1.12 Revessol of impoliment loss of assets 0.99 1.24 - Miscelianecus income 0.99 1.24 12.76 PER PROFIT AND INVENTORY ADJUSTMENTS 6.44 12.76 12.46 Revessed Cost AND INVENTORY ADJUSTMENTS 6.44 12.76 12.35 Revessed Cost AND INVENTORY ADJUSTMENTS 6.44 12.76 12.35 Revessed Cost AND INVENTORY ADJUSTMENTS 6.46.75 104.54 12.35 Revessed Cost AND INVENTORY ADJUSTMENTS 6.46.77 12.35 646.84 Add: Purchases 16.97 12.35 646.84 12.16 Revessed Cost and stock 192.71 625.72 166.75 508.09 Pecking materials consumed 18.92 102.65 121.57 122.65 121.57 Less: Closing stock 123.26 133.08 18.92 102.65 121.57 Inventory adjustments Stock of commencement 90.96 66.44 122.79 | | | - | | 3.70 | |
| - Others 0.36 0.36 0.23 1.12 Mexestal of Ingatiment loss of assets 0.99 1.24 1.276 Miscellaneous income 0.99 1.24 1.276 SCHEDUE 13 8.44 1.276 MATERIAL COST AND INVENTORY ADJUSTMENTS 8.44 1.276 Rev moterial conversion charges 166.75 104.54 Opening stock 644.71 547.95 Rev moterial conversion charges 16.97 12.35 Less: Closing stock 18.92 14.41 Add: Purchases 137.42 107.16 Opening stock 137.42 107.16 Opening stock 137.42 107.16 Inventory adjustments 123.70 122.57 Less: Closing stock 123.70 127.79 Itess: Closing stock 123.70 127.79 Itess: Closing stock 123.70 123.70 Inventory adjustments 123.70 123.70 Stock of close 102.14 177.97 Verintin excise duty on : Closing stock of th | | | | 0.00 | | |
| Reversion of impoliment loss of assets 0.50 Miscellaneous income 0.98 1.24 PER PROFIT AND LOSS ACCOUNT 0.98 1.24 SCHEDULE 13 0.44 12.76 Material Cost AND INVENTORY ADJUSTMENTS 0.98 1.24 Rew motivations consumed 0.99 1.24 Opening stock 16.97 1.25 Raw motivations consumed 16.97 1.235 Opening stock 18.92 1.4.1 Add: Purchases 1357.42 107.16 Opening stock 135.34 121.57 Less: Closing stock 23.26 133.08 18.92 102.45 Inventory adjustments 50.68 18.92 102.45 127.79 Stock of commencement Work-process 192.14 177.97 123.70 Work-process 150.87 123.70 127.79 123.70 Inshed goods 123.70 127.79 123.70 127.79 Kork in close 150.87 123.70 1241.85 149.71 124 | | - | 0.07 | | 1.10 | |
| Miscellaneous income PER ROFIT AND LOSS ACCOUNT 0.98 8.44 1.24 1.276 SCHEDUE 13 MATERIAL COST AND INVENTORY ADJUSTMENTS Raw materials consumed Opening stock 156.75 104.54 104.54 547.95 12.35 664.84 Opening stock 169.7 12.35 664.84 12.36 564.84 Less: Closing stock 18.92 102.71 664.84 121.57 166.75 104.54 Opening stock 18.92 114.11 107.16 121.57 Opening stock 18.92 102.65 156.76 102.45 133.08 18.92 102.65 166.75 Finished goods purchased 94.64 71.25 123.70 127.79 102.65 133.08 18.92 102.65 18.92 Inventory adjustments Stock of commencement Workin-process 68.44 123.70 127.79 102.77 123.70 123.70 102.14 (14.17) Neutrinitication of duties and faxes on inputs on exports - DEPN/Drawback benefits (37.16) (28.67) 241.85 Veriation in excise duty on : Closing stock of finished goods 8.42 7.40 PER ROFIT AND LOSS ACCOUNT 7.40 7.40 1.80 7.40 PER SONNEL COST Printype Stock Option for solaries, wages and bonus Contibution to provision for solaries, wages and bonus PER PROFIT AND LOSS ACCOUNT 236.20 194.75 640.95 SchEDUE 14 PERSONNEL COST Printype Stock Option Compensation expenses 0.31 0.06 0.100 0.76 0.273 8.44 0.76 0.273 </td <td></td> <td>0.30</td> <td></td> <td>0.23</td> <td>1.12</td> | | 0.30 | | 0.23 | 1.12 | |
| PER PROFIT AND LOSS ACCOUNT 8.44 12.76 SCHEDULE 13 MATERNAL COST AND INVENTORY ADJUSTMENTS MATERNAL COST AND INVENTORY ADJUSTMENTS 104.54 Row moterials consumed 0pening stock 644.71 547.95 Row moterials conversion charges 16.97 12.35 Row moterials conversion charges 16.97 12.35 Row moterials conversion charges 18.92 14.41 Packing meterials consumed 107.16 107.16 Opening stock 18.92 104.54 Add: Purchases 137.42 107.16 Less: Closing stock 23.26 133.08 121.57 Less: Closing stock 23.26 133.08 129.21 102.65 Finished goods 122.70 127.79 127.79 127.79 Less: Closing stock of close 192.14 177.97 128.70 128.70 Workin-process 90.98 68.44 68.44 128.70 128.70 128.70 128.70 128.70 128.70 128.70 148.75 640.95 640.95 640.95 640. | • | | | | - | |
| SCHEDULE 13 MATERIAL COST AND INVENTORY ADJUSTMENTS Rew materials consumed Opening stock 156.75 104.54 Add: Purchases 644.71 547.95 Rew materials consumed 12.35 664.44 Less: Closing stock 1292.71 625.72 136.75 508.09 Packing materials consumed 137.42 107.16 508.09 Opening stock 18.92 14.41 107.16 508.09 Packing materials consumed 121.57 120.265 508.09 Process 135.34 121.57 120.265 Finished goods purchased 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 127.79 127.79 127.79 127.79 127.79 128.70 127.79 128.70 127.79 128.70 <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| MATERIAL COST AND INVENTORY ADJUSTMENTS Rew motarials consumed 156.75 104.54 Opening stock 16.97 12.35 Rdw motarials conversion charges 616.97 12.35 Rdw motarials conversion charges 616.97 156.75 508.09 Packing materials conversion charges 18.92 14.41 664.84 Less: Closing stock 192.71 625.72 156.75 508.09 Packing materials consumed 192.71 625.72 107.16 102.65 Opening stock 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 102.65 Inventory adjustments 5tock at commencement 50.08.09 123.70 127.79 Vorkin-process 90.98 68.44 50.18 177.97 123.70 Uses: Stock at close 192.14 177.97 124.85 (49.71) 192.14 (14.17) Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits (37.18) (28.67) 640.95 64.09 1.02 | PER PROFILAND LOSS ACCOUNT | | 8.44 | | 12.70 | |
| Rew materials consumed 156.75 104.54 Opening stock 644.71 547.95 Raw material conversion charges 16.97 12.35 Raw material conversion charges 16.97 12.35 Description 644.84 644.84 Less: Closing stock 192.71 625.72 156.75 508.09 Packing materials consumed 137.42 107.16 121.57 102.65 Packing materials consumed 133.08 18.92 102.65 102.65 Finished goods purchased 94.64 71.25 102.65 103.08 18.92 102.65 Inventory adjustments 122.10 127.79 102.65 102.77 123.70 123.70 Inventory adjustments 122.14 177.79 123.70 | SCHEDULE 13 | | | | | |
| Opening stock 156,75 104,54 Add: Purchases 644,71 547,95 Raw material conversion charges 16,97 12,35 Bib Ad3 664,84 664,84 Less: Closing stock 192,71 625,72 156,75 508,09 Packing materials consumed 16,92 14,41 644,84 107,16 121,57 Quening stock 137,42 107,16 121,57 122,55 133,08 18,92 102,65 Finished goods purchased 94,64 71,25 122,79 122,79 122,79 122,79 122,79 122,79 122,79 122,79 122,79 122,79 122,79 123,70 122,79 123,70 122,79 123,70 122,79 123,70 122,79 123,70 123,70 123,70 122,79 144,17 144,17 147,97 123,70 123,70 122,79 123,70 123,70 123,70 123,70 123,70 123,70 124,165 123,70 124,17 144,171 145,45 164,97 | MATERIAL COST AND INVENTORY ADJUSTMENTS | | | | | |
| Add: Purchases 644.71 547.95 Raw material conversion charges 16.97 12.35 Raw material conversion charges 16.97 12.35 Decking materials consumed 192.71 625.72 156.75 508.09 Opening stock 18.92 14.41 107.16 121.57 Less: Closing stock 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 121.57 125.57 122.57 Less: Closing stock 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 127.79 122.79 123.70 127.79 Iterest Stock at close 192.14 177.79 123.70 124.65 | Raw materials consumed | | | | | |
| Raw material conversion charges 16.97 818.43 818.43 (192.71) 12.35 664.84 664.84 664.84 (192.71) Packing materials consumed Opening stock 137.42 107.16 156.34 107.16 121.57 Opening stock 137.42 121.57 107.16 121.57 Less: Closing stock 23.26 133.08 18.92 Less: Closing stock 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 107.16 107.17 107.17 107.17 107.17 107.16 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 107.17 108.16 108.16 <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| Less: Closing stock 664.84 Dening stock 192.71 625.72 156.75 508.09 Packing materials consumed 18.92 14.41 14.41 Add: Purchases 137.42 107.16 121.57 Less: Closing stock 23.26 133.08 18.92 102.65 Finished goods purchased 94.64 71.25 100.66 121.57 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 100.66 100.79 | | | | | | |
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| Recruitment and training 4.72 2.22 | | | | | | |
| • | | | 4.72 | | 2.22 | |
| | 5 | | | | 216.38 | |
| | | | | | | |



| | 2010-2011 | | 2009-2010 | | |
|---|----------------------|----------------|------------------|------------------|--|
| | Rupees in Crores Rup | pees in Crores | Rupees in Crores | Rupees in Crores | |
| SCHEDULE 15 | | | | | |
| MANUFACTURING AND OTHER EXPENSES | | | | | |
| Consumption of stores | | 13.28 | | 10.68 | |
| Power, fuel, gas & water charges | | 58.95 | | 47.42 | |
| Repairs : | | | | | |
| - Building | 7.93 | | 5.60 | | |
| - Machinery | 25.28 | | 20.42 | | |
| - Others | 0.55 | 33.76 | 0.52 | 26.54 | |
| Insurance | | 7.28 | | 5.65 | |
| Rent | | 6.40 | | 5.16 | |
| Rates and taxes | | 4.73 | | 3.46 | |
| Freight, forwarding and transportation | | 66.02 | | 40.12 | |
| Commission | | 18.13 | | 11.42 | |
| Royalty | | - | | 0.14 | |
| Field staff expenses | | 46.26 | | 27.81 | |
| Auditors' remuneration: | | | | | |
| Audit fees (Including tax audit) | 0.29 | | 0.25 | | |
| Tax Matters | 0.05 | | 0.05 | | |
| Certification Fees | 0.03 | | 0.03 | | |
| Reimbursement of expenses | 0.02 | 0.39 | 0.01 | 0.34 | |
| Director's Sitting Fees | | 0.05 | | 0.05 | |
| Expenditure on scientific research | | 29.96 | | 28.80 | |
| (Refer Note No . 11) | | | | | |
| Loss on sale of assets | | 1.21 | | 0.53 | |
| Fixed assets scrapped | | 2.36 | | 0.69 | |
| Outside manufacturing charges | | 16.76 | | 12.86 | |
| Laboratory expenses and analytical charges | | 11.20 | | 9.53 | |
| Communication expenses | | 7.56 | | 6.81 | |
| Travelling expenses | | 15.96 | | 11.41 | |
| Professional charges | | 9.59 | | 6.71 | |
| Printing and stationery | | 5.43 | | 4.35 | |
| Books,Subscription & Software | | 1.40 | | 1.59 | |
| Product information catalogue | | 15.39 | | 10.89 | |
| Sales & marketing expenses | | 86.25 | | 67.02 | |
| Net miscellaneous balance written off /(back) | | (0.07) | | 0.47 | |
| Provision for doubtful debts/advances | | 0.17 | | 1.15 | |
| Intellectual property right expenses | | 0.64 | | 0.79 | |
| Product registration expenses | | 4.23 | | 5.89 | |
| Excise duty | | 1.92 | | 4.41 | |
| , Miscellaneous expenses | | 8.24 | | 7.80 | |
| | _ | 473.45 | | 360.49 | |

| FINANCIAL COS | |
|------------------|---|
| Interest Expense | s |

| On Debentures and fixed period loans | 11.75 | | 13.62 | |
|--------------------------------------|-------|-------|-------|-------|
| Others | 11.28 | 23.03 | 13.41 | 27.03 |
| Interest on Income Tax | _ | 2.30 | _ | |
| | | 25.33 | | 27.03 |
| Bank charges | | 5.81 | | 5.35 |
| PER PROFIT AND LOSS ACCOUNT | | 31.14 | | 32.38 |
| | | | | |



SCHEDULE 17 ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting Convention

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

b) Use of Estimates

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

c) Inflation

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

d) Fixed Assets

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

e) Investments

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

f) Depreciation, Amortisation and Impairment

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

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

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

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

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

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



g) Inventories

Items of inventories are valued on the basis given below :

a) At Cost net of CENVAT/VAT computed on First-in-First-out method.

Work-in-process and Finished Goods

Raw Materials and Packing Materials

b) Bulk drugs produced for captive consumption are valued at cost. At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or net realisable value, whichever is lower in case of finished goods except physicians' samples which are valued at cost as computed above. Excise duty is considered as cost for finished goods wherever applicable.

Stores and Spares

Stores and spare parts are valued at purchase cost computed on First-in-First-out method.

h) Employee Benefits

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

i) Excise Duty and CENVAT Credit

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

j) Service Tax Credit

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

k) Sales

Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of the products on to the customers, which is generally on dispatch of goods .Local sales include excise duty and sales tax.

I) Foreign Exchange Transactions

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

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

Current assets and current liabilities at the end of the year are converted at the year end rate and the resultant gain or loss is accounted for in the Profit and Loss Account.

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

m) Derivative instruments and hedge accounting

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

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

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



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

n) Research and Development

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

o) Revenue Recognition

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

p) Borrowing Cost

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

q) Employee Stock Option Scheme

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

r) Taxation

Tax expenses comprise Current Tax and Deferred Tax.:

I. Current Tax:

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

II. Deferred Tax:

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

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

IV. MAT Credit:

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



Provisions, Contingent Liabilities and Contingent Assets s)

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

Contingent assets are neither recognised nor recorded in financial statements.

t) **Government Grants**

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

u) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank, cheques on hand, cash in hand and short term investments with an original maturity of three months or less.

| | | | 31.03.2011 Rupees in Crores | 31.03.2010 Rupees in Crores |
|----|-------|---|--------------------------------|--------------------------------|
| 2. | Ectir | nated amount of contracts remaining to be executed on capital account. | Rupees in crores | Rupees in cioies |
| ۷. | | ngible Assets | 78.70 | 38.25 |
| | - Int | angible Assets | 5.08 | 3.17 |
| 3. | Cor | ntingent liabilities not provided for in respect of : | | |
| | a) | Bills discounted with banks. | 106.95 | 87.00 |
| | | Since realized | 47.85 | 26.48 |
| | b) | Other moneys for which the Company is contingently liable for tax, excise, customs and | | |
| | - | other matters not accepted by the Company. | 11.39 | 30.31 |
| | C) | Claims against the Company not acknowledged as debts. | 0.01 | 0.10 |
| | d) | Corporate Guarantees given to bankers of associates & subsidiaries for which the Company holds counter guarantees. | 30.00 | 30.00 |
| | e) | Corporate Guarantee given to others | 2.28 | 2.28 |
| | f) | Guarantees given by banks in favour of Govt. & others/ Letter of Credit opened against which goods are not received | 96.75 | 33.86 |
| | g) | Uncalled liability on partly paid shares | 4.48 | - |

Additional information pursuant to paragraphs 3, 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 4.

|) Installed Capacity, Actual Production | n, Purchases, Sales and Stock : |
|---|---------------------------------|
|---|---------------------------------|

| (A) Installed Capacity, Actual Production, Purchases, Sales and Stock : (Value in Rupees Crores) | | | | | | | | | | | | |
|--|--------|--------|-----------|------------|----------|----------|----------|---------|----------|-----------|----------|----------|
| Class of | Units | Basis | Installed | Actual | Openin | g Stock | Purch | ases | Sc | iles | Closing | g Stock |
| Goods | | | Capacity | Production | | | | | | | | |
| | | | | | Quantity | Value | Quantity | Value | Quantity | Value | Quantity | Value |
| Tablets / | Lacs | Single | 166090 | 129086 | 8285 | 49.09 | 2563 | 53.87 | 129810 | 1213.99 | 10124 | 69.24 |
| Capsules | | Shift | (144679) | (100493) | (6515) | (37.29) | (2099) | (41.10) | (100822) | (928.26) | (8285) | (49.09) |
| Orals/Liquids | Lacs | Single | 238 | 420 | 74 | 7.38 | 85 | 10.39 | 482 | 71.37 | 97 | 12.07 |
| | | Shift | (178) | (395) | (70) | (5.80) | (34) | (6.47) | (425) | (71.03) | (74) | (7.38) |
| Injectables | Lacs | Single | 138 | 582 | 138 | 10.61 | 71 | 8.68 | 649 | 102.01 | 142 | 12.97 |
| | | Shift | (138) | (637) | (120) | (7.40) | (94) | (5.49) | (713) | (87.70) | (138) | (10.61) |
| Basic Drugs/ | Tonnes | Triple | 4380 | 3814 | 382 | 56.48 | 245 | 16.74 | 2687 | 474.24 | 295 | 56.47 |
| Intermediates | | Shift | (4150) | (3049) | (575) | (77.30) | (307) | (13.64) | (2461) | (452.96) | (382) | (56.48) |
| Others | | | | | - | 0.14 | - | 4.96 | - | 4.31 | - | 0.12 |
| | | | | | (-) | (-) | (-) | (4.55) | (-) | (5.60) | (-) | (0.14) |
| Total | | | | | | 123.70 | | 94.64 | | 1865.92 | | 150.87 |
| iolai | | | | | | (127.79) | | (71.25) | | (1545.55) | | (123.70) |

Notes :-

a) As the industrial licensing in respect of drugs and pharmaceuticals produced by the Company has been abolished under the Industrial Policy, the particulars of licensed capacity are not stated.

- b) Installed capacity, being of a technical nature is not verified by the Auditors.
- c) Production of basic drugs/intermediates includes 1459 tonnes (Previous year 1088 tonnes) used for captive consumption.
- d) Production includes production under contract manufacturing.
- Previous year's figures are given in bracket. e)



(B) Raw Materials Consumed:

| Arternisinin Dormes 42 60.04 3.3 44.64 Movadiamine Tormes 42 60.69 3.3 44.64 Movadiamine Tormes 421 61.41 219 13.86 Ethoxymethylene Malonic Acid Ester Tormes 640 14.00 653 11.275 Para Hydary Acetophenone Tormes 641 12.01 443 11.72 Amayadiin Hirydrate Tormes 67 11.44 163 23.32 Others (More ethich Individually forms more than 10% of the total consumption.) - 493.17 - 400.99 (C) Imported & Indigenous Consumption:- 2010-2011 2009-2010 Rupees in Procentage (p) Row materials : - - 403.93 64.52 100.00 10.82 60.03 93.55 135.06 100.00 10.22 & 64.22 6.45 10.00 10.22 & 51.00.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 10.25 & 100.00 | | Units | 2010-2011 | | 2009-2010 | | |
|---|---|--------|------------------|------------------|-----------|------------|--|
| Attension Tornes 42 80.49 33 45.64 Novadiamine Tornes 216 14.41 219 13.85 Howynethylene Molonic Acid Ester Tornes 640 14.00 653 12.75 Prac Hydrax Acelophence Tornes 641 12.00 653 12.75 Prac Hydrax Acelophence Tornes 641 12.00 433 11.72 Amaxquillin Individually forms more than 10% of the total consumption: - 2010-2011 2009-2010 655.07 565.09 (C) Imported & Indigenous Consumption: - 2010-2011 2009-2010 Rupees in Percentage Rupeet in Percentage Rupeet in Percentage <td></td> <td></td> <td>Quantity</td> <td></td> <td>Quantity</td> <td></td> | | | Quantity | | Quantity | | |
| Novadiamine Tonnes 216 1.4.1 219 1.8.8 Ethoxymethytene Maloria CALE Ster Tonnes 640 14.00 653 12.76 Para Hydroxy Acetophenone Tonnes 641 12.01 438 11.72 Amoxallin liftydiate tonnes 67 11.44 163 23.32 Others (None of which individually forms more than 10% of the load consumption.) - 493.17 - 400.97 (C) Imported & Indigenous Consumption 2010-2011 Rupees in Percentage 7 40.89 300.33 59.11 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 100.00 100.26 < | A de secisio in | Terres | 10 | | 2.2 | | |
| Ethoxymethylene Matonic Acid Ester Tonnes 640 14.00 653 12.75 Praci Hydray, Acetophenone Ionnes 67 11.44 163 23.32 Others (None of writch individually forms more than 10% of the total consumption.) - 493.17 - 400.99 (C) Imported & Indigenous Consumption: - 2010-201 200-201 Rupees in Percentage Corres Percentage Corres Percentage Corres - 403.93 38.42 207.76 40.89 30.03 59.11 200-201 Rupees in Percentage Corres Percentage Corres - 40.89 30.42 207.76 40.89 30.33 59.11 30.03 59.11 30.03 59.11 30.03 59.11 30.03 59.11 30.03 59.11 30.03 50.809 - 30.62 6.62 6.40 57.11 50.809 - 50.809 - 50.809 - 50.809 - 50.809 - 50.809 - 50.809 - 50.809 - 50.809 - 50.809 5 | | | | | | | |
| Para flydrox/Acetophenone Tonnes 441 12.01 438 11.72 Amoxycillin liftlydrate Tonnes 67 11.44 163 23.32 Others (None of which individually forms more than 10% of the total consumption.) - 493.17 - 400.99 (C) Imported & Indigenous Consumption: - 2010-2011 Rupees In Percentage Rupees In Percentage (a) Row materials : - 240.39 36.42 207.76 40.89 Indigenous 385.53 61.56 300.33 59.11 00.000 100.00 <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td></td<> | | | | | | | |
| Arrowcellin finylataine Tonnes 87 11.44 163 23.32 Othes (None of which individually forms more than 10% of the total consumption.) - 493.17 - 400.99 (C) Imported & Indigenous Consumption: - 2010-201 Rupees in Percentage Crores Percentage Crores (a) Row materials : 240.39 38.42 207.76 40.89 (a) Row materials : - 220.22 100.00 Rupees in Percentage Crores Percentage Crores - 40.89 300.33 69.11 300.03 59.11 300.03 59.11 300.03 59.11 300.00 100.00 - 20.26 20.00 808.09 100.00 - 20.26 100.00 - 20.26 100.00 - 20.26 100.00 - 20.26 100.00 10.26 100.00 - 20.26 100.00 - 20.26 100.00 10.26 100.00 10.26 100.00 10.26 100.00 10.26 100.00 10.26 100.00 10.26 | | | | | | | |
| Other (None of which individually forms more than 10% of the total consumption.) - 493.17 - 400.99 (C) Imported & Indigenous Consumption: - 2010-2011 2009-2010 Rupees in Percentage Crores Rupees in Percentage (a) Raw materials : Imported Indigenous 240.39 38.42 207.76 40.89 (b) Packing materials : Imported 240.39 38.42 207.76 40.89 (c) Raw materials : Imported 240.39 38.42 207.76 40.89 (c) Raw materials : Imported 240.39 38.42 207.76 40.89 (c) Raw materials : Imported 240.39 38.42 207.76 40.89 (c) Stores and spares : Imported 240.1 3.02 6.00 100.00 (c) Stores and spares : Imported 2.66 2.000 0.89 8.33 (c) Stores and spares : Imported 2.66 2.000 0.89 8.33 (c) Vulue of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Crores Rupees in Crores Crores Crores Crores Crores Crores Crores | | | | | | | |
| the total consumption.] - 493.17 - 400.99 (C) Imported & Indigenous Consumption: - 2010-2011 2009-2010 Rupees in Percentage Crores Percentage Crores <td< td=""><td></td><td></td><td>07</td><td>11.44</td><td>105</td><td>20.02</td></td<> | | | 07 | 11.44 | 105 | 20.02 | |
| (C) Imported & Indigenous Consumption: - 625.72 508.09 (a) Raw materials : Imported 2010-2011 2009-2010 Repress in Rupees in Crores Repress in Rupees in Crores Percentage Rupees in Rupees in Crores Percentage Rupees in Rupees in Rupe | | | _ | 493 17 | - | 400.99 | |
| Rupees in Imported Rupees in Crores Rupees in Crores Rupees in Crores Percentage Crores (a) Raw materials : Imported 240.39 38.42 207.76 40.89 (b) Packing materials : Imported 40.01 3.02 6.62 6.45 (c) Stores and spares : Imported 2.66 20.00 102.65 100.00 (c) Stores and spares : Imported 2.66 20.00 0.89 8.33 (c) Stores and spares : Imported 10.62 80.00 9.79 91.67 (c) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Indigenous Rupees in 2.66 9.000 10.68 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Row materials 2.260 189.71 Capital goods 21.02 189.71 2.66 5.70 2.87 2.87 2.87 2.87 2.87 2.87 2.87 2.83 2.87 2.87 2.87 2.87 2.87 2.87 2.87 2.87 2.83 2.81 2.81 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | | |
| Crores Crores Crores (a) Raw materials : Imported Indigenous 240.39 38.42 207.76 40.89 (b) Packing materials : Imported 4.01 3.02 6.62 6.45 Indigenous 625.72 100.00 508.09 100.00 (b) Packing materials : Imported 4.01 3.02 6.62 6.45 Indigenous 129.07 96.98 90.30 93.55 100.00 (c) Stores and spares : Imported 2.66 2.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Raw materials 2.266 5.70 10.68 100.00 (D) Value of Imports on CIF basis : 221.02 1189.71 200.92 (E) Expenditure in Foreign Currency : 2.76.02 2246.16 5.70 Traded goods 38.17 40.96 6.27 27.76 Overseas office expenses 3.72.1 25.83 76.62 27.76 22.37 | (C) Imported & Indigenous Consumption: - | | 2010-20 | 011 | 2009-20 | 010 | |
| (a) Raw materials : Imported Indigenous 240.39 38.42 207.76 40.89 (b) Packing materials : Imported Indigenous 365.33 61.58 300.33 59.11 (b) Packing materials : Imported 401 3.02 6.62 6.45 (c) Stores and sparse : Imported 133.08 100.00 102.65 100.00 (c) Stores and sparse : Indigenous 10.62 60.00 9.79 91.67 (c) Stores and sparse : Indigenous 10.62 60.00 9.79 91.67 (d) Value of Imports on CIF basis : 2010-2011 2009-2010 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 (E) Expenditure in Foreign Currency : 77.60 21.87 0.89 (E) Expenditure in Foreign Currency : 277.02 246.16 5.70 (F) Earnings in Foreign Currency : 7 1.06 6.79 27.76 (F) Earnings in Foreign Curency : 7 22. | | | Rupees in | Percentage | Rupees in | Percentage | |
| Imported Indigenous 240.39 365.33 (1.56) 38.42 300.33 (5.72) 207.76 300.00 408 58.09 (b) Packing materials : Imported 625.72 100.00 100.00 588.09 588.09 100.00 (c) Stores and spares : Imported 129.07 86.96 96.03 96.96 93.55 100.00 (c) Stores and spares : Imported 129.07 10.66 96.96 100.00 98.83 100.00 98.83 100.00 (c) Stores and spares : Imported 1.62 2.66 20.00 0.89 8.33 10.62 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 2009-2010 Ruppees in Corres Carres Carres Carres Carres Raw materials 2.2.66 5.70 10.68 100.00 Stores and machine components 2.37 0.69 6.27 Value of Imports on CIF basis : 2.37 0.69 6.27 Value of Corponents 2.37 0.69 6.27 Taraded goods 38.17 40.96 2.37 Other sortic components 2.37 0.69 6.27 <tr< td=""><td></td><td></td><td>Crores</td><td></td><td>Crores</td><td></td></tr<> | | | Crores | | Crores | | |
| Indigenous 385.33 625.72 100.00 61.68 508.09 100.00 300.33 59.11 625.72 100.00 59.11 508.09 100.00 (b) Packing materials : Imported Indigenous 4.01 3.02 5.62 6.22 6.62 6.62 6.45 6.63 (c) Stores and spares : Imported Indigenous 129.07 2.66 96.03 90.00 93.55 100.00 (c) Stores and spares : Indigenous 2.66 10.62 20.00 80.00 9.79 91.67 (d) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Rupees in Rupees in Corres 70.66 5.70 Traded goods 21.02 189.71 Packing Materials 221.02 189.71 Packing Materials 2.66 5.70 5.70 Traded goods 38.17 40.96 Stores and machine components 2.37 2.37 0.89 2.76.02 (E) Expenditure in Foreign Currency : Pofessional charges 3.7.21 2.583 25.69 8.7.97 2.235 8.7.97 (f) Earnings in Foreign Currency : POduct registration and marketing expenses 3.6.7 2.7.76 2.629 2.2.35 8.7.97 8.3.27 (F) Earnings in Foreign Currency : POdue of exports 982.90 7.83.32 7.83.32 1.07.64 1. | (a) Raw materials : | | | | | | |
| 625.72 100.00 508.09 100.00 (b) Packing materials : 4.01 3.02 6.62 6.45 Indigenous 129.07 96.98 96.03 93.55 (c) Stores and spares : 133.08 100.00 102.65 100.00 imported 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 Imported 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rup | Imported | | 240.39 | 38.42 | 207.76 | 40.89 | |
| (b) Packing materials : Imported 4.01 3.02 6.62 6.45 Indigenous 129.07 96.98 96.03 93.55 (c) Stores and spares : Imported 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 133.28 100.00 10.68 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Rupees in Corres Carres Carres Carres Row materials 2.66 5.70 13.80 8.90 Tadded goods 11.80 8.90 6.83 Capital goods 38.17 40.96 50 Stores and machine components 2.37 0.89 226.02 246.16 (E) Expenditure in Foreign Currency : Professional charges 37.21 25.83 9.00 6.27 Other matters 26.67 27.76 27.76 27.76 27.76 Other expenses 37.97 < | Indigenous | | | | | | |
| Imported Indigenous 4.01 (2).07 3.02 (2) 6.62 (2) 6.63 (2) 93.55 (2) 93.57 (2) 93.57 (2) 93.57 (2) 93.57 (2) 93.57 (2) 93.57 (2) 93.57 (2) 93.27 (2) 93.27 (2) <td></td> <td></td> <td>625.72</td> <td>100.00</td> <td>508.09</td> <td>100.00</td> | | | 625.72 | 100.00 | 508.09 | 100.00 | |
| Indigenous 129.07 96.98 96.03 93.55 Imported 13.08 100.00 102.65 100.00 Imported 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 Indigenous 10.62 100.00 10.68 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in <td< td=""><td></td><td></td><td></td><td></td><td></td><td></td></td<> | | | | | | | |
| 133.08 100.00 102.65 100.00 (c) Stores and spares : Indigenous 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 13.28 100.00 102.65 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Ruppees in Ruppees in Ruppees in Ruppees in Corres Corres Corres Corres Capital goods 2.66 5.70 13.60 8.90 Capital goods 38.17 40.96 276.02 246.16 (E) Expenditure in Foreign Currency : 276.02 246.16 27.02 246.16 (E) Expenditure in Foreign Currency : 276.02 246.16 27.83 27.71 1.06 Interest on foreign currency loan 5.09 6.27 27.76 22.35 Other matters 26.62 22.35 87.97 83.27 (F) Earnings in Foreign Currency : 7 83.27 8 | | | | | | | |
| (c) Stores and spares : 2.66 20.00 0.89 8.33 Indigenous 10.62 80.00 9.79 91.67 13.28 100.00 10.68 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Corress Crores Crores Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 38.17 40.96 Stores and machine components 2.37 0.89 (E) Expenditure in Foreign Currency : 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.63 Professional charges 16.67 27.76 Other matters 26.29 22.35 (F) Earnings in Foreign Currency : 7 6.627 (F) Earnings in Foreign Currency : 7 87.97 FOB value of exports 982.90 783.32 Dividend and Interest | Indigenous | | | | | | |
| Imported indigenous 2.66 20.00 0.89 0.00 6.33 0.02 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 (E) Expenditure in Foreign Currency : 276.02 246.16 (F) Expenditure in Foreign Currency ! 1.06 1.06 Professional charges 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 16.67 27.36 Product registration and marketing expenses 16.67 27.36 (F) Earnings in Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 7 7 FOB value of exports 982.90 < | | | 133.08 | 100.00 | 102.65 | 100.00 | |
| Indigenous 10.62 13.28 80.00 10.00 9.79 10.68 91.67 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in Rupees in R | | | | | | | |
| 13.28 100.00 10.68 100.00 (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Corres Crores Crores Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 276.02 (E) Expenditure in Foreign Currency : Professional charges 37.21 25.83 Product registration and marketing expenses 16.67 27.76 27.76 Other matters 26.29 22.35 83.27 (F) Earnings in Foreign Currency : Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture 0.23 0.23 Other Service charges 3.11 1.10 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | | |
| (D) Value of Imports on CIF basis : 2010-2011 2009-2010 Rupees in Rupees in Rupees in Crores Crores Crores Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 246.16 (E) Expenditure in Foreign Currency : Professional charges 2.71 1.06 Interest on foreign currency loan 5.09 6.27 0.27.60 Overseas office expenses 37.21 25.83 0.667 27.76 Other matters 26.29 22.35 87.97 83.27 (F) Earnings in Foreign Currency : FOB value of exports 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture - 0.23 Other Service charges 3.11 1.10 | Indigenous | | | | | | |
| Rupees in Rupees in Rupees in Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 246.16 (E) Expenditure in Foreign Currency : 276.02 246.16 (E) Expenditure in Foreign Currency : 276.02 246.16 (F) Expenditure in Foreign Currency ! 1.06 1.16.67 2.71 Professional charges 2.71 1.06 1.6.67 27.76 Overseas office expenses 37.21 25.83 25.83 Product registration and marketing expenses 16.67 27.76 Other matters 26.29 22.35 87.97 83.22 (F) Earnings in Foreign Currency : 7 87.97 83.32 (F) Earnings in Foreign Currency : 7 982.90 783.32 7 (F) Earnings in Foreign Cur | | | 13.28 | 100.00 | 10.68 | 100.00 | |
| Crores Crores Crores Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 246.16 (E) Expenditure in Foreign Currency : 276.02 246.16 (E) Expenditure in Foreign Currency ! 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 16.67 27.76 Other matters 26.29 22.35 87.97 83.27 83.27 (F) Earnings in Foreign Currency : 7 FO8 value of exports 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture - 0.23 Other Service charges 3.11 1.10 | (D) Value of Imports on CIF basis : | | | 2010-2011 | | 2009-2010 | |
| Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 (E) Expenditure in Foreign Currency : 2 Professional charges 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 36.67 27.76 Other matters 26.29 22.35 87.97 83.27 83.27 (F) Earnings in Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 7 83.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture 0.23 0.23 Other Service charges 3.11 1.10 | | | | Rupees in | | Rupees in | |
| Raw materials 221.02 189.71 Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 (E) Expenditure in Foreign Currency : 2 Professional charges 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 36.67 27.76 Other matters 26.29 22.35 87.97 83.27 83.27 (F) Earnings in Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 7 83.27 (F) Earnings in Foreign Currency : 7 83.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture 0.23 0.23 Other Service charges 3.11 1.10 | | | | Crores | | Crores | |
| Packing Materials 2.66 5.70 Traded goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 (E) Expenditure in Foreign Currency : 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 16.67 27.76 Other matters 26.29 22.35 87.97 83.27 6 (F) Earnings in Foreign Currency : 76 FOB value of exports 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture - 0.23 Other Service charges 3.11 1.10 | Raw materials | | | | | | |
| Trade goods 11.80 8.90 Capital goods 38.17 40.96 Stores and machine components 2.37 0.89 276.02 246.16 (E) Expenditure in Foreign Currency : 2.71 1.06 Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 16.67 27.76 Other matters 26.29 22.35 87.97 83.27 83.27 (F) Earnings in Foreign Currency : 7 7 FOB value of exports 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture - 0.23 Other Service charges 3.11 1.10 | | | | | | | |
| Capital goods38.1740.96Stores and machine components2.370.89276.02246.162(E) Expenditure in Foreign Currency :2.711.06Interest on foreign currency loan5.096.27Overseas office expenses37.2125.83Product registration and marketing expenses16.6727.76Other matters26.2922.3587.9783.2787.97(F) Earnings in Foreign Currency :982.90783.32FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | | | | | | | |
| Stores and machine components2.37 216.020.89 216.02[E] Expenditure in Foreign Currency : | | | | | | | |
| 276.02246.16(E) Expenditure in Foreign Currency :Professional charges2.71Interest on foreign currency loan5.09Overseas office expenses37.21Product registration and marketing expenses16.67Other matters26.2922.3587.9783.27(F) Earnings in Foreign Currency :982.90FOB value of exports982.90Dividend and Interest0.54Dividend and Interest0.54Other Service charges3.111.10 | | | | | | | |
| (E)Expenditure in Foreign Currency :Professional charges2.711.06Interest on foreign currency loan5.096.27Overseas office expenses37.2125.83Product registration and marketing expenses16.6727.76Other matters26.2922.3587.9783.27(F)Earnings in Foreign Currency :982.90783.32FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture0.230.23Other Service charges3.111.10 | sioles and machine components | | | | | | |
| Professional charges2.711.06Interest on foreign currency loan5.096.27Overseas office expenses37.2125.83Product registration and marketing expenses16.6727.76Other matters26.2922.3587.9783.27(F) Earnings in Foreign Currency : FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | | | | 276.02 | | 246.16 | |
| Interest on foreign currency loan 5.09 6.27 Overseas office expenses 37.21 25.83 Product registration and marketing expenses 16.67 27.76 Other matters 26.29 22.35 87.97 83.27 (F) Earnings in Foreign Currency : FOB value of exports 982.90 783.32 Dividend and Interest 0.54 1.07 Proceeds received on disposal of Joint Venture - 0.23 Other Service charges 3.11 1.10 | (E) Expenditure in Foreign Currency : | | | | | | |
| Overseas office expenses37.2125.83Product registration and marketing expenses16.6727.76Other matters26.2922.3587.9783.27(F) Earnings in Foreign Currency : FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | Professional charges | | | 2.71 | | 1.06 | |
| Product registration and marketing expenses16.6727.76Other matters26.2922.3587.9783.27(F) Earnings in Foreign Currency : FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | Interest on foreign currency loan | | | 5.09 | | 6.27 | |
| Other matters26.29 22.35 87.9722.35 83.27(F) Earnings in Foreign Currency : FOB value of exports982.90783.32 1.07Dividend and Interest0.541.07 0.23 0.23 0.110.23 1.10 | Overseas office expenses | | | 37.21 | | 25.83 | |
| Other matters26.29 87.9722.35 83.27(F)Earnings in Foreign Currency : FOB value of exports982.90783.32 1.07Dividend and Interest0.541.07 0.23 0.210.23 1.10 | Product registration and marketing expenses | | | 16.67 | | 27.76 | |
| 87.9783.27(F) Earnings in Foreign Currency : FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | | | | 26.29 | | 22.35 | |
| (F)Earnings in Foreign Currency :FOB value of exports982.90Dividend and Interest0.54Dividend and Interest0.54Proceeds received on disposal of Joint Venture-Other Service charges3.11 | | | | | | | |
| FOB value of exports982.90783.32Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | | | | | | | |
| Dividend and Interest0.541.07Proceeds received on disposal of Joint Venture-0.23Other Service charges3.111.10 | | | | 080.00 | | 700 00 | |
| Proceeds received on disposal of Joint Venture0.23Other Service charges3.111.10 | | | | | | | |
| Other Service charges 3.11 1.10 | | | | 0.54 | | | |
| | | | | - | | | |
| 986.55 785.72 | Other Service charges | | | | | | |
| | | | | 986.55 | | 785.72 | |

5. a) Amount of long term loans repayable in the following 12 months aggregate to Rs. 72.20 crores (Previous year Rs. 41.18 crores).
b) During the year the Company had raised and repaid Commercial Paper. The maximum outstanding amount during the year was Rs. 45.00 crores and the Closing balance at year end is Rs. Nil.

6. Provision for taxation includes provision for wealth tax of Rs.0.07 crore (Previous year Rs.0.05 crore).



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

| Particulars | As at 31.03.2011 | As at 31.03.2010 |
|---|------------------|------------------|
| | Rupees in Crores | Rupees in Crores |
| Deferred tax liability on account of | | |
| Depreciation including on R & D Assets, | | |
| amortisation and impairment | 85.92 | 82.85 |
| Deferred tax asset on account of | | |
| Provision for leave encashment | 1.84 | 2.15 |
| Provision for unpaid bonus | 2.16 | 0.95 |
| Other tax disallowance | 1.19 | 0.44 |
| Net deferred tax liability | 80.73 | 79.31 |

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

- 9. Bank balances :
 - a) Balances with scheduled banks in Schedule 8 include Rs. 1.20 crore (Previous year Rs. 1.16 crore) in unpaid dividend account.
 - b) Balances with non-scheduled banks in Schedule 8 :

| Name of the Bank | Maximum | n Balance | Balance As On | | |
|---|-------------------------------|-----------|--------------------------------|--------------------------------|--|
| | 2010-2011 Rupees in Crores | | 31.03.2011 Rupees in Crores | 31.03.2010 Rupees in Crores | |
| Moscow Indus Bank, Russia (Balance as on 31/03/2011 Rs.8,681/-) | 3.08 | 1.69 | - | 0.08 | |
| Vietcom Bank, Vietnam | 0.06 | 0.19 | 0.04 | - | |
| First Ukranian Int. Bank, Ukraine | 0.58 | 0.51 | 0.40 | 0.29 | |
| Texaka Bank, Kazakhstan | 0.03 | 0.15 | 0.03 | 0.03 | |
| Bank of Baroda (Kenya) Ltd. | 0.21 | 0.15 | 0.13 | 0.01 | |
| Union Bank of Phillippines | 0.28 | 0.18 | 0.18 | 0.08 | |
| ICICI Bank Srilanka | 0.30 | 0.13 | 0.09 | 0.06 | |
| Banco de Credito,Columbia | 0.16 | 0.23 | 0.03 | 0.16 | |
| Bancolombia Group, Colombia | 0.41 | 0.09 | 0.22 | 0.04 | |
| Helm Trust S.A., Colombia (Balance as on 31/03/2011 Rs.13,008/- & maximum balance Rs.13,162/-) (Previous year balance as on 31/03/2010 Rs.12,930/- & maximum balance Rs.13,162/-) | - | - | - | - | |
| May Bank, Malaysia | 0.05 | 0.03 | 0.03 | 0.03 | |
| JSC MT Bank , Belarus | 0.03 | - | 0.01 | - | |
| Total | | | 1.16 | 0.78 | |

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

The disclosure pursuant to the said Act is as under.

| | 2010-11 | 2009-10 |
|--|-----------------|-----------------|
| | (Rs. in Crores) | (Rs. in Crores) |
| Principal Amount due at year end for period beyond 45 days | 0.05 | 0.04 |
| Interest accrued as on 31.03.2011 thereon Rs.43,373/- (Previous year Rs. 6,057/-) | - | - |
| Payment made to suppliers (other than interest) beyond the appointed day during the year | 5.36 | 3.75 |
| Interest paid to suppliers under the MSME Act | 0.03 | 0.01 |
| Interest due & payable to suppliers under MSME Act towards payment already made | 0.04 | 0.03 |



| | | | | 2010-2011 | 2009-2010 |
|-----|------|--------------------|--|-------------------------|------------------|
| | | | | Rupees in Crores | Rupees in Crores |
| 11. | Toto | al expend | liture on R & D is included in respective heads of accounts as under: | | |
| | Exp | enditure | on Scientific Research (Includes stores and chemicals, Bio-availability, Bio-equivalence | | |
| | anc | d Toxicity | Studies) | 29.96 | 28.80 |
| | Mat | terial Cos | t . | 0.51 | 0.38 |
| | Pers | sonnel co | ost | 15.03 | 13.19 |
| | Oth | ner overhe | eads | 11.54 | 8.15 |
| | Dep | oreciatior | 1 | 7.22 | 6.29 |
| | | | | 64.26 | 56.81 |
| 12. | Mai | nagerial | Remuneration : | | |
| | i) | Manag | erial remuneration under Section 198 of the Companies Act, 1956. | | |
| | | Salary | | 1.96 | 1.74 |
| | | Commi | ssion | 6.55 | 5.89 |
| | | Contrib | ution to provident fund and other funds | 0.43 | 0.38 |
| | | Perquisi | tes and benefits | 1.21 | 1.06 |
| | | Sitting fe | ees | 0.05 | 0.05 |
| | | | | 10.20 | 9.12 |
| | | Joint m | erial Remuneration does not include Stock Option Compensation cost relating to anaging Director & Independent Directors of Rs.0.01 crore (previous year Rs. 0.04 harged to Profit & Loss Account. | | |
| | ii) | Compu Act, 19 | tation of Net Profit as per Section 349 read with Section 309(5) of the Companies 56. | | |
| | | Profit be | ofore taxation as per Profit and Loss Account | 343.70 | 271.73 |
| | | Add : | Depreciation / Amortisation / Impairment as per Accounts | 55.43 | 46.33 |
| | | | Directors' remuneration (Including sitting fees) | 3.66 | 3.23 |
| | | | Commission to Directors | 6.55 | 5.89 |
| | | | | 409.34 | 327.18 |
| | | Less : | Depreciation and Amortisation under Section 350 | 55.43 | 46.33 |
| | | | Reversal of Impairment loss of assets | 0.50 | - |
| | | | Profit on sale of Investment | | 3.70 |
| | | Net Prot | it in the second s | 353.41 | 277.15 |
| | | Overall Act, 19 | ceiling on Managerial remuneration under Section 198 of the Companies 56. | 35.34 | 27.71 |
| | | Total Mo | anagerial remuneration paid/payable during the year | 10.20 | 9.12 |
| 13. | Unp | oaid divic | lend does not include any amount to be credited to Investor Education and Protectio | n fund. | |

14. Investments purchased and sold during the year :

| Mutual Fund | Face Value (Rupees) | No. of Units (In Lacs) | Cost (Rupees in Crores) |
|--|------------------------|---------------------------|----------------------------|
| ICICI Prudential Liquid plan Super Inst. Daily Dividend | 100/- | 129.78 | 129.80 |
| ICICI Prudential Flexible Income Plan – Daily Dividend | 100/- | 12.07 | 12.76 |
| Canara Robeco Liquid Fund – Super inst. Daily Dividend Reinvestment Fund | 10/- | 3928.77 | 395.04 |
| Birla Sunlife Cash plus Instl. Prem. Daily Dividend Reinvest | 10/- | 696.69 | 69.81 |
| Pramerica Liquid Fund - Daily Dividend Option | 10/- | 30.02 | 3.00 |



- 15. a) The Company has made provision for diminution in the value of Investments in shares of Ipca Traditional Remedies Pvt. Ltd. and Ipca Pharmaceuticals Inc. USA for Rs.2.96 crores and Rs. 7.00 crores respectively.
 - b) The diminution in the value of investments in shares of Tonira Pharma Ltd. determined on the basis of market price as on 31st March, 2011 is not considered permanent based on the intrinsic value of the company. Consequently no provision for diminution in the value of investments in said Tonira Pharma Ltd. is considered necessary.
- 16. Disclosure under Accounting Standard -29 "Provisions, Contingent Liabilities and Contingent Assets".

| | | | | (Rupees in Crores) |
|---|---------|----------|-------------------------|--------------------|
| Particulars | Opening | • | Amounts paid / reversed | - |
| | Balance | the year | during the year | |
| Provision for wage revision under negotiation | 0.79 | 1.86 | - | 2.65 |
| (Previous Year) | (0.51) | (0.28) | - | (0.79) |

17. Earning per share

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

| Sr.No | Particulars | 2010-11 | 2009-10 |
|-------|---|--------------|--------------|
| i) | Profit after tax before Exceptional Item (Rs. In Crores) | 265.33 | 209.19 |
| ii) | Profit after tax and exceptional Items (Rs. In Crores) | 255.37 | 209.19 |
| iii) | No. of shares outstanding | 12,57,06,405 | 12,52,27,655 |
| iv) | Weighted Average no. of shares outstanding (Nos.) - Basic | 12,54,04,983 | 12,48,96,735 |
| (V) | Weighted Average no. of shares outstanding (Nos.) - Diluted | 12,54,57,068 | 12,51,48,680 |
| vi) | Nominal value of equity share (Rs.) | 2 | 2 |
| | Basic EPS | | |
| vii) | Earning per share before Exceptional Item (Rs.) (i/iv) | 21.16 | 16.75 |
| viii) | Earning per share after Exceptional Item (Rs.) (ii/iv) | 20.36 | 16.75 |
| | Diluted EPS | | |
| ix) | Earning per share before Exceptional Item (Rs.) (i/v) | 21.15 | 16.72 |
| X) | Earning per share after Exceptional Item (Rs.) (ii/v) | 20.35 | 16.72 |

18. Interest in Joint Venture :

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

| | | (Rupees in crores) |
|------------------------|------------|--------------------|
| Description | 31.03.2011 | 31.03.2010 |
| Assets | | |
| Non Current Assets | - | - |
| Current Assets | - | - |
| Accumulated Losses | - | - |
| Total | - | - |
| Liabilities | | |
| Share Capital | - | - |
| Reserves & Surplus | - | - |
| Current Liabilities | - | - |
| Provisions | - | - |
| Total | - | - |
| Income | | |
| Sales and Other Income | - | 1.92 |
| Expenditure | | |
| Cost of Sales | - | 1.87 |
| Other Expenses | - | 0.21 |
| Total | - | 2.08 |
| Contingent Liabilities | - | - |
| Capital Commitments | - | - |



19. a) If the compensation cost of shares issued under Employees Stock Option Scheme 2006 (ESOS) is determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the year ended March 31, 2011 as reported would change to amounts indicated below:

| | | (Rupees in Crores) |
|--|--------------|--------------------|
| Particulars | 2010-11 | 2009-10 |
| Net Profit as reported (after exceptional items) | 255.37 | 209.19 |
| Add: Stock based compensation expense included in the reported income | 0.19 | 1.08 |
| Less: Stock based compensation expenses determined using fair value of options | 0.26 | 1.81 |
| Net profit (adjusted) | 255.30 | 208.46 |
| Weighted average number of shares considered for basic earnings per share | 12,54,04,983 | 12,48,96,735 |
| Weighted average number of shares considered for diluted earnings per share | 12,54,57,068 | 12,51,48,680 |
| Basic earnings per share as reported (Rupees) | 20.36 | 16.75 |
| Basic earnings per share (adjusted) (Rupees) | 20.36 | 16.69 |
| Diluted earnings per share as reported (Rupees) | 20.35 | 16.72 |
| Diluted earnings per share(adjusted) (Rupees) | 20.35 | 16.66 |

b) The details of options as at 31st March, 2011 are as under:

| Options | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| At the beginning of the year | 1,41,250 | 2,69,250 |
| Granted | - | - |
| Exercised | 95,750 | 1,09,750 |
| Forfeited / lapsed | 10,750 | 18,250 |
| Outstanding at the end of the year | 34,750 | 1,41,250 |
| Outstanding exercisable at the end of the year | - | - |
| Exercise price for outstanding options – Grant I | Rs. 200 | Rs. 200 |
| – Grant II | Rs. 315 | Rs. 315 |
| – Grant III | Rs. 315 | Rs. 315 |

c) ESOS Commitment Deposit:

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

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

| | | | | (Ru | pees In Crores) |
|------|--|----------|---------|------------------|-----------------|
| Sr. | Particulars | Gratuity | | Leave Encashment | |
| No. | | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Ι. | Change in Benefit Obligation | | | | |
| | Liability at the beginning of the year | 11.12 | 8.58 | 6.50 | 5.10 |
| | Interest cost | 0.89 | 0.69 | 0.55 | 0.45 |
| | Current Service Cost | 1.29 | 0.88 | 1.65 | 1.53 |
| | Past year Service Cost | - | - | - | - |
| | Benefit Paid | (0.81) | (0.57) | (1.59) | (1.33) |
| | Actuarial (gain)/loss on obligations | 1.94 | 1.54 | (1.44) | 0.75 |
| | Curtailments and Settlements | - | - | - | - |
| | Liability at the end of the year | 14.43 | 11.12 | 5.67 | 6.50 |
| П. | Fair Value of Plan Assets | | | | |
| | Fair Value of Plan Assets at the beginning of the year | 9.62 | 7.58 | - | - |
| | Expected Return on Plan Assets | 1.13 | 0.82 | - | - |
| | Contributions | 4.16 | 1.79 | - | - |
| | Benefit paid | (0.81) | (0.57) | - | - |
| | Actuarial gain/(loss) on Plan Assets | 1 1 | - | - | - |
| | Fair Value of Plan Assets at the end of the year | 14.10 | 9.62 | - | - |
| III. | Actual Return on Plan Assets | | | | |
| | Expected Return on Plan Assets | 1.13 | 0.82 | - | - |
| | Actuarial gain/(loss) on Plan Assets | - | - | - | - |
| | Actual Return on Plan Assets | 1.13 | 0.82 | - | - |



| Sr. | Particulars | Gratuity | , | Leave Encash | ment |
|------|---|----------|---------|--------------|---------|
| No. | | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| IV. | Amount Recognised in the Balance Sheet. | | | | |
| | Liability at the end of the year | 14.43 | 11.12 | 5.67 | 6.50 |
| | Fair Value of Plan Assets at the end of the year | 14.10 | 9.62 | - | - |
| | Difference | 0.33 | 1.50 | 5.67 | 6.50 |
| | Unrecognised Past Service Cost | - | - | - | - |
| | Amount Recognised in the Balance Sheet | 0.33 | 1.50 | 5.67 | 6.50 |
| V. | Expenses Recognised in the Income Statement | | | | |
| | Current Service Cost | 1.29 | 0.88 | 1.65 | 1.53 |
| | Interest Cost. | 0.89 | 0.69 | 0.55 | 0.45 |
| | Expected Return on Plan Assets | (1.13) | (0.82) | - | - |
| | Net Actuarial (gain)/loss to be Recognised | 1.94 | 1.54 | (1.44) | 0.75 |
| | Past Service Cost (Non Vested Benefit) Recognised | - | - | - | - |
| | Past Service Cost (Vested Benefit) Recognised | - | - | - | - |
| | Effect of Curtailment or Settlements. | - | - | - | - |
| | Expense Recognised in Profit and Loss Account | 2.99 | 2.29 | 0.76 | 2.73 |
| VI. | Balance Sheet Reconciliation | | | | |
| | Opening Net Liability | 1.50 | 1.00 | 6.50 | 5.10 |
| | Expense as above | 2.99 | 2.29 | 0.76 | 2.73 |
| | Past year Service cost | - | - | - | - |
| | Employers Contribution | (4.16) | (1.79) | (1.59) | (1.33) |
| | Amount Recognised in Balance Sheet. | 0.33 | 1.50 | 5.67 | 6.50 |
| VII. | Actuarial Assumptions | | | | |
| | Discount Rate | 8% | 8% | 8.50% | 8% |

Note: i) Employer's contribution includes payments made by the Company directly to its past employees.

ii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.

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

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

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

The Company as on 31st March, 2011 has the following derivatives instruments / forward cover outstanding.

| Sr.No | Type of Transaction | Purpose | Amount Outstanding (In Million) | |
|-------|---------------------------------|--|------------------------------------|-----------------------------|
| | | | 31.03.2011 | 31.03.2010 |
| i. | USD Put Options (Purchase) | To hedge export receivable | USD 27.00 | USD 37.50 |
| ii. | USD Call Option (Sold) | To hedge export receivable | USD 27.00 | USD 39.30 |
| iii. | JPY/ USD full Currency swap | To hedge the currency risk and interest rate risk of JPY Loan | JPY 318.60 (outstanding) | JPY 637.20 (outstanding) |
| iv. | USD Interest Rate Swap (Rs) | To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate. | USD 21.07 (outstanding) | USD 17.83 (outstanding) |
| V. | Currency Swap | To reduce cost of borrowing | USD 3.30 | USD 10.74 |
| vi. | Forward Cover beyond six months | To hedge export receivables | STG 2.00 USD 66.50 | STG 5.00 USD 90.50 |



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

| Sr.No | Particulars | 31.03.2011 | 31.03.2010 |
|-------|--|---------------|---------------|
| | | USD (Million) | USD (Million) |
| i | Term Ioan | 41.07 | 27.83 |
| ii. | Short term working capital loan / PCFC / Buyers credit | 8.53 | 18.33 |
| iii. | Sundry creditors for imports | 8.74 | 11.05 |
| iv. | Currency Swap | 3.30 | 10.74 |

d) The Company has an annual average exports of USD 224 Million of which the Company has partially hedged its receivables by the aforesaid options disclosed in para (a) above. The unhedged currency risk detailed in para (c) above has a natural hedge against the unhedged export receivables of USD 17.63 Million (Previous year USD 14.04 Million) as at 31st March, 2011.

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

Relationships:

A. Entities where control exists

Shareholders of Ipca Laboratories Ltd

Kaygee Investments Pvt.Ltd.

Chandurkar Investments Pvt.Ltd.

Subsidiaries

Laboratories Ipca Do Brasil Ltda, Brazil (Under liquidation) Ipca Pharmaceuticals, Inc. USA Ipca Laboratories U.K. Ltd. United Kingdom Ipca Pharma (Australia) Pty Ltd. Australia Ipca Pharma Nigeria Ltd., Nigeria National Druggists (Pty) Ltd., South Africa Ipca Pharmaceuticals (Shanghai) Ltd. Ipca Pharmaceuticals Ltd. Mexico Ipca Traditional Remedies Pvt. Ltd.

Step-down Subsidiaries

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

Joint Venture Company

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

B. Key Management Personnel

| Mr. Premchand Godha | Managing Director |
|---------------------|-------------------------|
| Mr. A.K.Jain | Joint Managing Director |
| Mr. Pranay Godha | Executive Director |

C. Associates

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

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

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



Transactions with Related Parties

(Rupees in Crores)

(Rupees in crores)

| Description | Entities | where contro | l exists | Key Management | Associates | Other Related | Total |
|--------------------------------------|-------------------------|--------------|----------------------|-------------------|------------|------------------|--------|
| | Shareholders of Ipca | Subsidiaries | Joint Venture Co. | Personnel | | Parties | |
| Purchase of goods and services | - | 3.09 | - | - | 43.86 | 1.18 | 48.13 |
| (Previous year) | - | 0.60 | 1.67 | - | 26.07 | 1.02 | 29.36 |
| Sales of goods and services | - | 18.27 | - | - | 5.01 | - | 23.28 |
| (Previous year) | - | 23.73 | 2.08 | - | 5.43 | - | 31.24 |
| Interest income | - | 0.54 | - | - | 2.02 | - | 2.56 |
| (Previous year) | - | 0.18 | - | - | 1.36 | - | 1.54 |
| Purchase of fixed assets | - | - | - | - | 0.02 | - | 0.02 |
| (Previous year) | - | 12.54 | - | - | 0.06 | - | 12.60 |
| Sale of fixed assets | - | - | - | - | 0.15 | - | 0.15 |
| (Previous year) | - | - | - | - | 0.44 | - | 0.44 |
| Excise duty, Rent and other expenses | - | 4.11 | - | - | 0.46 | 0.58 | 5.15 |
| (Previous year) | - | 2.26 | - | - | 0.01 | 0.18 | 2.45 |
| Rent and Other Income | - | - | - | - | - | - | - |
| (Previous year) | - | - | - | - | 0.01 | - | 0.01 |
| Dividend Income | - | - | - | - | - | - | - |
| (Previous year) | - | - | 0.89 | - | - | - | 0.89 |
| Net loans and advances given/ | - | (3.93) | - | - | 12.88 | - | 8.95 |
| (Recovered) | | | | | | | |
| (Previous year) | - | 0.91 | - | - | (2.04) | - | (1.13) |
| Investments made | - | 2.12 | - | - | - | - | 2.12 |
| (Previous year) | - | 1.92 | - | - | - | - | 1.92 |
| Sale of Investments | - | - | - | - | - | - | - |
| (Previous year) | 7.31 | - | 0.67 | - | - | 1.17 | 9.15 |
| Guarantees Outstanding | - | - | - | - | 30.00 | - | 30.00 |
| (Previous year) | - | - | - | - | 30.00 | - | 30.00 |
| Remuneration to Directors | - | - | - | 10.16 | - | - | 10.16 |
| (Previous year) | - | - | - | 9.07 | - | - | 9.07 |
| Donation | - | - | - | - | - | 0.25 | 0.25 |
| (Previous year) | - | - | - | - | - | 1.10 | 1.10 |
| Balance as on 31/03/11 | | | | | | | |
| Receivables | - | 7.17 | - | - | 26.01 | - | 33.18 |
| Payables | - | - | - | 6.89 | 1.92 | 0.23 | 9.04 |
| Balance as on 31/03/10 | | | | | | i | |
| Receivables | - | 12.83 | - | - | 2.88 | - | 15.71 |
| Payables | - | 0.40 | - | 6.38 | 2.09 | 0.15 | 9.02 |

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

| | 2010-11 | 2009-10 | | 2010-11 | 2009-10 |
|---|---------|---------|---|---------|---------|
| Purchase of Goods & Services: Paschim Chemicals Pvt. Ltd. | 26.19 | 19.84 | Net Loans & Advances Given/ (Recovered): | | |
| Makers Laboratories Ltd. | 16.47 | 5.76 | Laboratories Ipca Do Brazil Ltda. | (0.50) | - |
| Sale of Goods & Services: | | | Paschim Chemicals Pvt. Ltd. | 5.38 | (0.42) |
| Ipca Pharma Nigeria Ltd. | 9.38 | 15.01 | Ipca Pharma Nigeria Ltd. | (3.23) | 3.16 |
| Activa Pharmaceuticals (FZC) | - | 2.08 | Tonira Pharma Ltd. | 7.50 | (1.62) |
| | | | Ipca Traditional Remedies Pvt.Ltd. | - | (2.25) |

49



| | 2010-11 | 2009-10 | | 2010-11 | 2009-10 |
|--|---------|---------|--------------------------------------|---------|---------|
| Sale of Goods & Services: | | | Investments Made: | | |
| Ipca Pharmaceuticals, Inc. USA | 8.89 | 7.35 | Laboratories Ipca Do Brazil Ltda. | 0.50 | 1.14 |
| Paschim Chemicals Pvt. Ltd. | 1.19 | 3.24 | lpca Laboratories U.K Ltd. | 1.03 | |
| Makers Laboratories Ltd. | 3.14 | 2.15 | Ipca Pharmaceuticals (Shanghai) Ltd. | 0.35 | 0.59 |
| Purchase of Fixed Assets: | | | Ipca Pharmaceuticals Ltd.Mexico | 0.24 | 0.1 |
| Ipca Traditional Remedies Pvt.Ltd. | - | 12.54 | | | |
| Makers Laboratories Ltd. | 0.01 | - | Interest Income: | | |
| Tonira Pharma Ltd. | 0.01 | 0.05 | Ipca Pharma Nigeria Ltd. | 0.54 | 0.1 |
| | | | Tonira Pharma Ltd. | 1.79 | 1.3 |
| Sale of Fixed Assets: | | | | | |
| Paschim Chemicals Pvt. Ltd. | 0.10 | 0.26 | Remuneration to Directors: | | |
| Tonira Pharma Ltd. | - | 0.18 | Mr. Premchand Godha | 7.56 | 6.8 |
| Makers Laboratories Ltd. | 0.05 | - | Mr. A.K. Jain | 1.63 | 1.4 |
| Excise Duty, Rent & Other Exp.: | | | Receivables: | | |
| Ipca Pharmaceuticals, Inc. USA | 2.49 | 2.02 | Ipca Pharma Nigeria Ltd. | 6.12 | 10.2 |
| Ipca Pharma (Australia) Pty Ltd. Australia | 0.21 | 0.24 | Paschim Chemicals Pvt. Ltd. | 8.09 | 2.6 |
| Vandhara Resorts Pvt.Ltd. | 0.53 | 0.13 | lpca Pharmaceuticals, Inc. USA | 0.92 | 1.9 |
| Ipca Pharma Nigeria Ltd. | 1.33 | - | Tonira Pharma Ltd. | 17.92 | 0.2 |
| Donation: | | | Payables: | | |
| Prabhat Foundation | 0.25 | 1.10 | Mr. Premchand Godha | 5.54 | 5.1 |
| | | | Mr. A.K. Jain | 0.82 | 0.7 |
| Dividend Income: | | | Makers Laboratories Ltd. | 1.92 | 2.0 |
| Activa Pharmaceuticals (FZC) | - | 0.89 | | | |
| Sale of Investments: | | | | | |
| Kaygee Investments Pvt.Ltd. | - | 7.31 | | | |
| , g = = | | | | | |
| Guarantees Outstanding: | | | | | |
| Tonira Pharma Ltd. | 30.00 | 30.00 | | | |

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

| | | | | | | (Rupees in Crores) |
|---------|--------------------------------------|--------------|------------|-----------------------------------|------------------|--------------------|
| Sr. No. | Name of the company | Relationship | Balanc | Balance as on Maximum outstanding | | |
| | | | 31.03.2011 | 31.03.2010 | During 2010-2011 | During 2009-2010 |
| i) | Laboratories Ipca Do Brasil Ltda. | 100% | | 0.50 | 0.50 | 0.50 |
| | | Subsidiary | - | 0.50 | 0.50 | 0.50 |
| ii) | Ipca Pharmaceuticals, Inc. USA | | | | | |
| | (Rs.NIL Previous year Rs. 27,051/-) | 100% | | | - | |
| | Maximum outstanding (Rs.27,051/- | Subsidiary | - | - | | - |
| | Previous year Rs. 30,432/-) | | | | | |
| iii) | Ipca Pharmaceuticals Ltd. Mexico | 100% | | 0.00 | 0.00 | 0.00 |
| | | Subsidiary | - | 0.08 | 0.08 | 0.09 |
| iv) | Ipca Pharmaceuticals (Shanghai) Ltd. | 100% | | 0.10 | 0.10 | 0.10 |
| | | Subsidiary | - | 0.12 | 0.12 | 0.13 |
| V) | Ipca Pharma Nigeria Ltd. | 100% | | 2.14 | 7.24 | 4.00 |
| | | Subsidiary | - | 3.16 | 7.34 | 4.02 |
| ∨i) | Tonira Pharma Ltd. | Associate | 16.36 | 8.86 | 16.36 | 14.86 |
| ∨ii) | Paschim Chemicals Pvt. Ltd. | Associate | 3.77 | - | 3.77 | - |

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

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



26. Details of rounded off amounts

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

| Balance Sheet iten | ns l | | (Rupees) |
|--------------------|--|-----------------------------------|-----------------------------------|
| Refer | Description | As at 31 st March 2011 | As at 31 st March 2010 |
| Sources of funds | Share Application money pending allotment | 34,750 | - |
| Schedule 4 | Sales, W/off, adjustments during the year | | |
| | Intangible assets-Software | 3,411 | 50,733 |
| | Effluent treatment plant | - | (898) |
| | R&D Intangible Assets Software | 461 | 461 |
| Schedule 5 | Government Securities | | |
| | National Saving Certificates | 33,000 | 36,000 |
| Notes to the Accou | unts | | (Rupees) |
| Refer | Description | Year ended 31.03.2011 | Year ended 31.03.2010 |
| Note No.24 | Sale of goods and services – Other related parties | - | 36,590 |
| | Excise Duty, Rent and Other expenses – Other related | - | 639 |

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

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

parties

For and on behalf of the Board of DirectorsPremchand GodhaManaging DirectorA. K. JainJoint Managing DirectorPranay GodhaExecutive Director

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011

Harish P. Kamath Company Secretary



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

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

| | | 000.0.0 | | | 011100 | | | | | | | | | | | | |
|--|---------------------|---------|--------|----------|-----------|--------|----------|--------|--------|---------|-----------|---------------|---------------|---------|---------|-----|---|
| I. Registration details. Registration No. | 7 | 3 3 | 7 | | | | | | | | | | St | ate C | ode | | |
| Balance Sheet 3 1 Date | 0 Month | | 2 | 0 Yeo | 1 ar | 1 | | | | | | | [| 1 | 1 | | |
| II. Capital raised during the year | (Amount in | Rs. Th | ousar | nds) | | | | | | | | | | | | | |
| Public Issue | | | | 1 | | | | | | | | | Right | s Issue | Э | | |
| | | | | | | | | | | | | | Ň | IL | | | |
| Bonus Issue | | | | | | | | | | | | Priv | ate P | lacen | hent | | |
| | | | | | | | | | | | | | | | 9 5 | 5 7 | |
| | | | | | | | | | | | | | | | 1 . 1 - | | |
| III. Position of mobilisation and d (Amount in Rs. Thousands) | eployment | of fun | ds | | | | | | | | | | | | | | |
| Total Liabil | ities | | | | | | | | | | | Total | Asset | s | | | |
| | | 4 | 7 | 1 | | | | Г | | 1 | 9 | 1 | 3 | | 6 4 | 7 | ٦ |
| Sources of Funds | | | | 1 | | | | L | I | | | | - | · | | | _ |
| Paid-Up Co | apital | | | | | | | | | 5 | Share . | Applic | catior | n mon | ey | | |
| 2 5 | 1 4 | 1 | 3 | 1 | | | | Г | | | | T T | | | 3 | 5 | 7 |
| Reserves & S | urplus | - | | - | | | | | | | S | ecure | ed Loo | ans | | _ | _ |
| 1 0 2 8 | 7 2 | 0 | 5 |] | | | | Γ | | | 4 | 2 | 7 | 2 | 5 8 | 3 | 7 |
| Unsecured L | oans | | | _ | | | | - | I | | Def | erred | Tax Li | ability | | | _ |
| 1 0 3 | 5 6 | 1 | 1 |] | | | | Γ | | | | 8 | 0 | 7 | 3 0 | 0 | 7 |
| Application of Funds | | | | _ | | | | - | | | | | | | | | - |
| Net Fixed | Assets | | | _ | | | | _ | | | | Invest | ment | S | | | _ |
| 8 1 0 | 9 7 | 3 | 3 | | | | | | | | | 4 | 8 | 9 | 4 5 | 1 | |
| Net Currer | | | | _ | | | | - | | | Mis | c. Exp | pendit | ure | | | _ |
| | 4 9 | 6 | 3 | | | | | L | | | N | | L | | | | |
| Accumulated | LOSSES | 1 | 1 | 1 | | | | | | | | | | | | | |
| IV. Performance of Company (Ar | nount in Rs | Thous | ands | J | | | | | | | | | | | | | |
| Turne | ver | | | _ | | | | _ | | | Toto | al Exp | endit | ure | | | _ |
| | | 1 | 9 | | | | | L | | 1 | 5 | 4 | 5 | | 4 5 | 8 | |
| + - Profit /Loss E | | 6 | 1 | 1 | | Г | + - ✓ | — Г | | | 2 Profit/ | <u>LOSS /</u> | After To 5 | | 6 5 | 3 | ٦ |
| (Please tick appropriate box + | | | | 1 | | L | | | | | | | | | | | _ |
| Earning Per Share | <u>ə in Rs. (*)</u> | | | - | | | | - | | | Div | idenc | l Rate | % | | | - |
| 2 | 0 = | 3 | 6 | | | | | L | | | | | | | 1 6 | 0 | |
| (*) After exceptional item | | | | | | | | | | | | | | | | | |
| V. Generic names of three prin | cipal produ | icts/se | rvices | of th | e Co | mpar | ıy. | | | | | | | | | | |
| (as per monetary terms) | | | | | | | | | | | | | | | | | |
| Item Code No. | | | | 3 | 0 | 0 | 4 | 9 | 0 | 5 | 9 | | | | | | |
| (ITC Code) | | | | | | | | | · | | | | | | | | |
| Product Description | A R | T | E | M | E | T | H | E | R | | & | | | | | | |
| | L | U | Μ | E | F | A | Ν | T | R | Ι | Ν | E | | | | | |
| | | | | | | | | | | | | | | | | | |
| Item Code No. | | | | 3 | 0 | 0 | 4 | 9 | 0 | 7 | 4 | | | | | | |
| (ITC Code) | | | _ | | | | | | | | | | | | | | |
| Product Description | A | | E | N | 0 | L | 0 | L | | | | | | | | | |
| Description | | | | | | | | | | | | | | | | | |
| ltem Code No. | | | | 2 | 9 | 3 | 9 | 2 | 1 | 9 | 0 | | | | | | |
| (ITC Code) | | | - | | | | | | | | | | 6 | | | | |
| Product | H Y S U | | R F | 0 | X | Y E | С | H | | 0 | R | 0 | Q | U | | N | E |
| Description | | | | A | | | L | | , | | | | | | | | |
| Note : Classification of products/serv | /ices under | IIC co | ae be | ing o | t a teo | chnic | ai nat | ure is | not ve | eritied | by the | e Aud | itors. | | | | |

For and on beha Premchand Godha A. K. Jain Pranay Godha

For and on behalf of the Board of Directors nand Godha Managing Director Joint Managing Director Godha Executive Director

Mumbai 24th May, 2011 Harish P. Kamath Company Secretary



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

We have audited the attached consolidated Balance Sheet as at 31st March 2011, the Consolidated Profit and Loss Account and the consolidated cash flow statement for the year then ended of Ipca Laboratories Limited and its subsidiaries.

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

We have audited the financial statements of the subsidiaries for the purposes of complying with the requirements of the Companies Act 1956 relating to the subsidiaries and holding company disclosures relying on the Financial Statements which were audited by other auditors. The Financial Statements of the subsidiaries including the step down subsidiary which were audited by other auditors reflect total assets of Rs. 26.82 crores as at 31st March 2011 and total revenues of Rs. 42.10 crores for the year then ended. Further in case of Ipca Pharma (NZ) Pty Ltd, Laboratories Ipca Do Brazil LTDA and Ipca Pharma (Australia) Pty Ltd the accounts for the period 1st April 2010 to 31st March 2011 which include total assets of Rs. 12.34 crores and total revenue of Rs. 0.23 crores are based on un-audited data as certified by the management. Further we did not audit the financial statements of certain associates which were audited by other auditors and whose total assets and total revenue were Rs. 81.37 crores and Rs. 56.05 crores respectively. Excepting the aforementioned information relating to management accounts, the aforesaid financial statements have been audited by other auditors whose report(s) have been furnished to us, and our opinion, in so far as they relates to the amounts included in respect of these subsidiary companies, are based on the reports of the other auditors.

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

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

- a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Ipca Laboratories Limited, its subsidiaries including step down subsidiaries as at 31st March 2011 and
- b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Ipca Laboratories Limited, its subsidiaries including step down subsidiary for the year then ended.
- c) the Consolidated Cash Flow Statement, gives a true and fair view of the cash flows of Ipca Laboratories Limited, its subsidiaries including step down subsidiary for the year then ended.

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

Mumbai, May 24, 2011 N. Jayendran Partner M.No. 40441



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

| | Schedule | 31 st Marc | 31 st March,2011 | | h,2010 |
|---|----------|-----------------------|-----------------------------|------------------|----------|
| | | | | Rupees in Crores | - |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 25.14 | | 25.04 | |
| Share Application money pending allotment | | - | | 0.01 | |
| (Refer Note No. 12(c)) | | | | | |
| Reserves and Surplus | 2 | 1,026.45 | 1,051.59 | 839.84 | 864.89 |
| | | | | | |
| Minority Interest | | | (0.66) | | (0.58) |
| | | | | | |
| Loan Funds | | | | | |
| Secured Loans | 3 | 427.25 | | 364.08 | |
| Unsecured Loans | 3 | 103.57 | 530.82 | 90.43 | 454.51 |
| Deferred Taxation (Net) | | | 80.73 | | 79.31 |
| (Refer Note No. 10) | | | | | |
| | | | 1,662.48 | | 1,398.13 |
| | | | | | |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | 4 | | | | |
| Gross Block | | 988.42 | | 881.17 | |
| Less : Depreciation / Amortisation / Impairment | | 289.20 | | 243.32 | |
| Net Block | | 699.22 | | 637.85 | |
| Capital Work-in-Progress and Capital Advances | | 113.15 | 812.37 | 38.28 | 676.13 |
| | | | | | |
| Investments | 5 | | 40.83 | | 32.54 |
| | | | | | |
| Current Assets, Loans and Advances | , | | | | |
| Inventories | 6 | 466.40 | | 380.23 | |
| Sundry Debtors | 7 | 463.67 | | 388.02 | |
| Cash and Bank Balances | 7 | 10.36 | | 10.79 | |
| Loans and Advances | 8 | 118.18 | | 125.91 | |
| Lass Original Link William and Devide Lass | 0 | 1,058.61 | | 904.95 | |
| Less : Current Liabilities and Provisions | 9 | 007.00 | | 104.04 | |
| Current Liabilities | | 207.33 | | 184.24 | |
| Provisions | | 42.00 | | 31.25 | |
| Net Current Aceste | | 249.33 | 800.08 | 215.49 | 400 44 |
| Net Current Assets | | | 809.28 | | 689.46 |
| | | | 1,662.48 | | 1,398.13 |
| Notes to the Consolidated Accounts | 16 | | | | |
| Notes to the Consolidated Accounts | 10 | | | | |

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

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011

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

Harish P. Kamath Company Secretary



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

| | Schedule | 2010-2 | 2011 | 2009-2 | 2010 |
|---|----------|-------------------------|------------------|---------------------|--------------------|
| | | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores |
| | | | 1 0 2 7 5 (| | 1 (00 75 |
| Sales Less: Excise Duty | | 12.78 | 1,937.56 | 10.31 | 1,602.75 |
| Sales Tax | | 42.24 | 55.02 | 32.89 | 43.20 |
| | | | 1,882.54 | | 1,559.55 |
| Income from Operations | 10 | 16.32 | | 7.21 | |
| Other Income | 11 | 8.31 | 24.63 | 8.91 | 16.12 |
| EVENIDITUDE | | | 1,907.17 | | 1,575.67 |
| EXPENDITURE Material Cost and Inventory Adjustments | 12 | 776.42 | | 645.60 | |
| Personnel Cost | 12 | 266.28 | | 220,70 | |
| Manufacturing and Other Expenses | 14 | 480.03 | | 366.77 | |
| Financial Cost | 15 | 31.40 | | 32.93 | |
| Depreciation and Amortisation | 4 | 55.79 | | 46.74 | |
| Loss / (Gain) on foreign exchange translations | | (43.44) | | (6.27) | 1 000 11 |
| Provision for Diminution in Value of Investments PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM | | | <u> </u> | 2.94 | 1,309.41 266.26 |
| Less : Provision for Taxation | | | 340.09 | | 200.20 |
| - Current | | 73.26 | | 47.48 | |
| - Deferred (Net) | | 1.42 | | 14.20 | |
| - Short/(Excess) provision of earlier year | | 3.70 | 78.38 | 1.04 | 62.72 |
| PROFIT AFTER TAXATION | | | 262.31 | | 203.54 |
| Share of loss transferred to Minority Interest | | (0.05) | 0.08 | 1.00 | 0.20 |
| Share of profits/ (loss) from Investments in Associates Proportionate share of dividend received by Associ | | (0.25) | | 1.03 | |
| from cross-holding | ules | 0.68 | 0.43 | 0.59 | 1.62 |
| PROFIT AFTER TAXATION BEFORE EXCEPTIONAL ITEM | | 0.00 | 262.82 | 0.07 | 205.36 |
| EXCEPTIONAL ITEM | | | - | | |
| NET PROFIT | | | 262.82 | | 205.36 |
| Balance brought forward | | | 142.63 | | 145.71 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | | 405.45 | | 351.07 |
| APPROPRIATIONS | | | | | |
| Debenture Redemption Reserve | | | 15.00 | | 15.00 |
| General Reserve | | | 200.00 | | 152.54 |
| Interim Dividend | | | 25.13 | | 22.49 |
| Proposed Final Dividend Proposed Dividend of previous year | | | 15.08 | | 12.52 (0.01) |
| reversed on Shares bought back | | | | | (0.01) |
| Tax on Dividend | | | 6.62 | | 5.90 |
| Balance carried forward to Balance Sheet | | | 143.62 | | 142.63 |
| | | | 405.45 | | 351.07 |
| EARNINGS PER SHARE (In Rupees) | | | | | |
| [Refer Note No.18] | | | | | |
| (Nominal value of each share Rs. 2/-) Basic | | | | | |
| Before Exceptional Item | | | 20.96 | | 16,44 |
| After Exceptional Item | | | 20.96 | | 16.44 |
| Diluted | | | | | |
| Before Exceptional Item | | | 20.95 | | 16.41 |
| After Exceptional Item | 17 | | 20.95 | | 16.41 |
| Notes to the Consolidated Accounts | 16 | | | | |
| As per our Report of even date attached | | | For ar | nd on behalf of the | Board of Directors |
| For Natvarlal Vepari & Co. | | | Premchand (| Godha Manag | ging Director |
| Chartered Accountants | | | A. K. Jain | Joint N | lanaging Director |
| Firm Registration No. 106971W | | | Pranay Godh | a Execut | ive Director |
| - | | | | | |
| N. Jayendran Partner | | | | | |
| M.No.40441 | | | | | |
| Mumbai | | Harish P. Kamath | | | |
| 24 th May, 2011 | C | company Secretary | | | |
| 2 | 0 | supary sectordly | | | |



STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31st MARCH 2011

| | 2010-11 | 2009-10 | |
|---|------------------------|----------------------------|-------------|
| | Rupees in Crores | Rupees in Crores | |
| A CASH FLOW FROM OPERATING ACTIVITIES | | | |
| 1 Net profit before taxation and extraordinary item | 340.69 | | 266.26 |
| Adjustments for : | | | |
| Depreciation and Amortisation | 55.79 | 46.74 | |
| Reversal of Impairment Loss of Assets | (0.50) | - | |
| Provision for employee benefits (Profit) / Loss on sale of assets | 1.04 | 2.76 (0.01) | |
| (Profit) / Loss on sale of investments | 1.04 | (0.16) | |
| Fixed Assets scrapped | 2.36 | 0.70 | |
| Miscellaneous Balance Written off / (back) | (0.07) | 0.73 | |
| Bad debts written off | 0.35 | - | |
| Provision for diminution in value of investment | | 2.94 | |
| Provision for Doubtful Debts/Advances | 0.17 | 1.15 | |
| Employee Stock Option Compensation expenses | 0.31 | 1.08 | |
| Foreign exchange (gain) / loss | (43.44) | (6.27) | |
| Interest income | (5.90) | (6.37) | |
| Dividend income | (0.37) | (0.23) | 70.45 |
| Interest expense | <u> 25.33</u> 35.07 | 27.39 | 70.45 |
| 2 Operating profit before working capital changes (Decrease) / Increase in short term borrowings | 20.54 | 24.05 | |
| (Increase) / Decrease in Receivables | 29.54 (67.42) | 24.05 (73.06) | |
| (Increase) in inventories | (86.17) | (74.07) | |
| (Decrease) / Increase in sundry creditors | 25.40 | 24.65 | |
| Movement in Foreign Currency Translation Reserve | 0.26 (98.39) | 0.01 | (98.42) |
| 3 Cash generated from operation | 277.37 | | 238.29 |
| Income tax paid (Net) | (64.37) | | (45.86) |
| Gratuity contribution to LIC | (1.50) | | (0.98) |
| Net cash from operating activities | 211.50 | | 191.45 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | (196.19) | (134.09) | |
| Purchase of Investments | (7.86) | - | |
| Disposal of Joint Venture / Subsidiaries | - | 0.23 | |
| Disposal of Investment in Associates | - | 8.49 | |
| Purchase / Redemption of mutual fund units - Purchases | (610.41) | (481.95) | |
| - Redemption | 610.41 | 481.95 - | |
| Proceeds from sale of assets | 1.26 | 1.50 | |
| | 4.32 | 6.25 | |
| Dividend received from others | 0.37 | 0.23 | |
| Net cash from / (used in) investing activities | (198.10) | | (117.39) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Issuance of Share Capital Including Pre | mium 2.19 | 2.56 | |
| Share bought back and extinguished | | (2.54) | |
| Proceeds from long-term borrowings | 95.48 | 71.21 | |
| Repayment of long-term borrowings | (41.54) | (78.24) | |
| Interest paid Dividend paid | (26.10) (43.86) | (29.13) _(37.87) | |
| Net cash used in financing activities | (13.83) | (37.87) | (74.01) |
| Net increase in cash and cash equivalents ($A + B + C$) | (0.43) | | 0.05 |
| Cash and cash equivalents at beginning of year | 10.79 | | 10.74 |
| Cash and cash equivalents at end of year | 10.36 | | 10.79 |
| Components of Cash & Cash equivalants : | | | |
| Cash and Cheques on hand | 3.20 | | 3.40 |
| Balance with banks on Current Account | 7.16 | | 7.39 |
| | 10.36 | | 10.79 |
| As per our Report of even date attached | For an | d on behalf of the Board o | f Directors |
| For Natvarial Vepari & Co. | Premchand G | | |
| Chartered Accountants | A. K. Jain | Joint Managing |) Director |
| Firm Registration No. 106971W | Pranay Godha | Executive Direc | tor |
| | | | |

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011

Harish P. Kamath Company Secretary



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Schedules 1 to 16 forming part of the Consolidated Balance Sheet as at 31st March, 2011 and Consolidated Profit & Loss Account for the year ended 31st March, 2011.

| | 31.03.2 | 2011 | 31.03. | 2010 |
|---|-------------------------|------------------|------------------|------------------|
| SCHEDULE 1 | Rupees in Crores | Rupees in Crores | Rupees in Crores | Rupees in Crores |
| SHARE CAPITAL | | | | |
| Authorised : | | | | |
| 22,50,00,000 Equity Shares of Rs.2 each | | 45.00 | | 45.00 |
| Issued and Subscribed : | | | | |
| 12,69,87,500 Equity Shares of Rs. 2 each | | | | 05.00 |
| (Previous year 12,65,08,750 Equity Shares of Rs. 2 each) | | 25.40 | | 25.30 |
| Paid up : | | | | 05.04 |
| 12,57,06,405 Equity Shares of Rs. 2 each | | 25.14 | | 25.04 |
| (Previous year 12,52,27,655 Equity Shares of Rs. 2 each) PER BALANCE SHEET | | | | 05.04 |
| Of the above : | | 25.14 | | 25.04 |
| (i) 48,200 Equity Shares of Rs. 10 each have been issue | od. | | | |
| as fully paid for consideration other than cash | | | | |
| (ii) (a) 84,00,000 Equity Shares of Rs. 10 each fully paid hav | /e heen | | | |
| issued as Bonus Shares by capitalisation of General I | | | | |
| (b) 1,25,00,000 Equity Shares of Rs.10 each fully paid ho | | | | |
| issued as Bonus Shares by capitalisation of Share Pre | | | | |
| (iii) Aggregate Shares issued under Employees Stoc | | | | |
| (ESOS) : 19,87,500 Equity Shares of Rs.2/- each (Previ | | | | |
| Equity Shares) | | | | |
| (iv) 2,56,219 Equity Shares of Rs.10 each have been (| extinguished under | | | |
| Buy back Scheme | | | | |
| Note : Equity Share of Rs. 10 each have been sub-divided int | | | | |
| of Rs.2 each pursuant to the resolution passed by t | | | | |
| the Extra Ordinary General Meeting held on 25^{th} Feb | ruary,2010 | | | |
| | | | | |
| SCHEDULE 2 | | | | |
| RESERVES AND SURPLUS | | | | |
| Capital Reserve | | 0.04 | | 0.04 |
| Per last Balance Sheet | | 0.04 | | 0.04 |
| Capital Redemption Reserve Per last Balance Sheet | 0.26 | | 0.20 | |
| Add: Transferred from General Reserve | 0.20 | 0.26 | 0.20 | 0.26 |
| Share Premium Account | | 0.20 | 0.00 | 0.20 |
| Per last Balance Sheet | 38.54 | | 34.11 | |
| Add : On issue of Employee stock options | 3.82 | 42.36 | 4.43 | 38.54 |
| General Reserve | 0.02 | 42.00 | | 00.04 |
| Per last Balance Sheet | 600.43 | | 449.37 | |
| Less: Amount withdrawn for shares buy back | | | 2,48 | |
| Less: Amount transferred to Capital redemption reserve | | | 0.06 | |
| Add: Reversal of effects of changes in carrying value of | | | | |
| Investments in associates on account of sale | - | | 1.28 | |
| Less: Reversal of transfer of profit to reserves by joint venture | | | | |
| pursuant to closure of joint venture | - | | 0.22 | |
| Add: Transferred from Profit and Loss Account | 200.00 | 800.43 | 152.54 | 600.43 |
| Debenture Redemption Reserve | | | | |
| Per last Balance Sheet | 20.00 | | 5.00 | |
| Add: Transferred from Profit and Loss Account | 15.00 | 35.00 | 15.00 | 20.00 |
| Employee Stock Options | | | | |
| Employee stock option outstanding | 0.60 | | 2.47 | |
| Less : Deferred Employee compensation expenses | 0.12 | 0.48 | 0.58 | 1.89 |
| (Refer Note No.12) | | | | |
| Foreign Exchange Hedging Reserve | | 4.34 | | 36.39 |
| Foreign Currency Translation Reserve | | | | |
| Per last Balance Sheet | (0.34) | | (0.35) | (0.0.1 |
| Add/(Less) : Movements during the year | 0.26 | (0.08) | 0.01 | (0.34) |
| Profit and Loss Account | | 143.62 | | 142.63 |
| PER BALANCE SHEET | | 1,026.45 | | 839.84 |
| | | | | |



| | | 31.03.2011 Rupees in Crores | 31.03.2010 Rupees in Crores |
|------|--|--------------------------------|--------------------------------|
| LOAI | EDULE 3 | | |
| a) | Secured Loans Working Capital Loan - Canara Bank-Consortium-Secured by first charge by way of hypothecation of raw materials, packing materials, work-in process, finished goods, stores and spares, book debts | 160.29 | 144.23 |
| | and all other movable current assets of the Company and second charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company. 12.75% Secured Redeemable Non-Convertible Debentures | 50.00 | 50.00 |
| | Redeemble in 3 equal annual instalments from 26th December, 2011, Secured by mortgage over company's office premises at Ahmedabad, Gujarat, first pari passu charge over movable & immovable properties at Dehradun & pari passu first charge on Company's plant & machinery at Ratlam. | 50.00 | 30.00 |
| | Rupee Term Loan | 10.01 | 00.00 |
| | HDFC Bank Ltd. Secured by first pari passu charge by way of hypothecation of movable fixed assets both | 18.81 | 29.33 |
| | present and future except on movable fixed assets at Pithampur, Indore. | | |
| | present and raidle exception movable fixed assets an initial input, indole. Bank of Baroda | 15.00 | 15.00 |
| | - Secured by first charge by way of equitable mortgage of land and building of the Company | | 10100 |
| | situated at Indore(except Pithampur), Dehradun, Ratlam, Mumbai, Athal & Piparia. | | |
| | Foreign Currency Term Loans | 44.00 | |
| | Barclays Bank Secured by first pari passu charge on the plant & machinery of the Company except assets at | 44.60 | - |
| | Pithampur, Indore. | | |
| | ICICI Bank Offshore Banking Unit | 20.07 | 33.82 |
| | - Secured by exclusive charge on the entire movable fixed assets at SEZ, Indore, Pithampur and | 20.07 | 00.02 |
| | pari passu first charge on movable fixed assets at Kandla. | | |
| | BNP PARIBAS | 56,49 | 24.05 |
| | - Secured by first pari passu charge by way of hypothecation of movable fixed assets both | | |
| | present and future except on movable fixed assets at Pithampur, Indore. | | |
| | CITI BANK | 22.30 | 22.55 |
| | - Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| | DBS BANK SINGAPORE | 39.69 | 45.10 |
| | - Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future except on movable fixed assets at Pithampur, Indore. | | |
| | PER BALANCE SHEET | 427.25 | 364.08 |
| | (Refer Note No. 6) | | |
| b) | | | |
| , | Short Term Loans from Banks : | | |
| | - HSBC | 35.64 | - |
| | - UBS AG | 40.00 | - |
| | - Barclays Bank | - | 11.27 |
| | - CITI BANK | | 13.53 |
| | - BNP Paribas | 13.38 | 15.00 |
| | - Buyers Credit | 14.04 | 49.59 |
| | Others | 0.01 | - |
| | Deposits from dealers | 0.50 | 0.51 |
| | Bill Discounted with Bank - China | - | 0.53 |
| | PER BALANCE SHEET | 103.57 | 90.43 |
| | (Refer Note No. 6) | | |



SCHEDULE 4

| R. | ED ASSETS DESCRIPTION OF | | 0000 | S BLOCK | | | | AMORTISATION A | | NIT | NET BL | in Crore |
|----------|------------------------------|---------------------|-----------|--|---------------------|------------|------------|---|------------|---------------------|--------|----------|
| к. Ю. | | As on 01.04.2010 | Additions | Sales, w/off, adjustments during the year | As on 31.03.2011 | Up to | | Sales, w/back, adjustments during the year | Impairment | Up to 31.03.2011 | As on | As on |
| <u> </u> | Tangible Assets | | | | | | | | | | | |
| | Land : | | | | | | | | | | | |
| | Freehold | 23.33 | 0.87 | - | 24.20 | 0.03 | | - | | - 0.03 | 24.17 | 23. |
| | Leasehold | 10.90 | - | - | 10.90 | 0.46 | 0.11 | - | | - 0.57 | 10.33 | 10. |
| | Buildings | 161.74 | 9.74 | (0.03) | 171.45 | 26.86 | 5.00 | (0.01) | | - 31.85 | 139.60 | 134. |
| | Plant & Machinery | 570.04 | 84.69 | (10.58) | 644.15 | 161.39 | 38.81 | (6.21) | (0.50) |) 193.49 | 450.66 | 408. |
| | Effluent Treatment Plant | 6.05 | 2.84 | - | 8.89 | 2.71 | 0.85 | - | | - 3.56 | 5.33 | 3. |
| | Furniture & fixtures | 16.61 | 2.84 | (0.31) | 19.14 | 8.00 | 1.61 | (0.06) | | - 9.55 | 9.59 | 8. |
| | Vehicles | 8.93 | 6.57 | (2.01) | 13.49 | 4.70 | 1.37 | (1.50) | | - 4.57 | 8.92 | 4. |
| | Leasehold Improvement | - | 0.76 | - | 0.76 | - | 0.07 | - | | - 0.07 | 0.69 | |
| | Intangible Assets | | | | | | | | | | | |
| | Software | 3.75 | 1.04 | - | 4.79 | 1.65 | 0.82 | - | | - 2.47 | 2.32 | 2. |
| | Know-how | 3.84 | - | | 3.84 | 3.65 | - | - | | - 3.65 | 0.19 | 0. |
| | Brands & Trademarks | 2.16 | 0.03 | - | 2.19 | 2.05 | 0.01 | - | | - 2.06 | 0.13 | 0. |
| | <u>R & D Assets</u> | | | | | | | | | | | |
| | Tangible Assets | | | | | | | | | | | |
| | - Building | 7.20 | 0.67 | (0.81) | 7.06 | 1.62 | 0.24 | (0.03) | | - 1.83 | 5.23 | 5. |
| | - Leasehold Improvement | - | 0.74 | - | 0.74 | - | 0.06 | - | | 0.06 | 0.68 | |
| | - Equipments | 65.20 | 12.00 | (2.51) | 74.69 | 29.59 | 6.69 | (1.65) | | - 34.63 | 40.06 | 35. |
| | - Furniture | 1.41 | 0.23 | (0.11) | 1.53 | 0.61 | 0.16 | (0.03) | | 0.74 | 0.79 | 0. |
| | Intangible Assets | | | | | | | | | | | |
| | - Software | 0.01 | 0.59 | - | 0.60 | - | 0.07 | - | | 0.07 | 0.53 | 0. |
| | Total | 881.17 | 123.61 | (16.36) | 988.42 | 243.32 | 55.87 | (9.49) | (0.50) | 289.20 | 699.22 | |
| | Previous Year | 778.96 | 123.20 | (20.99) | 881.17 | 202.20 | 46.80 | (5.68) | - | - 243.32 | | 637. |
| | Capital work-in-progress & c | apital adv | ances inc | luding proje | ect expense | es pending | allocation | | | | 113.15 | 38. |
| | | | | | | | | | ANCE SHEET | r | 812.37 | 676. |

Notes:

1 Buildings include cost of shares in Co-operative societies.

Out of depreciation and amortisation for the year of Rs. 55.87 crores (previous year Rs. 46.80 crores), Depreciation of Rs. 0.08 crore (previous year Rs. 0.06 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation. 2

3 Cost of Borrowing of Rs. 1.21 crore (Previous year Rs. 0.09 crore) is capitalised to the projects.

No. of Shares Face Value 31.03.2011 31.03.2010 31.03.2011 31.03.2010 Rupees Rupees in Crores Rupees in Crores **SCHEDULE 5 INVESTMENTS - At cost -**A) Unquoted : Long Term (Trade) **Government Securities** (i) National Saving Certificates (Refer Note No.25) (ii) Equity Shares (Fully paid) In Associates using Equity Method Paschim Chemicals Pvt. Ltd. 63,690 63,690 100 23.54 22.45 CCPL Software Pvt.Ltd. # 55,000 55,000 100 Tonira Pharma Ltd. (Quoted) 2,565,808 2,565,808 10 7.18 7.84 30.29 30.72 # Cost fully written off in books Others (iii) Equity Shares 780,000 10 7.86 Trophic Wellness Pvt. Ltd. (100,000 shares fully paid & 680,000 partly paid - Rs. 5/- share) B) Quoted : Long Term (Trade) Equity Shares (Fully paid) Mangalam Drugs & Organics Ltd. 1,633,417 1,633,417 10 5.09 5.09 Less: Provision for Diminution in Value (2.99) 2.10 (2.99) 2.10 C) Quoted : Current (Non - Trade) Aurobindo Pharma Ltd. 25,000 5,000 1 0 15 0.15 PER BALANCE SHEET 40.83 32.54 Note :- Refer note no. 5 for details of investments in associates under equity method. **SCHEDULE 6 INVENTORIES** (As taken, valued and certified by the Management) Stock in Trade 192.71 156.75 Raw materials Packing materials 23.26 18.92 90.98 68.44 Work-in-process

| Finished goods |
|-------------------|
| Stores and spares |
| PER BALANCE SHEET |
| SCHEDULE 7 |

Prepaid Taxes (Net of Provisions)

PER BALANCE SHEET

CASH AND BANK BALANCES 0.46 0.39 Cash on hand Cheques on hand 2.74 3.01 Balances with banks 7.16 7.39 PER BALANCE SHEET 10.36 10.79 **SCHEDULE 8** LOANS AND ADVANCES (Unsecured-considered good unless otherwise stated) 37.45 29.41 Advances recoverable in cash or in kind or for value to be received 2.55 2.72 Loans to employees 25.75 20.14 Other loans Indirect taxes recoverable 33.64 20.37 Deposits 6.70 5.25 5.59 36.39 Foreign Currency hedging gain

154.76

466.40

4.69

6.50

118.18

133.09

380.23

11.63

125.91

3.03



| | 31.03.20 Rupees in Crores R | | 31.03.2 Rupees in Crores | |
|---|--------------------------------|--------------|-----------------------------|--------------|
| SCHEDULE 9 CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current Liabilities | | | | |
| Sundry creditors | 94.26 | | 69.77 | |
| Against acceptance of import documents Unpaid dividends | 39.00 1.20 | | 49.84 1.16 | |
| Other liabilities | 52.48 | | 46.21 | |
| Advances from customers | 6.19 | | 5.02 | |
| Foreign Currency hedging loss Duties and taxes payable | 1.25 10.74 | | - 9.66 | |
| Interest accrued but not due on loans | 2.21 | 207.33 | 2.58 | 184.24 |
| Provisions | 15.09 | | 12.52 | |
| Proposed final dividend Provision for tax on dividend | 15.08 2.45 | | 2.08 | |
| Provision for gratuity | 0.33 | | 1.50 | |
| Provision for leave encashment Provision for leave travel assistance | 5.67 2.57 | | 6.50 2.07 | |
| Other Employee related provision | 2.65 | | 0.79 | |
| Provision for taxation (Net of Prepaid Taxes) | 13.25 | 42.00 | 5.79 | 31.25 |
| PER BALANCE SHEET | | 249.33 | | 215.49 |
| | 2010-1 Rupees in Crores R | | 2009 Rupees in Crores | |
| SCHEDULE 10 | Rupeet in croies R | | | |
| INCOME FROM OPERATIONS | | 6.45 | | 0.00 |
| Focus Market and other schemes Other Income from operations | | 6.45 9.87 | | 2.92 4.29 |
| PER PROFIT AND LOSS ACCOUNT | | 16.32 | | 7.21 |
| SCHEDULE 11 OTHER INCOME | | | | |
| Interest Income | | 5.90 | | 6.37 |
| Profit on sale of assets Profit on sale of Investment in associate | | 0.17 | | 0.54 0.16 |
| Dividend Income | | 0.37 | | 0.23 |
| Reversal of Impairment loss of Assets Miscellaneous Income | | 0.50 1.37 | | 1.61 |
| PER PROFIT AND LOSS ACCOUNT | | 8.31 | | 8.91 |
| SCHEDULE 12 | | | | |
| MATERIAL COST AND INVENTORY ADJUSTMENTS Raw materials consumed | | | | |
| Opening stock | 156.75 | | 104.54 | |
| Add: Purchases | 641.63 16.97 | | 547.38 12.35 | |
| Raw material conversion charges | 815.35 | | 664.27 | |
| Less: Closing stock | 192.71 | 622.64 | 156.75 | 507.52 |
| Packing materials consumed Opening stock | 18.92 | | 14.41 | |
| Add: Purchases | 137.43 | | 107.16 | |
| Less: Closing stock | 156.35 23.26 | 133.09 | 121.57 18.92 | 102.65 |
| Finished goods purchased | | 101.06 | | 79.53 |
| Inventory adjustments | | | | |
| Stock at commencement Work-in-process | 68.44 | | 50.18 | |
| Finished goods | 133.09 | | 134.12 | |
| | 201.53 | | 184.30 | |
| Less: Stock at Close Work-in-process | 90.98 | | 68.44 | |
| Finished goods | 154.76 | | 133.09 | |
| Neutralisation of duties and taxes on inputs | 245.74 | (44.21) | 201.53 | (17.23) |
| on exports-DEPB/Drawback Benefits | | (37.18) | | (28.67) |
| Variation in excise duty on : | | | | |
| Closing stock of finished goods Less : Opening stock of finished goods | 8.42 7.40 | 1.02 | 7.40 5.60 | 1.80 |
| PER PROFIT AND LOSS ACCOUNT | 7.40 | 776.42 | 0.00 | 645.60 |
| | | | | |



| | 2010-11 | 2009-10 |
|--|------------------|------------------|
| | Rupees in Crores | Rupees in Crores |
| SCHEDULE 13 | | · |
| PERSONNEL COST | | |
| Payment to and provision for salaries, wages and bonus | 240.08 | 198.64 |
| Contribution to provident fund, employees' state | | |
| Insurance and other funds | 11.80 | 8.84 |
| Gratuity Expenses | 2.99 | 2.29 |
| Employee stock option compensation expenses | 0.31 | 1.08 |
| Employee leave encashment Benefit | 0.76 | 2.73 |
| Welfare expenses | 5.62 | 4.90 |
| Recruitment and training | 4.72 | 2.22 |
| PER PROFIT AND LOSS ACCOUNT | 266.28 | 220.70 |
| SCHEDULE 14 | | |
| MANUFACTURING AND OTHER EXPENSES | | |
| Consumption of stores | 13.28 | 10.68 |
| Power, fuel, gas & water charges | 59.18 | 47.61 |
| Repairs & Maintenance | 33.92 | 26.69 |
| Insurance | 7.55 | 5.97 |
| Rent | 7.17 | 5.94 |
| Rates and taxes | 4.87 | 3.58 |
| Freight, forwarding and transportation | 66.19 | 40.73 |
| Commission | 18.16 | 11.53 |
| Royalty | - | 0.14 |
| Field staff expenses | 47.30 | 28.88 |
| Auditors' remuneration | 0.39 | 0.34 |
| Directors' sitting fees | 0.05 | 0.05 |
| Expenditure on scientific research | 29.96 | 28.80 |
| Loss on sale of assets | 1.21 | 0.53 |
| Fixed assets scrapped | 2.36 | 0.70 |
| Outside manufacturing charges | 16.76 | 12.86 |
| Laboratory expenses and analytical charges | 11.30 | 9.53 |
| Communication expenses | 7.76 | 7.01 |
| Travelling expenses | 17.04 | 12.37 |
| Professional charges | 10.09 | 7.22 |
| Printing and stationery | 5.51 | 4.42 |
| Product information catalogue | 15.39 | 11.14 |
| Sales and Marketing expenses | 84.95 | 66.63 |
| Miscellaneous balance written off/(back) | (0.07) | 0.73 |
| Provision for doubtful debts / advances | 0.17 | 1.15 |
| Bad debts written off/(back) | 0.35 | - |
| Books,Subscription & Software | 1.42 | 1.59 |
| Intellectual property right expenses | 0.64 | 0.79 |
| Product registration expenses | 6.72 | 6.49 |
| Excise duty | 1.92 | 4.41 |
| Pre-Incorporation expenses written off | | 0.05 |
| Miscellaneous expenses | 8.49 | 8.21 |
| PER PROFIT AND LOSS ACCOUNT | 480.03 | 366.77 |
| SCHEDULE 15 | | |
| FINANCIAL COST | | |
| Interest Expenses | 23.03 | 27.39 |
| Interest on Income tax shortfalls | 2.30 | - |
| | 25.33 | 27.39 |
| Bank Charges | 6.07 | 5.54 |
| - | | |

PER PROFIT AND LOSS ACCOUNT

31.40

32.93



SCHEDULE 16 ACCOUNTING POLICIES AND NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. Principles of Consolidation:

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

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

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

| Name of the Subsidiaries | Country of | % of ultimate holding | | |
|--|-----------------|-----------------------|---------|--|
| | Incorporation – | 2010-11 | 2009-10 | |
| Laboratories Ipca Do Brasil Ltda. | Brasil | 100 | 100 | |
| Ipca Pharmaceuticals, Inc. USA | USA | 100 | 100 | |
| Ipca Laboratories (U.K.) Ltd. | UK | 100 | 100 | |
| National Druggists (Pty) Ltd. | South Africa | 100 | 100 | |
| Ipca Pharma Nigeria Ltd. | Nigeria | 100 | 100 | |
| Ipca Pharma (Australia) Pty.Ltd. | Australia | 100 | 100 | |
| Ipca Pharmaceuticals (Shanghai) Ltd. | China | 100 | 100 | |
| Ipca Pharmaceuticals Ltd.,SA de CV | Mexico | 100 | 100 | |
| Ipca Traditional Remedies Private Ltd. | India | 74* | 74* | |
| Ipca Pharma (NZ) Pty. Ltd. | New Zealand | 100 | 100 | |
| Name of the associate companies | | | | |
| CCPL Software Private Ltd. | India | 28.95 | 28.95 | |
| Paschim Chemicals Private Ltd. | India | 45.23 | 45.23 | |
| Tonira Pharma Ltd. | India | 32.30 | 32.30 | |

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



2. ACCOUNTING POLICIES

a) Accounting Convention

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

b) Use of Estimates

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

c) Inflation

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

d) Fixed Assets

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

e) Investments

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

f) Depreciation, Amortisation and Impairment

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

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

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

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



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

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

g) Inventories

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials

- At Cost net of CENVAT / VAT computed on First-in-First-out method.
- Buik diugs p
- Bulk drugs produced for captive consumption are valued at cost.

Work-in-process and Finished Goods

 At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or net realisable value, whichever is lower in case of finished goods except Physicians' Samples which are valued at cost as computed above. Excise duty is considered as cost for finished goods wherever applicable.

Stores and Spares

• Stores and spare parts are valued at purchase cost computed on First-in-First-out method.

h) Employee Benefits

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

i) Excise Duty and CENVAT Credit

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

j) Service Tax Credit

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

k) Sales

Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of the products on to the customers, which is generally on dispatch of goods .Local sales include excise duty and sales tax.

I) Foreign Exchange Transactions

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

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

Current assets and current liabilities at the end of the year are converted at the yearend rate and the resultant gain or loss is accounted for in the Profit and Loss Account.

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

m) Derivative instruments and hedge accounting

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



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

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

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

n) Research and Development

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

o) Revenue Recognition

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

p) Borrowing Cost

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

q) Employee Stock Option Scheme

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

r) Taxation

Tax expenses comprise Current Tax and Deferred Tax:

I. Current Tax:

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

II. Deferred Tax:

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

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



IV. MAT Credit:

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

s) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but disclosed in notes to accounts.

Contingent assets are neither recognised nor recorded in financial statements.

t) Government Grants

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

u) Cash and Cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank, cheques on hand and cash in hand and short term investments with an original maturity of three months or less.

| | | | 31.03.2011 | 31.03.2010 |
|----|-------|--|-------------------------|------------------|
| | | | Rupees in Crores | Rupees in Crores |
| 3. | Estir | mated amount of contracts remaining to be executed on capital account. | | |
| | - Ta | ngible Assets | 78.70 | 38.25 |
| | - Int | angible Assets | 5.08 | 3.17 |
| 4. | Cor | ntingent liabilities not provided for in respect of : | | |
| | a) | Bills discounted with banks. | 106.95 | 87.00 |
| | | Since realized | 47.85 | 26.48 |
| | b) | Other moneys for which the Company is contingently liable for tax, excise, customs and | 11.39 | 30.31 |
| | | other matters not accepted by the Company. | | |
| | C) | Claims against the Company not acknowledged as debts. | 0.01 | 0.10 |
| | d) | Corporate Guarantees given to bankers of associates & subsidiaries for which the Company | 30.00 | 30.00 |
| | | holds counter guarantees. | | |
| | e) | Corporate Guarantee given to others | 2.28 | 2.28 |
| | f) | Guarantees given by banks in favour of Govt. & others/ Letter of Credit opened against which | 96.75 | 33.86 |
| | | goods are not received | | |
| | g) | Uncalled liability on partly paid shares | 4.48 | - |

5. The associates of the Company and the ownership interest are as follows: -

(Rs. In Crores)

| Name of the Associate | % of | Original | (Goodwill)/ | Accumulated Profit/ | Share of Profit / | Dividend | Carrying |
|--------------------------------|--------|------------|-------------|-----------------------|---------------------|------------|------------|
| | Share | cost of | Capital | (Loss) up to 31/03/10 | (Loss) for the year | received | value of |
| | held | Investment | Reserve | (Including | Plus | from | Investment |
| | | | | proportionate | Proportionate | associates | on |
| | | | | Dividend received | Dividend received | | 31/03/11 |
| | | | | by associates from | by Associates | | |
| | | | | cross holdings) | | | |
| CCPL Software Private Ltd. | 28.95% | 1.31 | (0.79) | (0.51)* | - | NIL | NIL** |
| Paschim Chemicals Private Ltd. | 45.23% | 20.34 | (18.34) | 2.11 | 1.09 | - | 23.54 |
| Tonira Pharma Ltd. | 32.30% | 7.33 | (3.27) | 0.51 | (0.66) | - | 7.18 |
| Total | | 28.98 | | | 0.43 | - | 30.72 |

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

** Balance cost is fully written off in books.



- 6. a) Amount of long term loans repayable in the following 12 months aggregate to Rs. 72.20 crores (Previous year Rs. 41.18 crores).
 - b) During the year the Company had raised and repaid Commercial Paper. The maximum outstanding amount during the year was Rs.
 45.00 crores and the Closing balance at year end is Rs. Nil.
- 7. Provision for taxation includes provision for wealth tax of Rs.0.07 crore (Previous year Rs.0.05 crore).
- 8. Remuneration to auditors of the Subsidiaries including the step down subsidiaries and Joint Venture are grouped with the professional charges.
- 9. Significant accounting policies and notes to this consolidated financial statement are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the companies. Recognising this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly presents the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the Management could be better viewed when referred from the individual financial statements.
- 10. Break-up of Deferred tax assets and liabilities are as under :

| Particulars | As at 31.03.2011 | As at 31.03.2010 |
|---|------------------|------------------|
| | Rupees in Crores | Rupees in Crores |
| Deferred tax liability on account of | | |
| Depreciation including on R & D Assets, | | |
| amortisation and impairment | 85.92 | 82.85 |
| Deferred tax asset on account of | | |
| Provision for leave encashment | 1.84 | 2.15 |
| Provision for unpaid bonus | 2.16 | 0.95 |
| Other tax disallowance | 1.19 | 0.44 |
| Net deferred tax liability | 80.73 | 79.31 |

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

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

| | | (Rupees in Crores) |
|------------------------|------------|--------------------|
| Description | 31.03.2011 | 31.03.2010 |
| Assets | | |
| Non Current Assets | - | - |
| Current Assets | - | - |
| Accumulated Losses | - | - |
| Total | - | - |
| Liabilities | | |
| Share Capital | - | - |
| Reserves & Surplus | - | - |
| Current Liabilities | - | - |
| Provisions | - | - |
| Total | - | - |
| Income | | |
| Sales and Other Income | - | 1.92 |
| Expenditure | | |
| Cost of Sales | - | 1.87 |
| Other Expenses | - | 0.21 |
| Total | - | 2.08 |
| Contingent Liabilities | - | - |
| Capital Commitments | - | - |



12. a) If the compensation cost of shares issued under Employees Stock Option Scheme 2006 (ESOS) is determined in accordance with the fair value approach described in the Guidance Note, the Company's net profit for the year ended March 31, 2011 as reported would change to amounts indicated below:

| | | (Rupees in Crores) |
|--|--------------|--------------------|
| Particulars | 2010-11 | 2009-10 |
| Net Profit as reported (after exceptional items) | 262.82 | 205.36 |
| Add: Stock based compensation expense included in the reported income | 0.19 | 1.08 |
| Less: Stock based compensation expenses determined using fair value of options | 0.26 | 1.81 |
| Net profit (adjusted) | 262.75 | 204.63 |
| Weighted average number of shares considered for basic earnings per share | 12,54,04,983 | 12,48,96,735 |
| Weighted average number of shares considered for diluted earnings per share | 12,54,57,068 | 12,51,48,680 |
| Basic earnings per share as reported (Rupees) | 20.96 | 16.44 |
| Basic earnings per share (adjusted) (Rupees) | 20.95 | 16.38 |
| Diluted earnings per share as reported (Rupees) | 20.95 | 16.41 |
| Diluted earnings per share(adjusted) (Rupees) | 20.94 | 16.36 |

b) The details of options as at 31st March, 2011 are as under:

| Options | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| At the beginning of the year | 1,41,250 | 2,69,250 |
| Granted | - | - |
| Exercised | 95,750 | 1,09,750 |
| Forfeited / lapsed | 10,750 | 18,250 |
| Outstanding at the end of the year | 34,750 | 1,41,250 |
| Outstanding exercisable at the end of the year | - | - |
| Exercise price for outstanding options – Grant I | Rs. 200 | Rs. 200 |
| – Grant II | Rs. 315 | Rs. 315 |
| – Grant III | Rs. 315 | Rs. 315 |

c) ESOS Commitment Deposit:

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

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

| Sr. | Particulars | Gratuity | | Leave Encashment | |
|-----|--|----------|---------|------------------|---------|
| No. | | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| I. | Change in Benefit Obligation | | | | |
| | Liability at the beginning of the year | 11.12 | 8.58 | 6.50 | 5.10 |
| | Interest cost | 0.89 | 0.69 | 0.55 | 0.45 |
| | Current Service Cost | 1.29 | 0.88 | 1.65 | 1.53 |
| | Past year Service Cost | - | - | - | - |
| | Benefit Paid | (0.81) | (0.57) | (1.59) | (1.33) |
| | Actuarial (gain)/loss on obligations | 1.94 | 1.54 | (1.44) | 0.75 |
| | Curtailments and Settlements | - | - | - | - |
| | Liability at the end of the year | 14.43 | 11.12 | 5.67 | 6.50 |
| II. | Fair Value of Plan Assets | | | | |
| | Fair Value of Plan Assets at the beginning of the year | 9.62 | 7.58 | - | - |
| | Expected Return on Plan Assets | 1.13 | 0.82 | - | - |
| | Contributions | 4.16 | 1.79 | - | - |
| | Benefit paid | (0.81) | (0.57) | - | - |
| | Actuarial gain/(loss) on Plan Assets | - | - | - | - |
| | Fair Value of Plan Assets at the end of the year | 14.10 | 9.62 | - | - |

(Rs. In Crores)



| Sr. | Particulars | Gratui | Gratuity | | Leave Encashment | |
|------|---|---------|----------|---------|------------------|--|
| No. | | 2010-11 | 2009-10 | 2010-11 | 2009-10 | |
| III. | Actual Return on Plan Assets | | | | | |
| | Expected Return on Plan Assets | 1.13 | 0.82 | - | - | |
| | Actuarial gain/(loss) on Plan Assets | - | - | - | - | |
| | Actual Return on Plan Assets | 1.13 | 0.82 | - | - | |
| IV. | Amount Recognised in the Balance Sheet. | | | | | |
| | Liability at the end of the year | 14.43 | 11.12 | 5.67 | 6.50 | |
| | Fair Value of Plan Assets at the end of the year | 14.10 | 9.62 | - | - | |
| | Difference | 0.33 | 1.50 | 5.67 | 6.50 | |
| | Unrecognised Past Service Cost | - | - | - | - | |
| | Amount Recognised in the Balance Sheet | 0.33 | 1.50 | 5.67 | 6.50 | |
| V. | Expenses Recognised in the Income Statement | | | | | |
| | Current Service Cost | 1.29 | 0.88 | 1.65 | 1.53 | |
| | Interest Cost | 0.89 | 0.69 | 0.55 | 0.45 | |
| | Expected Return on Plan Assets | (1.13) | (0.82) | - | - | |
| | Net Actuarial (gain)/loss to be Recognised | 1.94 | 1.54 | (1.44) | 0.75 | |
| | Past Service Cost (Non Vested Benefit) Recognised | - | - | - | - | |
| | Past Service Cost (Vested Benefit) Recognised | - | - | - | - | |
| | Effect of Curtailment or Settlements | - | - | - | - | |
| | Expense Recognised in Profit and Loss Account | 2.99 | 2.29 | 0.76 | 2.73 | |
| VI. | Balance Sheet Reconciliation | | | | | |
| | Opening Net Liability | 1.50 | 1.00 | 6.50 | 5.10 | |
| | Expense as above | 2.99 | 2.29 | 0.76 | 2.73 | |
| | Past year Service cost | - | - | - | - | |
| | Employers Contribution | (4.16) | (1.79) | (1.59) | (1.33) | |
| | Amount Recognised in Balance Sheet | 0.33 | 1.50 | 5.67 | 6.50 | |
| VII. | Actuarial Assumptions | | | | | |
| | Discount Rate | 8% | 8% | 8.50% | 8% | |

Note: i) Employer's contribution includes payments made by the Company directly to its past employees.

ii) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- iii) The Company's Gratuity fund is managed by Life Insurance Corporation of India. The plan assets under the fund are deposited under approved securities.
- 14. Sundry debtors are unsecured and considered good.
- 15. The entire operations of the Company relate to only one segment viz. pharmaceuticals. As such, there is no separate reportable segment Under Accounting Standard AS 17 on Segment Reporting.
- 16. Related Party Disclosure as required by Accounting Standard AS 18 issued by the Institute of Chartered Accountants of India **Relationships:**

A. Entities where control exists

Shareholders of Ipca Laboratories Ltd.

Kaygee Investments Pvt. Ltd.

Chandurkar Investments Pvt. Ltd.

B. Key Management Personnel

| Mr. Premchand Godha | Managing Director |
|---------------------|-------------------------|
| Mr. A. K. Jain | Joint Managing Director |
| Mr. Pranay Godha | Executive Director |

C. Associates

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

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

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

Transactions with Related Parties

| Description | Entities where control Exists | Key Management Personnel | Associates | Other Related Parties | Total |
|--|----------------------------------|--------------------------------|------------|-----------------------------|--------|
| Purchase of Goods & Services | - | - | 43.86 | 1.18 | 45.04 |
| (Previous Year) | - | - | 26.07 | 1.02 | 27.09 |
| Sale of Goods & Services | - | - | 5.01 | - | 5.01 |
| (Previous Year) | - | - | 5.43 | - | 5.43 |
| Interest Income | - | - | 2.02 | - | 2.02 |
| (Previous Year) | - | - | 1.36 | - | 1.36 |
| Purchase of Fixed Assets | - | - | 0.02 | - | 0.02 |
| (Previous Year) | - | - | 0.06 | - | 0.06 |
| Sale of Fixed Assets | - | - | 0.15 | - | 0.15 |
| (Previous Year) | - | - | 0.44 | - | 0.44 |
| Excise Duty, Rent & other Expenses | - | - | 0.46 | 0.58 | 1.04 |
| (Previous Year) | - | - | 0.01 | 0.18 | 0.19 |
| Rent Income | - | - | - | - | - |
| Previous Year) | - | - | 0.01 | - | 0.01 |
| Net Loans & Advances Given / (Recovered) | - | - | 12.88 | - | 12.88 |
| (Previous Year) | - | - | (2.04) | - | (2.04) |
| Sale of Investment | - | - | - | - | - |
| Previous year) | 7.31 | - | - | 1.17 | 8.48 |
| Donation | - | - | - | 0.25 | 0.25 |
| Previous year) | - | - | - | 1.10 | 1.10 |
| Guarantees Outstanding | - | - | 30.00 | - | 30.00 |
| Previous year) | - | - | 30.00 | - | 30.00 |
| Remuneration to Directors | - | 10.16 | - | - | 10.16 |
| (Previous Year) | - | 9.07 | - | - | 9.07 |
| Balances as on 31/03/11 | | | | | |
| Receivables | - | - | 26.01 | - | 26.01 |
| Payables | - | 6.89 | 1.92 | 0.23 | 9.04 |
| Balances as on 31/03/10 | | | | | |
| Receivables | - | - | 2.88 | - | 2.88 |
| Payables | - | 6.38 | 2.09 | 0.15 | 8.62 |



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

| | | | | (Rup | ees in crores) |
|-------------------------------|---------|---------|------------------------------------|---------|----------------|
| | 2010-11 | 2009-10 | | 2010-11 | 2009-10 |
| Purchase of Goods & Services: | | | Net Loans & Advances Given/ | | |
| | | | (Recovered): | | |
| Makers Laboratories Ltd. | 16.47 | 5.76 | Paschim Chemicals Pvt. Ltd. | 5.38 | (0.42) |
| Paschim Chemicals Pvt. Ltd. | 26.19 | 19.84 | Tonira Pharma Ltd. | 7.50 | (1.62) |
| Sale of Goods & Services: | | | Excise Duty, Rent & other Expenses | | |
| Makers Laboratories Ltd. | 3.14 | 2.15 | Makers Laboratories Ltd. | 0.45 | 0.07 |
| Paschim Chemicals Pvt. Ltd | 1.19 | 3.24 | Keymed | 0.04 | 0.04 |
| Tonira Pharma Ltd. | 0.68 | 0.04 | Vandhara Resorts Pvt.Ltd. | 0.53 | 0.13 |
| Interest Received: | | | Guarantees Outstanding: | | |
| Tonira Pharma Ltd. | 1.79 | 1.36 | Tonira Pharma Ltd | 30.00 | 30.00 |
| Paschim Chemicals Pvt. Ltd | 0.23 | - | | | |
| | | | Remuneration to Directors: | | |
| Purchase of Fixed Assets: | | | Mr. Premchand Godha | 7.56 | 6.83 |
| Tonira Pharma Ltd. | 0.01 | 0.05 | Mr. A.K. Jain | 1.63 | 1.40 |
| Makers Laboratories Ltd. | 0.01 | - | | | |
| Sale of Fixed Assets: | | | Receivables: | | |
| Paschim Chemicals Pvt. Ltd. | 0.10 | 0.26 | Paschim Chemicals Pvt. Ltd. | 8.09 | 2.61 |
| Tonira Pharma Ltd. | - | 0.18 | Tonira Pharma Ltd. | 17.92 | 0.27 |
| Makers Laboratories Ltd. | 0.05 | - | | | |
| | | | Payables: | | |
| Sale of Investment: | | | Mr. Premchand Godha | 5.54 | 5.19 |
| Kaygee Investments Pvt. Ltd. | - | 7.31 | Mr. A.K. Jain | 0.82 | 0.71 |
| | | | Makers Laboratories Ltd. | 1.92 | 2.09 |
| Donation: | | | | | |
| Prabhat Foundation | 0.25 | 1.10 | | | |

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

| | | | | (Rupees in Crores) |
|---|-----------------|------------------|-------------------------|--------------------|
| Particulars | Opening Balance | Additions during | Amounts paid / reversed | Closing Balance |
| | | the year | during the year | |
| Provision for wage revision under negotiation | 0.79 | 1.86 | - | 2.65 |
| (Previous Year) | (0.51) | (0.28) | - | (0.79) |

18. Earning per share

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

| Sr.No | Particulars | 2010-11 | 2009-10 |
|-------|---|--------------|--------------|
| i) | Profit after tax before Exceptional Item (Rs. In Crores) | 262.82 | 205.36 |
| ii) | Profit after tax and exceptional Items (Rs. In Crores) | 262.82 | 205.36 |
| iii) | No. of shares outstanding | 12,57,06,405 | 12,52,27,655 |
| i∨) | Weighted Average no. of shares outstanding (Nos.) - Basic | 12,54,04,983 | 12,48,96,735 |
| V) | Weighted Average no. of shares outstanding (Nos.) - Diluted | 12,54,57,068 | 12,51,48,680 |
| ∨i) | Nominal value of equity share (Rs.) | 2 | 2 |
| | Basic EPS | | |
| vii) | Earning per share before Exceptional Item (Rs.) (i/iv) | 20.96 | 16.44 |
| viii) | Earning per share after Exceptional Item (Rs.) (ii/iv) | 20.96 | 16.44 |
| | Diluted EPS | | |
| ix) | Earning per share before Exceptional Item (Rs.) (i/v) | 20.95 | 16.41 |
| X) | Earning per share after Exceptional Item (Rs.) (ii/v) | 20.95 | 16.41 |



- 19. In the opinion of the Board of Directors all the current assets, loans & advances have value on realization atleast of an amount equal to the amount at which they are stated in the Balance Sheet.
- 20. Disclosure under Accounting Standard 19 "Leases", issued by the Institute of Chartered Accountants of India.
 - a) The Company has taken various residential / godowns / office premises (including Furniture and Fittings if any) under leave and licence agreements for periods which generally range between 11 months to 3 years. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Profit and Loss Account under Rent.
 - b) The Company has three lease commitments for its offices and guesthouse which expires on 31st March 2014, 28th February 2012 and 31st May 2011 respectively. The total lease commitments are Rs. 0.83 lacs (USD 184,384) [Previous year Rs. 0.89 lacs (USD 197,695)].
- 21. a) The Company has entered into various derivatives transactions, which are not intended for trading or speculative purpose but to hedge the export receivable including future receivables and foreign currency loan interest rate risks.

The Company as on 31st March 2011 has the following derivatives instruments / forward cover outstanding.

| Sr. | Type of Transaction | Purpose | Amount Outstanding (In Mi | | |
|------|---------------------------------|--|-----------------------------|-----------------------------|--|
| No. | | | 31.03.2011 | 31.03.2010 | |
| i. | USD Put Options (Purchase) | To hedge export receivable | USD 27.00 | USD 37.50 | |
| ii. | USD Call Option (Sold) | To hedge export receivable | USD 27.00 | USD 39.30 | |
| iii. | JPY/ USD full Currency swap | To hedge the currency risk and interest rate risk of JPY Loan | JPY 318.60 (outstanding) | JPY 637.20 (outstanding) | |
| iv. | USD Interest Rate Swap (Rs) | To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate. | USD 21.07 (outstanding) | USD 17.83 (outstanding) | |
| V. | Currency Swap | To reduce cost of borrowing | USD 3.30 | USD 10.74 | |
| vi. | Forward Cover beyond six months | To hedge export receivables | STG 2.00 | STG 5.00 | |
| | | | USD 66.50 | USD 90.50 | |

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

| Sr. | Particulars | 31.03.2011 | 31.03.2010 |
|------|--|---------------|---------------|
| No. | | USD (Million) | USD (Million) |
| i | Term Ioan | 41.07 | 27.83 |
| ii. | Short term working capital Ioan / PCFC / Buyers credit | 8.53 | 18.33 |
| III. | Sundry creditors for imports | 8.74 | 11.05 |
| iv. | Currency Swap | 3.30 | 10.74 |

- d) The Company has an annual average exports of USD 224 Million of which the Company has partially hedged its receivables by the aforesaid options disclosed in para (a) above. The unhedged currency risk detailed in para (c) above has a natural hedge against the unhedged export receivables of USD 17.63 Million (Previous year 14.04 Million) as at 31st March, 2011.
- e) None of the foreign subsidiaries have effected any steps to hedge their currency risks vis a vis the Indian Parent.
- 22. In terms of the shareholders agreement between the Company and the minority shareholders of Ipca Traditional Remedies Private Limited, the share of profit / loss of the said subsidiary is allocated to the minority shareholders at 26% although the investment by the minority shareholders is not completed by the end of the year, on account of this there is a debit balance in the minority interest.
- 23. The figures of the subsidiaries including the step down subsidiaries and proportionate share in Joint Venture are appropriately grouped along with the figures of the parent lpca Laboratories Ltd.
- 24. a) The company's provision for diminution in value of investments in shares of Ipca Traditional Remedies Pvt. Ltd. and Ipca Pharmaceuticals Inc., USA for Rs. 2.96 crores and Rs. 7.00 crores respectively is reversed in these consolidated accounts since the full loss of the said subsidiaries is accounted in this accounts.
 - b) The diminution in the value of investments in shares of Tonira Pharma Ltd. determined on the basis of market price as on 31st March, 2011 is not considered permanent based on the intrinsic value of the company. Consequently no provision for diminution in the value of investments in said Tonira Pharma Ltd. is considered necessary.



25. Details of rounded off amounts

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

| Balance Sheet item | IS | | (Rupees) |
|--------------------|---|-----------------------------------|-----------------------------------|
| Refer | Description | As at 31 st March 2011 | As at 31 st March 2010 |
| Sources of funds | Share Application money pending allotment | 34,750 | - |
| Schedule 4 | Sales, W/off, adjustments during the year | | |
| | Intangible assets-Software | 3,411 | 50,733 |
| | Effluent treatment plant | - | (898) |
| | R&D Intangible Assets Software | 461 | 461 |
| Schedule 5 | Government Securities | | |
| | National Saving Certificates | 33,000 | 36,000 |

Notes to the Accounts

| Refer | Description | Year ended 31.03.2011 | Year ended 31.03.2010 |
|-------------|---|-----------------------|-----------------------|
| Note No. 16 | Sale of goods and services – Other related parties | - | 36,590 |
| | Excise Duty,Rent and Other expenses – Other related parties | - | 639 |

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

As per our Report of even date attached

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

N. Jayendran Partner M.No.40441 Mumbai 24th May, 2011

Harish P. Kamath Company Secretary For and on behalf of the Board of DirectorsPremchand GodhaManaging DirectorA. K. JainJoint Managing DirectorPranay GodhaExecutive Director

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

| PARTICULARS | | NAME OF THE SUBSIDIARY | | | | | | | | |
|--|--|---|--|---|---|------------------------------------|--|---|---|---|
| | ipca pharma Nigeria limited, Nigeria | NATIONAL DRUGGIST (Pty) LIMITED, SOUTH AFRICA | IPCA PHARMA (Australia) Pty Ltd, Australia | LABORATORIES IPCA Do Brasil Lida. Brazil | IPCA PHARMACEUTICALS INC., USA | IPCA LABORATORIES UK LTD., UK | IPCA PHARMACEUTICALS LIMITED S.A DE C.V, MEXICO | IPCA PHARMACEUTICALS (SHANGHAI) LTD, CHINA | IPCA TRADITIONAL REMEDIES PRIVATE LIMITED | IPCA PHARMA (NZ) Pty Ltd, NEW ZEALAND |
| Financial year/period of the subsidiary companies ended on | 31ª March, 2011 | 31st March, 2011 | 31st March, 2011 | 31st March, 2011 | 31ª March, 2011 | 31ª March, 2011 | 31st March, 2011 | 31st March, 2011 | 31st March, 2011 | 31 st March, 2011 |
| No. of Equity shares held by lpca Laboratories Limited in the subsidiary as at 31st March, 2011 | 5,15,89,190 Equity shares of Naira 1 each fully paid | 10,59,732 Equity shares of Rand 1 each fully paid | 26,944 Equity shares of Aus \$ 1 each fully paid | 69,17,694 Quotas of Brazilian Real of 1 each | 1000 Shares of no par value | 6,45,955 Shares of STG £ 1 each | Shares of no par value | Shares of no par value | 29,60,000 shares of Rs. 10 each | 100 Equity shares of NZ \$ 1 each |
| Extent of interest of Ipca Laboratories Limited in the capital of the subsidiary | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 99.2% | @ |
| Net aggregate amount of the profits/(losses) of the subsidiaries so far it concerns to the members of loca Laboratories Limited as it is not dealt with the Company's Accounts for the year ended 31 st March, 2011 of the subsidiaries | (N 5,69,65,878) (Rs.197.48 Lacs) | R 39,046 Rs. 2.47 Lacs | (Aus \$ 982) (Rs. 0.40 Lacs) | This Company is under voluntary winding up process | (US\$ 27,103) (Rs. 12.41 Lacs) | (STG ₤ 33,215) (Rs. 23.55 Lacs) | (MXN 5,43,738) (Rs. 19.88 lacs) | (RMB 7,38,040) (Rs. 50.11 lacs) | (Rs. 30.87 lacs) | Aus \$ 221 Rs. 0.09 Lacs |
| Net aggregate amount of the profit%[losses] of the subsidiaries so far as dealt with or provision is made for those losses in the Accounts of Ipca Laboratories Limited for the subsidiary's Financial year ended 31 st March,2011 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Note: 1. Figures in Indian Rupees, wherever it appears in respect of overseas subsidiaries, have been given only as additional information. @ Ipca Pharma (NZ) Pty Ltd, New Zealand is a wholly owned subsidiary of Ipca Pharma (Australia) Pty. Ltd, Australia which is a wholly owned subsidiary of the Company

Harish P. Kamath

Company Secretary

For and on behalf of the Board of DirectorsPremchand GodhaManaging DirectorA. K. JainJoint Managing DirectorPranay GodhaExecutive Director

Mumbai 24th May, 2011

Details of Subsidiaries

| PARTICULARS | ipca pharma Nigeria limited. | NATIONAL DRUGGIST (PTY) | IPCA PHARMA (Australia) Pty | LABORATORIES | IPCA PHARMACE- UTICALS INC | IPCA LABORATORIES | IPCA PHARMACEUTICALS | IPCA PHARMACUTICALS | IPCA TRADITIONAL | IPCA PHARMA (NZ) PTY. LTD, |
|-----------------------------------|---------------------------------|----------------------------|--------------------------------|--------------|-------------------------------|----------------------|-------------------------|------------------------|---------------------|-------------------------------|
| | NIGERIA | LIMITED, | Ltd | LTDA. | USA | UK LTD., | LIMITED S.A DE C.V, | (SHANGHAI) CO | REMEDIES | NEW ZEALAND |
| | | SOUTH AFRICA | Australia | BRAZIL | | UK | MEXICO | LTD, CHINA | PRIVATE LIMITED | |
| Capital | 18,894 | 4,572 | 1, 298 | 1,13,273 | 76,097 | 51,075 | 6,244 | 11,890 | 29, 840 | 4 |
| Reserves | 29,631 | 5,807 | 3,276 | (1,10,798) | (74,814) | (29,749) | (5,496) | (11,276) | (28,901) | 10 |
| Total Assets | 99,907 | 10,417 | 6,541 | 1,16,734 | 85,818 | 51,937 | 8,366 | 11,770 | 30,117 | 137 |
| Total Liabilities | 99,907 | 10,417 | 6,541 | 1,16,734 | 85,818 | 51,937 | 8,366 | 11,770 | 30,117 | 137 |
| Investments | - | 20 | 4 | - | - | - | - | - | - | - |
| Total Income/ | 2,64,321 | 286 | 2,263 | - | 1,14,054 | 9,102 | - | 33,270 | 406 | - |
| turnover | | | | | | | | | | |
| Profit / (loss) | (19,748) | 264 | (77) | - | (1,241) | (2,279) | (1,988) | (5,007) | (3,087) | 9 |
| Before | | | | | | | | | | |
| Taxation | | | | | | | | | | |
| Provision for Taxation | - | 17 | (37) | - | - | 76 | - | 4 | - | - |
| Profit / (loss) After Taxation | (19,748) | 247 | (40) | - | (1,241) | (2,355) | (1,988) | (5,011) | (3,087) | 9 |
| Proposed Dividend | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

Exchange rate considered as on 31st March 2011: 1 USD = Rs. 45.2854, 1R\$ (Brasilian Real) = Rs. 27.5074, 1 STG £ = Rs. 72.5993, 1 N (Nigerian Naira) = Rs. 0.2897, 1R (South African Rand) = Rs. 6.6153, 1 Aus \$ = Rs. 46.6852, 1 RMB (Chinese Yuan) = Rs. 6.8926, 1 MXN (Mexican Peso) = Rs. 3.7907, 1 NZ \$ = Rs. 34.3929

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

(Rs. In thousands)



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Ipca Laboratories Limited

PROXY

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

| | I/We | |
|---|---|--------------------|
| | of ir being a member/members of the a | |
| | Company hereby appoint | |
| | of | in |
| 0 | the district of | 0 |
| | of | |
| | in the district of | |
| | as my/our proxy to us on my/our behalf at the 61 st Annual General Meeting of the Company to be held on Thursday, 28 th July, 2011 at at any adjournment therof. | |
| | Signed this day of | 2011 |
| | Signed by the said | 30 ps. |
| 0 | Reg. Folio No | Revenue |
| | * Client ID No | Stamp |
| | * DP ID No No. of Shares held | |
| 5 | Note.: The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the Regist the Company not less than FORTY EIGHT hours before the time for holding the meeting. | ered Office of |
| | * Applicable for investors holding shares in electronic form. | |
| | Ipca Laboratories Limited | |
| | ATTENDANCE SLIP | |
| | Registered Office: 48, Kandivli Industrial Estate, Kandivli (W), Mumbai - 400 067. | |
| | l hereby record my presence at the 61 st Annual General Meeting held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhakti Vedan Scheme, Vile Parle (W), Mumbai 400 056 on Thursday, 28 th July, 2011 at 3.30 p.m. | ta Marg, J.V.P.D. |
| | Name of the Shareholder (s) (In Block Capitals) | |
| | Name of the Proxy or Company Representative (In Block Capitals) | |
| 5 | Signature of the Shareholder or Proxy or Company Representative | |
| | Note : 1. A Proxy attending on behalf of a Shareholder should please write the name of the Shareholder from whom he holds | ^o roxy. |
| | Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the be made available at the Meeting. | e same will not |
| | Reg. Folio No | |
| | * Client ID No | |
| | * DP ID No No. of Shares held | |
| | * Applicable for investors holding shares in electronic form | |



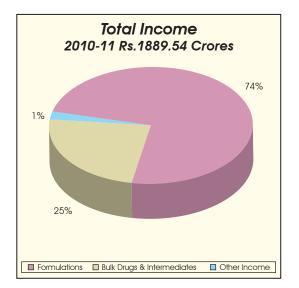
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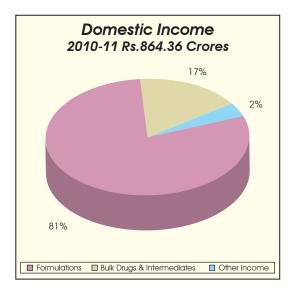
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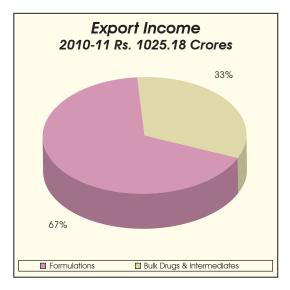


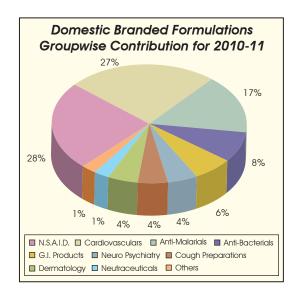
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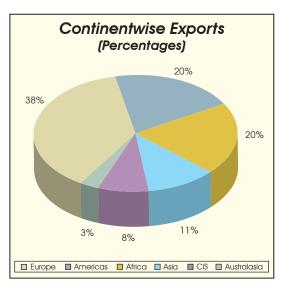


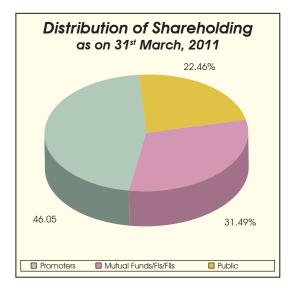














Ipca Laboratories Limited Partnering healthcare globally



International Subsidiaries

USA

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

SOUTH AFRICA

National Druggists (pty) Ltd. 30, Marlborough Road Spring Field Johannesburg, 2190 Gauteng, S.A. Phone ++ 27011 4345669 TeleFax ++ 27011 4345719 Email : ipca.southafrica@ipca.co.in

CHINA

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

UK

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

AUSTRALIA

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

NEW ZEALAND

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

NIGERIA

Ipca Pharma Nigeria Ltd. 17, Osolo Way, Ajao Estate, Isolo, Lagos. Phone ++ 2341 7926460 / 4528738 Fax ++ 2341 4521146 Email : ipca.nigeria@ipca.co.in

MEXICO

Ipca Pharmaceuticals Limited SA de CV Presa la Angostura No. 116 Colonia Irrigacion Mexico D.F.

Registered Office

48 Kandivli Industrial Estate, Kandivli (West), Mumbai 400 067. India. Tel.: 91-22-6647 4444 Fax : 91-22-2868 6613 Email : ipca@ipca.co.in Website: www.ipcalabs.com



DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

Your Company is a wholly owned subsidiary of Ipca Laboratories Ltd (India). The business activity of the company is importation and marketing of pharmaceutical formulations as well as Active Pharmaceutical Ingredients (APIs). During the year under report, your Company achieved a net total income of Rs. 2643.21 Lacs (previous year Rs. 2640.02 lacs). The operations for the financial year have resulted in a net loss of Rs. 197.48 Lacs as against net loss of Rs. 178.98 lacs in the previous year.

Your company is in process of registering more pharmaceuticals in Nigeria as well as increasing the field force strength to cover more geographies for promoting the company's products in the Nigerian market.

DIVIDEND

In view of the loss incurred during the financial year under report, no dividend is proposed by the Directors. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed:

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the loss of the Company for the year; that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/per month or any part thereof.

The relationship between the company and its employees remained cordial throughout the year.

M/s Natvarlal Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company has not carried out any manufacturing activities, Therefore, information required pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board S. V. Kotian

Chairman May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMA NIGERIA LIMITED

We have audited the attached Balance Sheet of Ipca Pharma Nigeria Limited as at 31ª March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Arnobi Nwokafor & Co. Chartered Accountants, Nigeria and have carried out such further checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that :

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit. i)
- In our opinion, proper books of accounts as required by law have been kept by ii) the company so far as it appears from our examination of the books.
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this iv) report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- These accounts are prepared to comply with the requirements of the Companies V) Act 1956 relating to the subsidiary and holding company disclosure requirements.
- Since the appointment of directors to this company are not governed by the vi) provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- In our opinion and to the best of our information and according to the explanation vii) given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.

- (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2011
- (b) in the case of Profit and Loss Account of the loss for the year ended on 31st March 2011. and;
- (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For NATVARLAL VEPARI & CO.

| CHARTERED ACCOUNTAINTS |
|-------------------------------|
| Firm Registration No. 106971W |
| Shihab R. Halim |
| Partner |
| M.No. 49758 |
| |

May 20, 2011

Mumbai

BALANCE SHEET AS AT 31ST MARCH. 2011

| | Schedule | 31st March, 2011 (Rs. in | 31st March, 2010 (Rs. in |
|---|--|--|--|
| SOURCES OF FUNDS | | thousands) | thousands) |
| Shareholders' Funds Share Capital Reserves and Surplus Foreign Currency Translation Reserve | 1 2 | 18,894 33,118 (3,487) | 18,894 52,866 (3,540) |
| Loan Funds Unsecured Loans | | 48,525 | 68,220 31,560 |
| (From Ipca Laboratories Limited) TOTAL | | 48,525 | 99,780 |
| APPLICATION OF FUNDS Fixed Assets Gross Block | 3 | 19.553 | 17,956 |
| Less : Depreciation Net Block | | 9,005 | 7,226 |
| Current Assets, Loans and Advances | | · · · · | |
| Loans and Advances Sundry Debtors | 4 5 | 16,686 29,868 | 17,088 29,283 |
| Inventories | 6 | 32,416 | 104,317 |
| Cash and Bank Balances | 7 | 10,389 89,359 | 7,775 |
| Less : Current Liabilities and Provisions | 0 | | |
| Current Liabilities | 8 | <u>51,382</u> 37,977 | 69,413 89.050 |
| TOTAL Notes to Accounts | 16 | 48,525 | 99,780 |
| As Per our report of even date attached | | or and on Behalf | of the Board |
| For Natvarlal Vepari & Co. Chartered Accountants | Ş | 6. V. Kotian Ja | mes Awolola |
| Firm Registration no. 106971W Shihab. R. Halim Partner | l | Director Dir | ector |
| Membership no. 49758 Place : Mumbai May 20, 2011 | | | |
| PROFIT AND LOSS ACCOUNT FOR THE YEAR EN | DED 31ST MARC | :H, 2011 | |
| | Schedule | 2010-11 | 0000 10 |
| NICOLUT. | | (Rs. in thousands) | 2009-10 (Rs. in thousands) |
| INCOME Sales and Income from Operations | 9 | thousands) 259.126 | (Rs. in thousands) 259,913 |
| Sales and Income from Operations Other Income | 9 10 | thousands) | (Rs. in thousands) |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments | | thousands) 259,126 <u>5,195</u> 264,321 198,511 | (Rs. in thousands) 259,913 <u>4,089</u> 264,002 202,261 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Ressonnel Cost | 10 11 12 13 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 | (Rs. in thousands) 259,913 <u>4,089</u> 264,002 202,261 1,242 20,836 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration | 10 11 12 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation | 10 11 12 13 14 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 | (Rs. in thousands) 259,913 <u>4,089</u> 264,002 202,261 1,242 20,836 56,174 2,953 3,243 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) | 10 11 12 13 14 15 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 55,242 7,931 3,440 <u>(1,905)</u> 284,069 | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 (4,809) 281,900 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation | 10 11 12 13 14 15 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 55,242 7,931 3,440 <u>(1,905)</u> 284,069 (19,748) | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 4,48091 281,900 (17,898) |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFER TAXATION PROFIT/(LOSS) AFER TAXATION PROFIT/(LOSS) AFER TAXATION | 10 11 12 13 14 15 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 55,242 7,931 3,440 <u>(1,905)</u> 284,069 | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 (4,809) 281,900 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFTER TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) Brought Forward Appropriation Dividend | 10 11 12 13 14 15 | thousands) 259,126 5,195 264(321) 198,511 1,240 19,610 15,242 7,931 3,440 7931 284,069 (19,748) 43,537 | (Rs. in thousands) 259,913 <u>4,089</u> 264,002 202,261 1,242 20,836 56,174 2,953 3,243 <u>14,809</u> 281,900 (17,898) <u>61,435</u> |
| Sales and Income from Operations Other Income EXPENDITURE Material Cast and Inventory Adjustments Directors Remuneration Personnel Cast Other Operating Expenses Financial Cast Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFTER TAXATION Profit/(Loss) Brought Forward Appropriation Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) | 10 11 12 13 14 15 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 (19,059 284,069 (19,748) (19,748) (19,748) 23,789 | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 (4,809) 281,900 (17,898) 61,435 |
| Sales and Income from Operations Other Income EXPENDITURE Material Cast and Inventory Adjustments Directors Remuneration Personnel Cast Other Operating Expenses Financial Cast Depreciation Foreign Exchange loss / (Gain) PROFIT/COSS) BEFORE TAXATION Less: Provision for Taxation PROFIT/COSS) AFTER TAXATION Profit/(Loss) Brought Forward Appropriation Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic | 10 11 12 13 14 15 | thousands) 259,126 5,195 264(321) 198,511 1,240 19,610 15,242 7,931 3,440 7931 284,069 (19,748) 43,537 | (Rs. in thousands) 259,913 <u>4,089</u> 264,002 202,261 1,242 20,836 56,174 2,953 3,243 <u>14,809</u> 281,900 (17,898) <u>61,435</u> |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFER TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFER TAXATION Protifi(LOSS) BEFORE TAXATION Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic | 10 11 12 13 14 15 3 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 (1,905) 284,069 (19,748) (19,748) (19,748) (19,748) (0.38) (0.38) | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 44,809 281,900 (17,898) 61,435 61,435 (0,35) (0,35) |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) BEFORE TAXATION Profit/(LOSS) Berought Forward Appropriation Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attached | 10 11 12 13 14 15 3 | thousands) 259,126 <u>5,195</u> 264,321 198,511 1,240 19,610 55,242 7,931 <u>3,440</u> (19,748) <u>(19,748)</u> <u>(19,748)</u> <u>(19,748)</u> <u>23,789</u> (0.38) | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 44,809 281,900 (17,898) 61,435 61,435 (0,35) (0,35) |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFERE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFERE TAXATION PROFIT/(LOSS) AFERE TAXATION PROFIT/(LOSS) AFERE TAXATION PROFIT/(LOSS) AFERE TAXATION PROFITI/(LOSS) AFERE TAXATION PROFITI/(LOSS) AFERE TAXATION PROFILT Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attached For Natvardal Vepari & Co. | 10 11 12 13 14 15 3 3 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 (1,905) 284,069 (19,748) (19,748) (19,748) (19,748) (0.38) (0.38) (0.38) cor and on Behalf | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 44,809 281,900 (17,898) <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(13,537)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> |
| Sales and Income from Operations Other Incorme EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Foreign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFER TAXATION Less : Provision for Taxation PROFIT/(LOSS) AFER TAXATION Appropriation Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attached For Natural Vepari & Co. Chartered Accountants Firm Registration no. 106971W Shihab. R. Halim | 10 11 12 13 14 15 3 3 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 (1,905) 284,069 (19,748) (19,748) (19,748) (19,748) (0.38) (0.38) (0.38) cor and on Behalf | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 4,8091 281,900 (17,898) 61,435 43,537 (0.35) (0.35) |
| Sales and Income from Operations Other Income EXPENDITURE Material Cost and Inventory Adjustments Directors Remuneration Personnel Cost Other Operating Expenses Financial Cost Depreciation Proleign Exchange loss / (Gain) PROFIT/(LOSS) BEFORE TAXATION Less : Provision for Taxation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) BUDGHT Forward Appropriation Dividend Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attached For Naturatal Vepari & Co. Chartered Accountants Firm Registration no. 106971W | 10 11 12 13 14 15 3 3 | thousands) 259,126 5,195 264,321 198,511 1,240 19,610 55,242 7,931 3,440 (1,905) 284,069 (19,748) (19,748) (19,748) (19,748) (0.38) (0.38) (0.38) cor and on Behalf | (Rs. in thousands) 259,913 4,089 264,002 202,261 1,242 20,836 56,174 2,953 3,243 44,809 281,900 (17,898) <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(17,898)</u> <u>(13,537)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> <u>(0,35)</u> |



IPCA PHARMA NIGERIA LIMITED, NIGERIA

| SCHEDULES TO THE AC | COUNTS | | | | | | | | | | 2010-11 | 2009-10 |
|---|------------------------------|----------------|---------------------------------|------------------------------------|---------------------------------------|--------------------|---|-----------------|------------------------------------|---------------------------------|--------------------|----------------------|
| Schedules 1 to 16 for Profit and Loss Accou | rming part of | ar ended 31: | st March, 201 | 1 | | | EDULE 9 S AND INCOM | E FROM OPE | RATIONS | (Rs. in tho | usands) (Rs. | in thousands) |
| | | | 31st March, 2 (Rs. in thousa | | | Sale | | | | | 259,126 259,126 | 259,913 |
| SCHEDULE 1 | | | • | | , | | | AND LOSS AC | COUNT | | 237,120 | |
| SHARE CAPITAL | | | | | | | EDULE 10 ER INCOME | | | | | |
| Authorised : | | | | | | Profi | t on sale of ass | | | | 83 | 3,903 |
| 52,000,000 Ordinary | Shares of N 1 | each | | | | Misc | ellaneous inco PER PROFIT / | | COUNT | | 5,112 5,195 | <u>186</u> 4,089 |
| Issued and Subscribe | ed : | | | | | | | | | | | |
| 51,589,190 (Previous Ordinary Shares of N | l each | | 18, | 894 | 18,894 | MAT Finis | EDULE 11 ERIAL COST AN shed goods pu | ırchased | ADJUSTMEN | | 126,610 | 243,019 |
| (All the above shares company Ipca Labor | | | | | | Inve | ntory adjustm Stock at cor | | nt | | | |
| PER BALANCE S | | *) | 18, | ,894 | 18,894 | Less | Finished goo : Stock at clos | ods ie | | | 104,317 | 63,559 |
| | | | | | | ílnci | Finished goo ease) / Decreo | | orv | | 32,416 | 104,317 (40,758) |
| SCHEDULE 2 | | | | | | , | PER PROFIT | | | | 198,511 | 202,261 |
| RESERVE AND SURPLUS Share Premium | • | | | 329 | 9.329 | | EDULE 12 | EDATION | | | | |
| Profit & Loss account | | | | ,327 | 43,537 | | CTORS REMUN | | | | 1,219 | 1,223 |
| PER BALANCE S | HFFT | | | ,118 | 52,866 | Dire | ctors fees PER PROFIT A | | COUNT | | <u>21</u> 1,240 | 19 |
| SCHEDULE 3 | | | | | 02,000 | | | | | | 1,240 | 1,242 |
| FIXED ASSETS | | | | | | | | | | | (Rs. | In thousand) |
| | | | Gross Block | | | | | epreciation | | | Net b | |
| Particulars | Opening as on 01/04/10 | Additions | Sales / Adjustment | Foreign Exchange fluctuation | Total as on 31/03/11 at closing | Up to 31/03/10 | Sales / Adjustment | For the year | Foreign Exchange fluctuation | Up to 31/03/11 at closing | As on 31/03/11 | As on 31/03/10 |
| Leasehold Property | 1,614 | 149 | - | Reserve (68) | rate 1,695 | 944 | - | 174 | Reserve (46) | rate 1,072 | 623 | 671 |
| Office Equipment | 1,986 | 134 | - | (87) | 2,033 | 1,012 | - | 209 | (51) | 1,170 | 863 | 973 |
| Computers | 653 | 150 | - | (29) | 774 | 590 | - | 159 | (30) | 719 | 55 | 63 |
| Furniture & Fixture | 1,655 | 273 | - | (72) | 1,856 | 621 | - | 190 | (32) | 779 | 1,077 | 1,034 |
| Motor Vehicles Total | 12,047 17.956 | 4,244 4.950 | (2,567) (2,567) | (529) (786) | 13,195 19,553 | 4,059 7.226 | (1,288) (1,288) | 2,708 3.440 | (214) | 5,265 9,005 | 7,930 10.548 | 7,988 |
| Previous Year | 13,247 | 8,418 | (1,682) | (2,027) | 17,956 | 5,666 | (676) | 3,243 | (1,006) | 7,226 | 10,730 | 7,583 |
| SCHEDULE 4 | | | | | | SCH | EDULE 13 | | | | | |
| LOANS AND ADVANCE | | | | | | | SONNEL COST | | | | | 1 / 500 |
| Advances recoverabl value to be received | e in cash or ir | n kind or for | 16, | ,686 | 17,088 | | ment to and pr bonus | ovision for sa | laries, wages | | 14,743 | 16,580 |
| (Unsecured-considere | ed good unles | ss otherwise | | | | Welf | are expenses | | COUNT | | 4,867 | 4,256 |
| stated) PER BALANCE S | UCCT | | 14 | .686 | 17,088 | | PER PROFIT | AND LOSS AC | COUNT | | 19,610 | 20,836 |
| SCHEDULE 5 SUNDRY DEBTORS (Unsecured considere stated) | | ss otherwise | 10, | ,000 | 17,000 | OTH Pow fuel | EDULE 14 ER OPERATING er, fuel, gas & for generator) airs : | | es (including | | 2,319 | 1,503 |
| Outstanding for more | than six mon | ths | | ,084 | 9,183 | Nep | Building | | | | 684 | 571 |
| Other Debts | | | | ,784 | 20,100 | | Office Equip Other Repair | | | | 770 45 | 580 20 |
| PER BALANCE S | HEEI | | 29, | ,868 | 29,283 | Insu | rance | 3 | | | 2,183 | 2,746 |
| INVENTORIES | | | | | | Rent | t es and taxes | | | | 2,762 1,342 | 2,298 1,134 |
| (As taken, valued and Management) | l certified by t | he | | | | Freig | ght, forwarding | | rtation | | 5,694 | 6,074 |
| Finished goods | | | 32, | ,416 | 104,317 | | d staff expense d assets scraps | | | | 10,409 | 10,678 141 |
| PER BALANCE S | HEET | | 32, | ,416 | 104,317 | Con | nmunication e | expenses | | | 1,316 | 1,250 |
| SCHEDULE 7 | | | | | | | elling expenses it Fee | 6 | | | 7,524 134 | 7,156 88 |
| CASH AND BANK BALA | ANCES | | | | | Profe | essional charge | | | | 748 | 511 |
| Cash in Hand | | | | 574 | 228 | | ing and station ks. Subscription | | | | 479 146 | 502 25 |
| Balances with non sch Note No. 5) | neduled bank | s (Refer | 9, | ,815 | 7,547 | | luct promotion | | | | 1,576 | 2,518 |
| PER BALANCE S | HEET | | 10. | ,389 | 7,775 | | keting & sales o | | n expenses | | 9,928 | 13,066 |
| | | | | | | | luct Registratio Debts Written (| | | | 2,557 3,518 | 2,186 2,581 |
| SCHEDULE 8 | | | | | | | Misc. Bal. Writte ellaneous exp | | | | 24 | (13) |
| CURRENT LIABILITIES A Current Liabilities | ND PROVISIO | NS | | | | IVIISC | ellaneous exp PER PROFIT / | | COUNT | | 1,084 55,242 | <u>559</u> 56,174 |
| Sundry Creditors | | | 45. | 787 | 61,340 | SCH | EDULE 15 | | | | | |
| Liabilities for Expenses | | | | 595 | 4,599 | FINA | NCIAL COST | | | | | |
| Provision for Tax | | | | <u> </u> | 3,474 | | k charges est on loan fro | m lpca India | | | 2,088 5,843 | 1,648 1,305 |
| PER BALANCE S | HEET | | 51, | ,382 | 69,413 | | PER PROFIT | | | | 7,931 | 2,953 |
| | | | | | | | | | | | | |

SCHEDULE 16

NOTES FORMING PART OF THE ACCOUNTS

Accounting Policies 1.

- The financial statements are prepared under the historical cost convention on accrual basis. The financial statements confirm to the requirements of Schedule a) VI to the Companies Act 1956. b)
 - Conversion in to Indian Rupees: The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f. 01.04.2004. The resultant Foreign Currency Translation Reserve is shown separately under shareholders funds or under Profit and Loss account on the erset tide. asset side.
- The Assets and Liabilities are translated at closing rate except share capital, which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year. Fixed assets: All fixed assets are recorded at cost of acquisition. Depreciation: Depreciation is computed on straight line basis over the estimated useful life of the assets at the following rates: C)
- d

| Leasehold improvement | - | 10% |
|-------------------------|---|-----|
| Office Equipment | - | 10% |
| Computers & Accessories | - | 20% |
| Furniture & Fixtures | - | 10% |
| Motor Vehicles | - | 20% |

- Inventories: Inventories are valued on First in first out (FIFO) method at cost or net realizable value (NRV), whichever is lower. e) Revenue Recognition: Sales of goods is recognised at the point of dispatch to
- customer. 2.
- Customer. The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act. For the purpose of conversion of the local currency (N) into Indian Currency (INR), the exchange rate applied is as per para 1(b) of the accounting policies 3.
- policies.
- Additional Information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956. Stock of each class of Finished Goods. 4.

| Rs. In thousands 824 | Quantity (thousands) | Rs. In mousands |
|----------------------------|-------------------------|-----------------|
| 824 | 6 | |
| | 0 | 8,900 |
| 4,581 | 94 | 9,758 |
| 1,340 | 103 | 2,725 |
| 25,671 | 521 | 82,934 |
| 32,416 | | 104,317 |
| | 32,416 | , |

| | SALES | | | | PURCHASES | | | |
|-------------------|------------------------|------------------|-------------------------|---------------------|-------------------------|------------------|-------------------------|---------------------|
| Particulars | 201 | D-11 | 2009 | ? -10 | 2010 | H1 | 2009 | 7-10 |
| | Quantity (thousand) | Rs. In thousands | Quantity (thousands) | Rs. In thousands | Quantity (thousands) | Rs. In thousands | Quantity (thousands) | Rs. In thousands |
| Bulk Drug (Kg) | 5 | 6,675 | 17 | 19,379 | - | - | 20 | 24,484 |
| Injectables (No.) | 144 | 24,182 | 158 | 32,092 | 105 | 9,516 | 254 | 26,779 |
| Liquid/Oral (No.) | 97 | 3,313 | 81 | 3,008 | 32 | 862 | 84 | 3,018 |
| Tablets/Capsules | 893 | 224,956 | 722 | 205,434 | 582 | 116,232 | 942 | 188,738 |
| Others (No.) | | | - | | | | - | - |
| Total | | 259,126 | | 259,913 | | 126,610 | | 243,019 |

5. Balances with non-scheduled banks in Schedule 7:

| Name of the Banks | Maximum | Balance | Balance As On | | |
|---------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|--|
| | 2010-11 (Rs.In thousand) | 2009-10 (Rs.In thousand) | 31/03/2011 (Rs.In thousand) | 31/03/2010 (Rs.In thousand) | |
| Intercontinental Bank | 109 | 106 | 106 | 105 | |
| Intercontinental Bank-i- class | 8,830 | 5,267 | 381 | 3,501 | |
| Standard Chartered Bank- \$ A/C | 337 | 337 | 154 | 337 | |
| Standard Chartered Bank | 25,490 | 17,078 | 4,723 | 3,374 | |
| United Bank for Africa | 2,903 | | 463 | | |
| Wema Bank | 5,514 | 9,644 | 3,988 | 230 | |
| Total | | | 9,815 | 7,547 | |

Related Party Disclosure as required by Accounting Standard-AS 18 issued by The Institute of Chartered Accountants of India. Relationship: Entities where control exists

lpica Laboratories Limited – Holding Company Key Management Personnel S.V Kotian

James Awolola K. Chaturvedi

Transactions with Related Parties

| Description | Entities where control exists | Key Management Personnel | Tota |
|---|----------------------------------|-----------------------------|---------------------|
| Goods and Services Purchased | 94,917 | - | <mark>94,917</mark> |
| (Previous Year) | 196,260 | | 196,260 |
| Loan taken/(Repaid) | (31,560) | - | (31,560) |
| (Previous Year) | 31,560 | | 31,560 |
| Interest Paid | 5,843 | - | 5,843 |
| (Previous Year) | 1,305 | | 1,305 |
| Reimbursement of expenditure (Previous Year) | 13,307 | | 13,307 |

| Remuneration (Previous Year) | - | 1,240 1,242 | 1,240 1,242 |
|---|--------|----------------|----------------|
| Balances as on 31st March 2011 Payable | 40,627 | - | 40,627 |
| Balances as on 31st March 2010 Payable | 84,158 | - | 84,158 |

Disclosure in respect of transactions, which are more than 10% of the total transactions of the same type with, related parties during the year. (Rs. In Thousands)

| | | `` | , |
|--|---------------------------|----------|---------|
| Description | Related Party | 2010-11 | 2009-10 |
| | S.V. Kotian | 588 | 619 |
| Remuneration Key Management Personnel | James Awolola | 486 | 623 |
| i elaorinei | K. Chaturvedi | 166 | - |
| Goods and Services Purchased | Ipca Laboratories Limited | 94,917 | 196,260 |
| Reimbursement of expenditure | Ipca Laboratories Limited | 13,307 | - |
| Loan Taken/(Repaid) | Ipca Laboratories Limited | (31,560) | 31,560 |
| Interest Paid | lpca Laboratories Limited | 5,843 | 1,305 |
| Pavables | Inca Laboratories Limited | 40 627 | 84 158 |

7. Earning per Share

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

| Particulars | 2010-11 | 2009-10 |
|---|------------|------------|
| Profit after tax (Rs. In thousand) | (19,748) | (17,898) |
| No. of shares outstanding | | |
| Weighted Average no. of shares outstanding (Nos.) - Basic | 51,589,190 | 51,589,190 |
| Weighted Average no. of shares outstanding (Nos.) - Diluted | 51,589,190 | 51,589,190 |
| Earning per share (Rs.) | | |
| - Basic | (0.38) | (0.35) |
| - Diluted | (0.38) | (0.35) |

8. Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable

| As Per our report of even date attached For Natvarlal Vepari & Co. | | For and on b | ehalf of the | Board |
|--|----------|--------------|--------------|-----------|
| Chartered Accountants | | | | boara |
| Firm Registration no. 106971W | | S. V. Kotian | lamo | s Awolola |
| Shihab. R. Halim | | Director | Direct | |
| Partner | | Director | Direct | 0I |
| Vembership no. 49758 | | | | |
| viembeisnip no. 49756 Viumbai | | | | |
| May 20, 2011 | | | | |
| //dy 20, 2011 | | | | |
| CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MA | RCH 2011 | | | |
| | | 2010-11 | | 2009-10 |
| | Rs. in | thousands | Rs. in | thousands |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net profit/(loss) before taxation | | (19,748) | | (17,898) |
| Adjustments for : | | | | |
| Depreciation | 3,440 | | 3,243 | |
| Fixed assets scrapped | | | 141 | |
| Bad Debts written off | 3,518 | | 2,581 | |
| Interest on Ioan | 5,843 | | 1,305 | |
| Profit on sale of Fixed asset | (83) | 12,718 | (3,903) | 3,367 |
| 2. Operating profit before | | (7,030) | | (14,531) |
| working capital changes | | | | |
| Decrease/(Increase) in Receivables | (4,103) | | (9,402) | |
| Decrease/(Increase) in Loans and Advances | 402 | | (5,793) | |
| Decrease/(Increase) in Inventories | 71,901 | | (40,758) | |
| Increase/(Decrease) in Sundry creditors | (18,031) | 50,169 | 24,488 | (31,465) |
| 3 Cash generated from operation | <u> </u> | 43,139 | | (45,996) |
| Movement in Foreign Currency Translation | 466 | 466 | 991 | 991 |
| Reserve | | | | |
| Net cash from operating activities A | | 43,605 | | (45,005) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Sale of Fixed Assets | 1,362 | | 4,769 | |
| Purchase of Fixed Assets | (4,950) | (3,588) | (8,418) | (3,649) |
| Net cash from / (used) in investing activities B | | (3,588) | | (3,649) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Loan from ipca | (31,560) | | 31,560 | |
| Interest on loan | (5,843) | (37,403) | (1,305) | 30,255 |
| Net cash from / (used) in financing activities C | | (37,403) | | 30,255 |
| Net increase/(decrease) in cash and cash equivalents ($A + B+C$) | | 2,614 | | (18,399) |
| Cash and cash equivalents at beginning of period | | 7,775 | | 26,174 |
| Cash and cash equivalents at end of period Components of Cash & Cash equivalants; | | 10,389 | | 7,775 |
| Cash and Cheques on hand | | 574 | | 228 |
| Balance with non scheduled Banks | | 9,815 | | 7,547 |
| As Per our report of even date attached | | | | |
| or Natvarlal Vepari & Co. | | For and on b | ehalf of the | e Board |
| Chartered Accountants | | | | |
| Firm Registration no. 106971W | | S. V. Kotian | Jame | s Awolola |
| Shihab. R. Halim | | Director | Direct | or |
| Partner | | | | |
| Vembership no. 49758 | | | | |
| | | | | |
| Numbai | | | | |
| viumbai May 20, 2011 | | | | |

NATIONAL DRUGGISTS (PTY) LIMITED, SOUTH AFRICA

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011. FINANCIAL RESULTS

Your Company is a wholly owned subsidiary of Ipca Laboratories Ltd (India). The

business activity of the company is holding of product registration dossiers, importing and marketing of pharmaceuticals manufactured by the parent company in South Africa.

During the year under report, your Company achieved net total income of Rs. 2.86 lacs (previous year 187.34 lacs). The operations for the financial year have resulted in a net profit of Rs. 2.47 lac as against loss of Rs. 0.81 Lac in the previous year. DIVIDEND

In order to conserve resources of the company, no dividend has been proposed by the board for the financial year under report. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the profit of the Company for the year;

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/per month or any part thereof.

M/s Natvarlal Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

EARNINGS AND OUTGO

During the year under review, the Company has not carried out any manufacturing activities nor the company has any manufacturing unit. Therefore, information required pursuant to Section 217(1) (e) of the Companies Act, 1956 are not applicable

For and on behalf of the Board

T. Ramachandran Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF NATIONAL DRUGGISTS (PROPRIETARY) LIMITED

We have audited the attached Balance Sheet of National Drugaists (Proprietary) Limited as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Karolia Jeena Inc. Chartered Accountants, South Africa and have carried out such further checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- We have obtained all the information and explanations, which to the best of our i) knowledge and belief were necessary for the purpose of our Audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- The Balance Sheet and Profit & Loss Account dealt with by this report are in iii) agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this iv) report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- These accounts are prepared to comply with the requirements of the Companies Act 1956 relating to the subsidiary and holding company disclosure requirements.
- Since the appointment of directors to this company are not governed by the vi) provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.

- vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view. (a) in the case of Balance Sheet of the State of Affairs of the Company as at
 - 31st March, 2011 in the case of Profit and Loss Account of the profit for the year ended on (b)
 - in the case of Cash Flow Statement, of the cash flow for the year ended on (C)

that date. For Natvarlal Vepari & Co. CHARTERED ACCOUNTANTS Firm Registration No. 106971W Shihab R. Halim Partner M.No. 49758 Mumbai May 20, 2011 BALANCE SHEET AS AT 31ST MARCH, 2011 31st March. 2011 31st March.2010 Schedule (Rs. in thousands) (Rs. in thousands) SOURCES OF FUNDS Shareholders' Funds Share Capital 4,572 4,572 1 Reserves and Surplus 2 6 4 4 7 6,200 Foreign Currency Translation Reserve (640) (1,421) 9,351 10,379 10,379 9,351 APPLICATION OF FUNDS Fixed Assets Gross Block 434 Less : Depreciation 434 Net Block 20 2A Current Assets, Loans and Advances Sundry Debtors 3 10,259 9,694 Cash and Bank Balances Δ <u>17</u> 9,711 <u>138</u> 10,397 Less : Current Liabilities and Provisions 5 Current Liabilities <u>360</u> 9.351 10,359 Net Current Assets Foreign Currency Translation Reserve 10.379 9,351 NOTES TO ACCOUNTS 11 As Per our report of even date attached For and on behalf of the Board For Natvarlal Vepari & Co. Chartered Accountants Firm Registration no. 106971W T. Ramachandran N. Venkat Director Director Shihab. R. Halim Partner Membership no. 49758 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 Schedule 2010-11 2009-10 (Rs. in thousands) (Rs. in thousands) INCOME Sales and Income from Operations 18.695 6 7 286 Other Income 286 18,734 **EXPENDITURE** Material Cost and Inventory Adjustments 8 16,455 Operating and Administration expenses ō 19 2,321 **Financial** Cost 10 39 18,815 PROFIT/(LOSS) BEFORE TAXATION 264 (81) Less · Provision for Taxation 17 PROFIT/(LOSS) AFTER TAXATION (81) 247 Balance brought forward 6,200 6,447 6,281 6,200 Balance carried forward to Balance Sheet Earning per Share (in Rupees) 0.23 (0.08) Basic Diluted 0.23 10.08 (Refer note 6) NOTES TO ACCOUNTS 11 As Per our report of even date attached For and on behalf of the Board For Natvarlal Vepari & Co. Chartered Accountants Firm Registration no. 106971W T. Ramachandran N. Venkat Director Director Shihab. R. Halim Partner Membership no. 49758 Mumbai May 20, 2011



NATIONAL DRUGGISTS (PTY) LIMITED, SOUTH AFRICA

SCHEDULES TO THE ACCOUNTS

Schedules 1 to 11 forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended 31st March, 2011 31st March, 2011 31st M arch, 2010 (Rs. in thousands) (Rs. in thousands) SCHEDULE 1 SHARE CAPITAL Authorised 11,00,000 Ordinary Shares of R 1 each Issued and Subscribed : 10,59,732 (Previous year 10,59,732) Ordinary 4,572 4,572 Shares of R 1 each (All the above shares are held by holding company lpca Laboratories limited) PER BALANCE SHEET 4.572 4,572 **SCHEDULE 2** RESERVE AND SURPLUS Profit & Loss account 6.447 6 200 PER BALANCE SHEET 6.447 6,200 SCHEDULE 2A INVESTMENT Unquoted Investments - Joint Medical Holding 20 (Pty.) Ltd. (Shares at cost) PER BALANCE SHEET 20 **SCHEDULE 3** SUNDRY DEBTORS (Unsecured considered good, unless otherwise stated) 10,259 Outstanding for more than six months 9,694 Other Debts PER BALANCE SHEET 10.259 9,694 SCHEDULE 4 CASH AND BANK BALANCES Balances with the non scheduled banks 138 17 PER BALANCE SHEET 138 17 SCHEDULE 5 CURRENT LIABILITIES AND PROVISIONS **Current Liabilities** Sundry Creditors Tax pavable 18 108 252 20 Provisions PER BALANCE SHEET 38 360 2010-11 2009-10 (Rs. in thousands) (Rs. in thousands) SCHEDULE 6 SALES AND INCOME FROM OPERATIONS 18,695 Sales PER PROFIT AND LOSS ACCOUNT 18,695 SCHEDULE 7 OTHER INCOME Management Fee 99 Dividend received Miscellaneous income 187 39 PER PROFIT AND LOSS ACCOUNT 286 39 SCHEDULE 8 MATERIAL COST AND INVENTORY ADJUSTMENTS Finished goods purchased 16.455 Inventory adjustments Stock at commencement Finished aoods Less : Stock at close Finished goods PER PROFIT AND LOSS ACCOUNT 16.455

SCHEDULE 9 **OPERATING AND ADMINISTRATION EXPENSES** Auditors' Fee 19 33 Asset scraped Professional charges 110 Management Fees 2.146 Miscellaneous expenses 32 PER PROFIT AND LOSS ACCOUNT 19 2,321 SCHEDULE 10 FINANCIAL COST Bank Charaes 3 39 PER PROFIT AND LOSS ACCOUNT 39

SCHEDULE 11 - NOTES FORMING PART OF THE ACCOUNTS.

Accounting Policies 1

- The financial statements are prepared under the historical cost a) convention on accrual basis. The financial statements confirm to the requirements of Schedule VI to the Companies Act 1956.
- b١ Conversion in to Indian Rupees:
- The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f 01.04.2004. The resultant Foreign Currency Translation Reserve is shown separately under shareholders funds or under Profit and Loss account on the asset side. The Assets and Liabilities are translated at closing rate except share capital, which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year. Investments: Long term Investments are stated at cost. Provisions C) are made for diminution in value of investments other than temporary in nature. Current Investments are stated at cost or market value which ever is lower. Fixed assets: All fixed assets are recorded at cost of acquisition. d) Depreciation: Depreciation is computed on reducing balance e) basis over the estimated useful life of the assets at the following rates: Computers 33.33% Furniture & Fixtures 16.67% Inventories: Inventories are valued on First in first out (FIFO) method f) at cost or net realizable value (NRV), whichever is lower. Revenue Recognition: Sales of goods is recognised at the point of a) dispatch to customer. Dividend Income: Dividend income is accounted when the right to h) receive the same is established. The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act. For the purpose of conversion of the local currency (R) into Indian Currency (INR), the exchange rate applied is as per para 1 (b) of the accounting policies. Additional Information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956. Stock of each class of Finished Goods. 31.03.2010 Particulars 31 03 2011

| | Quantity | Rs.In thousands | Quantity | Rs. In thousands |
|-------------------|----------|------------------------|----------|------------------|
| Tablets/ Capsules | - | - | - | - |
| | | | | |

Sales and Purchase in respect of each class of Finished Goods

| Particulars | SALES | | | PURCHASES | | | | |
|-------------|-------------------------|-----|-------------------------|-----------|-------------------------|-----|-------------------------|--------|
| | 2010 | -11 | 2009 | 2-10 | 2010 | -11 | 2009 | -10 |
| Tablets/ | Quantity (thousands) | | Quantity (thousands) | | Quantity (thousands) | | Quantity (thousands) | |
| Capsules | - | - | 2,626 | 18,695 | - | - | 2,626 | 16,455 |

2

3.

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NATIONAL DRUGGISTS (PTY) LIMITED, SOUTH AFRICA

5. Related Party Disclosure as required by Accounting Standard-AS 18 issued by The Institute of Chartered Accountants of India.

Relationship:

Entities where control exists

Ipca Laboratories Limited.- Holding company

Transactions with Related Parties

| | | (Rs. In Thousands) |
|------------------------------|-------------------------------|--------------------|
| Description | Entities where control exists | Total |
| Goods and Services Purchased | - | - |
| (Previous Year) | 16,455 | 16,455 |

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

(Rs. In Thousands)

| | 2010-11 | 2009-10 |
|------------------------------|---------|---------|
| Goods and Services Purchased | | |
| Ipca Laboratories Limited. | - | 16,455 |

6. Earning per Share

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

| Particulars | 2010-11 | 2009-10 |
|--|-----------|-----------|
| Profit after tax (Rs. In thousand) | 247 | (81) |
| No. of shares outstanding | | |
| Weighted Average no. of shares outstanding (Nos.) - Basic | 1,059,732 | 1,059,732 |
| Weighted Average no. of shares outstanding (Nos.) - Diluted | 1,059,732 | 1,059,732 |
| Earning per share (Rs.) | | |
| - Basic | 0.23 | (0.08) |
| – Diluted | 0.23 | (0.08) |

 Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable.

| As Per our report of even date attached | For and on behalf of the Board | |
|---|--------------------------------|-----------|
| or Natvarlal Vepari & Co. | | |
| Chartered Accountants | | |
| Firm Registration no. 106971W | T. Ramachandran | N. Venkat |
| | Director | Director |
| Shihab. R. Halim | | |
| Partner | | |
| Vembership no. 49758 | | |
| Numbai | | |
| May 20, 2011 | | |

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 2010-11 2009-10 (Rs. in Thousands) (Rs. in Thousands) CASH FLOW FROM OPERATING ACTIVITIES 1. Net profit/(loss) before taxation 264 (81) Add: Asset scraped Less: Dividend income (99) (99) 2. Operating profit before working 165 (81) capital changes Decrease/(Increase) in Receivables (565) 17,065 Increase/(Decrease) in Sundry (232) (797) (18,227) (1,162) creditors 3. Cash generated from operation (632) (1, 243)Income tax paid (Net) (107) Movement in Foreign currency 781 543 translation reserve (700) Net cash from operating activities 42 CASH FLOW FROM INVESTING ACTIVITIES Investment purchased (20) 99 Dividend received Net cash from investing activity activities 79 Net increase/(decrease) in cash and cash 121 (700) equivalents Cash and cash equivalents at beginning of 17 717 period Cash and cash equivalents at end of period 138 17

As Per our report of even date attached

For Natvarlal Vepari & Co.

Chartered Accountants

Firm Registration no. 106971W

Director Director

N Venkat

T. Ramachandran

For and on behalf of the Board

Shihab. R. Halim Partner Membership no. 49758 Mumbai May 20, 2011



DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011. INCORPORATION

Your Company is a wholly owned subsidiary of Ipca Laboratories Limited, India and engaged in the activities of holding product registration dossiers with TGA, Australia and sale of Pharmaceutical Formulations manufactured by the parent company in Australia

During the financial year under report, the total income of the company was 22.63 lacs [Previous year Rs. 25.16 lacs] and the operations have resulted in a net loss of Rs. 0.40 lacs (Previous year net profit of Rs. 19.12 lacs).

Eleven Formulation dossiers of the company are currently registered with TGA, Australia

DIVIDEND

In view of the loss incurred during the financial year under report, no dividend is proposed by the Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial vear ended 31st March, 2011 and the net loss of the Company for the year:

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis.

SUBSIDIARY COMPANIES

Your company has a wholly owned subsidiary by the name Ipca Pharma (NZ) Pty Ltd, New Zealand incorporated for holding product registration dossiers of Pharmaceutical Formulations in New Zealand.

Sixteen formulation dossiers of this subsidiary are registered with MEDSAFE, New Zealand and another five dossiers are under registration

This subsidiary is yet to commence the business of distribution of pharmaceuticals in the New Zealand market.

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,000/- per annum or not less than Rs. 5,00,000/per month or any part thereof.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants have stated their inability to continue as the Auditors of the company. The company has appointed M/s P. M. Kathariya & Co., Chartered Accountants as the Auditors of the company. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

EARNINGS AND OUTGO

During the year under review, the Company has not carried out any manufacturing activities nor the company has any manufacturing unit. Hence, information pursuant to Section 217(1)(e) of the Companies Act, 1956 is not applicable. For and on behalf of the Board

Murali Sarma

Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMA (AUSTRALIA) PTY LIMITED

We have audited the attached Balance Sheet of Ipca Pharma (Australia) Pty Limited as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Pender & Associates Pty Ltd, Certified Practicing Accountants, Australia and have carried out such checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- We have obtained all the information and explanations, which to the best of i) our knowledge and belief were necessary for the purpose of our Audit
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- The Balance Sheet and Profit & Loss Account dealt with by this report are in iii) agreement with the books of accounts.
- These accounts are prepared to comply with the requirements of the iv) Companies Act 1956 relating to the subsidiary and holding company disclosure requirements.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this V) report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- Since the appointment of directors to this company are not adverned by the vi) provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes thereon aive the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.
 - in the case of Balance Sheet of the State of Affairs of the Company as at (a) 31st March, 2011
 - in the case of Profit and Loss Account of the profit for the year ended on (b) 31st March 2011. and;
 - (C) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For P. M. Kathariva & Co. CHARTERED ACCOUNTANTS Firm Registration No. 104922W

| | | | | P. M. Kathariya |
|--|-------|-----------|----------------|--------------------------------------|
| Mumbai May 20, 2011 | | | | Proprietor M.No. 31315 |
| BALANCE SHEET AS AT 31ST MARCH, | 2011 | | | |
| | Sched | | | 31st March 2010 (Rs. In Thousand) |
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 1 | | 1,298 | 1,298 |
| Reserves and Surplus | 2 | | 2,626 | 2,666 |
| Unsecured Loan | | | 121 | 107 |
| Foreign Currency Translation Reserve | ∋s | | 650 | 132 |
| | | | 4,695 | 4,203 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | | | | |
| Intangibles | | | 3,602 | 2,685 |
| Investments | | | 4 | 4 |
| Current Assets, Loans and Advance | es | | | |
| Loans & Advances | 3 | | 598 | 349 |
| Cash and Bank Balances | 4 | | 2,337 | 1,898 |
| | | | 2,935 | 2,247 |
| Less : Current Liabilities and Provisi | ons | | | |
| Current Liabilities | 5 | | 1,846 | 733 |
| Net Current Assets | | | 1,089 | 1,514 |
| | | | 4,695 | 4,203 |
| Notes to the Accounts | 10 | | | |
| As Per our report of even date attac | hed | | | |
| For P. M. Kathariya & Co. | | For and | on behalf of t | he Board |
| Chartered Accountants | | | | |
| Firm Registration No. 104922W | | Murali Sc | arma Alakku | di Sundararaman |
| | | Director | Directo | rc |
| P. M. Kathariya | | | | |
| Proprietor | | | | |
| M.No. 31315 | | | | |

Mumbai

May 20, 2011



IPCA PHARMA (AUSTRALIA) PTY LTD, AUSTRALIA

| | Schedule | 2010-11 | 2009-10 |
|---|---|---|--|
| NOONE | | (Rs. In Thousand) | (Rs. In Thousand) |
| | , | 0.010 | 0.51/ |
| Income from Operations | 6 | 2,213 | 2,516 |
| Other Income | 7 | 50 | |
| EXPENDITURE | | 2,263 | 2,516 |
| Administrative and Other Expenses | 8 | 2,325 | 1,332 |
| Financial Cost | 9 | 15 | 8 |
| | , | 2,340 | 1,340 |
| PROFIT/(LOSS) BEFORE TAXATION AN PERIOD ITEMS | ID PRIOR | (77) | 1,176 |
| Prior period income | | - | 990 |
| Less: Provision for Taxation | | - | 254 |
| Short/(Excess) provision | | (37) | - |
| PROFIT/(LOSS) AFTER TAXATION AND PRIOR PERIOD ITEMS | | (40) | 1,912 |
| Profit Brought Forward | | 2,666 | 754 |
| Balance carried forward to Balance | ce Sheet | 2,626 | 2,666 |
| Earning per Share (in Rupees) | | | |
| Basic | | (1.48) | 70.97 |
| Diluted | | (1.48) | 70.97 |
| (Refer note 7) | 10 | | |
| Notes to the Accounts | 10 | | |
| P. M. Kathariya Proprietor M.No. 31315 Mumbai | | | |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS | the Balanc | e Sheet as at 31st | March 2011 and |
| Proprietor M.No. 31315 Mumbai May 20, 2011 | | | March, 2011 and |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of | ar ended 3 | | |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year | ar ended 3 | 1st March, 2011 | 31st March, 2010 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 | ar ended 3 | 1st March, 2011 31st March, 2011 | 31st March, 2010 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL | ar ended 3 | 1st March, 2011 31st March, 2011 | 31st March, 2010 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 | ar ended 3 | 1st March, 2011 31st March, 2011 | 31st March, 2010 (Rs. In Thousand |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94: (Par Value AUS \$ 1 each) (All shares are held by holding corr | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) | 31st March, 2010 (Rs. In Thousand) |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94: (Par Value AUS \$ 1 each 1) (All shares are held by holding corr Ipca Laboratories Limited) | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 | 31st March, 2010 (Rs. In Thousand 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94: (Par Value AUS \$ 1 each) (All shares are held by holding corr | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) | 31st March, 2010 (Rs. In Thousand 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94: (Par Value AUS \$ 1 each 1) (All shares are held by holding corr lpca Laboratories Limited) PER BALANCE SHEET | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 | 31st March, 2010 (Rs. In Thousand 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94: (Par Value AUS \$ 1 each 1) (All shares are held by holding corr Ipca Laboratories Limited) | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 | 31st March, 2010 (Rs. In Thousand) 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94 (Par Value AUS \$ 1 each) (All shares are held by holding com loca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 | 31st March, 2010 (Rs. In Thousand) 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94 (Par Value AUS \$ 1 each) (All shares are held by holding com loca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 | 31st March, 2010 (Rs. In Thousand) 1,298 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94 (Par Value AUS \$ 1 each) (All shares are held by holding corr Ipca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 | 31st March, 2010 (Rs. In Thousand 1,296 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,944 (Par Value AUS \$ 1 each) (All shares are held by holding corr lpca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account PER BALANCE SHEET | ar ended 3 | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 | 31st March, 2010 (Rs. In Thousand 1,296 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,94 (Par Value AUS \$ 1 each) (All shares are held by holding com lpcc Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account PER BALANCE SHEET SCHEDULE 3 LOANS & ADVANCES (Unsecured, considered good unle otherwise) | ar ended 3 4) 1pany- | Ist March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 2,626 | 31st March, 2010 (Rs. In Thousand 1,298 <u>1,298</u> <u>2,666</u> |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,944 (Par Value AUS \$ 1 each) (All shares are held by holding corr Ipca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account PER BALANCE SHEET SCHEDULE 3 LOANS & ADVANCES (Unsecured, considered good unle otherwise) Loan to IPCA Pharma (NZ) Pty Ltd. (Subsidiary Co.) | ar ended 3 4) 1pany- | 1st March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 | 31st March, 2010 (Rs. In Thousand 1,298 <u>1,298</u> <u>2,666</u> <u>2,666</u> 93 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,944 (Par Value AUS \$ 1 each) (All shares are held by holding corr Ipca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account PER BALANCE SHEET SCHEDULE 3 LOANS & ADVANCES (Unsecured, considered good unle otherwise) Loan to IPCA Pharma (NZ) Pty Ltd. (Subsidiary Co.) | ar ended 3 4) 1pany- ss stated | Ist March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 2,626 2,626 | 31st March, 2010 (Rs. In Thousand) 1,298 <u>1,298</u> <u>2,666</u> <u>2,666</u> 33 |
| Proprietor M.No. 31315 Mumbai May 20, 2011 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of Profit and Loss Account for the year SCHEDULE 1 SHARE CAPITAL Issued and Subscribed : 26,944 Shares (Previous year 26,944 (Par Value AUS \$ 1 each) (All shares are held by holding corr Ipca Laboratories Limited) PER BALANCE SHEET SCHEDULE 2 RESERVE & SURPLUS Profit & Loss account PER BALANCE SHEET SCHEDULE 3 LOANS & ADVANCES (Unsecured, considered good unle otherwise) Loan to IPCA Pharma (NZ) Pty Ltd. (Subsidiary Co.) | ar ended 3 4) 1pany- ss stated | Ist March, 2011 31st March, 2011 (Rs. In Thousand) 1,298 1,298 2,626 2,626 | 31st March, 2010 (Rs. In Thousand) 1,298 <u>1,298</u> <u>2,666</u> <u>2,666</u> |

| SCHEDULE 4 | | |
|--|---|---|
| CASH AND BANK BALANCES | | |
| Cash in hand | 5 | 4 |
| Balances with non scheduled banks (Refer Note No. 3) | 2,332 | 1,894 |
| PER BALANCE SHEET | 2,337 | 1,898 |
| | <u>`</u> | |
| SCHEDULE 5 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Creditors- Others | 1,846 | 733 |
| PER BALANCE SHEET | 1,846 | 733 |
| | 2010-11 | 2009-10 |
| | (Rs. In Thousand) | (Rs. In Thousand) |
| SCHEDULE 6 | | |
| INCOME FROM OPERATIONS | | |
| Sales | 2,213 | 2,516 |
| PER PROFIT AND LOSS ACCOUNT | 2,213 | 2,516 |
| SCHEDULE 7 | | |
| OTHER INCOME | | |
| Interest received | 16 | |
| Income tax | 34 | - |
| PER PROFIT AND LOSS ACCOUNT | 50 | |
| | | |
| SCHEDULE 8 | | |
| ADMINISTRATIVE AND OTHER EXPENSES | | |
| Books, Subscription and Journals | 14 | 12 |
| Professional charges | 1,806 | 1,111 |
| Communication expenses | 21 431 | 20 15 |
| Accounting fees Printing & Stationery | 431 | 15 |
| Product Registration | 48 | 174 |
| PER PROFIT AND LOSS ACCOUNT | 2,325 | 1,332 |
| | <u>`</u> | |
| SCHEDULE 9 | | |
| FINANCIAL COST | | |
| Bank charges | 15 | 8 |
| PER PROFIT AND LOSS ACCOUNT | 15 | 8 |
| SCHEDULE 10 - NOTES FORMING PART OF THE | ACCOUNTS. | |
| 1. Accounting Policies | | |
| Accounting convention | | o historiaal oost |
| The financial statements are | prepared under # | |
| The financial statements are convention on accrual basis. Th | | |
| convention on accrual basis. Th requirements of Schedule VI to th | e financial stateme | nts confirm to the |
| convention on accrual basis. Th requirements of Schedule VI to th b) Conversion into Indian rupees | e financial stateme ne Companies Act 19 | nts confirm to the 956. |
| convention on accrual basis. Th requirements of Schedule VI to th b) Conversion into Indian rupees The translation of financial state | e financial stateme le Companies Act 19 ements into Indian F | nts confirm to the 256. Rupees is done in |
| convention on accrual basis. The requirements of Schedule VI to the b) Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the | e financial stateme e Companies Act 1 ements into Indian F a) the Effects of Cl Institute of Chartere | nts confirm to the 256. Rupees is done in hanges in Foreign d Accountants of |
| convention on accrual basis. Th requirements of Schedule VI to th b) Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.e | e financial stateme le Companies Act 10 ements into Indian F Id) the Effects of Cl Institute of Chartere e.f 01.04.2004. The | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign |
| convention on accrual basis. The requirements of Schedule VI to the b) Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the | e financial stateme le Companies Act 1 aments into Indian F (d) the Effects of Cl Institute of Chartere (f 01.04.2004. The shown separately u | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders |
| convention on accrual basis. The requirements of Schedule VI to the b) Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory we Currency Translation Reserve is funds or under Profit and Loss acc. The Assets and Liabilities are tra | e financial stateme le Companies Act 1 ements into Indian F d) the Effects of Cl Institute of Chartere s.f 01.04.2004. The shown separately u count on the asset sis anslated at closing | nts confirm to the 256. Rupees is done in anges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share |
| convention on accrual basis. Tr requirements of Schedule VI to th D) Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.e. Currency Translation Reserve is funds or under Profit and Loss acc The Assets and Liabilities are tra capital which is translated at the r | e financial stateme le Companies Act 1 ements into Indian I (d) the Effects of Cl Institute of Chartere i, f 01.04.2004. The shown separately u count on the asset si anslated at closing ate as on transaction | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share i date. The income |
| convention on accrual basis. The requirements of Schedule VI to the Display Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.e. Currency Translation Reserve is funds or under Profit and Loss accor The Assets and Liabilities are the capital which is translated at the r and expenditure are translated at the year. | e financial stateme le Companies Act 1 ements into Indian F d) the Effects of Cl Institute of Chartere e.f 01.04.2004. The shown separately u count on the asset si anslated at closing ate as on transactior t a rate nearing the a | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share i date. The income verage rate during |
| convention on accrual basis. Trequirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.c. Currency Translation Reserve is funds or under Profit and Loss acc The Assets and Liabilities are the capital which is translated at the r and expenditure are translated at the year. c) Investments: Long term Investments | e financial stateme le Companies Act 1 ements into Indian F (d) the Effects of Cl Institute of Chartere shown separately u count on the asset si anslated at closing ate as on transaction t a rate nearing the a ents are stated at clo | nts confirm to the 255. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share u date. The income verage rate during cost. Provisions are |
| convention on accrual basis. The requirements of Schedule VI to the Display Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.e. Currency Translation Reserve is funds or under Profit and Loss accor The Assets and Liabilities are the capital which is translated at the r and expenditure are translated at the year. | e financial stateme le Companies Act 1 aments into Indian F (d) the Effects of Cl Institute of Chartere shown separately u count on the asset si anslated at closing ate as on transactior t a rate nearing the a ents are stated at co f investments other | nts confirm to the 256. Rupees is done in hanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share varage rate during cost. Provisions are than temporary in |
| convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory we. Currency Translation Reserve is funds or under Profit and Loss acc The Assets and Liabilities are translated at the rand expenditure are translated at the year. Investments: Long term Investme made for diminution in value or | e financial stateme le Companies Act 1 aments into Indian F (d) the Effects of Cl Institute of Chartere shown separately u count on the asset si anslated at closing ate as on transactior t a rate nearing the a ents are stated at co f investments other | nts confirm to the 256. Rupees is done in hanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share varage rate during cost. Provisions are than temporary in |
| convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.c. Currency Translation Reserve is funds or under Profit and Loss acc The Assets and Liabilities are traccapital which is translated at the er and expenditure are translated at the year. c) Investments: Long term Investmm made for diminution in value or nature. Current Investments are ever is lower. d) Revenue in respect of insurance/ | e financial stateme le Companies Act 1 aments into Indian F (d) the Effects of Cl Institute of Chartere (f) 0.04.2004. The shown separately u count on the asset si anslated at closing ate as on transaction to a rate nearing the a ents are stated at co f investments other stated at cost or m other claims, interest, | nts confirm to the 256. Rupees is done in hanges in Foreign dd Accountants of resultant Foreign nder shareholders de. rate except share date. The income verage rate during cost. Provisions are than temporary in arket value which commission, etc., |
| convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory w.e. Currency Translation Reserve is funds or under Profit and Loss accordance with a state of the second liabilities are the capital which is translated at the read expenditure are translated at the year. Investments: Long term Investments are ever is lower. | e financial stateme le Companies Act 1 aments into Indian F (d) the Effects of Cl Institute of Chartere (f) 0.04.2004. The shown separately u count on the asset si anslated at closing ate as on transaction to a rate nearing the a ents are stated at co f investments other stated at cost or m other claims, interest, | nts confirm to the 156. Rupees is done in hanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share date. The income verage rate during cost. Provisions are than temporary in arket value which commission, etc., |
| convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory we. Currency Translation Reserve is funds or under Profit and Labilities are translated at the year. Investments: Long term Investmenta are even is lower. Revenue in respect of insurance/are recognized only when it is translated at the serve. | e financial stateme le Companies Act 1 ements into Indian F d) the Effects of Cl Institute of Chartere s, f 01.04.2004. The shown separately u count on the asset si anslated at closing ate as on transaction to rate nearing the a ents are stated at c f investments other stated at cost or m other claims, interest, reasonably certain | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share date. The income verage rate during cost. Provisions are than temporary in warket value which commission, etc., that the ultimate |
| convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees The translation of financial state accordance with AS 11 (Revise Exchange Rates issued by the India, which is mandatory we Currency Translation Reserve is funds or under Profit and Loss act. The Assets and Liabilities are traccapital which is translated at the rand expenditure are translated at the year. c) Investments: Long term Investments are ever is lower. d) Revenue in respect of insurance/are recognized only when it is collection will be made. | e financial stateme le Companies Act 1 ements into Indian F (d) the Effects of Cl Institute of Chartere shown separately u count on the asset si anslated at closing ate as on transaction t a rate nearing the a ents are stated at co f investments other stated at cost or m other claims, interest, reasonably certain Accounting standard | nts confirm to the 256. Rupees is done in nanges in Foreign d Accountants of resultant Foreign nder shareholders de. rate except share date. The income verage rate during cost. Provisions are than temporary in warket value which commission, etc., that the ultimate |

Α.

- Entities where control exists Shareholders of Ipca Pharma (Australia) Pty Limited Ipca Laboratories Limited. Subsidiary Ipca Pharma (NZ) PTY Ltd.

IPCA PHARMA (AUSTRALIA) PTY LTD, AUSTRALIA

Β. Key Management Personnel Murli Sarma

A. Sundarraraman

Transactions with Related Parties

| Description | Entities whe exis | | Key Manage- | Total | |
|---|----------------------|-----------------|----------------|-----------------------|--|
| | Holding Co. | Subsidiary | ment personnel | Ioidi | |
| Loan Given /(Recovered) (Previous Year) | - | 30 93 | - | <mark>30</mark> 93 | |
| Loan Taken /(Repaid) (Previous Year) | - | - | 14 13 | 14 13 | |
| Balances as on 31st March 2011 Receivable Payable | - 1,275 | 123 | - 121 | 123 1,396 | |
| Balances as on 31st March 2010 Receivable Payable | 154 | 93 | 107 | 93 261 | |

(Rs. In thousand)

(Rs. In Thousands)

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

| | | (10. | in mousurius, |
|--|-----------------|-----------------|---------------|
| Description | | 2010-11 | 2009-10 |
| Loan Given /(Recove Ipca Pharma (NZ) Pty | | 30 | 93 |
| Loan Taken /(Repaid A. Sundarraraman |) | 14 | 13 |
| Receivable Ipca Pharma (NZ) Pty | y Ltd. | 123 | 93 |
| Payable Ipca Laboratories Lir A. Sundarraraman | nited | 1,275 121 | 154 107 |
| 3. Balances with nor | : (R: | s. In thousand) | |
| Name of the Banks | Maximum Balance | Balance | As On |

2010-11 2009-10 31/03/2011 31/03/2010 ANZ Bank 3,880 1,894 2,332 1,894

4. The annual accounts have been prepared on going concern basis.

- The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts 5. have been prepared and restated in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act.
- Since the Company is not having any manufacturing / trading activity during 6. the year, information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 in not given.

7. Earning per share

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

| Particulars | 2010-11 | 2009-10 |
|--|---------|---------|
| Profit after tax (Rs. In thousand) | (40) | 1912 |
| No. of shares outstanding | | |
| Weighted Average no. of shares outstanding (Nos.) - Basic | 26, 944 | 26, 944 |
| Weighted Average no. of shares outstanding (Nos.) - Diluted | 26, 944 | 26, 944 |
| Earning per share (Rs.) | | |
| - Basic | (1.48) | 70.97 |
| – Diluted | (1.48) | 70.97 |

8. For the purpose of conversion of the local currency (AUS \$) into Indian Currency (INR), the exchange rate applied is as per Para 1(b) of the accounting policies.

9. Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable.

As Per our report of even date attached For P. M. Kathariya & Co.

For and on behalf of the Board

Chartered Accountants Firm Registration No. 104922W

P. M. Kathariya

Proprietor M.No. 31315 Mumbai May 20, 2011 Murali Sarma Alakkudi Sundararaman Director Director

| Cashflow statement for the year ended 31st | March 2 | 011 | | | |
|--|------------------|---------|------------------|-------|--|
| | | 2010-11 | 2009-10 | | |
| | Rs. in Thousands | | Rs. in Thousands | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| 1. Net profit/(loss) before taxation | | (77) | | 1,176 | |
| 2. Operating profit/(loss) before working capital changes | | (77) | | 1,176 | |
| (Increase)/Decrease in Loan and Advances | (31) | | 907 | | |
| Increase/(Decrease) in Sundry creditors | 1,113 | | (1,025) | | |
| Increase/(Decrease) in current assets on account of prior period adjustment | - | 1,082 | 990 | 872 | |
| Movement in Foreign currency translation reserve | | 518 | | 424 | |
| 3. Cash generated from operation | | 1,523 | | 2,472 | |
| Tax paid | | (181) | | (93) | |
| Net cash from operating activities A | | 1,342 | | 2,379 | |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Purchases of Fixed Assets | | (917) | | (801) | |
| Net cash from/(used) in investing activities B | | (917) | | (801) | |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from Loan | | 14 | | 13 | |
| Net cash from Financing activities C | | 14 | | 13 | |
| Net increase/(decrease) in cash and cash equivalents ($A + B+C$) | | 439 | | 1,591 | |
| Cash and cash equivalents at beginning of period | | 1,898 | | 307 | |
| Cash and cash equivalents at end of period | | 2,337 | | 1,898 | |

As Per our report of even date attached

For and on behalf of the Board

Chartered Accountants Firm Registration No. 104922W

For P. M. Kathariya & Co.

Murali Sarma Alakkudi Sundararaman

P. M. Kathariya

Proprietor M.No. 31315 Mumbai May 20, 2011 Director Director

9

LABORATORIES IPCA DO BRASIL LTDA, BRAZIL

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011. FINANCIAL RESULTS

Your Company is a wholly owned subsidiary of Ipca Laboratories Ltd., India. During the financial under report, the company has not done any business. Since the business operations of the company was not viable, necessary steps for voluntary winding up of your company has been initiated and the necessary application for the same has been filed with the appropriate authority in Brazil during the previous financial year.

DIVIDEND

No dividend is proposed by the Directors for the financial year under report. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011.

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; that the company is under liquidation.

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60, 00,000/- per annum or not less than Rs. 5, 00,000/- per month or any part thereof.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants have stated their inability to continue as the Auditors of the company. The company has appointed M/s P. M. Kathariya & Co., Chartered Accountants as the Auditors of the company. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANCE

EARNINGS AND OUTGO During the year under review, the Company has neither carried out any manufacturing activities nor the Company has any manufacturing unit.

Therefore, information required pursuant to Section 217(1) (e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board

M. R. Chandurkar Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF LABORATORIES IPCA DO BRASIL LTDA

We have audited the attached Balance Sheet of Laboratories IPCA DO BRASIL LTDA as at 31st March, 2011, Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have carried out such checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- Inese accounts are prepared to comply with the requirements of the Companies Act 1956 relating to the subsidiary and holding company disclosure requirements.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- vi) Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes

thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.

 (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2011

(b) in the case of Profit and Loss Account of the profit for the year ended on 31st March 2011.

| on 31 st March 2011. | | | |
|--|---|---|--|
| Mumbai May 20, 2011 | | CHARTERED A Firm Registration | thariya & Co. CCOUNTANTS No. 104922W M. Kathariya Proprietor M.No. 31315 |
| BALANCE SHEET AS AT 31ST MARCH, 2011 | | | |
| SOURCES OF FUNDS | Schedule | 31st March, 2011 (Rs. in thousands) | 31st March,2010 (Rs. in thousands) |
| Shareholders' Funds | | | |
| Share Capital Foreign Currency Translation Reserve | 1 | 113,273 2,863 116,136 | 113,273 2,652 |
| | Total | 116,136 | <u>115,925</u> <u>115,925</u> |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 2 | | |
| Gross Block Less : Depreciation | | 2,908 <u>2,614</u> 294 | 2,556 <u>2,287</u> 269 |
| Current Assets, Loans and Advances | | | 207 |
| Cash and Bank Balances | 3 | 115 | 106 |
| Loans and Advances | 4 | <u>2,664</u> 2,779 | 2,436 2,542 |
| Less : Current Liabilities and Provisions Current Liabilities | 5 | <u> </u> | <u> </u> |
| Net Current Assets | | 2,181 | 1,995 |
| Balance in Profit & Loss Account | | <u>113,661</u> 116,136 | 113,661 115,925 |
| Notes to Accounts | 9 | | |
| As Per our report of even date attached For P. M. Kathariya & Co. Chartered Accountants | | on behalf of the B | |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 | M. R. Cho Director | andurkar Unnikrish Adminis | |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai | | | |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR | Director | Adminis | |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR | Director | Adminis ST MARCH, 2011 2010-11 (Rs. in | trator 2009-10 (Rs. in thousands) 619 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income | Director ENDED 31 Schedule | Adminis ST MARCH, 2011 2010-11 (Rs. in | trator 2009-10 (Rs. in thousands) |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME | Director ENDED 31 Schedule | Adminis ST MARCH, 2011 2010-11 (Rs. in | trator 2009-10 (Rs. in thousands) 619 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost | Director ENDED 31 Cchedule 6 7 8 | Adminis ST MARCH, 2011 2010-11 (Rs. in | trator 2009-10 (Rs. in thousands) <u>619</u> 619 169 90 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation | Director ENDED 31 Schedule 6 7 | Adminis ST MARCH, 2011 2010-11 (Rs. in | trator 2009-10 (Rs. in thousands) <u>619</u> 619 169 90 <u>9</u> 268 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost | Director ENDED 31 Cchedule 6 7 8 | Adminis ST MARCH, 2011 2010-11 (Rs. in | 2009-10 (Rs. in thousands) 619 619 90 90 90 90 90 268 351 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less:- Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward | Director ENDED 31 Cchedule 6 7 8 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) 619 619 619 90 90 9268 351 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less:- Provision for Taxation PROFIT / (LOSS) AFTER TAXATION | Director ENDED 31 Cchedule 6 7 8 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) 619 619 169 90 90 9268 351 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR INCOME Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: - Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward Balance Sheet Earning per Share (in Rupees) | Director ENDED 31 Cchedule 6 7 8 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) 619 619 169 90 90 268 361 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: - Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward to Balance saried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) | Director ENDED 31 icchedule 6 7 8 2 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> 169 90 <u>90</u> 268 351 <u>351</u> (<u>114,012</u>) (<u>113,661</u>] 0.05 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less:- Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) Notes to Accounts | Director ENDED 31 icchedule 6 7 8 2 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: - Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward to Balance saried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) | Director ENDED 31 icchedule 6 7 8 2 | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less:- Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) Notes to Accounts As Per our report of even date attached For P.M. Kathariya & Co. | Pirector ENDED 31 icchedule 6 7 8 2 2 For and c | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> 169 90 <u>90</u> 268 351 (114,012) (113,661) 0.05 0.05 0.05 |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less:- Provision for Taxation PROFIT / (LOSS) BEFORE TAXATION Balance brought forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) Notes to Accounts As Per our report of even date attached For P. M. Kathariya & Co. Chartered Accountants Firm Registration No. 104922W | Pirector ENDED 31 Schedule 6 7 8 2 9 For and c | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> <u>619</u> <u>169</u> <u>90</u> <u>90</u> <u>90</u> <u>268</u> <u>351</u> <u>114,012</u>] (<u>113,661</u>) <u>0.05</u> 0.05 oard |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: - Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) Notes to Accounts As Per our report of even date attached For P. M. Kathariya & Co. Chartered Accountants | Pirector ENDED 31 icchedule 6 7 8 2 2 For and c | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> <u>619</u> <u>169</u> <u>90</u> <u>90</u> <u>90</u> <u>268</u> <u>351</u> <u>114,012</u>] (<u>113,661</u>) <u>0.05</u> 0.05 oard |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Other Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: Provision for Taxation PROFIT / (LOSS) AFTER TAXATION Balance brought forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Basic Diluted (Refer note 5) Notes to Accounts As Per our report of even date attached For P. M. Kathariya & Co. Chartered Accountants Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 | Pirector ENDED 31 Schedule 6 7 8 2 9 For and c | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> <u>619</u> <u>169</u> <u>90</u> <u>90</u> <u>90</u> <u>268</u> <u>351</u> <u>114,012</u>] (<u>113,661</u>) <u>0.05</u> 0.05 oard |
| Firm Registration No. 104922W P. M. Kathariya Proprietor M.No. 31315 Mumbai May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEAR Conter Income EXPENDITURE Manufacturing and Other Expenses Financial Cost Depreciation PROFIT / (LOSS) BEFORE TAXATION Less: - Provision for Taxation PROFIT / (LOSS) BEFORE TAXATION Balance brought forward Balanc | Pirector ENDED 31 Schedule 6 7 8 2 9 For and c | Adminis ST MARCH, 2011 2010-11 (Rs. in thousands) | 2009-10 (Rs. in thousands) <u>619</u> <u>619</u> <u>169</u> <u>90</u> <u>90</u> <u>90</u> <u>268</u> <u>351</u> <u>114,012</u>] (<u>113,661</u>) <u>0.05</u> 0.05 oard |

SCHEDULES TO THE ACCOUNTS

Schedules 1 to 9 forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended 31st March, 2011

| | 3 1st March, 2011 | 31st March, 2010 | |
|---|-----------------------|-----------------------|---|
| | (Rs. in thousands) | (Rs. in thousands) | |
| SCHEDULE 1 | | | Ĺ |
| SHARE CAPITAL | | | Ĺ |
| Issued and Subscribed : | | | Ĺ |
| 6,917,694 Quotas of R\$.1 each fully paid-up | 113,273 | 113,273 | Ĺ |
| (All the above quotas are held by holding company lpca Laboratories Limited) | | | |
| PER BALANCE SHEET | 113,273 | 113,273 | |

SCHEDULE 9 NOTES FORMING PART OF THE ACCOUNTS

1. Accounting Policies

The financial statements are prepared under the historical cost convention on accrual basis. The financial statements confirm to the requirements of Schedule VI to the Companies Act 1956.

Conversion in to Indian Rupees:

The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f 01.04.2004. The resultant Foreign Exchange Fluctuation reserve is shown separately under shareholders funds or under Profit and Loss account on the asset side.

The Assets and Liabilities are translated at closing rate except share capital, which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year. Fixed assets: All fixed assets are recorded at cost of acquisition.

Depreciation: Depreciation is computed on straight line basis over the estimated useful life of the assets at the following rates:

SCHEDULE 2

FIXED ASSETS SCHEDULE AS AT 31ST MARCH 2011 (Rs. in thousands) Gross Block Depreciation Net Block Particulars Additions Total before Upto Sale/ W/off / As on Foreign As on Foreign As on As on As on 01/04/2010 31/03/2011 31/03/2010 Depriciation Exchange 31/03/2011 31/03/2011 31/03/2010 during the adjustment Exchange Adjustment yea flu. Reserve For the year flu. Reserve Plant and Machinery 910 910 910 1.108 Office installation 198 198 1.108 Computers 1,471 1,471 138 1,609 1,247 117 1,364 245 224 Furniture and Fixtures 175 175 191 12 142 49 45 16 130 2,556 327 2.556 352 2.908 2.287 2.614 294 269 Total Previous Year 2 404 2 404 152 2.556 2,154 9 124 2,287 269 250 **SCHEDULE 3** Office Equipments 10% CASH AND BANK BALANCES Computers 20% Furniture & Fixtures 10% Cash on hand 18 17 Office Installation 40% Balances with non scheduled banks 97 89 Inventories: Inventories are valued on First in first out (FIFO) method at cost or net PER BALANCE SHEET 115 106 realizable value (NRV), whichever is lower. 2 The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts **SCHEDULE 4** have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the LOANS AND ADVANCES provisions of Indian Companies Act. (Unsecured-considered good unless otherwise For the purpose of conversion of the local currency (Real) into Indian Currency 3. stated) (INR), the exchange rate applied is as per para 1 (b) of the accounting Advances recoverable in cash or in kind or for 2,664 2,436 policies. value to be received 4 Since the company is not having any manufacturing / trading activity during PER BALANCE SHEET the year, information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the companies act, 1956 in not given. 2.664 2.436 SCHEDULE 5 **CURRENT LIABILITIES AND PROVISIONS Current Liabilities** Other liabilities 598 547 PER BALANCE SHEET 547 598

| | 2010-11 | 2009-10 |
|-----------------------------------|--------------------|--------------------|
| | (Rs. in thousands) | (Rs. in thousands) |
| SCHEDULE 6 | | |
| OTHER INCOME | | |
| Miscellaneous income | - | 63 |
| Foreign Exchange Fluctuation gain | - | 556 |
| PER PROFIT AND LOSS ACCOUNT | | 619 |
| SCHEDULE 7 | | |
| MANUFACTURING AND OTHER EXPENSES | | |
| Professional charges | - | 5 |
| Audit Fees | | 128 |
| Printing and stationery | | 1 |
| Miscellaneous expenses | | 35 |
| PER PROFIT AND LOSS ACCOUNT | | 169 |
| SCHEDULE 8 | | |
| FINANCIAL COST | | |
| Bank charges | | 90 |
| PER PROFIT AND LOSS ACCOUNT | | 90 |

| 5. | Earning per Share | | | | | |
|------|---|-----------------------|----------------|--|--|--|
| | The earning per share is calculated by divid average no. of shares outstanding for basic | | ax by weighted | | | |
| Par | ticulars | 2010-11 | 2009-10 | | | |
| Prof | fit/(Loss) after tax (Rs. In thousand) | - | 351 | | | |
| No. | of shares outstanding | | | | | |
| | ighted Average no. of shares outstanding s.) - Basic | 6,917,694 | 6,917,694 | | | |
| | ighted Average no. of shares outstanding s.) - Diluted | 6,917,694 | 6,917,694 | | | |
| Ear | ning per share (Rs.) | | | | | |
| – Bo | asic | - | 0.05 | | | |
| – D | iluted | - | 0.05 | | | |
| 6. | Previous year's figures have been regro necessary to make them comparable. | puped and rearran | ged whereve | | | |
| As F | Per our report of even date attached For a | nd on behalf of the l | Board | | | |

As Per our report of even date attached For and on behalt of the Board For **P. M. Kathariya & Co.**

Chartered Accountants

Firm Registration No. 104922W

P. M. Kathariya Proprietor M.No. 31315

Mumbai May 20, 2011 M. R. Chandurkar Unnikrishnan Menon Director Administrator



IPCA PHARMACEUTICALS INC., USA

DIRECTORS REPORT

To the Members Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011.

The Company was incorporated under the laws of the State of New Jersey in the United States of America on July 10, 2003. The Company is a wholly owned subsidiary of Ipca Laboratories Limited, India.

NCIAL RESULTS

Your Company is presently coordinating the development and registrations of formulations developed by the parent company in United States of America as well as distribution of Active Pharmaceutical Ingredients (APIs) manufactured by the parent company viz. Ipca Laboratories Limited in the US market.

During the financial year under report, your Company had a total income of Rs. 1,140.54 lacs previous year Rs. 930.82 lacs) and has incurred net Loss of Rs. 12.41 lacs (Previous year evaluation the 20.64 (20.82) net profit of Rs. 20.56 lacs).

In view of the loss incurred during the financial year under report, no dividend is proposed by the Directors' RESPONSIBILITY STATEMENT

Your Directors confirm:

at in the preparation of annual accounts, the applicable accounting standards have been followed

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended

and hai view of the state of analys in the company of the end of the maintenance of adequate 31st March, 2011 and the Loss of the Company for the year; that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions and for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; that the Directors have prepared annual accounts on a going concern basis

Information required under section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules 1975 forms part of this report and is annexed hereto.

M/s Natvarial Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

During the year under review, neither the Company has carried out any manufacturing activities nor the Company has any manufacturing unit. Hence, information required pursuant to Section 217(1) (e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board

Pranay Godha

Chairman May 20, 2011

Statement required u/s 217 (2A) of the Companies Act, 1956 referred to in the Director's report for the year ended March 31, 2011: Employed throughout the financial year:

| Sr. No | Name | Desig- nation | Qualifi- cation | Date of Employ- ment | Exp Yr | Gross Remu- neration | Age | Last Employment |
|-----------|----------------|------------------|----------------------------|----------------------------|------------|----------------------------|------------|--|
| 1 | Hasit Bhatt | Presi- dent | B.Com, L.L.B., AICWA | 01/04/04 | 26 yrs. | Rs. 108.32 lacs | 52 yrs. | Vice President (Business Develop- ment) Ipca Labo- ratories Ltd., Mumbai |

Employed for part of financial year:

| Sr. No | Name | Designation | Qualifi- cation | Date of Employ- ment | Exp Yr | Gross Remu- nera- tion | Age | Last Employ- ment |
|-----------|-------------------|--|--------------------|----------------------------|--------------------|---------------------------------|--------|-------------------------|
| 1 | Niran- jan Deo | Director – Busi- ness Develop- ment & Strategic Marketing | PhD. | 12/10/ 2010 | 18 yrs 9 months | Rs. 31.84 lacs | 46 yrs | BASF Corp., USA |

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMACEUTICALS, INC

We have audited the attached Balance Sheet of IPCA PHARMACEUTICALS, INC as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Virendra K Jain, Certified Public Accountants, New York and have carried out such further checks as we considered necessary to enable us to form our opinion. 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, statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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. Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon. Further to our comments above we report that:). We have obtained all the information and explanations, which to the best of our our section (4D).

- We have obtained all the information and explanations, which to the best of our i) knowledge and belief were necessary for the purpose of our audit. ii) In our opinion, proper books of accounts as required by law have been kept by the
- company so far as it appears from our examination of the books. ii) The Balance Sheet and Prast from our examination of the books. with the books of accounts.

iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report

comply with the accounting standards referred to in sub-section (3C) of section 211 of he Companies Act, 1956.

- v) These accounts are prepared to comply with the requirements of the Companies Act.
- v) These accounts are prepared to comply with the requirements of the Companies Act, 1956 relating to the subsidiary and holding company disclosure requirements.
 vi) Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
 vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.
 (a) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2011

 - (b) in the case of Profit and Loss Account of the loss for the year ended on 31st March 2011 and;
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date. For Natvarlal Vepari & Co.

| | | For Natvaria Chartered | l Vepari & Co. I Accountants |
|--|-----------------------------------|--|--|
| | | Firm Registration | No. 106971W |
| Mumbai May 20, 2011 | | Sn | ihab R. Halim Partner M.No. 49758 |
| BALANCE SHEET AS AT 31ST MARCH, 2011 | | | |
| ,- | Schedule | 31st March, 2011 (Rs. in | 31st March, 2010 (Rs. in |
| SOURCES OF FUNDS | | thousands) | thousands) |
| Shareholders' Funds | | | |
| Share Capital | 1 | 76,097 | 76,097 |
| Foreign Currency Translation Reserve TOTAL | | <u>106</u> 76,203 | <u>53</u> 76,150 |
| APPLICATION OF FUNDS Fixed Assets | 2 | | |
| Gross Block | 2 | 3,135 | 2,533 |
| Less : Depreciation Net Block | | 2,646 | 2,533 |
| Current Assets, Loans and Advances | | | |
| Cash and Bank Balances Loans and Advances | 3 4 | 200 768 | 5,431 616 |
| Sundry Debtors | 4 | 2,140 | 12,722 |
| Inventory | Ū | 7,301 | 3,686 |
| Less : Current Liabilities and Provisions | | 10,409 | 22,455 |
| Current Liabilities | 6 | 9.615 | 19,984 |
| | | 9,615 | 19,984 |
| Net Current Assets Balance in Profit & Loss Accounts | | 794 74,920 | 2,471 |
| TOTAL | | 76,203 | 76,150 |
| Notes to Accounts | 10 | | |
| As Per our report of even date attached For Natvarial Vepari & Co. | For and on b | behalf of the Boo | ard |
| Chartered Accountants Firm Registration no 106971W | | | |
| | Pranay Godh | a Hasit Bł | |
| Shihab. R. Halim Partner Membership no. 49758 Mumbai | Director | Preside | nt |
| May 20, 2011 PROFIT AND LOSS ACCOUNT FOR THE YEA | AR ENDED 31ST | MARCH. 2011 | |
| | Schedule | 2010-11 | 2009-10 |
| | | (Rs. in | (Rs. in |
| INCOME | | thousands) | thousands) |
| Sales | | 89,464 | 75,894 |
| Other Income | | 24,587 | 17,186 |
| Interest Income | | <u> </u> | 93,082 |
| EXPENDITURE | | | , 0,00L |
| Material Cost & Inventory adjustment | | | |
| | 7 | 86,567 | 71,516 |
| Personnel Cost | 8 | 18,935 | 12,238 |
| | | | |
| Personnel Cost Operating and Administration expenses Depreciation | 8 9 | 18,935 9,694 | 12,238 6,988 |
| Personnel Cost Operating and Administration expenses Deprectation PROFIT/(LOSS) BEFORE TAXATION | 8 9 | 18,935 9,694 <u>99</u> 115,295 (1,241) | 12,238 6,988 284 91,026 2,056 |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION | 8 9 | 18,935 9,694 99 115,295 (1,241) (1,241) | 12,238 6,988 284 91,026 2,056 2,056 |
| Personnel Cost Operating and Administration expenses Deprectation PROFIT/(LOSS) BEFORE TAXATION | 8 9 | 18,935 9,694 <u>99</u> 115,295 (1,241) | 12,238 6,988 284 91,026 2,056 |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance carried forward to Balance Sheet | 8 9 | 18,935 9,694 99 115,295 (1,241) (1,241) (73,679) | 12,238 6,988 284 91,026 2,056 2,056 (75,735) |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts | 8 9 | 18,935 9,694 99 115,295 (1,241) (1,241) (73,679) | 12,238 6,988 284 91,026 2,056 2,056 (75,735) |
| Personnel Cost Operating and Administration expenses Deprectation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance Carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached | 8 9 2 10 | 18,935 9,694 99 115,295 (1,241) (1,241) (73,679) (74,920) | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) |
| Personnel Cost Operating and Administration expenses Deprectation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance carried forward to Balance carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Nativarial Vepari & Co. | 8 9 2 10 | 18,935 9,694 99 115,295 (1,241) (1,241) (73,679) | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) |
| Personnel Cost Operating and Administration expenses Deprectation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance Carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached | 8 9 2 10 | 18,935 9,694 99 115,295 (1,241) (1,241) (73,679) (74,920) | 12,238 6,988 284 91,026 2,056 2,056 (75,735) (73,679) |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION Loss Brought Forward Balance carried forward to Balance carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Natvarlal Vepari & Co. Chartered Accountants Firm Registration no 106971W | 8 9 2 10 For and on b | 18,935 9,694 99 115,295 (1,241) (1,241) (1,241) (13,679) (74,920) Dehalf of the Boo | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) ard |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS)AFTER TAXATION Loss Brought Forward Balance carried forward to Balance carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Natvarlal Vepari & Co. Chartered Accountants Firm Registration no 106971W Shihab. R. Halim Partner | 8 9 2 10 For and on b | 18,935 9,654 99 115,295 (1,241) (1,241) (73,679) (74,920) | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) ard |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION Loss Brought Forward Balance Sheat Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Natvardl Vepari & Co. Chartered Accountants Firm Registration no 106971W Shihab. R. Halim Partner Membership no. 49758 | 8 9 2 10 For and on b | 18,935 9,694 99 115,295 (1,241) (1,241) (1,241) (13,679) (74,920) Dehalf of the Boo | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) ard |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION PROFIT/(LOSS) AFTER TAXATION Loss Brought Forward Balance carried forward to Balance Sheet Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Natvarlal Vepari & Co. Chartered Accountants Firm Registration no 106971W Shihab. R. Halim Partner Membership no. 49758 Mumbai | 8 9 2 10 For and on b | 18,935 9,694 99 115,295 (1,241) (1,241) (1,241) (13,679) (74,920) Dehalf of the Boo | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) ard |
| Personnel Cost Operating and Administration expenses Depreciation PROFIT/(LOSS) BEFORE TAXATION Loss Brought Forward Balance Sheat Earning per Share (in Rupees) Notes to Accounts As Per our report of even date attached For Natvardl Vepari & Co. Chartered Accountants Firm Registration no 106971W Shihab. R. Halim Partner Membership no. 49758 | 8 9 2 10 For and on b | 18,935 9,694 99 115,295 (1,241) (1,241) (1,241) (13,679) (74,920) Dehalf of the Boo | 12,238 6,988 284 91,026 2,056 (75,735) (73,679) ard |



50

62

359

(1)

IPCA PHARMACEUTICALS INC., USA

SCHEDULE 9 SCHEDULES TO THE ACCOUNTS Schedules 1 to 10 forming part of the Balance Sheet as at 31st March, 2011 and Profit Travellina & Boardina and Loss Account for the year ended 31st March, 2011 Rent 31st 31st March.2011 March,2010 Insurance Rates and taxes (Rs. in (Rs. in Printing & Stationery thousands) thousands) Repairs & Maintenance **SCHEDULE 1** - Others SHARE CAPITAL Vehicle Expenses Issued and Subscribed : Communication expenses 1000 Shares (Previous Year-1000) of no par value Professional charges 76.097 76.097 Office Supplies (All the above shares are held by the holding Audit Fess company Ipca Laboratories Limited) Misc Expenses PER BALANCE SHEET 76.097 76,097 SCHEDULE 2 FIXED ASSETS SCHEDULE AS AT 31ST MARCH 2011 Gross Block Depreciation Particulars As on 01/ Additions Sale/ W/off Foreian For the Sale/ W/off As on As on 04/ 2010 31/03/2011 01/04/2010 Adjustment Exchange year Adjustmen Exchange flu. Reserve flu. Reserve Office Equipments 844 134 98 843 27 2,153 72 Furniture and Fixtures 1,689 454 10 1,690 2.533 588 14 3,135 2,533 99 2,533 Previous Year 2,855 (322 2,533 284 2010-11 2009-10 **SCHEDULE 10** (Rs. in (Rs. in thousands) thousands) **SCHEDULE 3** 1. Accounting Policies: CASH AND BANK BALANCES Cash in Hand 4 VI to the Companies Act 1956. 200 5,427 Balances with non scheduled Conversion in to Indian Rupees: b) banks (Refer Note No. 4) PER BALANCE SHEET 200 5,431 **SCHEDULE 4** LOANS AND ADVANCES Advances recoverable in cash or 768 616 in kind or for value to be received (Unsecured-considered good unless otherwise stated) C) 768 PER BALANCE SHEET 616 SCHEDULE 5 SUNDRY DEBTORS (Unsecured considered good, unless otherwise stated) e) Outstanding for more than six months Other Debts made. 2.140 12,722 PER BALANCE SHEET 2.140 12,722 f) Corporate Tax: **SCHEDULE 6** made. **CURRENT LIABILITIES AND PROVISIONS** g) Current Liabilities 9.298 19.597 Accounts Pavables Accrued Expenses 387 317 PER BALANCE SHEET 9,615 19,984 h) 2010-11 2009-10 (Rs. in (Rs. in policies. thousands) thousands) **SCHEDULE 7** MATERIAL COST AND INVENTORY ADJUSTMENTS (A) Stock of each class of Finished Goods. Finished goods purchased 90,182 75,202 Inventory adjustments Particulars Stock at commencement Bulk Drug 3,686 Finished acods Less : Stock at close Finished goods 7.301 3 686

(Increase) / Decrease of inventory (3.615) (3,686) PER PROFIT AND LOSS ACCOUNT 86.567 71,516 **SCHEDULE 8 PERSONNEL COST** 16,807 10,054 Salaries Frinae & taxes 1.934 2,134 Staff Welfare 194 50 PER PROFIT AND LOSS ACCOUNT 18,935 12,238

OPERATING AND ADMINISTRATION EXPENSES 1.619 765 4.050 3.740 496 372 99 126 134 118 1.180 621 399 508 253 191 143 120 182 191

904 PER PROFIT AND LOSS ACCOUNT 9.694 6,988

Foreian

9

14

(304)

(Rs. in thousands) Net Block As or As or As on 31/03/2010 31/03/2011 31/03/2011

107

382

489

875

1,771

2,646

2.533

NOTES FORMING PART OF THE ACCOUNTS a) The financial statements are prepared under the historical cost convention on accrual basis. The financial statements confirm to the requirements of Schedule The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f. 01.04.2004. The resultant Foreign Currency Translation Reserve is shown separately under shareholders funds or under Profit and Loss account on the asset side. The Assets and Liabilities are translated at closing rate except share capital which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year. Fixed Assets: Acquisition of equipments, furniture and fixtures are capitalized in

their respective accounts at cost. Ordinary maintenance and repair items are charaed directly to expenses as incurred. Depreciation is being provided based on estimated useful life using straight-line method.

Inventories: Inventories are valued on first in first out (FIFO) method at cost or net realizable value (NRV), whichever is lower.

Revenue in respect of insurance/other claims, interest, commission, etc., are recognized only when it is reasonably certain that the ultimate collection will be

Since the company has accumulated loss, no corporate tax provision has been

Commitments and contingencies

The Company has three lease commitments for its offices and questhouse which expires on 31st March 2014 and 28th February 2012 and 31st May 2011 respectively. The total lease commitments are Rs. 8,349.90 thousands (USD 184,384) [Previous year Rs 8,902.22 thousands (USD 197,695)].

For the purpose of conversion of the local currency (USD) in to Indian Currency (Indian Rupees), the exchange rate applied is as per Para 1 (b) of the accounting

Additional Information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Comp anies Act, 1956

31.03.2011 31.03.2010 Quantity Quantity Rs. In Rs In (Kg) (Kg) housands 2.950 7.301 2.775 3,686 Sales and Purchase in respect of each class of Finished Goods (B) PURCHASES SAI FS Particulars 2009-10 2009-10 2010-11 2010-11 Bulk Drug Rs. In Quan-Rs. In Quan Rs. Ir Quantity Rs. In ity (Kg) thou (Kg) thoulity (Kg) thou tity (Kg) thou sands sands sands 36.555 89.464 29.750 75.894 36.730 90.182 32.525 75 202

3 Related Party Disclosure as required by accounting standard-AS 18 issued by The Institute of Chartered Accountants of India.

IPCA PHARMACEUTICALS INC., USA

Relationship:

A. Entities where control exists Shareholders of Ipca Pharmaceuticals Inc. Ipca Laboratories Limited.

B. Key Management Personnel

Mr. Pranay Godha-Director

Mr. Hasit V. Bhatt- President

| Description | Entities where control exists | Key Management Personnel | Total |
|---|----------------------------------|--------------------------------|--------|
| Remuneration | - | 10,832 | 10,832 |
| (Previous Year) | - | 9,775 | 9,775 |
| Goods and Services Purchased | 88,582 | - | 88,582 |
| (Previous Year) | 74,471 | - | 74,471 |
| Reimbursement of expenditure | 24,587 | | 24,587 |
| (Previous Year) | 17,186 | - | 17,186 |
| Balances as on 31st March 2011 Receivable Payable | - 9,298 | - | 9,298 |
| Balances as on 31st March 2010 Receivable Payable | 19,597 | | 19,597 |

of the same type with, related parties during the year.

| | | | (Rs. In mousands) |
|--|-------------------------------|---------|-------------------|
| Description | Related Party | 2010-11 | 2009-10 |
| Goods and Services Purchased | lpca Laboratories Limited. | 88,582 | 74,471 |
| Reimbursement of expenditure | lpca Laboratories Limited. | 24,587 | 17,186 |
| Remuneration Key Management Personnel | Hasit V. Bhatt | 10,832 | 9,775 |
| Payables | lpca Laboratories Limited. | 9,298 | 19,597 |

4. Balances with non-scheduled banks in Schedule 3:

(Rs. In Thousands)

| S. no. | Name of the Bank | Max. Banl during th | | Closing Bala | |
|-----------|-------------------------------------|------------------------|--------|-----------------|---------|
| | | 2010-11 2009-10 | | 2010-11 | 2009-10 |
| 1 | Wachovia Business Checking # 354 | 17,578 | 24,704 | 87 | 4,065 |
| 2 | Wachovia Bank | 3,650 | 3,342 | 113 | 1,362 |
| | Business Savings # 339 | | | | |
| | Total | | | 200 | 5,427 |

5. The entity is C. Corporation organized and incorporated under the Laws of state of New Jersey, (USA). The Company is a 100% subsidiary of Ipca Laboratories Ltd. The accounts have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the Holding company to comply with the provisions of Indian Companies Act.

6. Earning per share is not given since shares carry no par value.

7. Previous year's figures have been regrouped and rearrange wherever necessary to make them comparable.

As Per our report of even date attached

For Natvarial Vepari & Co. For and on behalf of the Board Chartered Accountants Firm Registration no 106971W

Shihab. R. Halim

Pranay Godha Hasit Bhatt Director President

Partner Membership no. 49758

Mumbai May 20, 2011

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011 2009-10 2010-11 **Rs. in Thousands** Rs. in Thousands CASH FLOW FROM OPERATING ACTIVITIES 1. Net profit/(loss) before taxation (1,241) 2.056 Adjustments for : Depreciation 99 99 284 284 2. Operating profit/(loss) before (1,142) 2,340 working capital changes Decrease/(Increase) in (3,615) (3,686) Inventory Decrease/(Increase) in 10,430 (10,475) Receivables Increase/(Decrease) in Sundry (10,369) (3,554) 15,442 1,281 creditors Movement in Foreign currency 53 53 (559) (559) translation reserve 3,062 3. Cash generated from (4,643) operation 3,062 Net cash from operating activities (4.643) (A) CASH FLOW FROM INVESTING ACTIVITIES (588) Sale/(Purchase) of Fixed Assets (588) Net cash from / (used) in investing activities (B) (588) CASH FLOW FROM FINANCING ACTIVITIES Increase in paid in capital Net cash from financing activities (c) 3,062 Net increase/(decrease) in cash and cash (5,231) equivalents (A + B + C) Cash and cash equivalents at beginning of 5,431 2,369 period Cash and cash equivalents at end of period 200 5,431 As Per our report of even date attached For Natvarial Vepari & Co. For and on behalf of the Board Chartered Accountants Firm Registration no 106971W Pranav Godha Hasit Bhatt Shihab, R. Halim Director President Partner Membership no. 49758 Mumbai May 20, 2011

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011.

INCORPORATION

Your Company is a wholly owned subsidiary of Ipca Laboratories Limited, India and was incorporated on 4th November 2003 mainly to hold product registration dossiers.

During the financial year under report, your Company had an income of Rs. 91.02 lacs [Previous year: Rs. 9.06 lacs] most of which is fee from licensing of product registration dossiers backed by supply agreements. The operations have resulted in a net loss of Rs. 23.55 lacs during the year under report [Previous year: net loss of Rs. 101.85 lacs].

DIVIDEND

In view of the losses incurred, your directors do not propose the payment of dividend for the financial year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the loss of the Company for the year;

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/- per month or any part thereof.

The relationship between the company and its employees remained cordial throughout the year.

AUDITORS

 $\rm M/s$ Natvarlal Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

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

During the year under review, the Company has not carried out any manufacturing activities nor the company has any manufacturing unit. Therefore, information required pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board

M.R. Chandurkar Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA LABORATORIES U.K. LTD.

We have audited the attached Balance Sheet of **IPCA LABORATORIES U.K. LTD.** as at 31[±] March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of King & King, Chartered Accountants and Registered Auditor and have carried out such further checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.

- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) These accounts are prepared to comply with the requirements of the Companies Act, 1956 relating to the subsidiary and holding company disclosure requirements.
- vi) Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company
- vii) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.
 - (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2011
 - (b) in the case of Profit and Loss Account of the loss for the year ended on 31st March 2011. and;
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For **Natvarial Vepari & Co.** Chartered Accountants

Firm Registration No. 106971W Shihab R. Halim Partner M. No. 49758

BALANCE SHEET AS AT 31ST MARCH, 2011

Mumbai

May 20, 2011

| | Schedule | 31st March, 2011 (Rs. in thousands) | 31st March,2010 (Rs. in thousands) |
|---|------------|--|---|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 51,075 | 40,777 |
| Foreign Currency Translation Reserve | | (1,053) | (2,084) |
| TOTAL | | 50,022 | 38,693 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 2 | | |
| Gross Block | | 33,461 | 15,018 |
| Less : Depreciation | | 17,516 | 10,953 |
| Net Block | | 15,945 | 4,065 |
| Current Assets, Loans and Advances | | | |
| Sundry Debtors | 3 | 2,721 | 3,246 |
| Cash and Bank Balances | 4 | 4,575 | 5,958 |
| | | 7,296 | 9,204 |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | 5 | 1,915 | 917 |
| | | 1,915 | 917 |
| Net Current Assets | | 5,381 | 8,287 |
| Balance in Profit & Loss Account | | 28,696 | 26,341 |
| TOTAL | | 50,022 | 38,693 |
| Notes to Accounts | 9 | | |
| As Per our report of even date attached | | | |
| For Natvarlal Vepari & Co. | For and on | behalf of the | Board |

Chartered Accountants Firm Registration no 106971W

Shihab. R. Halim

Partner Membership no. 49758 Mumbai May 20, 2011 M.R. Chandurkar Director

IPCA LABORATORIES UK LIMITED, UNITED KINGDOM

| PROFIT AND LOSS ACCO | OUNT FOR THE | | | 2011 10-11 | 2009-10 | | | | | | |
|---|------------------|---------------|----------------------------|------------------|---------------------|------------------|-----------------|------------------------|-----------------------------|---------------------|---|
| | | 00116 | | Rs. in | (Rs. ir | | | | | | |
| INCOME | | | Thous | ands) 1 | housands | 5) | | | | | |
| Income from Operation | s | | | 9,087 | 810 | 5 | SCHED | ULE 4 | | | |
| Other Income | | | _ | 15 | 90 | | CASH | | BALANCES | | |
| EXPENDITURE | | | | 9,102 | 900 | 5 | Balanc | es with nor | scheduled I | Banks | |
| Operating & Administrat | ion Expenses | | 5 | 5,200 | 5,190 | 5 | | On current o | | | |
| Personnel Cost Financial cost | | | 7 8 | 21 | 23 | | | | LANCE SHEE | т | |
| Exchange Gain /Loss | | | D | 494 | 74 | | | | | • | |
| Depriciation | | : | | 5,666 | 3,37 | | SCHED | | | | |
| PROFIT/(LOSS) BEFORE TA | XATION | | | 1,381 | 9,58 | | | | ES AND PROV | | |
| Less : Provision for Taxatio | | | (- | 76 | 1,508 | | | nt Liabilities | | 1310113 | |
| PROFIT/(LOSS) AFTER TAX | ATION | | (2 | (,355) | (10,185 | . | | Creditors | | | |
| Prior period items | Allon | | (2 | - | (10,100 | - | | | | | |
| Brought forward | | . . | | ,341) | (16,156 | | Oneri | Liabilities | | - | |
| Balance carried forwar | a to Balance | Sheet | (28 | ,696) | (26,341 | 1 | | PER BA | ALANCE SHEE | 1 | |
| Earning per Share (in R | upees) | | | | | | | | | | |
| Basic Diluted | | | | (4.38) (4.38) | (20.34 (20.34 | · | | | | | |
| (Refer note 6) | | | | (4.50) | (20.04 | ·) | | | | | |
| Notes to Accounts | | 0 | 9 | | | | SCHED | ULE 6 | | | |
| As Per our report of even | | | | | | - | | | MINISTRATION | EXPENSES | |
| For Natvarlal Vepari & C Chartered Accountants | ò. | For a | nd on behalf | of the Bo | bard | | | | water charg | | |
| Firm Registration no 1069 | 971W | | | | | | Audit fe | - | 0 | | |
| | | M.R. | Chandurkar | | | | Rent | | | | |
| Shihab. R. Halim Partner | | Direc | tor | | | | Insurar | nce | | | |
| Membership no. 49758 | | | | | | | Rates o | and taxes | | | |
| Mumbai May 20, 2011 | | | | | | | Printing | g & Statione | ry | | |
| Widy 20, 2011 | | | | | | | Vehicle | e Expenses | | | |
| SCHEDULES TO THE AC | COUNTS | | | | | | | nunication | - | | |
| Schedules 1 to 9 form | | he Balance | Sheet as at | 31st Ma | rch. 201 | 1 | | ng expense | | | |
| and Profit and Loss Ac | • | | | | | - | | ional charg | jes | | |
| | | | 31st Mar | | 31s | | Comm | | - | | |
| | | | | | arch,2010 | | | s & Mainter xpenses | lance | | |
| | | | (Rs Thousan | in de Th | (Rs. ir nousands | | | cal Expense | 26 | | |
| SCHEDULE 1 | | | mousan | | lousarias | , | | t Regiostrat | | | |
| SHARE CAPITAL | | | | | | | Tioque | - | - | | т |
| Issued and Subscribe | | | | | | | | | | | |
| (645955 Ordinary shar | | | 51,0 | 075 | 40,77 | 7 | SCHED | ULE 7 | | | |
| (All the above shares of | | , | | | | | PERSO | NNEL COST | | | |
| company lpca Labord | | - | | | | | Salarie | s | | | |
| PER BALAN | | , | 51,0 | 075 | 40,77 | 7 | Fringe | & taxes | | | |
| | | | | | | = | Ű | | OFIT AND LC | | т |
| SCHEDULE 2 | | | | | | | | | | | |
| FIXED ASSETS SCHEDULE | AS AT 31ST M | | | | | | | | | | |
| Particulars | Opening | | Gross Block Sale/W.off/ | Fore | ign Tota | as on | Up to | | Depreciation Sale/W.off/ | Foreign | |
| | as on | Additionit | Adjustment | | - | /03/11 | 31/03/10 | | Adjustment | - 1 | 3 |
| | 01/04/10 | | | | flu. | | | | | flu. | |
| Leasehold Properties | 120 | | | Rese | erve 8 | 128 | 120 | | | Reserve 8 | |
| Intangibles | 14,324 | 17,397 | - | | | 32,720 | 10,260 | 5,666 | - | 849 | |
| Motor Vehicles | 574 | - | - | _ | 39 | 613 | 573 | - | - | 40 | _ |
| Total Previous Year | 15,018 16,070 | 17,397 | - | | | 33,461 15,018 | 10,953 8,505 | 5,666 3,375 | | 897 (928) | |
| Pievious real | 10,070 | - | - | (1,0 | JJZ] | 13,010 | 0,000 | 3,370 | - | [920] | |
| SCHEDULE 3 | | | | | | | SCHED | ULE 8 | | | |
| SUNDRY DEBTORS | | | _ | | | | FINAN | CIAL COST | | | |
| ionsecurea considere | d acceluir | | | | | 1 | | h | | | |
| | ed good,unle | ess otherwise | 3 | | | | Bank c | naiges | | | |
| stated) Outstanding for more | | | | /21 | 3,240 | 5 | Bank c | Ŭ | OFIT AND LC | SS ACCOUN | т |
| stated) | | | 2,7 | _ | | - | Bank c | Ŭ | ofit and lo | SS ACCOUN | T |
| stated) Outstanding for more | than six mon | | 2,7 | ⁷²¹ | 3,240 | - | Bank c | Ŭ | ofit and lo | SS ACCOUN | T |

| | 31st March, 2011 (Rs. in Thousands) | 31st March,2010 (Rs. in Thousands) |
|--|--|---|
| SCHEDULE 4 | | |
| CASH AND BANK BALANCES | | |
| Balances with non scheduled Banks | | |
| On current accounts | 4,575 | 5,958 |
| PER BALANCE SHEET | 4,575 | 5,958 |
| SCHEDULE 5 | | |
| CURRENT LIABILITIES AND PROVISIONS | | |
| Current Liabilities | | |
| Trade Creditors | 887 | - |
| Other Liabilities | 1,028 | 917 |
| PER BALANCE SHEET | 1,915 | 917 |
| TER BALANCE SHEET | 1,713 | |
| | 2010-11 | 2009-10 |
| | (Rs. in | (Rs. in |
| | Thousands) | Thousands) |
| SCHEDULE 6 | | |
| OPERATING & ADMINISTRATION EXPENSES | | |
| Power, fuel, gas & water charges | - | - |
| Audit fees | 383 | 358 |
| Rent | 262 | 311 |
| Insurance | 9 | 9 |
| Rates and taxes | - | - |
| Printing & Stationery | - | - |
| Vehicle Expenses | - | - |
| Communication expenses | 34 | 39 |
| Travelling expenses | 330 | 33 1,012 |
| Professional charges Commission | 344 | 1,012 |
| Repairs & Maintenance | | - |
| Misc Expenses | 18 | 2 |
| Analytical Expenses | 975 | 2,085 |
| Product Regiostration Exp | 2,845 | 1,347 |
| PER PROFIT AND LOSS ACCOUNT | 5,200 | 5,196 |
| SCHEDULE 7 | | |
| PERSONNEL COST | | |
| Salaries | - | 237 |
| Fringe & taxes | - | |
| PER PROFIT AND LOSS ACCOUNT | | 237 |
| | | <u> </u> |
| | (Rs. | in Thousands) |

Net block

31/03/11 31/03/10

As on

15,945

15,945

4,065

21

21

As on

4,063

4,065 7,565

33

33

Up to

31/03/11

128 16,775 613 17,516 10,953

| SCH | DULE 9 - NOTES FORMING PART OF THE ACCOUNT | re | | |
|--|---|---|--|---------------------------|
| | | 13 | CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCI | |
| 1. | Accounting Policies. | | 2010 | |
| | 1.1. Accounting convention The financial statements are prepared ur | nder the historica | Rs. in Thousa | nds Rs. in Thousands |
| | convention on accrual basis. The financia | | CASH FLOW FROM OPERATING ACTIVITIES | |
| | the requirements of Schedule VI to the Cor | | 1. Net profit/(loss) before taxation (2,2 | 79) (8,677) |
| | 1.2. Conversion into Indian rupees | | Adjustments for : | |
| | The translation of financial statements into l | | Bank Deposit Interest (15) | |
| | accordance with AS 11 (Revised) the Effect | | | (1 500) |
| | Exchange Rates issued by the Institute of Ch | | | (1,508) |
| | India, which is mandatory w.e.f 01.04.200 Currency Translation Reserve is shown separa funds or under Profit and Loss account on t | ately under shareh | Depreciation <u>5,666</u> <u>5,</u> | <u>3,375</u> <u>1,867</u> |
| | The Assets and Liabilities are translated at cl capital which is translated at the rate as o | n transaction dat | changes | 296 (6,810) |
| | income and expenditure are translated | at a rate nearin | (Increase)/Decrease in Debtors 525 | 7,172 |
| | average rate during the year. | | | 523 (317) 6,855 |
| | 1.3. Fixed Assets | | creditors | |
| | Fixed assets: Depreciation is provided at ro | | | |
| | off the cost less residual value of each o useful life, as follows; - | usser over its exp | 3. Cash generated from operation 4,8 | 319 46 |
| | Leasehold properties - Straight line over | or the life of the lo | | |
| 2. | Motor Vehicles - 25% Straight line Related Party Disclosure as required by Acco | e | translation reserve | <u>(264)</u> (264) |
| | issued by The Institute of Chartered Accountants Relationship: | | Net cash from operating activities (A) 5, | (218) |
| | A. Entities where control exists Shareholders of Ipca Laboratories UK Ltd. Ipca Laboratories Limited. | | CASH FLOW FROM INVESTING ACTIVITIES | |
| | B. Key Management Personnel | | | |
| | Mr. M.R.Chandurkar-Director | | Intangibles purchased (17,397) | |
| | The Company has issued shares amounting to | o Rs. 10,298 tho | Bank Deposit Interest 15 (17,3 | <u>82)</u> |
| 3. | Previous year Rs. nil) to the holding company. Going concern | | Net cash from / (used) in investing activities (B) (17,3 | 82) - |
| | The Balance Sheet shows a net deficit. The pare its support to the Company. | | CASH FLOW FROM FINANCING ACTIVITIES | |
| 4. | The Company is 100% subsidiary of Ipca Lal | | Proposed from issue of share agaital 10,208 10 f | 208 |
| | accounts have been prepared and audited in purpose of attachment to the accounts of the | | Proceeds from issue of share capital 10,298 10,3 | |
| | comply with the provisions of Indian Companies | | Net cash from financing activities (C) 10,3 | |
| 5. | Since the company is not having any manufacturing the year, information pursuant to paragrag | cturing / trading c ohs 3, 4, 4A, 4C a | Net increase/(decrease) in cash and cash (1,3 | 83) (218) |
| , | of part II of Schedule VI to the Companies Act, 1 | 956 in not given. | equivalents ($A + B + C$) | |
| 5. | Earning per Share The earning per share is calculated by dividing weighted average no. of shares outstanding for | , i | period | 758 6,176 |
| | | | Cash and cash equivalents at end of period 4, | 5 75 5,958 |
| | culars | 2010-11 20 | As Per our report of even date attached | |
| | after tax (Rs. In thousand) | (2,355) (10 | For Natvarial Vepari & Co. For and on | behalf of the Board |
| | of shares outstanding | | | |
| | hted Average no. of shares outstanding) - Basic | 537,205 5,0 | | |
| | hted Average no. of shares outstanding | | Firm Registration no 106971W | |
| |) - Diluted | 537,205 5,0 | | |
| | ng per share (Rs.) | | Shihab. R. Halim M.R. Chanc | lurkar |
| - Bas | | (4.38) (1 | Partner Director | |
| | lited | (4.38) (1 | | |
| 7. | For the purpose of conversion of the local c Currency (INR), the exchange rate applied is a | urrency (£) into | Membership no. 49758 Mumbai May 20, 2011 | |
| 8. | accounting policies. Previous year's figures have been regrouped an | | | |
| | necessary to make them comparable. | | | |
| As Pe | r our report of even date attached | | | |
| | atvarlal Vepari & Co. For and on b | ehalf of the Board | | |
| For N | | | | |
| | ered Accountants | | | |
| Charl | ered Accountants Registration no 106971W | | | |
| Charl Firm (Shihc | Registration no 106971W Ib. R. Halim M.R. Chandu | ırkar | | |
| Charl Firm (Shiha | Registration no 106971W Ib. R. Halim M.R. Chandu | ırkar | | |
| Charl Firm (Shiha Partne | Registration no 106971W Ib. R. Halim M.R. Chandu | ırkar | | |
| Charl Firm (Shiha Partne Mem | Registration no 106971W Ib. R. Halim M.R. Chandu er Director bership no. 49758 | ırkar | | |
| Charl Firm (Shiha Partne Mem Mum | Registration no 106971W Ib. R. Halim M.R. Chandu er Director bership no. 49758 bai | ırkar | | |
| Charl Firm (Shiha Partne Mem Mum | Registration no 106971W Ib. R. Halim M.R. Chandu er Director bership no. 49758 | ırkar | | |

IPCA PHARMACEUTICALS LIMITED S.A DE C.V, MEXICO

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011. FINANCIAL RESULTS

Your Company is a wholly owned subsidiary of Ipca Laboratories Limited, India and was incorporated on 7th May, 2008 mainly to hold pharmaceutical registration dossiers and promotion of pharmaceuticals manufactured by the parent company viz. Ipca Laboratories Ltd., India in the Mexican market.

Your company is currently in the process of registering formulation dossiers with the regulatory authority in Mexico and yet to commence any business and therefore, has no income. During the year under report your company has incurred a loss of Rs. 19.88 lacs (previous year loss of Rs. 24.20 lacs).

DIVIDEND

In view of the losses incurred during the financial year under report, no dividend is proposed by the Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the loss of the Company for the vear:

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/per month or any part thereof.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

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

During the year under review, the Company has not carried out any manufacturing activities nor the company has any manufacturing unit. Therefore, information required pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board

N. Guhaprasad Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMACEUTICALS LTD SA DE CV

We have audited the attached Balance Sheet of IPCA PHARMACEUTICALS LTD SA DE CV as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Jose Francisco Campos Ruiz. Mexico D.F. and have carried out such further checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this iv) report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- These accounts are prepared to comply with the requirements of the Companies Act 1956 relating to the subsidiary and holding company V) disclosure requirements

- vi) Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- In our opinion and to the best of our information and according to the vii) explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view
 - in the case of Balance Sheet of the State of Affairs of the Company as (a) at 31st March, 2011
 - in the case of Profit and Loss Account of the loss for the year ended on (b) 31st March 2011. and;
 - in the case of Cash Flow Statement, of the cash flow for the year ended (C) on that date.

| | For Natvarial Vepari & Co. |
|--------------|-------------------------------|
| | Chartered Accountants |
| | Firm Registration No. 106971W |
| | Shihab R. Halim |
| Mumbai | Partner |
| May 20, 2011 | M.No. 49758 |
| | |

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | 31st March 2011 | 31st March 2010 |
|---|-----------|--------------------|--------------------|
| | | (Rs. in | (Rs. in |
| | | thousands) | thousands) |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 6,244 | 3,761 |
| Foreign Currency Translation Reserves | | 893 | 752 |
| | | 7,137 | 4,513 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 2 | 51 | 49 |
| Less: Depreciation | | 19 | 4 |
| | | 32 | 45 |
| Current Assets, Loans and Advances | | | |
| Loan & Advances | 3 | 1,303 | 710 |
| Cash and Bank Balances | 4 | 642 | 219 |
| | | 1,945 | 929 |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | 5 | 1,229 | 862 |
| Net Current Assets | | 716 | 67 |
| Profit & Loss account (Debit) balance | | 6,389 | 4,401 |
| · · | | 7,137 | 4,513 |
| Notes to the Accounts | 9 | | |
| As per our report of even date attached. | For and c | n behalf of th | e board |

For Natvarlal Vepari & Co. Chartered Accountants

Firm Registration no. 106971W Shihab, R. Halim N. Guhaprasad Harish P. Kamath Partner Director Director Membership no. 49758 May 20, 2011 Mumbai

2009-10

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011 Schedule 2010-11

| | | (Rs. in | (Rs. in |
|--|--------------------|--------------------|--------------------|
| | | thousands) | thousands) |
| INCOME Sales and Income from Operations | | | |
| sales and income norm operations | | | - |
| EXPENDITURE | | | |
| Personal Cost | 6 | 222 | 159 |
| Other Operating Expenses | 7 | 1,737 | 2,243 |
| Financial Cost | 8 | 14 | 14 |
| Depreciation | | 15 | 4 |
| | | 1,988 | 2,420 |
| LOSS BEFORE TAXATION | | (1,988) | (2,420) |
| Less : Provision for Taxation | | (1,988) | - |
| Profit (Loss) Brought Forward | | (4,401) | (2,420) (1,981) |
| Balance carried forward to Balance Sheet | | (6,389) | (4,401) |
| Notes to the Accounts | 9 | (0,007) | (1,101) |
| As per our report of even date attached. | For a | ind on behalf of t | he board |
| For Natvarlal Vepari & Co. | | | |
| Chartered Accountants | | | |
| Firm Registration no. 106971W | | | |
| Shihab. R. Halim | | | h P. Kamath |
| Partner | Direc ⁻ | tor Direc | ctor |
| Membership no. 49758 | | | |
| May 20, 2011 | | | |
| Mumbai | | | |

Ірса

IPCA PHARMACEUTICALS LIMITED S.A DE C.V, MEXICO

| SCHEDULES TO | THE ACCOUNTS | | | | | | | | | puted on str ne following rc | | asis over the |
|-----------------------------------|--|----------------|---------------------------|-------------------------------------|------------------------|-------------------|--|---|------------------|---------------------------------|------------------------------|-------------------------------------|
| | 9 forming part | | | | n, 2011 and | | Compute | | 30% | le lollowing ic | 1003. | |
| Profit and Loss | Account for the | e year enaec | a sist March, | 31st March | 31st March | 2 | | | | by Accounting | g standard-AS | 3 18 issued by |
| | | | | 2011 | 2010 | | | ite of Chartere | d Accountant | s of India. | | |
| | | | | (Rs. in | (Rs. in | | Relationst | | 1.4. | | | |
| | | | | thousands) | thousands) | | | nere control ex lors of loca ph | | s Limited S.A d | 0 C V | |
| SCHEDULE 1 SHARE CAPITAL | | | | | | | | pratories Limite | | | e C.V | |
| Issued and Sub | | | | | | | | | - | | . 2.483 thous | and (Previous |
| Shares with no | | | | 6,244 | 3,761 | | | 45 thousand) | | | -, | |
| | are held by | holding cor | npany lpca | | | 3 | 0 | | | | | |
| Laboratories Lin | , | | | | | | The annu | al accounts h | ave been prej | oared on goin | g concern bo | asis. |
| PER BALA | NCE SHEET | | | 6,244 | 3,761 | | | | | | | |
| SCHEDULE 2 | | | | | | | | | | | | |
| FIXED ASSETS S | CHEDULE AS AT | 31ST MARCH | 2011 | | | | | | | | (Rs. | in thousands) |
| | | | Gross Block | | | | | Depreciation | | | Net l | olock |
| Particulars | Opening as on 01/04/10 | Additions | Sale/W.off/ Adjustment | Foreign Exchange flu. Reserve | Total as on 31/03/2011 | Up to 31/03/10 | | Sale/W.off/ Adjustment | | Up to 31/03/11 | As on 31/03/11 | As on 31/03/10 |
| Computer | 49 | - | - | 2 | 51 | 4 | | | IIU. Reserve | 19 | 32 | 45 |
| Previous Year | 49 | - 49 | - | 2 | 51 49 | 4 | 15 | | - | 19 | <u>32</u> 45 | 45 |
| L | - | 49 | | | 49 | | | | I | | | |
| SCHEDULE 3 LOANS & ADVA | NCES | | | | | 4 | | | | Ipca Laborato in Indian Ru | | The accounts |
| | insidered good) | | | | | | | | | | | mply with the |
| Tax refundable | . . | | | 712 | 450 | | provisions | s of Indian Cor | mpanies Act. | - | | |
| Other Advance | NCE SHEET | | | <u> </u> | <u>260</u> 710 | 5 | 01 | | | nares carry no | | |
| | UNCE SHEET | | | 1,303 | /10 | 6 | Since the | information of | not having an | y manufacturi aaraphs 3_4 | ng / trading 4A, 4C and / | activity during 1D of part II of |
| SCHEDULE 4 | | | | | | | | | | 956 in not give | | b of pair if of |
| CASH AND BAN Balances with r | non scheduled b | oanks (Refer N | lote No. 7) | 642 | 219 | 7 | Balances | with non-sche | eduled banks i | n Schedule 4: | | |
| | NCE SHEET | | 1016 110. 7) | 642 | 219 | | ame of the Ban | ks Me | aximum Balance | ə | Balance A | is On |
| SCHEDULE 5 | | | | | | | | |)10-11 | 2009-10 | 2010-11 | 2009-10 |
| | ITIES AND PROV | ISIONS | | | | | | (Rs.In thou | | | | Rs. In thousand) |
| Sundry Creditor | | | | 1,201 | 827 | | SBC MEXICO 826 SBC MEXICO 204 | | 997 1,235 | 977 | 0 642 | 219 |
| Tax payable | | | | 12 | 26 | | otal | +07 | 1,200 | | 642 | 219 |
| Others | NCE SHEET | | | 16 | 9 862 | 8 | | vear's fiaures | have been | regrouped o | | |
| | INCE SHEET | | | 1,227 | 002 | | necessar | y to make the | m comparabl | e. | | |
| | | | | 2010-11 | 2009-10 | 9 | | urpose of conv | version of the l | ocal currency per Para 1.2 | (MXN) into In | dian Currency |
| | | | | (Rs. in | (Rs. in | | | | | | | |
| | | | | thousands) | thousands) | | s per our repor or Natvariai Ve | | e attachea. | For and a | on behalf of t | ne boara |
| SCHEDULE 6 PERSONNEL CC | DST | | | | | | hartered Acco | • | | | | |
| | d provision for sc | alaries, wages | s and bonus | 222 | 155 | | rm Registratior | | / | | | |
| Welfare expens | | | | | <u>3</u> 159 | | nihab. R. Halir | n | | N. Guhap | | h P. Kamath |
| | FIT AND LOSS AC | COUNI | | 222 | 199 | | artner Ioreborebie no | 40759 | | Director | Direc | ctor |
| SCHEDULE 7 | | | | | | | lembership no Iay 20, 2011 | 0. 49758 | | | | |
| OTHER OPERATI Product Registre | | | | 1.074 | 1,818 | | lumbai | | | | | |
| Communicatio | | | | 15 | 18 | C | ASHFLOW STATEME | NT FOR THE YEAR E | NDED 31ST MARCH | 1 2011 | | |
| Printing & Statio | | | | - | 13 | | | | | 2010 | | 2009-10 |
| Travelling Exper Audit Fees | ISES | | | 12 | 12 18 | | ASH FLOW FROM C | | FS | (Rs. in Thousa | nds) | (Rs. in Thousands) |
| Professional Ch | arges | | | 551 | 217 | | Net profit/(loss) | | LJ | n.9 | 988) | (2,420) |
| Rent | | | | 13 | 70 | | Depreciation | | | | 15 | 4 |
| Others | | COUNT | | <u>72</u> 1,737 | 2,243 | 2 | Operating profi | | | | 973) (55 | (2,416) |
| | FIT AND LOSS AC | | | 1,/3/ | 2,243 | | | ease in Loan and A ase) in Sundry crea | | (593) 367 (1 | (55 226) 7- | 48 190 |
| SCHEDULE 8 | e T | | | | | 3 | Cash generated | d from operation | - | (2, | 199) | (2,226) |
| FINANCIAL CO Bank charges | 51 | | | 14 | 14 | | | reign currency trar | | | 39 | 800 |
| | FIT AND LOSS AC | COUNT | | 14 | 14 | | ASH FLOW FROM I | | | (2, | 060) | (1,426) |
| | IOTES EODMINIO | | ACCOUNTS | | | | Purchase of Fixe | d Assets - | | | - | (49) |
| | IOTES FORMING ing Policies | FARI OF THE | ACCOUNTS. | | | | | nvesting activities | | | 1 | (49) |
| 1.1. Accounti | | | | | | | ASH FLOW FROM F oceeds from issue | | il.J | 2 | 483 | 945 |
| The finan | cial statements | | | | | N | et cash from finan | icing activities | С | 2 | 483 | 945 |
| | oasis. The financie Companies Act | | s contirm to the | e requirement: | s of Schedule | | et increase/(decrea | | | | 423 219 | (530) |
| | on into Indian rup | | | | | | ash and cash equi ash and cash equi | | | | 642 | 749 219 |
| The transl | ation of financia | I statements i | | | | | per our report of | | | | behalf of the bo | |
| | 1 (Revised) the E stitute of Charte | | | | | | r Natvarial Vepar | | | | | |
| | 04. The resulta | | | | | | nartered Account | | | | | |
| separate | ly under shareho | | | | | | m Registration no. i hab. R. Halim | . 106971W | | N. Guhapra | and Lariah | ı P. Kamath |
| asset side | e. Is and Liabilities | are translate | ad at closing | rate except (| hare capital | | inab. K. Halim irtner | | | N. Gunapra Director | saa Harisr Direct | |
| | translated at th | | | | | M | embership no. 49 | 758 | | 5100101 | Direct | |
| expendit | ure are translate | d at a rate n | earing the ave | erage rate dui | | | ay 20, 2011 | | | | | |
| 1.3. Fixed ass | ets: All fixed asse | ets are record | ded at cost of | acquisition. | | M | umbai | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

IPCA PHARMACEUTICALS (SHANGHAI) LTD., CHINA

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011.

INCORPORATION

Your Company is a wholly owned subsidiary of Ipca Laboratories Limited, India and was incorporated on October 24, 2008 in the Peoples Republic of China mainly to coordinate sourcing of chemicals and drug intermediates for the parent company and marketing of products manufactured by the parent company viz. Ipca Laboratories Limited in the Peoples Republic of China.

During the financial year under report, your Company has a income of Rs. 332.70 lacs (Previous year Rs. 63.03 lacs) and has incurred a loss of Rs. 50.11 lacs(Previous year Loss of Rs. 52.09 lacs).

DIVIDEND

In view of the losses incurred, your directors do not propose the payment of dividend for the financial year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the loss of the Company for the year:

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

During the year under review, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/- per month or any part thereof.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

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

During the year under review, the Company has not carried out any manufacturing activities nor the Company has any manufacturing unit. Hence, information required pursuant to Section 217(1)(e) of the Companies Act, 1956 are not applicable.

For and on behalf of the Board

Manoj Kumar Jain

Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMACEUTICALS (SHANGHAI) LTD.

We have audited the attached Balance Sheet of Ipca Pharmaceuticals (Shanghai) Ltd. as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Shanghai Shen Bei Certified Public Accountants, China and have carried out such checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- We have obtained all the information and explanations, which to the i) best of our knowledge and belief were necessary for the purpose of our Audit
- ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- These accounts are prepared to comply with the requirements of the V) Companies Act 1956 relating to the subsidiary and holding company disclosure requirements
- Since the appointment of directors to this company are not governed by vi) the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- In our opinion and to the best of our information and according to the vii) explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.
 - in the case of Balance Sheet of the State of Affairs of the Company (a) as at 31st March, 2011
 - in the case of Profit and Loss Account of the loss for the year ended (b) on 31st March 2011, and:
 - in the case of Cash Flow Statement, of the cash flow for the year (C) ended on that date.

Schodula

For Natvarlal Vepari & Co. Chartered Accountants Firm Registration No. 106971W Shihab R. Halim Partner M.No. 49758

31st March 31st March

May 20, 2011

Mumbai

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | 2011 (Rs. in | 2010 (Rs. in |
|---|----------|-----------------|-----------------|
| | | thousands) | thousands) |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 11,890 | 8,414 |
| Foreign Currency Translation Reserves | | (146) | (81) |
| | | 11,744 | 8,333 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 2 | 341 | 326 |
| Less : Depreciation | | 115 | 48 |
| Net Block | | 226 | 278 |
| Current Assets, Loans and Advances | | | |
| Sundary Debtors | | - | 361 |
| Loan & Advances | 3 | - | 808 |
| Cash and Bank Balances | 4 | 414 | 1,163 |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | 5 | 26 | 396 |
| Net Current Assets | | 388 | 1,936 |
| Profit & Loss account | | 11,130 | 6,119 |
| | | 11,744 | 8,333 |
| Notes to the Accounts | 10 | | |

For Natvarlal Vepari & Co.

Chartered Accountants Firm registration no. 106971W Shihab, R. Halim Partner Membership no. 49758 Mumbai May 20, 2011

As per our report of even date attached. For and on behalf of the board

Director

Manoj Kumar Jain Hu Hongxin

General Manager/

Country head

| PROFIL AND LOSS AC | COUNT FOR TH | E YEAR ENDED | 31ST MA | ARCH, 3 | 2011 | |
|---|--|--|---|---|--|-----------------|
| | | | 20 | 010-11 | 2009-10 | |
| | | | | (Rs. in | (Rs. in | |
| | | | thou | sands) | thousands) | |
| INCOME | | | | | | |
| Sales | | , | | 32,877 | 6,300 | |
| Other Income | | 6 | | 393 | | |
| EXPENDITURE | | | | 33,270 | 6,303 | |
| Material Cost & Inve | ntory Adjustmer | t | | 31,084 | 5,595 | |
| Manufacturing and | | | | 2,165 | 1,582 | |
| Personnel Cost | | 8 | | 4,428 | 4,240 | |
| Financial Cost | | 9 | | 406 | 11 | |
| Depreciation/Amorti | asation | 2 | | 63 | 48 | |
| Exchange Loss | | | | 131 | 36 | |
| | | | | 38,277 | 11,512 | |
| PROFIT/(LOSS) BEFOR | RE TAXATION | | | (5,007) | (5,209) | |
| Taxes paid | TAVATION | | | 4 | (5.000) | |
| PROFIT/(LOSS) AFTER PROFIT/(LOSS) BROUG | | | | (5,011) (6,119) | (5,209) (910) | |
| Balance carried for | | o Shoot | | 1,130) | (6,119) | |
| Notes to the Accou | | 10 | | 1,100) | (0,117) | |
| As per our report of ev | | | on behalf | of the b | oard | |
| For Natvarlal Vepari | | a. For and a | un penali | ormer | board | |
| Chartered Accountar | | | | | | |
| Firm registration no. 1 | | Manoi Ku | ımar Jain | Hu Ho | naxin | |
| Shihab. R. Halim | | Director | | | al Manager/ | |
| Partner | | | | Count | ry head | |
| Membership no. 4975 | 58 | | | | | |
| Mumbai | | | | | | |
| May 20, 2011 | | | | | | |
| | | | | | | |
| | | | | | | |
| SCHEDULE TO THE AG | CCOUNTS | | | | | |
| Schedules 1 to 10 | | f the Balanc | e Sheet (| as at 3 | 31st March, | |
| | forming part o | | | | | |
| Schedules 1 to 10 | forming part o | or the year e 31st Mar | nded 31: ch 2011 | st Marc 31st I | ch, 2011 March 2010 | |
| Schedules 1 to 10 2011 and Profit and | forming part o | or the year e 31st Mar | nded 31: ch 2011 | st Marc 31st I | ch, 2011 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 | forming part o | or the year e 31st Mar | nded 31: ch 2011 | st Marc 31st I | ch, 2011 March 2010 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL | forming part o I Loss Account f | or the year e 31st Mar | nded 31: ch 2011 | st Marc 31st I | ch, 2011 March 2010 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe | forming part o I Loss Account t | or the year e 31st Mar | nded 31: ch 2011 pusands) | st Marc 31st I | sh, 2011 March 2010 thousands) | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve | forming part o I Loss Account f ed : alue | or the year e 31st Mar (Rs. in tho | nded 31: ch 2011 | st Marc 31st I | ch, 2011 March 2010 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe | forming part of I Loss Account f ed : alue held by holdii | or the year e 31st Mar (Rs. in tho | nded 31: ch 2011 pusands) | st Marc 31st I | sh, 2011 March 2010 thousands) | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are | forming part o I Loss Account f ed : alue held by holdii pratories Limited | or the year e 31st Mar (Rs. in tho | nded 31: ch 2011 pusands) | st Marc 31st I | sh, 2011 March 2010 thousands) | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company Ipca Labc PER BALANCE S | forming part o I Loss Account f ed : alue held by holdii pratories Limited | or the year e 31st Mar (Rs. in tho | nded 31: ch 2011 pusands) 11,890 | st Marc 31st I | ch, 2011 Warch 2010 thousands) 8,414 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 | forming part o I Loss Account f ed : alue held by holdii oratories Limited SHEET | or the year e 31st Mar (Rs. in the Rs. in the | nded 31: ch 2011 pusands) 11,890 | st Marc 31st I | ch, 2011 Warch 2010 thousands) 8,414 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company Ipca Labc PER BALANCE S | forming part o I Loss Account f ed : alue held by holdii oratories Limited SHEET | or the year e 31st Mar (Rs. in the Rs. in the | nded 31: ch 2011 pusands) 11,890 | st Marc 31st I | ch, 2011 Warch 2010 thousands) 8,414 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 | forming part o I Loss Account f ed : alue held by holdii oratories Limited SHEET | or the year e 31st Mar (Rs. in the Ng MARCH 2011 | nded 31: ch 2011 busands) 11,890 11,890 | st Marc 31st I | ch, 2011 Warch 2010 thousands) 8,414 | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are company loca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED | forming part o I Loss Account f ed : alue held by holdii oratories Limited SHEET DULE AS AT 31ST | ior the year e 31st Mar (Rs. in the MARCH 2011 Gross | nded 31: ch 2011 busands) 11,890 <u>11,890</u> Block | st Marc 31st 1 (Rs. in | 2h, 2011 March 2010 thousands) 8,414 <u>8,414</u> | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company lpca Labo PER BALANCE : SCHEDULE 2 | forming part of I Loss Account f alue held by holdii pratories Limited SHEET DULE AS AT 31ST | ior the year e 31st Mar (Rs. in the MARCH 2011 Gross | nded 31: ch 2011 busands) 11,890 <u>11,890</u> <u>Block</u> Foreign | st Marc 31st I (Rs. in | 2h, 2011 March 2010 thousands) 8,414 8,414 7otal as on | Up 1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are company loca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED | forming part o I Loss Account f ed : alue held by holdii oratories Limited SHEET DULE AS AT 31ST | ior the year e 31st Mar (Rs. in the MARCH 2011 Gross | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st 1 (Rs. in | 2h, 2011 March 2010 thousands) 8,414 <u>8,414</u> | |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are company loca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED | forming part of I Loss Account f alue held by holdii pratories Limited SHEET DULE AS AT 31ST | ior the year e 31st Mar (Rs. in the MARCH 2011 Gross | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. Jation | 2h, 2011 March 2010 thousands) 8,414 8,414 70tal as on | Up 1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribo Shares with no par vo (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars | forming part o I Loss Account f alue held by holdi pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 | MARCH 2011 Gross Adjustment | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | Exch. station serve 3 12 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Computers Office Equipments Total | forming part of I Loss Account f alue held by holdii pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 326 | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 341 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscrib Shares with no par ve (All the shares are company loca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Computers Office Equipments | forming part o I Loss Account f alue held by holdii oratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 | Or the year e 31st Mar (Rs. in the (Rs. in the MARCH 2011 Gross Adjustment 24 (24) | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | Exch. station serve 3 12 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par vi (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Computers Office Equipments Total | forming part of I Loss Account f alue held by holdii pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 326 | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 341 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribe Shares with no par ve (All the shares are company loca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Office Equipments Total Previous Year | forming part of I Loss Account f alue held by holdii pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 326 227 | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 341 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribo Shares with no par ve (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Office Equipments Total Previous Year SCHEDULE 3 LOANS & ADVANCES (Unsecured, Conside | forming part of I Loss Account f alue held by holdi protories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 566 227 326 227 | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | xh, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 326 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribo Shares with no par vo (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Office Equipments Total Previous Year SCHEDULE 3 LOANS & ADVANCES (Unsecured, Conside Advance Tax | forming part of I Loss Account f alue held by holdi protories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 566 227 326 227 | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | ch, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 341 | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribo Shares with no par vo (All the shares are company lpca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Office Equipments Total Previous Year SCHEDULE 3 LOANS & ADVANCES (Unsecured, Conside Advance Tax Deposits | forming part of I Loss Account f alue held by holdi pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 326 227 red good) | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | xh, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 258 341 326 808 - | Up t 31/03/1 |
| Schedules 1 to 10 2011 and Profit and SCHEDULE 1 SHARE CAPITAL Issued and Subscribo Shares with no par vo (All the shares are company Ipca Labo PER BALANCE : SCHEDULE 2 FIXED ASSETS SCHED Particulars Office Equipments Total Previous Year SCHEDULE 3 LOANS & ADVANCES (Unsecured, Conside Advance Tax | forming part of I Loss Account f alue held by holdi pratories Limited SHEET DULE AS AT 31ST Opening as on 01/04/10 56 270 326 227 red good) | MARCH 2011 Gross Adjustment (24) 0 | nded 31: ch 2011 Jusands) 11,890 <u>11,890</u> <u>Block</u> Foreign Fluctu | st Marc 31st I (Rs. in Exch. (Rs. in station serve 3 12 15 | xh, 2011 March 2010 thousands) 8,414 8,414 8,414 70tal as on 31/03/11 83 326 | Up t 31/03/1 |

| SCHEDULE 5 CURRENT LIABILITIES AND PROVISIONS | | |
|--|--------------------|--------------------|
| Other Liabiliites | 26 | 396 |
| PER BALANCE SHEET | 26 | 396 |
| | | |
| | 2010-11 | 2009-10 |
| | (Rs. in thousands) | (Rs. in thousands) |
| SCHEDULE 6 | | |
| OTHER INCOME | | |
| Commission | 382 | - |
| | <u> </u> | 3 |
| PER PROFIT AND LOSS ACCOUNT | 393 | 3 |
| SCHEDULE 7 MANUFACTURING AND OTHER EXPENSES | | |
| Travelling Expenses | 239 | 374 |
| Professional charges | 67 | |
| Entertainment Expenses | - | 76 |
| Communication Expenses | 120 | 130 |
| Selling Expenses | 57 | 88 |
| Other Expenses | 1,201 | 501 |
| Rent | 481 | 413 |
| PER PROFIT AND LOSS ACCOUNT | 2,165 | 1,582 |
| SCHEDULE 8 PERSONNEL COST | | |
| Endowment | 1,025 | 987 |
| Salary & Wages | 3,403 | 3,253 |
| Miscellaneous expenses | | |
| PER PROFIT AND LOSS ACCOUNT | 4,428 | 4,240 |
| SCHEDULE 9 FINANCE COST | | |
| Bank Charges | 406 | 11 |
| PER PROFIT AND LOSS ACCOUNT | 406 | 11 |
| SCHEDULE 10- NOTES FORMING PART OF T | HE ACCOUNTS | |

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention on accrual basis. The financial statements confirm to the requirements of Schedule VI to the Companies Act 1956.

.2. Conversion into Indian rupees The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) the Effects of Changes in Foreign Exchange Rates issued by the Institute of Chartered Accountants of India, which is mandatory w.e.f 01.04.2004. The resultant Foreign Currency Translation Reserve is shown separately under shareholders funds or under Profit and Loss account on the asset side.

The Assets and Liabilities are translated at closing rate except share capital

(De in thousands)

| | | | | | | | | | | | nousands) |
|--|---------------------------------|------------|---------------------------------------|------------------------------------|----------|---|--|---|--|--|--|
| | | Gross | · · · · · · · · · · · · · · · · · · · | | | | Depreciation | | | Net b | |
| Particulars | Opening as | Adjustment | Foreign Exch. | Total as on | Up to | Sales/ | For the year | Foreign Exch. | Up to | As on | As on |
| | on 01/04/10 | | Fluctuation | 31/03/11 | 31/03/10 | Adjustment | | Fluctuation | 31/03/11 | 31/03/11 | 31/03/10 |
| | | | Reserve | | | | | Reserve | | | |
| Computers | 56 | 24 | 3 | 83 | 10 | 1 | 15 | 1 | 27 | 56 | 46 |
| Office Equipments | 270 | (24) | 12 | 258 | 38 | (1) | 48 | 3 | 88 | 170 | 232 |
| Total | 326 | 0 | 15 | 341 | 48 | 0 | 63 | 4 | 115 | 226 | 278 |
| Previous Year | 227 | 172 | (73) | 326 | 4 | | 48 | (4) | 48 | 278 | 223 |
| SCHEDULE 3 LOANS & ADVANCES (Unsecured, Conside Advance Tax Deposits PER BALANCE 5 SCHEDULE 4 CASH AND BANK BAL Cash Balances with non (Refer Note No. 3) PER BALANCE 5 | SHEET ANCES scheduled bar | | 167 247 414 | 808 808 27 1,136 1,163 | | expenditu Revenue i customer. Revenue i recognize be made. Commitm Rent of sh Office Rs. Related P Chartered Relationsh | re are translate Recognition: Sc n respect of ir d only when it ents and conti anghai Office 207 thousand arty Disclosure Accountants of | Rs. 281 thousand (RMB 30,000) e as required by of India. | ng the avera cognised at aims, interest rtain that the ds (RMB 40,80 | ge rate durir the point of , commissic ultimate co 00) and Ren | ng the year. dispatch to n, etc., are blection will t of Nanjing |



Shareholders of Ipca Pharmaceuticals (Shanghai) Ltd Ipca Laboratories Limited.- Holding Company

Key Management Personnel

Mr. Hu Hongxin

| IVII. HU HONGXIN | | | | | | |
|-----------------------------------|-------------------------------------|--------|--|--|--|--|
| Transactions with Related Parties | (Rs. In Thousands) | | | | | |
| Description | Entities where control exists | Total | | | | |
| lssue of shares | 3,476 | 3,476 | | | | |
| (Previous Year) | 5,913 | 5,913 | | | | |
| Sale of goods | 32,877 | 32,877 | | | | |
| (Previous Year) | 6,300 | 6,300 | | | | |
| Balances as on 31st March 2011 | | | | | | |
| Receivable | - | - | | | | |
| (Previous Year) | 361 | 361 | | | | |
| | | | | | | |

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

| Particulars | 2010-11 | 2009-10 |
|--|---------|---------|
| lssue of shares Ipca Laboratories Limited | 3,476 | 5,913 |
| Sales of goods Ipca Laboratories Limited | 32,877 | 6,300 |
| Receivables Ipca Laboratories Limited | - | 361 |

3. Balances with non-scheduled banks as per Schedule 4:

| | | | | (Rs. Ir | n Thousands) |
|---------|-------------------------|-----------|-----------|------------|--------------|
| \$. no. | Name of the Bank | Max. Banl | k Balance | Closing Ba | nk Balance |
| | | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| 1 | China Merchants Bank | 2,263 | 2,909 | 200 | 991 |
| 2 | Bank of China | 2,644 | - | 8 | - |
| 3 | China Construction Bank | 144 | 153 | 39 | 144 |
| | Total | | | 247 | 1,136 |

4. The annual accounts have been prepared on going concern basis.

 The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts have been prepared and audited in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act.

6. Earning per share is not given since shares carry no par value.

 Additional Information pursuant to paragraphs 3, 4, 4A, 4C and 4D of part II of Schedule VI to the Cmpanies Act, 1956.

Stock of each class of Finished Goods.

| Particulars | 31.03.2011 | | 31.03.2011 | | 31.03 | 2010 |
|----------------|------------------------|---|------------|---|-------|------|
| | Quantity (thousand) | | , | | | |
| Bulk Drug (Kg) | - | - | - | - | | |

Sales and Purchase in respect of each class of Finished Goods

| Particulars | | SA | LES | | | PURC | HASES | |
|----------------|------------------------|--------|-------------------------|-------|---------|--------|---------|-------|
| | 201 | 0-11 | 2009-10 | | 2010-11 | | 2009-10 | |
| | Quantity (thousand) | | Quantity (thousands) | | , | | , | |
| Bulk Drug (Kg) | 36 | 32,877 | 4 | 6,300 | 36 | 31,084 | 4 | 5,595 |
| Total | 36 | 32,877 | 4 | 6,300 | 36 | 31,084 | 4 | 5,595 |

 Previous year's figures have been regrouped and rearrange wherever necessary to make them comparable.

 For the purpose of conversion of the local currency (RMB) into Indian Currency (INR), the exchange rate applied is as per Para 1.2 of the accounting policies.

As per our report of even date attached. For **Natvarlal Vepari & Co.** Chartered Accountants Firm registration no. 106971W **Shihab. R. Halim** Partner Membership no. 49758 Mumbai May 20, 2011 For and on behalf of the board Manoj Kumar Jain Manoj Kumar Jain Hu Hongxin General Manager/ Country head

| CASH FLOW STATEMENT FOR THE YEAR E | | | 1 2011 | |
|--|--------------|------------------------|--------------------|------------------------------------|
| | Rs. in Tl | 2010-11 housands | Rs. in Th | 2009-10 Iousands |
| CASH FLOW FROM OPERATING ACTIVITIES 1. Net profit/(loss) before taxation Adjustments for : | | (5,007) | | (5,209) |
| Pre incorporation Expenses - Depreciation/Amortisation Exchange (Gain) / Loss | 63 131 | 194 | 998 48 36 | 1,082 |
| | 131 | | 30 | (4,127) |
| 2. Operating profit/(loss) before working capital changes (Increase)/Decrease in Loan and Advances | 808 | (4,813) | 131 | (4,127) |
| (Increase)/Decrease in Debtors Increase/(Decrease) in Sundry creditors | 230 (370) | 668 | (397) (606) | (872) |
| 3. Cash generated from operation Movement in foreign Currency | | <u>(4,145)</u> (76) | - | (4,999) (103) |
| Translation reserve Tax paid | | (4) | | (808) |
| 4. Net cash from operating activities | A | (4,225) | | (5,910) |
| CASH FLOW FROM INVESTING ACTIVITIES Purchases of Fixed Assets Net cash from / (used) in investing activities CASH FLOW FROM FINANCING ACTIVITIES | B | - | (172) | (172) (172) |
| Proceeds from issue of share capital Proceeds of Loan from Shareholders Net cash from financing activities Net increase/(decrease) in cash and cas equivalents (A + B + C) Cash and cash equivalents at beginning of period | | 3476 | 5,913 (1,338) _ | 4,575 4,575 (1,507) 2,670 |
| Cash and cash equivalents at end of period | | 414 nd on behalf | | 1,163 |
| As per our report of even date attached. For Natvarlal Vepari & Co. Chartered Accountants Firm registration no. 106971W Shihab. R. Halim Partner Membership no. 49758 Mumbai May 20, 2011 | | Kumar Jain | | n 1anager/ |
| | | | | |



DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report together with the Audited Annual Accounts for the year ended March 31, 2011.

Your Company is a wholly owned subsidiary of Ipca Pharma (Australia) Pty Ltd, Australia. The Company was incorporated to hold formulation dossier registrations in New Zealand and to distribute formulations manufactured by Ipca Laboratories Limited, India in the New Zealand market.

Sixteen formulation dossiers of the Company are registered with MEDSAFE, New Zealand and another five dossiers are under registration. The Company is yet to commence any business of formulation distribution activities in New Zealand. DIVIDEND

No dividend is recommended by your directors for the financial year under report. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

that in the preparation of annual accounts, the applicable accounting standards have been followed;

that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give the true and fair view of the state of affairs of the company at the end of the financial year ended 31st March, 2011 and the profit of the Company for the year;

that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

that the Directors have prepared annual accounts on a going concern basis

PARTICULARS OF EMPLOYEES

During the year under report, the company had no employee who was in receipt of remuneration of not less than Rs. 60,00,000/- per annum or not less than Rs. 5,00,000/- per month or any part thereof.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants have stated their inability to continue as the Auditors of the company. The company has appointed M/s P. M. Katharitya & Co., Chartered Accountants as the Auditors of the company. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

EARNINGS AND OUTGO

During the year under review, the Company has not carried out any manufacturing activities nor the Company has any manufacturing unit. Hence, information pursuant to Section 217(1)(e) of the Companies Act, 1956 is not applicable.

For and on behalf of the Board

Murali Sarma Chairman

May 20, 2011

AUDITORS' REPORT TO THE MEMBERS OF IPCA PHARMA (NZ) PTY LTD

We have audited the attached Balance Sheet of Ipca Pharma (NZ) Pty Ltd as at 31st March, 2011, Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. In carrying out our audit we have placed reliance on the work of Pender & Associates Pty Ltd, Certified Practicing Accountants and have carried out such checks as we considered necessary to enable us to form our opinion. 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.

Since the company is not a foreign company as defined in Section 591 of the Companies Act 1956, the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, does not apply and hence the matters specified therein are not reported upon.

Further to our comments above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
- iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- These accounts are prepared to comply with the requirements of the Companies Act 1956 relating to the subsidiary and holding company disclosure requirements.
- In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- Since the appointment of directors to this company are not governed by the provisions of the Companies Act, 1956 the provisions relating to disqualifications u/s 274(1)(g) of the Companies Act 1956 do not apply to this company.
- vii) In our opinion and to the best of our information and according to the

explanation given to us, the accounts read with and subject to the notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.

- (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2011
 (b) in the case of Profit and Loss Account of the profit for the year ended
- (c) in the case of Cash Flow Statement, of the cash flow for the year ended
- on that date.

For P. M. Kathariya & Co. CHARTERED ACCOUNTANTS

Proprietor

M No. 31315

Firm Registration No. 104922W P. M. Kathariya

| Mumbai | |
|--------------|--|
| May 20, 2011 | |

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule | | | t March, 2010 in thousands) |
|--|--|---|---|--|
| SOURCES OF FUNDS Shareholders' Funds | | | | |
| Share Capital | 1 | | 4 | 4 |
| Reserves and Surplus Foreign Currency Translation Reserve | 2 | | 9 1 | - |
| Unsecured Loan | 3 | | 123 | 93 |
| | | | 137 | 97 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets Gross Block-Intangibles Less : Amortiasation / Depreciation | | | 117 | 93 |
| Net Block | | | | 93 |
| Current Assets, Loans and Advance | s | | | |
| Cash and Bank Balances | 4 | | 20 | 4 |
| Less : Current Liabilities and Provisio | ons | | 20 | 4 |
| Current Liabilities | | | - | - |
| Net Current Assets | | | 20 | 4 |
| Notes to the Accounts | 6 | | 137 | 97 |
| | | | | |
| As Per our report of even date attach | | and on ho | half of the Bo | ard |
| For P. M. Kathariya & Co. Chartered Accountants | FÜI | | | Julu |
| Firm Registration No. 104922W | Mu | rali Sarma | Alakkudi Su | ndararaman |
| Ũ | | ector | Director | |
| Proprietor | | | | |
| M.No. 31315 | | | | |
| Mumbai | | | | |
| May 20, 2011 | | | | |
| | | | | |
| PROFIT AND LOSS ACCOUNT FOR THE | YEAR END | ED 31ST M | ARCH, 2011 | |
| PROFIT AND LOSS ACCOUNT FOR THE | | DED 31ST M Chedule | 2010-11 | 2009-10 |
| PROFIT AND LOSS ACCOUNT FOR THE | | | 2010-11 (Rs. in | (Rs. in |
| PROFIT AND LOSS ACCOUNT FOR THE | | | 2010-11 | |
| | | | 2010-11 (Rs. in | (Rs. in |
| INCOME Sales and Income from Operations | | | 2010-11 (Rs. in | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE | | chedule | 2010-11 (Rs. in thousands) | (Rs. in |
| INCOME Sales and Income from Operations | | | 2010-11 (Rs. in | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F | Si | chedule 5 | 2010-11 (Rs. in thousands) - 2 (2) | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income | Si PRIOR PERIO | 5 DD ITEMS | 2010-11 (Rs. in thousands) - - 2 (2) 11 | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period Income PROFIT/(LOSS) AFTER TAXATION AND F | Si PRIOR PERIO | 5 DD ITEMS | 2010-11 (Rs. in thousands) - 2 (2) | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Priori period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance | Si PRIOR PERIO PRIOR PERI | 5 DD ITEMS | 2010-11 (Rs. in thousands) - - 2 (2) 11 | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) | Si PRIOR PERIO PRIOR PERI | 5 DD ITEMS | 2010-11 (Rs. in thousands) - - 2 (2) - 11 9 - - 9 - 9 - 9 | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic | Si PRIOR PERIO PRIOR PERI | 5 DD ITEMS | 2010-11 (Rs. in thousands) | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) | Si PRIOR PERIO PRIOR PERI | 5 DD ITEMS | 2010-11 (Rs. in thousands) - - 2 (2) - 11 9 - - 9 - 9 - 9 | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted | Si PRIOR PERIO PRIOR PERI | 5 DD ITEMS | 2010-11 (Rs. in thousands) | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) | Si PRIOR PERIO PRIOR PERI > Sheet | 5 DD ITEMS OD ITEMS | 2010-11 (Rs. in thousands) | (Rs. in |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. | S PRIOR PERIC PRIOR PERI PRIOR PERI PRIOR PERI | 5 DD ITEMS OD ITEMS | 2010-11 (Rs. in thousands) | (Rs. in thousands) - - - - - - - - - - - - - - - - - |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. Chartered Accountants | PRIOR PERIO PRIOR PERIO PRIOR PERI PRIOR PERI PRIOR PERI PERIOR For | 5 DD ITEMS OD ITEMS 6 and on be | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. | Si PRIOR PERIO PRIOR PERI > Sheet For Mui | 5 DD ITEMS OD ITEMS 6 and on be rali Sarma | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) - - - - - - - - - - - - - - - - - |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward to Balance Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. Chartered Accountants Firm Registration No. 104922W | Si PRIOR PERIO PRIOR PERI > Sheet For Mui | 5 DD ITEMS OD ITEMS 6 and on be | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. Chartered Accountants | Si PRIOR PERIO PRIOR PERI > Sheet For Mui | 5 DD ITEMS OD ITEMS 6 and on be rali Sarma | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFIT/(LOSS) BEFORE TAXATION AND F Prior period income PROFIT/(LOSS) AFTER TAXATION AND F Profit Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. Chartered Accountants Firm Registration No. 104922W P. M. Kathariya | Si PRIOR PERIO PRIOR PERI > Sheet For Mui | 5 DD ITEMS OD ITEMS 6 and on be rali Sarma | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) |
| INCOME Sales and Income from Operations EXPENDITURE Financial Cost PROFI7(LOSS) BEFORE TAXATION AND F Prior period income PROFIT(LOSS) AFTER TAXATION AND F Profif Brought Forward Balance carried forward to Balance Earning per Share (in Rupees) Basic Diluted (Refer note 7) Notes to Accounts As Per our report of even date attach For P. M. Kathariya & Co. Chartered Accountants Firm Registration No. 104922W P. M. Kathariya Proprietor | Si PRIOR PERIO PRIOR PERI > Sheet For Mui | 5 DD ITEMS OD ITEMS 6 and on be rali Sarma | 2010-11 (Rs. in thousands) - - - - - - - - - - - - - - - - - - - | (Rs. in thousands) |



IPCA PHARMA (NZ) PRIVATE LIMITED

SCHEDULES TO THE ACCOUNTS SCHEDULES 1 TO 6 FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| | | | Aarch 2010 (Rs. In sand) | 31st March 2011 (Rs. In Thousand) |
|---|--|--|---|---|
| SCHEDULE | | mou | sunuj | mousariaj |
| Issued and 100 Shares | 4 Subscribed : (Previous year 100) (Par Value NZD \$ 1 e are held by holding company-lpc; | | 4 | 4 |
| (Australia) F PER | Pty Ltd) BALANCE SHEET | | 4 | 4 |
| SCHEDULE RESERVE & | | | | |
| Profit & Los PER | s account BALANCE SHEET | | 9 | |
| SCHEDULE UNSECURE Loan from I | | Co.) | 123 | 93 |
| | BALANCE SHEET | | 123 | 93 |
| SCHEDULE CASH AND Cash in ha | BANK BALANCES | | 4 | 4 |
| | ith non scheduled banks (Refer Note N BALANCE SHEET | 0. 3) | 16 20 | 4 |
| | | | 10-11 (Rs. In | 2009-10 (Rs. In |
| SCHEDULE | - | | sand) | Thousand) |
| FINANCIAL Interest | COSI | | - | - |
| Bank charç PER | ges PROFIT AND LOSS ACCOUNT | | 2 | - |
| | 6 - NOTES FORMING PART OF THE AC | COUNTS | | |
| 1. Acco | ounting Policies. | | | |
| b) | Accounting convention The financial statements are p convention on accrual basis. The requirements of Schedule VI to the Conversion into Indian rupees | e financial statem | ents co | |
| - | The translation of financial stater accordance with AS 11 (Revised Exchange Rates issued by the Ir India, which is mandatory w.e. Currency Translation Reserve is s | the Effects of (stitute of Charter f 01.04.2004. The | Changes ed Acc | |
| | funds or under Profit and Loss accord The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. | ount on the asset : Inslated at closing Ite as on transactic | side. rate ex on date. | ountants of ant Foreign hareholders (cept share The income |
| Institu Rela | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at d | ount on the asset and closing the as on transactic a rate nearing the ccounting standa | side. rate ex on date. average | ountants of ant Foreign hareholders kcept share The income a rate during |
| Institu Rela Entiti IPCA | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: | ount on the asset is instated at closing te as on transactic a rate nearing the ccounting standa ia. | side. rate ex on date. average rd- 18 is: | ountants of ant Foreign hareholders ccept share The income e rate during sued by The |
| Institu Rela Entiti IPCA Trans | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the the year. ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists | ount on the asset : Islated at closing te as on transactic a rate nearing the ccounting standa ia. ng Company | side. rate ex n date. average rd- 18 is: (Rs. I | ountants of ant Foreign hareholders coept share The income a rate during sued by The n thousand) |
| Institu Rela Entiti IPCA Trans Descriptio | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ited Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists .PHARMA (AUSTRALIA) PTY LTD – Holdir sactions with Related Parties | ount on the asset is instated at closing te as on transactic a rate nearing the ccounting standa ia. | side. rate ex n date. average rd- 18 is: (Rs. I | ountants of ant Foreign hareholders coept share The income a rate during sued by The n thousand) |
| Institu Rela Entiti IPCA Trans Descriptio Loan taker (Previous Yo | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists . PHARMA (AUSTRALIA) PTY LTD – Holdir sactions with Related Parties | ount on the asset : stated at closing te as on transactic a rate nearing the ccounting standa ia. ng Company Entities where cor | side. rate ex n date. average rd- 18 is: (Rs. 1 | ountants of ant Foreign hareholders ccept share The income a rate during sued by The n thousand) ts Total |
| Institu Rela Entiti IPCA Trans Descriptio Loan taker (Previous Y Balances o Payable | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists .PHARMA (AUSTRALIA) PTY LTD – Holdir sactions with Related Parties | ount on the asset : slated at closing te as on transactic a rate nearing the ccounting standa ia. ng Company Entities where cor 30 | side. rate ex n date. average rd- 18 is: (Rs. 1 | ountants of ant Foreign hareholders ccept share The income a rate during sued by The n thousand) ts Total 30 |
| Institu Rela Entiti IPCA Trans Loan taker (Previous Y Balances o Payable Balances o Payable | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists .PHARMA (AUSTRALIA) PTY LTD – Holdir bactions with Related Parties | ount on the asset : slated at closing te as on transactic a cate nearing the accounting standa ia. ng Company Entities where con 30 93 123 93 | side. rate ex on date. average rd- 18 is: (Rs. I | ountants of ant Foreign hareholders recept share The income e rate during sued by The n thousand) ts Total 93 123 93 |
| Institu Rela Entitu IPCA Trans Descriptio Loan taker (Previous Yi Balances of Payable Balances of Payable Disclosure | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists .PHARMA (AUSTRALIA) PTY LTD – Holdir bactions with Related Parties | ount on the asset : Islated at closing te as on transactic a rate nearing the ccounting standa ia. Ing Company Entities where con 30 93 123 93 n are more than | (Rs. I the exist of the exist o | ountants of ant Foreign hareholders ccept share The income e rate during sued by The sued by The n thousand) ts Total 93 123 93 0f the total |
| Institu Rela Entiti IPCA Loan taker (Previous Y Balances o Payable Balances o Payable Disclosure transaction | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ted Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists PHARMA (AUSTRALIA) PTY LTD – Holdir sactions with Related Parties n 1 as on 31st March 2011 in respect of transactions, which is of the same type with, related parties | bunt on the asset : islated at closing tera so ntransactic a rate nearing the ccounting standa ia. Ing Company Entities where cor 30 93 123 93 n are more than ties during the year | (Rs. I the exist of the exist o | ountants of ant Foreign hareholders ccept share The income a rate during sued by The sued by The n thousand) ts Total 93 123 93 0f the total Thousands) |
| Institu Rela Entiti IPCA Trans Descriptio Loan taker (Previous Y Balances o Payable Balances o Payable Disclosure transaction Particulars Loan Taker | The Assets and Liabilities are tran capital which is translated at the ra and expenditure are translated at the year. Ited Party Disclosure as required by A ute of Chartered Accountants of Ind tionship: es where control exists PHARMA (AUSTRALIA) PTY LTD – Holdir sactions with Related Parties n 1 as on 31st March 2011 as on 31st March 2010 in respect of transactions, which is of the same type with, related part | ount on the asset : Islated at closing te as on transactic a rate nearing the ccounting standa ia. Ing Company Entities where con 30 93 123 93 n are more than | (Rs. I the exist of the exist o | ountants of ant Foreign hareholders ccept share The income e rate during sued by The sued by The n thousand) ts Total 93 123 93 0f the total |

| Nan | ne of the Banks | Mavimun | n Balance | | Ralan | ce As On | |
|--|--|--|--|---|---|---|------------------------|
| Null | | 2010-11 | 2009-10 | 2 | 010-11 | - | 19-10 |
| | | (Rs.In thousand) | (Rs. In thousand) | (Rs.In | thousand |) (Rs. In t | housand) |
| | of New Zealand | 18 | - | | 16 | | - |
| Total | | 18 | - | | 16 | | - |
| 4. | | counts have be | | - | - | | |
| 5. | of attachmer | iy is 100% sub re been prepare it to the accour sions of Indian C | ed and restated | in Indi | ian Rupee | es for the | purpose |
| 5. 7. | Since the cor the year, infor Schedule VI to Earning per St The earning p | mpany is not ha mation pursuan o the companie nare er share is calcu | ving any manu t to paragraphs s act, 1956 in n ulated by dividir | 3, 4, ot give | 4Ã, 4C ar en. profit afte | nd 4D of | part II o |
| Parti | average no. o | of shares outstar | nding for basic 8 | k dilute | | 0-11 | 2009-10 |
| | after tax (Rs. In | thousand) | | | | 9 | |
| | of shares outsta | | | | | 100 | 100 |
| | | no. of shares ou | | | | 100 | 100 |
| | ng per share (F | no. of shares out | เงานเทย (INOS.) | - Dilui | eu | 100 | 100 |
| – Bas | 01 (| | | | | 90 | |
| – Dilu | | | | | | 90 | - |
| 7. | policies. Previous yea |), the exchange r's figures have make them con | e been regrou | | | | |
| ⁻ irm (? M. Propri VI.No Vlum | . 31315 bai | | Murali S Directoi | | Alakkud Alakkud Directoi | li Sundaro | araman |
| Firm (? M. Propri VI.No Vlum Vlum Vlay : | Registration No. Kathariya letor . 31315 bai 20, 2011 | ants | Director | AARCH | Alakkud Director 1 2011 010-11 | li Sundaro | 2009-10 |
| Firm (Propri M.No Mum May : CAS | Registration No. Kathariya letor . 31315 bai 20, 2011 IFLOW STATEME | ants 104922W ENT FOR THE YEA | Director R ENDED 31ST I Rs. | AARCH | Alakkud Director | li Sundaro | 2009-10 |
| Firm I Propri M.No Mum May : CASH CASH 1. No 2. O | Registration No Kathariya letor . 31315 bai 20, 2011 IFLOW STATEME I FLOW FROM (et profit/(loss) I | ants 104922W | Director R ENDED 31ST I Rs. VITIES | AARCH | Alakkud Director 1 2011 010-11 | li Sundaro | 2009-10 |
| Firm I Propri M.No Mum May : CASH CASH 1. N 2. O cl 3. C M re | Registration No Kathariya letor . 31315 bai 20, 2011 IFLOW STATEME I FLOW FROM (tet profit/(loss) I perating profit hanges ash generated ovement in for iserve | ants 104922W ENT FOR THE YEA OPERATING ACTI Defore taxation | Director R ENDED 31ST I Rs. VITIES orking capital n | AARCH | Alakkud Director 1 2011 010-11 usands 9 9 9 | li Sundaro | 2009-10 |
| irm I Propri M.No Mum May : CASH 1. N 2. O cl 3. C M re | Registration No Kathariya letor .31315 bai 20, 2011 IFLOW STATEME IFLOW FROM (et profit/(loss) I perating profit hanges ash generated lovement in for | ants 104922W ENT FOR THE YEA OPERATING ACTI Defore taxation ((loss) before we d from operation | Director R ENDED 31ST I Rs. VITIES orking capital n | MARCH 2 in Tho | Alakkud Director 1 2011 010-11 usands 9 9 | li Sundaro | 2009-10 |
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| Firm I Propri M.No Mum May : CASH CASH CASH CASH CASH CASH CASH CASH | Registration No Kathariya lefor . 31315 bol 20, 2011 IFLOW STATEME IFLOW | ants 104922W ENT FOR THE YEA OPERATING ACTI Defore taxation /(loss) before we d from operation eign Currency Tr operating activit INVESTING ACTIN | Director R ENDED 31ST I Rs. VITIES orking capital n anslation — ies | MARCH 2 in Tho | Alakkud Director 1 2011 010-11 usands 9 9 9 | li Sundaro | 2009-10 ousands |
| Firm I Proprint M.No Mum May : CASH CASH CASH CASH To CASH To CASH Net of Net of | Registration No Kathariya lefor . 31315 bai 20, 2011 IFLOW STATEMI IFLOW STATEMI IFLOW STATEMI IFLOW STATEMI IFLOW FROM 1 ash generated lovement in for serve ax paid et cash from c I FLOW FROM 1 nases of Fixed / cash from / (us | ants 104922W ENT FOR THE YEA OPERATING ACTI Defore taxation /(loss) before we d from operation eign Currency Tr operating activit INVESTING ACTIN | Director R ENDED 31ST I Rs. VITIES orking capital n anslation — ies (TITES — activities | MARCH 2 in Tho 1 A | Alakkud Director 1 2011 010-11 usands 9 9 9 9 9 9 9 9 | ii Sundare Rs. in Th | 2009-10 ousands |
| Firm I Proprint Proprint Proprint Proce | Registration No Kathariya letor .31315 bol 20, 2011 IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW FROM I ash generated lovement in for serve ax paid et cash from c If FLOW FROM I bases of Fixed / bash from / (us I FLOW FROM I baseds of Loan fr | ants 104922W ENT FOR THE YEA OPERATING ACTI Defore taxation /(loss) before we d from operation eign Currency Tr operating activit (NVESTING ACTIN Assets ed) in investing FINANCING ACT om Shareholder | Director R ENDED 31ST I Rs. VITIES orking capital n anslation | //ARCf 2 in Tho 1 A (24) | Alakkud Director 1 2011 010-11 usands 9 9 9 9 9 1 10 (24) | ii Sundare Rs. in Th | 2009-10 ousands |
| Firm I Proprint Proprint Proprint Proprint CASH CASH CASH CASH CASH Purch Net (CASH Purch Net (CASH Proce Net (CASH Proce Net (CASH Proprint CASH | Registration No Kathariya lefor . 31315 boi 20, 2011 IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW FROM I as generated lovement in for serve as pold IFLOW FROM I asses of Fixed / assh from / (us IFLOW FROM I aceds of Loan fin ancrease/(decr valents (A + B | ents 104922W ENT FOR THE YEA OPERATING ACTI before taxation t/(loss) before with d from operation eign Currency Tr operating activiti NVESTING ACTIV Assets ed) in investing FINANCING ACTIV assets ed) in investing com Shareholder: nocing activities ease) in cash at + C) | Director R ENDED 31ST I Rs. VITIES orking capital n anslation ties VITIES activities VITIES s md cash | AARCH 2 in Tho 1 A (24) B | Alakkud Director 1 2011 010-11 usands 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 | ii Sundard Rs. in Th | 2009-10 ousands |
| Firm I Proprint M.Noo Mum May: CASH CASH CASH CASH CASH CASH Purch CASH Purch CASH Proce CASH Proce CASH | Registration No Kathariya leftor . 31315 boi 20, 2011 IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW FROM I asses of Fixed / Cash from / (us IFLOW FROM I asses of Fixed / Cash from / (us IFLOW FROM I asset of Loan fir cash from finan cash statement and cash equ o and cash equ | ENT FOR THE YEA DEFENTING ACTIN Defore taxation t/(loss) before with d from operation eign Currency Tr operating activiting perating activiting perating activities ed) in investing FINANCING ACTIN Assets ed) in investing FINANCING ACTIN assets ed) in investing rincing activities ease) in cash an + C) uivalents at beginivalents at end | Director R ENDED 31ST I Rs. VITIES orking capital n anslation ies VITIES s mathematical intervities is intervit | MARCH 2 in Tho 1 A (24) B 30 | Alakkud Director 010-11 usands 9 9 9 1 10 (24) (24) 30 30 | ii Sundard Rs. in Th | 2009-10 ousands |
| Firm I Proprint Proprint CASH CASH CASH CASH CASH Purch CASH Purch CASH Purch CASH Purch CASH Purch CASH Purch CASH Porce CASH Purch CASH Purch CASH Porce CASH Purch CASH Purch CASH Porce CASH Purch Purch CASH Purch Pur | Registration No Kathariya leftor . 31315 boi 20, 2011 IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW FROM I asses of Fixed / Cash from / (us IFLOW FROM I asses of Fixed / Cash from / (us IFLOW FROM I asset of Loan fir cash from finan cash statement and cash equ o and cash equ | ENT FOR THE YEA OPERATING ACTI Defore taxation ((loss) before with a from operation eign Currency Tr operating activiti NVESTING ACTIV Assets ed) in investing FINANCING ACTIV assets ed) in investing FINANCING ACTIV assets ed) in cash at + C) avalents at begi avalents at begi avale | Director R ENDED 31ST I Rs. VITIES orking capital n anslation ies (TITES s nd cash nning of period of period hed | MARCH 2 in Tho 1 (24) B 30 C | Alakkud Director 4 2011 010-11 usands 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 | ii Sundard Rs. in Th | 2009-10 ousands |
| CASH CASH CASH CASH CASH CASH CASH CASH | Registration No Kathariya lefor . 31315 boli 20, 2011 IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME IFLOW STATEME ash generated lovement in for serve to point ovement in for serve to point IFLOW FROM I asses of Fixed / cash from / (us IFLOW FROM I asses of Fixed / cash from final norcease/(decr valents (A + B a and cash equ r our report of f M. Kathariya 8 | ENT FOR THE YEA OPERATING ACTI Defore taxation ((loss) before we d from operation eign Currency Tr operating activit INVESTING ACTIN Assets ed) in investing EINANCING ACTIN om Shareholder maing activities ease) in cash al + C) uivalents at begin uivalents at begin even date attack & Co. ants | Director R ENDED 31ST I Rs. VITIES orking capital n anslation ies (TITES s nd cash nning of period of period hed | AARCH 2 in Tho 1 (24) B 30 C C | Alakkud Director 4 2011 0010-11 usands 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 | ii Sundara Rs. in Th 93 | 2009-10 ousands |



DIRECTORS' REPORT

TO THE MEMBERS:

Your Directors have pleasure in presenting the 4th Annual Report together with the audited statement of accounts for the year ended 31st March, 2011.

Your Company was incorporated by Ipca Laboratories Limited in association with Padmashree Vaidya Balendu Prakash to set up Ayurvedic Treatment and Research centres and for marketing Ayurvedic formulations. Your Company has started marketing few Ayurvedic formulations since the last financial year. During the year under Report, the total income of the Company was Rs. 4.06 lacs (Previous year – 21.37 Lacs) and the operations have resulted in a net loss of Rs. 30.87 lacs (Previous year – net loss of Rs. 102.85 lacs).

DIVIDEND

In view of the losses incurred during the year under review, your Directors do not recommend any dividend for the financial year ended 31st March, 2011. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- II. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2011 and of the loss of the Company for the year;
- III. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. that the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Mr. Prashant Godha retires by rotation and being eligible, offers himself for reappointment.

PARTICULARS OF EMPLOYEES

Since the Company has no employee covered under the provisions, information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable.

FIXED DEPOSITS

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

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

The Company has not carried out any manufacturing operations and therefore, not applicable. There was no foreign exchange earnings or outgo COMPLIANCE CERTIFICATE

A compliance certificate under section 383A of the Companies Act, 1956, received from the Secretary in whole time practice is attached herewith.

Agarwal & Mangal, Chartered Accountant, retire as auditors and being eligible offer themselves for re-appointment as Auditors.

For and on behalf of the Board

Ipca Traditional Remedies Pvt. Ltd.

Premchand Godha

Chairman Mumbai

23rd May, 2011

AUDITOR'S REPORT TO THE MEMBERS OF IPCA TRADITIONAL REMEDIES PRIVATE LIMITED

- We have audited the Balance Sheet of IPCA TRADITIONAL REMEDIES PRIVATE LIMITED as at 31st March, 2011 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,

on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 3. As required by the Companies (Auditors Report) Order 2003, (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred in paragraph 3 above,

We report that :

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
- (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the directors as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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, the accounts read with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give 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, 2011;
 - (ii) in the case of the Profit and Loss Account of the Loss for the year ended on that date;

For **Agarwal & Mangal** Firm Registration No. 100061W Chartered Accountants **B. P. MANGAL** Partner Membership No. 32973

Mumbai 23rd May, 2011

Annexure referred to in paragraph 3 of our audit report of even date,

- (i) The Company has no fixed assets.
- (ii) (a) The inventory of the Company has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical records and the book records were not material.
- (iii) The Company has not taken or granted any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clause (iii)(f) and (iii)(g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness was noticed in the internal control system.
- (v) The Provision of clause 4(v) of the Companies (Audit Report) Order 2003, is not applicable to the Company
- (vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.



IPCA TRADITIONAL REMEDIES PRIVATE LIMITED

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) The provisions of clause 4 (viii) of the Company (Audit Report) Order, 2003 are not applicable to the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, Service Tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess, which have been not deposited on account of any dispute
- (x) In our opinion the accumulated losses of the Company are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank. The Company has not taken any loan from financial institutions. Further, no loan has been taken by way of issuance of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institution.
- (xvi) Based on our examination of records and information and explanations given to us, we are of the opinion that the term loans were applied for the purpose for which the loans were obtained.
- (xvii) On the basis of overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based on the information and explanations furnished by the management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

FOR **AGARWAL & MANGAL** Firm Registration No. 100061W Chartered Accountants

Mumbai 23rd May, 2011 **B. P. MANGAL** Partner

Membership No. 32973

BALANCE SHEET AS AT 31ST MARCH, 2011 SCHEDULE 31.03.2011 31.03.2010 (RUPFES) (RUPFES) (RUPFES) (RUPEES) SOURCES OF FUND SHARE HOLDERS FUNDS -Share Capital 1 29.840.000 29.840.000 29,840.000 29.840.000 APPLICATION OF FUND CURRENT ASSETS LOANS & ADVANCES Inventories 278.233 338,500 Sundry Debtors 2 275.987 824 159 Cash & Bank Balances 327,099 2,466,457 3 Loans & Advances 46,863 181,707 Δ 928,182 3,810,823 Less: CURRENT LIABILITIES & PROVISIONS 5 276.870 113.342 NFT CURRENT ASSETS 651.312 3.697.481 MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) Preliminary Expenditure 288.084 329,239 PROFIT & LOSS ACCCOUNT 28,900,604 25,813,280 29.840.000 29.840.000 Significant Accounting Policies and Notes to the Accounts 11 As per our Report of even date attached For AGARWAL & MANGAL For and on behalf of the Board Firm Registration No. 100061W Chartered Accountants Premchand Godha Prashant Godha B. P. MANGAL Director Director Partner Membership No.32973 Mumbai 23rd May. 2011 PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2011 2009-10 Schedule 2010-11 (RUPEES) (RUPFFS) INCOME 374,344 341 883 Sales 17,229 Less :- Sales Tax 357.115 13,757 328.126 Other Income 49,217 1,808,592 6 2,136,718 406.332 **EXPENDITURE** Cost of Goods Sold 7 282,620 234,403 Personnel Cost 8 2.448.078 3.483.776 4,467,705 Administrative & other Exp. 9 758.591 3 695 543 **Financial Cost** 10 4.367 539,837 Depreciation 3,493,656 12,421,264 NFT LOSS (3.087.324) (10.284.546) SHORT PROVISION OF FRINGE BENEFIT TAX OF FARI IFR YFARS (7.286) LOSS BROUGHT FORWARD (25,813,280) (15,521,448) LOSS CARRIED TO BALANCE SHEET (28,900,604) (25.813.280) EARNING PER SHARE (1.03) (3.45) Significant Accounting Policies and NOTES TO THE ACCOUNTS 11 As per our Report of even date attached For AGARWAI & MANGAI For and on behalf of the Board Firm Registration No. 100061W Chartered Accountants Premchand Godha Prashant Godha B. P. MANGAL Director Director Partner Membership No 32973 Mumbai 23rd May, 2011



IPCA TRADITIONAL REMEDIES PRIVATE LIMITED

SCHEDULES TO THE ACCOUNTS

Schedule 1 to 11 forming part of the Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended 31, March 2011 31.03.2011 31.03.2010

| | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| SCHEDULE 1 | (RUPEES) | (RUPEES) |
| SHARE CAPITAL | | |
| Authorised | | |
| 4000000 Equity Shares of Rs. 10/- each | | |
| (P. Y. 4000000 Equity Shares of Rs. 10/- each) | 40,000,000 | 40,000,000 |
| Issued And Subscribed & Paid Up. | | |
| 2984000 Equity Shares of Rs. 10/- each fully paid up | 29,840,000 | 29,840,000 |
| (P. Y. 2984000 Equity Shares of Rs. 10/- each) | | |
| PER BALANCE SHEET | 29,840,000 | 29,840,000 |
| SCHEDULE 2 | | |
| SUNDRY DEBTORS | | |
| (Unsecured - Considered Good) | | |
| Outstanding for more than 6 Month | 128,647 | - |
| Other Debts | 147,340 | 824,159 |
| PER BALANCE SHEET | 275,987 | 824,159 |
| | | |
| SCHEDULE 3 | | |
| CASH & BANK BALANCES | | |
| Cash in Hand | 2,734 | 35,874 |
| Balances with Scheduled Bank | | |
| In Current Account | 324,365 | 388,223 |
| In Deposit Account | | 2,042,360 |
| PER BALANCE SHEET | 327,099 | 2,466,457 |
| | | |
| SCHEDULE 4 | | |
| LOANS & ADVANCES | | |
| (Unsecured - Considered Good) | | |
| Advances recoverable in cash or in kind or for | | |
| value to be received | 9,505 | 21,499 |
| Deposits | 1 | 150,000 |
| Advance Fringe Benefit Tax | - | 3,399 |
| TDS | 37,358 | 6,809 |
| PER BALANCE SHEET | 46,863 | 181,707 |
| SCHEDULE 5 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Sundry Creditors | 179,509 | 66,037 |
| Other Liabilities | 97,361 | 47,305 |
| PER BALANCE SHEET | 276,870 | 113,342 |
| | | |
| SCHEDULE 6 | | |
| OTHER INCOME | | |
| Accommadition Charges Received from Patient | | 1,666,614 |
| Registration Fees | - | 59,000 |
| Interest Income (Including Tax Deducted | | |
| at source Rs. 3873 /-) (P. Y. 6809/-) | 49,217 | 68,078 |
| Seminar Fees | - | 14,900 |
| | | 10.01.11 |
| PER PROFIT & LOSS ACCOUNT | 49,217 | 18,08,592 |

| SCHEDUL | 7 | | |
|----------------------|---|---------------|-----------------|
| COST OF | GOODS SOLD | | |
| Opening | Stock | 338,500 | 429,669 |
| Add :- Pu | rchases | 125,524 | 143,234 |
| Add :- Pa | icking Material | 96,829 | - |
| | osing Stock | 278,233 | 338,500 |
| PER | PROFIT & LOSS ACCOUNT | 282,620 | 234,403 |
| SCHEDULI | 8 | | |
| PERSONN | EL COST | | |
| Payment · Bonus | to and Provision for Salaries, Wages and | 2,446,328 | 3,419,524 |
| Welfare Ex | (penses | | 52,638 |
| | ent & training | 1,750 | 11,614 |
| PER | PROFIT & LOSS ACCOUNT | 2,448,078 | 3,483,776 |
| | | | |
| SCHEDUL | 9 | | |
| ADMINIST | RATIVE & OTHERS EXP | | |
| Audit Fee | S | 8,273 | 8,761 |
| Electrical | Consumables | 95 | 39,782 |
| Electricity | & Water Charges | | 397,108 |
| Insurance | | | 30,799 |
| Telephone | e Charges | 13,985 | 82,012 |
| Rent, Rate | es & Taxes | 103,810 | 432,298 |
| Vehicle Ex | penses | 900 | 57,254 |
| Repairs & | Maintenance | 6,256 | 136,153 |
| Printing & | Stationery | 37,082 | 64,268 |
| Travelling | Expenses | 261,790 | 369,790 |
| Legal & Pi | rofessional Charges | 39,101 | 85,679 |
| Loss on sc | ale of Assets | | 2,448,819 |
| Miscellan | eous Expenses | 287,299 | 314,982 |
| PER | PROFIT & LOSS ACCOUNT | 758,591 | 4,467,705 |
| | | | |
| SCHEDULI FINANCIA | | | |
| On Fixed | | | 3,682,455 |
| | | - | |
| Bank Cha | PROFIT & LOSS ACCOUNT | 4,367 | 13,088 |
| SCHEDULE | | -, | |
| | | | |
| | | | |
| a. | System of Accounting : The Company follows accural system of | accounting fo | or all items of |
| | revenue and costs. | | |
| b. | Inflation : Assets and Liabilities are shown at historic are made for changes in purchasing po | | |
| c. | Investments : | , | |
| | Investments are stated at cost. | | |
| d. | Fixed Assets | n kan a stat | feetelet |
| | Fixed Assets are stated at cost including other incidental expenses incurred in r installation of the assets. | - | |
| | | | |

IPCA TRADITIONAL REMEDIES PRIVATE LIMITED

e. Depreciation

Depreciation on fixed assets is provided on Straight Line method at applicable rates and in the manner specified in schedule XIV of the Companies Act, 1956.

2. Additional Information pursuant to paragraphs 3, 4C and 4D of Part II of Schedule VI to the the Companies Act, 1956 PARTICULARS OF STOCK, SALES & PURCHASES :

| | | PARTICULARS OF STOCK, | | FURCHAJEJ | | | |
|----|-----|-----------------------------|-------------|---------------|----------------|------------------|-------------|
| | | | Units | | 2010-11 | | 2009-10 |
| | | | | Quantity | Amount | Quantity | Amount |
| | а. | STOCK OF GOODS | | | | | |
| | | Capsules | Nos. | 7374 | 266927 | 9414 | 320937 |
| | | Tablets | Nos. | 278 | 11306 | 475 | 17563 |
| | | | | | 278233 | | 338500 |
| | b. | SALES OF FINISHED GOO | DS | | | | |
| | | Capsules | Nos. | 3205 | 275185 | 3285 | 264498 |
| | | Tablets | Nos. | 1427 | 81930 | 1035 | 63628 |
| | | | | | 357115 | | 328126 |
| | с | PURCHASE OF FINISHED | SOODS | | | | |
| | - | Capsules | Nos. | 1165 | 76405 | 1980 | 129374 |
| | | Tablets | Nos. | 1230 | 49119 | 360 | 13860 |
| | | | 1100. | 1200 | 125524 | 000 | 143234 |
| 3. | | Managerial Remuneratio | n · | | 120024 | | |
| 0. | i) | Managerial remuneration | | Section 198 | of the Com | oanios Act | 1956 to |
| | ŋ | Whole time Directors. | lander | Section 170 | | | 170010 |
| | | WHOLE III HE DIJECTORS. | | | 00 | 10 - 11 2 | 009 - 2010 |
| | | | | | | Rupees | Rupees |
| | | | al fax 1 m | | | Rupees | |
| | | Salary (Previous Year pair | | | | | 225,000 |
| | | Contribution to Provident | Funa a | na otner tuno | as | | |
| | | Perquisites & benefits | | | | <u> </u> | - |
| | | | | | | | 225,000 |
| | ii) | Computation of Net Prof | it as pe | r Section 349 | 7 read with | Section 30 | 9(5) of the |
| | | Companies Act, 1956. | | | | | |
| | | | | | 20 | 10 - 11 | 2009 - 10 |
| | | | | | | Rupees | Rupees |
| | | Profit after Taxation as pe | er Profit c | and Loss Acc | ount (3,0 | 87,324) (1 | 0,284,546) |
| | | Add: Provision for Fringe | Benefit 1 | Γαx | | - | - |
| | | Depreciation | | | | - | 539,837 |
| | | Directors remunerat | ion | | | - | 225,000 |
| | | Loss on sale of Asse | ts | | | - | 2,448,819 |
| | | | | | (3,0 | 87,324) (| 7,070,890) |
| | | Less:Depreciation under | Section | 350 | | - | 539,837 |
| | | Net Profit for the purpose | of Man | aaerial | (3.0 | 87,324) (| 7,610,727) |
| | | Remuneration | | 0 | (2)0 | ,, (| , , ,) |
| | ii) | Company has not recom | mende | d any comp | nission to the | - wholetime | - Directors |
| 4 | ") | Related Party Disclosure | | , | | | |
| 4 | | Related Party Disclosule (| us requi | ieu by ACCOL | uning sidhe | uiu - As To | o issueu by |

the Institute of Chartered Accountants of India. Relationships :

A. Entities where control exists

| lpca Laboratories Limited | |
|-----------------------------|----------|
| B. Key Management Personnel | |
| Mr. Premchand Godha | Director |
| Mr. Vaidya Balendu Prakash | Director |
| C. Associates | |
| Makers Laboratories Limited | |

Transaction with Related Parties

| Description | Entities where control exists | Associates | Total |
|--|----------------------------------|------------|-------------|
| | | | |
| Issue of Share to Ipca Laboratories Ltd. | NIL | - | NIL |
| | (28840000) | - | (28840000) |
| Remuneration to Directors | NIL | - | NIL |
| | (225000) | - | (225000) |
| Purchase of Goods and Services | NIL | - | NIL |
| | (10463) | - | (10463) |
| Sales of goods and services | 146194 | - | 146194 |
| | (286922) | - | (286922) |
| Sale of Fixed Assets | NIL | - | NIL |
| | (125351604) | (487783) | (125839387) |
| Balances as on 31-03-2011 | | | |
| Receivables | 48409 | 12582 | 60991 |

| Pava | | | | | |
|---|--|--|--------------|---------|----------------|
| Pava | | (286922) | (4877 | / | (774705) |
| ayu | bles | NIL | (NIL | / | NIL |
| D' I | | (10463) | (NIL | | (10463) |
| | osures in respect of transactions whicl e same type with related parties duri | | 10 % Of | the tot | altransactions |
| | s sume type with teldied pulles dui | ng me yeui. | | | 2010 - 2011 |
| So | ale of Goods & Services | | | | 146194 |
| | ca Laboratories Limited | | | | (286922) |
| | ale of Fixed Assets | | | | (200722) |
| | ca Laboratories Limited | | | | NI |
| -1- | | | | | (125351604 |
| Re | emuneration of Directors | | | | |
| M | r. Vaidya Balandu Prakash | | | | NI |
| | | | | | (225000 |
| Re | eceivables | | | | |
| lp | ca Laboratories Limited | | | | 48409 |
| M | akers Laboratories Limited | | | | 12582 |
| 5 Pr | revious years figure have been regro | uped and rearro | inged v | vhereve | er necessary. |
| | the opinion of the Board of Directors o | | | | |
| | dvances have value on realisation of | | | | |
| | hich they are stated in the Balance Sh | eet. are stated in | the Baic | ance sn | eet. |
| | r our Report of even date attached | For and an h | of the 1 | Doord | |
| | SARWAL & MANGAL eaistration No. 100061W | For and on beha | iii ui the I | DUUIC | |
| | ered Accountants | | | | |
| | | Premchand Goo | dha | Prasha | int Godha |
| | IANGAL | Director | | Direct | IC |
| Partne | | | | | |
| Nemic Numb | pership No.32973 Dagi | | | | |
| | May, 2011 | | | | |
| dditi | ional information pusuant to Part IV | of Schodulo VI t | a tha C | ompar | ios Act 1956 |
| | NCE SHEET ABSTRACT AND COMPAN | | | | |
| | Registration Details | | | | |
| | Registration No. | | | | 17095 |
| | State Code | | | | 1 |
| | Balance sheet | | | | 3/31/201 |
| | Capital raised during the year Public Issue | | | | N |
| | Right Issue | | | | N |
| | Bonus Issue | | | | N |
| | Private Placement | | | | N |
| | Position of mobilisation of funds | | | | |
| | Total Liabilities | | | | 30,116,87 |
| | Total Assets Sources of funds | | | | 30,116,87 |
| | Paid - up Capital | | | | 29,840,00 |
| | Reserves & Surplus | | | | 27,040,00 N |
| | Secured Loans | | | | N |
| | Unsecured Loans | | | | N |
| | Application of funds | | | | |
| | Net Fixed Assets Investment | | | | N |
| | Net Current Assets | | | | N 651,31 |
| | Miscellaneous Expenditure | | | | 288,08 |
| | Accumulated Losses | | | | 28,900,60 |
| | Performance of the Company | | | | |
| | Turnover | | | | 406,33 |
| | Total Expenditure | | | | 3,493,65 |
| | Loss Before Tax | | | | (3,087,324 |
| | Loss After Tax Earning Per Share | | | | (3,087,324 |
| | Dividend Rate | | | | (1.03 N |
| | Generic Names of Principal Produ | uct | | | |
| | of the Company (As per monetor | | | | |
| | | | | | OT APPLICABL |
| | Item Code No. (ITC Code) | | | N | ot applicabl |
| | Item Code No. (ITC Code) Product Description | | | | |
| As per | Product Description rour Report of even date attached | | | | |
| or AC | Product Description rour Report of even date attached GARWAL & MANGAL | For and on beha | If of the l | Board | |
| As per For AG | Product Description rour Report of even date attached SARWAL & MANCAL egistration No. 100061W | For and on beha | alf of the I | Board | |
| As per For AG | Product Description rour Report of even date attached GARWAL & MANGAL | | | | |
| As per For AG Firm R Charte B. P. M | Product Description our Report of even date attached SARWAL & MANGAL egistration No. 100061W ered Accountants IANGAL | For and on beha Premchand Goo Director | | | int Godha |
| As per For AG Firm R Charte B. P. M Partne | Product Description rour Report of even date attached SARVAL & MANGAL egistration No. 100061W ered Accountants | Premchand Goo | | Prasho | int Godha |
| As per For AG Firm R Charte B. P. M Partne | Product Description rour Report of even date attached SARWAL & MANGAL egistration No. 100061W ered Accountants IANGAL of or Deschip No.32973 | Premchand Goo | | Prasho | int Godha |