



Change makes health wealthy

Ipca Laboratories Ltd.  
ANNUAL REPORT  
2011-12

## Ten Years' Highlights

(Amount in Rupees Crores)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Total Income*</b>	484.32	622.74	685.45	752.82	924.84	1,059.16	1,275.57	1,565.50	1,889.61	2,342.29
<b>Domestic Income*</b>	206.31	265.26	274.87	350.99	440.38	522.90	595.18	759.42	864.43	940.32
<b>Export Income</b>	278.01	357.48	410.58	401.83	484.46	536.26	680.39	806.08	1,025.18	1,401.97
<b>Earning Before Interest, Depreciation &amp; Tax</b>	96.39	128.51	134.48	116.62	202.52	#186.44	#270.01	#344.65	#384.24	#526.40
<b>Profit Before Tax</b>	79.32	108.00	101.55	78.39	151.24	176.87	124.65	271.73	343.70	368.94
<b>Net Profit After Tax</b>	61.86	79.25	80.71	63.98	122.23	141.12	91.22	209.19	255.37	280.17
<b>Share Capital</b>	12.50	12.50	**25.00	25.00	25.00	25.09	24.99	25.04	25.14	25.23
<b>Reserves &amp; Surplus</b>	199.30	263.17	312.59	360.89	461.02	582.57	613.52	849.82	1,028.72	1,237.04
<b>Net Worth</b>	211.80	275.67	337.59	385.89	486.02	607.66	638.51	874.86	1,053.86	1,262.27
<b>Net Block</b>	149.88	195.92	322.46	373.52	431.48	541.04	579.72	674.75	792.57	1,007.33
<b>Dividend (%)</b>	90%	110%	**55%	55%	75%	80%	110%	140%	160%	160%
<b>Earnings Per Share (Rs.)</b>	49.49	63.41	**32.28	25.59	48.89	56.38	36.33	@16.75	20.36	22.23
<b>Book Value Per Share (Rs.)</b>	169.44	220.54	**135.04	154.36	194.41	242.19	255.51	@69.86	83.84	100.06

\* Net of Excise Duty and Sales tax

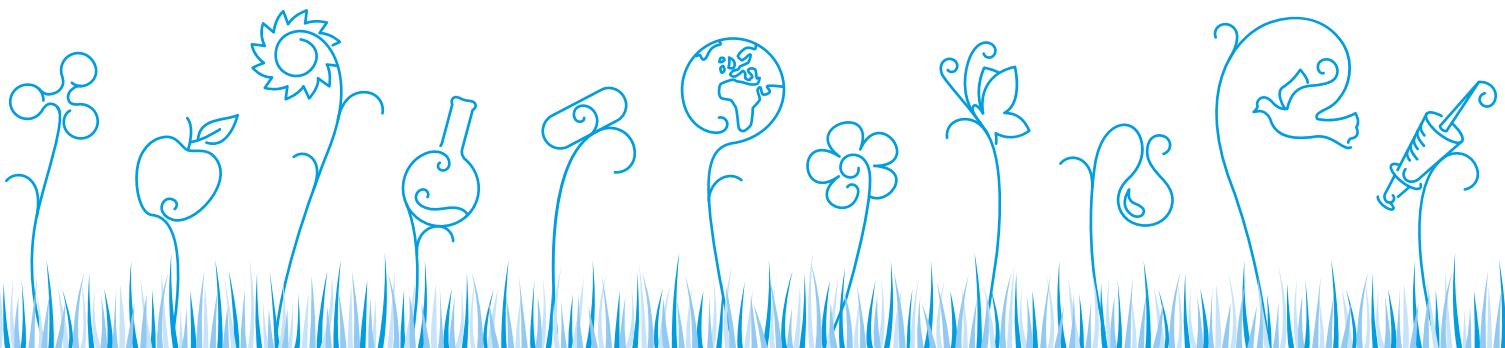
# Before Forex Translations Gain/Loss

\*\* Post 1:1 Bonus Issue

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

## Contents

Management	2
Contacts	3
Notice	4
Directors' Report	9
Report on Corporate Governance	21
Auditors' Report	33
Standalone Accounts	36
Auditors' Report on Consolidated Accounts	69
Consolidated Accounts	70
Details of Subsidiaries	100
Proxy Form / Attendance Slip	103



## Board of Directors

Premchand Godha	Chairman & Managing Director
Ajit Kumar Jain	Joint Managing Director
Pranay Godha	Executive Director
Prashant Godha	Executive Director
Ramappa S. Hugar	Director
Madhukar R. Chandurkar	Director
Babulal Jain	Director
Dr. V.V. Subba Rao	Director
Anand T. Kusre	Director
Dev Parkash Yadava	Director

## Audit Committee

Babulal Jain	Anand T. Kusre
Dr. V. V. Subba Rao	Prashant Godha

## Corporate Management Team

Premchand Godha	Chairman & Managing Director
Ajit Kumar Jain	Joint Managing Director
Pranay Godha	Executive Director
Prashant Godha	Executive Director
Jeevan L. Nagori	President - Operations
Dr. Ashok Kumar	President - R&D (Chemicals)
N. Guhaprasad	President - International Marketing (Branded Formulations)
Dr. Anil Pareek	President - Medical Affairs & Clinical Research
Sunil Ghai	President - Domestic Marketing
Harish P. Kamath	Sr. Vice President - Legal & Company Secretary

## Company Secretary

Harish P. Kamath

## Auditors

Natvarlal Vepari & Co., Chartered Accountants

## Cost Auditors

ABK & Associates, Cost Accountants

## Bankers

Canara Bank	BNP Paribas	Barclays Bank PLC
Standard Chartered Bank	HDFC Bank Ltd.	UBS AG
Kotak Mahindra Bank	Bank of Nova Scotia	ICICI Bank Ltd.
Corporation Bank	Citibank N.A.	DBS Bank Ltd.
HSBC Ltd.		

**Registered Office & International Division**

48, Kandivli Industrial Estate  
Kandivli (West)  
Mumbai 400 067  
India  
T: +91 22 6647 4444  
F: +91 22 2868 6613

**Corporate Office**

142-AB, Kandivli Industrial Estate  
Kandivli (West)  
Mumbai 400 067  
India  
T: +91 22 6647 4747  
F: +91 22 2868 6954 / 2875

**Domestic Marketing Division**

63-E, Kandivli Industrial Estate  
Kandivli (West)  
Mumbai 400 067  
India  
T: +91 22 6647 4222  
F: +91 22 6647 4114

**Research & Development Centre**

123-AB, Kandivli Industrial Estate  
Kandivli (West)  
Mumbai 400 067  
India  
T: +91 22 6647 4755  
F: +91 22 6647 4757

**Registrars & Share Transfer Agents**

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078  
T: +91 22 2596 3838  
F: +91 22 2567 2693

**Works****Madhya Pradesh**

P.O. Sejavta 457 002  
Ratlam  
T: +91 7412 278000 | F: +91 7412 279083

89 A-B / 90 / 91, Industrial Estate  
Pologround  
Indore 452 003  
T: +91 731 2421172 / 2081 | F: +91 731 2422082

1, Pharma Zone  
SEZ Indore  
Pithampur 454 775  
T: +91 7292 667777 | F: +91 7292 667020

**Gujarat**

Plot No. 69 to 72-B, Sector II  
KASEZ  
Gandhidham 370 230  
T: +91 2836 252385 / 89 | F: +91 2836 252313

4722, GIDC Industrial Estate  
Ankleshwar 393 002  
T: +91 2646 220594 | F: +91 2246 250435

23-24, GIDC Industrial Estate  
Nandesari 391 340  
T: +91 265 2840795 | F: +91 265 2840868

**Union Territory of Dadra & Nagar Haveli**

Plot No. 255/1, Village Athal  
Silvassa 396 230  
T: +91 260 2640301 | F: +91 260 2640303

Plot No. 65 & 99, Danudyog Indl. Estate  
Silvassa 396 230  
T: +91 260 2640850 | F: +91 260 2640646

**Maharashtra**

H-4, MIDC, Waluj Indl. Area  
Aurangabad 431 136  
T: +91 240 6611501 | F: +91 240 2564113

**Uttarakhand**

C-6, Sara Indl. Estate, Chakrata Road  
Rampur, Dehradun 248 197  
T: +91 135 2699195 | F: +91 135 2699171

**Sikkim**

393 / 394, Melli-Jorethang Road  
Gom Block, Bhariikhola  
South District 737121  
Telefax: +91 3595 276372

NOTICE is hereby given that the 62nd 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 Tuesday, 31st July, 2012 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, 2012 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare / note payment of dividend on equity shares.
3. To appoint a Director in place of Mr. Pranay Godha who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Premchand Godha who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ramappa S. Hugar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration.

## Special Business

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

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accord its approval to the appointment of and remuneration payable to Mr. Prashant Godha, son of Mr. Premchand Godha, Chairman & Managing Director and brother of Mr. Pranay Godha, Executive Director as the Executive Director of the Company for a period of 5 (five) years with effect from 16th August, 2011 on the terms and conditions including remuneration as approved by the Remuneration and Compensation Committee of the Board and as set out in the agreement dated 5th August, 2011 entered into between the Company and Mr. Prashant Godha, a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting, which agreement is hereby specifically approved.
9. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Dev Parkash Yadava who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 115 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mr. Dev Parkash Yadava as a candidate for the office of Director, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

## Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th July, 2012 to Tuesday, 31st July, 2012 (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 31st July, 2012 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 23rd July, 2012.
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 as well as Directors being appointed 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 Interim Dividend for the financial year 2004-05 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.
7. Explanatory statement under Section 173 of the Companies Act, 1956 in respect of special business at items 7 to 9 is annexed hereto.

Mumbai  
29<sup>th</sup> May, 2012  
Regd. Office: 48, Kandivli Industrial Estate,  
Kandivli (West), Mumbai 400 067

By order of the Board  
For **Ipca Laboratories Ltd.**  
**Harish P. Kamath**  
Sr. Vice President - Legal & Company Secretary

## Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

### Item No. 7

Mr. Prashant Godha was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company with effect from 28th July, 2011. He holds office only upto the date of the ensuing Annual General Meeting.

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

Mr. Prashant Godha, aged 37 years is a graduate in Commerce and has experience of over 13 years in pharmaceutical marketing and general management.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr. Prashant Godha himself and his father Mr. Premchand Godha, Chairman & Managing Director and his brother Mr. Pranay Godha, Executive Director are interested or concerned in passing of this resolution.

### Item No. 8

At the meeting of the Board of Directors of the Company held on 28th July, 2011, Mr. Prashant Godha was appointed as an Additional Director of the Company with immediate effect and also appointed as the Wholetime Executive Director of the Company with effect from 16th August, 2011.

This appointment is subject to compliance with Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and also subject to the approval of the shareholders.

Accordingly, the Company has entered into an Agreement on 5th day of August, 2011 with Mr. Prashant Godha setting out terms and conditions of his appointment as the Executive Director of the Company and remuneration payable to him.

The Agreement referred to in the resolution at item 8 of the accompanying notice sets out the remuneration and other terms and conditions applicable to Mr. Prashant Godha upon his appointment as the Executive Director.

The abstract of the terms and conditions of his appointment as containing in the said Agreement are as under :

1. Period : 5 years with effect from 16th August, 2011
2. Remuneration:
  - a) Salary of Rs.2,20,000/- (Rupees Two Lacs Twenty Thousand Only) per month with such increments as may be decided by the Board subject to a ceiling of Rs.4,00,000/- (Rupees Four Lacs Only) per month.
  - b) Commission : Such remuneration by way of commission, in addition to the above salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year and as may be determined by the Board of Directors of the Company, subject to the overall ceilings stipulated under Sections 198 and 309 of the Companies Act, 1956.

The specific amount payable to the Executive Director will be based on certain performance criteria to be laid down by the Board and will be payable annually after annual accounts have been adopted by the shareholders.



- c) Perquisites : In addition to the salary and commission the Executive Director shall be entitled to the following perquisites -

The perquisites are classified into three categories as under:

#### Category 'A'

- i) **Housing I** : The expenditure incurred by the Company on pre-furnished accommodation for the Executive Director will be subject to the following ceiling - Sixty per cent of the Salary.

**Housing II** : In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of the salary of the Executive Director.

- ii) **Medical, Hospitalization and Healthcare expenses Reimbursement** : Actual expenses incurred for the Executive Director and his family to be paid in accordance with any rules specified by the Company.
- iii) **Leave Travel Concession** : For the Executive Director and his family, once in a year incurred in accordance with any rules specified by the Company subject to a ceiling of one month salary.
- iv) **Club Fees** : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- v) **Personal accident insurance** : As per the rules specified by the Company.

#### Category 'B'

- i) **Provident Fund** : Company's contribution to Provident Fund shall be as per the scheme applicable to the employees of the Company.
- ii) **Superannuation Fund** : Company's contribution to Superannuation Fund shall be in accordance with the rules of the scheme as may be framed by the Company from time to time.
- iii) **Gratuity** : As per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.

Contribution to provident fund, superannuation fund and gratuity fund will not be included in the computation of perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.

- iv) **Encashment of Leave** : Encashment of Leave at the end of the tenure of the appointment will not be included in the computation of perquisites.

#### Category 'C'

- i) **Car** : Provision of car with driver for use on Company's business is not to be considered as perquisites.
- ii) **Telephone** : Telephone(s) at the residence of the Executive Director and mobile phone(s) for official use is not to be considered as perquisites.

3. In the event of no profit or inadequacy of profits, the Company shall pay the aforesaid remuneration by way of salary and perquisites as minimum remuneration.
4. The Executive Director shall be entitled to annual privilege leave on full salary for a period of thirty days and such leave shall be allowed to be accumulated for not more than ninety days during his tenure of appointment.

5. The Executive Director shall be entitled to :
- a) The reimbursement of entertainment expenses actually and properly incurred by him in the course of the legitimate business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors; and
  - b) The reimbursement of travelling, hotel and other expenses incurred by him in India and abroad exclusively on the business of the Company in accordance with the rules and regulations of the Company in force from time to time or as may be approved by the Board of Directors.
6. The Executive Director shall exercise and perform such powers and duties as the Board shall from time to time, determine, and subject to any directions and restrictions, from time to time, given and imposed by the Board and further subject to the Superintendence, Control and Direction of the Board, he shall have the General Control, Management and Superintendence of the business of the Company in the ordinary course of business and to do and perform all other acts, deeds and things which, in the ordinary course of business, he may consider necessary or proper in the interest of the Company.
7. The Executive Director shall devote his whole-time attention and abilities to the business of the Company and shall obey the orders, from time to time, of the Board and in all respects conform to and comply with the directions and regulations made by the Board, and shall use his best endeavors to promote interests of the Company.
8. As long as Mr. Prashant Godha functions as the Executive Director, he shall not be paid any sitting fee for attending the Meetings of the Board of Directors or Committees thereof.

Except Mr. Prashant Godha himself and his father Mr. Premchand Godha, Chairman & Managing Director and his brother Mr. Pranay Godha, Executive Director, none of the other Directors of the Company may be considered to be interested or concerned in this appointment.

The Board recommends approval to his appointment as the Executive Director of the Company.

#### Item No. 9

Mr. Dev Parkash Yadava was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 115 of the Articles of Association of the Company with effect from 13th April, 2012. He holds office only upto the date of the ensuing Annual General Meeting.

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

Mr. Dev Parkash Yadava, aged 66 years, holds Diplomas in Electrical Engineering, Operation Management and Business Management with National Diploma in Materials Management. He has experience of 45 years in Industrial and Business Management.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr. Dev Parkash Yadava are interested or concerned in passing of this resolution.

Mumbai  
29<sup>th</sup> May, 2012  
Regd. Office: 48, Kandivli Industrial Estate,  
Kandivli (West), Mumbai 400 067

By order of the Board  
For **Ipca Laboratories Ltd.**  
**Harish P. Kamath**  
Sr. Vice President - Legal & Company Secretary

**To the Members**

Your Directors have pleasure in presenting the 62nd Annual Report and Audited Accounts for the year ended 31st March, 2012.

Financial Results	Amount in Rupees Crores	
	For the year ended 31.3.2012	For the year ended 31.3.2011
<b>Sales and Other Income</b> (Net of Excise Duty)	2,342.29	1,889.61
Profit before financial cost, depreciation & Foreign Exchange translations Loss / (Gain)	526.40	384.24
Less: Finance cost	39.36	28.45
Depreciation and Amortisation	65.31	55.43
Loss / (Gain) on foreign exchange translations	52.79	(43.34)
<b>Profit before tax</b>	368.94	343.70
Less: Provision for taxation		
Current Tax (net of MAT credit entitlement)	74.65	73.25
Deferred Tax	13.23	1.42
Short / (Excess) provision of earlier years	0.89	3.70
<b>Profit after tax (before exceptional item)</b>	280.17	265.33
<b>Exceptional item</b>		
Provision for investment in subsidiaries	-	9.96
<b>Net Profit</b>	280.17	255.37
<b>YOUR DIRECTORS RECOMMEND THE FOLLOWING APPROPRIATIONS</b>		
Surplus in Profit & Loss Account as per last Balance Sheet	146.24	152.70
Addition on Amalgamation of Tonira Pharma Ltd.	4.31	-
Net Profit for the year	280.17	255.37
Less:		
Transfer to General Reserve	100.00	200.00
Transfer to Debenture Redemption Reserve	7.00	15.00
Interim dividend	25.15	25.13
Tax on Interim dividend	4.08	4.17
Proposed final dividend	15.14	15.08
Tax on Proposed Dividend	2.46	2.45
Balance as at year end	276.89	146.24

**Management Discussion and Analysis**
**a) Industry Structure and Development**

The global pharmaceutical market is now estimated to be US \$820 billion and is growing at a rate of about 4% per annum. USA, Japan and Europe constitute about 85% of the global pharmaceutical market and are growing at a slower annual rate of about 3% 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 10% - 14% 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 large selling 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, currency fluctuations, inflation and resultant all round increase in input costs are few causes of concern.

**c) Financial Performance and Operations Review**

The Company had another successful financial year with a net total income of Rs. 2,342.29 Crores as against Rs. 1,889.61 Crores in the previous year, a growth of 24%.

The Company's focus on formulations business resulted into increase in overall formulation sales to Rs. 1,749.55 Crores, an increase of 26% over previous year formulations sales of Rs. 1,387.37 Crores.

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

The Active Pharmaceutical Ingredient (API) business also increased by 15% to Rs. 549.69 Crores.

During the financial year under report, the Earnings before interest, depreciation, foreign exchange translation loss increased by 37% to Rs. 526.40 Crores as against Rs. 384.24 Crores in the previous financial year. The operations have resulted in a net profit of Rs.280.17 Crores during the financial year under report as against Rs. 255.37 Crores in the previous financial year, an increase of 10%. Due to steep depreciation of Indian Rupee vis-à-vis major currencies, during the financial year under report, the Company incurred foreign exchange translations loss of Rs. 52.79 Crores as against a gain of Rs. 43.34 Crores in the previous financial year.

Break-up of Sales*								Rs. Crores
	2011-12				2010-11			
	Domestic	Exports	Total	Growth	Domestic	Exports	Total	Growth
<b>Formulations</b>	753.41	996.14	1,749.55	26%	695.66	691.71	1,387.37	28%
<b>APIs &amp; Intermediates</b>	143.86	405.83	549.69	15%	145.08	333.47	478.55	4%
<b>Net Total Sales</b>	897.27	1,401.97	2,299.24	23%	840.74	1,025.18	1,865.92	21%
<b>Growth</b>	7%	37%	23%		14%	27%	21%	

\*(Net of Excise Duty)

#### 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 37% to Rs. 1,401.97 Crores as against Rs. 1,025.18 Crores in the previous year. Formulation exports of the Company increased by 44% to Rs. 996.14 Crores and exports of APIs and Drug Intermediates increased by 22% to Rs.405.83 Crores.

Your directors have pleasure in informing that the Company has received in May 2012 recognition as "STAR TRADING HOUSE" from the Office of the Zonal Joint Director of Foreign Trade, Ministry of Commerce and Industry, Government of India.

Continent-wise Exports								Rs. Crores
	2011-12				2010-11			
	Formulations	APIs & Intermediates	Total	% to exports	Formulations	APIs & Intermediates	Total	% to exports
<b>Europe</b>	292.90	151.94	444.84	32%	279.98	108.01	387.99	38%
<b>Americas</b>	177.97	111.01	288.98	20%	115.91	95.07	210.98	20%
<b>CIS</b>	105.19	2.55	107.74	8%	74.19	3.75	77.94	8%
<b>Asia</b>	33.15	110.15	143.30	10%	25.82	85.75	111.57	11%
<b>Africa</b>	355.94	21.38	377.32	27%	171.61	32.94	204.55	20%
<b>Australasia</b>	30.99	8.80	39.79	3%	24.20	7.95	32.15	3%
<b>Total</b>	996.14	405.83	1,401.97	100%	691.71	333.47	1,025.18	100%

Formulation Exports - Therapeutic Contribution		
Therapeutic Group	2011-12	2010-11
Cardiovasculars & Anti-Diabetics	31%	41%
Non-Steroidal Anti-inflammatory Drugs (NSAID)	18%	20%
Anti-Bacterials	10%	11%
Anti-Malarials	33%	19%
Gastro Intestinal (GI) Products	1%	1%
Cough Preparations	2%	1%
Central Nervous System (CNS) Products	1%	3%
Anthelmintics	3%	2%
Others	1%	2%
<b>Total</b>	100%	100%

## Europe

The Company achieved European export sales of Rs. 444.84 Crores during the financial year under report as against sales of Rs. 387.99 Crores in the previous year, a growth of 15% from this continent.

The Company has developed and submitted 62 generic formulation dossiers for registration in Europe out of which 50 dossiers are already registered.

The Company has also obtained certificate of suitability (COS) of 40 APIs (previous year - 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 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. 288.98 Crores in this continent as against Rs. 210.98 Crores in the previous year, a growth of 37%.

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 signed agreements with marketing partners for sale / distribution of generic formulations on a profit sharing arrangement in the US market. 25 ANDA applications in respect of generic formulations developed by the Company are filed with US FDA (previous year - 22 ANDA) out of which 12 ANDA applications are granted till date.

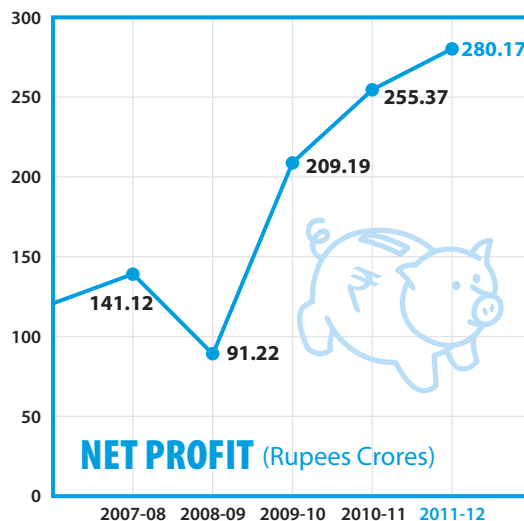
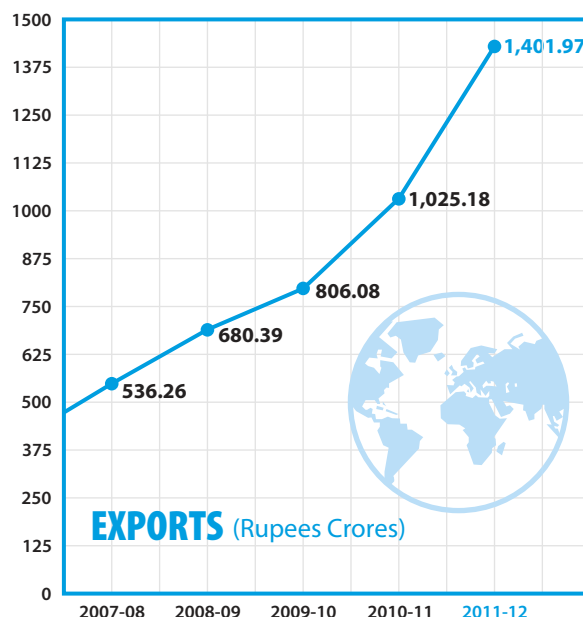
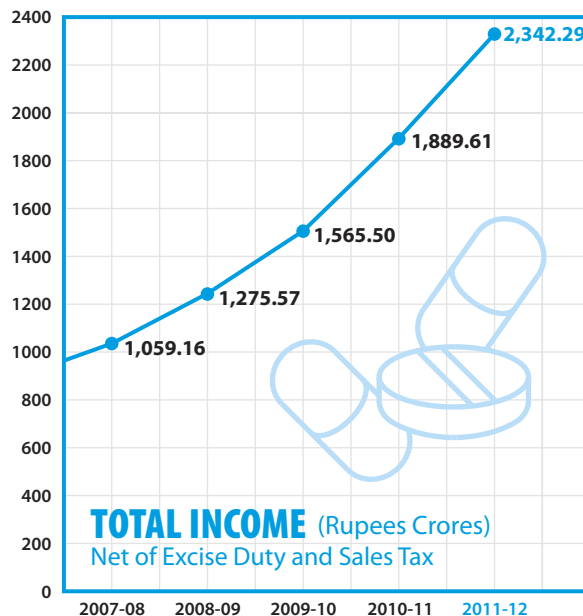
The formulations manufacturing facility of the Company at Indore SEZ was inspected by US FDA in the month of January 2012 and their approval is awaited. Once this facility is approved by US FDA, the Company will be in a position to scale up its US generic business.

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. With approval of 2 formulations dossiers, formulations business from this country has commenced in the financial year under report.

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. 107.74 Crores as against Rs. 77.94 Crores in the previous year, a growth of 38%. Most of the business is from branded formulations sales in Russia, Ukraine, Kazakhstan 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.



## Asia

The Asian business (excluding India) recorded a sales of Rs. 143.30 Crores as against Rs. 111.57 Crores in the previous year, a growth of 28%. The Company exports formulations as well as APIs to several Asian countries. In countries like Nepal, Sri Lanka, Myanmar, Philippines and Vietnam, the Company markets its branded formulations through dedicated field force. The field force and product range of the Company in Asian market is also being expanded.

## Africa

The Company achieved export sales of Rs. 377.32 Crores to Africa during the financial year under report as against Rs. 204.55 Crores in the previous year, a growth of 84%.

WHO pre-qualified anti-malarial formulation of Artemether + Lumefantrine helped the Company in increasing its anti-malarial formulations business in the African market. WHO pre-qualification for fixed dose anti-malarial formulation of Artesunate + Amodiaquine is expected shortly.

The Company exports branded and generic formulations as well as APIs to 31 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 the 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. 39.79 Crores during the financial year under report as against Rs. 32.15 Crores in the previous year, a growth of 24%.

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 12 marketing divisions focusing on key therapeutic segments.

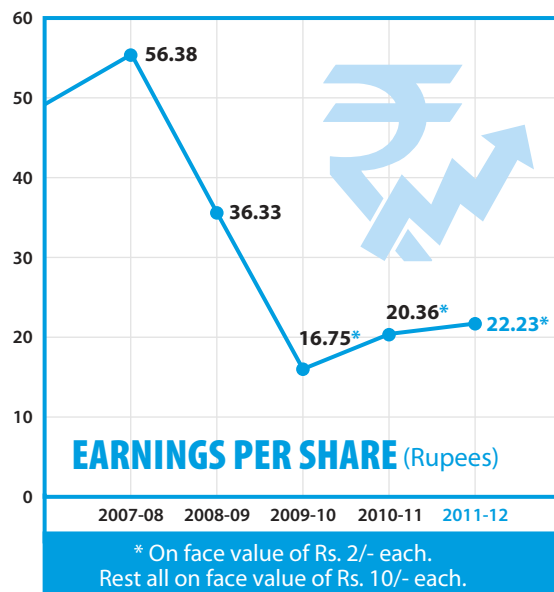
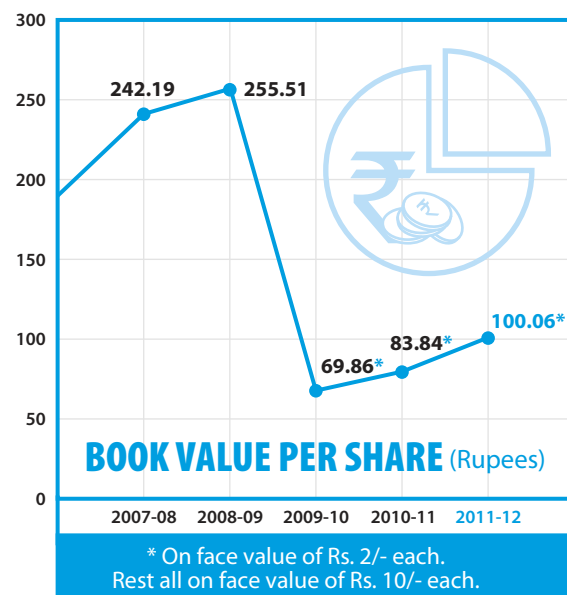
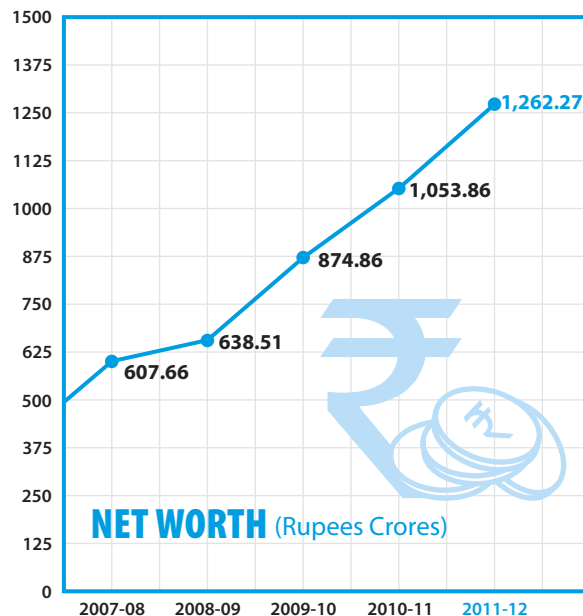
The brand building was in evidence especially in chronic therapy segments such as cardio-vasculars, anti-diabetics, newer anti-malarials and non steroidal anti-inflammatory drugs (NSAID).

During the year under report, Zerodol, a NSAID brand of the Company became the first brand in the Company's history to cross annual turnover of Rs.100 Crores in the domestic branded formulations market.

During the year under report, the Company introduced 5 new products in the domestic market.

During the financial year under report, the domestic formulations business recorded a growth of 8% at Rs. 753.41 Crores as against Rs. 695.66 Crores in the previous year.

The lower growth in the Domestic branded formulations business was mainly on account of seasonal impact and rising attrition rate amongst field personnel. The steps taken by the Company have reduced the attrition rate amongst field personnel and the primary and secondary sales data of domestic branded formulations business have shown improvement since January 2012.



Domestic Branded Formulations - Therapeutic Contribution		
Therapeutic segment	2011-12	2010-11
	% to sales	% to sales
Cardiovasculars & Anti-diabetics	26%	27%
Non steroidal anti-inflammatory drugs (NSAID)	30%	28%
Anti-malarials	17%	17%
Anti-bacterials	7%	8%
Gastro Intestinal (GI) products	6%	6%
Neuro psychiatry	3%	4%
Cough Preparations	4%	4%
Dermatology	3%	4%
Urology	1%	0%
Neutraceuticals	2%	1%
Others	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### f) Active Pharmaceutical Ingredients (APIs) and Intermediates Business

During the financial year under report, the APIs and Intermediates business recorded sales of Rs.549.69 Crores as against Rs.478.55 Crores in the previous financial year, a growth of 15%. Nearly 74% of the APIs and Intermediates business is from exports.

Though quantitative API production was up by 21% during the financial year under report, the increased captive consumption of API's due to substantial growth in the international formulations business restricted the sales volume of the APIs.

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). 6 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. 61 DMFs (previous year - 57 DMFs) of the Company are currently filed with US FDA. The Company has also obtained Certificate of Suitability (COS) for 40 APIs (previous year - 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 213 patent applications till date as against 196 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 65 patent applications of the Company are since registered, 47 in India, 11 in US and 7 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 was recently inspected by US-FDA and their approval is awaited. Small quantities of generic formulations are currently manufactured from this plant and exported to UK.

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

The Company's new formulations manufacturing unit at Sikkim initially commenced the commercial production in the month of July 2011. In the month of September 2011 the said manufacturing unit suffered damages due to earthquake and the production was stopped. The said plant recommenced production in the month of December 2011. Since all the manufacturing units of the Company are adequately insured, including for loss of profit, there was no financial impact on account of this incident.

The Company has started work for setting up a new R&D facility at Village Ranu, Tehsil Padra, District - Vadodara (Gujarat). The Company has also received the environmental clearance for setting-up of a green field API manufacturing facility at this location.

#### 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 9,815 permanent employees as on 31st March, 2012.

#### **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.

#### **l) Merger of Tonira Pharma Limited with the Company**

Tonira Pharma Limited, a Company engaged in the manufacturing of drug intermediates and APIs, has merged with the Company pursuant to a Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'able High Court of Judicature at Bombay vide order dated 30th March, 2012 and Hon'able High Court of Judicature at Ahmedabad vide order dated 2nd April, 2012. The appointed date for this Scheme of Amalgamation was 1st April, 2011. Please refer notes to the accounts enclosed herewith for accounting treatment given for this merger in the Company's books of accounts. In view of this merger, the financial figures for the current year are not strictly comparable with that of previous year.

Your Company has fixed 31st May, 2012 as the record date for entitlement of 3,22,704 equity shares of the Company to be allotted to the shareholders of Tonira Pharma Ltd. pursuant to this merger.

#### **Subsidiary companies**

The Company's wholly owned subsidiary Company Laboratories Ipca Do Brasil Ltda, Brazil has been voluntarily wound-up.

During the year under report, the Company has acquired 100% share capital of Onyx Research Chemicals Ltd., holding Company of Onyx Scientific Ltd. through its wholly owned subsidiary Ipca Laboratories UK Ltd. for UK £4.89 millions. Founded in 2000, Onyx Scientific is one of the well known chemistry services companies in Europe and is a preferred supplier to several large pharma and biotech customers. Onyx offers custom synthesis, solid state chemistry, scale-up and cGMP manufacturing up to a few kilogram levels. This acquisition enables the Company to better serve their customers on a global basis.

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, Statement of Profit and Loss, 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 a new Research Centre at Kandivli, Mumbai for Biotech research & development activities at plot no. 125 and 126 of Kandivli Industrial Estate, Kandivli (West), Mumbai – 400 067. The Company is also in the process of setting-up a new R&D Centre at Village Ranu, Tehsil Padra, District-Vadodara, Gujarat.

The Company has also acquired a new building situated at plot no. 58DD, Kandivli Industrial Estate, Kandivli (West), Mumbai – 400067 for expanding its formulations R&D activities.

The Company has stepped up its R&D expenditure from Rs. 71.27 Crores (3.82% of the turnover) in the previous year to Rs. 77.96 Crores (3.39% of the turnover) in the year under report.

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 68,750 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 price 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. 25,16,55,310/- consisting of 12,58,27,655 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 Rs. 1/- per share (50%) at the meeting of the Board of Directors of the Company held on 31st October, 2011 and a 2nd Interim equity dividend of Rs. 1/- per share (50%) at the meeting of the Board of Directors of the Company held on 31st January, 2012. The said interim dividend was paid on 11th November, 2011 and 14th February, 2012, respectively, to those shareholders, whose names appeared on the register of members of the Company on 7th November, 2011 and 8th February, 2012. Your directors are now pleased to recommend a final equity dividend of Rs. 1.20 per share (60%), making the total dividend recommended to Rs. 3.20 per share (160%) for the financial year under report as against 160% paid in the previous financial year. The dividend will be tax free in the hands of the shareholders.

The dividend (inclusive of interim dividend already paid) amounting to Rs. 40.29 Crores and dividend tax amounting to Rs. 6.54 Crores, if approved at the ensuing Annual General Meeting, will be appropriated out of the profits for the year.

## Directors

Mr. Pranay Godha, Mr. Premchand Godha and Mr. Ramappa S. Hugar, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

At the meeting of the Board of Directors of the Company held on 28th July, 2011, Mr. Prashant Godha was appointed as an Additional Director of the Company and designated as the Wholetime Executive Director with effect from 16th August, 2011.

At the meeting of the Board of Directors of the Company held on 31st January, 2012, Mr. Ramappa S. Hugar stepped down as the Chairman of the Board of Directors. In his place, the Board appointed the incumbent Managing Director, Mr. Premchand Godha as the Chairman of the Board of Directors and re-designated him as the Chairman & Managing Director of the Company. The Board places on record its sincere appreciation for the services rendered by Mr. Hugar during his tenure as the Chairman of the Board of Directors of the Company. Mr. Ramappa S. Hugar, however, will continue as a Non-Executive Independent Director on the Board of the Company.

At the meeting of the Board of Directors of the Company held on 13th April, 2012, Mr. Dev Parkash Yadava was appointed as an Additional Director of the Company with immediate effect.

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

### Directors' Responsibility Statement

Your Directors confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that 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, 2012 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.

### 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.

### Cost Audit

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, M/s. ABK & Associates, Cost Accountants (Regn. No. 036) were appointed as the Cost Auditors to conduct audit of cost records for Bulk Drugs and Formulations activities of the Company for the financial year 2011-12.

The Cost Audit Report for the financial year 2010-11, which was due to be filed with the Ministry of Corporate Affairs within 180 days from the close of the financial year, was filed on 20th August, 2011.

### 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.

Mumbai  
29th May, 2012

For and on behalf of the Board

**Premchand Godha**  
Chairman & Managing Director

## Annexure to the Directors' Report

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

	Employees Stock Option Scheme – 2006 (Grant I)	Employees Stock Option Scheme- 2006 (Grant II)	Employees Stock Option Scheme- 2006 (Grant III)
a. Options granted	3,99,000 (on 23rd September, 2006)	1,10,000 (on 29th October, 2007)	57,000 (on 11th November, 2008)
b. The pricing formula	Closing market price on the day prior to grant of options Rs. 367.10 and exercise price Rs.200	Closing market price on the day prior to grant of options Rs.619.35 and exercise price Rs.315	Closing market price on the day prior to grant of options Rs.400.45 and exercise price Rs.315
c. Options vested	3,17,750	68,750	35,250
d. Options exercised	3,17,750	68,750	35,250
e. The total number of shares arising as a result of exercise of options	3,17,750 (of Rs. 10/- each)	68,750 (of Rs. 10/- each)	35,250 (of Rs. 10/- each)
f. Options lapsed (as at March 31, 2012)	81,250	41,250	11,250
g. Variation of terms of options (as at March 31, 2012)	N/A	N/A	N/A
h. Money realized by exercise of options	Rs.635.50 lacs including share premium of Rs.603.73 lacs	Rs.216.56 lacs including share premium of Rs.209.69 lacs	Rs. 111.04 lacs including share premium of Rs.107.51 lacs
i. Total number of options in force (as at March 31, 2012)	Nil	Nil	10,500
j. Director / Employee wise details of options granted to			
i) Directors	Mr. R. S. Hugar - Chairman 5000 Mr. Babulal Jain - Director 5000 Dr. V. V. Subba Rao - Director 5000 Mr. V. A. Gore - Director 5000 (Expired and so ceased to be a Director on 02.12.2009) Mr. T. Ramachandran (Resigned as Director w.e.f. 31.10.2008) 5000 Mr. A. K. Jain - Executive Director 12,000	NONE	NONE
ii) Senior managerial personnel	Mr. M. D. Sharma - President Mktg. 10,000 Mr. Prakash Shanware - President HR 10,000 Dr. Ashok Kumar - President – R&D (Chemicals) 10,000 Mr. Y. K. Bansal - President – R&D (Formulations) 10,000 Mr. J. L. Nagori - President Operations 10,000	Mr. N. Guhadas President Int. Mktg. 10,000	NONE
iii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil	Mr. N. Guhadas President Int. Mktg. 10,000 Mr. Rajesh Bahal V.P. – Sales 8,000 Mr. P. B. Nair V.P. – Mfg 8,000 Mr. L. K. Gupta V.P. – Bulk Drugs 8,000 Ms. Pradnya Deshmukh Sr. G. M. Quality 6,000	Mr. J. S. Sood Sr. G. M. Int. Mktg. 6,000
iv) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options	Nil	Nil	Nil
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'		Rs. 22.22	
l) i) Method of calculation of employee compensation cost	The Company had calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.167.10	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.304.35	The Company has calculated the employee compensation cost using the intrinsic value method of accounting to account for options issued under the ESOS. The intrinsic value is Rs.85.45
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the Options	The Employee compensation cost would have been higher by Rs.4,27,866/- had the company used fair value method for accounting the options issued under ESOS.		
iii) The impact of this difference on profits and on EPS of the Company	The profit would have been lower by Rs.4,27,866/- and the earnings per share would have been lower by Rs.0.01 per share had the Company used fair value method for accounting the options issued under ESOS		
m. Weighted average exercise price	Rs.200	Rs.315	Rs.315
Weighted average fair value	Rs. 342.60	Rs. 357.27	Rs.152.91
n. Fair value of options based on Black Scholes methodology	Rs. 342.60	Rs. 357.27	Rs.152.91
Assumptions	- Risk Free Rate is based upon Govt. Securities - Dividends are not considered - There was no Transaction & Tax cost		
Risk Free rate		8.6%	
Expected life of options	Average time for expiry of option is taken as NIL years	Average time for expiry of option is taken as NIL years	Average time for expiry of option is taken as 0.52 years
Expected Volatility		3.47%	
Expected Dividends	In the calculation of fair value of the options, expected dividend have been ignored as the weighted average life of the option is more than 1 year and hence the estimation of the future dividend is difficult.		
Closing market price of share on a date prior to option grant	Rs.367.10	Rs.619.35	Rs.400.45

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

## Auditors' Certificate on Employee Stock Option Schemes

To  
The Members of  
**Ipcalaboratories 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 Schemes 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. Jayendran**  
Partner  
M. No. 40441

Mumbai  
May 29, 2012

## ANNEXURE II

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:

- Replacement of inefficient motors with energy efficient motors.
- Replacement of electrically operated condensate recovery pump.

#### (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:

	2011-12	2010-11
a) Electricity :		
(i) Purchased :		
Units (KWH)	90173047	76194001
Total Amount (Rs. in Lacs)	4,447.66	3,251.04
Rate / Unit (Rs.)	4.93	4.27
(ii) Own Generation :		
Through Diesel Generator		
Units (KWH)	1272868	1168019
Units per Ltr. Of Diesel Oil (KWH)	3.33	3.26
Cost of Diesel per KWH (Rs.)	11.90	11.60
b) Light Diesel Oil (LDO) :		
Quantity (K.Ltrs.)	14632	1710
Total Amount (Rs. in Lacs)	6.00	1.57
Average Rate/Ltr. (Rs.)	40.99	47.50
c) Others (Rs. in Lacs) :		
HSD	248.65	252.47
Coal / Thermia B Oil	1,423.02	963.51
Furnace Oil	462.13	290.01
Pet Coke	498.78	437.37
Others	5.97	1.35
Gas	347.10	-

#### 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.
- (v) Setting up of new R&D Centers at Mumbai and Vadodara.

(D) Expenditure on R&D:

	<b>2011-12 (Rs. Crores)</b>	<b>2010-11 (Rs. Crores)</b>
a) Capital	20.78	14.23
b) Revenue	57.18	57.04
c) Total	77.96	71.27
d) R&D expenditure as a percentage of turnover	3.39%	3.82%

(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. 1401.97 Crores as against Rs. 1025.18 Crores in the previous year.

(B) Outgo

Detailed information is furnished in the Notes to the Accounts.

Mumbai  
29th May, 2012

For and on behalf of the Board  
**Premchand Godha**  
Chairman & Managing Director

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 apprised of the affairs of the Company that is aimed at assisting them in the efficient conduct of the Company's business so as to meet Company's obligation to the stakeholders.
- 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 ten directors of which one is Promoter Chairman & Managing Director, one professional Non-Promoter Joint Managing Director, two Promoter Executive Directors, one Promoter Non-Executive Director and five Non-Executive Independent Directors with independent judgment in the deliberation and decision of the Board. The Chairman of the Board is an Executive & Promoter Director.

7 (Seven) board meetings were held during the Financial Year 2011-12. The dates on which the said meetings were held are as follows:

15th April, 2011	24th May, 2011	28th July, 2011	17th September, 2011
31st October, 2011	20th January, 2012	31st January, 2012	

The last Annual General Meeting of the Company was held on 28th July, 2011.

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 (28.07.2011)	No. of Equity shares held in the Company *	No. of options held under ESOS 2006
		Held	Attended			
Mr. Premchand Godha	Chairman & Managing Director, Promoter Director (Appointed as Chairman from 31.01.2012)	7	6	Yes	28,51,340	Nil
Mr. Ajit Kumar Jain	Joint Managing Director, Professional, Non-Promoter	7	7	Yes	66,000	Nil
Mr. Pranay Godha	Executive Director, Promoter Director	7	7	Yes	6,06,936	Nil
Mr. Prashant Godha	Executive Director, Promoter Director (Appointed as Additional Director on 28.07.2011 and designated as Executive Director from 16.08.2011)	7	5	N/A	7,31,800	Nil
Mr. Madhukar R. Chandurkar	Non-Executive, Promoter Director	7	7	Yes	21,51,000	Nil
Mr. Ramappa S. Hugar	Non-Executive, Independent Director (Resigned as Chairman 31.1.2012)	7	4	Yes	Nil	Nil
Mr. Babulal Jain	Non-Executive, Independent Director	7	7	Yes	25,500	Nil

Name of the Director	Category	No. of board meetings		Attendance at last AGM (28.07.2011)	No. of Equity shares held in the Company *	No. of options held under ESOS 2006
		Held	Attended			
Dr. V. V. Subba Rao	Non-Executive, Independent Director	7	7	Yes	12,500	Nil
Mr. Anand T. Kusre	Non-Executive, Independent Director	7	5	Yes	Nil	Nil
Mr. Dev Parkash Yadava	Non-Executive, Independent Director (Appointed as Additional Director from 13.04.2012)	7	Nil	N/A	Nil	Nil

Notes:

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

At the meeting of the Board of Directors of the Company held on 28th July, 2011, Mr. Prashant Godha was appointed as an Additional Director of the Company with immediate effect and designated as the Wholetime Executive Director with effect from 16th August, 2011.

At the meeting of the Board of Directors of the Company held on 31st January, 2012, Mr. Ramappa S. Hugar stepped down as the Chairman of the Board of Directors. In his place, the Board appointed the incumbent Managing Director Mr. Premchand Godha as the Chairman of the Board of Directors and re-designated him as the Chairman & Managing Director of the Company. Mr. Ramappa S. Hugar, however will continue as an Independent Director of the Company.

At the meeting of the Board of Directors of the Company held on 13th April, 2012, Mr. Dev Parkash Yadava was appointed as an Additional Director of the Company with immediate effect.

\*The above shareholding as at 31st March, 2012 is in respect of shares which are held by Directors as a first holder and in which shares they have beneficial interest.

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

Name of Director	No. of other public limited Companies in which he is Director	No. of Committees in which he is Member (other than Ipca)	No. of Committees of which he is Chairman (other than Ipca)
Mr. Premchand Godha	3	2	Nil
Mr. Ajit Kumar Jain	Nil	Nil	Nil
Mr. Pranay Godha	Nil	Nil	Nil
Mr. Prashant Godha	1	1	Nil
Mr. Madhukar R. Chandurkar	1	Nil	Nil
Mr. Ramappa S. Hugar	2	2	2
Mr. Babulal Jain	Nil	Nil	Nil
Dr. V. V. Subba Rao	Nil	Nil	Nil
Mr. Anand T. Kusre	3	Nil	Nil
Mr. Dev Parkash Yadava	2	2	1

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

#### Mr. Pranay Godha

Mr. Pranay Godha, aged 40 years has done his B.Sc. from University of Bombay and has also obtained a degree in M.B.A from the New York Institute of Technology, USA. He has nearly 15 years experience in the field of Marketing and General Management.

Mr. Pranay Godha was appointed as the Business Development Manager of the Company w.e.f 16th April, 2003 and was subsequently promoted as Vice President - Generics Business of the Company w.e.f. 1st November, 2004. He was further promoted as President – Generics Business of the Company in May, 2006 and subsequently appointed as the Executive Director of the Company with effect from 11th November, 2008.

He holds Directorship in the following companies :

1.	Kaygee Loparex India Private Limited
----	--------------------------------------

He holds 6,06,936 equity shares in the Company.

#### Mr. Premchand Godha

Mr. Premchand Godha aged 65 years is a qualified Chartered Accountant and a Commerce graduate. He is also a first generation entrepreneur. He is a director on the Board of Directors of the Company since 31st October, 1975 and has been the Managing Director of the Company since March 1983. He has 35 years of experience in the pharmaceutical industry.

He is also a Director of the following companies :

1.	Ipca Traditional Remedies Pvt. Ltd *	2.	Kaygee Investments Pvt. Ltd	3.	Kaygee - Loparex India Pvt. Ltd.
4.	Gudakesh Inv. & Traders Pvt. Ltd.	5.	Paranthapa Inv. & Traders Pvt. Ltd.	6.	Brescon Advisors & Holdings Ltd.
7.	Vasant Investment Corporation Ltd.	8.	AB Corp Limited		

\*Resigned as Director w.e.f 25th May, 2012

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

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

#### Mr. Ramappa S. Hugar

Mr. Ramappa S. Hugar aged 71 years was first appointed as an Additional Director of the Company with effect from 11th June, 2002.

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

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

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

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

He is also a Director of the following companies :

1.	Dewan Housing Finance Corpn. Ltd.	2.	DHFL Vysya Housing Finance Ltd.
----	-----------------------------------	----	---------------------------------

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

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

He does not hold any equity shares in the Company.

### Mr. Prashant Godha

Mr. Prashant Godha, aged 37 years is a graduate in Commerce and has done Post Graduate Diploma in Business Management and has experience of over 13 years in pharmaceutical Marketing and General Management.

He was appointed as an Additional Director on the Board of the Company with effect from 28th July, 2011 and was appointed as Executive Director of the Company with effect from 16th August, 2011. Prior to his appointment as Executive Director of the Company, he has worked as Wholetime / Executive Director of Makers Laboratories Ltd. from 20th May, 1999 till 10th August, 2011.

He holds 7,31,800 equity shares in the Company.

He is also a Director of the following companies:

1.	Makers Laboratories Ltd.	2.	Kaygee Investments Pvt. Ltd.	3.	Gudakesh Invest. & Traders Pvt. Ltd.
4.	Paranthapa Invest. & Traders Pvt. Ltd.	5.	Ipca Traditional Remedies Pvt. Ltd. *	6.	Saraswati Entertainment Private Ltd.

\*Resigned as Director w.e.f 25th May, 2012

### Mr. Dev Parkash Yadava

Mr. Dev Parkash Yadava, aged 66 years, holds Diplomas in Electrical Engineering, Operation Management and Business Management with National Diploma in Materials Management. He has experience of 45 years in Industrial and Business Management.

He does not hold any equity shares in the Company.

He is also a Director of the following companies:

1.	Sharda Chem International Pvt. Ltd.	2.	Alchymars ICM SM Pvt. Ltd.	3.	Universal Starch-Chem Allied Ltd.
4.	Unique Sugars Ltd.	5.	Biopharmax India Pvt. Ltd.		

He is the Chairman of the Audit Committee and Member of the Share Transfer Committee of the Board of Directors of Universal Starch-Chem Allied Ltd.

### 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 and Mr. Prashant Godha, Executive Director. 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. Ajit Kumar Jain, Joint Managing Director in-charge of Finance and Mr. Pranay Godha, Executive Director along with Statutory Auditors, Cost Auditors and Vice President (Finance) 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 / 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 2011-12.

There were 5 (Five) meetings of the Audit Committee during the Financial Year 2011-12. The dates on which the said meetings were held are as follows :

15th April, 2011	24th May, 2011	28th July, 2011
31st October, 2011	31st January, 2012	

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
Mr. Prashant Godha*	5	N/A

\*Appointed as member of the Audit Committee at the meeting of the Board of Directors of the Company held on 31st January, 2012

#### Subsidiary Companies

The Company has 2 non-listed, non-material Indian subsidiary companies. The Company also has 7 overseas wholly owned subsidiary companies and 3 wholly owned subsidiary companies of wholly owned subsidiaries, 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 2011-12. The dates on which the said meetings were held are as follows :

24th May, 2011	28th July, 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	2

The details of the remuneration payable to Managing Director, Joint Managing Director and Executive Directors for the Financial Year 2011-12 are given below :

Name of the Director	Salary	Benefits and Perquisites	Commission*	Total
Mr. Premchand Godha	1,80,00,000	1,15,19,785	7,20,00,000	10,15,19,785
Mr. Ajit Kumar Jain	43,80,000	50,81,926	87,60,000	1,82,21,926
Mr. Pranay Godha	32,40,000	32,46,331	64,80,000	1,29,66,331

(Rupees)

(Rupees)

Name of the Director	Salary	Benefits and Perquisites	Commission*	Total
Mr. Prashant Godha	16,57,333	17,71,513	33,14,666	67,43,512

\* As provided in the Annual Accounts 2011-12 and payable subject to shareholders approval.

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

At the end of the financial year as on 31st March, 2012, 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 "Ipcalaboratories 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 ESOS) 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 2011-12 are as under:

Name of the Director	Sitting fees Paid (Rs.)	Commission paid (Rs.)
Mr. Madhukar R. Chandurkar	1,24,000	Nil
Mr. Ramappa S. Hugar	55,000	Nil
Mr. Babulal Jain	2,06,000	Nil
Dr. V.V. Subba Rao	1,82,000	Nil
Mr. Anand T. Kusre	1,40,000	Nil
Mr. Dev Parkash Yadava*	Nil	Nil

\*Appointed as Additional Director of the Company w.e.f 13th April, 2012

## 5. Shareholders / Investors Grievance Committee

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

This Committee functions under the Chairmanship of Mr. Babulal Jain, the Non-Executive Independent Director. Mr. Premchand Godha, Chairman & Managing Director and Mr. Madhukar R. Chandurkar, Director are the other Members of this Committee.

There were 2 (two) meetings of this Committee during the Financial Year 2011-12. The dates on which the said meetings were held are as follows:

31st October, 2011	31st January, 2012
--------------------	--------------------

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	2	2
Mr. Premchand Godha	2	1
Mr. Madhukar R. Chandurkar	2	2

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 80 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.**

AGM for the F.Y. ended	Day, Date & Time of AGM	Place of AGM	Special Resolutions Passed
31-3-2011	Thursday, 28-07-2011 at 3.30 p.m	Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai	Increase in the borrowing limit of the Company u/s 293 (1) (a) and (d) from Rs.400 Crores to Rs.1200 Crores
31-3-2010	Thursday, 29-7-2010 at 3.30 p.m.	Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai	None
31-3-2009	Thursday, 30-7-2009 at 3.30 p.m.	Bhaidas Maganlal Sabhagriha, Vile Parle, Mumbai	None

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

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

## 7. Disclosures

- i) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large.  
None

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

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

- ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by SEBI, ROC, stock exchanges or any other statutory authorities on any matter related to capital market during the last 3 financial years.  
None
- iii) There is a whistle blowing policy in the Company and that no personnel has been denied access to the Audit Committee.
- iv) The Company has complied with all the mandatory requirements of Corporate Governance under Clause 49 of the Listing

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

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

### Risk Management

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

### Proceeds from Initial Public Offerings (IPOs), etc

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

### Management Discussions and Analysis

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

## 8. Means of Communication

Quarterly / Annual Results	The results of the Company are published in the Newspapers.
Newspapers in which results are generally published	The Business Standard, Free Press Journal and Nav Shakti.
Website, where displayed	At <a href="http://www.ipca.com">http://www.ipca.com</a>
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.com

## 9. General Shareholders Information

AGM : Date, Time and Venue	Tuesday, 31st July, 2012 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 First quarter results Second quarter results Third quarter results Annual results	1st April – 31st March Last week of July* Last week of October* Last week of January* Last week of May* *Tentative
Date of Book closure	Tuesday, 24th July, 2012 to Tuesday, 31st July, 2012 (both days inclusive).
Dividend Payment dates(s)	The Company has paid 1st Interim Dividend of Rs. 1/- per share (50%) on 11.11.2011 and 2nd Interim Dividend of Rs. 1/- per share (50%) on 14.02.2012 on the equity share capital for the financial year 2011-12. It is now proposed to declare final dividend of Rs. 1.20 per share (60%) on equity share capital for the financial year 2011-12 which if sanctioned will be paid on or before 23rd August, 2012.
Listing on stock exchanges	Bombay Stock Exchange (BSE); and The National Stock Exchange (NSE). Listing fees have been paid to both the stock exchanges for the financial year 2012-13 in April 2012. The fees of the depositories for the financial year 2012-13 is also paid in April 2012.

Stock code – Physical ISIN Number for NSDL & CDSL	524494 on BSE; IPCALAB on NSE INE 571A01020
Corporate Identity Number allotted by Ministry of Corporate Affairs	L24239MH1949PLC007837
Market price data : High, Low : during each month in last financial year	Please see Annexure 'A'
Stock performance in comparison to BSE Sensex	Please see Annexure 'B'
Registrars and Share Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078 Tel. No. (022) 2596 3838 Fax. No.(022) 2567 2693
Share Transfer system	All share transfers subject to correctness and completion of all documents would normally be registered and returned within 2 weeks from the date of receipt.
Distribution of shareholding/shareholding pattern as on 31.3.2012	Please see Annexure 'C'
Dematerialisation of shares and liquidity	98.13% of the paid-up share capital has been dematerialised as on 31st March, 2012.
Outstanding GDRs/ADRs/warrants/ convertible instruments, etc.	10,500 options issued under Ipca Laboratories Ltd- Employees Stock Option Scheme 2006 (ESOS) are outstanding as at 31st March, 2012. Each option now represent a right to the option grantee but not an obligation to apply for 5 equity shares of Rs. 2/- each of the Company at the Exercise Price over a period of 4 years from grant date (consequent to corporate action for sub-division of each equity share of Rs. 10/- each into 5 equity shares of Rs. 2/- each)
Plant Location	<ol style="list-style-type: none"> <li>1. Ratlam, Madhya Pradesh.</li> <li>2. Pologround, Indore, Madhya Pradesh.</li> <li>3. Gandhidham, Gujarat.</li> <li>4. Athal, Silvassa.</li> <li>5. Danudyog Industrial Estate, Silvassa.</li> <li>6. Aurangabad, Maharashtra.</li> <li>7. Dehradun, Uttaranchal.</li> <li>8. SEZ Indore, Pithampur, Madhya Pradesh</li> <li>9. Gom Block, Bharikhola, South Sikkim</li> <li>10. Nandesari, Gujarat</li> <li>11. Ankleshwar, Gujarat</li> </ol>
Share Transfer and other communications may be addressed to the Registrars and Share Transfer Agents	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg Bhandup (W), Mumbai 400 078 Tel. No. (022) 2596 3838 Fax. No.(022) 2567 2693
Investors complaint may be addressed to	Harish P Kamath - Sr. V.P. - Legal & Company Secretary Ipca Laboratories Limited 142-AB, Kandivli Indl. Est, Kandivli (W), Mumbai 400 067 Tel. No. (022) 6647 4644, E-mail : investors@ipca.com

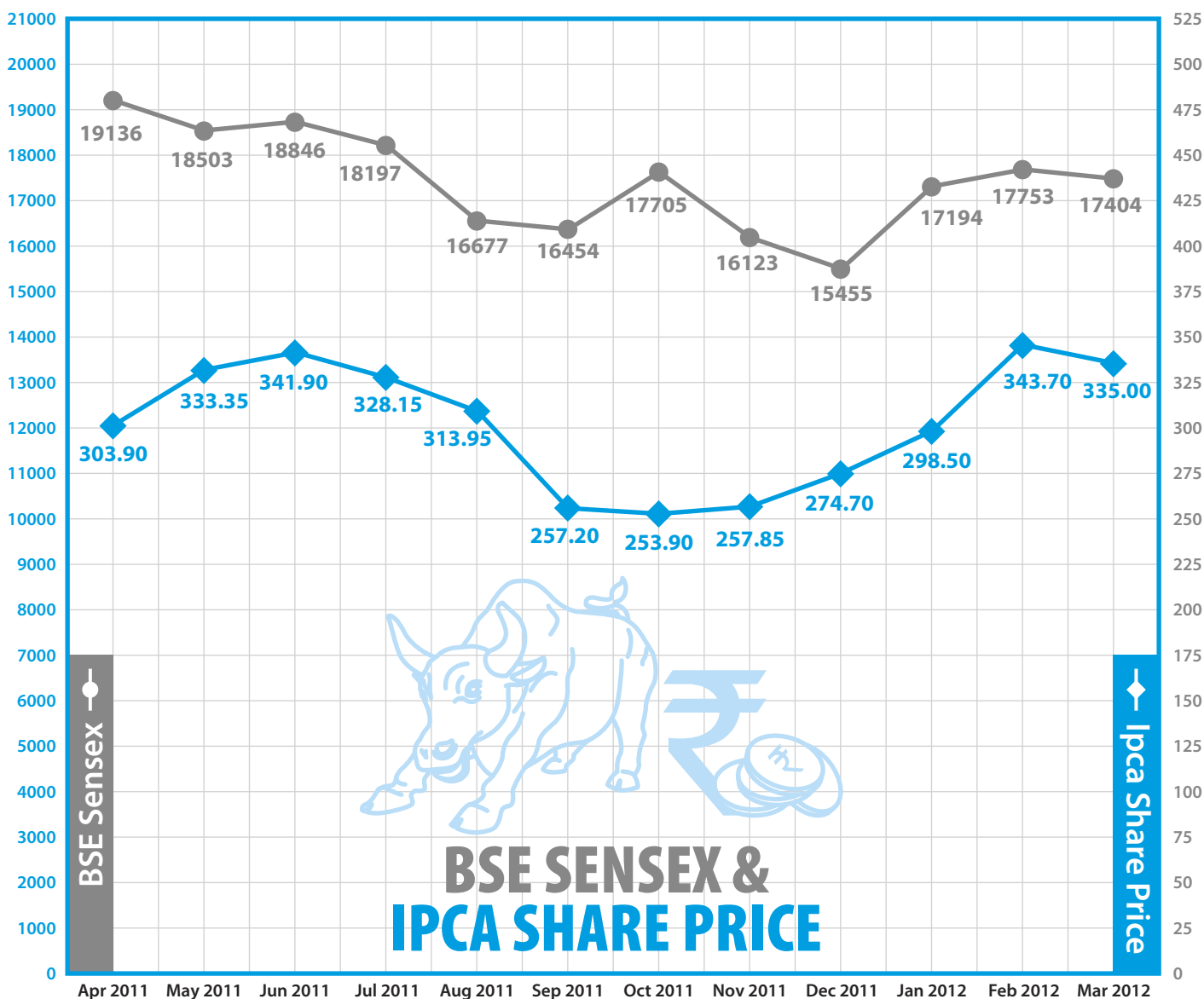
## Annexure A

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 2011-12 furnished below :

Year	Month	Highest (Rs.)		Lowest (Rs.)		
		BSE	NSE	BSE	NSE	
2011	April	319.00	319.00	297.00	291.55	
	May	335.00	334.50	290.05	290.00	
	June	351.00	350.95	322.00	320.00	
	July	349.00	351.95	314.00	314.00	
	August	335.35	340.00	289.00	288.90	
	September	319.95	319.70	253.00	252.45	
	October	258.00	259.70	230.20	225.00	
	November	280.80	280.50	234.05	233.10	
	December	288.60	285.70	245.00	245.00	
	2012	January	312.00	340.00	272.15	271.10
		February	349.65	349.45	302.50	297.80
		March	352.00	351.75	321.00	320.00

## Annexure B

Graph of Share Price/BSE Sensex





## Annexure C

The distribution of shareholding as on March 31, 2012 is as follows :						
No. of equity shares held			No. of shareholders	%	No. of shares	%
Upto		500	14181	68.70	1940791	1.55
501	to	1000	4819	23.34	4622611	3.67
1001	to	2000	654	3.17	1088910	0.87
2001	to	3000	234	1.13	618520	0.49
3001	to	4000	106	0.51	392668	0.31
4001	to	5000	103	0.50	492390	0.39
5001	to	10000	198	0.96	1499879	1.19
100001	and	above	348	1.69	115171886	91.53
Grand Total			20643	100.00	125827655	100.00
No. of shareholders in Physical Mode			2079	10.07	2351170	1.87
No. of shareholders in Electronic Mode			18564	89.93	123476485	98.13

Shareholding pattern as on March 31, 2012 is as follows :			
Categories of shareholders	No. of shareholders	No. of shares	% holding
Indian Promoters	15	57887426	46.01
Banks and Insurance Companies	4	67384	0.05
UTI and Mutual Funds	90	27871111	22.15
FII's and NRIs	653	12276852	9.75
Domestic Companies	497	12817118	10.19
Resident Individuals	19384	14907764	11.85
	20643	125827655	100.00

## Auditors' Certificate on Corporate Governance

To  
The Members of  
**Ipca Laboratories Limited**

1. We have examined the compliance of conditions of Corporate Governance by **Ipca Laboratories Limited** for the year ended on 31st March 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement except that the stipulation as to composition of Independent and Non-Independent Directors on the Board of Directors was not satisfied since 31st January 2012, with the appointment of Mr Premchand Godha as Executive Chairman and Managing Director. The composition of Independent and Non-Independent Directors was satisfied on 13th April, 2012 with the appointment of an additional Independent Director.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

Mumbai  
May 29, 2012

To,  
All the Members of  
**Ipca Laboratories Ltd.**

It is hereby certified and confirmed that as provided in Clause 49 I(D) of the listing agreement with the stock exchanges, the Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2012.

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

Mumbai  
May 29, 2012

## CEO / CFO Certification

The Board of Directors  
**Ipca Laboratories Ltd.**  
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, 2012 and that to the best of our knowledge and belief;
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) No transaction is entered into by the company during the year which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Ipca Laboratories Limited  
**Premchand Godha**  
Chairman & Managing Director / CEO  
**Ajit Kumar Jain**  
Joint Managing Director / CFO

Mumbai  
May 29, 2012

To  
The Members of  
**Ipca Laboratories Limited**

1. We have audited the attached Balance Sheet of Ipca Laboratories Limited as at 31st March, 2012 and the Statement of Profit and Loss 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.
2. 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 (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.
4. Pursuant to the Amalgamation of Tonira Pharma Limited into the Company, the effect for which is given in the attached Balance Sheet, Statement of Profit and Loss and the Cash flow statement, the Company has treated the business of the said Tonira Pharma Limited as a Branch and the accounts have been separately audited by M/s Mitesh P Vora & Co., Chartered Accountants the Statutory auditors of the erstwhile Tonira Pharma Limited as the Branch Auditor who has been appointed as such by the Board of Directors. The Branch Auditors' report provided to us has been considered for overall reporting of the Company.
5. 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 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, 2012 and
    - (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on 31st March, 2012 and
    - (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 29, 2012

### 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 any fresh loan from parties listed in the register maintained under section 301 of the Companies Act.
- The Company has given loans to parties listed in the register maintained under section 301 of the Companies Act. The balance outstanding is NIL and the maximum amount outstanding during the period is Rs. 5.77 crores. The terms and conditions of the loan are prima facie not prejudicial to the interests of the Company and the principal is being repaid as stipulated. There is no outstanding at the end of the year.
- (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 detailed 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 & 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
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
Excise Duty	Excise Duty on WIP on de-bonding	0.23		Commissioner of Central Excise & Customs, Surat
Excise Duty	Interest and penalty on past anti-dumping duty and excise duty	4.15		High Court, Gujarat
Service Tax	Availment of Cenvat Credit on Service Tax on outward freight	0.02	2009-2010 & 2010-2011	Deputy Commissioner, CX & ST, LTU Mumbai
Service Tax	Availment of Cenvat Credit on Service Tax	0.01	2006-2007	Assistant 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

Name of the Statute	Nature of Dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Disputed demand	0.08	2006-2007	Gujarat VAT Tribunal, Ahmedabad
Sales Tax	Disputed demand	0.03	2007-2008	Jt. Commissioner of Commercial Tax, Rajkot
Sales Tax	Disputed demand	0.01	2008-2009	Sales Tax authority - U.P.
Sales Tax	Disputed demand	1.23	2006-2007	Deputy Commissioner of Commercial Tax (Appeal), Baroda
Income tax	Disputed disallowances	0.57	AY:-2007-08	ITAT Mumbai
Income tax	Disputed disallowances	2.03	AY:-2008-09	CIT(A)
Income tax	Disputed Demand	0.31	AY:-2005-06	ITAT, Ahmedabad
Income tax	Appeal against penalty order	0.09	AY:-2008-09	CIT(A), Baroda

- (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 deal or trade in shares and securities and other investments. Therefore clause (xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank, and therefore clause (xv) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (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 made fresh issue of debentures during the year. The Company has executed the debenture trust deed as per section 117A of the Act and proper security or charge has been created in favour of the debenture trust.
- (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 29, 2012

# STANDALONE ACCOUNTS

Balance Sheet as at 31 <sup>st</sup> March, 2012			
Particulars	Note Ref.	Rupees in Crores	Rupees in Crores
		As at 31.03.2012	As at 31.03.2011
<b>Equity &amp; Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	25.23	25.14
(b) Reserves & Surplus	2	1,237.04	1,028.72
(c) Money Received Against Share Warrants		-	-
		1,262.27	1,053.86
<b>2. Share Application Money Pending Allotment</b>			
		-	-
<b>3. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	330.18	194.62
(b) Deferred Tax Liabilities (Net)	4	93.09	80.73
(c) Other Long Term Liabilities	5	0.59	1.66
(d) Long Term Provisions	6	8.72	5.34
		432.58	282.35
<b>4. Current Liabilities</b>			
(a) Short-Term Borrowings	7	201.36	263.35
(b) Trade Payables	8	233.11	177.05
(c) Other Current Liabilities	9	172.16	99.89
(d) Short-Term Provisions	6	28.57	36.66
		635.20	576.95
<b>Total</b>		2,330.05	1,913.16
<b>Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	908.52	694.65
(ii) Intangible Assets	11	4.30	3.17
(iii) Capital Work-in-Progress		88.45	88.16
(iv) Intangible Assets Under Development		6.06	6.59
		1,007.33	792.57
(b) Non-Current Investments	12	42.65	48.79
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans & Advances	13	76.36	37.24
(e) Other Non-Current Assets	14	7.11	2.68
		1,133.45	881.28
<b>2. Current Assets</b>			
(a) Current Investments	12	0.15	0.15
(b) Inventories	15	663.98	462.51
(c) Trade Receivables	16	345.11	369.87
(d) Cash and Bank Balances	17	9.25	8.44
(e) Short-term loans and advances	13	33.66	60.92
(f) Other current assets	14	144.45	129.99
		1,196.60	1,031.88
<b>Total</b>		2,330.05	1,913.16

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss

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,  
29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors  
**Premchand Godha**  
Chairman & Managing Director  
**Ajit Kumar Jain**  
Joint Managing Director  
**Prashant Godha**  
Executive Director  
**Harish P. Kamath**  
Company Secretary

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

Particulars	Note Ref.	Rupees in Crores	
		2011-12	2010-11
<b>Revenue</b>			
<b>I. Revenue from Operations ( Gross)</b>	18	2,348.63	1,893.88
Less : Excise Duty		19.26	12.78
Revenue from Operations ( Net)		2,329.37	1,881.10
<b>II. Other Income</b>	19	12.92	8.51
<b>III. Total Revenue (I + II)</b>		2,342.29	1,889.61
<b>IV. Expenses</b>			
Cost of Materials Consumed	20	871.43	721.62
Purchases of Stock-in-Trade	21	100.88	94.64
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(65.04)	(48.69)
Employee Benefit Expenses	23	322.20	261.59
Finance Cost	24	39.36	28.45
Depreciation & Amortisation	25	65.31	55.43
Other Expenses	26	586.42	476.21
Foreign Exchange (Gain) / Loss Net		52.79	(43.34)
<b>Total Expenses (IV)</b>		1,973.35	1,545.91
<b>V. Profit before Exceptional, Extraordinary Items and Tax (III-IV)</b>		368.94	343.70
<b>VI. Tax Expense</b>			
Current Tax		83.55	73.25
Less : MAT Credit entitlement		(8.90)	-
Deferred Tax		13.23	1.42
Short / (Excess) provision of earlier years		0.89	3.70
		88.77	78.37
<b>VII. Profit after Tax before Exceptional Item (V-VI)</b>		280.17	265.33
<b>VIII. Exceptional Items</b>			
Less : Provision for Investments in Subsidiaries		-	9.96
<b>IX. Profit after Tax and Exceptional Item (VII-VIII)</b>		280.17	255.37
<b>X. Earnings per Equity Share : (Rs.)</b>	30		
Basic :			
Before Exceptional Items		22.23	21.16
After Exceptional Items		22.23	20.36
Diluted :			
Before Exceptional Items		22.22	21.15
After Exceptional Items		22.22	20.35
Par value per share (Rupees)		2.00	2.00

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss

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,

29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Premchand Godha**

Chairman & Managing Director

**Ajit Kumar Jain**

Joint Managing Director

**Prashant Godha**

Executive Director

**Harish P. Kamath**

Company Secretary

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012

	2011 - 2012		2010 - 2011	
	Rupees in Crores		Rupees in Crores	
<b>A. Cash Flow from Operating Activities</b>				
1) Net profit before taxation and extraordinary item		368.94		343.70
Adjustments for :				
Depreciation , amortisation and impairment	65.31		55.43	
Reversal of Impairment loss of assets	-		(0.50)	
(Profit) / Loss on sale of assets	0.83		1.05	
Assets scrapped	0.54		2.36	
Miscellaneous balance written off / ( back)	(2.17)		(0.07)	
Provision for doubtful debts/advances	1.80		0.17	
Provision for diminution in value of investment	1.08		-	
Employee Stock Option Compensation expenses	0.10		0.31	
Foreign exchange (gain) / loss	52.79		(43.34)	
Interest income	(8.33)		(6.44)	
Dividend income	(1.17)		(0.36)	
Interest expense	39.36	150.14	28.45	37.06
2) Operating profit before working capital changes		519.08		380.76
Increase / (Decrease) in short term borrowings	(86.36)		30.06	
Decrease / (Increase) in Receivables	(55.50)		(63.74)	
Decrease / (Increase) in Inventories	(185.90)		(91.68)	
Increase / (Decrease) in Sundry creditors & provisions	110.91	(216.85)	23.20	(102.16)
3) Cash generated from operation		302.23		278.60
Income tax paid (Net)		(79.90)		(64.03)
Net cash from operating activities		222.33		214.57
<b>B. Cash Flow from Investing Activities</b>				
Purchase of fixed assets including Capital WIP		(238.20)		(194.62)
Interest Capitalised		(1.18)		(1.21)
Investment in subsidiaries (Net)		(2.13)		(1.63)
Purchase of Investments		-		(7.86)
Purchase / redemption of mutual fund units				
- Purchases	(1,315.61)		(610.41)	
- Redemption	1,315.61		610.41	
Proceeds from sale of assets		0.95		1.26
Interest received		8.94		4.86
Dividend received		1.17		0.36
Net cash from / (used in) investing activities		(230.45)		(198.84)
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from Issue of Share Capital including premium		0.76		2.19
Proceeds from long-term borrowings		137.23		95.63
Repayment of long-term borrowings		(81.47)		(41.54)
Proceeds from issuance of Debentures		50.00		-
Repayment of Debentures		(16.67)		-
Interest paid		(36.70)		(29.22)
Dividend & dividend tax paid		(46.66)		(43.86)
Net cash (used in) financing activities		6.49		(16.80)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(1.63)		(1.07)
Cash and cash equivalents at beginning of year		7.22		8.29
Addition on Amalgamation		2.22		-
Cash and cash equivalents at end of year		7.81		7.22
<b>Components of Cash &amp; Cash equivalents :</b>				
Cash and Cheques on hand		3.74		3.12
Balance with banks		4.07		4.10
		7.81		7.22

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,  
29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors  
**Premchand Godha**  
Chairman & Managing Director  
**Ajit Kumar Jain**  
Joint Managing Director  
**Prashant Godha**  
Executive Director  
**Harish P. Kamath**  
Company Secretary



## (A) Accounting Policies

### a) Basis of Preparation

- i) The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Revised Schedule VI to the Companies Act 1956.

### ii) Change in Accounting Policy

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained herein below:-

The company was presenting local sales inclusive of sales tax and excise duty, the same is now presented inclusive of excise duty only. The impact of this change on the profit for the year is Rs. Nil.

### 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) Tangible 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.

### 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 tangible 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

- ii) The management has estimated the useful life for the various intangible assets as follows.

Assets	Estimated useful life (Years)
Brands and Trademarks	4
Technical Know-how	4
Software for internal use	4
Leasehold Improvements	Period of Lease

- iii) Leasehold land is amortised over the leasehold period.
- iv) 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 the Statement of Profit and Loss separately. Impairment loss in respect of assets sold / scrapped are reversed and consequent profit or loss on such sale is accounted. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Depreciation charged on assets impaired is adjusted in future period over its remaining useful life.

#### g) Inventories

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials	a) At Cost net of CENVAT/VAT computed on First-in-First-out method. b) Bulk drugs produced for captive consumption are valued at cost.
Work-in-process and Finished Goods	At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or 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 Statement of Profit and Loss 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 using the projected unit credit method.
- 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 the Statement of Profit and Loss and are not deferred.
- v) Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

#### l) 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 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) 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.

#### **l) Foreign Exchange Transactions**

- i) 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 Statement of Profit and Loss.
- ii) 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.
- iii) 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 Statement of Profit and Loss.
- iv) The overseas trading and non trading offices are integral foreign operation and are accounted accordingly.
- v) Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.

#### **m) Derivative instruments and Hedge accounting**

- i) 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.
- ii) 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 Statement of Profit and Loss.
- iii) Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.
- iv) 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 Statement of Profit and Loss for the period.

#### **n) Research and Development**

Revenue expenditure on research and development is charged to the Statement of Profit and Loss 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) 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.
- ii) 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.
- iii) The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under other operating revenue.
- iv) Revenue in respect of insurance/other claims, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.
- v) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.
- vi) 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 the Statement of Profit and Loss 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities related to the taxes on income levied by same governing taxation laws. 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) **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.

## (B) Other Explanatory Notes

### 1. Share Capital

	As at 31-Mar-2012		As at 31-Mar-2011	
	Numbers	Rupees in Crores	Numbers	Rupees in Crores
Face Value		Rs. 2.00 each		Rs. 2.00 each
Class of Shares		Equity Shares		Equity Shares
<b>Authorised Capital</b>	28,50,00,000	57.00	22,50,00,000	45.00
<b>Issued, Subscribed and Paid up Capital</b>				
Issued & Subscribed	12,71,08,750	25.42	12,69,87,500	25.40
Paid up	12,58,27,655	25.17	12,57,06,405	25.14
Share Suspense account (Refer clause (d))	3,22,704	0.06	-	-
Total		25.23		25.14

#### Of the above:

- Aggregate Shares issued under Employees Stock Option Scheme (ESOS) : 21,08,750 Equity Shares of Rs.2/- each (Previous year 19,87,500 Equity Shares)
- Equity Share of Rs.10 each have been sub-divided into five equity shares of Rs.2/- each pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on 25th February, 2010.
- 53,210 Equity Shares of Rs. 10 each in 2009-10 and 2,03,009 Equity Shares of Rs. 10/- each in 2008-09 have been extinguished under Buy back Scheme.
- The outstanding equity shares to be issued aggregating to Rs.0.06 crore representing 3,22,704 equity shares of Rs. 2/- each of the Company under the scheme of amalgamation of Tonira Pharma Ltd. with the Company is shown as Equity Share Suspense account under Share Capital.
- As per the Scheme of Amalgamation, the authorised share capital of Tonira Pharma Limited of 1,20,00,000 equity shares of Rs.10/- each is added to the Authorised Share Capital of the Company as 6,00,00,000 equity shares of Rs 2/- each amounting to Rs. 12.00 Crores.

#### Disclosures:

##### i) Reconciliation of Shares

Particulars	Equity Shares			
	As at 31-Mar-2012		As at 31-Mar-2011	
	Numbers	Rupees in Crores	Numbers	Rupees in Crores
Shares outstanding at the beginning of the year	12,57,06,405	25.14	12,52,27,655	25.04
Shares Issued during the year	1,21,250	0.03	4,78,750	0.10
<b>Shares outstanding at the end of the year</b>	<b>12,58,27,655</b>	<b>25.17</b>	<b>12,57,06,405</b>	<b>25.14</b>

##### ii) Details of Shareholding in excess of 5%

Name of Shareholder	As at 31-Mar-2012		As at 31-Mar-2011	
	Number of shares held	%	Number of shares held	%
Kaygee Investments Private Limited	2,69,94,495	21.45	2,69,94,495	21.48
HDFC Trustee Co, Ltd.	1,12,83,320	8.97	1,00,41,356	7.99
Exon Laboratories Private Limited	81,01,000	6.44	81,01,000	6.45
Chandurkar Investments Private Limited	69,78,005	5.54	69,78,005	5.55

iii) The details of Shares Reserved for issue under options as at 31st March, 2012 are as under:

Options	31.03.2012	31.03.2011
	(Nos.)	(Nos.)
At the beginning of the year	34,750	1,41,250
Granted	-	-
Exercised #	24,250	95,750
Forfeited / lapsed	-	10,750
At the end of the year	10,500	34,750
Number of Shares to be issued	52,500	1,73,750
Exercise price for outstanding options :		
- Grant II	-	Rs. 63
- Grant III	Rs. 63	Rs. 63
Amount to be received on issue under option (Rs. Crores)	0.33	1.09

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

iv) Merger of Tonira Pharma Limited with the Company

Pursuant to scheme of amalgamation ('the scheme') of Tonira Pharma Limited (TPL) with Ipca Laboratories Limited (ILL) under the provisions of Sections 391 to 394 of the Companies Act, 1956 as sanctioned by the Honorable High Court of Judicature of Bombay vide its order dated 30th March, 2012 and by the Honorable High Court of Judicature of Gujarat vide its order dated 2nd April'2012, which orders have been filed with the Registrar of Companies on 15th and 16th of May, 2012, respectively, to make the scheme effective, all the assets and liabilities of the said TPL were transferred to and vested in the Company as a going concern with effect from the appointed date i.e. 1st April'2011. Accordingly, this scheme of amalgamation has been given effect to in these accounts.

**Salient Features of the scheme of Amalgamation**

TPL was engaged in the business of manufacturing/marketing of Drug Intermediates and Active Pharmaceutical Ingredients. ILL is engaged in the business of manufacturing/marketing of Drug Intermediates, Active Pharmaceutical Ingredients and Pharmaceutical formulations.

The appointed date for the purpose of this amalgamation is 1st April, 2011

In accordance with the scheme approved, the accounting for this amalgamation has been done in accordance with the "Pooling of Interest Method" referred to in Accounting Standard 14- "Accounting for Amalgamation" of the Companies (Accounting Standards) Rules, 2006.

Accordingly, ILL has accounted for the Scheme in its books of accounts with effect from the Appointed Date i.e. 1st April, 2011 as under:

- i) With effect from the Appointed Date, all assets and liabilities appearing in the books of accounts of TPL have been transferred to and vested in ILL and have been recorded by ILL at their respective book values.
- ii) In consideration of the transfer of the business as a going concern, the Company shall issue 6 fully paid-up equity shares of Rs. 2/- each of the Company for every 100 equity share of Rs. 10/- each fully paid-up of TPL to the equity shareholders of TPL. Pending allotment, the outstanding equity shares to be issued aggregating to Rs.0.06 crore representing 3,22,704 equity shares of Rs. 2/- each of the company is shown as Equity Share Suspense account under Share Capital.
- iii) The equity shares in TPL held by the Company have been cancelled under the scheme.
- iv) The difference between the book value of net identifiable assets and liabilities of TPL transferred to ILL pursuant to this scheme and the consideration being the value of New Equity Shares to be issued & allotted by ILL amounting to Rupees 0.55 Crore has been credited to capital reserve account.
- v) Accordingly, 3,22,704 equity shares of ILL of Rs. 2/- each fully paid up are to be issued to the shareholders of TPL under this amalgamation. The record date fixed for this purpose is 31st May, 2012.
- vi) All inter company transactions have been eliminated on incorporation of the accounts of TPL in the Company.
- vii) The Company shall proceed to issue these equity shares to the shareholders of TPL in due course of time.

- viii) The transactions of the business of TPL with effect from 1st April, 2011 have been incorporated in the Company's accounts on the basis of the Audited Financial Statements of the business, which is treated as a Company's Branch, as audited by M/s Mitesh P Vora & Co. Chartered Accountants, the statutory auditors of the erstwhile TPL. They were appointed by the Board of Directors of the Company as its Branch Auditors.

In view of the aforesaid amalgamation, the figures for the current year are not strictly comparable to those of the previous year.

## 2. Reserves & Surplus

### i) Reserves

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Capital Reserve</b>				
Opening Balance	0.04		0.04	
(+) Current Year Transfer	-		-	
(+) Addition on amalgamation of Tonira Pharma Ltd. [Refer Note 1-iv(iv)]	0.55		-	
Closing Balance		0.59		0.04
<b>Capital Redemption Reserve</b>		0.26		0.26
<b>Securities Premium Account</b>				
Opening Balance	42.36		38.54	
Add : Credited during the year on share issue	1.25		3.82	
Closing Balance		43.61		42.36
<b>Debenture Redemption Reserve</b>				
Opening Balance	35.00		20.00	
(+) Current Year Transfer	7.00		15.00	
(-) Written Back in Current Year	-		-	
Closing Balance		42.00		35.00
<b>Share Options Outstanding Account</b>				
Opening Balance	0.48		1.89	
(+) Current Year Transfer	-		-	
(-) Written Back in Current Year	0.40		1.41	
Closing Balance		0.08		0.48
<b>Other Reserves</b>				
<b>General Reserve *</b>				
Opening Balance	800.00		600.00	
(+) Current Year Transfer	100.00		200.00	
(-) Written Back in Current Year	-		-	
Closing Balance		900.00		800.00
<b>Foreign Exchange Hedging Reserve **</b>				
Opening Balance	4.34		36.39	
Net transfer during the Year	(35.10)		(32.05)	
Closing Balance		(30.76)		4.34
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	-		-	
Net transfer during the Year	4.37		-	
Closing Balance		4.37		-
<b>Balance at the year end</b>		<b>960.15</b>		<b>882.48</b>

\* General Reserve represents the reserve created in accordance with Companies (Transfer of Profits to Reserves) Rules, 1975

\*\* Foreign exchange hedging reserve represents the fair value changes of hedging instruments that are designated and effective as hedges of future cash flows.

## ii) Surplus in Profit and Loss Account

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Balance as per last Balance Sheet</b>	146.24		152.70	
Addition on amalgamation of Tonira Pharma Ltd.	4.31		-	
Net Profit for the year	280.17	430.72	255.37	408.07
Less :				
Transfer to General Reserve	100.00		200.00	
Transfer to Debenture Redemption Reserve	7.00		15.00	
Interim dividend	25.15		25.13	
Tax on interim dividend	4.08		4.17	
Proposed dividend	15.14		15.08	
Tax on proposed dividend	2.46	153.83	2.45	261.83
<b>Balance as at year end</b>		276.89		146.24
<b>Total Reserves &amp; Surplus (i + ii)</b>		1,237.04		1,028.72

## 2A. Share Application Money Pending Allotment

The share application money pending allotment of Rs. 10,500 is received as commitment deposit from employees/directors under Employee Stock Option scheme (ESOS) on grant of stock options pending allotment.

The above ESOS is in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999.

52,500 shares of Rs. 2.00 each are to be issued against the commitment money so received at an exercise price of Rs.63 per share.

The company has sufficient authorised capital to cover the share capital amount on allotment of shares out of share application money.

The above 52,500 shares are to be issued at a premium of Rs.61 per share.

The shares will be allotted in accordance with the scheme before 31st March, 2013.

## 3. Long-term Borrowings - Secured

	Non - Current Portion		Current Maturities	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
i) Debentures	66.66	33.33	16.67	16.67
ii) Rupee Term Loan	-	18.00	-	15.67
iii) Foreign Currency Term Loan	263.52	143.29	52.60	39.86
	330.18	194.62	69.27	72.20

### a) Security and repayment terms

#### i) Debentures

12.75% Secured Redeemable Non-Convertible Debentures amounting to Rs 33.33 Crores (Previous year Rs. 50.00 Crores) - Redeemable in 3 equal annual instalments of which one instalment is paid. 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. The schedule of repayment is : 26th December, 2013 Rs.16.66 Crores; 26th December, 2012 Rs.16.67 Crores.

9.95% Secured Redeemable Non-Convertible Debentures of Rs.50.00 Crores (Previous year Rs. NIL) - Redeemable at the end of 3rd year by exercising put/call option or, at the end of 5th year, both from the date of issue i.e. 3rd October 2011. Secured by mortgage over Company's office premises at Ahmedabad, Gujarat and first pari-passu charge over movable property of the Company includes plant & machinery situated at Ratlam, Athal (Silvassa), Indore (M.P.), Piparia (Silvassa), Pithampur (Indore) and Dehradun.



## ii) Rupee Term Loan

HDFC Bank Ltd.- Rs. NIL (Previous year Rs. 18.67 Crores) Repayable in 15 equal quarterly instalments from 16th May,2009, 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.The said loan is prepaid before the Balance sheet date.

Bank of Baroda - Rs. NIL (Previous year Rs.15.00 Crores) Repayable in 3 equal annual installments from 30th March,2012, 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. The said loan is prepaid before the Balance sheet date.

## iii) Foreign Currency Term Loan

ICICI Bank Offshore Banking Unit - Rs. 7.64 Crores(Previous year Rs. 20.07 Crores) Repayable in 8 semi annual instalments from 10th October,2008, 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.

BNP PARIBAS, Singapore Branch - a) Rs.50.88 Crores (Previous year Rs.56.49 Crores) Repayable in 4 equal semi annual installments from 20th March,2013, 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.

b) Rs.50.88 Crores (Previous year Rs. NIL) Bullet Repayment at the end of 5th year on 6th October,2016, 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 N.A. Bahrain Branch - Rs.19.99 Crores (Previous year Rs. 22.30 Crores) Repayable in 14 equal quarterly installments from 21st July,2011, 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 Branch - Rs. 34.09 Crores (Previous year Rs. 39.69 Crores) Repayable in 9 semi annual instalments from 16th March,2011, 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.

Barclays Bank PLC, London Branch - Rs. 50.88 Crores (Previous year Rs. 44.60 Crores) Repayable in 13 quarterly installments from 24th May,2012, secured by first pari passu charge on the plant & machinery of the Company except assets at Pithampur, Indore.

HSBC Mauritius - Rs. 101.76 Crores (Previous year Rs. NIL) Repayable in 7 half yearly installments from 31st July,2013, secured by first pari passu charge on the plant & machinery of the Company except assets at Pithampur, Indore.

## b) Maturity Profile of Borrowings

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Installment payable between 1 to 2 years	87.76	59.11
Installment payable between 2 to 5 years	175.76	102.18
Installment payable beyond 5 years	-	-
	263.52	161.29

#### 4. Deferred Tax Liabilities (Net)

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
<b>Deferred tax liabilities on account of</b>		
Depreciation including on R & D Assets, Amortisation and impairment	97.89	85.92
<b>Deferred tax asset on account of</b>		
Leave Encashment	3.08	1.84
Bonus	0.64	2.16
Other tax disallowance	1.08	1.19
Total Deferred Tax Asset	4.80	5.19
<b>Net deferred tax liability</b>	<b>93.09</b>	<b>80.73</b>

#### 5. Other Long Term Liabilities

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Amount payable on foreign currency hedging transactions	0.20	1.16
Deposits from dealers	0.39	0.50
<b>Total</b>	<b>0.59</b>	<b>1.66</b>

#### 6. Provisions

	Long Term		Short Term	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
<b>Provision for employee benefits</b>				
Gratuity	-	-	1.38	0.33
Provision for leave encashment	8.72	5.34	0.76	0.33
Provision for leave travel assistance (LTA)	-	-	2.56	2.57
Other employee related provision	-	-	1.70	2.65
<b>Others</b>				
Proposed final dividend (Rs. 1.20 Per share)	-	-	15.14	15.08
Provision for tax on proposed final dividend	-	-	2.46	2.45
Provision for taxation* (net of prepaid taxes)	-	-	4.57	13.25
<b>Total</b>	<b>8.72</b>	<b>5.34</b>	<b>28.57</b>	<b>36.66</b>

\* Provision for taxation includes provision for wealth tax of Rs. 0.10 crore (Previous year Rs.0.07 crore).

#### Disclosures:

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

(Rupees in Crores)

Particulars	Opening Balance	Additions during the year	Amounts paid / reversed during the year	Closing Balance
Provision for wage revision under negotiation (Previous Year)	2.65 (0.79)	0.24 (1.86)	1.19 (-)	1.70 (2.65)

b) As per the Accounting Standard -15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the statement of Profit and Loss and the funded status and amounts recognized in the balance sheet are given herein below.

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
	Rupees in Crores		Rupees in Crores	
<b>I. Change in Benefit Obligation</b>				
Liability at the beginning of the year	14.43	11.12	5.67	6.50
Addition on amalgamation	0.26	-	0.16	-
Interest cost	1.18	0.89	0.47	0.55
Current Service Cost	1.92	1.29	1.53	1.65
Past Service Cost	-	-	-	-
Benefit Paid	(1.48)	(0.81)	(2.07)	(1.59)
Actuarial (gain) / loss on obligations	3.78	1.94	3.72	(1.44)
Curtailments and Settlements	-	-	-	-
<b>Liability at the end of the year</b>	<b>20.09</b>	<b>14.43</b>	<b>9.48</b>	<b>5.67</b>
<b>II. Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	14.10	9.62	-	-
Addition on amalgamation	0.21	-	-	-
Expected Return on Plan Assets	1.58	1.13	-	-
Contributions	4.30	4.16	-	-
Benefit paid	(1.48)	(0.81)	-	-
Actuarial gain / (loss) on Plan Assets	-	-	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>18.71</b>	<b>14.10</b>	<b>-</b>	<b>-</b>
<b>III. Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	1.58	1.13	-	-
Actuarial gain/(loss) on Plan Assets	-	-	-	-
<b>Actual Return on Plan Assets</b>	<b>1.58</b>	<b>1.13</b>	<b>-</b>	<b>-</b>
<b>IV. Amount Recognised in the Balance Sheet.</b>				
Liability at the end of the year	20.09	14.43	9.48	5.67
Fair Value of Plan Assets at the end of the year	18.71	14.10	-	-
Difference	1.38	0.33	9.48	5.67
Unrecognised Past Service Cost	-	-	-	-
<b>Amount Recognised in the Balance Sheet</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>Breakup of Above :</b>				
Current	1.38	0.33	0.76	0.33
Non-Current	-	-	8.72	5.34
<b>Total</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>V. Expenses Recognised in the Income Statement</b>				
Current Service Cost	1.92	1.29	1.53	1.65
Interest Cost	1.18	0.89	0.47	0.55
Expected Return on Plan Assets	(1.58)	(1.13)	-	-
Net Actuarial (gain) / loss to be Recognised	3.78	1.94	3.72	(1.44)
Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Effect of Curtailment or Settlements	-	-	-	-
<b>Expense Recognised in the statement of Profit and Loss</b>	<b>5.30</b>	<b>2.99</b>	<b>5.72</b>	<b>0.76</b>
<b>VI. Balance Sheet Reconciliation</b>				
Opening Net Liability	0.33	1.50	5.67	6.50
Addition on amalgamation	0.05	-	0.16	-
Expense as above	5.30	2.99	5.72	0.76
Past Service cost	-	-	-	-
Employer's Contribution	(4.30)	(4.16)	(2.07)	(1.59)
<b>Amount Recognised in Balance Sheet</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>VII. Actuarial Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	8.50%
Salary Escalation	6.00%	5.00%	6.00%	5.00%

Notes:

- 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
- iv) The Company's Leave Encashment liability is entirely unfunded.

## 7. Short-term Borrowings

### i) Secured Loans

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
a) Working Capital Loan from banks - Canara bank consortium	100.79	160.29
b) Working Capital Loan from Kotak Mahindra Bank	3.31	-
<b>Sub Total (i)</b>	<b>104.10</b>	<b>160.29</b>

### Security

#### a) 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.

#### b) Kotak Mahindra Bank-

Secured by first and exclusive hypothecation on all existing and future current assets and movable fixed assets of the erstwhile Tonira Pharma Limited, first and exclusive charge by way of equitable mortgage on the immovable properties of the erstwhile Tonira Pharma Ltd. bearing plot nos. 4722, 4723, 4731 and 4732 at GIDC, Ankleshwar and plot no. 23 and 24 at GIDC, Nandesari.

### ii) Unsecured Loans

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Short Term Loans from Banks :</b>				
HSBC Ltd.	45.26		35.64	
UBS AG	-		40.00	
BNP Paribas	15.00		13.38	
Bank of Nova Scotia	22.90		-	
Buyers Credit	14.10		14.04	
<b>Sub Total (ii)</b>		<b>97.26</b>		<b>103.06</b>
<b>Total Short-term Borrowings (i) + (ii)</b>		<b>201.36</b>		<b>263.35</b>

### iii) Commercial Paper

During the year the Company had raised and repaid Commercial Paper. The maximum outstanding amount during the year was Rs 100.00 crores (Previous year Rs. 45.00 crores) and the closing balance at year end is Rs. Nil. (Previous year Rs. Nil).

## 8. Trade Payables

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Trade Payables		
- Micro Small and Medium Enterprises	1.16	1.05
- Against acceptance of Import documents	71.09	39.00
- Others	160.86	137.00
<b>Total</b>	<b>233.11</b>	<b>177.05</b>

### Disclosures :

Disclosure In accordance with Section 22 of The Micro Small and Medium Enterprises Development Act 2006.

Particulars	2011 - 2012	2010 - 2011
	Rupees in Crores	Rupees in Crores
a) Principal Amount due at year end for period beyond 45 days	0.11	0.05
b) Interest Due as on 31.03.2012 thereon Rs. 58,439/- (Previous year Rs. 43,373/-)	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	5.09	5.36
d) Interest paid to suppliers under the MSME Act	0.04	0.03
e) Interest due & payable to suppliers under MSME Act towards payment already made	0.06	0.04

The Company has compiled the above information based on written confirmations from suppliers and have been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

## 9. Other Current Liabilities

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Current Maturities of Non-Current Liabilities (Refer Note 3)	69.27	72.20
Interest accrued but not due on borrowings	5.09	2.21
Interest accrued and due on borrowings	-	0.14
Advance received from customers	4.94	6.19
Unpaid dividends *	1.30	1.20
Duties & Taxes Payables	19.41	10.74
Amount payable on foreign currency hedging transactions	47.21	0.09
Payables for Capital Goods	24.94	7.12
<b>Total</b>	<b>172.16</b>	<b>99.89</b>

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

## 10. Tangible Assets

Rupees in Crores

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Plant & Machinery - Given on Lease	Office & Other Eqpt.	Effluent Treatment Plant	Furniture & Fixtures	Vehicles	Leasehold Improvement	R&D Building	R&D Leasehold Improvement	R&D Eqpt.	R&D Furniture	Total
<b>Cost</b>															
As at 1st April, 2010	23.33	10.90	161.33	560.42	3.67	5.28	6.05	16.22	7.69	-	7.20	-	65.21	1.41	868.71
Additions	0.87	-	9.73	82.58	0.54	1.52	2.84	2.77	6.15	0.76	0.67	0.74	12.00	0.23	121.40
Disposals /Adjustments	-	-	(0.02)	(10.44)	-	(0.14)	-	(0.28)	(1.64)	-	(0.81)	-	(2.51)	(0.11)	(15.95)
As at 31st March, 2011	24.20	10.90	171.04	632.56	4.21	6.66	8.89	18.71	12.20	0.76	7.06	0.74	74.70	1.53	974.16
Additions	3.22	4.30	42.96	167.26	0.12	1.89	8.51	4.15	3.56	-	7.90	-	12.37	0.17	256.41
Acquisition through business combination - Amalgamation	-	1.54	10.74	27.98	-	0.24	0.91	1.15	0.84	-	-	-	3.45	-	46.85
Disposals /Adjustments	-	(0.14)	(0.03)	(2.93)	-	(0.08)	(0.24)	(0.25)	(1.61)	-	-	-	(1.49)	-	(6.77)
As at 31st March, 2012	27.42	16.60	224.71	824.87	4.33	8.71	18.07	23.76	14.99	0.76	14.96	0.74	89.03	1.70	1,270.65

<b>Depreciation, Amortisation &amp; Impairment</b>															
As at 1st April, 2010	0.03	0.44	26.76	157.88	0.58	2.46	2.71	7.71	4.26	-	1.62	-	29.59	0.61	234.65
Charge for the year	-	0.11	4.99	37.98	0.25	0.53	0.85	1.59	1.09	0.07	0.24	0.06	6.69	0.16	54.61
Disposals /Adjustments	-	-	-	(6.10)	-	(0.11)	-	(0.04)	(1.29)	-	(0.03)	-	(1.65)	(0.03)	(9.25)
Impairment Changes	-	-	-	(0.50)	-	-	-	-	-	-	-	-	-	-	(0.50)
As at 31st March, 2011	0.03	0.55	31.75	189.26	0.83	2.88	3.56	9.26	4.06	0.07	1.83	0.06	34.63	0.74	279.51
Acquisition through business combination - Amalgamation	-	-	2.56	18.69	-	0.08	0.05	0.60	0.49	-	-	-	0.99	-	23.46
Charge for the year	-	0.13	6.40	47.92	0.28	0.73	1.13	2.00	1.91	0.30	0.49	0.30	8.01	0.17	69.77
Disposals /Adjustments	-	(0.04)	-	(9.59)	-	0.03	(0.04)	0.02	(1.05)	-	-	-	0.06	-	(10.61)
As at 31st March, 2012	0.03	0.64	40.71	246.28	1.11	3.72	4.70	11.88	5.41	0.37	2.32	0.36	43.69	0.91	362.13

<b>Net Block</b>															
As at 31st March, 2011	24.17	10.35	139.29	443.30	3.38	3.78	5.33	9.45	8.14	0.69	5.23	0.68	40.07	0.79	694.65
As at 31st March, 2012	27.39	15.96	184.00	578.59	3.22	4.99	13.37	11.88	9.58	0.39	12.64	0.38	45.34	0.79	908.52

### Notes :

- Buildings include cost of shares in Co-operative societies.
- Out of depreciation and amortisation for the year of Rs. 71.08 crore (Previous year Rs.55.51 crore), depreciation of Rs. 0.07 crore (Previous year Rs.0.08 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation.
- Cost of Borrowing of Rs. 1.18 crore (Previous year Rs. 1.21 crore) is capitalised to the projects.

## 11. Intangible Assets

Rupees in Crores

	Software	Brands and Trade Mark	Know-how	Software - R&D	Total
<b>Cost</b>					
As at 1st April, 2010	3.75	2.16	3.84	0.01	9.76
Additions	1.04	0.03	-	0.59	1.66
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2011	4.79	2.19	3.84	0.60	11.42
Additions	2.10	-	-	0.34	2.44
Acquisition through business combination - Amalgamation	-	-	-	-	-
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2012	6.89	2.19	3.84	0.94	13.86

<b>Depreciation, Amortisation &amp; Impairment</b>					
As at 1st April, 2010	1.65	2.05	3.65	-	7.35
Charge for the year	0.82	0.01	-	0.07	0.90
Disposals /Adjustments	-	-	-	-	-
Impairment Changes	-	-	-	-	-
As at 31st March, 2011	2.47	2.06	3.65	0.07	8.25
Acquisition through business combination - Amalgamation	-	-	-	-	-
Charge for the year	1.11	0.01	-	0.19	1.31
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2012	3.58	2.07	3.65	0.26	9.56

<b>Net Block</b>					
As at 31st March, 2011	2.32	0.13	0.19	0.53	3.17
As at 31st March, 2012	3.31	0.12	0.19	0.68	4.30

## 12. Investments

### i) Non Current Investments :

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	No. of Shares / Units		Face Value	Quoted/ Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Rupees In Crores	
			31/3/2012	31/3/2011				31/3/2012	31/3/2011	31/3/2012	31/3/2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>A. Details of Trade Investments</b>											
<b>Investment in Equity Instruments (At cost)</b>											
1.	Ipca Pharmaceuticals Inc., USA	Subsidiary	1,000	1,000	No Par Value	Unquoted	Fully Paid	100.00	100.00	7.61	7.61
2.	Ipca Laboratories (UK) Ltd., UK	Subsidiary	9,14,186	6,45,955	STG 1	Unquoted	Fully Paid	100.00	100.00	7.19	5.11
3.	Ipca Pharma Nigeria Ltd., Nigeria	Subsidiary	5,15,89,190	5,15,89,190	Niara 1	Unquoted	Fully Paid	100.00	100.00	2.82	2.82
4.	National Druggist (PTY) Ltd., South Africa	Subsidiary	10,59,732	10,59,732	Rand 1	Unquoted	Fully Paid	100.00	100.00	0.64	0.64
5.	Ipca Pharma (Australia) Pty Ltd., Australia	Subsidiary	26,944	26,944	Aus \$ 1	Unquoted	Fully Paid	100.00	100.00	0.17	0.17
6.	Ipca Pharmaceuticals(Shanghai) Ltd., China	Subsidiary	-	-	No Par Value	Unquoted	Fully Paid	100.00	100.00	1.19	1.19
7.	Ipca Pharmaceuticals Ltd. SA de CV, Mexico	Subsidiary	-	-	No Par Value	Unquoted	Fully Paid	100.00	100.00	0.67	0.62
8.	Ipca Traditional Remedies Pvt. Ltd.	Subsidiary	29,60,000	29,60,000	10	Unquoted	Fully Paid	99.20	99.20	2.96	2.96
9.	Laboratories Ipca Do Brasil Ltda., Brasil (Quotas of Brazilian Real of 1 each)**	Subsidiary	-	69,17,694	R \$ 1	Unquoted	Fully Paid	-	100.00	-	11.33
10.	Tonira Exports Limited*	Subsidiary	99,600	-	10	Unquoted	Fully Paid	99.60	-	0.10	-
<b>Total</b>										23.35	32.45
11.	Paschim Chemicals Pvt. Ltd.	Associate	63,690	63,690	100	Unquoted	Fully Paid	45.23	45.23	20.34	20.34
12.	CCPL Software Pvt. Ltd. #	Associate	55,000	55,000	100	Unquoted	Fully Paid	28.95	28.95	-	-
13.	Trophic Wellness Pvt. Ltd. @ (1,00,000 shares fully paid & 6,80,000 partly paid - Rs.5/- per share)	Associate	7,80,000	7,80,000	10	Unquoted	@	19.26	19.26	7.86	7.86
14.	Tonira Pharma Ltd. (Since merged w.e.f. 01/04/2011)	Associate	-	25,65,808	10	Quoted	Fully Paid	-	32.30	-	7.33
<b>Total</b>										28.20	35.53
15.	Mangalam Drugs & Organics Ltd.	Others	16,33,417	16,33,417	10	Quoted	Fully Paid	-	-	5.09	5.09
<b>Total</b>										5.09	5.09
<b>Total</b>										56.64	73.07
<b>B. Details of Non Trade Investments</b>											
<b>Investment in Equity Instruments (At cost)</b>											
1.	Gujrat Industrial Co-Op Bank Ltd.*	Others	140	-	50	Unquoted	Fully Paid	-	-	-	-
2.	Bharuch Eco Acqua Infrastructure Limited*	Others	35,000	-	10	Unquoted	Fully Paid	-	-	0.04	-
<b>Total</b>										0.04	-
<b>C. Total Non current Investments (A+B)</b>										56.68	73.07
Less : Provision for Diminution in value (Refer table (iii) below)										14.03	24.28
<b>Non current investments (Net of provision)</b>										42.65	48.79

# Cost fully written off in books

\* (w.e.f. 01-04-2011 upon merger of Tonira Pharma Ltd.)

\*\*The Company has been liquidated during the year.

### ii) Current Investments:

1.	Aurobindo Pharma Limited	Others	25,000	25,000	1	Quoted	Fully Paid	-	-	0.15	0.15
----	--------------------------	--------	--------	--------	---	--------	------------	---	---	------	------

### iii) Total provision for diminution in the value of Investments till date in shares in respect of the above companies is as follows :

Sr. No.	Name of the Body Corporate	Subsidiary/ Associate/ JV/ Controlled Entity/ Others	Rupees In Crores	
			31/03/2012	31/03/2011
1.	Laboratories Ipca Do Brasil Ltda., Brasil	Subsidiary	-	11.33
2.	Ipca Pharmaceuticals Inc., USA	Subsidiary	7.61	7.00
3.	Ipca Traditional Remedies Pvt. Ltd.	Subsidiary	2.96	2.96
4.	Mangalam Drugs & Organics Ltd.	Others	3.46	2.99
<b>Total</b>			14.03	24.28

### iv) Aggregate value of investments :

Particulars	Rupees In Crores	
	As at 31-Mar-2012	As at 31-Mar-2011
Aggregate amount of quoted investments (Non Current - Trade)	5.09	12.42
Aggregate Market value of quoted Investments (Non Current - Trade)	1.63	6.78
Aggregate amount of unquoted investments (Non Current - Trade)	51.59	60.65
Aggregate amount of quoted investments (Current - Non Trade)	0.15	0.15
Aggregate Market value of quoted Investments (Current - Non Trade)	0.30	0.49



### 13. Loans and Advances

	Long Term		Short Term	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
<b>a. Loans and advances to related parties</b>				
Unsecured, considered good (Refer Disclosure given hereunder)	40.07	-	-	20.25
<b>b. Capital Advances</b>				
Unsecured, considered good	21.00	18.40	-	-
<b>c. Others (Unsecured, considered good)</b>				
Advance to suppliers	-	-	17.78	19.52
<b>Loans given to :</b>				
- Employees	0.96	0.93	1.77	1.62
- Others	4.15	5.50	2.33	-
Foreign currency hedging gain receivable	-	0.86	0.02	4.73
Prepaid taxes (Net of provisions)	3.26	6.38	-	-
Deposits with Govt departments and others	6.69	4.91	1.29	1.37
Tender Deposits				
- Considered good	-	-	0.40	0.42
- Considered doubtful	-	-	0.03	-
	-	-	0.43	0.42
Less : Provision for doubtful deposits	-	-	0.03	-
	-	-	0.40	0.42
Prepaid expenses	0.23	0.26	4.96	3.71
Advances to Employees				
- Considered good	-	-	3.13	5.79
- Considered doubtful	-	-	1.71	-
	-	-	4.84	5.79
Less : Provision for doubtful advances	-	-	1.71	-
	-	-	3.13	5.79
Other Advances	-	-	1.98	3.51
<b>Total</b>	<b>76.36</b>	<b>37.24</b>	<b>33.66</b>	<b>60.92</b>

#### Disclosures:

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

Sr. No.	Name of the company and Relationship	Rupees in Crores			
		Balance as on 31.03.2012	Maximum outstanding during the year 2011-12	Balance as on 31.03.2011	Maximum outstanding during the year 2010-11
i)	Laboratories Ipca Do Brasil Ltda., Brasil - 100% Subsidiary	-	-	-	0.50
ii)	Ipca Pharmaceuticals, Inc., USA - 100% Subsidiary Maximum outstanding Rs. Nil (Previous year Rs. 27,051/-)	-	-	-	-
iii)	Ipca Pharmaceuticals Ltd. SA de CV, Mexico - 100% Subsidiary	-	-	-	0.08
iv)	Ipca Pharmaceuticals (Shanghai) Ltd., China - 100% Subsidiary	-	-	-	0.12
v)	Ipca Pharma Nigeria Ltd., Nigeria - 100% Subsidiary	-	-	-	7.34
vi)	Tonira Pharma Ltd. (Merged with the Company w.e.f. 01/04/2011) - Associate	-	-	16.36	16.36
vii)	Paschim Chemicals Pvt. Ltd.- Associate	-	3.77	3.77	3.77
viii)	Makers Laboratories Ltd. - Associate	-	2.00	-	-
ix)	Ipca Laboratories (UK) Ltd., UK - 100% Subsidiary	40.07	40.07	-	-
x)	Trophic Wellness Pvt. Ltd. - Associate	-	0.12	0.12	16.00

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 x) are interest bearing loans.

**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.

**14. Other Assets**

	Non Current		Current	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
Term Deposits with banks #	2.20	-	-	-
Export benefits receivables	-	-	75.82	48.37
Foreign exchange gain receivable	-	-	-	9.07
Duties & Taxes Refundable	4.91	2.68	59.63	67.79
Gratuity and other claim receivables	-	-	7.42	2.59
Others	-	-	1.58	2.17
<b>Total</b>	<b>7.11</b>	<b>2.68</b>	<b>144.45</b>	<b>129.99</b>

# Term deposits amounting to Rs. 2.00 Crores have been given as margin for guarantee issued by banks for disputed customs liability and for Rs.0.20 Crores as deposit for electricity connection.

**15. Inventories**

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
i) Raw Materials and components				
In hand	262.24		175.66	
In transit	48.05	310.29	17.05	192.71
ii) Packing Materials and components				
In hand	25.10		23.26	
In transit	0.01	25.11	-	23.26
iii) Work-in-progress		110.87		90.98
iv) Finished goods				
In hand				
Own	184.76		126.12	
Traded	21.12		21.74	
In transit				
Own	4.79		1.33	
Traded	1.30	211.97	1.68	150.87
v) Stores and spares		5.74		4.69
<b>Total</b>		<b>663.98</b>		<b>462.51</b>

**Disclosures:**

**Valuation methodology**

Raw Material & Packing Materials and components	At cost
Work In Progress	At cost
Finished Goods	At cost or Net realisable value which ever is lower
Stores and spares	At cost

## 16. Trade receivables

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Outstanding for more than six months</b>				
Unsecured, considered good	6.15		17.71	
Unsecured, considered doubtful	0.06		0.24	
Less : Provision for doubtful debts	0.06	6.15	0.24	17.71
<b>Others</b>				
Unsecured, considered good		338.96		352.16
<b>Total</b>		345.11		369.87

## 17. Cash and Bank Balances

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
<b>Cash &amp; Cash Equivalents</b>		
Cash on hand	0.32	0.38
Balances with banks	3.90	4.10
Cheques, drafts on hand	3.42	2.74
Fixed deposit with bank	0.17	-
	7.81	7.22
<b>Other Bank Balances</b>		
Unpaid dividend accounts	1.30	1.20
Bank margin	0.14	0.02
	1.44	1.22
<b>Total</b>	9.25	8.44

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

## 18. Revenue from Operations (Gross)

	2011 - 12		2010 - 11	
	Rupees in Crores		Rupees in Crores	
<b>Sale of Products (Gross)</b>		2,318.50		1,878.70
<b>Sale of services</b>		1.26		0.44
<b>Other operating revenues</b>				
Focus Market and other Export Incentive Schemes	17.01		6.45	
Miscellaneous Income (Operational)	11.86	28.87	8.29	14.74
<b>Total</b>		2,348.63		1,893.88

## Disclosures:

i) Sale of Products (Net)	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Gross Sales	2,318.50	1,878.70
Less : Excise Duty	19.26	12.78
	2,299.24	1,865.92

ii) Details of Sale of Products	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Formulations	1,749.55	1,387.37
Active Pharmaceutical Ingredients / Intermediates	543.54	474.24
Others	6.15	4.31
<b>Total</b>	2,299.24	1,865.92

## 19. Other Income

	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Interest Income	8.33	6.44
Dividend Income - from Current Investments	1.17	0.36
Sundry Balances w/back (Net)	2.17	0.07
Profit on sale of Assets	0.13	0.16
Reversal of Impairment loss of assets	-	0.50
Miscellaneous Income	1.12	0.98
<b>Total</b>	12.92	8.51

## 20. Cost of Materials Consumed

	2011 - 12		2010 - 11	
	Rupees in Crores		Rupees in Crores	
Raw Materials Consumed				
Opening Stock	192.71		156.75	
Addition on amalgamation	9.59		-	
Add : Purchases ( Net of Discount )	850.53		644.71	
Add : Raw Material Conversion Charges	16.68		16.97	
	1,069.51		818.43	
Less : Closing Stock	310.29	759.22	192.71	625.72
Packing Materials Consumed				
Opening Stock	23.26		18.92	
Addition on amalgamation	0.06		-	
Add : Purchases ( Net of Discount )	150.24		137.42	
	173.56		156.34	
Less : Closing Stock	25.11	148.45	23.26	133.08
Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits		(36.24)		(37.18)
<b>Total</b>		871.43		721.62

Disclosures:

i) Details of Raw Materials Consumption	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Artemisinin	144.41	80.69
Novaldiamine	20.88	14.41
Ethoxymethylene Malonic acid Ester	15.69	14.00
Para Hydroxy Acetophenone	18.10	12.01
Amoxicillin Trihydrate	17.23	11.44
Others (None of which individually forms more than 10% of the total consumption.)	542.91	493.17
<b>Total</b>	<b>759.22</b>	<b>625.72</b>

ii) Details of Indigenous and Imported Consumption	2011 - 12		2010 - 11	
	Rupees in Crores	Percentage (%)	Rupees in Crores	Percentage (%)
<b>Raw materials</b>				
Imported	355.79	46.86	240.39	38.42
Indigenous	403.43	53.14	385.33	61.58
<b>Total</b>	<b>759.22</b>	<b>100.00</b>	<b>625.72</b>	<b>100.00</b>
<b>Packing materials</b>				
Imported	2.56	1.72	4.01	3.02
Indigenous	145.89	98.28	129.07	96.98
<b>Total</b>	<b>148.45</b>	<b>100.00</b>	<b>133.08</b>	<b>100.00</b>

21. Purchases of Stock-in-Trade

	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Formulations	75.54	72.94
Active Pharmaceutical Ingredients / Intermediates	20.86	16.74
Others	4.48	4.96
<b>Total</b>	<b>100.88</b>	<b>94.64</b>

22. Changes in inventories of Finished Goods (FG), Work-in-progress (WIP) and Stock-in-Trade

	2011 - 12		2010 - 11	
	Rupees in Crores		Rupees in Crores	
<b>Inventory Adjustments - WIP</b>				
Stock at Commencement	90.98		68.44	
Addition on amalgamation	3.92		-	
Less : Stock at closing	110.87	(15.97)	90.98	(22.54)
<b>Inventory Adjustments - FG</b>				
Stock at Commencement	127.45		107.94	
Addition on amalgamation	1.78		-	
Less : Stock at closing	189.55	(60.32)	127.45	(19.51)

	2011 - 12		2010 - 11	
	Rupees in Crores		Rupees in Crores	
<b>Inventory Adjustments - Stock-in-Trade</b>				
Stock at Commencement	23.42		15.76	
Addition on amalgamation	-		-	
Less : Stock at closing	22.42	1.00	23.42	(7.66)
<b>Variation in Excise duty on</b>				
Closing stock of finished goods	18.67		8.42	
Less : Opening stock of finished goods	8.42	10.25	7.40	1.02
<b>Total</b>		(65.04)		(48.69)

#### Disclosures:

#### Finished Goods (including Stock-in-Trade)

	Closing Stock		Opening Stock	
	2011 - 12	2010 - 11	2011 - 12	2010 - 11
	Rupees in Crores		Rupees in Crores	
Formulations	99.53	94.28	94.28	67.08
Active Pharmaceutical Ingredients / Intermediates	111.78	56.47	56.47	56.48
Others	0.66	0.12	0.12	0.14
<b>Total</b>	211.97	150.87	150.87	123.70

### 23. Employee Benefits Expenses

	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Salaries, Bonus, Perquisites, etc	284.29	234.36
Contribution to Employees welfare funds	15.10	11.50
Leave Encashment	5.72	0.76
Leave Travel Assistance	1.86	1.84
Gratuity Fund Contributions	5.30	2.99
Expense on Employee Stock Option Scheme	0.10	0.31
Staff Welfare expenses	6.01	5.11
Recruitment & Training	3.82	4.72
<b>Total</b>	322.20	261.59

### 24. Finance Cost

	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Interest Expense	34.06	23.03
Other borrowing costs	5.20	3.12
Interest on Income tax	0.10	2.30
<b>Total</b>	39.36	28.45

## 25. Depreciation & Amortisation

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Depreciation on Tangible Assets	69.70	54.53
Amortisation on Intangible Assets	1.31	0.90
Short / (excess) depreciation of earlier years	(5.70)	-
<b>Total</b>	<b>65.31</b>	<b>55.43</b>

To align the depreciation policy and the rates of the amalgamating (transferee) Company with those of the amalgamated (transferor) Company, the depreciation hitherto charged on the assets of the amalgamated Company has been reviewed and differential depreciation as compared to the policy and rates of the amalgamated Company is written back as at 01/04/2011, being the appointed date. The differential depreciation charged in the books of the amalgamating Company as compared to the method and rates followed by the amalgamated Company is Rs. 5.70 crores and is written back to the profit and loss account under the head depreciation. The Depreciation for the year is therefore lower and the Profit and Balance in Reserves and Surplus is higher by Rs. 5.70 crores.

## 26. Other Expenses

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Consumption of stores & spares	19.68	13.28
Power, Fuel & Water Charges	82.94	58.95
Freight, forwarding and transportation	74.44	66.02
Outside Manufacturing Charges	20.27	16.76
Repairs & Maintenance	45.56	33.76
Loss on sale of asset	0.96	1.21
Fixed Assets Scrapped	0.54	2.36
Commission	33.72	18.13
Field Staff expenses	66.20	46.26
Sales & marketing expenses	89.11	86.81
Product information catalogue	12.93	15.39
Expenditure on scientific research	25.25	29.96
Laboratory expenses and Analytical Charges	14.45	11.20
Rent	8.78	6.40
Rates & Taxes	5.48	4.73
Travelling expenses	16.97	15.96
Professional charges	10.72	9.03
Printing and stationery	6.49	5.43
Books, Subscription & Software	1.79	1.40
Product registration expenses	4.28	4.23
Excise duty	2.77	1.92
Communication Expenses	7.63	7.56
Insurance	9.87	7.28
Intellectual property right expenses	0.75	0.64
Remuneration To Auditors	0.41	0.39
Bank Charges	2.87	2.69
Amalgamation Expenses	0.32	-
Provision for doubtful debts/advances	1.80	0.17
Provision for diminution in value of investment	1.08	-
Other Expenses	18.36	8.29
<b>Total</b>	<b>586.42</b>	<b>476.21</b>

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
<b>Details of :</b>		
<b>1. Repairs &amp; Maintenance :</b>		
- Building	9.95	7.93
- Machinery	34.90	25.28
- Others	0.71	0.55
	<b>45.56</b>	<b>33.76</b>
<b>2. Remuneration To Auditors:</b>		
- Audit Fees	0.29	0.29
- Tax Matters	0.05	0.05
- Certification fees	0.04	0.03
- Out of Pocket expenses	0.03	0.02
	<b>0.41</b>	<b>0.39</b>

Note : Amalgamation Expenses include a sum of Rs 0.02 crs paid to the auditors.

#### Disclosures :

##### i) Details of Stores and Spares :

	2011 - 12		2010 -11	
	Rupees in Crores	Percentage	Rupees in Crores	Percentage
<b>Break up of Consumption</b>				
Imported	3.43	17.43	2.66	20.00
Indigenous	16.25	82.57	10.62	80.00
<b>Total</b>	<b>19.68</b>	<b>100.00</b>	<b>13.28</b>	<b>100.00</b>

##### ii) Total expenditure on R & D is included in respective heads of accounts as under :

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Expenditure on Scientific Research (Includes stores and chemicals, Bio-availability, Bio-equivalence and Toxicity Studies)	25.25	29.96
Material Cost	0.25	0.51
Personnel cost	19.25	15.03
Other overheads	12.43	11.54
Depreciation	9.16	7.22
<b>Total</b>	<b>66.34</b>	<b>64.26</b>

#### 27. Disclosure as required by Accounting Standard – AS 17 “Segment Reporting”, issued by the Institute of Chartered Accountants of India

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.



**28. Disclosure as required by Accounting Standard – AS 18 "Related Parties", issued by the Institute of Chartered Accountants of India.**

Relationships	Country
<b>A. Entities where control exists</b>	
<u>Shareholders of Ipca Laboratories Ltd.</u>	
Kaygee Investments Pvt. Ltd.	India
Chandurkar Investments Pvt. Ltd.	India
<u>Subsidiaries</u>	
Laboratories Ipca Do Brasil Ltda, Brazil (Liquidated)	Brazil
Ipca Pharmaceuticals Inc., USA	USA
Ipca Laboratories (UK) Ltd., UK	United Kingdom
Ipca Pharma (Australia) Pty Ltd., Australia	Australia
Ipca Pharma Nigeria Ltd., Nigeria	Nigeria
National Druggists (Pty) Ltd. , South Africa	South Africa
Ipca Pharmaceuticals (Shanghai) Ltd., China	Peoples Republic of China
Ipca Pharmaceuticals Ltd. SA de CV, Mexico	Mexico
Ipca Traditional Remedies Pvt. Ltd.	India
Tonira Exports Limited (w.e.f. 01-04-11 upon merger of Tonira Pharma Limited)	India
<u>Step-down Subsidiaries</u>	
Ipca Pharma (NZ) Pvt. Ltd., New Zealand	New Zealand
Onyx Chemical Research Limited, UK	United Kingdom
Onyx Scientific Limited, UK	United Kingdom
<b>B. Key Management Personnel</b>	
Mr. Premchand Godha - Chairman & Managing Director	Indian
Mr. A.K.Jain - Joint Managing Director	Indian
Mr. Pranay Godha - Executive Director	Indian
Mr. Prashant Godha - Executive Director (w.e.f.16-08-11)	Indian
<b>C. Associates</b>	
Paschim Chemicals Pvt. Ltd.	India
Tonira Pharma Ltd. (Since merged with the Company w.e.f. 01-04-2011)	India
Makers Laboratories Ltd.	India
Trophic Wellness Pvt. Ltd.	India
<b>D. Other Related Parties (Entities in which Directors or their relatives have significant influence)</b>	
Nipra Industries Pvt. Ltd.	India
Keymed	India
Oscar Industries	India
Mrs. Usha P. Godha	Indian
Prabhat Foundation	India
Vandhara Resorts Pvt. Ltd.	India

Details of related party transaction are given in statement 1 attached to the financial statements.

**29. Disclosure as required by Accounting Standard – AS 19 "Leases", issued by the Institute of Chartered Accountants of India**

The Company has taken various residential / godowns / offices premises (including Furniture and Fittings, if any) under leave and licence agreements. These generally range between 11 months to 3 years under leave and licence basis. 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 Statement of Profit and Loss under Rent.

**30. Disclosure as required by Accounting Standard – AS 20 “Earning Per Share”, issued by the Institute of Chartered Accountants of India.**

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

Particulars	2011 - 12		2010 -11	
	Rupees in Crores		Rupees in Crores	
i) Profit after Tax before Exceptional Item		280.17		265.33
ii) Profit after Tax and Exceptional Items		280.17		255.37
iii) Closing Equity Shares Outstanding (Nos.)				
Opening Equity Shares Outstanding (Nos.)	12,57,06,405		12,52,27,655	
Add : Issued during the year (Nos.)	1,21,250		4,78,750	
Add : To be issued pursuant to merger of Tonira Pharma Ltd.	3,22,704		-	
Closing Equity Shares Outstanding (Nos.)		12,61,50,359		12,57,06,405
iv) Weighted Avg no. of Shares Outstanding (Nos.) (Basic)		12,60,52,962		12,54,04,983
v) Weighted Avg no. of Shares Outstanding (Nos.) (Diluted)		12,60,63,771		12,54,57,068
vi) Nominal value of equity share (Rs.)		2.00		2.00
<b>Basic EPS</b>				
vii) Earning per share before Exceptional Item (Rs.) (i/iv)		22.23		21.16
viii) Earning per share after Exceptional Item (Rs.) (ii/iv)		22.23		20.36
<b>Diluted EPS</b>				
ix) Earning per share before Exceptional Item (Rs.) (i/v)		22.22		21.15
x) Earning per share after Exceptional Item (Rs.) (ii/v)		22.22		20.35

**Disclosure as per guidance note on Accounting for Employee Share-based Payments.**

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, 2012 as reported would change to amounts indicated below :

Particulars	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Net Profit as reported (after exceptional items)	280.17	255.37
Add : Stock based compensation expense included in the reported income	0.10	0.31
Less : Stock based compensation expenses determined using fair value of options	0.14	0.26
Net profit (adjusted)	280.13	255.42
Weighted average number of shares considered for basic earnings per share	12,60,52,962	12,54,04,983
Weighted average number of shares considered for diluted earnings per share	12,60,63,771	12,54,57,068
Basic earnings per share as reported (Rupees)	22.23	20.36
Basic earnings per share (adjusted) (Rupees)	22.22	20.37
Diluted earnings per share as reported (Rupees)	22.22	20.36
Diluted earnings per share (adjusted) (Rupees)	22.22	20.36

### 31. CIF Value of Imports

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Raw materials	373.20	221.02
Packing materials	2.18	2.66
Traded goods	8.82	11.80
Capital goods	52.97	38.17
Stores and machine components	3.43	2.37
Others	2.45	-
	443.05	276.02

### 32. Earning in Foreign Currency

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
FOB value of exports	1,353.36	982.90
Dividend and Interest	1.20	0.54
Other Service charges	6.35	3.11
	1,360.91	986.55

### 33. Expenditure in Foreign Currency

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Professional charges	5.93	2.71
Interest on foreign currency loan	7.48	5.09
Overseas office expenses	42.43	37.21
Product registration and marketing expenses	17.45	16.67
Other matters	58.72	26.29
	132.01	87.97

### 34. Contingent liabilities and commitments not provided for in respect of :

Particulars	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
<b>A. Contingent Liabilities</b>		
a) Bills discounted with banks	147.24	106.95
Since Realised	(85.08)	(47.85)
b) Other moneys for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the Company	18.53*	11.39
c) Claims against the Company not acknowledged as debts.	0.01	0.01
d) Corporate Guarantees given to bankers of associates and subsidiaries for which the Company holds counter guarantees.	-	30.00
e) Corporate Guarantee given to others	2.28	2.28
f) Guarantees given by banks in favour of Government and others/ Letter of Credit opened against which goods are not received *	65.74	96.75
	148.72	199.53
<b>B. Estimated amount of contracts remaining to be executed on capital account and not provided for :</b>		
- Tangible Assets	52.04	78.70
- Intangible Assets	2.44	5.08
	54.48	83.78

Particulars	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
<b>C. Uncalled liability on partly paid shares</b>	4.48	4.48
<b>D. Other Commitments</b>	-	-

\*Note: It includes Rs. 4.38 crores towards interest and penalty demanded by excise department, Ankleshwar and is not payable in accordance with the order passed by the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad. The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a Bank Guarantee of Rs. 2.00 crores to the Department. The Bank guarantee is obtained from Corporation Bank, Kandivali against 100% margin in the form of Fixed Deposit Receipt (FDR).

35. 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, 2012 has the following derivatives instruments / forward cover outstanding.

Sr. No.	Type of Transaction	Purpose	Amount Outstanding (In Million)	
			31.03.2012	31.03.2011
i)	USD Put Options (Purchase)	To hedge export receivable	-	USD 27.00
ii)	USD Call Option (Sold)	To hedge export receivable	-	USD 27.00
iii)	JPY/ USD full Currency swap	To hedge the currency risk and interest rate risk of JPY Loan	-	JPY 318.60 (outstanding)
iv)	USD Interest Rate Swap	To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate.	USD 62.13 (outstanding)	USD 21.07 (outstanding)
v)	Currency Swap	To reduce cost of borrowing	-	USD 3.30
vi)	Forward Cover beyond six months	To hedge export receivables	STG 7.00 USD 64.50	STG 2.00 USD 66.50

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	USD (Million)	
		31.03.2012	31.03.2011
i)	Term loan	62.13	39.57
ii)	Short term working capital loan / PCFC / Buyers credit	16.31	15.03
iii)	Sundry creditors for imports	13.02	8.74
iv)	Currency Swap	-	3.30

d) The Company has an annual average exports of USD 291 Million (Previous year 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 4.58 Million (Previous year USD 17.63 Million) as at 31st March, 2012.

36. In the opinion of the Board of Directors, all the assets other than fixed assets and non current investments have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.

37. The balance sheet, Statement of profit and loss, cash flow statement, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended 31st March, 2012.

### 38. Prior Period Comparison

The Company has reclassified the published previous year figures to conform to the norms of the Revised Schedule VI. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

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,

29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Premchand Godha**

Chairman & Managing Director

**Ajit Kumar Jain**

Joint Managing Director

**Prashant Godha**

Executive Director

**Harish P. Kamath**

Company Secretary

**Statement 1 (refer Note No. 28)**

(Related Party Disclosure as required by Accounting Standard – AS 18 issued by the Institute of Chartered Accountants of India)

**Transactions with Related Parties**

Rupees in Crores

Description	Entities where control exists		Key Management Personnel		Associates		Other Related Parties		Total	
	Subsidiaries		2011 - 12	2010 - 11	2011 - 12	2010 - 11	2011 - 12	2010 - 11	2011 - 12	2010 - 11
	2011 - 12	2010 - 11								
<b>Purchase of goods and services</b>										
Paschim Chemicals Pvt. Ltd.	-	-	-	-	36.08	26.19	-	-	36.08	26.19
Makers Laboratories Ltd.	-	-	-	-	13.38	16.47	-	-	13.38	16.47
Others	4.26	3.09	-	-	-	1.20	1.16	1.18	5.42	5.47
<b>TOTAL</b>	<b>4.26</b>	<b>3.09</b>	<b>-</b>	<b>-</b>	<b>49.46</b>	<b>43.86</b>	<b>1.16</b>	<b>1.18</b>	<b>54.88</b>	<b>48.13</b>
<b>Sales of goods and services</b>										
Ipca Pharma Nigeria Ltd., Nigeria	13.75	9.38	-	-	-	-	-	-	13.75	9.38
Ipca Pharmaceuticals Inc., USA	4.62	8.89	-	-	-	-	-	-	4.62	8.89
Paschim Chemicals Pvt. Ltd.	-	-	-	-	3.88	1.19	-	-	3.88	1.19
Makers Laboratories Ltd.	-	-	-	-	5.06	3.14	-	-	5.06	3.14
Trophic Wellness Pvt. Ltd.	-	-	-	-	6.65	-	-	-	6.65	-
Others	-	-	-	-	-	0.68	-	-	-	0.68
<b>TOTAL</b>	<b>18.37</b>	<b>18.27</b>	<b>-</b>	<b>-</b>	<b>15.59</b>	<b>5.01</b>	<b>-</b>	<b>-</b>	<b>33.96</b>	<b>23.28</b>
<b>Interest income</b>										
Ipca Laboratories (UK) Ltd., UK	1.20	-	-	-	-	-	-	-	1.20	-
Ipca Pharma Nigeria Ltd., Nigeria	-	0.54	-	-	-	-	-	-	-	0.54
Tonira Pharma Ltd.	-	-	-	-	-	1.79	-	-	-	1.79
Others	-	-	-	-	0.18	0.24	-	-	0.18	0.24
<b>TOTAL</b>	<b>1.20</b>	<b>0.54</b>	<b>-</b>	<b>-</b>	<b>0.18</b>	<b>2.03</b>	<b>-</b>	<b>-</b>	<b>1.38</b>	<b>2.57</b>
<b>Purchase of fixed assets</b>										
Makers Laboratories Ltd.	-	-	-	-	-	0.01	-	-	-	0.01
Tonira Pharma Ltd.	-	-	-	-	-	0.01	-	-	-	0.01
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.02</b>
<b>Sale of fixed assets</b>										
Paschim Chemicals Pvt. Ltd.	-	-	-	-	0.16	0.10	-	-	0.16	0.10
Makers Laboratories Ltd.	-	-	-	-	-	0.05	-	-	-	0.05
Others	-	-	-	-	0.01	-	-	-	0.01	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.17</b>	<b>0.15</b>	<b>-</b>	<b>-</b>	<b>0.17</b>	<b>0.15</b>
<b>Excise duty, Rent and other expenses</b>										
Ipca Pharmaceuticals Inc., USA	0.03	2.49	-	-	-	-	-	-	0.03	2.49
Ipca Pharma (Australia) Pty Ltd., Australia	0.35	0.21	-	-	-	-	-	-	0.35	0.21
Vandhara Resorts Pvt. Ltd.	-	-	-	-	-	-	1.66	0.53	1.66	0.53
Ipca Pharma Nigeria Ltd., Nigeria	-	1.33	-	-	-	-	-	-	-	1.33
Makers Laboratories Ltd.	-	-	-	-	0.75	0.45	-	-	0.75	0.45
Others	0.01	0.08	-	-	0.03	0.02	0.05	0.05	0.09	0.15
<b>TOTAL</b>	<b>0.39</b>	<b>4.11</b>	<b>-</b>	<b>-</b>	<b>0.78</b>	<b>0.47</b>	<b>1.71</b>	<b>0.58</b>	<b>2.88</b>	<b>5.16</b>
<b>Net loans and advances given / (Recovered)</b>										
Ipca Laboratories (UK) Ltd., UK	35.70	-	-	-	-	-	-	-	35.70	-
Laboratories Ipca Do Brazil Ltd., Brazil	-	(0.50)	-	-	-	-	-	-	-	(0.50)
Paschim Chemicals Pvt. Ltd.	-	-	-	-	(8.04)	5.38	-	-	(8.04)	5.38
Ipca Pharma Nigeria Ltd., Nigeria	-	(3.23)	-	-	-	-	-	-	-	(3.23)
Tonira Pharma Ltd.	-	-	-	-	-	7.50	-	-	-	7.50
Others	-	(0.20)	-	-	1.88	0.12	-	-	1.88	(0.08)
<b>TOTAL</b>	<b>35.70</b>	<b>(3.93)</b>	<b>-</b>	<b>-</b>	<b>(6.16)</b>	<b>13.00</b>	<b>-</b>	<b>-</b>	<b>29.94</b>	<b>9.07</b>
<b>Investments made</b>										
Laboratories Ipca Do Brazil Ltd., Brazil	-	0.50	-	-	-	-	-	-	-	0.50
Ipca Laboratories (UK) Ltd., UK	2.08	1.03	-	-	-	-	-	-	2.08	1.03
Ipca Pharmaceuticals (Shanghai) Ltd., China	-	0.35	-	-	-	-	-	-	-	0.35
Ipca Pharmaceuticals Ltd. SA de CV, Mexico	0.05	0.24	-	-	-	-	-	-	0.05	0.24
Trophic Wellness Pvt. Ltd.	-	-	-	-	-	7.86	-	-	-	7.86
<b>TOTAL</b>	<b>2.13</b>	<b>2.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.86</b>	<b>-</b>	<b>-</b>	<b>2.13</b>	<b>9.98</b>
<b>Guarantees Outstanding</b>										
Tonira Pharma Ltd.	-	-	-	-	-	30.00	-	-	-	30.00
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30.00</b>
<b>Remuneration to Directors</b>										
Mr. Premchand Godha	-	-	10.15	7.56	-	-	-	-	10.15	7.56
Mr. A.K. Jain	-	-	1.82	1.63	-	-	-	-	1.82	1.63
Others	-	-	1.97	0.97	-	-	-	-	1.97	0.97
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>13.94</b>	<b>10.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13.94</b>	<b>10.16</b>
<b>Donation</b>										
Prabhat Foundation	-	-	-	-	-	-	1.00	0.25	1.00	0.25
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.00</b>	<b>0.25</b>	<b>1.00</b>	<b>0.25</b>
<b>Balance at year end</b>										
<b>Receivables</b>										
Ipca Laboratories (UK) Ltd., UK	41.27	-	-	-	-	-	-	-	41.27	-
Ipca Pharma Nigeria Ltd., Nigeria	3.40	6.12	-	-	-	-	-	-	3.40	6.12
Paschim Chemicals Pvt. Ltd.	-	-	-	-	0.92	8.09	-	-	0.92	8.09
Ipca Pharmaceuticals Inc., USA	-	0.92	-	-	-	-	-	-	-	0.92
Tonira Pharma Ltd.	-	-	-	-	-	17.92	-	-	-	17.92
Others	0.17	0.13	-	-	1.53	-	-	-	1.70	0.13
<b>TOTAL</b>	<b>44.84</b>	<b>7.17</b>	<b>-</b>	<b>-</b>	<b>2.45</b>	<b>26.01</b>	<b>-</b>	<b>-</b>	<b>47.29</b>	<b>33.18</b>
<b>Payables</b>										
Mr. Premchand Godha	-	-	7.72	5.54	-	-	-	-	7.72	5.54
Mr. A.K. Jain	-	-	1.01	0.82	-	-	-	-	1.01	0.82
Makers Laboratories Ltd.	-	-	-	-	-	1.92	-	-	-	1.92
Others	-	-	1.14	0.53	-	-	0.20	0.23	1.34	0.76
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>9.87</b>	<b>6.89</b>	<b>-</b>	<b>1.92</b>	<b>0.20</b>	<b>0.23</b>	<b>10.07</b>	<b>9.04</b>

The Board of Directors  
**Ipca Laboratories Limited**

1. We have audited the attached Consolidated Balance Sheet of Ipca Laboratories Limited ('Ipca' or 'the Company') that includes the financial statements of the Company, its Subsidiaries including Step down Subsidiaries and Associates (collectively referred to as the "Ipca Group") as at 31st March 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year then ended on that date annexed thereto.
2. These Consolidated Financial Statements are the responsibility of the Ipca's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with generally accepted auditing standards in India. Those 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 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.
4. We did not audit the financial statements of
  - a) certain subsidiaries whose financial statements reflect total assets of Rs. 68.78 crores as at 31st March 2012 and total revenues of Rs. 53.03 crores for the year then ended;
  - b) certain subsidiaries whose financial statements reflect total assets of Rs. 0.62 crores as at 31st March 2012 and total revenue of Rs. 0.54 crores for the year then ended that are based on un-audited data, as certified by the management;
  - c) certain associate whose financial statement reflects a total revenue of Rs. 3.28 crores for the year ended 31st March 2012, the Company's share in the revenue being 1.48 crores for the year; and
  - d) certain associate whose financial statement reflects a total loss of Rs. 2.50 crores for the year ended 31st March 2012, the Company's share in the loss being Rs. 0.48 crores for the year and which is based on un-audited data, as certified by the management.

Excepting the aforementioned information relating to accounts certified by the management, 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.
5. We report that the Consolidated Financial Statements have been prepared by Ipca's management in accordance with the requirements of Accounting Standard - 21, "Consolidated Financial Statements" and Accounting Standard - 23 "Accounting for Investment in Associates in Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
6. Based on our audit and on consideration of reports of other auditors on the financial statements and of the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (a) in the case of the Consolidated Balance Sheet gives of the state of affairs of the Ipca Group as at 31st March 2012 and
  - (b) in the case of the Consolidated Statement of Profit and Loss of the Profit of the Ipca Group for the year then ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the cash flow of the Ipca Group for the year ended on that date.

Mumbai,  
May 29, 2012

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

# CONSOLIDATED ACCOUNTS

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2012

Particulars	Note Ref.	Rupees in Crores	
		As at 31.03.2012	As at 31.03.2011
<b>I. Equity &amp; Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	25.23	25.14
(b) Reserves & Surplus	2	1,228.78	1,026.45
(c) Money Received Against Share Warrants		-	-
		1,254.01	1,051.59
<b>2. Share Application Money Pending Allotment</b>			
		-	-
<b>3. Minority Interest (Net of provision)</b>			
	26	-	(0.66)
<b>4. Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	330.18	194.62
(b) Deferred Tax Liabilities (net)	4	93.15	80.73
(c) Other Long Term Liabilities	5	1.10	1.66
(d) Long Term Provisions	6	8.72	5.34
		433.15	282.35
<b>5. Current Liabilities</b>			
(a) Short-Term Borrowings	7	201.36	263.35
(b) Trade Payables	8	236.92	178.55
(c) Other Current Liabilities	9	172.93	99.97
(d) Short-Term Provisions	6	28.96	36.66
		640.17	578.53
<b>Total</b>		<b>2,327.33</b>	<b>1,911.81</b>
<b>II. Assets</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	916.19	696.05
(ii) Intangible Assets	11	4.30	3.17
(iii) Capital Work-in-Progress		88.45	88.16
(iv) Intangible Assets Under Development		6.06	6.59
		1,015.00	793.97
(b) Goodwill on Consolidation	12A	23.59	-
(c) Non-Current Investments	12B	33.93	40.68
(d) Deferred Tax Assets (Net)		-	-
(e) Long-Term Loans & Advances	13	37.56	37.61
(f) Other Non-Current Assets	14	7.20	2.75
		1,117.28	875.01
<b>2. Current Assets</b>			
(a) Current Investments	12B	0.15	0.15
(b) Inventories	15	669.89	466.40
(c) Trade Receivables	16	349.08	367.21
(d) Cash and Bank Balances	17	12.16	10.36
(e) Short-term loans and advances	13	35.01	62.67
(f) Other current assets	14	143.76	130.01
		1,210.05	1,036.80
<b>Total</b>		<b>2,327.33</b>	<b>1,911.81</b>

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss

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,

29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Premchand Godha**

Chairman & Managing Director

**Ajit Kumar Jain**

Joint Managing Director

**Prashant Godha**

Executive Director

**Harish P. Kamath**

Company Secretary



## Statement of Consolidated Profit and Loss for the year ended 31<sup>st</sup> March, 2012

Particulars	Note Ref.	Rupees in Crores	
		2011-12	2010-11
<b>Revenue</b>			
<b>I. Revenue from Operations ( Gross)</b>	18	2,377.99	1,912.58
Less : Excise Duty		19.26	12.78
Revenue from Operations ( Net)		2,358.73	1,899.80
<b>II. Other Income</b>	19	11.95	8.38
<b>III. Total Revenue (I + II)</b>		2,370.68	1,908.18
<b>IV. Expenses</b>			
Cost of Materials Consumed	20	873.63	718.55
Purchases of Stock-in-Trade	21	104.63	101.06
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	(65.14)	(43.19)
Employee Benefit Expenses	23	335.49	266.28
Finance Cost	24	41.28	29.40
Depreciation & Amortisation	25	67.13	55.79
Other Expenses	26	596.62	483.04
Foreign Exchange (Gain) / Loss Net		52.73	(43.44)
<b>Total Expenses (IV)</b>		2,006.37	1,567.49
<b>V. Profit before Exceptional, Extraordinary Items and Tax (III-IV)</b>		364.31	340.69
<b>VI. Tax Expense</b>			
Current Tax		83.41	73.26
Less : MAT Credit entitlement		(8.90)	-
Deferred Tax		12.71	1.42
Short / (Excess) provision of earlier years		0.89	3.70
<b>VII. Profit after Tax before Exceptional Item (V-VI)</b>		88.11	78.38
<b>VIII. Exceptional Items</b>		276.20	262.31
<b>IX. Profit after Tax and Exceptional Item (VII-VIII)</b>		-	-
<b>X. Profit after Tax and Exceptional Item (VII-VIII)</b>		276.20	262.31
Share of Loss transferred to Minority Interest		-	0.08
Share of profits/(loss) from Investments in Associates		0.13	(0.25)
Proportionate share of dividend received by associates from cross-holding		0.73	0.68
<b>X. Net Profit after taxes, minority interest and share of profit /(loss) of associates</b>		277.06	262.82
<b>XI. Earnings per Equity Share: (Rs.)</b>	30		
Basic :			
Before Exceptional Items		21.98	20.96
After Exceptional Items		21.98	20.96
Diluted :			
Before Exceptional Items		21.97	20.95
After Exceptional Items		21.97	20.95
Par value per share (Rupees)		2.00	2.00

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss

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,  
29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors  
**Premchand Godha**  
Chairman & Managing Director  
**Ajit Kumar Jain**  
Joint Managing Director  
**Prashant Godha**  
Executive Director  
**Harish P. Kamath**  
Company Secretary

## Statement of Consolidated Cash Flow for the year ended 31<sup>st</sup> March, 2012

	2011 - 2012		2010 - 2011		
	Rupees in Crores		Rupees in Crores		
<b>A. Cash Flow from Operating Activities</b>					
1) Net profit before taxation and extraordinary item			364.31		340.69
Adjustments for :					
Depreciation and Amortisation	67.13			55.79	
Reversal of Impairment loss of assets	-			(0.50)	
(Profit) / Loss on sale of assets	0.78			1.04	
Fixed Assets scrapped	0.57			2.36	
Miscellaneous balance written off / ( back)	(1.80)			(0.07)	
Bad debts written off	-			0.35	
Provision for dues from minority shareholders	0.66			-	
Provision for diminution in value of investment	0.47			-	
Provision for Doubtful Debts/Advances	1.80			0.17	
Exchange gain recognised in liquidation of subsidiary	(0.30)			-	
Reversal of loss on investment in associate	(0.15)			-	
Employee Stock Option Compensation expenses	0.10			0.31	
Foreign exchange (gain) / loss	52.73			(43.44)	
Interest income	(7.13)			(5.91)	
Dividend income	(1.18)			(0.37)	
Interest expense	41.28		154.96	29.40	39.13
2) Operating profit before working capital changes					
(Decrease) / Increase in short term borrowings	(86.37)			29.54	
(Increase) / Decrease in Receivables	(1.46)			(68.63)	
(Increase) / Decrease in inventories	(186.05)			(86.17)	
(Decrease) / Increase in sundry creditors and provisions	111.52			23.75	
Movement in Foreign Currency Translation Reserve	1.49		(160.87)	0.26	(101.25)
3) Cash generated from operation			358.40		278.57
Income tax paid (Net)			(80.07)		(64.37)
Net cash from operating activities			278.33		214.20
<b>B. Cash Flow from Investing Activities</b>					
Purchase of fixed assets		(260.54)			(194.98)
Interest Capitalised		(1.18)			(1.21)
Purchase of Investments		-			(7.86)
Acquisition of Subsidiaries		(35.51)			-
Purchase / Redemption of mutual fund units					
- Purchases	(1,351.61)			(610.41)	
- Redemption	1,351.61			610.41	
Proceeds from sale of assets		1.22			1.26
Interest received		8.93			4.32
Dividend received from others		1.18			0.37
Net cash from / (used in) investing activities			(285.90)		(198.10)
<b>C. Cash Flow from Financing Activities</b>					
Proceeds from Issuance of Share Capital including Premium		0.76			2.19
Proceeds from issue of debentures		50.00			-
Repayment of debentures		(16.67)			-
Proceeds from long-term borrowings		137.47			95.63
Repayment of long-term borrowings		(82.58)			(41.54)
Interest paid		(38.62)			(30.17)
Dividend paid		(46.66)			(43.86)
Net cash used in financing activities			3.70		(17.75)
Net increase in cash and cash equivalents ( A + B + C )			(3.87)		(1.65)
Cash and cash equivalents at beginning of year			9.14		10.79
Addition on amalgamation			2.22		-
Addition on Acquisition of subsidiaries			3.23		-
Cash and cash equivalents at end of year			10.72		9.14
<b>Components of Cash &amp; Cash equivalents :</b>					
Cash and Cheques on hand			3.83		3.20
Balance with banks			6.89		5.94
			10.72		9.14

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,

29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Premchand Godha**

Chairman & Managing Director

**Ajit Kumar Jain**

Joint Managing Director

**Prashant Godha**

Executive Director

**Harish P. Kamath**

Company Secretary

## Statement of Significant Accounting Policies and Other Explanatory Notes

### (A) Principles of Consolidation:

The consolidated financial statements relates to Ipca Laboratories Ltd. and its Subsidiary Companies and associates. The consolidated financial statements have been prepared in accordance with Accounting Standard - 21 "Consolidated Financial Statement" and Accounting Standard - 23 "Accounting for Investment in associate in consolidated financial statements" 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.

The financial statements of the subsidiaries and associate 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 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 Companies	Relationship	Country of Incorporation	% of ultimate holding	
			2011-12	2010-11
Laboratories Ipca Do Brasil Ltda., Brazil (liquidated during the year)	Subsidiary	Brazil	-	100.00
Ipca Pharmaceuticals Inc., USA	Subsidiary	USA	100.00	100.00
Ipca Laboratories (UK) Ltd., UK	Subsidiary	UK	100.00	100.00
National Druggists (Pty) Ltd., South Africa	Subsidiary	South Africa	100.00	100.00
Ipca Pharma Nigeria Ltd., Nigeria	Subsidiary	Nigeria	100.00	100.00
Ipca Pharma (Australia) Pty. Ltd., Australia	Subsidiary	Australia	100.00	100.00
Ipca Pharmaceuticals (Shanghai) Ltd., China	Subsidiary	China	100.00	100.00
Ipca Pharmaceuticals Ltd. SA de CV, Mexico	Subsidiary	Mexico	100.00	100.00
Ipca Traditional Remedies Private Ltd.	Subsidiary	India	74.00*	74.00*
Tonira Exports Ltd. (w.e.f. 01/04/2011 upon merger of Tonira Pharma Ltd.)	Subsidiary	India	99.60	-
Onyx Research Chemical Ltd., UK (Subsidiary of Ipca Laboratories (UK) Ltd.) (w.e.f. 08/08/2011)	Step down subsidiary	UK	100.00	-
Onyx Scientific Ltd., UK (Subsidiary of Onyx Research Chemical Ltd., UK) (w.e.f. 08/08/2011)	Step down subsidiary	UK	100.00	-
Ipca Pharma (NZ) Pty Ltd., New Zealand (Subsidiary of Ipca Pharma (Australia) Pty Ltd., Australia)	Step down subsidiary	New Zealand	100.00	100.00
CCPL Software Private Ltd.	Associates	India	28.95	28.95
Paschim Chemicals Private Ltd.	Associates	India	45.23	45.23
Tonira Pharma Ltd. (Since merged w.e.f. 01/04/2011 with Ipca Laboratories Limited)	Associates	India	-	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%.]

## (B) Accounting Policies

### a) Basis of Preparation

- i) The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Revised Schedule VI to the Companies Act, 1956.

### ii) Change in Accounting Policy

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except for the change in accounting policy explained herein below :-

The company was presenting local sales inclusive of sales tax and excise duty, the same is now presented inclusive of excise duty only. The impact of this change on the profit for the year is Rs. Nil.

### 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) Tangible 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.

### e) Goodwill on Consolidation

Goodwill on acquisition of shares representing excess cost of investment over its share of equity is carried in balance sheet and is tested for impairment at each balance sheet date.

### f) 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.

### g) 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 tangible 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

ii) The management has estimated the useful life for the various intangible assets as follows:

Assets	Estimated useful life (Years)
Brands and Trademarks	4
Technical Know-how	4
Software for internal use	4
Leasehold Improvements	Period of Lease

iii) Leasehold land is amortised over the leasehold period.

iv) 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 the Statement of Profit and Loss 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.

#### h) Inventories

Items of inventories are valued on the basis given below:

Raw Materials and Packing Materials	a) At Cost net of CENVAT/VAT computed on First-in-First-out method. b) Bulk drugs produced for captive consumption are valued at cost.
Work-in-process and Finished Goods	At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads for work-in-process and the same or 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.

#### i) Employee Benefits

- i) Retirement benefit in the form of provident fund is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss 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 using the projected unit credit method.
- 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 the Statement of Profit and Loss and are not deferred.
- v) Leave Travel Assistance (LTA) liability has been provided on the basis of actual accumulated obligation.

#### j) 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 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.

#### k) 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.

#### l) 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.

#### m) Foreign Exchange Transactions

- i) 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 Statement of Profit and Loss.
- ii) 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.

- iii) 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 Statement of Profit and Loss.
- iv) The overseas trading and non trading offices are integral foreign operation and are accounted accordingly.
- v) Exchange difference arising on a monetary item that, in substance, forms part of an enterprise's net investments in a non-integral foreign operation are accumulated in a foreign currency translation reserve.
- vi) The goodwill on consolidation is accounted at the rate of exchange on the date of acquisition and is not restated at each balance sheet date.

#### **n) Derivative Instruments and Hedge Accounting**

- i) 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.
- ii) 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 Statement of Profit and Loss.
- iii) Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.
- iv) 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 Statement of Profit and Loss for the period.

#### **o) Research and Development**

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

#### **p) Revenue Recognition**

- i) 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.
- ii) 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.
- iii) The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under other operating revenue.
- iv) Revenue in respect of insurance/other claims, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.
- v) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.
- vi) Dividend income is accounted when the right to receive the same is established.

#### **q) 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.

#### **r) 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 the Statement of Profit and Loss 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.

**s) 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities related to the taxes on income levied by same governing taxation laws. 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.

**t) 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.

**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.

## Statement of Significant Accounting Policies and Other Explanatory Notes (Contd.)

### (C) Other Explanatory Notes

#### 1. Share Capital

	As at 31-Mar-2012		As at 31-Mar-2011	
	Numbers	Rupees in Crores	Numbers	Rupees in Crores
Face Value		Rs. 2.00 each		Rs. 2.00 each
Class of Shares		Equity Shares		Equity Shares
<b>Authorised Capital</b>	28,50,00,000	57.00	22,50,00,000	45.00
<b>Issued, Subscribed and Paid up Capital</b>				
Issued & Subscribed	12,71,08,750	25.42	12,69,87,500	25.40
Paid up	12,58,27,655	25.17	12,57,06,405	25.14
Share Suspense account (Refer clause (d))	3,22,704	0.06	-	-
<b>Total</b>		25.23		25.14

#### Of the above:

- Aggregate Shares issued under Employees Stock Option Scheme (ESOS) : 21,08,750 Equity Shares of Rs.2/- each (Previous year 19,87,500 Equity Shares).
- Equity Share of Rs.10 each have been sub-divided into five equity shares of Rs.2/- each pursuant to the resolution passed by the shareholders at the Extra Ordinary General Meeting held on 25th February, 2010.
- 53,210 Equity Shares of Rs. 10 each in 2009-10 and 2,03,009 Equity Shares of Rs. 10/- each in 2008-09 have been extinguished under Buy back Scheme.
- The outstanding equity shares to be issued aggregating to Rs.0.06 crore representing 3,22,704 equity shares of Rs. 2/- each of the Company under the scheme of amalgamation of Tonira Pharma Ltd. with the Company is shown as Equity Share Suspense account under Share Capital.
- As per the Scheme of Amalgamation, the authorised share capital of Tonira Pharma Limited of 1,20,00,000 equity shares of Rs.10/- each is added to the Authorised Share Capital of the Company as 6,00,00,000 equity shares of Rs 2/- each amounting to Rs. 12.00 Crores.

#### Disclosures:

##### i) Reconciliation of Shares

Particulars	Equity Shares			
	As at 31-Mar-2012		As at 31-Mar-2011	
	Numbers	Rupees in Crores	Numbers	Rupees in Crores
Shares outstanding at the beginning of the year	12,57,06,405	25.14	12,52,27,655	25.04
Shares Issued during the year	1,21,250	0.02	4,78,750	0.10
<b>Shares outstanding at the end of the year</b>	12,58,27,655	25.17	12,57,06,405	25.14

##### ii) Details of Shareholding in excess of 5%

Name of Shareholder	As at 31-Mar-2012		As at 31-Mar-2011	
	Number of shares held	%	Number of shares held	%
Kaygee Investments Private Limited	2,69,94,495	21.45	2,69,94,495	21.48
HDFC Trustee Co, Ltd.	1,12,83,320	8.97	1,00,41,356	7.99
Exon Laboratories Private Limited	81,01,000	6.44	81,01,000	6.45
Chandurkar Investments Private Limited	69,78,005	5.54	69,78,005	5.55



iii) The details of Shares Reserved for issue under options as at 31st March,2012 are as under:

Options	31.03.2012	31.03.2011
	(Nos.)	(Nos.)
At the beginning of the year	34,750	1,41,250
Granted	-	-
Exercised #	24,250	95,750
Forfeited / lapsed	-	10,750
At the end of the year	10,500	34,750
Number of Shares to be issued	52,500	1,73,750
Exercise price for outstanding options :		
- Grant II	-	Rs. 63
- Grant III	Rs. 63	Rs. 63
Amount to be received on issue under option (Rs. Crores)	0.33	1.09

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

iv) Merger of Tonira Pharma Limited with the Company

Pursuant to the scheme of amalgamation ('the scheme') of Tonira Pharma Limited (TPL) with Ipca Laboratories Limited (ILL) under the provisions of Sections 391 to 394 of the Companies Act, 1956 as sanctioned by the Honorable High Court of Judicature of Bombay vide its order dated 30th March, 2012 and by the Honorable High Court of Judicature of Gujarat vide its order dated 2nd April, 2012, which orders have been filed with the Registrar of Companies on 15th and 16th of May, 2012, respectively, to make the scheme effective, all the assets and liabilities of the said TPL were transferred to and vested in the Company as a going concern with effect from the appointed date i.e. 1st April'2011. Accordingly, this scheme of amalgamation has been given effect to in these accounts.

**Salient Features of the scheme of Amalgamation**

TPL was engaged in the business of manufacturing/marketing of Drug Intermediates and Active Pharmaceutical Ingredients. ILL is engaged in the business of manufacturing/marketing of Drug Intermediates, Active Pharmaceutical Ingredients and Pharmaceutical formulations.

The appointed date for the purpose of this amalgamation is 1st April, 2011.

In accordance with the scheme approved, the accounting for this amalgamation has been done in accordance with the "Pooling of Interest Method" referred to in Accounting Standard 14 - "Accounting for Amalgamation" of the Companies (Accounting Standards) Rules, 2006.

Accordingly, ILL has accounted for the Scheme in its books of accounts with effect from the Appointed Date i.e. 1st April, 2011 as under:

- i) With effect from the Appointed Date, all assets and liabilities appearing in the books of accounts of TPL have been transferred to and vested in ILL and have been recorded by ILL at their respective book values.
- ii) In consideration of the transfer of the business as a going concern, the Company shall issue 6 fully paid-up equity shares of Rs. 2/- each of the Company for every 100 equity share of Rs. 10/- each fully paid-up of TPL to the equity shareholders of TPL. Pending allotment, the outstanding equity shares to be issued aggregating to Rs.0.06 crore representing 3,22,704 equity shares of Rs. 2/- each of the company is shown as Equity Share Suspense account under Share Capital.
- iii) The equity shares in TPL held by the Company have been cancelled under the scheme.
- iv) The difference between the book value of net identifiable assets and liabilities of TPL transferred to ILL pursuant to this scheme and the consideration being the value of New Equity Shares to be issued & allotted by ILL amounting to Rupees 0.55 Crore has been credited to capital reserve account.
- v) Accordingly, 3,22,704 equity shares of ILL of Rs. 2/- each fully paid up are to be issued to the shareholders of TPL under this amalgamation. The record date fixed for this purpose is 31st May, 2012.
- vi) All inter company transactions have been eliminated on incorporation of the accounts of TPL in the Company.
- vii) The Company shall proceed to issue these equity shares to the shareholders of TPL in due course of time.
- viii) The transactions of the business of TPL with effect from 1st April, 2011 have been incorporated in the Company's accounts on the basis of the Audited Financial Statements of the business, which is treated as a Company's Branch, as audited by M/s Mitesh P Vora & Co. Chartered Accountants, the statutory auditors of the erstwhile TPL. They were appointed by the Board of Directors of the Company as its Branch Auditors.

In view of the aforesaid amalgamation, the figures for the current year are not strictly comparable to those of the previous year.

## 2. Reserves & Surplus

### i) Reserves

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Capital Reserve</b>				
Opening Balance	0.04		0.04	
(+) Current Year Transfer	-		-	
(+) Addition on amalgamation of Tonira Pharma Ltd. [Refer Note 1-iv(iv)]	0.55		-	
Closing Balance		0.59		0.04
<b>Capital Redemption Reserve</b>		0.26		0.26
<b>Securities Premium Account</b>				
Opening Balance	42.36		38.54	
Add : Credited during the year on share issue	1.25		3.82	
Closing Balance		43.61		42.36
<b>Debenture Redemption Reserve</b>				
Opening Balance	35.00		20.00	
(+) Current Year Transfer	7.00		15.00	
(-) Written Back in Current Year	-		-	
Closing Balance		42.00		35.00
<b>Share Options Outstanding Account</b>				
Opening Balance	0.48		1.89	
(+) Current Year Transfer	-		-	
(-) Written Back in Current Year	0.40		1.41	
Closing Balance		0.08		0.48
<b>Other Reserves</b>				
<b>General Reserve *</b>				
Opening Balance	800.43		600.43	
(+) Current Year Transfer	100.00		200.00	
(-) Written Back in Current Year	-		-	
Closing Balance		900.43		800.43
<b>Foreign Exchange Hedging Reserve **</b>				
Opening Balance	4.34		36.39	
Net transfer during the Year	(35.10)		(32.05)	
Closing Balance		(30.76)		4.34
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	(0.08)		(0.34)	
Net transfer during the Year	1.49		0.26	
Closing Balance		1.41		(0.08)
<b>Balance at the year end</b>		<b>957.62</b>		<b>882.83</b>

\* General Reserve represents the reserve created in accordance with Companies (Transfer of Profits to Reserves) Rules, 1975.

\*\* Foreign exchange hedging reserve represents the fair value changes of hedging instruments that are designated and effective as hedges of future cash flows.

## ii) Surplus in Profit and Loss Account

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Balance as per last Balance Sheet</b>	143.62		142.63	
Addition on amalgamation of Tonira Pharma Ltd.	4.31		-	
Net Profit for the year	277.06	424.99	262.82	405.45
Less :				
Transfer to General Reserve	100.00		200.00	
Transfer to Debenture Redemption Reserve	7.00		15.00	
Interim dividend	25.15		25.13	
Tax on interim dividend	4.08		4.17	
Proposed dividend	15.14		15.08	
Tax on proposed dividend	2.46	153.83	2.45	261.83
<b>Balance as at year end</b>		271.16		143.62
<b>Total Reserves &amp; Surplus (i + ii)</b>		1,228.78		1,026.45

## 2A. Share Application Money Pending Allotment

The share application money pending allotment of Rs. 10,500 is received as commitment deposit from employees/directors under Employee Stock Option scheme (ESOS) on grant of stock options pending allotment.

The above ESOS is in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999.

52,500 shares of Rs. 2.00 each are to be issued against the commitment money so received at an exercise price of Rs.63 per share.

The company has sufficient authorised capital to cover the share capital amount on allotment of shares out of share application money.

The above 52,500 shares are to be issued at a premium of Rs.61 per share.

The shares will be allotted in accordance with the scheme before 31st March, 2013.

## 3. Long-term Borrowings - Secured

	Non - Current Portion		Current Maturities	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
i) Debentures	66.66	33.33	16.67	16.67
ii) Rupee Term Loan	-	18.00	-	15.67
iii) Foreign Currency Term Loan	263.52	143.29	52.84	39.86
	330.18	194.62	69.51	72.20

### a) Security and repayment terms

#### i) Debentures

12.75% Secured Redeemable Non-Convertible Debentures amounting to Rs 33.33 Crores (Previous year Rs. 50.00 Crores)- Redeemable in 3 equal annual instalments of which one instalment is paid. 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. The schedule of repayment is : 26th December, 2013 Rs.16.66 Crores ; 26th December, 2012 Rs.16.67 Crores.

9.95% Secured Redeemable Non-Convertible Debentures of Rs.50.00 Crores (Previous year NIL) - Redeemable at the end of 3rd year by exercising put/call option or, at the end of 5th year, both from the date of issue i.e. 3rd October 2011. Secured by mortgage over Company's office premises at Ahmedabad, Gujarat and first pari-passu charge over movable property of the Company includes plant & machinery situated at Ratlam, Athal (Silvassa), Indore (M.P.), Piparia (Silvassa), Pithampur (Indore) and Dehradun.

## ii) Rupee Term Loan

HDFC Bank Ltd.- Rs. NIL (Previous year Rs. 18.67 Crores) Repayable in 15 equal quarterly instalments from 16th May,2009, 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. The said loan is prepaid before the Balance sheet date.

Bank of Baroda - Rs. NIL (Previous year Rs.15.00 Crores) Repayable in 3 equal annual installments from 30th March,2012, 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. The said loan is prepaid before the Balance sheet date.

## iii) Foreign Currency Term Loan

ICICI Bank Offshore Banking Unit - Rs. 7.64 Crores (Previous year Rs. 20.07 Crores) Repayable in 8 semi annual instalments from 10th October,2008, 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.

BNP PARIBAS, Singapore Branch - a) Rs.50.88 Crores (Previous year Rs.56.49 Crores) Repayable in 4 equal semi annual installments from 20th March, 2013, 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.

b) Rs.50.88 Crores (Previous year Rs. NIL) Bullet Repayment at the end of 5th year on 6th October,2016, 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 N.A. Bahrain Branch - Rs.19.99 Crores (Previous year Rs. 22.30 Crores) Repayable in 14 equal quarterly installments from 21st July,2011, 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 Branch - Rs. 34.09 Crores (Previous year Rs. 39.69 Crores) Repayable in 9 semi annual instalments from 16th March,2011, 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.

Barclays Bank PLC, London Branch - Rs. 50.88 Crores (Previous year Rs. 44.60 Crores) Repayable in 13 quarterly installments from 24th May,2012, secured by first pari passu charge on the plant & machinery of the Company except assets at Pithampur, Indore.

HSBC Mauritius - Rs. 101.76 Crores (Previous year Rs. NIL) Repayable in 7 half yearly installments from 31st July,2013, secured by first pari passu charge on the plant & machinery of the Company except assets at Pithampur, Indore.

HSBC Bank London - Rs. 0.24 Crores (Previous year Rs. NIL) Repayable in monthly installment, secured by fixed charge over book and other debts and floating charge over all assets of Onyx scientific Limited (U.K).

## b) Maturity Profile of Borrowings

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Installment payable between 1 to 2 years	87.76	59.11
Installment payable between 2 to 5 years	175.76	102.18
Installment payable beyond 5 years	-	-
	263.52	161.29

#### 4. Deferred Tax Liabilities (Net)

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
<b>Deferred tax liabilities on account of</b>		
Depreciation including on R & D Assets, Amortisation and impairment	97.95	85.92
<b>Deferred tax asset on account of</b>		
Leave Encashment	3.08	1.84
Bonus	0.64	2.16
Other tax disallowance	1.08	1.19
Total Deferred Tax Asset	4.80	5.19
<b>Net deferred tax liability</b>	<b>93.15</b>	<b>80.73</b>

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.

#### 5. Other Long Term Liabilities

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Amount payable on foreign currency hedging transactions	0.20	1.16
Deposits from dealers	0.39	0.50
Deferred government grants	0.51	-
<b>Total</b>	<b>1.10</b>	<b>1.66</b>

#### 6. Provisions

	Long Term		Short Term	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
<b>Provision for employee benefits</b>				
Gratuity	-	-	1.38	0.33
Provision for leave encashment	8.72	5.34	0.76	0.33
Provision for leave travel assistance (LTA)	-	-	2.56	2.57
Other employee related provision	-	-	1.70	2.65
<b>Others</b>				
Proposed final dividend (Rs. 1.20 Per share)	-	-	15.14	15.08
Provision for tax on proposed final dividend	-	-	2.46	2.45
Provision for taxation* (net of prepaid taxes)	-	-	4.96	13.25
<b>Total</b>	<b>8.72</b>	<b>5.34</b>	<b>28.96</b>	<b>36.66</b>

\* Provision for taxation includes provision for wealth tax of Rs.0.10 crore (Previous year Rs.0.07 crore).

#### Disclosures:

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

Particulars	Rupees in Crores			
	Opening Balance	Additions during the year	Amounts paid / reversed during the year	Closing Balance
Provision for wage revision under negotiation (Previous Year)	2.65 (0.79)	0.24 (1.86)	1.19 (-)	1.70 (2.65)

b) As per the Accounting Standard - 15 "Employee Benefits" and as defined in the accounting standard the summarised components of net benefit expense recognized in the statement of Profit and Loss and the funded status and amounts recognized in the balance sheet are given herein below.

	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
	Rupees in Crores		Rupees in Crores	
<b>I. Change in Benefit Obligation</b>				
Liability at the beginning of the year	14.43	11.12	5.67	6.50
Addition on amalgamation	0.26	-	0.16	-
Interest cost	1.18	0.89	0.47	0.55
Current Service Cost	1.92	1.29	1.53	1.65
Past Service Cost	-	-	-	-
Benefit Paid	(1.48)	(0.81)	(2.07)	(1.59)
Actuarial (gain) / loss on obligations	3.78	1.94	3.72	(1.44)
Curtailments and Settlements	-	-	-	-
<b>Liability at the end of the year</b>	<b>20.09</b>	<b>14.43</b>	<b>9.48</b>	<b>5.67</b>
<b>II. Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	14.10	9.62	-	-
Addition on amalgamation	0.21	-	-	-
Expected Return on Plan Assets	1.58	1.13	-	-
Contributions	4.30	4.16	-	-
Benefit paid	(1.48)	(0.81)	-	-
Actuarial gain / (loss) on Plan Assets	-	-	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>18.71</b>	<b>14.10</b>	<b>-</b>	<b>-</b>
<b>III. Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	1.58	1.13	-	-
Actuarial gain/(loss) on Plan Assets	-	-	-	-
<b>Actual Return on Plan Assets</b>	<b>1.58</b>	<b>1.13</b>	<b>-</b>	<b>-</b>
<b>IV. Amount Recognised in the Balance Sheet</b>				
Liability at the end of the year	20.09	14.43	9.48	5.67
Fair Value of Plan Assets at the end of the year	18.71	14.10	-	-
Difference	1.38	0.33	9.48	5.67
Unrecognised Past Service Cost	-	-	-	-
<b>Amount Recognised in the Balance Sheet</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>Breakup of Above :</b>				
Current	1.38	0.33	0.76	0.33
Non-Current	-	-	8.72	5.34
<b>Total</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>V. Expenses Recognised in the Income Statement</b>				
Current Service Cost	1.92	1.29	1.53	1.65
Interest Cost	1.18	0.89	0.47	0.55
Expected Return on Plan Assets	(1.58)	(1.13)	-	-
Net Actuarial (gain) / loss to be Recognised	3.78	1.94	3.72	(1.44)
Past Service Cost (Non Vested Benefit) Recognised	-	-	-	-
Past Service Cost (Vested Benefit) Recognised	-	-	-	-
Effect of Curtailment or Settlements	-	-	-	-
<b>Expense Recognised in the statement of Profit and Loss</b>	<b>5.30</b>	<b>2.99</b>	<b>5.72</b>	<b>0.76</b>
<b>VI. Balance Sheet Reconciliation</b>				
Opening Net Liability	0.33	1.50	5.67	6.50
Addition on amalgamation	0.05	-	0.16	-
Expense as above	5.30	2.99	5.72	0.76
Past Service cost	-	-	-	-
Employer's Contribution	(4.30)	(4.16)	(2.07)	(1.59)
<b>Amount Recognised in Balance Sheet</b>	<b>1.38</b>	<b>0.33</b>	<b>9.48</b>	<b>5.67</b>
<b>VII. Actuarial Assumptions</b>				
Discount Rate	8.00%	8.00%	8.00%	8.50%
Salary Escalation	6.00%	5.00%	6.00%	5.00%

Notes:

- 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.
- iv) The Company's Leave Encashment liability is entirely unfunded.

## 7. Short-term Borrowings

### i) Secured Loans

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
a) Working Capital Loan from banks - Canara bank consortium	100.79	160.29
b) Working Capital Loan from Kotak Mahindra Bank	3.31	-
<b>Sub Total (i)</b>	<b>104.10</b>	<b>160.29</b>

### Security

- a) 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.
- b) Kotak Mahindra Bank - Secured by first and exclusive hypothecation on all existing and future current assets and movable fixed assets of the erstwhile Tonira Pharma Limited, first and exclusive charge by way of equitable mortgage on the immovable properties of the erstwhile Tonira Pharma Ltd. bearing plot nos. 4722, 4723, 4731 and 4732 at GIDC, Ankleshwar and plot no. 23 and 24 at GIDC, Nandesari.

### ii) Unsecured Loans

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Short Term Loans from Banks :</b>				
HSBC Ltd.	45.26		35.64	
UBS AG	-		40.00	
BNP Paribas	15.00		13.38	
Bank of Nova Scotia	22.90		-	
Buyers Credit	14.10		14.04	
<b>Sub Total (ii)</b>		<b>97.26</b>		<b>103.06</b>
<b>Total Short-term Borrowings (i) + (ii)</b>		<b>201.36</b>		<b>263.35</b>

### iii) Commercial Paper

During the year the Company had raised and repaid Commercial Paper. The maximum outstanding amount during the year was Rs 100.00 crores (Previous year Rs. 45.00 crores) and the closing balance at year end is Rs. NIL. (Previous year Rs. Nil).

## 8. Trade Payables

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Trade Payables		
- Micro Small and Medium Enterprises	1.16	1.05
- Against acceptance of Import documents	71.09	39.00
- Others	164.67	138.50
<b>Total</b>	<b>236.92</b>	<b>178.55</b>

## 9. Other Current Liabilities

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
Current Maturities of Non-Current Liabilities (Refer Note 3)	69.51	72.20
Interest accrued but not due on borrowings	5.09	2.21
Interest accrued and due on borrowings	-	0.14
Advance received from customers	4.94	6.19
Unpaid dividends*	1.30	1.20
Duties & Taxes Payables	19.71	10.79
Amount payable on foreign currency hedging transactions	47.21	0.09
Payables for Capital Goods	24.94	7.12
Other liabilities	0.23	0.03
<b>Total</b>	<b>172.93</b>	<b>99.97</b>

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



## 10. Tangible Assets

Rupees in Crores

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Plant & Machinery - Given on Lease	Office & Other Eqpt.	Effluent Treatment Plant	Furniture & Fixtures	Vehicles	Leasehold Improvement	R&D Building	R&D Leasehold Improvement	R&D Eqpt.	R&D Furniture	Total
<b>Cost</b>															
As at 1st April, 2010	23.33	10.90	161.74	560.68	3.67	5.69	6.05	16.61	8.93	-	7.20	-	65.20	1.41	871.41
Additions	0.87	-	9.74	82.60	0.54	1.55	2.84	2.84	6.57	0.76	0.67	0.74	12.00	0.23	121.95
Disposals /Adjustments	-	-	(0.03)	(10.44)	-	(0.14)	-	(0.31)	(2.01)	-	(0.81)	-	(2.51)	(0.11)	(16.36)
As at 31st March, 2011	24.20	10.90	171.45	632.84	4.21	7.10	8.89	9.14	13.49	0.76	7.06	0.74	74.69	1.53	977.00
Additions	3.22	4.30	43.01	167.36	0.12	1.89	8.51	4.15	3.72	-	7.89	-	12.38	0.17	256.72
Acquisition through business combination - Amalgamation & Acquisition	-	1.62	17.26	48.89	-	0.24	0.91	1.42	0.84	-	-	-	3.45	-	74.63
Disposals /Adjustments	-	(0.15)	(0.01)	(3.17)	-	(0.16)	(0.24)	(0.22)	(1.82)	-	-	-	(1.48)	-	(7.25)
As at 31st March, 2012	27.42	16.67	231.71	845.92	4.33	9.07	18.07	24.49	16.23	0.76	14.95	0.74	89.04	1.70	1,301.10

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Plant & Machinery - Given on Lease	Office & Other Eqpt.	Effluent Treatment Plant	Furniture & Fixtures	Vehicles	Leasehold Improvement	R&D Building	R&D Leasehold Improvement	R&D Eqpt.	R&D Furniture	Total
<b>Depreciation, Amortisation &amp; Impairment</b>															
As at 1st April, 2010	0.03	0.46	26.86	158.09	0.58	2.72	2.71	8.00	4.70	-	1.62	-	29.59	0.61	235.97
Charge for the year	-	0.11	5.00	38.09	0.25	0.54	0.85	1.61	1.37	0.07	0.24	0.06	6.69	0.16	54.97
Disposals /Adjustments	-	-	(0.01)	(6.10)	-	(0.11)	-	(0.06)	(1.50)	-	(0.03)	-	(1.65)	(0.03)	(9.49)
Impairment Changes	-	-	-	(0.50)	-	-	-	-	-	-	-	-	-	-	(0.50)
As at 31st March, 2011	0.03	0.57	31.85	189.51	0.83	3.15	3.56	9.55	4.57	0.07	1.83	0.06	34.63	0.74	280.95
Acquisition through business combination - Amalgamation & Acquisition	-	-	6.93	33.86	-	0.08	0.05	0.85	0.49	-	-	-	0.99	-	43.25
Charge for the year	-	0.13	6.76	49.08	0.28	0.76	1.13	2.04	2.14	0.30	0.49	0.30	8.01	0.17	71.59
Disposals /Adjustments	-	(0.04)	0.04	(9.77)	-	(0.04)	(0.04)	0.04	(1.13)	-	-	-	0.06	-	(10.88)
As at 31st March, 2012	0.03	0.66	45.58	262.68	1.11	3.95	4.70	12.48	6.07	0.37	2.32	0.36	43.69	0.91	384.91

	Freehold Land	Leasehold Land	Buildings	Plant & Machinery	Plant & Machinery - Given on Lease	Office & Other Eqpt.	Effluent Treatment Plant	Furniture & Fixtures	Vehicles	Leasehold Improvement	R&D Building	R&D Leasehold Improvement	R&D Eqpt.	R&D Furniture	Total
<b>Net Block</b>															
As at 31st March, 2011	24.17	10.33	139.60	443.33	3.38	3.95	5.33	9.59	8.92	0.69	5.23	0.68	40.06	0.79	696.05
As at 31st March, 2012	27.39	16.01	186.13	583.24	3.22	5.12	13.37	12.01	10.16	0.39	12.63	0.38	45.35	0.79	916.19

### Notes :

- Buildings include cost of shares in Co-operative societies.
- Out of depreciation and amortisation for the year of Rs. 72.90 crore (Previous year Rs.55.87 crore), depreciation of Rs.0.07 crore (Previous year Rs.0.08 crore) relating to projects under execution for the period before start of production is transferred to project expenses pending allocation.
- Cost of Borrowing of Rs. 1.18 crore (Previous year Rs. 1.21 crore) is capitalised to the projects.

## 11. Intangible Assets

Rupees in Crores

	Software	Brands and Trade Mark	Know-how	Software - R&D	Total
<b>Cost</b>					
As at 1st April, 2010	3.75	2.16	3.84	0.01	9.76
Additions	1.04	0.03	-	0.59	1.66
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2011	4.79	2.19	3.84	0.60	11.42
Additions	2.10	-	-	0.34	2.44
Acquisition through business combination - Amalgamation & Acquisition	-	-	-	-	-
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2012	6.89	2.19	3.84	0.94	13.86

<b>Depreciation, Amortisation &amp; Impairment</b>					
As at 1st April, 2010	1.65	2.05	3.65	-	7.35
Charge for the year	0.82	0.01	-	0.07	0.90
Disposals /Adjustments	-	-	-	-	-
Impairment Changes	-	-	-	-	-
As at 31st March, 2011	2.47	2.06	3.65	0.07	8.25
Acquisition through business combination - Amalgamation & Acquisition	-	-	-	-	-
Charge for the year	1.11	0.01	-	0.19	1.31
Disposals /Adjustments	-	-	-	-	-
As at 31st March, 2012	3.58	2.07	3.65	0.26	9.56

<b>Net Block</b>					
As at 31st March, 2011	2.32	0.13	0.19	0.53	3.17
As at 31st March, 2012	3.31	0.12	0.19	0.68	4.30

### 12A. Goodwill on consolidation arising out of acquisition

	31/3/2012	31/3/2011
	Rupees in Crores	Rupees in Crores
i) Onyx Research Chemical Ltd.	23.51	-
ii) Tonira Export Ltd. (on merger of Tonira Pharma Ltd.)	0.08	-
	23.59	-

Hitherto the company was charging the Goodwill on consolidation to its reserves. In accordance with generally accepted accounting practices in India, the goodwill on consolidation from the current year is not charged to reserve but is tested for impairment at each balance sheet date. On account of this change in the method of accounting goodwill on consolidation, the consolidated reserve is higher by Rs. 23.59 Crores. The goodwill on consolidation arising out of acquisition of Onyx Research Chemicals Limited and Tonira Export Ltd. is carried in the balance sheet and will be tested for impairment at each balance sheet date.

## 12B. Investments

### i) Non Current Investments :

Sr. No.	Name of the Body Corporate	Associate/ Controlled Entity/ Others	No. of Shares / Units		Face Value	Quoted/ Unquoted	Partly Paid/ Fully paid	Extent of Holding (%)		Rupees In Crores	
			31/3/2012	31/3/2011				31/3/2012	31/3/2011	31/3/2012	31/3/2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>A. Details of Trade Investments Investment in Equity Instruments (Associate - accounted under equity method) (Others - at Cost)</b>											
1.	Paschim Chemicals Pvt. Ltd.	Associate	63,690	63,690	100	Unquoted	Fully Paid	45.23	45.23	24.88	23.54
2.	CCPL Software Pvt. Ltd. #	Associate	55,000	55,000	100	Unquoted	Fully Paid	28.95	28.95	-	-
3.	Trophic Wellness Pvt. Ltd. @ (1,00,000 shares fully paid & 6,80,000 partly paid - Rs.5/- per share)	Associate	7,80,000	7,80,000	10	Unquoted	@	19.26	19.26	7.38	7.86
4.	Tonira Pharma Ltd. (Since merged w.e.f. 01/04/2011)	Associate	-	25,65,808	10	Quoted	Fully Paid	-	32.30	-	7.18
<b>Total</b>										32.26	38.58
5.	Mangalam Drugs & Organics Ltd.	Others	16,33,417	16,33,417	10	Quoted	Fully Paid	12.39	12.39	5.09	5.09
<b>Total</b>										5.09	5.09
<b>Total</b>										37.35	43.67
<b>B. Details of Non Trade Investments Investment in Equity Instruments (At cost)</b>											
1.	Gujrat Industrial Co-Op Bank Ltd.*	Others	140	-	50	Unquoted	Fully Paid	-	-	-	-
2.	Bharuch Eco Acqua Infrastructure Limited*	Others	35,000	-	10	Unquoted	Fully Paid	-	-	0.04	-
3.	Joint Medical Holding (Pty) Ltd.	Others	1,000	1,000		Unquoted	Fully Paid	-	-	-	-
<b>Total</b>										0.04	-
<b>C. Total Non current Investments (A+B)</b>										37.39	43.67
Less : Provision for Diminution in value of Investment - Mangalam Drugs & Organinics Ltd.										3.46	2.99
<b>Non current investments (Net of provision)</b>										33.93	40.68

# Cost fully written off in books

\* (w.e.f. 01-04-2011 upon merger of Tonira Pharma Ltd.)

### ii) Current Investments:

1.	Aurobindo Pharma Limited	Others	25,000	25,000	1	Quoted	Fully Paid	0.01	0.01	0.15	0.15
----	--------------------------	--------	--------	--------	---	--------	------------	------	------	------	------

### iii) The associates of the Company and the ownership interest are as follows :

Name of the Associate	CCPL Software Private Ltd.	Paschim Chemicals Private Ltd.	Trophic Wellness Pvt. Ltd.	Total Rupees In Crores
% of Share held	28.95%	45.23%	19.26%	-
Original cost of Investment	1.31	20.34	7.86	29.51
(Goodwill)/Capital Reserve	(0.79)	(18.34)	(0.52)	-
Accumulated Profit/ (Loss) up to 31/03/11 (Including proportionate Dividend received by associates from cross holdings)	(0.51)*	3.20	-	-
Share of Profit / (Loss) for the year Plus Proportionate Dividend received by Associates	*	1.34	(0.48)	0.86
Dividend received from associates	-	-	-	-
Carrying value of Investment on 31/03/12	NIL**	24.88	7.38	32.26

\*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.

### 13. Loans and Advances

	Long Term		Short Term	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
<b>a. Loans and advances to related parties</b>				
Unsecured, considered good (Refer Disclosure given hereunder)	-	-	-	20.25
<b>b. Capital Advances</b>				
Unsecured, considered good	21.00	18.40	-	-
<b>c. Others (Unsecured, considered good)</b>				
Advance to suppliers	-	-	17.82	19.56
<b>Loans given to :</b>				
- Employees	0.96	0.93	1.88	1.72
- Others	4.15	5.50	2.33	-
Foreign currency hedging gain receivable	-	0.86	0.02	4.73
Prepaid taxes (Net of provisions)	3.57	6.40	0.17	0.67
Deposits with Govt departments and others	6.63	4.98	1.51	1.94
Tender Deposits				
- Considered good	-	-	0.40	0.42
- Considered doubtful	-	-	0.03	-
	-	-	0.43	0.42
Less : Provision for doubtful deposits	-	-	0.03	-
	-	-	0.40	0.42
Prepaid expenses	0.44	0.54	5.77	4.02
Advances to Employees				
- Considered good	-	-	3.13	5.79
- Considered doubtful	-	-	1.71	-
	-	-	4.84	5.79
Less : Provision for doubtful Advances	-	-	1.71	-
	-	-	3.13	5.79
Other Advances	0.81	-	1.98	3.57
<b>Total</b>	<b>37.56</b>	<b>37.61</b>	<b>35.01</b>	<b>62.67</b>

#### Disclosures:

Details of loans and advances in the nature of loan to related parties.

Rupees in Crores

Sr. No.	Name of the company and Relationship	Balance as on 31.03.2012	Maximum outstanding during the year 2011-12	Balance as on 31.03.2011	Maximum outstanding during the year 2010-11
i)	Tonira Pharma Ltd. - Associate (Merged with the Company w.e.f. 01/04/2011)	-	-	16.36	16.36
ii)	Paschim Chemicals Pvt. Ltd.- Associate	-	3.77	3.77	3.77
iii)	Makers Laboratories Ltd. - Associate	-	2.00	-	-
iv)	Trophic Wellness Pvt.Ltd. - Associate	-	0.12	0.12	16.00

Loans and advances to above are interest bearing loans.

### 14. Other Assets

	Non Current		Current	
	As at 31-Mar-2012	As at 31-Mar-2011	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores		Rupees in Crores	
Term Deposits with banks #	2.20	-	-	-
Export benefits receivables	-	-	75.82	48.37
Foreign exchange gain receivable	-	-	-	9.07
Duties & Taxes Refundable	5.00	2.75	60.05	67.79
Gratuity and other claim receivables	-	-	7.42	2.59
Others	-	-	0.47	2.19
<b>Total</b>	<b>7.20</b>	<b>2.75</b>	<b>143.76</b>	<b>130.01</b>

# Term deposits amounting to Rs. 2.00 Crores have been given as margin for guarantee issued by banks for disputed customs liability and for Rs.0.20 Crores as deposit for electricity connection.

## 15. Inventories

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
i) Raw Materials and components				
In hand	262.87		175.66	
In transit	48.05	310.92	17.05	192.71
ii) Packing Materials and components				
In hand	25.10		23.26	
In transit	0.01	25.11	-	23.26
iii) Work-in-progress		111.34		90.98
iv) Finished goods				
In hand				
Own	187.41		128.57	
Traded	21.12		21.77	
In transit				
Own	6.95		2.74	
Traded	1.30	216.78	1.68	154.76
v) Stores and spares		5.74		4.69
<b>Total</b>		<b>669.89</b>		<b>466.40</b>

### Disclosures:

#### Valuation methodology

Raw Material & Packing Materials and components	At cost
Work In Progress	At cost
Finished Goods	At cost or Net realisable value which ever is lower
Stores and spares	At cost

## 16. Trade receivables

	As at 31-Mar-2012		As at 31-Mar-2011	
	Rupees in Crores		Rupees in Crores	
<b>Outstanding for more than six months</b>				
Unsecured, considered good	8.20		19.89	
Unsecured, considered doubtful	0.30		0.24	
Less : Provision for doubtful debts	0.30	8.20	0.24	19.89
<b>Others</b>				
Unsecured, considered good		340.88		347.32
<b>Total</b>		<b>349.08</b>		<b>367.21</b>

## 17. Cash and Bank Balances

	As at 31-Mar-2012	As at 31-Mar-2011
	Rupees in Crores	Rupees in Crores
<b>Cash &amp; Cash Equivalents</b>		
Cash on hand	0.41	0.46
Balances with banks	6.72	5.94
Cheques, drafts on hand	3.42	2.74
Fixed deposit with bank	0.17	-
	10.72	9.14
<b>Other Bank Balances</b>		
Unpaid dividend accounts	1.30	1.20
Bank margin	0.14	0.02
	1.44	1.22
<b>Total</b>	<b>12.16</b>	<b>10.36</b>

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

## 18. Revenue from Operations (Gross)

	2011 - 12		2010 -11	
	Rupees in Crores		Rupees in Crores	
<b>Sale of Products (Gross)</b>		2,333.22		1,896.26
<b>Sale of services</b>		15.90		1.57
<b>Other operating revenues</b>				
Focus Market and other Export Incentive Schemes	17.01		6.45	
Miscellaneous Income (Operational)	11.86	28.87	8.30	14.75
<b>Total</b>		<b>2,377.99</b>		<b>1,912.58</b>

## 19. Other Income

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Interest Income	7.13	5.91
Dividend Income - from Current Investments	1.18	0.37
Sundry Balances w/back (Net)	1.80	0.07
Profit on sale of Assets	0.20	0.17
Reversal of Impairment loss of assets	-	0.50
Miscellaneous Income	1.34	1.36
Foreign currency translation gain on liquidation	0.30	-
<b>Total</b>	<b>11.95</b>	<b>8.38</b>

## 20. Cost of Materials Consumed

	2011 - 12		2010 -11	
	Rupees in Crores		Rupees in Crores	
Raw Materials Consumed				
Opening Stock	192.71		156.75	
Addition on amalgamation	9.59		-	
Addition on acquisition	0.68		-	
Add : Purchases (Net of Discount)	852.68		641.63	
Add : Raw Material Conversion Charges	16.68		16.97	
	1,072.34		815.35	
Less : Closing Stock	310.92	761.42	192.71	622.64
Packing Materials Consumed				
Opening Stock	23.26		18.92	
Addition on amalgamation	0.06		-	
Add : Purchases ( Net of Discount )	150.24		137.43	
	173.56		156.35	
Less : Closing Stock	25.11	148.45	23.26	133.09
Neutralisation of duties and taxes on inputs on exports - DEPB/Drawback benefits		(36.24)		(37.18)
<b>Total</b>		<b>873.63</b>		<b>718.55</b>

## 21. Purchases of Stock-in-Trade

	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Formulations	79.19	76.13
Active Pharmaceutical Ingredients / Intermediates	20.96	19.97
Others	4.48	4.96
<b>Total</b>	<b>104.63</b>	<b>101.06</b>

## 22. Changes in inventories of Finished Goods (FG), Work-in-progress (WIP) and Stock-in-Trade

	2011 - 12		2010 - 11	
	Rupees in Crores		Rupees in Crores	
<b>Inventory Adjustments - WIP</b>				
Stock at Commencement	90.98		68.44	
Addition on amalgamation	3.92		-	
Addition on acquisition	1.29		-	
Less : Stock at closing	111.34	(15.15)	90.98	(22.54)
<b>Inventory Adjustments - FG</b>				
Stock at Commencement	131.31		117.29	
Addition on amalgamation	1.78		-	
Less : Stock at closing	194.36	(61.27)	131.31	(14.02)
<b>Inventory Adjustments - Stock-in-Trade</b>				
Stock at Commencement	23.45		15.80	
Addition on amalgamation	-		-	
Less : Stock at closing	22.42	1.03	23.45	(7.65)
<b>Variation in Excise duty on</b>				
Closing stock of finished goods	18.67		8.42	
Less : Opening stock of finished goods	8.42	10.25	7.40	1.02
<b>Total</b>		(65.14)		(43.19)

## 23. Employee Benefits Expenses

	2011 - 2012	2010 - 2011
	Rupees in Crores	Rupees in Crores
Salaries, Bonus, Perquisites, etc.	296.56	238.17
Contribution to Employees welfare funds	15.65	11.88
Leave Encashment	5.72	0.76
Leave Travel Assistance	1.86	1.84
Gratuity Fund Contributions	5.30	2.99
Expense on Employee Stock Option Scheme	0.10	0.31
Staff Welfare expenses	6.17	5.26
Recruitment & Training	4.13	5.07
<b>Total</b>	<b>335.49</b>	<b>266.28</b>

## 24. Finance Cost

	2011 - 2012	2010 - 2011
	Rupees in Crores	Rupees in Crores
Interest Expense	35.98	23.98
Other borrowing costs	5.20	3.12
Interest on Income tax	0.10	2.30
<b>Total</b>	<b>41.28</b>	<b>29.40</b>

## 25. Depreciation & Amortisation

	2011 - 2012	2010 - 2011
	Rupees in Crores	Rupees in Crores
Depreciation on Tangible Assets	71.52	54.89
Amortisation on Intangible Assets	1.31	0.90
Short / (excess) depreciation of earlier years	(5.70)	-
<b>Total</b>	<b>67.13</b>	<b>55.79</b>

To align the depreciation policy and the rates of the amalgamating (transferee) Company with those of the amalgamated (transferor) Company, the depreciation hitherto charged on the assets of the amalgamated Company has been reviewed and differential depreciation as compared to the policy and rates of the amalgamated Company is written back as at 01/04/2011, being the appointed date. The differential depreciation charged in the books of the amalgamating Company as compared to the method and rates followed by the amalgamated Company is Rs. 5.70 crores and is written back to the profit and loss account under the head depreciation. The Depreciation for the year is therefore lower and the Profit and Balance in Reserves and Surplus is higher by Rs. 5.70 crores.

## 26. Other Expenses

	2011-2012	2010-2011
	Rupees in Crores	Rupees in Crores
Consumption of stores & spares	20.59	13.28
Power, Fuel & Water Charges	83.78	59.18
Freight, forwarding and transportation	75.58	66.19
Outside Manufacturing Charges	20.27	16.76
Repairs & Maintenance	46.04	33.92
Loss on sale of asset	0.98	1.21
Fixed Assets Scrapped	0.57	2.36
Commission	33.72	18.16
Field Staff expenses	66.95	47.30
Sales & marketing expenses	86.79	85.56
Product information catalogue	12.93	15.39
Expenditure on scientific research	25.25	29.96
Laboratory expenses and Analytical Charges	15.22	11.30
Rent	10.52	7.17
Rates & Taxes	5.68	4.87
Travelling expenses	18.29	17.04
Professional charges	11.25	9.53
Printing and stationery	6.59	5.51
Books, Subscription & Software	1.80	1.42
Product registration expenses	6.35	6.72
Excise duty	2.77	1.92
Communication Expenses	7.88	7.76
Insurance	10.42	7.55
Intellectual property right expenses	0.75	0.64
Remuneration To Auditors	0.41	0.39
Bank Charges	3.11	2.95
Amalgamation Expenses	0.32	-
Provision for doubtful debts/advances	1.80	0.17
Bad debts written off/(back)	-	0.35
Provision for diminution in value of investment	0.47	-
Provision for dues from minority interest [see note (ii) below]	0.66	-
Reversal of loss on Investment in associate	(0.15)	-
Other Expenses	19.03	8.48
<b>Total</b>	<b>596.62</b>	<b>483.04</b>

Note:

- i) Amalgamation Expenses include a sum of Rs 0.02 crores paid to the auditors.
- ii) In view of the uncertainty of investment by the minority partner, the company has made full provision of the amount due from the minority partner during the year.

## 27. Disclosure as required by Accounting Standard – AS 17 “Segment Reporting”, issued by the Institute of Chartered Accountants of India.

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.



**28. Disclosure as required by Accounting Standard – AS 18 "Related Parties", issued by the Institute of Chartered Accountants of India.**

Relationships	Country
<b>A. Entities where control exists</b>	
Shareholders of <u>Ipca Laboratories Ltd.</u>	
Kaygee Investments Pvt. Ltd.	India
Chandurkar Investments Pvt. Ltd.	India
<b>B. Key Management Personnel</b>	
Mr. Premchand Godha Chairman & Managing Director	Indian
Mr. A.K. Jain Joint Managing Director	Indian
Mr. Pranay Godha Executive Director	Indian
Mr. Prashant Godha Executive Director (w.e.f.16-08-11)	Indian
<b>C. Associates</b>	
Paschim Chemicals Pvt. Ltd.	India
Tonira Pharma Ltd. (Since merged with the Company w.e.f. 01-04-2011)	India
Makers Laboratories Ltd.	India
Trophic WellNess Pvt. Ltd.	India
<b>D. Other Related Parties (Entities in which Directors or their relatives have significant influence)</b>	
Nipra Industries Pvt. Ltd.	India
Keymed	India
Oscar Industries	India
Mrs. Usha P. Godha	Indian
Prabhat Foundation	India
Vandhara Resorts Pvt. Ltd.	India

Details of related party transaction are given in statement 1 attached to the financial statements.

**29. Disclosure as required by Accounting Standard – AS 19 "Leases", issued by the Institute of Chartered Accountants of India**

- a) The Company has taken various residential / godowns / offices premises (including Furniture and Fittings, if any) under leave and licence agreements. These generally range between 11 months to 3 years under leave and licence basis. 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 Statement of Profit and Loss under Rent.
- b) The Company has three lease commitments for its offices and guesthouse which expires on 31st March 2014, 28th February 2013 and 31st May 2012 respectively. The Total lease commitment are Rs. 0.60 Crores ( USD 1,18,508) [Previous year Rs. 0.83 Crores (USD 1,84,384)]
- c) The Company has two rent commitments for its offices of Shanghai & Nanjing. The Total Rent commitment are Rs. 0.01 Crores (CNY 11,800) [Previous year Rs. 0.05 Crores (CNY 70,800)]

### 30. Disclosure as required by Accounting Standard – AS 20 “Earning Per Share”, issued by the Institute of Chartered Accountants of India

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

Particulars	2011 - 12		2010 -11	
	Rupees in Crores		Rupees in Crores	
i) Profit after Tax before Exceptional Item		277.06		262.82
ii) Profit after Tax and Exceptional Items		277.06		262.82
iii) Closing Equity Shares Outstanding (Nos.)				
Opening Equity Shares Outstanding (Nos.)	12,57,06,405		12,52,27,655	
Add : Issued during the year (Nos.)	1,21,250		4,78,750	
Add : To be issued pursuant to merger of Tonira Pharma Ltd.	3,22,704		-	
Closing Equity Shares Outstanding (Nos.)		12,61,50,359		12,57,06,405
iv) Weighted Avg no. of Shares Outstanding (Nos.) (Basic)		12,60,52,962		12,54,04,983
v) Weighted Avg no. of Shares Outstanding (Nos.) (Diluted)		12,60,63,771		12,54,57,068
vi) Nominal value of equity share (Rs.)		2.00		2.00
<b>Basic EPS</b>				
vii) Earning per share before Exceptional Item (Rs.) (i/iv)		21.98		20.96
viii) Earning per share after Exceptional Item (Rs.) (ii/iv)		21.98		20.96
<b>Diluted EPS</b>				
ix) Earning per share before Exceptional Item (Rs.) (i/v)		21.97		20.95
x) Earning per share after Exceptional Item (Rs.) (ii/v)		21.97		20.95

### Disclosure as per guidance note on Accounting for Employee Share-based Payments

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, 2012 as reported would change to amounts indicated below:

Particulars	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
Net Profit as reported (after exceptional items)	277.06	262.82
Add : Stock based compensation expense included in the reported income	0.10	0.31
Less : Stock based compensation expenses determined using fair value of options	0.14	0.26
Net profit (adjusted)	277.02	262.87
Weighted average number of shares considered for basic earnings per share	12,60,52,962	12,54,04,983
Weighted average number of shares considered for diluted earnings per share	12,60,63,771	12,54,57,068
Basic earnings per share as reported (Rupees)	21.98	20.96
Basic earnings per share (adjusted) (Rupees)	21.98	20.96
Diluted earnings per share as reported (Rupees)	21.97	20.95
Diluted earnings per share (adjusted) (Rupees)	21.97	20.95

31. Remuneration to auditors of the Subsidiaries including the step down subsidiaries are grouped with the professional charges.

32. 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.

### 33. Contingent liabilities not provided for in respect of:

Particulars	2011 -2012	2010 -2011
	Rupees in Crores	Rupees in Crores
<b>A. Contingent Liabilities</b>		
a) Bills discounted with banks Since Realised	147.24 (85.08)	106.95 (47.85)
b) Other moneys for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the Company	18.53*	11.39
c) Claims against the Company not acknowledged as debts	0.01	0.01
d) Corporate Guarantees given to bankers of associates and subsidiaries for which the Company holds counter guarantees	-	30.00
e) Corporate Guarantee given to others	2.28	2.28
f) Guarantees given by banks in favour of Government and others/ Letter of Credit opened against which goods are not received	65.74	96.75
	148.72	199.53
<b>B. Estimated amount of contracts remaining to be executed on capital account and not provided for :</b>		
- Tangible Assets	52.04	78.70
- Intangible Assets	2.44	5.08
	54.48	83.78
<b>C. Uncalled liability on partly paid shares</b>	4.48	4.48
<b>D. Other Commitments</b>	-	-

\*Note:- It includes Rs. 4.38 crores towards interest and penalty demanded by excise department, Ankleshwar and is not payable in accordance with the order passed by the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad. The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a Bank Guarantee of Rs. 2.00 crores to the Department. The Bank guarantee is obtained from Corporation Bank, Kandivali against 100% margin in the form of Fixed Deposit Receipt (FDR).

34. 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, 2012 has the following derivatives instruments / forward cover outstanding.

Sr. No.	Type of Transaction	Purpose	Amount Outstanding (In Million)	
			31.03.2012	31.03.2011
i)	USD Put Options (Purchase)	To hedge export receivable	-	USD 27.00
ii)	USD Call Option (Sold)	To hedge export receivable	-	USD 27.00
iii)	JPY/ USD full Currency swap	To hedge the currency risk and interest rate risk of JPY Loan	-	JPY 318.60 (outstanding)
iv)	USD Interest Rate Swap	To hedge the USD LIBOR risk by moving from Floating LIBOR rate to Fixed LIBOR Rate.	USD 62.13 (outstanding)	USD 21.07 (outstanding)
v)	Currency Swap	To reduce cost of borrowing	-	USD 3.30
vi)	Forward Cover beyond six months	To hedge export receivables	STG 7.00 USD 64.50	STG 2.00 USD 66.50

- 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	USD (Million)	
		31.03.2012	31.03.2011
i)	Term loan	62.13	39.57
ii)	Short term working capital loan / PCFC / Buyers credit	16.31	15.03
iii)	Sundry creditors for imports	13.02	8.74
iv)	Currency Swap	-	3.30

- d) The Company has an annual average exports of USD 291 Million (Previous year 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 4.58 Million (Previous year USD 17.63 Million) as at 31st March, 2012.
- e) None of the foreign subsidiaries have effected any steps to hedge their currency risks vis a vis the Indian Parent.
35. The figures of the subsidiaries including the step down subsidiaries are appropriately grouped along with the figures of the parent Ipca Laboratories Ltd.
36. 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. 7.61 crores respectively is reversed in these consolidated accounts since the full loss of the said subsidiaries is accounted in this accounts.
37. In the opinion of the Board of Directors, all the assets other than fixed assets and non current investments have value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.
38. The balance sheet, Statement of profit and loss, cash flow statement, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended 31st March, 2012.

### 39. Prior Period Comparison

The Company has reclassified the published previous year figures to conform to the norms of the Revised Schedule VI. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of Balance Sheet.

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,

29<sup>th</sup> May, 2012

For and on behalf of the Board of Directors

**Premchand Godha**

Chairman & Managing Director

**Ajit Kumar Jain**

Joint Managing Director

**Prashant Godha**

Executive Director

**Harish P. Kamath**

Company Secretary

**Statement 1 (Refer Note No. 28)**

(Related Party Disclosure as required by Accounting Standard – AS 18 issued by the Institute of Chartered Accountants of India)

**Transactions with Related Parties**

Rupees in Crores

Description	Key Management Personnel		Associates		Other Related Parties		Total	
	2011 - 12	2010 - 11	2011 - 12	2010 - 11	2011 - 12	2010 - 11	2011 - 12	2010 - 11
<b>Purchase of goods and services</b>								
Paschim Chemicals Pvt. Ltd.	-	-	36.08	26.19	-	-	36.08	26.19
Makers Laboratories Ltd.	-	-	13.38	16.47	-	-	13.38	16.47
Others	-	-	-	1.20	1.16	1.18	1.16	2.38
<b>TOTAL</b>	-	-	49.46	43.86	1.16	1.18	50.62	45.04
<b>Sales of goods and services</b>								
Paschim Chemicals Pvt. Ltd.	-	-	3.88	1.19	-	-	3.88	1.19
Makers Laboratories Ltd.	-	-	5.06	3.14	-	-	5.06	3.14
Trophic Wellness Pvt. Ltd.	-	-	6.65	-	-	-	6.65	-
Tonira Pharma Ltd.	-	-	-	0.68	-	-	-	0.68
<b>TOTAL</b>	-	-	15.59	5.01	-	-	15.59	5.01
<b>Interest income</b>								
Makers Laboratories Ltd.	-	-	0.07	-	-	-	0.07	-
Paschim Chemicals Pvt. Ltd.	-	-	0.11	0.23	-	-	0.11	0.23
Tonira Pharma Ltd.	-	-	-	1.79	-	-	-	1.79
Others	-	-	-	0.01	-	-	-	0.01
<b>TOTAL</b>	-	-	0.18	2.03	-	-	0.18	2.03
<b>Purchase of fixed assets</b>								
Makers Laboratories Ltd.	-	-	-	0.01	-	-	-	0.01
Tonira Pharma Ltd.	-	-	-	0.01	-	-	-	0.01
<b>TOTAL</b>	-	-	-	0.02	-	-	-	0.02
<b>Sale of fixed assets</b>								
Paschim Chemicals Pvt. Ltd.	-	-	0.16	0.10	-	-	0.16	0.10
Makers Laboratories Ltd.	-	-	-	0.05	-	-	-	0.05
Others	-	-	0.01	-	-	-	0.01	-
<b>TOTAL</b>	-	-	0.17	0.15	-	-	0.17	0.15
<b>Excise duty, Rent and other expenses</b>								
Vandhara Resorts Pvt.Ltd.	-	-	-	-	1.66	0.53	1.66	0.53
Makers Laboratories Ltd.	-	-	0.75	0.45	-	-	0.75	0.45
Others	-	-	0.03	0.02	0.05	0.05	0.08	0.07
<b>TOTAL</b>	-	-	0.78	0.47	1.71	0.58	2.49	1.05
<b>Net loans and advances given / (Recovered)</b>								
Makers Laboratories Ltd.	-	-	2.00	-	-	-	2.00	-
Paschim Chemicals Pvt. Ltd.	-	-	(8.04)	5.38	-	-	(8.04)	5.38
Tonira Pharma Ltd.	-	-	-	7.50	-	-	-	7.50
Others	-	-	(0.12)	0.12	-	-	(0.12)	0.12
<b>TOTAL</b>	-	-	(6.16)	13.00	-	-	(6.16)	13.00
<b>Investments made</b>								
Trophic Wellness Pvt. Ltd.	-	-	-	7.86	-	-	-	7.86
<b>TOTAL</b>	-	-	-	7.86	-	-	-	7.86
<b>Guarantees Outstanding</b>								
Tonira Pharma Ltd.	-	-	-	30.00	-	-	-	30.00
<b>TOTAL</b>	-	-	-	30.00	-	-	-	30.00
<b>Remuneration to Directors</b>								
Mr. Premchand Godha	10.15	7.56	-	-	-	-	10.15	7.56
Mr. A.K. Jain	1.82	1.63	-	-	-	-	1.82	1.63
Others	1.97	0.97	-	-	-	-	1.97	0.97
<b>TOTAL</b>	13.94	10.16	-	-	-	-	13.94	10.16
<b>Donation</b>								
Prabhat Foundation	-	-	-	-	1.00	0.25	1.00	0.25
<b>TOTAL</b>	-	-	-	-	1.00	0.25	1.00	0.25
<b>Balance at year end</b>								
<b>Receivables</b>								
Paschim Chemicals Pvt. Ltd.	-	-	0.92	8.09	-	-	0.92	8.09
Makers Laboratories Ltd.	-	-	0.65	-	-	-	0.65	-
Tonira Pharma Ltd.	-	-	-	17.92	-	-	-	17.92
Trophic Wellness Pvt. Ltd.	-	-	0.88	-	-	-	0.88	-
<b>TOTAL</b>	-	-	2.45	26.01	-	-	2.45	26.01
<b>Payables</b>								
Mr. Premchand Godha	7.72	5.54	-	-	-	-	7.72	5.54
Mr. A.K. Jain	1.01	0.82	-	-	-	-	1.01	0.82
Makers Laboratories Ltd.	-	-	-	1.92	-	-	-	1.92
Others	1.14	0.53	-	-	0.20	0.23	1.34	0.76
<b>TOTAL</b>	9.87	6.89	-	1.92	0.20	0.23	10.07	9.04

## 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 Druggists (Pty) Limited, South Africa	Ipca Pharmaceuticals Inc., USA	Ipca Pharmaceuticals S.A De C.V, Mexico	Ipca Pharmaceuticals (Shanghai) Ltd, China	Laboratories Ipca Do Brasil Ltda. Brazil*	Ipca Pharma (Australia) Pty Ltd. Australia	Ipca Pharma (NZ) Pty Ltd. New Zealand**	Ipca Laboratories (UK) Ltd. UK	Onyx Research Chemicals Limited, UK****	Onyx Scientific Limited UK****	Ipca Traditional Remedies Private Limited	Tonira Exports Limited
Financial year / period of the subsidiary companies ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	24th November 2011	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012	31st March 2012
No. of Equity shares held by Ipca Laboratories Limited in the subsidiary as at 31st March, 2012	5,15,89,190 Equity shares of Naira 1 each fully paid	10,59,732 Equity shares of Rand 1 each fully paid	1,000 Shares of no par value	Shares of no par value	Shares of no par value	Liquidated during the year	26,944 Equity shares of Aus \$1 each fully paid	100 Equity shares of NZ \$1 each	9,14,186 Shares of STG £1 each	2,85,000 ordinary & 1,00,000 A ordinary shares both of 0.1p each and 7,00,000 Pref. Share of STG 1 each	3,68,122 ordinary shares of STG 1 each	29,60,000 shares of Rs.10 each	99,600 shares of Rs.10 each
Extent of interest of Ipca Laboratories Limited in the capital of the subsidiary	100%	100%	100%	100%	100%	Liquidated during the year	100%	100%	100%	100%	100%	99.2%	99.6%
Net aggregate amount of the profits / (losses) of the subsidiaries so far it concerns to the members of Ipca Laboratories Limited as it is not dealt with the Company's Accounts for the year ended 31st March, 2012 of the subsidiaries	N 2,25,38,063 Rs.112,274Lacs	R 9,877 Rs. 0.64 Lacs	US\$ 27,500 Rs. 17,82 Lacs	(MXN) 2,05,351 (Rs. 7.79 Lacs)	RMB 3,53,596.93 Rs. 26.60 Lacs	(R\$ 89,994) Rs. 3.88 Lacs	(Aus \$ 4,949) (Rs. 2.47 Lacs)	(Aus \$ 33) (Rs. 0.02 Lacs)	(STG £ 1,15,050) (Rs. 88.27 Lacs)	STG £ 64,239 Rs. 49.30 Lacs	(STG £ 4,07,205) (Rs. 299.95Lacs)	(Rs 6.02 Lacs)	Rs 0.30 Lacs
Net aggregate amount of the profits/(losses) of the subsidiaries so far as dealt with or provision is made for those losses in the Accounts of Ipca Laboratories Limited for the subsidiary's financial year ended 31st March, 2012	Nil	Nil	Nil	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.

\* This wholly owned subsidiary was Liquidated during the year.

\*\* 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.

\*\*\* Onyx Research Chemicals Ltd, UK is a wholly owned subsidiary of Ipca Laboratories UK Ltd, which is a wholly owned subsidiary of the Company.

\*\*\*\* Onyx Scientific Ltd, UK is a wholly owned subsidiary of Onyx Research Chemicals Ltd, UK, which is a wholly owned subsidiary of Ipca Laboratories, UK Ltd.

Mumbai  
29th May, 2012

**Harish P. Kamath**  
Company Secretary

For and on behalf of the Board of Directors

**Premchand Godha**  
Chairman & Managing Director  
**Ajit Kumar Jain**  
Joint Managing Director  
**Prashant Godha**  
Executive Director

## Details of Subsidiaries

Rupees in Lacs

PARTICULARS	Ipca Pharma Nigeria Limited, Nigeria	National Druggists (Pty) Limited, South Africa	Ipca Pharmaceuticals Inc., USA	Ipca Pharmaceuticals Limited S.A De C.V, Mexico	Ipca Pharmaceuticals (Shanghai) Ltd, China	Laboratories Ipca Do Brasil Ltda. Brazil	Ipca Pharma (Australia) Pty Ltd. Australia	Ipca Pharma (NZ) Pty Ltd. New Zealand	Ipca Laboratories (UK) Ltd. UK	Onyx Research Chemicals Limited UK	Onyx Scientific Limited UK	Ipca Traditional Remedies Private Limited	Tonira Exports Limited
<b>Capital</b>	188.94	45.72	760.97	67.15	118.90	1,132.73	12.98	0.04	718.46	474.94	249.63	298.40	10.00
<b>Reserves</b>	435.14	60.70	(732.58)	(62.18)	(82.62)	(1,132.73)	36.26	0.11	(354.10)	1,788.59	1,475.83	(295.03)	(8.18)
<b>Total Assets</b>	830.42	106.95	30.42	14.44	39.91	-	60.48	1.55	4,539.72	3,201.62	2,148.91	3.52	16.53
<b>Total Liabilities</b>	830.42	106.95	30.42	14.44	39.91	-	60.48	1.55	4,539.72	3,201.62	2,148.91	3.52	16.53
<b>Investments</b>	-	0.21	-	-	-	-	0.05	-	3,989.61	3,191.14	-	-	-
<b>Total Income / turnover</b>	2,724.80	0.98	995.36	-	90.21	29.67	24.63	-	138.07	76.75	2,293.27	0.18	0.96
<b>Profit / (Loss) Before Taxation</b>	149.09	0.64	20.31	(7.79)	26.60	3.88	(2.78)	(0.02)	(84.14)	64.67	(394.82)	(6.02)	0.30
<b>Provision for Taxation (Including Deferred tax)</b>	36.35	-	2.49	-	-	-	(0.31)	-	4.13	15.37	(94.87)	-	-
<b>Profit / (Loss) After Taxation</b>	112.74	0.64	17.82	(7.79)	26.60	3.88	(2.47)	(0.02)	(88.27)	49.30	(299.95)	(6.02)	0.30
<b>Proposed Dividend</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	56.43*	Nil	Nil	Nil

\* Dividend on Preference Share Capital

Exchange rate considered as on 31st March 2012: 1 USD = Rs. 50.87, 1 STG £ = Rs. 81.5243, 1 N (Nigerian Naira) = Rs. 0.3284, 1R (South African Rand) = Rs. 6.7402, 1 Aus \$ = Rs. 52.9353, 1RMB (Chinese Yuan) = Rs. 8.1983, 1MXN (Mexican Peso) = Rs. 4.0514, 1 NZ \$ = Rs. 42.4985. Exchange rate considered for the conversion of Brazilian accounts as on 24th Nov 2011: 1R\$ (Brazilian Real) = Rs. 28.6569

The Company owns 100% interest in all the above subsidiaries excepting Ipca Traditional Remedies Pvt. Ltd. in which it holds 99.20% of the paid up equity share capital and Tonira Exports Limited in which it holds 99.6% of the paid up equity share capital. Ipca Pharma (NZ) Pty Ltd, New Zealand which is a 100% subsidiary of Ipca Pharma (Australia) Pty Ltd. Onyx Research Chemicals Ltd, UK is a wholly owned subsidiary of Ipca Laboratories UK Ltd. and Onyx Scientific Ltd, UK is a wholly owned subsidiary of Onyx Research Chemicals Ltd, UK, which is a wholly owned subsidiary of Ipca Laboratories UK Ltd.

For and on behalf of the Board of Directors

**Premchand Godha**  
Chairman & Managing Director  
**Ajit Kumar Jain**  
Joint Managing Director  
**Prashant Godha**  
Executive Director

**Harish P. Kamath**  
Company Secretary

Mumbai  
29th May, 2012

**This page is intentionally left blank**



# PROXY



**Ipca Laboratories Ltd.**

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

I / We .....  
of ..... in the district of .....  
being a member / members of the above named  
Company hereby appoint .....  
of ..... in  
the district of ..... or failing him  
..... of .....  
..... in the district of .....  
..... as my / our proxy to vote for me /  
us on my / our behalf at the 62nd Annual General Meeting of the Company to be held on Tuesday, 31st July, 2012 at 3.30 p.m.  
and at any adjournment thereof.

Signed this ..... day of ..... 2012

Signed by the said .....

Regd. Folio No. .... \*Client ID No. ....

\*DP ID No. .... No. of Shares held .....

30 Paise  
Revenue  
Stamp

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

\* Applicable for investors holding shares in electronic form

# ATTENDANCE SLIP



**Ipca Laboratories Ltd.**

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

I hereby record my presence at the 62nd Annual General Meeting held at Shri Bhaidas Maganlal Sabhagriha, Swami Bhakti Vedanta Marg, J.V.P.D. Scheme, Vile Parle (West), Mumbai 400 056 on Tuesday, 31st July, 2012 at 3.30 p.m.

Name of the Shareholder(s) (In Block Letters)

Name of the Proxy or Company Representative (In Block Letters)

Signature of the Shareholder or Proxy or Company Representative .....

**Note: 1.** A Proxy attending on behalf of a Shareholder should please write the name of the Shareholder from whom he holds Proxy. **2.** Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

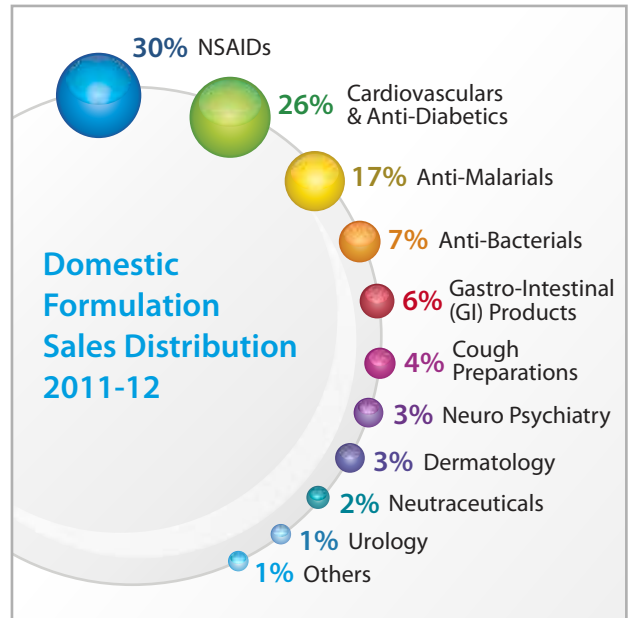
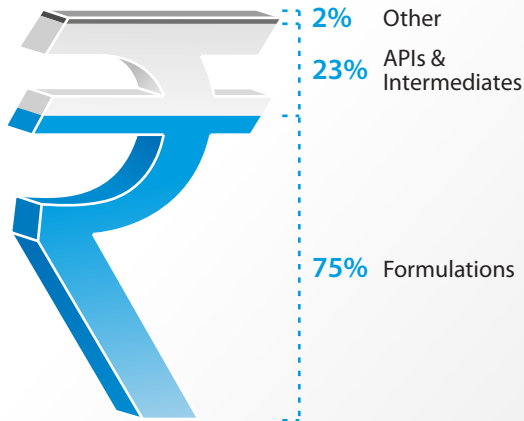
Regd. Folio No. .... \*Client ID No. ....

\*DP ID No. .... No. of Shares held .....

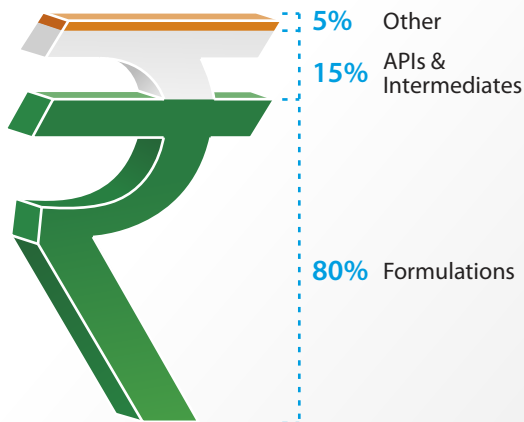
\* Applicable for investors holding shares in electronic form

**This page is intentionally left blank**

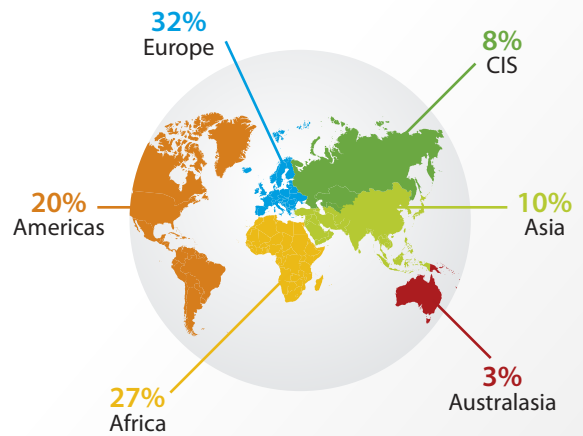
**Total Income 2011-12**  
₹ 2,342.29 Crores



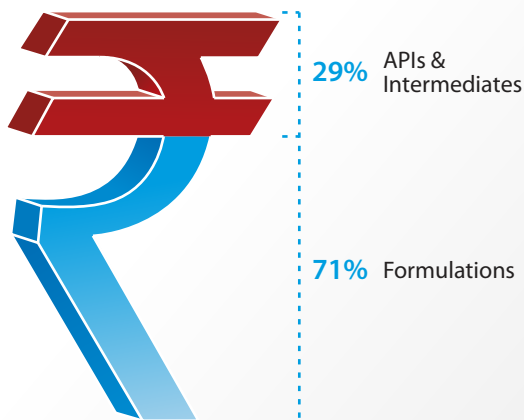
**Domestic Income 2011-12**  
₹ 940.32 Crores



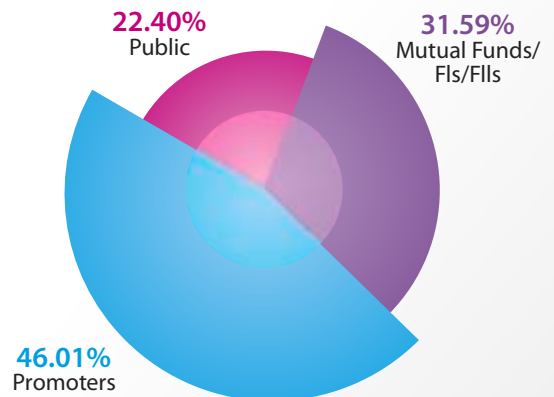
**Continent Wise Exports (%)**



**Export Income 2011-12**  
₹ 1,401.97 Crores



**Distribution of Shareholding as on 31st March, 2012**



## International Subsidiaries

### Australia

Ipca Pharma (Australia) Pty Ltd.  
6, Morotai Avenue, Ashburton  
VIC 3147, Melbourne, Australia  
T: + 613 98856172  
F: + 613 98856173  
E: [ipca.australia@ipca.com](mailto:ipca.australia@ipca.com)

### New Zealand

Ipca Pharma (NZ) Pvt. Ltd.  
3-A, St. Oswalds Road  
Greenlane  
Auckland 1061, New Zealand  
T: + 64 2136 0880  
E: [ipca.newzealand@ipca.com](mailto:ipca.newzealand@ipca.com)

### UK

Ipca Laboratories (UK) Ltd.  
72, New Bond Street  
Mayfair, London W1S 1RR, UK  
T: + 44 207 493 7302  
F: + 44 207 493 4120  
E: [ipca.uk@ipca.com](mailto:ipca.uk@ipca.com)

### China

Ipca Pharmaceuticals (Shanghai) Ltd.  
Room 1110, 11/F Hua Tian Holiday Hotel  
Office Building, 469 Zhonghua Xin Road  
Zhabei District, Shanghai PRC  
T: + 86 21 60954728  
F: + 86 21 60954729  
E: [ipca.china@ipca.com](mailto:ipca.china@ipca.com)

### Nigeria

Ipca Pharma Nigeria Ltd.  
17, Osolo Way, Ajao Estate  
Isolo, Lagos, Nigeria  
T: + 2341 7926460 / 4528738  
F: + 2341 4521146  
E: [ipca.nigeria@ipca.com](mailto:ipca.nigeria@ipca.com)

### UK

Onyx Scientific Limited  
Silverbriar, Sunderland Enterprise Park East  
Sunderland SR5 2TQ, UK  
T: + 44 191 516 6 516  
F: + 44 191 516 6 526  
E: [info@onyxipca.com](mailto:info@onyxipca.com)

### Mexico

Ipca Pharmaceuticals Limited SA de CV  
Presa La Angostura 116, Colonia Irrigación  
Delegación Miguel Hidalgo,  
C.P. 11500 Mexico, D.F.  
T: + 52 55 53952590  
E: [ipca.mexico@ipca.com](mailto:ipca.mexico@ipca.com)

### South Africa

National Druggists (pty) Ltd.  
30, Marlborough Road  
Spring Field, Johannesburg  
2190 Gauteng, S.A.  
T: + 27 11 4345669  
F: + 27 11 4345719  
E: [ipca.southafrica@ipca.com](mailto:ipca.southafrica@ipca.com)

### USA

Ipca Pharmaceuticals, Inc.  
51, Cragwood Road, Suite No. 203  
South Plainfield, NJ 07080, USA  
T: + 1 908 412 6561/63  
F: + 1 908 412 6564  
E: [ipca.usa@ipca.com](mailto:ipca.usa@ipca.com)



### Ipca Laboratories Ltd.

Regd. Office: 48, Kandivli Industrial Estate, Kandivli (West), Mumbai 400 067, India  
[www.ipca.com](http://www.ipca.com)  
T: +91 22 6647 4444 F: +91 22 2868 6613