RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated December 6, 2004
100% Book Building Issue

Indoco Remedies Limited

(Our Company was incorporated on August 23, 1947 as a public company under the Indian Companies Act, VII of 1913 and was issued Certificate for commencement of business on October 8, 1947.)

Registered Office: 457, Dwarkadas Mansions, Sandhurst Road, Bombay, changed to 101, Neelam, Worli Seaface Road, Abdul Gaffar Khan Road, Bombay 400 018, changed to 18- A, Mahal Estate, Off Mahakali Caves Road, Andheri (E), Mumbai- 400 093 changed to Indoco House, 166, C.S.T. Road, Santacruz (East) Mumbai -400 098, India

Tel: +91 22 2654 1851-55; **Fax:** +91 22 5693 6241; **Website:** www.indoco.com **Email:** ipo@indoco.com

INITIAL PUBLIC ISSUE OF 3,000,000 EQUITY SHARES OF Rs. 10 EACH AT A PRICE OF Rs. [●] FOR CASH AGGREGATING Rs. [●] ___ MN (REFERRED TO AS THE "ISSUE").

THE ISSUE WOULD CONSTITUTE 25.38% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 220 TO Rs. 245 PER EQUITY SHARE OF FACE VALUE Rs.10 ISSUE PRICE IS 22 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 24.5 TIMES AT THE HIGHER END OF THE PRICE BAND

The Issue is being made through the 100% book building process where upto 50% of the Issue shall be issued on a discretionary basis to qualified institutional buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to retail bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the shares is Rs 10/- and the issue price is '[●] times' of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Manager ("BRLM"), on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offering. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the summarized and detailed statements in Risk Factors beginning on page VII.

COMPANY'S ABSOLUTE RESPONSIBILITY

Indoco Remedies Limited ("Indoco"), having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to Indoco and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on The Stock Exchange, Mumbai ("BSE") and the National Stock Exchange of India Limited ("NSE"). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated 4th November, 2004 and 10th November, 2004, respectively. The National Stock Exchange of India Limited is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED 801/ 802, Dalamal Towers Nariman Point Mumbai, India 400 021 Tel. : +91- 22- 5638 1800 Fax. : +91- 22- 2284 6824 Email: irlipo@enam.com	**INTIME SPECTRUM REGISTRY LTD** C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West) Mumbai, India 400 078 Tel: +91-22-5555 5454 Fax: +91-22-5555 5353 Email: ipo@intimespectrum.com

ISSUE PROGRAMME

BID / ISSUE OPENS ON: DECEMBER 17, 2004	**BID / ISSUE CLOSES ON: DECEMBER 23, 2004**

TABLE OF CONTENTS

Definitions and Abbreviations

Definitions

Term	Description
"Indoco" , "our Company", "Indoco Remedies Limited", "we", "us", "Indoco" and "our"	Unless the context otherwise requires, refers to, Indoco Remedies Limited, a public limited company incorporated under the Companies Act, .

Issue Related Terms and Abbreviations

Term	Description
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Articles/ Articles of Association	Articles of Association of our Company, Indoco Remedies Limited
Auditors	The statutory auditors of our Company, M/s. Patkar & Pendse, Chartered Accountants
Banker(s) to the Issue	HDFC Bank Ltd and The Hongkong and Shanghai Banking Corporation Limited
Bid	An Issue made during the Bidding Period by a prospective investor to acquire the Equity Shares of the Company at a price at or above the Floor Price, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for the Issue
Bid / Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper and Hindi national newspaper with wide circulation and a Marathi newspaper with a wide circulation at the place of the registered office of the Company
Bid cum Application Form	The form in terms of which the Bidder shall make an Issue to subscribe to Equity Shares of our Company and which will be considered as the application for transfer of the Equity Shares in terms of this Red Herring Prospectus
Bid / Issue Opening Date	The date on which the Members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper and a Hindi national newspaper with wide circulation and a Marathi newspaper with a wide circulation at the place of the registered office of the Company
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding Period/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board of Directors/ Board/ Directors	The Board of Directors of Indoco Remedies Limited or a committee thereof

Term	Description
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
BRLM	Book Running Lead Managers to the Issue, in this case being Enam Financial Consultants Private Limited
Brokers to the Issue	Brokers registered with any recognised stock exchange, appointed by the members of the Syndicate
BSE	The Stock Exchange, Mumbai
CAGR	Compounded annual growth rate
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CDSL	Central Depository Services Limited
Companies Act	The Companies Act, 1956, as amended from time to time
Co-Book Running Lead Manager/ Co-BRLM	IL&FS Investsmart Limited
Cut-off Price	The Issue price finalised by the Company in consultation with the BRLM.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	NSE
DGFT	Director General of Foreign Trade
Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with Registrar of Companies after the pricing
EEFC	Export Earner's Foreign Currency account
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Rs.10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into by the Company and the members of the Syndicate for collection of the Bid Amounts and refunds of the amounts collected to the Bidders.

Term	Description
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII/ Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Financial year/fiscal/FY	The twelve months ended June 30 of a particular year
FIPB	Foreign Investment Promotion Board
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Issue / Fresh Issue	The issue of 3,000,000 Equity Shares at the Issue Price by the Company in terms of this Red Herring Prospectus
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
Issue Period	The Issue period shall be, the Issue opening date to December 17, 2004, the Issue closing date December 23, 2004
Issue Price	The final price at which Equity Shares will be issued in terms of this Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date
I.T. Act	The Income-Tax Act, 1961, as amended from time to time, except as stated otherwise
I.T. Rules	The Income-Tax Rules, 1962, as amended from time to time, except as stated otherwise
Margin Amount	The amount paid by the Bidder at the time of submission of his/ her Bid, being 0% to 100% of the Bid Amount
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company
NAV	Net Asset Value
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders and who have Bid for Equity Shares for an amount more than Rs.50,000
Non Institutional Portion	The portion of the Issue being minimum 25% of the issue i.e. 750,000 Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders
Non Residents	All Bidders who are not NRIs or FIIs and are not persons resident in India
NRE Account	Non Resident External Account
NRI/ Non Resident Indian	Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000

Term	Description
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 220 and the maximum price (cap of the price band) of Rs. 245 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, trilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 mn and pension funds with minimum corpus of Rs.250 mn
QIB Portion	The portion of the Issue being upto 50% of the issue i.e. 1,500,000 Equity Shares of Rs. 10 each available for allocation to QIBs
RBI	Reserve Bank of India
Registered Office of our Company	Indoco House, 166, C.S.T. Road, Santacruz (East) Mumbai -400 098, India
Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited having its registered office as indicated on the cover page of this Red Herring Prospectus
Retail Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.50,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being minimum 25% of the issue i.e. 750,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)

Term	Description
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Mumbai, Maharashtra
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchanges	BSE and NSE
Syndicate	The BRLM,Co-BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as Underwriters, Syndicate Members are appointed by the BRLM.
TRS/ Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The Agreement between the members of the Syndicate and our Company, on its own behalf to be entered into on or before the Pricing Date

In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding.

GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

Term	Description
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
BE/BA	Bio Equivalence / Bio Avaiability
BMR	Batch Manufacturing Record
BOD	Biological Oxygen Demand
BSR	Bonded Store Room
COD	Chemical Oxygen Demand
CTD	Common Technical Document
cGMP	Curremt Good Manufacturing Practices
CoS	Certificate of Suitability
D. M.	De-mineralisation
DMF	Drug Master File
EDQM	European Directorate for the Quality of Medicines
ENTs	Ear, Nose & Throat Specialists
ETP	Effluent Treatment Plant
FBD	Fluidised Bed Dryer
F&D	Formulations and Development
GATT	General Agreement on Trade and Tariffs
GP	General Practioners
GWP	Good Working Practices
HVAC	Heat Ventilation & Air Conditioning
ICH	International Conference on Harmonization
IPRs	Intellectual Property Rights
Lab	Laboratory
MCA-UK	Medicines Control Agency –United Kingdom
MCAZ	Medicines Control Authority of Zimbabwe
MCC	Medicines Control Council-South Africa
MHRA	Medicines Health & Regulatory Products Authority
MNCs	Multinational Companies in the pharmaceutical industry
MR	Medical Representative
NDDS	New Drug Delivery System
NSAID	Non Steroidical & Anti-inflammatory Drugs
OOS	Out Of Specification
PRD	Process Research Development
R&D	Research & Development
RMS	Raw Material Stores
SCADA	Supervisory Control & Data Acquisition System
SLSWC & MA	State Level Single Window Clearance and Monitoring Authority
SS	Suspended Solid / Stainless Steel
TFDF	Transport Facility & Disposable Facility
US-FDA	Food and Drug Administration, United States of America
US/USA	United Stated / United States of America
WHO	World Health Organisation
WTO	World Trade Organisation

SECTION I: RISK FACTORS

Certain Conventions; Use of Market Data

In this Red Herring Prospectus, the terms "we", "us", "our", the "Company", "our Company", or "Indoco", unless the context otherwise indicates or implies, refers to Indoco Remedies Limited.

For additional definitions used in this Red Herring Prospectus, see the section Definitions and Abbreviations on page I of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association of Indoco Remedies Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Red Herring Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

Forward-Looking Statements

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;

Increasing competition in and the conditions of the global and Indian pharmaceutical industry;

General economic and business conditions in India;

Changes in the value of the Rupee and other currencies; and

Changes in laws and regulations that apply to the Indian and global pharmaceutical industry.

For further discussion of factors that could cause our actual results to differ, see "Risk Factors" beginning on page VII of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, BRLM and the Co-BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Risk Factors

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Note: Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any risks mentioned herein under:

Internal to the Company

1. **One of our directors, Mr. D.M. Sukthankar, was earlier on the board of a company called Moneshi Agro Foods Limited against which SEBI had launched criminal proceedings at the Chief Metropolitan Magistrates court for mis-statements in a prospectus under which the said company had made a public issue of equity shares in 1994. Mr. Sukthankar was also included as an accused in this case. However, in terms of orders passed by the High Court at Mumbai (dated 2nd May, 2001 and 3rd April, 2002), the said proceedings have been stayed in respect of Mr. Sukthankar. The proceedings against the other accused in this case still continues. Mr. Sukthankar resigned from the board of the said company on 21st June, 1997. Details of this case are set out on page 155 (" Details of Outstanding Litigations") of this Red Herring Prospectus.**

2. **Certain criminal proceedings are pending against our directors, Mr.D.M.Sukthankar and Mr. S.Y.Rege, the details of which are set out on page 155 (" Details of Outstanding Litigations") of this Red Herring Prospectus.**

3. Our presence in the Indian pharmaceutical industry is mainly in the domestic formulations business. However, the domestic formulation industry itself is growing at a slow rate. This could further impact our profitability.

4. 13.9% of our products are covered under the DPCO. The domestic market is subject to price control under DPCO 1995. In the event Government reduces the prices of our products under DPCO or introduces price control on products currently not subject to such control, the profit margins could be significantly affected. The stated policy of the Government is to move away from price control and to this end it has announced its intention to formulate a new drug policy with reduced span of control.

5. 8% of our revenue is derived from our relationships with the companies in the international markets. Any difficulty in sustaining relationships in the future may affect the business that we can generate from these companies.

6. Any failure to keep abreast with the latest trends in the chemical and process technologies may adversely affect our cost competitiveness and ability to develop newer generation products.

7. Our success with our innovative processes and products depends, in part, on our ability to protect our current and future innovations and to defend our intellectual property rights. If we fail to adequately protect our intellectual property, competitors may manufacture and market products similar to ours. We have filed in India, and expect to continue to file, patent applications seeking to protect newly developed technologies and products in various countries, including the United States. Any existing or future patents issued to or licensed by us may not provide us with any competitive advantages for our processes or products or may even be challenged, invalidated or circumvented by competitors. In addition, such patent rights may not prevent our competitors from developing, using or commercializing processes or products that are similar or functionally equivalent to our innovations.

8. We also rely on trade secrets, unpatented proprietary know-how and continuing technological innovation that

we seek to protect, in part, by confidentiality agreements with licensees, suppliers, employees and consultants. It is possible that these agreements will be breached, and we may not have adequate remedies for any such breach. Disputes may arise concerning the ownership of intellectual property or the applicability of confidentiality agreements. Furthermore, our trade secrets and proprietary technology may otherwise become known or be independently developed by our competitors in full or in part.

9. The prices of the raw materials/ solvents consumed by us are susceptible to volatility. A majority of these raw materials are APIs, the price for which is not dependent on demand by us. Such volatility may adversely affect our profitability.

10. We are not dependent on any one supplier for raw materials except in case of Homatropine Hydrobromide, a restricted drug from Boehringer Germany, which has a monopoly for Homatropine Hydrobromide. The said material is used in the manufacturing of a product called Homide. We import this item under special license from DGFT.

11. We have a total of 60 trademark registrations, out of which 17 are pending for renewal before the Registrar of Trademarks. In addition to the above, we have also applied for 140 trademark applications which are pending for registration before the Trademark Registry. We have filed 4 provisional patent applications with the patent office for registration of certain processes. We are in the process of compiling and filing a complete specification for one process and the complete specifications for the other three processes shall be filed within the stipulated time period of twelve months from the date of provisional application. We have not filed any application for protecting processes other than the aforementioned processes; therefore, any other company may/can replicate the said processes to our economic disadvantage.

12. Our past experience in the API business has been mainly confined to trading of APIs. However, we are entering into manufacturing of APIs either by setting up a new plant at Mahad or by acquiring an existing plant. The lack of experience in manufacturing of APIs exposes us to an element of risk.

13. There is no assurance or guarantee that a Government / Statutory Authority will not ban a bulk drug which is used by us either for trading or for use in our formulations. In such an event our profitability will be impacted to that extent.

14. The R&D activities are core to our business model. We have incurred a recurring expenditure of (0.63% of sales in FY 2004 and 0.67% of sales in FY 2003 and 0.71% of gross sales in FY 2002) in setting up, improving and maintaining our existing R&D facilities. To further strengthen our research capabilities, we propose to invest Rs.158.60 mn from the proceeds of this Issue, in setting up a R&D facility at Navi Mumbai. However, as in any R&D activity, no assurance of returns on these investments can be given.

15. We have not applied for any approvals for our proposed projects as mentioned under Objects of the Issue, except for the approval for setting up the plant at Baddi, Himachal Pradesh, sales tax registration, registered as a dealer on November 8, 2004 granted by the Assessing Authority, Himachal Pradesh under Rule 6 of the Himachal Pradesh General Sales Tax Rules, 1970 and the application made to the Environmental Engineer, Baddi, on November 25, 2004 for grant of consent for pollution control management. No application has been made for the following statutory approvals material for setting up the project:

    1 Licence to work as a Factory - From Inspector of Factories

    2 Approval of factory plan under Factories Act 1948

    3 Letter for State Electricity Board for supply of electric power

    4 Approval from Municipality/MIDC for water connection

    5 Mfg. Licence from FDA

6 Consent from State pollution control board (Air, water, hazardous waste)

7 Employee's Provident Fund registration

8 E.S.I.C Registration

9 Sales Tax registration

10 Approval by Industrial safety and health

11 Central Excise Registration Certificate

12 Licence for purchase, possession and use of Inflammable and explosive material

13 Contract Labour Registration Certificate

14 Customs/Registration certification if required

15 DGFT import/export code if required

Failure to obtain the approvals will adversely affect our business.

16. We may not be able to develop economical non-infringing processes for new APIs, which may prevent us from selling those products till the relevant patent expiry.

    In addition to patents on pharmaceutical products, many drug innovators and others make proprietary claims with respect to the processes for the manufacture of pharmaceutical products. In order to sell our APIs into markets where process patents have been issued or sought, we must develop non-infringing processes for their manufacture or an existing process must come off patent or be determined to be non-patentable. We cannot assure you that we will be able to develop economical processes that are non-infringing in the key markets of new target APIs. Failure to do so would prevent us from selling those target APIs in the key markets till the relevant patent expiry, which could have a material adverse effect on our business prospects.

17. We intend to use the proceeds of the Issue for the capital expenditures described in section "Objects of the Issue" beginning on page 22 of this Red Herring Prospectus. We have not entered into any definitive agreements to utilize such proceeds. We are yet to place orders for the value of approximately Rs.625.42 mn constituting 98.26% of our estimated requirement for the projects described in "Objects of the Issue" on page 22 of this Red Herring Prospectus. Pending any use of the proceeds of the Issue we intend to invest the funds in liquid instruments. We intend to rely on our internal systems and controls to monitor the use of such proceeds. Some of the equipments we intend to deploy is expected to be imported and must be paid for in foreign currency. Changes in foreign exchange rates adversely affecting the value of the Rupee may adversely affect the cost of the project.

18. We have not entered into any lease agreements for land on which we propose to set up our API facility at MIDC, Mahad and R&D facility for API at MIDC, Navi Mumbai.

19. The land on which our Andheri facility is located is yet to be registered in our name though we have paid the consideration for the same and is subject to the approval of the Charity Commissioner. The land has been taken on lease for 98 years. For details please refer to the section titled "Business" on page 41 of the Red Herring Prospectus.

20. The deployment of funds in the project is entirely at our discretion and is not subject to monitoring by any independent agency. All the figures included under the "Objects of the Issue" are based on our own estimates. There has been no independent appraisal of the project. Part of the plant and machinery/equipment are proposed to be imported. Any fluctuation in foreign exchange could affect the cost of such plant and machinery/equipment. In addition, the project is subject to various variables such as possible cost overrun, construction delays/defects.

21. We have not placed orders for any plant and machinery/equipments for our various projects mentioned under the "Objects of the Issue" as of November 30, 2004. We have received quotations from various suppliers for the equipments to be purchased. We propose to invest a sum of Rs. 277.34 mn in plant and machinery.We have invested Rs.162.08 mn up to November 30, 2004, on the projects. For details please refer to the section titled "Objects of the Issue" on page 22 of the Red Herring Prospectus.

22. There could be any delay in the schedule of implementation of the proposed project, which may have an adverse impact on our business.

23. Introducing a new product in the market entails risk of product failure. New product development and launch involves substantial expenditure, which may not be recovered in the event of product not being accepted by the doctor community. The Company's current growth strategy in domestic market depends on continuous new product introductions. The Company manages the risk through careful market research and selection of new products. The patent regime post January 1, 2005 will significantly reduce our choice and selection of new products.

24. Our sustained growth depends on our ability to attract and retain skilled pharmacists and scientists, as R&D is a key component of our business model. Our failure to attract and retain skilled manpower could adversely affect our growth strategy. Our success depends partly upon our senior management and key personnel and our ability to attract and retain them.

25. Following India's adoption of product patents for pharmaceuticals, we would lose certain advantages associated with commercializing production processes before expiry of product patents.

26. We may acquire businesses, technologies and products, but we may fail to realize the anticipated benefits of such acquisitions and we may incur costs that could significantly negatively impact our profitability.

    In the future, we may acquire other businesses, technologies and products that we believe are a strategic fit with our business. If we undertake any transaction of this sort, we may not be able to successfully integrate any businesses, products, technologies or personnel that we might acquire without a significant expenditure of operating, financial and management resources, if at all. Further, we may fail to realize the anticipated benefits of any acquisition. Future acquisitions could dilute our shareholders' interest in us and could cause us to incur substantial debt, expose us to contingent liabilities and could negatively impact our profitability.

27. There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short term loans and long term borrowings. These restrictive covenants require us to seek the prior permission of the said banks / financial institutions for various activities, including declaration of dividends, alteration of the capital structure, raising of fresh capital, incurring expenditure on new projects, entering into any merger/amalgamation/restructuring, buy back of shares, issue of bonus shares or share splits, implementation of a new scheme of expansion or taking up of an allied line of business or manufacture, borrowing or obtaining facilities of any description from other banks or credit agencies, entering into any hire purchase arrangement, etc. As regards the IPO, we have received no objection certificates from such banks and financial institutions to enable us to undertake the IPO and carry out all such activities as may be required for the conduct of the IPO. However, these restrictive covenants may affect some or all of the rights of our shareholders, including those mentioned on Page 62 of the RHP.

    There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short term loans and long term borrowings relating to the right to declare dividend, buy-back any of its shares from its shareholders, issue bonus shares or share splits and other capital restructuring, that are subject to the consent of the said banks / financial institutions and to such extent would affect the rights of the shareholders of the Company.

28. The Promoters and the Promoter Group currently hold 79.75% of the present paid up equity capital, which would decrease to 59.51% after the Issue. Hence, as majority stakeholders, the Promoter and the Promoter Group may have the ability to determine the outcome of any shareholder resolution. As only 25.38% of the fully diluted post-issue paid up capital is being offered in this Issue, the shareholders arising out of this Issue may not be in a position to influence any decision taken by the Promoters and the Promoter Group.

29. Contingent Liabilities, as on June 30, 2004 are as given below. These contingent liabilities are in the normal course of business. To the extent these contingent liabilities become our actual liabilities, these will adversely affect our results of operations and financial condition in future.

(Rs. mn)

	2000	2001	2002	2003	2004
a) Matter under dispute					
i) Sales Tax	0.00	0.52	0.63	0.75	0.83
ii) Excise	0.37	0.39	0.39	6.76	9.30
iii) Income Tax	00.0	0.00	0.00	1.71	39.03
iv) Claims made against the Company not acknowledged as debts (Labour matters)	0.00	0.00	0.00	0.00	2.31
b) Bank Guarantees	0.15	5.04	5.73	5.73	5.50
c) Letters of Credit	0.00	38.34	5.16	4.53	2.87
d) Corporate Guarantee	29.50	29.50	25.50	0.00	0.00

30. We are defendants in certain legal proceedings, incidental to our business and operations, which if determined against us, could have a material adverse impact on our results of operations and financial condition. We are also subject to certain claims against us arising from disputed excise demands. All of the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. A brief of the outstanding litigations are as follows:

- Income Tax claims: There are 10 pending claims against the Company. The total claim arising out of Income Tax litigation amounts to Rs. 41.82 mn.
- Sales tax claims: There are 2 pending claims against the Company. The total claim arising out of Sales Tax litigation amounts to Rs. 0.88 mn
- Excise claims: There are 6 pending claims against the Company. The total claim arising out of Excise litigation amounts to Rs. 3.28 mn.
- Labour disputes: There are 4 complaints filed by some of the employees of the Company against the Company. The total claim arising out of litigation involving employees amounts to Rs. 1.45 mn. There are 3 enquiry proceedings initiated by the Company against some of the employees of the Company.
- The total claim arising out of litigations 11 cases against Promoter Group/ Group Companies amounts to Rs. 5.42 mn. The total pending claims against these companies under the provisions of the Negotiable Instruments Act, 1881 amounts to Rs.1.38 mn.

For more information regarding litigation involving our directors or us, see “Details of Outstanding Litigation” on page 155, respectively, of this Red Herring Prospectus.

31. We have filed applications for registration of the “INDOCO” logo and trade name. We have not received registration for the logo and trade name till date. A notice of objection has been filed by M/s Jagsonpal Pharmaceuticals Limited with respect to the trade mark “INDOCO”.

32. Any future equity offerings by us or our existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of your shareholding in us or affect the market price of the Equity Shares.

33. Our subsidiary, Indoco Healthcare Ltd., has incurred a loss of Rs 0.04 mn in FY 2004. The other loss making ventures of the promoter/promoter group for the FY 2003-04 are given below:

Rs.(Mn)

Name of the Company/Firm	**Amount**
DCI Pharmaceutical Pvt. Ltd.	9.66
Kare Health Specialities Pvt. Ltd.	25.25
Motiff Laboratories Pvt. Ltd.	3.70
Salcete Agencies	0.00
Total	**38.61**

For details, please refer to the Section “Group Companies” of this Red Herring Prospectus.

34. Our Goa Plant I – Tablet manufacturing facility has been approved by UK-MHRA and Goa Plant II sterile facility is expecting the inspection from MCC, South Africa. We propose to build our Project I facility at Baddi as per UK- MHRA, USFDA Guidelines. Failure to comply with US FDA, UK MHRA, MCC, South Africa Guidelines may adversely affect our future turnover/profitability.

35. We supply our products to regulated markets, where, the third party risks on product liability and public liability are high.

36. If we improperly handle any of the dangerous materials used in our business and accidents result, we could face significant liabilities that would lower our profits. We handle explosive and combustible materials. If handled incorrectly or subjected to unsuitable conditions then such materials could harm our employees, other persons and the environment and cause damage to our properties.

37. Any disruption in the manufacturing activities at third party locations either on Loan Licensee or third party basis will affect our supply chain.

External to the Company

1. We operate in a globally competitive business environment. Growing competition may force us to reduce the prices of our products and services, which may reduce our revenues and margins and/or decrease our market share, either of which could have a materially adverse effect on our business, financial condition and results of operations.

2. Generic-generic are unbranded formulations, generally offered by small players and in recent times, even by some of the industry leaders. The products are trade-pushed rather than prescription-pushed and generally the marketing costs are far lower than in ethical promotion. In recent times generic-generic segment has offered strong price competition in therapeutic areas having mass consumption, like anti-infectives. This has caused pressure on profit margins in the industry. The Company does not operate in the generic-generic segment and plans to tackle the situation by building brand equity of its products through scientific detailing

with doctors, product differentiation, moving away from generic-generic therapeutic areas, strategic product selection and product leadership through first access to the market.

3. Following India's adoption of product patents for pharmaceuticals in compliance with Trade Related Intelectual Property Rights (TRIPS) the World Trade Organisation ("WTO") regime, certain advantages derived from launch of products before the expiry of product patents would no longer be available.

4. Any change in regulatory environment may have an impact on our business. Our operations are subject to extensive regulation by numerous governmental authorities including, authorities in India, in the European Union and the United States. Any change in the regulatory policies may have an impact on our business.

5. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which we import our raw materials and/or export our products to, will have an impact on our profitability.

6. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase our future tax liabilities and decrease profits that we might have in future.

7. Terrorist attacks and other acts of violence or war involving India and other countries where we sell our products could adversely affect our business. Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001 and Bali on October 12, 2002, and other acts of violence or war, including those involving India, the United States, European Union, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition. More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession. Further, regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

8. Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees is likely to affect our profitability.

9. After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

   - Volatility in the Indian and global securities market;
   - Our results of operations and performance, in terms of market share;
   - Performance of our competitors, the Indian pharmaceutical industry and the perception in the market about investments in the pharmaceutical sector;
   - Performance of the Indian economy;
   - Changes in the estimates of our performance or recommendations by financial analysts;
   - Significant developments in India's economic liberalization and deregulation policies; and
   - Significant developments in India's fiscal and environmental regulations.

10. There has been no public market for the Equity Shares of our Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

11. Any disruption in the supply of power and water could disrupt our business process or subject it to additional costs.

12. Governmental regulations may restrict our ability to sell our products, which could result in a loss of revenues.

13. Drug formulation and drug discovery will subject us to new and potentially more stringent regulations, especially in the areas of drug safety and efficacy. We cannot assure you that we will be successful in meeting applicable regulatory requirements with respect to drug formulation or drug discovery or any other new business area we seek to enter.

14. If changes in technology or therapeutic preferences make our products obsolete, our product sales and revenues will decline.

15. Pharmaceutical development is characterized by significant and rapid technological change and sometimes significant shifts in therapeutic preferences. Research and discoveries by others, including developments of which we are not currently aware, may make our products obsolete. If changes in technology or therapeutic preferences make our products obsolete, doctors will be less likely to prescribe our products and sales of our products will be reduced. If sales of our products are reduced, our results of operations could be adversely affected.

16. Failure to comply with environmental laws and regulations could result in litigation and our business may be adversely affected. We may incur substantial expenses in complying with environmental laws and regulations. Also, currently unknown environmental problems or conditions may be discovered. We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

17. Increasing employee compensation in India may prevent us from maintaining our competitive advantage and may reduce our profit margins. Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, results of operation and financial condition.

Notes to risk factors

1. Net worth of the Company as on June 30, 2004 is Rs.876.43 mn.

2. Public Issue of 3,000,000 Equity Shares of Rs.10 each at a price of Rs. [•] per share for cash aggregating Rs. [•] (herein after referred to as the “Issue”).

3. The average cost of acquisition of the Equity Shares of Rs. 10 by our Promoters are given below:

Promoter	Average cost of acquisition of shares (Rs)
Mr. Suresh .G. Kare	18.68
Ms. Aruna S. Kare	18.41
Shanteri Investments Private Limited	12.03
Ms. Aditi Kare Panandikar	12.00
Ms. Madhura Ramani	12.08

4. Book value of the Equity Shares of the Company as on June 30, 2004 is Rs. 99.37/- per Equity Share.

5. Investors are advised to refer the paragraph on “Basis of Issue Price” on page 198 of this Red Herring Prospectus before making an investment in the Issue.

6. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to Retail Bidders and Non-Institutional Bidders (Refer to the paragraph entitled “Basis of Allotment” on page 201 of this Red Herring Prospectus).

7. Investors are free to contact any of the BRLM and Co-BRLM for any clarification or information pertaining to the Issue.

8. All information shall be made available by the BRLM, Co-BRLM and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.

9. Please refer to page no. 96 of this Red Herring Prospectus for details on Related Party Transactions.

10. Please refer to page no. 109 of this Red Herring Prospectus for details on Loans and Advances.

SECTION II: INTRODUCTION

Summary

You should read the following summary together with the risk factors and the more detailed information about us and our financial data included elsewhere in this Red Herring Prospectus.

COMPANY OVERVIEW

We were incorporated on August 23, 1947 with the principal business of importing pharmaceutical formulations from Europe and distributing them in Western India. With the new Government banning imports of several formulations in 1947, we ventured into manufacturing and selling of pharmaceutical formulations. Our business grew from a turnover of Rs. 0.1 mn and total employee strength of around 50 in 1969 to a turnover of Rs.1776 mn and 1750 employees in 2004.

Our business mainly comprises Formulations and we also undertake API's, and Contract research and development. We have four divisions for marketing, viz, Indoco, Spade, Radius and Warren. In the domestic market, our business primarily comprises prescription and some institutional sales. We conduct our domestic marketing through our network of medical representatives, known as field force. Presently, we have a total field force of 1248 of which 1014 are medical representatives and the balance 234 are field managers who cover the entire country. In the international markets, our business is classified based on the markets we cater to, viz, the regulated markets like the USA, Europe, East European countries, and South Africa, and the non-regulated markets like Kenya, Zambia, Bolivia, Myanmar, Sri Lanka, Yemen, Zimbabwe, etc.

Our Indoco division focuses on key therapeutic segments such as Anti-colds, Anti-spasmodics, Anti-infectives, Stomatologicals, Topical Anti-fungals, Anti-inflammatory, Cough and Cold preparations and Anti-diabetics, Cardio-vascular, multi-vitamins. The division also focuses on General Practioners (GPs), Paediatricians, Consulting Physicians and Gynaecologists. Some of the products marketed by this division include Cyclopam, Vepan, Tuspel Plus, Atherochek, MCBM 69 etc.. With the basket of products increasing, we decided to launch another division viz. Spade. The Spade division caters to G.Ps., Paediatricians, Consulting Physicians ("CPs") and Gynaecologists. The main products marketed are Febrex Plus, ATM, Aloha, Cyclomeff and Estab.

To further expand in other therapeutic segments, in 1999, Indoco took over Warren Pharmaceuticals Ltd. and Warren Laboratories Private Limited ("Warren"), which had a strong presence in Stomatological and Ophthalmology segments. Since Indoco has taken over Warren, it has retained its no.1 position in the stomatological segment (Source: ORG MARG-July 2004) and has grown in Ophthalmic segment too. Warren caters to dentists, ophthalmologists, E.N.Ts and G.Ps. The therapeutic segments promoted are anti-hypersensitive toothpaste, antiseptic anaesthetic gel, antibiotic eye drops, mydriatic cycloplegic eye drops, tear substitute eye drops, topical anaesthetic, oral NSAID and anti-bacterial mouth wash and gels. The main products include Sensodent range, Rexidin, Lignox, Homide, Dexoren, Dentogel and Tobaren.

In December 2002 we launched a speciality division, Radius, to focus on chronic diseases with its thrust on diabetes and cardiovascular therapeutic segments. This division caters to Diabetologists, Cardiologists & CPs and the therapeutic segments promoted include anti-diabetic, anti-hypertensive, lipid lowering and anti-coagulant. The main products marketed by this division include Cholechek, Amchek, Prichek and Clopirad.

We are currently marketing APIs manufactured by our group company, *viz* SPA Pharmaceuticals Pvt. Ltd. ("Spa Pharmaceuticals"). The manufacturing facility is located at Navi Mumbai. We buy the APIs, manufactured by Spa Pharmaceuticals Pvt. Ltd for our captive consumption as well as for trading in domestic and export markets.

Our research and development department, at Andheri, can be segregated into formulation development department and the analytical method development department. Some of the major therapeutic areas that the R&D has been working are anti-inflammatory, anti diabetic, anti-infective and cardiovascular drugs. We also have a presence in ophthalmic and oral health products. We have a well equipped analytical research department with major analytical instruments required for testing of the products. Our R&D department is approved by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India. We are in the process of setting up R&D facilities at Andheri and Navi Mumbai which shall be dedicated for R&D activities in formulation for non regulated and domestic markets and research activities related to APIs, formulation development and analytical method development for the regulated markets respectively.

Our manufacturing facilities are located at Goa, Andheri, Tarapur and Waluj. The Goa Plant I manufactures solid oral dosage forms - tablets, liquid orals and external preparations. The Plant manufactures non-sterile products in liquid dosage forms (orals), semi-solid dosage forms (creams & ointments) and unit dosage form (tablet). The Plant is approved by UK MHRA, Sultanate of Oman-Ministry of Health, Medicines Control Authority of Zimbabwe, National Drug Authority, Uganda, Ministry of Health, Tanzania and Republic of Sudan. Our Goa Plant II manufactures drops and injectables for the Ophthalmic and Anti-infectives, Anaesthetics and Anti- spasmodics.

The pharmaceutical manufacturing facility at Andheri manufactures non-sterile products in Unit dosage form (Tablet) and liquid dosage form (Orals). The products manufactured at the plant are sold in the domestic markets as well as exported to regulated and non-regulated markets. The Plant has been inspected and certified by World Health Organisation and Reading Scientific Services Limited ("RSSL"), UK to conform to the requirements for Good Manufacturing Practices. In addition, the Plant also has the approval from the Food and Drug Administration, Maharashtra, to manufacture, market and sell its products.

The manufacturing plant at Tarapur manufactures semisolid dosage forms - dental creams and gels, oral hygiene solutions and external preparations like eardrops.The products manufactured at the Plant are for domestic market and also exported to non regulated markets. The Plant has been inspected and approved by Central Drug FDA and the State Drug FDA authorities to conform with the principles and guidelines of Good Manufacturing Practices recommended by WHO.

The plant situated at Waluj is owned by Spa Pharmaceuticals Pvt Ltd and manufactures non-sterile products in Liquid dosage forms (orals), Semi-solid dosage forms (creams & ointments) and Unit dosage form (tablet).The products manufactured at the plant are for domestic market and also exported to non regulated markets.

Our unconsolidated total net income and adjusted profit after tax for the year ended June 30, 2004 was Rs 1663 mn and Rs 213 mn respectively as compared to a total net income and adjusted profit after tax of Rs 1318 mn and Rs 146.72 mn respectively for the year ended June 30, 2003. For details on our Financial Statements, refer to section financial information on page 100 of this Red Herring Prospectus.

OUR COMPETITIVE STRENGTHS

We are strategically positioned to leverage our strength in the domestic market as well as in the international market, due to our competitive strengths that include the following:

- **Extensive Marketing Network**

Indoco has a wide marketing network covering doctors and pharma trade across the country. Indoco has four divisions. We have 446 medical representatives covering General Practitioners, Consulting Physicians, Paediatricians, Gynaecologists mainly. In the year 1992, a division Spade was launched in the four southern states and Maharashtra. Today, Spade has a pan India presence with 237 medical representatives covering General Practitioners, Paediatricians, Gynaecologists, Consulting Physicians and additionally ENTs. There are 204 medical representatives in Warren covering Dentists, Opthalmologists and ENTs. In 2002 we launched a speciality division, Radius, with Cardiac and Diabetic products.

To summarize, as on September 30, 2004, we had a total field staff of 1014 medical representatives and 234 managers i.e. a total of 1248. The set up is such that we have medical representatives, firstline managers (Regional managers), Secondline managers (Divisional managers), Thirdline managers (Zonal managers). There are Sales managers/General managers at the Head Office to whom the Zonal managers report.

Our Advantage

With more than 1000 medical representatives covering GPs, CPs, Paediatricians, Gynaecologists, ENTs, Dentists, Opthalmologists, Diabetologists, Cardiologists. Our rank as per AC Nielsen, ORG-MARG Market Survey with the doctors among all companies is

Dentists (Stomatolgicals)	1st
Ophthalmalogists	9th
Paediatricians	12th
GPs (Non-MBBS)	19th
GPs (MBBS)	24th
CPs	35th
Gynaecologists	41st

(Source : ORG AUG 2004)

- **Brand Building**

Some of our major brands include Cyclopam, Cital, Carmicide, Febrex Plus, Vepan, Sensodent-K, Tuspel Plus, Sensoform, Cloben –G, ATM etc.The success of these brands is a result of integrated efforts of marketing, medical and sales team which work towards developing and retaining the customer by providing regular customer care and services. This has helped Indoco's field force to develop a relationship with General Practioners, Paediatricians, Dentists and Consulting Physicians.

Indoco has now, set its sight on up coming lifestyle segments of Cardiology and Diabetology and has succeeded in creating brands like Glychek (Anti-Diabetic) and MCBM 69 (Nerve Nourisher) . Indoco has launched Atherochek (statin and vitamin combination) to cater to the need of Indian cardiac patients.

Our Advantage

In the pharmaceutical business, brand building is a definite advantage since it is not an ability which can be acquired overnight. We believe that this ability will result in further growth of our products as well as of the products in the pipeline for Indoco.

- **Contract Manufacturing**

The Contract Manufacturing of products for the UK markets has been principally responsible for the rise in our exports to regulated markets. Accreditation of our solid dosage facility at Verna – Goa, by UK-MHRA early last year has paved the way for exports to UK. This business is rapidly expanding and we currently manufacture on contract for four companies in UK. The Liquid Orals and the Externals departments are all set to trigger UK-MHRA. This will allow us to export liquid orals and ointments and creams into the UK. The UK-MHRA approved facility is currently under expansion to comply with US FDA requirements and will include a pilot plant.

The second manufacturing facility at Verna – Goa is a sterile facility for Injectables and Ophthalmics. This facility has been designed as per US FDA norms and we have already executed validation batches for ANDA submissions to the US FDA for two ophthalmic products.

Our Advantage

We have an advantage over our competitors in the Contract Manufacturing business as we can offer facilities for an entire basket of different dosage forms of tablets, liquid orals, ointments & creams, injectables and ophthalmics.

- **Research & Development**

Our R&D centre is spread over 6100 sq. ft of planned space. Over 25 scientists work on patent search, pre-formulation studies, formulation development, analytical method development, analytical method validation, stability studies and technology transfer to the plants. We develop formulations for almost all dosage forms including tablets, liquid orals, creams and ointments, injectables, eye drops, toothpastes and dental hygiene products. It is equipped with pilot manufacturing equipments and testing equipments. The F&D department comprises of the NDDS, the ANDA, the Dossier Development, the Site transfer and the Domestic and Non-regulated product development cells. The R&D develops and improves existing products for domestic marketing as well as International Business departments. We have developed over 25 formulations in the year ended June 30, 2004 which includes Supasweet, Amiodarone Hydrochloride Tablets, Metformin Tablets, Paracetamol Tablets 500mg, and Bisoprolol Fumarate Tablets are under technology transfer.The R&D

has added capabilities to give technical inputs for ANDAs, DMFs and Dossiers in CTD formats. Stability studies are also conducted as per ICH guidelines. Our R&D centre is approved by the Department of Scientific and Industrial Research (DSIR), Government of India.

At Indoco, R&D has evolved over a period of time. While it has been constantly fulfilling the need for new product launches in domestic markets, it has also contributed in development work, scale-up and some break through innovative technologies in the area of drug delivery.

The Company has undertaken research and development work in several therapeutic segments over the past several years and has brought out a number of these research (unit dosage form) based dosage forms into both the national & international markets. Some of the major therapeutic areas that the R&D has been working on are anti-inflammatory, anti-diabetic, gynaecological and cardiovascular drugs.

With the help of R&D, Indoco has commenced its drive to acquire intellectual property by filing four provisional patent applications for the following processes with Indian patent office.

i. Process for stabilization of a medicinal substance and pharmaceutical compositions thereof.

ii. Controlled drug delivery system for gastric-retentive floating dosage forms and process thereof.

iii. Stable dermatological composition containing alantoin, urea and di methicone and process for preparation thereof.

iv. A novel synergistic pharmaceutical composition

The complete specifications will be filed within the allotted time of 12 months from the date of patent application which will be quickly followed by corresponding applications internationally.

- **Dossier Development**

We have a full fledged regulatory affairs department dealing in submission of dossiers, answering queries from regulatory authorities and updating the organisation with current regulations and developments. This becomes a prominent activity in success of International marketing efforts. We have acquired the skill for preparation of Euro Dossiers in CTD Format and ANDA compilation.

Our Regulatory Affairs Department can compile Dossiers in CTD Format and can prepare registration files according to customer's requirement. So far we have submitted over 600 dossiers for registration of different products in non-regulated markets. The regulatory affairs department is developing 3 Euro dossiers in CTD Format which includes Metformin Tablets - 500/850mg, Dicyclomine Tablets – 10 Mg & 20 Mg and Dicyclomine Syrup -10 Mg / 5 Ml.

- **Contract Research**

Our R&D and Regulatory capabilities have been responsible in establishing us as a valuable partner for companies in US and UK seeking to contract out their research requirements. We have executed two projects for a company in UK and one for a US customer. We have capabilities for Contract Formulation Development as well as Contract Analytical Method Development and conducting stability studies.

Our Advantage

All our products in the domestic market have been developed in house at our R&D centre. Our scientists therefore possess a vast experience when it comes to various products as well as dosage forms.

- **Manufacturing Facilities**

Multiple manufacturing locations with more than one location having capabilities to manufacture Tablets and Liquid Orals, the two main dosage forms for the company, provide an advantage by way of flexibility of Production planning and Operations. The International Approvals of our plants are an advantage since this allows manufacturing for export.

- **Track Record of Successful Inorganic Growth**

At Indoco we have a track record of having made a success of an acquisition. In 1999, we acquired Warren Pharmaceuticals Ltd. and Warren Laboratories Pvt. Ltd. thereby adding the product portfolios of Ophthalmic and Oral Hygiene products into our product basket. This was a strategic acquisition and complemented our product range and organisational capabilities. Recently we acquired Karvol, a brand of Solvay Pharma India Limited, subsidiary of Solvay, Multinational Group.

Our Advantage

Indoco's strategy for growth includes both organic as well as inorganic means. While continued success in the domestic and international markets will bring organic growth, we are pursuing inorganic opportunities for growth.

- **International Subsidiaries**

As part of strengthening our global initiative, we are in the process of incorporating a subsidiary in UK, Indoco UK Ltd. and another joint venture company in South Africa. Our International subsidiaries will act as business development centers and allow us to service our customers better.

Our subsidiaries will provide us with a definite advantage on account of the geographical proximity and reach as well as allow leveraging of competitive strengths of our partners.

- **Customer Relationship Management Skills**

Domestic ethical marketing entails dependence on product quality, promotion and availability and most importantly the relationship shared by the medical representative with the prescribing doctor. Our relationship with the medical fraternity through our field force has resulted in our being ranked 24th in the ORG prescription audit of August 2004.

OUR STRATEGY

Given our competitive strengths, our business strategy entails an emphasis on exports and international business along with strengthening of our domestic marketing.

Our strategy is to ensure:

1. Build on our marketing strengths in the domestic market
2. Backward integrate into API
3. Emerge as a preferred "Outsourcing Partner" offering complete solution in the global pharmaceutical industry.
4. Leverage the competitive strengths of our partners and reach out to overseas customers through formation of International subsidiaries.
5. Emerge as a sought after "Marketing Partner" for pharmaceutical companies seeking entry into India.

Building on our Marketing Strengths

Today, Indoco is ranked 34th as per ACNielsen ORG-MARG Retail Audit at the all India level and rank 23rd in terms of prescription generation by ACNielsen ORG-MARG Prescription Audit of June 2004. This implies that prescriptions generated are much higher than the value/volume created. Hence Indoco has developed a strategy to generate business from the life style products where value of one prescription is on higher side and voluminous.

In India lifestyle diseases are on the rise.Today the cardiac and diabetic market contributes to 15.4 % of Indian pharmaceutical market and is valued around Rs.31,160 mn. Thus, these segments are very attractive and will continue to grow in future. Considering these facts Indoco launched their speciality division Radius, in 2002 to cater to these markets. Since Indoco is covering consulting physicians for last many years it has also helped Radius to get a head start in these speciality markets.

In addition to our relationship with consulting physicians and focus of our Radius division on cardiologists, diabetologists and consulting physicians, we are working towards the direction of building marketing strength which will help to further strengthen our presence in the lifestyle segment.

Backward integerate into APIs

Having presence in Finished Dosage Forms (FDFs), our strategy is to "integrate backward" into the Active Pharmaceutical Ingredients (APIs) business. With our own process R&D and API manufacturing facility in place, our role will then change from a "Contract Manufacturer of Finished Dosage Forms" to one offering a complete solution. The strategy will be to manufacture APIs with DMF/CoS, generate dossiers for our formulations resulting in Market Authorizations (MAs). This strategy will be backed by approved formulation facilities in which the formulations will be manufactured. This will allow us to exercise complete control on the supply chain and emerge as a preferred partner for global companies. Having identified potential APIs going off-patent in the future, our objective is to ensure that we are amongst the first to offer generic products to our customers in the regulated markets.

A Complete "Outsourcing Partner"

The global pharmaceutical industry mainly comprising companies in the regulated markets are increasingly looking at India for outsourcing products and technology. We have therefore targeted Contract Manufacturing, Contract Dossier Development and Contract R&D as part of our growth strategy.

Manufacturing facilities of international standards backed by capabilities of our R&D and regulatory teams have resulted in our success as an "Outsourcing Partner" for development and manufacturing of formulations for our customers in Europe.

Increasing International Presence

As we consolidate our position as an "Outsourcing Partner" offering a complete solution, it is our strategy to increase our international presence. In order to do this effectively, we will set up subsidiaries abroad. We have incorporated a subsidiary in UK, Indoco UK Ltd. and are in the process of incorporating another joint venture company in South Africa.

Our international presence will help us service our customers better and also leverage competitive strengths of our partners.

"Marketing Partner" for International companies seeking to enter India

Our extensive marketing network makes us a good marketing partner for international companies seeking entry into India.

Indoco has the following to offer to these companies:

- A field staff of more than 1000 representatives and 234 managers.
- Good relation with several medical specialities - GPs, CPs, Paediatricians, Gynaecologists, ENTs, Dentists, Opthalmolgists, Cardiologists, Diabetologists. Among more than 10,000 companies in the pharma market we are ranked 24th with GP MBBS, 19th with GP non MBBS, 1st in Stomatologicals (Dental products), 9th in Opthalomologicals, 12th with Paediatricians, 35th with Consulting Physicians, 41st with Gynaecologists. (Source: IMS-ORG, September, 2004)
- The doctor specialities we cover contribute to around 88% of total prescription market and these doctors, as mentioned above, give us 95.5% of our prescription volume.
- The largest target customer of Indian market (GPs), covered in an extensive way and developed Consultant base too.

The ISSUE

Equity Shares issued:	
Fresh Issue	3,000,000 Equity Shares
Of which:	
Qualified Institutional Buyers portion	up to 1,500,000 Equity Shares *i.e.* up to 50% of the Issue (Allocation on a discretionary basis)
Non Institutional portion	At least 750,000 Equity Shares *i.e.* at least 25% of the Issue (Allocation on a proportionate basis)
Retail portion	At least 750,000 Equity Shares *i.e.* at least 25% of the Issue (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	8,820,000 Equity Shares
Equity Shares outstanding after the Issue	11,820,000 Equity Shares
Objects of the Issue	“Objects of the Issue” on page 22 of this Red Herring Prospectus, provides for information on the use of the Issue proceeds

General Information

Authority for the Issue

The Fresh Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the extra-ordinary general meeting of the shareholders of the Company held on July 20, 2004.

Prohibition by SEBI

Our Company, our directors, our promoters, the directors and persons in control of our promoters, our subsidiary, our group companies, other companies promoted by our promoters and companies with which our Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- The Company has net tangible assets of at least Rs.30 mn in each of the preceding three full years (of 12 months each) of which not more than 50% is held in monetary assets;
- We have a track record of distributable profits as per Section 205 of Companies Act, for at least three of the immediately preceding five years;
- We have a net worth of at least Rs.10 mn in each of the three preceding full years of 12 months each; and
- The proposed Issue size, including all previous public issues in the same financial year, is not expected to exceed five times the pre-Issue net worth.

The net profit, dividend, net worth, net tangible assets and monetary assets derived from the Auditor's report included in this Red Herring Prospectus under the section "Financial Statements (Including Subsidiaries)", as at, and for the last five years ended June 30, 2004 is as below:

(Rs. in mn)

	As at and for year ended June 30, 2000	As at and for year ended June 30, 2001	As at and for year ended June 30, 2002	As at and for year ended June 30, 2003	As at and for year ended June 30, 2004
Net tangible assets(1)	604.00	676.80	843.49	1025.14	1179.15
Monetary assets(2)	61.90	66.66	42.73	230.46	175.25
Net profits, as restated	152.49	146.65	165.46	146.72	212.61
Net worth	477.28	599.42	714.51	711.22	876.42
Distributable Profits	152.49	149.65	165.46	146.72	212.61

(1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets(excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)

(2) Monetary assets include cash on hand and bank and quoted investments

(3) The above distributable profits as per Section 205 of the Companies Act,1956 have been calculated from the audited financial statements of the respective year after making adjustments for restatement of financial statements.

We undertake that the number of allottees in the proposed Issue shall be atleast 1,000, otherwise, we shall forthwith refund the entire subscription amount received. Incase of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clause

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED

HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGERS, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 15, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, *ETC*. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

(A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

(C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-<u>INFORMED DECISION</u> AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS."

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Caution

The Company, the Directors, BRLM and the Co-BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.indoco.com, would be doing so at his or her own risk.

The BRLM and the Co-BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM, Co-BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by our Company, BRLM and the Co-BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to non-residents including NRIs and FIIs. This Red Herring Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person in whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be issued or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated November 10, 2004, permission to the Company to use the NSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of BSE

As required, a copy of this Red Herring Prospectus has been submitted to BSE. The BSE has given vide its letter dated November 4, 2004, permission to this Company to use the BSE's name in this Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinised this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or

b) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act, has been delivered for registration to the Registrar of Companies Maharashtra, Mumbai ("RoC") and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC. A copy of this Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of our Equity Shares. NSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for non-institutional portion and retail portion.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of umbaiedon and adoption of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days, the Company and every director of the Company who is an officer in default, becomes liable to repay the amount with interest as per Section 73 of the Companies Act.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date without assigning any reason thereof.

Letters of Allotment or Refund Orders

The Company shall give credit to the Beneficiary Account with Depository Participants within two working days of umbaiedon of the basis of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

a) Allocation and allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/ Issue Closing Date;

b) Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and

c) The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as an escrow collection bank(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the bidders.

Issue Program

BID/ISSUE OPENS ON	**:**	**DECEMBER 17, 2004**
BID/ISSUE CLOSES ON	**:**	**DECEMBER 23, 2004**

Bids and any revision in bids shall be accepted **only between 10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site of the Company and/or the BRLM/Co-BRLM and at the terminals of the members of the Syndicate.

Book Running Lead Manager

Enam Financial Consultants Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel. : +91-22- 5638 1800
Fax. : +91-22- 2284 6824
e-mail: irlipo@enam.com

Co-Book Running Lead Manager

IL&FS Investsmart Limited
The IL&FS Financial Centre
Plot C-22, G-block, Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051
Tel. : +91-22-2653 3333
Fax. : +91-22-2653 3093
e-mail : irl.ipo@investsmartindia.com

Statement of Inter-Se Allocation of Responsibility

The responsibilities and co-ordination for various activities in this Issue are as under:

SR. NO.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Enam	Enam
2.	Due diligence of the company's operations / management / business plans / legal etc.	Enam	Enam
3.	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Enam	Enam
4.	Drafting and approval of Issue and statutory publicity material, etc.	Enam	Enam
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	Enam	Enam
6.	Appointment of Registrar, Bankers and Ad agency	Enam	Enam
7.	Appointment of Printer	Enam	Enam
8.	Marketing of the Issue, which will cover inter alia, Formulating marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Finalize collection centers	Enam	Enam
	Follow-up on distribution of publicity and Issuematerial including form, prospectus and deciding on the quantum of the Issue material	Enam	Enam
9.	Finalizing the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	Enam	Enam
10.	Finalizing of Pricing & Allocation	Enam	Enam
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, Refund to Bidders, etc.	Investsmart	Investsmart
12.	The post Issue activities of the Issue will involve essential follow up steps, which must include umbaiedon of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Investsmart	Investsmart

The selection of various agencies like the Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies, Public Relations agencies etc. will be finalised by the Company.

Even if many of these activities will be handled by other intermediaries, the designated BRLM/ Co-BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.

Registered Office of the Company

Indoco Remedies Limited
Indoco House
166 C.S.T. Road
Santacruz (East)
Mumbai 400 098
India
Tel: +91-22-2654 1851-55
Fax +91-22-5693 6241

Company Secretary and Compliance Officer

Mr. Arun P. Shenoy
Company Secretary
Indoco House
166 C.S.T. Road
Santacruz (East)
Mumbai 400 098
India
Tel: +91-22-2654 1851-55
Fax +91-22-5693 6241
e-mail: aruns@indoco.com

Registrar to the Issue

INTIME Spectrum Registry Limited
C-13, Pannala Silk Mills Compound
LBS Marg
Bhandup (West)
Mumbai 400 078
Tel: +91 22 5555 5454
Fax: +91 22 5555 5353

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as CANs, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Legal Advisors to the Issue

J. Sagar Associates
Advocates & Solicitors
Vakils House
18 Sprott Road
Ballard Estate
Mumbai – 400 001
Tel. : +91-22-5656 1500
Fax. : +91-22-5656 1515
e-mail: mumbai@jsalaw.com

Auditors to the Company

M/s. Patkar & Pendse
Chartered Accountants
9/204, Chartered House
297/298, Dr. Cawasji Hormasji Street
Marine Lines
Mumbai –400 002
Tel. : +91-22-2206 0309/ 2272
Fax. : +91- 22- 2206 0868
e-mail: bmpco@vsnl.com

Escrow Collection Banks

HDFC Bank Ltd
Manekji Wadia Building,
Nanik Motwani Marg,
Fort,
Mumbai-400 023
Tel. : +91-22-2498 8972
Fax : +91-22-2496 3871
E-mail : rahul.sampat@hdfcbank.com

The Hongkong and Shanghai Banking Corporation Limited
52/60 Mahatma Gandhi Road
Fort,
Mumbai- 400 001
Tel. : +91-22-2268 1290
Fax : +91-22-2273 4388
E-mail : nandinisolanki@hsbc.co.in

Bankers to the Issue

HDFC Bank Ltd
Manekji Wadia Building,
Nanik Motwani Marg,
Fort,
Mumbai-400 023
Tel. : +91-22-2498 8972
Fax : +91-22-2496 3871
E-mail : rahul.sampat@hdfcbank.com

The Hongkong and Shanghai Banking Corporation Limited
52/60 Mahatma Gandhi Road,
Fort,
Mumbai- 400 001
Tel. : +91-22-2268 1290
Fax : +91-22-2273 4388
e-mail : nandinisolanki@hsbc.co.in

Bankers to the Company

The Saraswat Co-operative Bank Limited Andheri (E) Branch Raja Market Co-op. Society Ltd. Plot No. 1, New Nagardas Road Mumbai 400 069	**State Bank of India** Commercial Branch N.G.N. Vaidya Marg Fort (Bank Street) Mumbai 400 023	**Bank of India** Versova Branch J.P. Road Andheri (W) Mumbai 400 053

Credit Rating

As this is an Issue of Equity Shares there is no credit rating for this Issue.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Book Building Process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Manager

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein maximum 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers (“QIBs”). Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Issue.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. See page 181 for the section on “Terms of the Issue” in this Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfil their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. In mn)
Enam Financial Consultants Private Limited 801/ 802, Dalamal Towers, Nariman Point, Mumbai 400 021	22,49,900	[●]
Enam Securities Private Limited 2nd Floor, Khatau Building, 44, Bank Street, Off S B Road, Fort, Mumbai 400 023	100	[●]
IL&FS Investsmart Limited The IL&FS Financial Centre Plot C-22,G-block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	7,50,000	[●]
Total	**3,000,000**	

The above Underwriting Agreements are dated [●].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at their meeting held on [●], 2004, have accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company and the Selling Shareholders.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Red Herring Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the two Underwriters.

CAPITAL STRUCTURE

(Share Capital as on the date of filing of this Red Herring Prospectus with SEBI)		**(Rs. mn)**	
		Value	*Aggregate value*
A. Authorised Capital			
18,000,000	Equity Shares of Rs. 10 each	180.00	180.00
B. Issued Subscribed And Paid-Up Capital			
8,820,000	Equity Shares of Rs. 10 each fully paid-up		
	Out of above:		
	• 3,284,260 equity shares have been issued as bonus shares by way of capitalization of Revaluation and General reserves	88.20	88.20
	• 4300 equity shares have been issued to a Director as consideration for purchase of land and building in the year 1948- 49		
	• 3500 equity shares have been issued to vendors pursuant to a contract in 1948 – 49		
C. Present Offer to the public in terms of this Red Herring Prospectus			
3,000,000	Equity Shares of Rs. 10 each		*
D. Issued, Subscribed and Paid-up Capital after the Issue			
11,820,000	Equity Shares of Rs. 10 each		118.20
E. Share Premium Account			
Before the Issue		44.10	44.10
After the Issue		*	*

The Company was incorporated with an authorised equity share capital of 10,000 equity shares of Rs. 50 each aggregating Rs. 0.5 mn. The authorized share capital was increased to Rs. 2 mn vide a special resolution passed at annual general meeting held on December 26, 1980. This was further increased to Rs. 5 mn vide a special resolution passed at Extra-ordinary general meeting held on May 24, 1985.

The authorized share capital of the Company of Rs. 5 mn was reclassified into 0.5 mn equity shares of Rs. 10/- each vide an ordinary resolution passed at its Extra-ordinary general meeting held on December 30, 1992. The authorized share capital was increased to Rs. 60 mn comprising 6 mn equity shares of Rs. 10 each vide a special resolution passed at its Extra-ordinary general meeting held on March 5, 1994. Further, through a special resolution passed at its Extra-ordinary general meeting on April 8, 1995, the authorized share capital was increased to Rs. 65 mn comprising 6.5 mn equity shares of Rs. 10 each. This capital was further increased to Rs. 180 mn comprising 18 mn equity shares of Rs. 10 each vide special resolution passed at its Extra-ordinary General Meeting held on March 3, 2000.

Notes to the Capital Structure:

1) Share Capital History of our Company:

Date on which equity shares were allotted and made fully paid-up	Number of Equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of consideration	Reasons for allotment (bonus, swap etc.)	Cumulative Number of Equity Shares	Cumulative Share Premium (Rs. in mn.)
October 4, 1947	96	50/-	50/-	Cash	Subscriber to the Memorandum & Articles of Association	96	–
October 4, 1947	590	50/-	50/-	Cash	Promoters, friends & relatives	686	–
October 4, 1947	700	50/-	50/-	Other than cash	Vendors pursuant to contract	1,386	–
December 5, 1947	15	50/-	50/-	Cash	Subscriber to the Memorandum & Articles of Association	1,401	–
December 5, 1947	306	50/-	50/-	Cash	Promoters, friends & relatives	1,707	–
March 11, 1948	280	50/-	50/-	Cash	Friends & relatives	1,987	–
December 1, 1949	58	50/-	50/-	Cash	Friends & relatives	2,045	–
July 13, 1950	860	50/-	50/-	Other than cash	Directors as consideration for purchase of land & building	2,905	–
July 13, 1950	5	50/-	50/-	Cash	Friends & relatives	2,910	–
December 14, 1951	80	50/-	50/-	Cash	Friends & relatives	2,990	–
December 9, 1953	10	50/-	50/-	Cash	Friends & relatives	3,000	–
June 30, 1961	5	50/-	50/-	Cash	Friends & relatives	3,005	–
July 28, 1961	45	50/-	50/-	Cash	Friends & relatives	3,050	–
October 18, 1972	922	50/-	50/-	Cash	Friends & relatives	3,972	–
November 23, 1972	640	50/-	50/-	Cash	Friends & relatives	4,612	–
February 16, 1973	910	50/-	50/-	Cash	Friends & relatives	5,522	–
June 22, 1973	550	50/-	50/-	Cash	Friends & relatives	6,072	–
November 29, 1973	20	50/-	50/-	Cash	Friends & relatives	6,092	–
June 29, 1977	660	50/-	50/-	Cash	Friends & relatives	6,752	–
April 27, 1981	6,752	50/-	50/-	Nil	Bonus 1:1	13,504	–
June 15, 1984	13,504	50/-	50/-	Nil	Bonus 1:1	27,008	–
June 28, 1985	21,588	50/-	50/-	Cash	Rights 4 : 5 at par	48,596	–
Sub Total	**48,596**	**50/-**					
Sub total after sub- division March 30, 1993	242,980	10/-			The equity shares of Rs.50/- each were subdivided into shares of face value of Rs.10/- each	242,980	–
May 20, 1993	242,980	10/-	10/-	Nil	Bonus 1:1	485,960	–
April 5, 1994	484,040	10/	10/-	Cash	Rights	970,000	–
April 5, 1994	500,000	10/-	10/-	Cash	Preferential allotment to promoters	1,470,000	–
April 30, 1994	2,940,000	10/-	10/-	Nil	Bonus 2:1	4,410,000	–
April 8, 2000	2,973,720	10/-	20/-	Cash	Right 1 :1	7,383,720	29.74
May 6, 2000	1,436,280	10/-	20/-	Cash	Unsubscribed portion of Rights	8,820,000	44.10

2) **Promoter Contribution and Lock-in**

Name of the Promoter	Date on which Equity Shares were allotted/transferred and made fully paid-up	Nature of Payment of Consideration	Number of Equity Shares	Par Value (Rs.)	Issue/ Transfer Price (Rs.)	% of paid up capital		Lock in period (In Yrs)
						Pre-Offer %	Post Offer %	
Suresh G. Kare	29/06/84	Bonus Issue	4,760	10/-	-	0.05	0.04	3
	20/05/93	Bonus Issue	4,760	10/-	-	0.05	0.04	3
	05/04/94	Rights Issue	64,170	10/-	10/-	0.73	0.54	3
	16/03/98	Trf from Datta Esvonta	10,000	10/-	25/-	0.11	0.08	3
	27/06/98	Trf from Ramabai E. Poy	20,000	10/-	32.50	0.23	0.17	3
	09/01/99	Trf from Anjali Surendra	13,000	10/-	25/-	0.15	0.11	3
	09/01/99	Trf from Ashok Govind Kare	15,740	10/-	19.35	0.18	0.13	3
	08/04/00	Rights Issue	339,810	10/-	20/-	3.85	2.87	3
	06/05/00	Trf from Pratibha Devend	4,000	10/-	20/-	0.05	0.03	3
	06/05/00	Rights Issue	60,000	10/-	20/-	0.68	0.51	3
		Total	**536,240**			**6.08**	**4.54**	**3**
Aruna S. Kare	20/05/93	Bonus Issue	2,000	10/-	-	0.02	0.02	3
	05/04/94	Rights Issue	50,000	10/-	10/-	0.57	0.42	3
	09/01/99	Trf from Pratibha Devend	5,000	10/-	25/-	0.06	0.04	3
	08/04/00	Rights Issue	218,000	10/-	20/-	2.47	1.84	3
	06/05/00	Rights Issue	60,000	10/-	20/-	0.68	0.51	3
		Total	**335,000**			**3.80**	**2.83**	**3**
Shanteri Investment Pvt. Ltd.	01/04/94	Opening Balance	45,595	10/-	10/-	0.52	0.39	3
	05/04/94	Rights Issue	41,125	10/-	10/-	0.47	0.35	3
	08/04/00	Rights Issue	1,102,060	10/-	20/-	12.50	9.32	3
		Total	**1,188,780**			**13.48**	**10.06**	**3**
Aditi Kare Panandikar	08/04/00	Rights Issue	273,980	10/-	20/-	3.11	2.32	3
	06/05/00	Rights Issue	30,000	10/-	20/-	0.34	0.25	3
		Total	**303,980**			**3.45**	**2.57**	
Total			**2,364,000**			**26.80**	**20.00**	**3**

Other than the above shares which are locked *in* for three years, our entire pre-issue share capital shall be locked in for a period of one year from date of allotment of this issue including the following shares held by the promoters.

Details of the promoter's contribution locked in for one year:

Name of the Promoter	Date on which Equity Shares were allotted/transferred and made fully paid-up	Nature of Payment of Consideration	Number of Equity Shares	Par Value (Rs.)	Issue/ Transfer Price (Rs.)	% of paid up capital		Lock in period (In Yrs)
						Pre-Offer %	Post Offer %	
Suresh G. Kare	30/04/94	Bonus Issue	12,380	10/-	-	0.14	0.10	1
		Total	**12,380**			**0.14**	**0.10**	**1**
Aruna S. Kare	30/04/94	Bonus Issue	1,000	10/-	-	0.01	0.01	1
		Total	**1,000**			**0.01**	**0.01**	**1**
Shanteri Investments Pvt. Ltd.	30/04/1994	Bonus Issue	715,340	10/-	-	8.11	6.05	1
		Total	**715,340**			**8.11**	**6.05**	**1**
Aditi Kare Panandikar	09/01/89	Gift	1500	10/-	0	0.02	0.01	
	20/05/93	Bonus Issue	1,500	10/-	-	0.02	0.01	1
	5/4/1994	Rights Issue	103,000	10/-	10/-	1.17	0.87	1
	30/04/94	Bonus Issue	212,000	10/-	-	2.40	1.79	1
	8/4/2000	Rights Issue	44,020	10/-	20/-	0.50	0.37	1
		Total	**362,020**			**4.11**	**3.05**	**1**
Madhura A. Ramani	5/4/1994	Rights Issue	100,000	10/-	10/-	1.13	0.85	1
	30/04/94	Bonus Issue	200,000	10/-	-	2.27	1.69	1
	8/4/2000	Rights Issue	300,000	10/-	20/-	3.40	2.54	1
	6/5/2000	Rights Issue	31,030	10/-	20/-	0.35	0.26	1
		Total	**631,030**			**7.15**	**5.34**	**1**
		Total	**1,721,770**			**19.52**	**14.55**	**1**

$ *Lock-in period shall start from the date of allotment of Equity Shares in terms of this Draft Red Herring Prospectus.*

Except as stated below, none of the promoters or the directors of the Company or the promoter group have purchased or sold any Equity Shares during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

1. On November 19, 2004, the Share Transfer Committee of the Company approved the transmission of 33,300 equity shares of the Company in favour of Mrs. Suman P Naik from her late husband Mr. Pundalik Vishnu Naik.

   On November 25, 2004, the Share Transfer Committee of the Company approved the transfer of the aforesaid shares from the sole holding of Mrs Suman P Naik to the joint ownership with Master Jeet N Naik and Master Tej N Naik, with Mrs Suman P. Naik being the first holder of such shares.

2. On November 25, 2004, Mrs Suman P Naik, joint owner of 1500 equity shares of the Company with Mr Narayan P Naik, transferred the said shares to herself along with Mrs Smita P Chodnekar and Mr Vinod K Chodnekar, with Mrs Suman P. Naik being the first holder of such shares.

3) Shareholding Pattern

Shareholding pattern of the Company before and after the Issue:

Category	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters Group				
Promoters				
Mr. Suresh G. Kare (through his HUF)	548,620	6.22%	548,620	4.64%
Mrs. Aruna S. Kare	336,000	3.81%	336,000	2.84%
Ms. Aditi Kare Panandikar	666,000	7.55%	666,000	5.63%
Ms. Madhura Ramani	631,030	7.15%	631,030	5.34%
Shanteri Investment Private Limited	1,904,120	21.59%	1,904,120	16.11%
Sub-Total	**4,085,770**	**46.32%**	**4,085,770**	**34.57%**
Other Promoter Group entities	2,947,960	33.42%	2,947,960	24.94%
Promoter Group Total	**7,033,730**	**79.75%**	**7,033,730**	**59.51%**
Relatives of the Promoter /Directors	206,720	2.34%	206,720	1.75%
Other Directors/Employee	64,100	0.73%	64,100	0.54%
Others	1,515,450	17.18%	1,515,450	12.82%
Public	0	0.00%	3,000,000	25.38%
Total	**8,820,000**	**100.00%**	**11,820,000**	**100.00%**

4) Equity Shares held by the top ten shareholders

The list of top 10 shareholders of the Company and the number of equity shares held by them is as follows:

a) Top ten shareholders as on the date of and ten days prior to filing the Red Herring Prospectus with SEBI is as follows:

Sr No	Name of Shareholder	Holding	%
1	SPA Pharmaceuticals Limited	2310000	26.19
2	Shanteri Investment Pvt. Ltd	1904120	21.59
3	Aditi Kare Panandikar	666000	7.55
4	Madhura Ramani	631030	7.15
5	Suresh G. Kare (HUF)	548620	6.22
6	Aruna Kare	336000	3.81
7	Goa Investment Pvt Ltd	201120	2.28
8	Mangeshi Investment Pvt Ltd	155640	1.76
9	Ramnath Kare	85000	0.96
10	DCI Pharmaceuticals Pvt Ltd	75000	0.85

b) Top ten shareholders two years prior to filing the Red Herring Prospectus with SEBI is as follows (as on 30/09/2002):

Sr. No.	Name of the Shareholders	Number of Equity Shares	%
1	SPA Pharmaceuticals Pvt Ltd	1,955,000	22.17
2	Shanteri Investment Pvt Ltd	1,904,120	21.59
3	Suresh G Kare –Karta of HUF	743,620	8.43
4	Aditi Kare Panandikar	666,000	7.55
5	Madhura Ramani	631,030	7.15
6	Aruna S Kare	496,000	5.62
7	Goa Investments Pvt Ltd	201,120	2.28
8	Mangeshi Investments Pvt Ltd	155,640	1.76
9	Malini S Bambolkar	98,800	1.12
10	Ramnath G Kare	85,000	0.96

5) As of the date of the Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our equity shares. The shares locked in by the promoter are not pledged to any party. The promoter may pledge the equity shares with banks or FIs as additional security for loan whenever availed by him from banks/FIs.

6) The Company, its Directors, the BRLM and the Co-BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.

7) The Company has not raised any bridge loan against the proceeds of the Issue.

8) In this Issue, in case of over-subscription in all categories, up to 50% of the Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.

9) A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, i.e., 3,000,000 Equity Shares, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

10) An oversubscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of while finalising the allotment.

11) There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered through this Red Herring Prospectus have been listed.

12) We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.

13) We have revalued as on 31.1.1994, two buildings located at Andheri, Mumbai and accordingly original cost of Rs.2.93 mn has been increased to Rs. 49.83 mn resulting in a rise of Rs. 46.90 mn credited to Revaluation reserve. The said reserve has been used to issue 2,940,000 bonus equity shares on April 30, 1994.

14) At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

15) The Company had 247 members as of November 30, 2004.

16) There are restrictive covenants in agreements we have entered into with certain banks and financial institutions for short-term loans and long term borrowings. Some of these restrictive covenants require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, transfer change in the key personnel, change in our constitutional documents and the right to appoint a nominee director on our Board of Directors upon an event of default.

OBJECTS OF THE ISSUE

The objects of the Issue are as stated below:

- To finance the following capital expenditure program at our various locations:
  - Investment in Indoco Healthcare Limited, a subsidiary, to set a plant at Baddi, Himachal Pradesh
  - Setting up of plant to manufacture APIs
  - Setting-up of research and development Centre for APIs
  - Repayment of unsecured term loan for acquisition of brand.
  - Repayment of loan taken for acquisition of office premises.
- To meet the expenses of the issue
- To enable listing of the equity shares of the Company on the stock exchanges.

REQUIREMENT OF FUNDS AND MEANS OF FINANCE

The total estimated fund requirement is as follows:

(Rs. mn)

Project	PARTICULARS	Cost
I	Investment in subsidiary company, Indoco Healthcare Limited (IHL) for setting up of its plant to manufacture oinments, toothpaste, tablet, cephalosporin and meet UK MHRA, WHO and South Africa MCC standards	257.90
II	Setting up of plant to manufacture APIs	220.00
III	Setting-up of research and development Centre for APIs	158.60
IV	Repayment of unsecured loan taken for acquisition of brand	93.73
V	Repayment of loan taken for acquisition of Office Premises	52.10
	TOTAL CAPITAL EXPENDITURE	**782.33**
	Issue expense	50.00
	TOTAL	**832.33**

The year-wise break-up of utilization of issue proceeds of the above mentioned capital expenditure program is stated below:

	Year ending June 30,		
Capital expenditure program (Rs. Mn)	**2005**	**2006**	**Total**
Project I	220.00	37.90	257.90
Project II	134.00	86.00	220.00
Project III	138.60	20.00	158.60
Project IV	93.73	-	93.73
Project V	52.10	-	52.10
Sub-Total	638.43	143.90	782.33
Issue Expense	50.00	-	50.00
Total	**688.43**	**143.90**	**832.33**

(Source: Estimate by Company's management)

Means of Finance:

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above. In case funds raised in the Issue are lower than our total budgeted requirements, we intend to use internal accruals to finance the shortfall. As per our unconsolidated audited financial statements as of June 30, 2004 we had cash and bank balances of Rs.175.24 mn which can be utilized by us to meet any shortfall in the proceeds of the Issue. In the event that the funds raised in the Issue are higher than our total budgeted requirements, we intend to use the excess to repay our existing outstanding working capital lending from the banks.

Based on the certificate provided by the statutory auditors of Indoco Healthcare Ltd., M/s D. S. Mahambre & Co., dated December 2, 2004, we have incurred an expenditure of Rs. 21.93 mn on Project-I mentioned above.

Based on the certificates provided by our auditors, M/s Patkar & Pendse, dated December 2, 2004 and M/s D. S. Mahambre & Co., dated December 2, 2004, we have incurred an expenditure of Rs. Rs. 162.08 mn on the project till date, which includes an expenditure of Rs 21.93 mn on Project-I, Rs.1.13 mn on Project –II, Rs 93.73 mn on Project-IV and Rs 45.29 mn on Project -V.

- **Project I**

We propose to finance the proposed manufacturing facility of our 100% subsidiary Indoco Healthcare Limited ("IHL") by way of debt and equity as follows:

a) Subscription to equity capital of IHL- Rs 49 mn

Indoco will subscribe to 4.9 mn equity shares of Rs 10 each at par aggregating to Rs 49 mn. Out of the above, we have already subscribed to 1.435 mn equity shares of Rs 10 each, at par, aggregating to Rs 14.35 mn

b) Debt – Rs 220 mn

The terms and conditions of the same are as given below:

Tenure	**Rate**	**Security**	**Repayment**	**Prepayment option**
4 years from the date of first disbursal	Mutually agreed upon but not more than 6 months LIBOR+450 bps	Unsecured	Either in installments or as may be mutually agreed within a period of 4 years	To repay all or part of the loan by giving a days prior written notice

For details on IHL please refer to page no. 79 of this Red Herring Prospectus.

In order to put in place a reconstruction/reorganisation programme of IHL and as part of business expansion plans of the company, Indoco has taken over the the marketing team of IHL during 2002-2003 and acquired 100% stake of IHL. IHL is being used as a Special Purpose Vehicle for setting up a state-of-the-art manufacturing facility at Baddi. This will facilitate better administration, accountability and financial reporting.

IHL is setting up a new manufacturing facility for the manufacture of tablets, ointments and toothpaste at Baddi. This facility is being constructed on a new land purchased by IHL at Baddi, Himachal Pradesh. It will have a manufacturing capacity of 57.5 mn tablets per month on a single shift basis, 0.6 mn tubes of ointments per month on a single shift basis, 0.6 mn tubes of toothpaste per month on a single shift basis and 0.18 mn bottles of dry syrup/month and 5.5 mn tablets/ month on a single shift basis of Cephalosporin.This plant will employ 119 personnel consisting of manager, officer, chemists and skilled workers. The plant is proposed to be set up as per the guidelines of UK MHRA, South African MCC and WHO. We propose to utilize this plant to manufacture the following key products:

Tablets	**Ointment**
• Cyclopam • Febrex Plus	• Cloben G
Toothpaste • Sensoform • Sensodent	**Cephalosporin Block** • Vepan

Subsequent to the certification of Goa Plant I for liquid and ointment by UK-MHRA the Plant will be mainly dedicated for manufacturing of products catering to the export markets. Therefore, we intend to use this manufacturing facility to meet our current domestic market requirements and to reduce our dependence on loan license manufacturers. In addition to the above, we will be in a better position to cater to the North and North Eastern regions of India.

We have received registration in July 2004 from the Director of Industries, Government of Himachal Pradesh, for setting up of a medium/large scale undertaking manufacturing tablets, ointments and toothpaste.

The total cost of the project is as follows:

(Rs. mn)

Sr.No.	Particulars	Cost
1.	Site Development	3.80
2.	Land	11.08
3.	Building	35.17
4.	Plant and Machinery	207.54
	Total	**257.59**

(Source: Estimate by company's management)

1. Site Development

Site Development	Proposed Expenditure amount (Rs.mn)
Key Site Development activities	
Constructing Roads	0.80
Land filling / Development	2.50
Bore wells	0.10
Constructing fence wall	0.40
Total	**3.80**

(Source: Estimate by Company's management)

IHL has appointed M/s. New Consolidated Construction Co. Ltd. as contractor for the site development.

2. Land

IHL has purchased the land of 172,160 Sq.ft. for Rs.9.65 mn and the entire payment against same has been already made in August 2004 as per the agreements to sell dated June 5, 2004, between IHL and various vendors. IHL has also incurred Rs.1.44 mn towards stamp duty and registration charges for the same.

3. Building

IHL has appointed M/s. New Consolidated Construction Co. Ltd. for the development of land and construction of building and has already paid Rs.3.0 mn as an advance towards the same.

Particulars	Amount (Rs. Mn)
Civil Work	28.62
Architect Fees	0.90
Consultants Fees	1.50
Ducts in slabs	0.20
Aluminium Work	3.50
Rolling shutters	0.45
Total	**35.17**

(Source: Estimate by Company's management)

IHL has appointed M/s. R. V. Nadkarni as an architect.

4. Plant and Machinery

The major process and handling equipment for which we have received quotations from suppliers are as follows:

Sr.No.	Description	Capacity	Nos.	Amt *Rs.mn	Name of the Supplier	Date of Quotation	Date of Supply
1.	Weighing balances	100 gm – 1000 kg	34	1.87	Essae Teroaka	09/09/2004	June 2005
2.	Washing Equipment	-	8	2.00	APEX/ACE E	20/09/2004 23/04/2004	25th June 2005 30th June 2005
3.	S.S.Fabrication	-	-	1.50	R A Industries	30/09/2004	
4.	Warehouse Equipment	-	-	10.73	Rajdulhari, Maini, Airpac, Alegro Pharma etc.	13/09/2004 21/04/2004 11/05/2004 07/05/2004	June ' 2005
5..	Quality Control Equipment	-	-	22.00	Scientific/ Toshvin/ Electrolab/ Chromline; Niulab	21/05/2004 19/05/2004 19/05/2004 21/05/2004 19/05/2004	June ' 2005
6.	Utilities		9	5.40	ELITE/IR Thermax/ Catterpillar	06/05/2004 30/03/2004 11/05/2004	June ' 2005
7.	Air-conditioning / Ventilation / Dust collection		5	58.30	ABB/Voltas		March '2005 to June 2005
8.	Effluent Treatment plant	45 cubic metre /day	2	2.70	Green Earth		June 2005
9.	Office Equipment	-	-	1.70	-		June 2005
10.	Piping & Installation	-	-	3.00	Voltas		March '2005 to June 2005
11.	Electrical Installation	-	-	23.00	Jaykrishna		March '2005 to June 2005
12.	* Other plant and machinery			75.34			June 2005
	Total			**207.54**			

(Source: Estimates by the Company's management based on suppliers quotations)

*The details of other plant & machinery as given below:

Sr. No.	Particulars	Nos.	Amount Rs. mn	Name of the Supplier	Date of Quotation	Date of Supply
A	**Plant & Equipment**					
1	**Tablet Manufacturing**					
1.1	Granulation	22	12.10	Tapasya, Alliance	17/06/04 ; 27/04/04	June ' 2005
1.2	Compression	231	8.81	Clit, Sintex, Neelkamal, Maini, Pacific, Unique	(25/06/04 24/05/04); 21/04/04; 21/04/04; 20/04/04; 22/04/04	June ' 2005
1.3	Coating	8	8.90	Neomachine, Sams, Essae Taraoka	26/04/04; (27/04/04 10/05/04); (09;08;22 Sept'04)	May ' 05 to June 05
1.4	Tablet packing	43	15.03	Elmach/PGL, Hemsons, Pam, Tapping, Incom, Clit, Flex Steel, Technofour etc.	22/04/04/ 13/05/04; 21/04/04; 22/09/04; 21/04/04; 22/04/04 29/09/04; 07/05/04	June 2005
	Sub Total (a)		*44.84*			
2	**Toothpaste Manufacturing**					
2.1	Manufacturing	59	9.87	Sams, Bectochem, Subnil, Tapasya, Pharmalab, Chemiequip etc.	(27/04/04 10/05/04); 22/04/04; 05/05/04; 06/05/04	May ' 2005
2.2	Packing	9	6.92	Pam, Shrink Pkg, Tapping, Maini, Subnil etc.	22/09/04; 02/04/04; 21/04/04; 21/04/04; (22/04/04; 11/03/04)	June ' 2005
	Sub Total (b)		*16.79*			
3	**Ointment Manufacturing**					
3.1	Manufacturing	6	3.00	Sam, Bectochem	(27/04/04; 10/05/04);	May ' 2005
3.2	Packing	3	2.75	Subnil, Pam, Techline inds.	22/04/04; 22/09/04; 29/09/04	June ' 2005
	Sub Total (c)		*5.75*			
4.	**Cephasporine**					
4.1	Manufacturing	12	4.13	Tapasya, Alliance etc.	17/06/04 ; 27/04/04	June ' 2005
4.2	Compression	10	2.13	Clit, Pacific, Unique etc.	(25/06/04 24/05/04); 20/04/04; 22/04/04	June ' 2005
4.3	Packing	2	0.90	Hemsons, Flex Steel	21/04/04; 29/09/04	June ' 2005
4.4	Dry Powder Powder filling/cap sealing line	1	0.80	Ambica/Apex	29/09/04	June'2005
	Sub Total (d)		*7.96*			
	Sub Total Plant & Machinery		*75.34*			

(Source: Estimates by the Company's management based on suppliers quotations)

SCHEDULE OF IMPLEMENTATION

IHL proposes to commence the production by September 2005. The schedule of implementation based on the civil work commencing in October 2004 is as stated below:

Activity	Commencement date	Completion date
Finalisation of detailed engineering	September 2004	
Civil Works	October 2004	May 2005
Placement of orders for plant and machinery	October 2004	December 2004
Delivery of plant and machinery	March 2005	June 2005
Installation and commissioning	July 2005	August 2005
Commencement of production	September 2005	September 2005

(Source: Estimate by Company's management)

Project II

We are setting up a new manufacturing facility for the manufacture of active pharmaceutical ingredients ("APIs") at Mahad with an annual capacity of 1000 Tonnes per annum on a single shift basis. This facility is being constructed on a new land of approximately 40,000 square meters to be leased from the Maharashtra Industrial Development Corporation by us at Mahad, Additional Industrial Area Maharashtra. We have already made an advance payment of Rs.1.13 mn towards the same. The agreement is yet to be executed. In the event we successfully bag the API plant for which we have bid then we shall not pursue setting up our API manufacturing plant at Mahad and we shall attempt to claim the refund for the amount paid.

Setting up of a API manufacturing facility shall help us undertake backward integration of our existing operations. Currently, we source our API requirements from third parties for the preparation of dosage forms for these markets. Setting up this facility will also enable us to be more price-competitive and shall result in enhanced confidence in us since through this facility we can prove that we exercise complete control over entire production process from basic raw material to finished dosage forms.

We propose to manufacture the APIs for the following therapeutic segments at the aforesaid site:

Sr.no.	Segment	Capacity (Tonnes)	Raw Material required	Stage of preparation
1.	Fungal Infection	10	The raw materials required are available locally except a few items which may have to be imported for which sources are available	Currently we are on litearture search and patents evaluation to fine-tune the route of synthesis.
2.	Osteoporosis			
3.	Hypertension	50		
4.	Ophthalmology	5		
5.	Schizophrenia	5		
6.	Diabetology	40		

The products to be manufactured at our New API plant have been selected after a detailed study of patents, the chemistry involved, the international sales and the growth rates, the enquiries from the customers and the time required to scale-up and manufacture these APIs. We have accordingly chosen products which are coming off-patent in 2006 and onwards. The objective is to ensure that we are amongst the first one to make available generic products to our customers immediately after patent expiry in Europe. We shall prepare the dossier in CTD format well in time and shall apply for Marketing Authorisation (MAs) in our name. We would sell these MAs/Dossiers to the prospective customers, who will be tied up for buying of FDF's from Indoco for a specified time period from the date of launch.

We will also be working with the established generic companies in US offering them APIs with USDMF. The cost competitiveness will ensure that these generic companies will register us as one of the preferred suppliers for bulk APIs. We would, therefore, target US market for bulk sale of APIs by being the first/second source in the ANDA submitted by renowned generic companies of US.

The total cost of the Project II is as follows:

(Rs. mn)

Sr.No.	Particulars	Cost
1.	Land	6.00
2.	Buildings	51.50
3.	Plant and Machinery	69.80
4.	Lab Equipment	35.40
5.	Utilities	57.30
	Total	**220.00**

(Source: Estimate by Company's management)

1. Land

This facility is being constructed on a new plot of land of approximately 40,000 square meters to be leased from the Maharashtra Industrial Development Corporation by us at Mahad, Additional Industrial Area Maharashtra. We have already made an advance payment of Rs.1.13 mn towards the same. The agreement is yet to be executed.

We have not yet commenced any activities relating to site development or civil works or plant & machinery.

2. Building

Sr. No.	Particulars	Amount Rs mn
1.	Site Development	
	Constructing Roads	2.00
	Land Filling/Development	4.40
	Bore Wells	0.30
	Constructing Fence Wall	0.90
	Sub Total	7.60
2.	Construction of New Building	38.50
3.	Tank Farm Area	
	Fuel Tank 25 KL	0.60
	Solvent Tanks – 15-20 KL	2.80
	Water Tank – 50 KL	1.00
	Sub Total	4.40
4.	Storage Location	1.00
	Total	51.50

(Source: Estimate by Company's management)

We have not yet appointed the Civil Contractor.

3. Plant and machinery

The major process and handling equipment for which we have received quotations from suppliers are as follows:

Sr No.	Equipment	Qty.	Rs. Mn.	Supplier	Quotation Date	Delivery
1.	SSR – with condenser & receiver- 2 KL	10	8.00	Kalina Engg P.L	02.09.2004	June 2005
2.	SSR – with condenser & receiver- 3 KL	5	7.00	Kalina Engg. P. L	02.09.2004	June 2005
3.	SSR – with condenser & receiver- 5 KL	4	7.40	Thermotec	24.09.2004	July 2005
4.	GLR with condenser 2 KL	5	1.00	GMM Pfaudler Ltd	30.08.2004	June 2005
5.	GLR with condenser 3 KL	5	8.00	GMM Pfaudler Ltd	30.08.2004	June 2005
6.	GLR with condenser 5 KL	4	8.80	GMM Pfaudler Ltd	30.08.2004	July 2005
7.	Hastelloy Reactor 2 KL	2	3.60	Thermtech	24.09.2004	August 2005
8.	SS 316 36" 4 Pt Susp	4	2.70	Sukharas Machines	27.08.2004	June 2005
9.	SS 316 36" 3 Pt Susp	3	3.90	Sukharas Machines	27.08.2004	June 2005
10.	SS 316 36" Halarcoated	3	3.00	Sukharas Machines	27.08.2004	Aug 2005
11.	Air Jet Mill	2	2.00	Micro Tech/Other Sou	Estimate	Sept 2005
12.	SS RCVD	2	2.00	Bhavenes/Other Sources	Estimate	Sept 2005
13.	Tray Dryer (96 Trays)	2	0.30	Wintech Pharmachem	17.09.2004	Sept 2004
14.	Multimill	2	0.20	Pharma Fab Machinaries	20.09.2004	Sept 2005
15.	Sifter	2	0.40	Kothari Pharma	21.09.2004	Sept 2005
16.	Nutch Filter	3	2.00	Chemac	Estimate	Sept 2005
17.	Plate & Frame Filter press	2	2.00	Amar Filters	Estimate	Sept 2004
18.	Sparkler Filter	2	0.20	Amar Filters	13.09.2004	Sept 2005
19.	Electronic Weighing Balance	2	0.50	CAS India P.L	11.09.2004	Sept 2005
20.	Transfer pumps	3	0.30	Leakless India	21.04.2004	Aug 2005
21.	Material handling Eqpt		0.50	Burhani Commercial Corpn	14.09.2004	Sept 2005
22.	Goods Lift		0.40	Burhani Commercial Corpn	14.09.2004	Aug 2005
23.	Piping		1.40	Manjusha Mrktg Eng.	Estimate	Oct 2005 Nov 2005
24.	Vacuum system		0.30	J.B.Sawant	22.09.2004	Sept 2005
25.	Solvent Recovery plant	2	3.00	Thermotech/Kalina	Estimate	Aug 2005
26.	Fluid Bed Driers	4	0.90	Alliance	30.08.2004	Sept 2005
	Plant No -1 Total :		**69.80**			

(Source: Estimates by the Company's management based on suppliers quotations)

4. Quality Assurance and Quality Control (Lab Equipments)

Sr No	Equipment	Qty	Rs. Mn.	Supplier	Quotation Date	Delivery
1.	HPLC Systems	5 No	15.00	Spinco Biotech Pvt. Ltd	04.09.2004	Sept 2005
2.	HPLC Systems	3 No	6.00	Spinco Biotech Pvt. Ltd	04.09.2004	Sept 2005
3.	UV	2 No	1.20	Toshwin Ana.Pvt. Ltd	09.09.2004	Sept 2005
4.	FTIR	1 No	0.70	Spinco Biotech Pvt. Ltd	09.09.2004	Sept 2005
5.	Prep. HPLC	1 No	1.80	Toshwin Ana.Pvt. Ltd	04.09.2004	Sept 2005
6.	GC.	2 No.	1.60	Toshwin Ana.Pvt. Ltd.	09.09.2004.	Sept 2005
7.	GC-Head Space	1 No	2.20	Spinco Biotech Pvt. Ltd	09.09.2004	Sept 2005
8.	pH meter	2 No	0.05	Mettler	Sept 2005	
9.	Melting Point App.	1 No	0.50	Spinco Biotech Pvt. Ltd	04.09.2004	Sept 2005
10.	Auto Titrator	2 No	1.00	Mettler		Sept 2005
11.	Weighing balances	5 No	1.00	Amket Analytics	08.09.2004	Sept 2005
12.	Water purification system	2 No	1.00	Toshwin Ana. Pvt Ltd	09.09.2004	Sept 2005
13.	Misc. Equipments		2.15	From various sources		Sept 2005
14.	UPS	2 No	1.20	From various sources		Sept 2005
			35.40			

(Source: Estimates by the Company's management based on suppliers quotations)

5. Utilities

Sr No	Equipment	Qty	Rs. Mn.	Supplier	Quotation Date	Delivery
A.	Water Purification System	1	8.00	Toshwin Pvt. Ltd	09.09.2004	Aug 2005
B.	Air Handling System	1	11.00	Iceburge/Citizen		Aug 2005
C.	Effluent Treatment Plant	1	2.50	Environment Eng Co.		Aug 2005
D.	Electrical Work	-	22.10	Jaykrishna Industries Ltd.	21.09.2004	Aug 2005

(Source: Estimates by the Company's management based on suppliers quotations)

E. Stores

Sr No	Equipment	Qty	Rs. Mn.	Supplier	Quotation Date	Delivery
1.	Material Handling Equipments	1	0.80	Burhani Comm Corpn	14.09.2004	Sept 2005
2.	Dispensing area	1	0.80	Burhani Comm Corpn	14.09.2004	Sept 2005
	Total		**1.60**			

(Source: Estimates by the Company's management based on suppliers quotations)

F. Miscellaneous

Sr No	Equipment	Qty	Rs. Mn.	Supplier	Quotation Date	Delivery
1.	Boiler	2 No	2.50	Elite Thermal Engn.	28.08.04	June 2005
2.	Cooling tower	2 No	0.70	National Cooling Tower	16.08.2004	June 2005
3.	Chilling Plant -30 C	1 No	1.50	Multi Refrigeration	16.09.2004	Sept 2005
4.	Chilling plant -70 C	1 No	2.50	Multi Refrigeration	16.09.2004	Sept 2005
5.	Compressors	2 No	1.20	Machinaries & Spares	16.09.2004	June 2005
6.	Nitrogen Plant	1 No	0.70	From various sources		Sept 2005
7.	Generator – 500 KVA	1 No	2.50	Gemmco Ltd	16.09.2004	June 2005
8.	Thermic Fluid Heater	1 No	0.50	Elite Thermal Eng.	28.08.2004	Sept 2005
	Total :		**12.10**			

(Source: Estimates by the Company's management based on suppliers quotations)

Schedule of Implementation

We propose commencement of production by January 2006. The schedule of implementation based on the civil work commencing in December 2004 is as stated below:

Activity	Commencement date	Completion date
Finalisation of detailed engineering		November 2004
Civil Works	December 2004	August 2005
Placement of orders for plant and machinery	January 2005	March 2005
Delivery of plant and machinery	June 2005	September 2005
Installation and commissioning	November 2005	December 2005
Commencement of production	January 2006	

(Source: Estimate by Company's management)

- **Project III**

To cope up with our plans for New API Plant, we are setting up an R&D Center at Navi Mumbai on plot of land of 4000 sq. meter. This land will be purchased from MIDC, Rabale,Navi Mumbai for an amount of Rs.10 mn including stamp duty and registration charges. An application for allotment of land has already been made to MIDC. The total outlay for the R&D centre will be Rs.158.60 mn and is expected to be ready for operations by July 2005.

The new R&D Center will house a synthesis laboratory, dosage development laboratory, pilot plant for kilo scale batches, analytical method development department and patent cell. The center will be manned by 40 experienced and qualified scientists with Ph.Ds. and post graduate qualifications. The objective will be to make the product available in regulated markets immediately on patent expiry.

The synthesis laboratory will work in a cohesive manner with the patent cell, marketing and operations team for selection of a molecule. It shall adopt the following steps while selecting a molecule:

- Patent cell to study the molecules coming off-patent in the next 3-7 years
- R&D to do literature search and study the process parameters
- Evaluation of products which are going off-patent based on patent situation, market potential, availability of raw materials and scalability at plant level.

The complete dossier in CTD format with BE/BA studies and expert report will be submitted to the authorities in regulated markets well before the patent expiry.

The integrated supply chain with our own API's and finished dosage forms will make the finished product in generic form available immediately on patent expiry.

We will undertake contract R&D and contract method development work from our customers in regulated markets. These contracts will be independent of our ongoing R&D projects and would generate additional revenues for us besides exposure in new areas to our scientists.

This will also open up avenue for contract dossier development on larger scale.

The total cost of Project-III is as follows:

Sr. No.	Particulars	Cost (Rs. Mn)
1.	Land	10.00
2.	Civil Work	49.00
3.	PRD Labs	23.94
4.	PRD Scale up lab	8.22
5.	NDDS	24.21
6.	Analytical PRD	23.23
7.	Analytical NDDS	14.80
8.	Stores	1.95
9.	Utilities	3.25
	TOTAL	**158.60**

(Source: Estimate by Company's management)

The layout of proposed R&D Centre is as follows:

Sr. No	Area Description	Area per lab (Sq. feet)	Total Area (sq. feet)
1	6 PRD Labs	1,000	6,000
2	1 Scaleup Lab	2,000	2,000
3	2 NDDS Labs	1,250	2,500
4	1 Analytical Lab for PRD	2,000	2,000
5	1 Analytical Lab for NDDS	1,000	1,000
6	Stores		1,000
7	Utilities		1,000
8	Library		1,000
9	Admin. Block		1,000
10	Future expansion		2,500
	Total Area planned		**20,000**

The description of the above mentioned technical terms for our R&D project are as follows:-

PRD Lab - Process Research Development Laboratory

This lab will finalise the route of synthesis for the API's and Intermediates based on the literature search, patent search, dossier filing strategy and availability of raw material etc. A number of lab trials will have to be carried out (with detailed record of development history) before arriving at a scaleable process.

PRD Scale-Up Lab - Process Research Development Sacle-Up Laboratory

The scale-up lab will synthesise the molecule (API) at gms and kilo scales. Many process related issues will be addressed at scale-up stage and process of manufacture is firmed up.

NDDS - Novel Drug Delivery System

This lab will work on innovative dosage delivery systems of the existing formulations. The NDDS formulations developed at this lab will address issues related to patient compliance / convenience, efficacy and economy by developing sustained release, slow release, taste masked and similar type of formulations which will add to the kitty of our intellectual property.

Analytical PRD

This lab will develop analytical methods and will also analyse intermediates and finished products resulting from the processes developed at PRD labs.

Analytical NDDS

This lab will develop analytical methods and will also analyse semi-finished and finished dosage forms resulting from the formulations developed at NDDS labs.

1. Land

We have made an application to MIDC, Rabale for purchase a plot of land of 4000 sq mtr. vide our letter-dated September 6, 2004.

2. Building

Sr No	Description of work	Value (Rs. mn)
	Civil Work (Land Development & Building)	
1.	Land Development	2.50
2.	Civil Work	25.00
3.	Furniture & Other Work	11.00
4.	Electricals & AC systems	8.00
5.	Elevators	2.50
	Total	**49.00**

(Source: Estimate by Company's management)

3. PRD Labs

Sr No	Equipment	Quantity	Appx. Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	Fume hoods	4 No	0.80	Salil Enterprises	21.09.2004	April 2005
2	Vacuum Rota Evaporator	4 No	0.60	Inkrp/ Inst Pvt. Ltd	22.09.2004	April 2005
3	Vacuum Pumps	2 No	0.10	J B Sawant	22.09.2004	April 2005
4	Weighing Balance - Rough	1 No	0.03	Amket Analytics	08.09.2004	April 2005
5	Precision Balance	1 No	0.10	Amket Analytics	08.09.2004	April 2005
6	UV Cabinet	1 No	0.05	Omkar Traders	21.09.2004	April 2005
7	Air Oven	1 No	0.04	Omkar Traders	21.09.2004	April 2005
8	Circulation Pumps	3 No	0.01	Leakless India	21.04.2004	April 2005
9	Ice Flacker	1 No	0.45	From various sources	Estimate	April 2005
10	Refrigerator	1 No	0.02	From various sources	Estimate	April 2005
11	Mechanical Stirrer	10 No	0.10	Omkar Traders	21.09.2004	April 2005
12	Magnetic Stirrer	10 No	0.15	Omkar Traders	21.09.2004	April 2005
13	Water Bath	8 No	0.12	Omkar Traders	21.09.2004	April 2005
14	Oil Bath	8 No	0.15	Omkar Traders	21.09.2004	April 2005
15	Hot plate	5 No	0.25	Omkar Traders	21.09.2004	April 2005
16	Heating mantal	8 No	0.16	Omkar Traders	21.09.2004	April 2005
17	Mixer	1 No	0.01	From various sources	Estimate	April 2005
18	Microwave Oven	1 No	0.03	From various sources	Estimate	April 2005
19	Air blower	1 No	0.02	From various sources	Estimate	April 2005
20	Chiller	1 No	0.15	Multi Refrigeration	16.09.2004	April 2005
21	Glassware	Set	0.30	Omkar Traders	21.09.2004	April 2005
22	Plasticware	Set	0.05	Omkar Traders	21.09.2004	April 2005
23	Misc/ Items		0.15	From various sources	Estimate	April 2005
24	Computers & Printers	2 Set	0.15	Plus Business Machines	21.09.2004	April 2005
			3.99	Total per lab		
			23.94	For 6 Labs		
	Total		**27.93**			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

4. PRD Scale up Lab

Sr No	Equipment	Quantity	Appx. Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	20 Litre Rotaevaporator	2 No	2.00	Inkarp Instruments Pvt Ltd	22.09.2004	May 2005
2	20 Litre all glass assemblies	2 No	0.70	Amar Glass Industries	22.09.2004	May 2005
3	50 Litre all glass assemblies	1 No	0.50	Amar Glass Industries	22.09.2004	May 2005
4	Multimill	1 No	0.15	Pharma Fab Machinaries	20.09.2004	May 2005
5	Sifter	1 No	0.15	Kothari Pharma	21.09.2004	May 2005
6	Air Oven	1 No	0.05	Omkar Traders	21.09.2004	May 2005
7	Vacuum Oven	1 No	0.35	Omkar Traders	21.09.2004	May 2005
8	Nutch Filter	1 No	0.15	Chemac	Estimate	May 2005
9	Jet Mill	1 No	0.50	Chemac	Estimate	May 2005
10	Mechnical Stirrers	5 No	0.25	Omkar Traders	21.09.2004	May 2005
11	Vacuum Pumps	2 No	0.10	J B Sawant	22.09.2004	May 2005
12	Balances	2 No	0.15	Amket Analytics	08.09.2004	May 2005
13	UV Cabinet	1 No	0.05	Omkar Traders	21.09.2004	May 2005
14	Glassware	1 No	0.20	Omkar Traders	21.09.2004	May 2005
15	Misc. Items		0.15	From various sources	Estimate	May 2005
16	Computer & Printer	1 set	0.08	Plus Business Machines	21.09.04	May 2005
17.	Miscellaneous Equipments		2.69			
	Total		**8.22**			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

5. NDDS

Sr No	Equipment	Quantity	Appx. Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	Analytical Changes	1 No	0.20	Amket Analytics	08.09.2004	May 2005
2	Rough Balance	3 No	0.09	Mettler Toledo	10.09.2004	May 2005
3	Kenwood Granulator	2 No	0.15	From various sources	Estimate	May 2005
4	Retsch Table Top FBD	1 No	0.25	Inkarp Instruments Pvt. Ltd	21.09.2004	May 2005
5	Stirrer	3 No	0.09	Omkar Traders	21.09.2004	May 2005
6	RMG	1 No	0.25	Karnawati Engin. Ltd	23.09.2004	May 2005
7	Kalweka Multi Unit OG	1 No	0.50	Karnawati Engin. Ltd	23.09.2004	May 2005
8	Clit Mill	1 No	0.20	Karnawati Engin. Ltd	23.09.2004	May 2005
9	Moisture Balance	1 No	0.40	Ashco	Estimate	May 2005
10	Sifter	1 No	0.12	Kothari Pharma	21.09.2004	May 2005
11	Roll compactor	1 No	0.35	From various sources	Estimate	May 2005
12	Double cone blender	1 No	0.23	Wintech Pharma Equ P.Ltd	17.09.2004	May 2005
13	Bulk / Tap Density apparatus	1 No	0.09	Ashco	Estimate	May 2005
14	Sieve Shaker	1 No	0.08	Omkar Traders	21.09.2004	May 2005
15	Fluid Bed Processor	1 No	10.00	From various sources	Estimate	May 2005
16	Fuji Paudal Extruder Spheronizer	1 No	4.00	From various sources	Estimate	May 2005
17	Perforated Coating Pan	1 No	0.25	Karnawati Engin. Ltd	23.09.2004	May 2005
18	Peristalic Pump	1 No	0.15	Electrolab	23.09.2004	May 2005
19	Tabletting Machine- 10 Station	1 No	0.20	Karnawati Engin. Ltd	23.09.2004	May 2005
20	Tabletting Machine- 27 Station	1 No	0.50	Karnawati Engin. Ltd	23.09.2004	May 2005
21	Hardness Tester	1 No	0.39	Inkarp Instruments P. ltd	22.09.2004	May 2005
22	DT Apparatus	1 No	0.08	Electro Lab	23.09.2004	May 2005
23	Fribilator	1 No	0.05	Electro Lab	23.09.2004	May 2005
24	Induction sealer	1 No	0.36	From various sources	Estimate	May 2005
25	Table Top Blister packing M/c	1 No	2.65	Elmach Packages (I) Pvt. Ltd.	25.09.2004 May 2005	
26	Hot plate	2 No	0.10	Omkar Traders	21.09.2004	May 2005
27	Heating Mental	3 No	0.09	Omkar Traders	21.09.2004	May 2005
28	Hand fill capsule filling m/c	1 No	0.60	From various sources	Estimate	May 2005
29	Computers & Printer	6 Set	0.60	Plus Business Machines	21.09.2004	May 2005
30	Misc. Equipment & Glassware etc.		1.20	From various sources	Estimate	May 2005
			24.22			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

6. Analytical PRD

Sr No	Description	Quantity	Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	HPLC	2 No	4.00	Spinco Biotach Pvt. Ltd	04.09.2004	April 2005
2	HPLC	5 No	8.00	Spinco Biotach Pvt. Ltd	04.09.2004	April 2005
3	Prep HPLC	1 No	2.00	Spinco Biotach Pvt. Ltd	04.09.2004	April 2005
4	GC	1 No	1.00	Toshwin Ana Pvt. Ltd	09.09.2004	April 2005
5	UV	1 No	0.80	Toshwin Ana Pvt. Ltd	09.09.2004	April 2005
6	FTIR	1 No	1.00	Toshwin Ana Pvt. Ltd	09.09.2004	April 2005
7	GC-HS	1 No	2.00	Toshwin Ana Pvt. Ltd	09.09.2004	April 2005
8	Water Purification System	1 No	0.60	Toshwin Ana Pvt. Ltd	09.09.2004	April 2005
9	Wet Lab Instruments	1 No	0.30	From various sources	Estimate	April 2005
10	Balances	4 No	0.80	Amket Analytics	08.09.2004	April 2005
11	Moisture balance	1 No	0.35	Ashco	Estimate	April 2005
12	pH meter	2 No	0.08	Metler	Estimate	April 2005
13	MP Apparatus	1 No		Spinco Biotach Pvt. Ltd	04.09.2004	April 2005
14	Bulk Density Apparatus	1 No	0.10	Ashco	Estimate	April 2005
15	Auto Titrator	1 No	0.35	Ashco	Estimate	April 2005
16	Sonicator	2 No	0.10	From various sources	Estimate	April 2005
17	Vortex mixer	2 No	0.05	From various sources	Estimate	April 2005
18	Misc. Instruments		0.20	From various sources	Estimate	April 2005
19	Computer & printers	3 No	1.50	Plus Business Machines	21.09.2004	April 2005
	Total		**23.23**			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

7. Analytical NDDS

Sr No	Description	Quantity	Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	HPLC	4 No	8.00	Spinco Biotech Pvt. Ltd	04.09.2004	May 2005
2	Dissolution Bath	3 No	2.50	From various sources	Estimate	May 2005
3	Dissolution Bath	1 No	1.70	From various sources	Estimate	May 2005
4	Particle Size analyser	1 No	1.50	Inkarp Instruments Pvt. Ltd	22.09.2004	May 2005
5	Bulk Density Apparatus	1 No	0.20	From various sources	Estimate	May 2005
6	Stability Chambers	3 No	0.60	From various sources	Estimate	May 2005
7	Balances	1 No	0.30	Amket Analytics	08.09.2004	
	Total		**14.80**			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

8. Stores

Sr No	Description	Quantity	Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	Storage System	1 No	0.80	Burhani Commercial Corpn	14.09.2004	April 2005
2	Material Handling equipments	1 No	1.00	Burhani Commercial Corpn	14.09.2004	April 2005
3	Computer & Printer	1 No	0.15	Plus Business Machines	21.09.2004	April 2005
	Total		**1.95**			

(Source: Estimates by the Company's management based on suppliers' quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

9. Utilities

Sr No	Description	Quantity	Value (Rs. Mn)	Supplier	Quotation Date	Delivery
1	Boiler	1 No	0.30	Elite Thermal Eng.	28.08.2004	April 2005
2	Compressor	1 No	0.25	Machineries & Spares	16.09.2004	April 2005
3	Chiller	1 No	1.50	Multi Refrigeration	16.09.2004	April 2005
4	Nitrogen Plant	1 No	0.40	From various sources	Estimate	April 2005
5	Generator	1 No	0.45	Gemmco	23.09.2004	April 2005
6	Cooling Tower	2 No	0.15	National Cooling Towers	16.09.2004	April 2005
7	Vacuum Pump	1 No	0.20	JB Sawant	22.09.2004	April 2005
	Total		**3.25**			

(Source: Estimates by the Company's management based on suppliers quotations)

The above equipments are available in the market and are to be sourced from various suppliers.

SCHEDULE OF IMPLEMENTATION

We propose the R&D Centre to be operational by July 2005. The schedule of implementation based on the civil work commencing in December 2004 is as stated below:

Activity	Commencement date	Completion date
Acqusition of Land		December 2004
Finalisation of detailed engineering	November 2004	December 2004
Civil Works	December 2004	April 2005
Placement of orders for plant and machinery	January 2005	February 2005
Delivery of plant and machinery	April 2005	May 2005
Installation and commissioning	May 2005	June 2005
R&D Centre Operational	July 2005	

(Source: Estimate by Company's management)

Project IV

Our Company has acquired a trade mark named "Karvol" in the segment of decongestive inhalant (anti-cold) from M/s. Solvay Pharma India Limited for Rs 87.50 mn and including sales tax and stamp duty thereon, which was borne by us, the total consideration was Rs.93.70 mn. The turnover for the product during the year 2003-2004 was Rs.53.5 mn (Source: IMS-ORG dated August 2004). The payment to the vendor has been made by way of borrowing from IDBI Bank as an unsecured term loan. The terms of the same are as given below:

Facility	Term loan / FCNR B loan
Limit / Amount	Rs 100 mn
Rate of interest	LIBOR+300 bps with 3 month reset
Security	Unsecured
Margin	Minimum 1.34
Tenor repayment	Repayable before October 7, 2005 in 4 equal quarterly installments
Covenants	Current ratio of minimum 1.40, Gearing maximum of 1.50, DSCR of minimum 1.50
Other documentation/conditions	Personal guarantee deed of Mr. Suresh G. Kare Facilities agreement
Prepayment option	Prepayment request permitted after minimum utilization of three months. Minimum 60 days notice to be given

We have given a pre-payment notice to IDBI Bank Ltd to repay their FCNR B loan on November 24, 2004. Accordingly, pre-payment will be effected on January 24, 2005.

The Restrictive/negative covenants of the facilities agreement are as given below:

The Borrower shall not during the subsistence of the liability of the Borrower to the Bank under or in respect of any of the Facilities without the written consent of the Bank:-

a) change or in any way alter the capital structure of the Borrower;

b) effect any scheme of amalgamation or reconstitution;

c) implement a new scheme of expansion or take up an allied line of business or manufacture.

d) declare dividend or distribute profits except where the instalments of principal and interest payable to the Bank in respect of the Facilities are being paid regularly and there are no irregularities whatsoever in respect of the Facilities.

e) enlarge the scope of the other manufacturing/trading activities if any undertaken at the time of the application and notified to the Bank as such.

f) Withdraw or allow to be withdrawn any monies brought in by the promoters and directors or relatives and friends of the promoters or directors of the Borrower.

g) invest any funds by way of deposits, or loans or in share capital of any other concerns (including subsidiaries) so long as any money remains due to the Bank; the Borrower will however be free to deposit funds by way of securities with third party in the normal course of business or if required for the business.

h) borrow or obtain Facilities of any description from any other bank or credit agencies or Banks or enter into any hire purchase arrangement.

The acquisition of Karvol is a strategic initiative for us. The target doctors include amongst others GPs, Paediatricians and ENTs. These are doctor categories with whom our Company is particularly strong. The product will be promoted by the main Indoco division comprising 445 medical representatives. We are ranked among the top 3 companies in the anti-cold segment, which Karvol is a part of. The anti-cold segment currently contributes Rs 299.30 mn to our turnover.

Project V

Our Company has acquired 510.96 sq.mtrs., vide MOU dated September 21, 2004 and an agreement dated November 30, 2004, an office premises from M/s. Sardar Harbans Singh Gandasingh Sethi at Central Plaza, 166 C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098. The possession of the same was given to us on November 10, 2004 and the same will be used for staffing our purchase and operations departments, which are presently located at the rented premises and the accounts and EDP departments. The total cost of the premises is Rs.52.10 mn, the details of which are given below:

Sr. No.	Particulars	Amount (Rs. mn)
1	Cost of Premises	40.60
2	Stamp Duty and Registration Expenses	2.06
3	Furniture & Fixtures	9.44
	Total	**52.10**

The payment to the vendor has been made by way of borrowing from State Bank of India, Commercial branch, Mumbai out of working capital facilities. The said loan is availed under CP rated WCDL scheme of SBI @ 5.16% per annum for a period of 90 days due for re-payment on December 27, 2004.

SECTION III: ABOUT US

Industry

Global Scenario

IMS Health Incorporated, USA ("IMS Health") (IMS World Review 2003, www.imshealth.com) estimates the world pharmaceutical market to have grown by 9% and to have recorded US $491.80 bn sales in 2003. This has been calculated using audited retail sales of prescription drugs and some over-the-counter products in more than 60 countries. IMS Health projects that the global industry would register growth even in the face of continued government pressure on pricing and a number of other widely used drugs going off patent. IMS Health estimates average annual global sales to grow 18.5% and the global pharmaceutical market to expand to US$ 561 billion by 2005. The United States is the largest market contributing 51% of world pharmaceutical sales and over 70% of the growth of the world pharmaceutical market in 2002. This market comprises of drugs that are under patent and drugs gone off patent, also known as generics.

The life of a generic medicine begins when the original brand's patent life ends. Patents typically run for 20 years from the date when the patent application was submitted, or filed; an additional five years' exclusivity can sometimes be obtained through a Supplementary Protection Certificate ("SPC") or similar measure. Since many producers along with the original patent holder can manufacture the drug, the markets usually experience a decline in price of the drugs.

The global generics market is estimated to have been worth $39.5bn in 2000*, growing at around 5% per annum. The biggest national market is the United States, with an estimated $12.5bn* and a faster growth rate than the global figure. Generics in western Europe (including central and eastern European countries) account for 44%, North America for around 33%, and Japan for almost 11%*. Generic penetration varies widely from country to country; in Europe, for example, generics account for about 18% of the German and 16% of the UK pharmaceutical markets but less than 5% of the pharma markets in Italy and Spain; France is in a growth phase, with generics having 5-10% of the pharma market*. By the end of year 2004, it is expected that the value of the total western European generics sector may have risen to $19bn*, representing almost 15% of all pharmaceuticals.

Vis-à-vis developed markets like the US and Europe, India and other emerging markets witness a significant disparity in the ratio of sales of pharmaceutical products to volumes. In the emerging markets, volumes of pharmaceutical products sold are much higher than in developed markets while they rank much lower in terms of sales, mainly due to lower selling prices. These markets lack effective product patent protection laws and are not as highly regulated as developed markets. Therefore, local pharma companies escape investing heavily in product development and yet market the same products as their competitors by simply changing the manufacturing process. Given the low entry barriers, competition is intense which forces manufacturers to sell their products at much lower prices in these markets compared to developed markets.

Masses in emerging markets are unable to bear higher pharmaceutical prices due to lower per capita income, even when volumes are higher due to higher incidence of diseases. This contributes to lowering of pharma product prices in these markets. Besides, to make pharma products more accessible and affordable to a larger part of the populace, governments in many of the emerging markets has put prices under control. Besides lowering of selling prices, the above-mentioned factors have also led Indian subsidiaries of pharmaceutical multinationals to be slow to introduce their parents' latest products.

Indian Scenario

The domestic pharmaceutical industry which was very small before 1970 is now a prominent provider of low cost healthcare products, meeting 95% of the country's pharmaceutical needs. The industry output constitutes about 1.3% of the world market in value terms and 8% in volume terms. The industry comprises large number of players, with no player having a market share of more than 6%.

The Indian pharma industry has two sets of players: the multi-national companies and the Indian companies. The multi-national companies are brand focused and have built strong brands over the period. The multinational companies have been reluctant to bring new patented molecules in India as today India only recognizes process patents and not product patents. The Indian companies have focused on process development of molecules invented by research oriented big pharma companies, including those under patents in regulated countries. They have continuously attempted to bring new molecules in India through process re-engineering with a substantially lower price than the original patented molecules. The Indian companies have, therefore, traditionally shown a higher growth in sales compared to their multi-national peers. However, in recent times most of the larger Indian companies have made investments in research & development, high class manufacturing facilities, building efficient field force and distribution and brand building.

In the domestic markets, the Government has powers to fix the prices of bulk drugs and their formulations under the Drug Price Control Order (DPCO), 1995. The prices fixed are periodically monitored and amended, usually downwards. Generally the profit margins are lower for drugs under DPCO. Currently the prices of 74 bulk drugs and their formulations are fixed under DPCO covering approximately 26% of industry sales. In the first quarter of 2002, the Government announced the Pharmaceutical Policy 2002 broadly dealing with three aspects of the industry: research and development, price control and quality. Consequent to the new policy the DPCO 1995 was proposed to be revised by the Government. However till date, the Government has not been able to fully implement the revised price control policy due to several litigations. The overall impact of revisions, if any, in the DPCO, 1995 are presently unclear.

During FY 2003- 04, the domestic pharmaceutical market experienced a growth rate of 7.3% (previous year 5.7%), largely driven by volume and new product introductions. As per ORG-MARG update (which reflects the secondary sale of pharmaceutical products in the country) the size of the industry for 2003-04 is estimated at Rs. 19,679 crores (approximately USD 4.3 billion).

India Industry - Preparing for Product Patent Regime

The industry is approaching the product patent era and enhanced drug regulation. As a result, the phenomenon of the marginal and small players ceasing or becoming part of the large players, which has begun, will accelerate. The large players in the domestic market will constantly seize opportunities to achieve critical mass, which will be so essential for funding their international forays and Research & Development pursuits.

Under the WTO agreement, member nations (especially developing countries, including India) have been given a transition period, up to 2005, to enforce product patents in their countries (but only for patents registered after January 1995). In the interim, these countries are expected to enact relevant laws and stopgap measures (including the granting of exclusive marketing rights) to ensure a smooth transition to the new patent regime.

India, which currently recognizes only process patents, is gearing up to introduce the product patent regime in January 2005. The patent legislation, which allows grant of exclusive marketing rights (EMRs) to original patent holders, has been passed by the Parliament. However, the patent act still has to be amended to recognize product patents. The new patent act is to be approved before the January 2005 deadline, though a few modifications might be required to incorporate domestic industry associations' demands like compulsory licensing provisions.

As and when the new patent act becomes a reality, companies can no longer replicate molecules (drugs) discovered by pharmaceutical multinationals whose patents are registered after January 1995. A corollary to this is that pharmaceutical multinationals can now introduce new products for which patents have been taken after January 1995 from their parents' pipelines without the risk of having these products copied by Indian companies. This, in turn, implies that product introductions (especially of new drugs) by pharmaceutical multinationals are likely to increase in the future.

This would be positive in the long run (especially for MNCs), but may not affect medium-term earnings of either domestic or multinational companies (primarily because product patents will be awarded to only those drugs for which the patent was filed after January 1995). Moreover, even Indian domestic pharmaceutical companies are expected to benefit from the increased pace of new product launches, as many will be looking to capitalize on their selling and distribution capabilities by entering into alliances with the MNCs for launching their latest drugs in India.

Challenges and Opportunities

The Indian pharmaceutical industry is going through major structural changes as seen above. The key factors influencing the industry are: boost in healthcare spend due to rising incomes, growth in patient population, intense price rivalry amongst industry players, entry of private insurers, changes in patent laws, changes in price control regime, enhanced drug regulatory standards, patent expiry of blockbuster molecules in key overseas markets, increased R&D investments and consolidation within the industry. These changes pose many challenges and opportunities to companies operating in this environment.

An important opportunity on the horizon for the Indian pharmaceutical industry is the generic market in advanced countries. Generic medicines are cheap bio-equivalent substitutable copies of molecules for which patents have expired. Due to mounting health care costs in these countries, the government is encouraging the faster entry and use of generic medicines to reduce costs. In the leaner, more cost sensitive and competitive future, gains in shareholder value are as likely to come as much from using capital more efficiently as from expanding the scale of pharmaceutical operations. Outsourcing will play a key part in improving capital efficiency and focusing resources. Of the 44 products generating blockbuster sales in 2000, 33 will lose patent protection in the US before 2007, exposing approximately $45.5bn of US ethical revenues to generic competition**. Globally, patents protecting 80% of blockbusters in 2000 will expire by 2007, freeing up $67bn to generic erosion**.

The R&D and sales and marketing functions of major pharmaceutical companies are suffering from declining productivity. To date, the industry's main strategic response to this – mergers and acquisitions – has not been fully effective in addressing this dynamic. A networked pharmaceutical model is the answer to the longer-term challenges faced by the industry. According to this business model, major pharmaceutical companies, which currently operate approximately majority of the activities in-house, will eventually perform only a fraction in-house. The remainder of the functions will be conducted externally, via a carefully selected, risk-managed portfolio of straight outsourcing arrangements and strategic alliances.

Many of the Indian companies have already built competencies to meet the stringent regulatory requirements of the advanced highly regulated markets, are cost competitive in fast and innovative product development and have efficient manufacturing processes – all necessary ingredients for building a fast growing international generic business.

Traditionally, the term 'outsourcing' in the pharmaceutical industry has implied converting the fixed costs of maintaining the necessary personnel, infrastructure and expertise to execute a development operation, into the variable costs of paying a subcontractor to perform that process when it is required, often on an 'ad hoc' basis. These subcontractors frequently take the form of Contract Research Organisations (usually referred to as CRO), Contract Manufacturing Organisations (CMO) and Contract Sales Organizations (CSO).

The three prevalent outsourcing themes in the current context are:

1. Contract Research Organisations

As mentioned, pharmaceutical and biotechnology companies can hire CROs to outsource part or all of their R&D processes. The CRO industry, which was born in the 1970s, now consists of over 1,000 companies across the US and the European Union**. The sector has witnessed continued consolidation over the past few years, with M&A activity more than matching that of the pharmaceutical industry as a whole. However, there are still many boutique CROs specializing in particular therapy areas or even a particular set of indications within one therapy area. Larger CROs, such as Quintiles, now offer an exhaustive list of core and ancillary R&D services from pre-clinical studies to product launch**. Some CROs have acquired upstream capabilities such as discovery (e.g. PPD Development), some have acquired downstream capabilities such as contract sales and marketing (e.g. Quintiles), some both**. Traditionally, CROs have focused on carrying out clinical development services but now that the largest offer an increasingly sophisticated and broad range of services, they can almost be thought of as contract pharmaceutical organizations.

CRO market consists of early-stage development to test the safety, side effects and efficacy of drugs, as well as late stage development to test their long-term safety, efficacy and performance compared to alternatives in the market. The services provided to the client include clinical monitoring and data management, protocol design, bio manufacturing, and medical report writing.

The top 4 CROs have grown to control 49% of outsourced clinical development. The important players in this market are Quintile (20%), Covance (16%), Paraxel (7%) and PPD (6%)**.

2. Contract Manufacturing Organisations

Pressure on sales growth (due to the rising number of drugs going off-patent, slower new drug approvals and declining period of product exclusivity), and rising R&D costs in order to maintain an NCE pipeline may result in margins of R&D oriented pharmaceutical companies being further squeezed. Around the world, government and health insurers are struggling to check the ever-mounting expense on prescription drugs. The Hatch-Waxman Act of 1984 has had a tremendous impact on the US prescription drug market. As many blockbuster products* approach patent expiry, even the US FDA is planning a public advertising campaign to encourage the use of generic drugs, which already account for 47% of ethical prescriptions, against 18% in 1984**. The share of generics in total prescriptions is also expected to be over 50%, as many innovator products are due to lose their patent protection over the next ten years. Between 2001 and 2010, in the US alone, patents of 42 of the 52 blockbuster drugs, with global sales of over $1bn in 2001 and combined sales of approximately $82bn, will expire**.

Many R&D-based pharmaceutical companies are expected to be affected by the number of drugs going off-patent, as mentioned above. Hence, we believe that, to maintain the momentum growth, these MNCs have to reduce manufacturing costs, MNCs are expected to increasingly outsource part of manufacturing of bulk actives and formulations. This would definitely enhance the prospects for countries that offer a low-cost manufacturing base such as India, China, Korea and Taiwan.

CMOs provide chemistry services that assist in early-stage discovery and small-scale manufacturing process development. They also manufacture APIs and intermediate ingredients – both chemical and biological compounds used to make drugs – in clinical trial-scale and commercial-scale quantities. CMOs also provide secondary dosage form manufacturing, i.e. making pills and injectable drugs.

CMOs include companies such as DSM/Catalytica, Degussa-huls/Laporte and Lonza.

3. Contract Sales & Marketing Organisations (CSOs)

CSOs help drug companies promote, market and sell new and existing drugs. CSOs build sales forces and conduct promotional marketing of medical education services.

The greatest new product opportunities for bulk pharmaceutical and chemical manufacturers continue to emerge from branded prescription products losing patent protection. An estimated US $50 billion (dose-form level) of prescription pharmaceuticals are expected to lose patent protection between 2003-2007* as many of these off patent drugs "go generic". Drug companies will purchase the services of bulk pharmaceutical chemical manufacturers to produce them.

Sources:

** Source: Reuters: The Generics Outlook 2001 (Paul Evers)** Source: Pharmaceutical R&D Outsourcing strategies: An analysis of market drivers and resistors to 2010 (Steve Birch)*

BUSINESS

Company Overview

Business Overview

In 1945, Mr. Govind Ramnath Kare, who was in the business of wholesale and retail trade of pharmaceuticals, started a firm called Indo Continental Trading Company. The principal business of this firm was to import pharmaceutical formulations from Europe and distribute them in Western India. However in 1947, after India became independent, the new Government in its bid to encourage indigenous manufacturing of medicines banned import of several formulations. Mr. G.R. Kare decided to venture into manufacturing of pharmaceuticals and renamed his firm as Indoco Remedies Limited.

The manufacturing operations were started in a small house in Thane near Mumbai. However in this early period, the Company suffered a severe setback. During the independence movement, the border between India and Goa was sealed and Mr. Kare was unable to travel to Mumbai to manage the company. In 1963, soon after Goa's independence, Mr. Suresh G. Kare, son of Mr. G.R. Kare came to Mumbai and took over as Managing Director of the unit. Under the stewardship of Mr. Suresh G. Kare the business grew from a turnover of Rs. 0.25 mn and total employee strength of around 20 in 1963 to a turnover of Rs.1776 mn and 1750 employees in 2004. We now have 5 plants located in Goa, Andheri, Tarapur and Waluj.

***Our Business Segments*:**

Our business can be divided under the following three basic segments:

I. Formulations

II. APIs

III. Contract Research and Development

I. Formulations:

We have four divisions for marketing, viz, Indoco, Spade, Radius and Warren. In the domestic market, our business primarily comprises prescription and some institutional sales with institutional contributing 5% and prescription sales of 95% in FY 2004. In the international markets, our business is classified based on the markets we cater to, viz, the regulated markets like Europe, East European countries, and South Africa, and the non-regulated markets like Kenya, Zambia, Bolivia, Myanmar, Sri Lanka, Yemen Zimbabwe, etc. Regulated markets have a higher requirement in terms of quality, production norms, documentation and adherence to compliance of procedures.

The key therapeutic segments for Indoco division include Anti-colds, Anti-spasmodics, Anti-infectives, Stomatologicals, Topical Anti-fungals, Anti-inflammatory, Cough and Cold preparations and Anti-diabetics, Cardio-vascular and multi-vitamins. Indoco focuses on General Practioners (GPs), Paediatricians, Consulting Physicians and Gynaecologists who prescribe Anti-spasmodics, Anti-colds, Cough preparations, Anti-infectives and Topical Anti-fungals. The main products are Cyclopam, Vepan, Cloben-G, Glychek, Tuspel Plus, Atherochek & MCBM 69, where Atherochek & MCBM 69 are the first time launches in India.

With the basket of products increasing, we decided to launch the first separate division viz. Spade. This division was first launched in West and South Zones, which are the strong areas of Indoco division. With this arrangement, we had 2 representatives meeting one doctor separately and also added new doctors to the coverage, thereby increasing the prescription support. This helped us to increase the sales of the products promoted by both the divisions' viz. Indoco and Spade. Influenced with the success of Spade division in the above 2 zones, we increased the reach of our products under the Spade division to other parts of the country. Presently, we have our Spade division across the country except for Delhi, Bihar and Assam. The Spade division caters to G.Ps., Paediatricians, Consulting Physicians ("CPs") and Gynaecologists. The therapeutic segments promoted are anti-cold, anti-bacterial, antipyretic - analgesic, cough preparations, anti-asthamatic, haematinic, anti-spasmodic, anti-inflamatory and anti-ulcerant. The main products are Febrex Plus, ATM, Aloha, Cyclomeff and Estab.

To further expand in other therapeutic segments, in 1999, Indoco took over Warren Pharmaceuticals Ltd. and Warren Laboratories Private Limited ("Warren"), which had a presence in Stomatological and Ophthalmology segments. Since Indoco has taken over Warren, it has retained its no.1 position in the stomatological segment (Source: ORG MARG-July 2004) and has grown in Ophthalmic segment too.

When Indoco took over Warren in 1999, Warren's position in the Oral stomatologicals market was No. 2 and the ophthalmological segment had a few products.

Indoco improved the position of Warren division in the oral stomatologicals market from No. 2 to No. 1 by the following:-

1. Introduction of new volume accruing brand - Sensodent-KF which is now a 3.10 crore brand (as per Mat July 04 ORG).
2. Increased and focussed promotion for Dentists.
3. Aggressive promotional thrust.
4. Change of packs from metal tubes to attractive plastic lamitubes.

Indoco improved the position of Warren division in the ophthalmological segment by the following:-

1. Introduction of new brands like Tobaren, Tobaren-D, Irisol Plus, Ofloren, Picamid Plus.
2. Change of packs from glass bottles to new and modern lupolene packs.
3. Setting up a state of the art, ultramodern plant at Verna - Goa especially for ophthalmic products.
4. Increased and focussed promotion for Ophthalmologists.
5. Formation of Core Ophthalmologists list for every MR, Field Manager and increased promotion to these doctors.

Warren caters to dentists, ophthalmologists, E.N.Ts and G.Ps. The therapeutic segments promoted are anti-hypersensitive toothpaste, antiseptic anaesthetic gel, antibiotic eye drops, mydriatic cycloplegic eye drops, tear substitute eye drops, topical anaesthetic, oral NSAID and anti-bacterial mouth wash and gels. The main products are Sensodent-K, Sensoform, Senolin, Sensodent-KF, Rexidin, Lignox, Homide, Dexoren, Dentogel and Tobaren.

Indoco felt the need to make a foray into the life style segment and hence launched a speciality division, Radius, in December 2002, to focus on chronic diseases with its thrust on diabetes and cardiovascular therapeutic segments. Within a span of 2 years this division has launched its products across the entire country except in Delhi and Bihar. This division caters to Diabetologists, Cardiologists & CPs. The therapeutic segments promoted are anti-diabetic, anti-hypertensive, lipid lowering and anti-coagulant, the main products being Cholechek, Amchek, Prichek and Clopirad.

The total sales of the above four divisions for the last three years is as follows;

	For the year ended June 30,		
	2002 (Rs. mn)	**2003 (Rs. mn)**	**2004 (Rs. mn)**
Domestic Sales			
Indoco	707.27	775.41	923.19
Spade	203.95	251.98	284.68
Radius	-	10.56	43.89
Warren	285.29	321.46	333.09
Sub-Total	**1196.51**	**1359.41**	**1584.85**
Export Sales	51.81	63.82	134.14
Total Sales	**1248.32**	**1423.23**	**1718.99**

Source: Audited figures

The therapeutic wise sales breakup is as given below:

(Rs. Mn)

GROUP	2002-03	2003-04
ALIMENTARY SYSTEM	**184.30**	**216.00**
CYCLOPAM		
CYCLOMEFF		
OMIND		
CARMICIDE		
ANTIDIAB	**39.00**	**59.00**
GLY/GLY-M		
ANTIINFECTIVES	**212.70**	**253.60**
VEPAN		
ATM		
OFLOREN		
CIPRIND		
RESPIRATORY	**259.10**	**300.10**
FEB PLUS		
TUS PLUS		
TUSPEL		
TUSPRESS		
TUS PX		
TRIZ		
EFELIN		
ANALGESICS,ANTIPYRETICS	**78.80**	**85.30**
DOLOROFF		
IBU-P		
FLAMAR-MX		
OSTEOFLAM		
FEBREX		
DERMA	**79.00**	**98.70**
SCABEX		
CLOBEN-G		
POVICLEAN		
GYNAEC PREPN	**98.20**	**106.20**
T-SYL		
HEMSYL		
NOSIC		
CITAL		
ALOHA CAPS		
ALOHA LIQ		
STOMATOLOGICAL	**196.74**	**209.44**
SENSOFORM		
SENSODENT		
SENSODENT- K		
SENSODENT –KF		
OPHTHOLMOLOGY	**99.00**	**95.11**
CEPROLEN		
DEXOREN – S		
HOMIDE		
RENOLEN		
OTHERS	**112.56**	**161.40**

Source: Audited figures

The details of our top brands are as given below:

Rs. Mn

Brand	**Therapeutic Segments**	**2002-03**	**2003-04**
Febrex Plus	Anti cold	160.32	189.13
Cyclopam	Anti spasmodic	144.52	171.40
Sensodent K	Stomatological	66.24	73.92
Cloben G	Dermatology	63.78	72.08
Vepan	Anti-infective	91.87	111.03
Sensoform	Dental Preparation	62.13	61.17
Cital	Anti Alkaliser	40.45	40.94
Febrex	Analgesic & Anti-pyretics	24.15	26.83
ATM	Anti-infective	13.98	21.40
Renolen Eye Drops	Ophthalmology	24.19	21.07

The August 2004 ORG has ranked us 24th in the prescription audit. Few of the important products of our various divisions and their ranking as per the August 2004 ORG are as follows:

Division	**Product**	**Ranking**
Indoco	Cyclopam tablet	No. 2 in anti-spasmodic market
	Cloben-G	No. 2 in anti-fungal market
	Vepan Group	No. 4 in Cefadroxil market
	Glychek-M	No. 6 in Gliclazide + Metformin market
Spade	Febrex Plus Syrup	No. 1 in anti-cold syrup market
	Febrex Plus tablet	No. 3 in anti-cold solids market
	ATM Solids	No. 7 in Azithromycin market
	ATM Liquids	No. 5 in Azithromycin market
Warren	Sensodent-K	No. 1 in Dental range
Radius	Prichek*	No. 14 in anti-diabetic segment
	Cholechek*	No. 28 in cardiovascular segment
	Amchek*	No. 24 in cardiovascular segmeny
	Clopirad*	No. 20 in cardiovascular segment

*Based on ORG Marg Aug 2004 MAT

In the domestic markets, the Government has powers to fix the prices of bulk drugs and their formulations under the Drug Price Control Order (DPCO), 1995. The prices fixed are periodically monitored and amended, usually downwards. Generally the profit margins are lower for drugs under DPCO. Currently the prices of 74 bulk drugs and their formulations are fixed under DPCO covering approximately 26% of industry sales.

13.9% of our products are covered under the DPCO. In the event Government reduces the prices of our products under DPCO or introduces price control on products currently not subject to such control, the profit margins could be significantly affected. The stated policy of the Government is to move away from price control and to this end it has announced its intention to formulate a new drug policy with reduced span of control.

Regulatory Affairs

We have a separate Regulatory Affairs Department, which was set up in the year 1994 to handle registration of products for export. Now on an average we are submitting about 17 product dossiers per month for registration to overseas countries.

Status regarding registration of products with authorities of different countries (division wise details):

Country	Indoco	Spade	Radius	Warren
Albania				
Registered	-	3	-	-
Botswana				
Under Registration	2	-	1	1
Guatemala				
Under Registration	8	-	-	-
Kenya				
Registered	20	8	1	4
Under Registration	2	5	-	1
Tanzania				
Registered	13	-	-	-
Under Registration	5	1	-	-
Ukraine				
Under Registration	4	-	-	-
Uganda				
Registered	4	-	-	-
Under Registration	7	1	-	-
Vietnam				
Registered	6	-	-	-
Under Registration	4	1	-	1
Zambia				
Under Registration	12	2	-	5
Zimbabwe				
Registered	3	-	-	-
Under Registration	9	1	-	2

The countrywise export sales during the year ended June 30, 2004 is given as under:

Name of the Country	Amount (Rs. mn)
UNITED KINGDOM	53.80
KENYA	22.40
MYNAMAR	9.40
VIETNAM	4.70
ZIMBABWE	4.30
YEMEN	3.30
WEST INDIES	3.20
SOUTH AFRICA	1.20
MAURITIUS	0.20
OTHERS	31.54
TOTAL	**134.04**

Source: Audited figures

Capacity and capacity utilization statement

The table below gives the details of the actual installed production capacity and the utilization of the production capacity covering all the plants of the Company based on the different forms of product produced. This data is based on the plants working on a single shift basis.

Own Capacity

Category	U.O.M.	2002 Installed	2002 Actual*	2002 %	2003 Installed	2003 Actual*	2003 %	2004 Installed	2004 Actual*	2004 %
Liquid	K.L.	2,000	1,702.640	85.13	2,800	1,602.490	57.23	2800	1969.27	70.33
Tablets	Mn	500	580.890	116.18	1,700	754.830	44.40	1700	642.03	37.77
Ointment & Lotions	Tonnes	400	171.500	42.88	150	207.600	138.40	150	172.78	115.19
Toothpaste & Mouth Gel	Tonnes				400	572.850	143.21	400	629.19	157.30
Capsules	Mn	10	1.940	19.40	10	1.480	14.80	10	1.48	14.80
Injectables & Eye Preparations	K.L.	345	22.220	6.44	220	127.000	57.73	220	123.99	56.36
Sweetner Tablets	Mn				1200	155.64	12.97	1200	1251.22	104.26

Source: Audited accounts of Indoco

There is an increase in capacity from 2002 to 2003, due to the merger of Warren into Indoco.

*Actual production includes goods manufactured on loan license basis.

Third party out sourcing (Purchase)

	2002	2003	2004
Liquid (KL)	5.20	108.62	89.18
Tablets (Mn)	15.06	38.02	38.80
Ointment & Lotions (Tonnes)	3.59	0.29	45.36
Capsules (Mn)	3.70	9.83	9.47
Injectables & Eye Preparations (KL)	77.54	0.01	7.40

Loan licensee out sourcing

	2002	2003	2004
Tablets (Mn)	184	147	71
Liquid (KL)	561	553	241
Ointment/Lotion (Tonnes)	26	137	146
Toothpaste (Tonnes)	-	188	156
Eye/ear drop/ injection (KL)	30	19	19
Capsules (Mn)	-	1.48	1.48

Source: Audited figures

Competition

The Indian Pharmaceutical market is valued at Rs.180,000 mn. Out of this, Indoco's turnover is Rs.1420 mn. We have competition in our covered market from Cipla, Glaxo, Dr Reddys, Ranbaxy, Cadila, Lupin, Nicholas. Indoco has presence in the stomatologicals, Antispasmodics, Anticold, Antibiotic (Antibacterials), Topical Corticosteroids, Oral antidiabetics, Urinary Alkalisers, Cough Expectorants, Analgesics, etc.

Our presence in these specific markets is given below:

Sr. No.	Market	Value (Crs.)	Brands	Value (Crs.)	Competitor	Value (Crs.)
1.	Stomatologicals	124	Sensodent-K Sensoform	10.4 8.7		
2	Antispasmodics	206	Cyclopam	14.8	Spasmoproxyvon (Wockhardt)	36
3	Anticold	150	Febrex Plus tab Febrex Plus Syp	8 12	Sinarest (Centaur) Wikoryl (Alembic)	15.9 9.2
4	Antibiotics	3272				
	- Cefalosoporins	1141				
	- Cefadroxil	157	Vepan	13.7	Cefadrox (Aristo)	20
	- Macrolides	317				
	- Azithromycin	75	ATM	4.4	Azithral (Alembic)	22.6
5	Topical Corticosteroids	404	Cloben-G	6	Candiderma (Glenmark)	7.5
6	Oral antidiabetics	650	Glychek/			
			Glychek-M (Panacea)	6.6	Glizid/Glizid-M	33.3
7	Antacid, Antiflatulent	924	Carmicide	3.2	Bonnisan (Himalaya)	13.7
8	Antihistaminics	334	Triz	2.2	Cetzine (Glaxo)	22.5
9	Anti inflammatory, Antirheumatic Ibuprofen combinations	1118 133	Ibuflamar-P	2.2	Combiflam (Aventis)	

Source: ORG MARG August 2004

In some of the above mentioned categories, our brands are among top 5 brands e.g. Cyclopam, Febrex Plus, Vepan, ATM, Sensoform. These products contribute 64% of our turnover.

We have launched a speciality divison i.e. Radius to cater to Cardiac & Diabetic market, which is Rs.22,000 mn, growing at more than 10% growth. We cater to our existing customers – GPs, Paediatricians, CPs, Gynaecologists, through 2 divisions - Indoco & Spade.

II. APIs

Trading:

We are currently marketing APIs manufactured by our group company, viz , SPA Pharmaceuticals Pvt. Ltd. ("Spa Pharmaceuticals").

The manufacturing facility is located at R 104, Rabale MIDC, TTC Area, Thane Belapur Road, Navi Mumbai 400 701 on a total plot area of 1926 sq. meters. The facility is equipped with the Glass Lined ("GL") and Stainless Steel ("SS") reactors with supporting machineries and utilities. Currently, Spa Pharmaceuticals employees 30 technically competent staff at this facility. The installed and utilised capacity per API at this plant is as follows;

	2002			2003			2004		
Particulars	**Installed**	**Actual***	**%**	**Installed**	**Actual***	**%**	**Installed**	**Actual***	**%**
Roficoxib	5000	1640	32.80	5000	3420	68.40	10000	4406	44.06
Dicyclomine HCl	15000	14290	95.26	15000	16135	107.56	15000	11735	78.23
Chlorzoxazone	85000	81800	96.23	85000	70000	82.35	100000	93550	93.55

Source: Annual Reports of Spa Pharmaceuticals

Out of the three API's produced at this plant, Chlorzoxazone and Dicyclomine HCl are generics. However, Rofecoxib is a molecule under patent. This has been patented prior to 1995, and hence the new regime of product patent will not affect our manufacturing of this API.

We buy the APIs, manufactured by Spa Pharmaceuticals for our captive consumption as well as for trading in domestic and export markets. The break-up of trading and captive consumption of these APIs is as follows:

Particulars	2002	2003	2004
Captive consumption (Kg)	8,839	5,920	6,050
Domestic sales (Rs. in mn)	4.37	0.10	26.78
Exports (Rs. in mn)	0.24	1.11	2.83
Domestic sales (Kg)	7,195	200	34,392
Exports (Kg)	175	585	1650

Till the year 2001-2002 Spa Pharmaceuticals was selling the goods within Maharashtra through the Company. Spa Pharmaceuticals started selling all the goods produced by it directly during 2002-2003. Thereafter, Indoco started selling all the quantities produced by them.

The key terms between Spa Pharmaceuticals Pvt. Ltd and the Company are as given below:

- Agreement for Sale / Purchase of goods dated May 27, 1999 between Ameya Pharmaceuticals & Chemicals Pvt. Ltd. ('Seller') and the Company ('Purchaser') where the parties have for several years been carrying on the business of manufacture, sale and distribution of pharmaceutical products including bulk drugs and / or formulations.
- This Agreement shall come into effect from the date of execution of this Agreement and subject to the provisions of Termination, remain in full force and continue to be valid and binding on the parties for a period of 10 years and may be renewed thereafter by the parties for such further period.
- The Company shall place orders with the Seller for the purchase of the Products or any of them from time to time. The order shall contain the quantity, delivery schedule and the destination of the delivery in respect of the Products or any of them. However, the Company shall be entitled to alter or modify an Order placed upon with the Seller, if the Seller has not started the implementation. In the event of the Seller already having implemented the said Order, the Seller shall, in consultation with the Purchaser, endeavour to complete the balance part of the said Order in terms of the modification, if any, suggested by the Company.
- The Seller shall sell the Products to the Company at a price mutually agreed upon from time to time, depending on the prevailing market conditions and cost factors.
- The Company shall not accept any part of the Products until the Company has actually inspected the Products and ascertained that the same are in accordance with the specifications and other terms and conditions of the Order. The Company can reject the Products or any of them, if it is not found in accordance with the Order within a reasonable time after such inspection. In the event of any consignment being rejected by the Company, the Company shall at its option be entitled to seek refund of the price from the Seller or call upon the Seller to replace the rejected quantity of the Products free of charge within a reasonable period of time.
- The Seller shall be liable for penalties by the concerned authorities and bear the entire cost and expense incase the Company is called upon to return the rejected Product. The Company shall be entitled to recover with interest at the rate of 24% per annum, in case the Company is asked to pay any money to the Seller in respect of any rejected Product not replaced by the Seller together with penalty levied by the concerned authorities and any additional expenditure over and above the price which has been incurred by the Company.
- The Company shall be entitled to receive from the Seller for every breach / short supply / defective supply a sum of atleast 25% amount of last six (6) months sales of the Products as and by way of liquidated damages and not by penalty.

The export of these APIs is mainly in non-regulated markets including countries like Thailand, Bangladesh, Turkey and Egypt.

The competition is from local companies viz, Ami Drugs and Speciality Chemicals Inc, Gujarat for Chlorzoxazone, M/s. Flame Pharmaceuticals and Palam Pharma Pvt. Ltd., Ahmedabad, for Dicyclomine HCl and M/s. Aarti Drugs and Ramdev Chemicals Pvt. Ltd. for Rofecoxib (Source: *Pharma Guide 1.08.2004 and 15.07.2004, Chemical Weekly 25.05.2004).* The competition is mainly on price front.

The plant is over 20 years old and was designed in line with the regulatory standards prevailing then. It does not allow for further expansion and therefore the manufacturing of newer molecules for the regulated markets. Further, the renovation of the plant to bring it in line with the standards required by the regulated markets will not be technically feasible. Thus, continuing our manufacturing operations through the said facility of our group company Spa Pharmaceuticals would not allow us to access the regulated markets. The drug master files ("DMFs") for two of our APIs viz., Chlorzoxazone and Dicyclomine are under compilation.

Other Trading details

In addition to the above mentioned APIs we also import other APIs such as Sulphadoxine, Cimetidine, D- Calcium Pantothenate, Primaquine Phosphate etc. These APIs contributed Rs.68.31mn, Rs.38.6 mn and Rs.27.5 mn in 2002, 2003 and 2004 respectively.

Manufacturing

We propose to undertake the manufacture of APIs at a new plant at Mahad in Maharashtra, details of which are given under the section titled 'Our Objects'. Setting up this new manufacturing facility will make our own API available for captive consumption especially for the finished dosage forms for the regulated markets.

III. Contract Research and Development:

Our R&D center is located at our Andheri facility over an area of 6100 sq. ft. Our research and development department can be segregated into formulation development department and the analytical method development department. Some of the major therapeutic areas that the R&D has been working are anti-inflammatory, anti diabetic, anti-infective and cardiovascular drugs. We also have a strong presence in ophthalmic and oral health products. Our R&D skills are used for in-house development as well as for undertaking contract research activities.

We undertake validation of the testing methods used for testing the quality of the drugs. We have received a contract research agreement from a US based company for validation of analytical method for the analyte Dimethicone provided by the US company to our Company for a total consideration of USD 7150, 25% payable in advance when the method validation work will commence and balance upon delivery of the results. All intellectual property rights subsisting in or relating to any calculations, data, specifications, papers, documents, together with any other items, materials or information given by the US company to the Company in connection with any study under this Agreement will vest in the Company excepting the rights to any general materials such as standard operating procedures, software, and any innovative laboratory methodology developed having general application. We also develop the product and the dossiers required for the registration of products in European countries. One of our UK based clients has awarded us the contract for development of product dossier ("Eurodossier") for obtaining marketing authorisation in UK. We have entered into a Collaboration Agreement with the UK based client, dated October 29, 2003 wherein the UK based company has requested the Company to manufacture and supply certain products to be marketed in the UK.

1. Technical Agreement dated October 29, 2003 entered into between UK based company and the Company defines the responsibilities for the quality control, manufacture, assembly, release, storage and distribution of medicinal products and such other products as may be agreed, in writing, by the parties from time to time. The Agreement covers products manufactured and packaged at the Company's facility in India and imported and distributed in the UK by UK based company in their own livery.
2. Supply Agreement dated October 29, 2003 entered into between UK based company and the Company, with respect to the supply of products in various liveries/ labels by the Company in accordance with the terms set out in this Agreement. It is provided that the Company shall supply to UK based company, during the term of this Agreement, all quantities of the products in patient packs, in accordance with the Agreement and that UK based company's rights hereunder would be non-exclusive.

We have also entered into a Technical Agreement and a Commercial Agreement with another UK based client for developing generic product and dossier for seven products for marketing in UK.

a. The Technical Agreement [undated] between UK based company and the Company provides that the responsibilities of quality control, manufacture assembly, release, storage and distribution of medical products to be manufactured in India and imported and distributed in UK by UK based company in their own livery. The Company has to ensure compliance with UK Medicines Act, 1968 and requirements for GMP laid down in EC Directive 91/356/EEC and requirements for GWP laid down in EC Directive 92/25/EEC as applicable from time to time.
b. The Commercial Agreement dated January 28, 2004 between UK based company and the Company provides that the Company undertakes to manufacture, bulk package and supply certain products of UK based company for a price as may be mutually agreed. The Company is solely liable for the quality of the products and their conformity with the technical data.

Both the agreements are governed by English law and subject to the exclusive jurisdiction of English courts.

We are also developing ANDAs for two ophthalmic preparations for a US based client.

The Manufacturing and Supply Agreement dated July 20, 2004 between the Company and US based client provides that the Company shall manufacture and supply certain products to US based client and the US based client and its affiliates shall have the exclusive right within the territory of USA & Canada to promote, market, retail, sell and distribute the products during the term of this agreement.

If either party is interested in the acquisition of the other Party's rights, then a separate licensing agreement will be executed as a stand-alone document.

The Company shall maintain the required licenses, permits, consents and approvals for the manufacture of the products and conform with the applicable laws, regulations and approvals governing the manufacture of the products in USA & Canada.

This Agreement shall commence from the date of this Agreement and shall continue for a period of 5 years and shall be renewed for a further period of 2 years each unless either Party provides written notice to the other, at least 12 months prior to the end of the then existing term, of its intention not to renew the term of the Agreement.

We have also developed our own European dossier for one of the generic products and are in the process of submitting an application to the UK authorities.

We have a well equipped analytical research department with major analytical instruments required for testing of the products. Our R&D department is approved by the Department of Scientific and Industrial Research Ministry of Science & Technology, Government of India.

Particulars	**2002**	**2003**	**2004**
Income from Dossier Development and Contract Research	-	-	3.39
Total	-	-	3.39

The formulation development department has facilities for development of solid dosage forms, liquid dosage forms, semi-solid dosage forms, in-process quality control and novel drug delivery systems (NDDS).

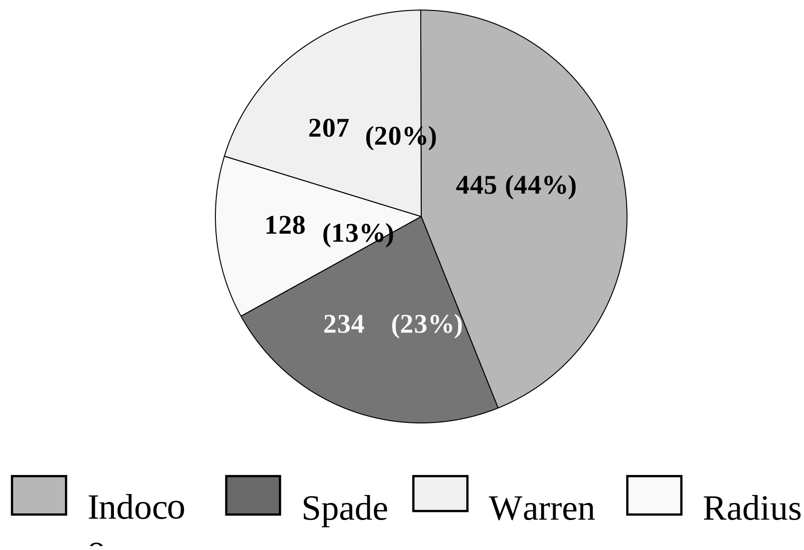
In our development of solid dosage forms we carry out pre-formulation and scale up activities for the products we manufacture. The activities undertaken alongwith the main equipments are sieving – vibratory sifter, granulation – rapid mixer granulator and planetory mixer, drying – fluid bed dryer and try dryer, milling – multimill and oscillating granulator, blending – octagonal blender, compression – 27 station cadmach double rotary and 8 station table top compression machine, coating – conventional and autocoater, packing – blister packing and pouch packing machine, capsule filling – hand operated capsule filling machine.

The analytical method development department of R&D undertakes wet analysis and instrumental analysis using instruments like HPLC, UV, GC, FTIR DSC, Autotitrator, Dissolution test apparatus with autosampler etc. The analytical method development department supports the R&D activities by developing methods of analysis, analysing the materials at different stages of R&D, developing analytical method validation protocol and comparision of our formulation with innovators' formulation etc.

As stated under the section, 'Our Objects', the R&D centre at Andheri shall be dedicated for R&D activities in formulation for non regulated and domestic markets. Simultaneously, we are in the process of setting up a new R&D center in Navi Mumbai, which will be dedicated for research activities related to APIs, formulation development and analytical method development for the regulated markets. Details of the same are available under the section, 'Our Objects'.

Marketing

We conduct our domestic marketing through our network of medical representatives, known as field force. Presently, we have a total field force of 1248 of which 1014 are medical representatives and the balance 234 are field managers who cover the entire country. Further, our medical representatives cover the products according to our business divisions, i.e. as Indoco, Warren, Spade and Radius. We have a total of 445 medical representatives for our Indoco division, 234 medical representatives for our Spade division, 207 medical representatives for our Warren division and 128 medical representatives for our Radius division. Our total coverage and the contribution in comparison to our coverage can be depicted as follows:



Each medical representative calls 250-300 doctors a month. These doctors are selected jointly by the medical representatives and the field manager. The criterion for selection of the doctor is based on his specialitywise support for our products and the quality of his practice. The coverage of the territory is also planned taking into account the potentials of the region.

Our ranking with doctors, as given by IMS - ORG MARG, July 2004 is as follows:

Doctors	**Ranking**
Dentists (Stomatolgicals)	1
Ophthalmologists	9
Pediatricians	12
GPs (Non-MBBS)	20
GPs (MBBS)	24
Consulting Physicians	36
Gynecologists	41

Our Location And Facilities

Our first major manufacturing facility was established in Andheri in an area of 2861 sq. mts. From there on, we have set up or acquired new plants, details of which are as follows:

Manufacturing facility	**Products manufactured**	**Date of commissioning**	**Size (sq. mts.) (Total area / built up area)**
Goa Plant - I	Febrex, Cyclopam, Ibuflamar P, Ciprind, Nosic, Tuspel Plus, Cital	April 1997	12500/6000 existing (planned 5000)
Goa Plant – II	Homide, Renolene, Ceprolene, Tamigen	May 2002	16000/8000 built-up
Andheri	Glychek range, ATM range, Ofloren range, MCBM range,Carmicide	September 1973	2861/2861 built-up
Waluj	Febrex plus range, Cyclopam range, Cyclomeff	Sept. 1990	8100/2804 built-up
Tarapur	Sensodent K, Sensodent KF, Rexidine, Otorex	April 1999	1800/861 built-up

1. Pharmaceutical manufacturing facility at Goa Plant - I

Our Goa Plant – I is situated in Goa Daman and Diu Industrial Development Corporation (“GDDIDC”) in the Verna Industrial Area, Verna. The site is 12 kilometers away from the International Airport and 15 kilometers away from Margao Railway Station. The site is well connected to all major cities in Goa by roads. The site is about 500 meters away from National Highway connecting major metros in India. The plant is surrounded by non-polluting industries which do not generate any smoke, soot or dust. There are no polluting chemical or pesticide-manufacturing units in the vicinity. The plant is located on a total area of 12500 sq mts with a built-up area of 6000 sq mts. The plant enjoys a tax benefit under section 80IA\80IB of the Income Tax. There is a 100% tax exemption for the plant for the first five years since its formation and 30% for the next five years. The plant commenced commercial operations in April, 1997. We have entered into a lease agreement with GDDIDC for lease of 30 years w.e.f December 24, 1994 with an option to extend the lease for further period of 90 years.

The plant manufactures solid oral dosage forms - tablets, liquid orals and external preparations. The plant can manufacture and pack 2.5 mn tablets per shift per day, 65,000 bottles per shift per day and 50,000 tubes per shift per day.

The plant has a total strength of 109 employees of which 15 employees hold either a masters or bachelors degree in pharmacy or 34 hold either a masters or bachelors degree in science.

We manufacture the following products at our Goa-I plant for the domestic as well as export market:

Delivery Type	Therapeutic Segment	Product Names	Market
Tablets	Analgesic /Anti –Pyratic/ Anti Inflamatory	Febrex, Paracetamol, Cyclopam, Ibuflamar P, Nimind CT	Domestic as well as Export
	Anti – Biotics	Ciprind	Domestic as well as Export
	Gynaecology	Nosic	Domestic as well as Export
	Anti – Allergic	Triz	Domestic as well as Export
Liquids	Couph Syrup	Tuspel Plus Expectorant, Tuspress	Domestic as well as Export
	Alkalisers	Cital	Domestic as well as Export
Ointments	Anti – Biotic\Anti Fungal	Cloben, Clob, Cloben G, Neo flu	Export

The plant manufactures non-sterile products in liquid dosage forms (orals), semi-solid dosage forms (creams & ointments) and unit dosage form (tablet). The products manufactured at site are for domestic market and also exported to regulated and non regulated markets. The products manufactured for the companies in the regulated market are Paracetamol, Amiodarone Hydrochloride tablets in 100mg and 200mg and Metformin tablets in 500 mg and 850 mg for companies in the UK. One of the UK based companies is the manufacturer and wholesale distributor in UK and two of the clients are large generic companies in UK. Our exports of products to UK aggregated to Rs 50.40 mn for FY 2004. None of our products has been rejected by them.

We are setting up a new tablet manufacturing facility at our Goa Plant I. This facility is being constructed on the existing land. It will have a manufacturing capacity of 65 mn tablets per month, on a single shift basis. Apart from the above mentioned capacity, it will also have a pilot plant which can be loaned out to the US manufacturers for taking the stability batches or same will be used by our R&D department for taking the stability batches for own development This plant will employ 52 personnel consisting of manager, officer, chemists and skilled workers. This plant is being set up on the US FDA guidelines. We have appointed M/s Pipecon as external consultants to help us set up the plant on US FDA Guidelines. They shall advise on limited areas of HVAC, Electrical fittings, and Mechanical parts only. We propose to utilize this plant to manufacture products for regulated markets. The total cost for upgrading this facility is approximately Rs. 135 mn of which an amount of Rs.72.55 mn has already been spent by November 30, 2004. This amount has been sourced partly from internal accruals and partly from borrowing by way of External Commercial Borrowings from ICICI Bank UK Ltd. We have placed orders with suppliers for civil work/ purchase of machinery and equipments to be used at the site amounting to Rs 111.74 mn. We estimate that the work shall be completed by December 2005.

For our liquid oral and ointment segment, we shall be upgrading the production facilities to meet the UK MHRA and the South African MCC standards. This will increase our manufacturing capacities in liquid segment by 0.30 mn bottles per month. The increased capacity will be managed by our existing staff. The certification by UK MHRA will open the entry of our liquid and ointment products into the European markets**.** The total cost for upgrading this facility is approximately

Rs. 28 mn of which an amount of Rs. 27.57 mn has already been spent by November 30, 2004. This amount has been sourced partly from internal accruals and partly from borrowing by way of External Commercial Borrowings from ICICI Bank UK Ltd.

Warehouse: We have a warehouse located in the main building of our manufacturing facility. It has 866 pallet spaces. It has 3-filtered forced draft air supply and ventilation through turbo ventilators provided on top of roof.

There are separate dispensing areas for each dosage form i.e. for tablets, liquid/orals and externals. Dispensing activities are carried out under reverse laminar airflow unit. There is an air conditioning area to store materials, which require cool temperature.
Bonded storeroom is also provided with air conditioning area to store finished goods, which require cool storage.

There is a separate area for quarantine, approved and rejected materials. Printed packaging materials are stored under lock and key. There are separate receiving bays for raw and packing materials with separate despatch bay for finished goods dispatches.

Utilities

The key utilities required in our plant are power and water. Our annual requirement for electricity is 18,00,000 KW per annum. We have entered into a power supply arrangement with Reliance Salgaocar Power Company Limited, vide our agreement dated January 25, 2002, for guaranteed minimum consumption of 9,00,000 KW of electricity per annum for both the plants, Goa-I and Goa-II. If our annual requirement is to exceed this, then a revision can be sought. In the event of any disruption of power supply, we have installed diesel generator/s of 320 KVA capacity to provide back up. The actual consumption of electricity for the year ended June 30, 2004 is 1.26 mn units.

Our annual water requirement of 18000 m^3 is sourced from the Goa / Daman and Diu Industrial Corporation. We have entered into an agreement with them for the supply of the same. We also have bore wells that can supply us water in the event of any disruption of water supply.

Effluent Management System

The total quantity of effluents collected in a day is approximately 35 - 45m^3/day. The effluent treatment plant has the capacity to handle 70 m^3 of effluent per day. The effluent enters the collection tank by gravity where it is treated. The clear & treated effluent from the clarifier is taken to clarified water tank. The clear effluent is then collected in the treated water tank where hypochlorite is dosed. The treated effluent is used for gardening purposes. The sludge from the Primary and Secondary clarifier is taken to the sludge drying beds. Dried sludge is carted for land filling. The effluent treatment plant is equipped with piping, electrical and instrumentation fittings.

Management of hazardous waste

The nature of waste is empty containers of chemicals/raw materials, shredded aluminium foil, used oil, date expiry products, OOS (out of specification) products, waste and residues, barrels, flue gas cleaning residue etc. The mode of storage and disposal is as follows:

Type of waste	Mode of storage / disposal
Containers of chemicals/raw materials/ Barrels	Sent back to party
Used oil	Used as fuel
Date expiry / OOS products	Dissolved in water and sent to ETP
Waste and residues	Dissolved in water and sent to ETP
Flue gas cleaning residue	Pollution Control Board authorised TFDF (transport facility & disposable facility)

The plant has the following registrations:

Approval/Certification	Purpose	From Year
UK MCA under the UK Medicines Act, 1968	Operations are in compliance with the principles and guidelines of good manufacturing practices, recommending to the UK Licensing Authority that the site may be used to manufacture the said product (Paracetamol)	February 2003
UK MHRA	Plant on list as an MHRA approved manufacturing site for manufacturing of Amiodarone Hydrochloride	May 2004
UK MHRA	Plant on list as an MHRA approved manufacturing site for manufacturing of Metformin	March 2004
UK MHRA	Plant on list as an MHRA approved manufacturing site for manufacturing of Paracetamol	May 2004
Sultanate of Oman, Ministry of Health	Indoco registered as a pharmaceutical company	October 2003
Medicines Control Authority of Zimbabwe	Approved the plant and would consider registration of products manufactured from the plant	June 2002
National Drug Authority, Uganda	Approved the plant for manufacture and export of drugs to Uganda	March 2001
Ministry of Health, Tanzania	Approved the plant for manufacture and export of drugs to Tanzania	October 2002
Republic of Sudan	Registration of products manufactured by the plant	November 2000

This plant has received the Indian Drug Manufacturers Association ("IDMA") Excellency Award- Gold in December, 2003 which represents that the company has got manufacturing facility updated to current Good Manufacturing Practices (GMP)\Excellent Infrastructure and documentation.

2. Pharmaceutical manufacturing facility at Goa Plant - II

Our Goa Plant - II is also situated in the premises of GDDIDC's well-developed industrial estate named 'Verna Industrial Estate', Verna which is around 22 kms away from capital, Panaji. The factory is located at approximately 12 kms from Dabolim Airport. The access to the factory is from the main highway and is easily accessible by public and private transport. The nearest railway station from the site is at Margao, at a distance of 15 kms. It measures approximately 16000 sq. mts. and has a total built-up area of approximately 8000 sq. mts. This land is on 30 years of lease and renewable thereafter for further period of 90 years.

The site is surrounded by non-polluting industries which do not generate any smoke, soot or dust. The plant building is completely closed with restricted and controlled man and material entry. Well-maintained gardens and lawns cover the open areas in the plot. The Plant enjoys a tax benefit under section 80IB of the Income Tax. There is a 100% tax exemption for the plant for the first five years since its formation and 30% for the next five years.

For our injectables and opthalmics segment, we shall be upgrading the production facilities to meet the US FDA, UK MHRA and the South African MCC standards. The certification by US FDA, UK MHRA and South African MCC will open the entry of our ophtalmic and injectable products into the US, European and South African markets.

The total cost for upgrading this facility is approximately Rs. 17.50 mn of which an amount of Rs. 14.97 mn has already been spent by November 30, 2004. This amount has been sourced partly from internal accruals and partly from borrowing by way of External Commercial Borrowings from ICICI Bank UK Ltd.

The plant construction commenced in March 2000 and was completed in January 2002. The plant was commissioned in May 2002. The plant has a total of 86 employees of which 11 hold a bachelors degree in Pharmacy and 2 hold a Masters degree in Pharmacy.

Main Products manufactured

Following are the products manufactured at our Goa Plant – II;

Delivery Type	Therapeutic Segment	Product Names	Market
Drops	Ophthalmic	Renolen, Ceprolen, Homide, Ofloren, Dexoren S	Domestic as well as Exports
Injectables	Anti-infectives, Anaesthetics, Anti- spasmodics	Cyclopam, Osteoflam, Hemsyl, Lignox 2% ADR	Domestic as well as Exports

Utilities

The key utilities required in our plant are power and water. Our annual requirement of electricity is 1,200,000 KW per annum. As stated earlier, we have entered into a power supply arrangement with Reliance Salgaocar Power Company Limited, vide our agreement dated January 25, 2002, for minimum consumption of 900,000 KW of electricity per annum. If our annual requirement is to exceed this, then a revision can be sought. In the event of any disruption of power supply, we have installed diesel generators of 750 KVA and 62.5 KVA capacity to provide back up. The actual consumption of electricity for the year ended June 30, 2004 is 1.19 mn. units.

Our annual requirement of water is 18000 m^3. We are sourcing the water from Goa, Daman and Diu Industrial Corporation. As an alternate arrangement, we have our own borewell.

Warehouse

There are separate warehouses for raw materials and finished goods. Each of the warehouses has separate man and material entry. When the raw materials are brought into the warehouse, they are stored in the quarantine area. Subsequent to the approval by the quality control department, they are marked with the approved labels and are available for issue to the production department. For goods requiring cooler temperatures, there are special areas. The main equipments in the warehouse are Forklifts, Laminar Air Flow for Sampling and Dispensing, Weighing Scale, Pallet Truck, Dispensing Pass Box, SS 316 barrel pump, Vacuum Cleaner, Stores Weight box, Drying Oven and Balance.

Effluent Management System

The Effluent is carried into effluent treatment plant by two drains.

Drain A: This drain carries the effluent from the manufacturing area, canteen, and utility and is connected to screen chamber.

Drain B: This drain carries the sewage from change room and is connected to septic tank.

The effluents from the above drains have variable characteristics in terms of pH, COD, BOD, SS, oil and grease. The sewage is collected in the collection tank by gravity. The effluent from collection tank is pumped into the bioreactor tank where it is treated. The treated effluent is used for gardening purposes inside the factory premises. The effluent treatment plant has the capacity to handle 70 m^3 of effluent per day.

Management of Hazardous Materials

All the waste that is generated at the site is handled as per the standard operating procedures. The type of waste generated contains empty containers of chemicals, shredded PVC foil, used oil, date expiry products, OOS products, fuel gas cleaning residues, etc.

The mode of storage and disposal is as follows:

Type of waste	Mode of storage / disposal
Used oil	Used as fuel
Date expiry / OOS products	Crushed, separated from packaging materials and dissolved in water.
Waste and residues	Dissolved in water and sent to ETP
Barrels	Sent to scrap agent
Fuel gas cleaning residues	PCB authorized TFDF

The plant has received a WHO-GMP certificate and is awaiting approvals from MCAZ-Zimbabwe, Namibia, Sierra Leone and Ivory Coast.

The IDMA has awarded the plant the 'Excellency Award – Silver' in December,2003 which represents that the company has got manufacturing facility updated to current Good Manufacturing Practices (GMP)/Excellent Infrastructure and documentation.

Pharmaceutical manufacturing facility at Andheri plant

This plant is situated in the industrial area in the western suburbs of Mumbai at 18A, Mahal Estate, Mahakali Caves Road, Andheri (E), Mumbai – 400 093. It is approximately 8 kms away from the International airport. The plant is surrounded by non-polluting industries, which do not generate any smoke, soot or dust. Water and power is available as per the requirements of the plant. The plant has easy access to public transport. The plant has adequate security arrangements.

The plant manufactures non-sterile products in Unit dosage form (Tablet) and liquid dosage form (Orals). It has the capacity to manufacture and pack approximately 30 mn tablets and 8 lac bottles per month on a single shift basis. The products manufactured at the plant are sold in the domestic markets as well as exported to regulated and non-regulated markets. The plant has a total strength of 137 persons on full time equivalent basis.

By an Agreement of Intended Transfer dated April 10, 1997, the Bombay Xaverian Corporation Private Limited, a public charitable trust has agreed to transfer the property to us for a consideration of Rs 3,00,000. The Company is the lessee of the trust in respect of the said property vides an Indenture of Lease dated May 7, 1972 for a term of 98 years commencing from March 15, 1972. The said transfer is subject to the approval of the Charity Commissioner, upon which a Deed of Conveyance at the cost of the Company will be executed and failing which the trust shall refund the deposit of Rs 2,00,000 and continue with the lease. The consent of the Charity Commissioner has not been obtained till date. Hence, the property continues to be under a lease in terms of the Indenture of Lease dated May 7, 1972. The aforesaid lease may be renewed for a further term of 98 years.

Utilties: The key utilities required in our plant are power and water. Our annual requirement for electricity is 965,000 KW per annum. Our total annual water consumption is 9500 m^3 per annum. The actual consumption of electricity for the year ended June 30, 2004 is 0.59 mn units.

Effluent Management System

The total quantity of effluent collected in a day is approximately 16 m^3/day. The effluent treatment plant has the capacity to treat 16 m^3 of effluents per day. The effluent enters the collection tank by gravity where it is treated. The clear & treated effluent from the clarifier is taken to clarified water tank. The clear effluent is then collected in the treated water tank where hypochlorite is dosed. The treated effluent is let out in the drainage system. The sludge from the Primary and Secondary clarifier is taken to the sludge drying beds. Dried sludge is carted for land filling. The effluent treatment plant is equipped with piping, electrical and instrumentation fittings.

We are sourcing the water from Municipal Corporation of Greater Mumbai. There has never been any shortage of water. Therefore, we do not need an alternate arrangement.

Management of Hazardous Waste:

All the waste that is generated at site is handled as per the procedure laid in the internal manual. The nature of waste is empty containers of chemicals/ raw materials, shredded aluminium foil, used oil, date expiry products, OOS (out of specification) products, waste and residues, barrels, flue gas cleaning residue, etc. The mode of storage and disposal is as follows:

Containers of raw materials	:	Sent back to party
Used Oil	:	Used as fuel
Date expiry/OOS products	:	Dissolved in water and sent to ETP
Waste and residues	:	Dissolved in water and sent to ETP
Barrels	:	Sent back to the supplier
Fuel gas cleaning residue	:	PCB authorized TFDF (Transport facility and disposable facility)

Approvals

The plant has been inspected and certified by World Health Organisation and Reading Scientific Services Limited ("RSSL"), UK to conform to the requirements for Good Manufacturing Practices, in respect of the manufacture and quality control of drug formulations to be sold or distributed within the country of origin or to be exported under the aforesaid licenses. We would be subject to inspection during October 2004. In addition, the plant also has the approval from the Food and Drug Administration, Maharashtra, to manufacture market and sell its products.

We have a well-equipped research and development laboratory where we conduct our research activities. The laboratory has a synthesis laboratory, dosage development laboratory, pilot plant for kilo scale batches, analytical method development department and patent cell. We undertake research for APIs and formulations. Our R& D Centre is constantly fulfilling the need for new product launches in domestic markets, it has also contributed in development work, scale-up and some break through innovative technologies in the area of drug delivery.

Pharmaceutical manufacturing facility at Tarapur plant

The manufacturing plant is located in the Tarapur Industrial Area, Boisar on the outskirts of Mumbai. The plant is 100 Km from the International Airport of Mumbai and 8 Km from the Boisar Railway station. The plant is about 15 Km from the Western Express Highway connecting major cities in India. There are no chemical or pesticide manufacturing unit the vicinity and thus the external environment is relatively clean and pollution free. The plant has a total strength of 41 persons on full time equivalent basis. An Agreement for Lease, dated June 21, 1995, was entered into between Maharashtra Industrial Development Corporation and Warren Laboratories Limited for a term of 95 years commencing from September 1, 1998, with an option for renewal for another 95 years.

The plant manufactures semisolid dosage forms - dental creams and gels, oral hygiene solutions and external preparations like eardrops.

The products manufactured at the plant are for domestic market and also exported to non regulated markets.

Delivery Type	Therapeutic Segment	Product Names	Market
External Preparations	Anti-infectives	Otorex	Export –non-regulated markets and Domestic
Oral Hygiene	Stomatological	Dentogel, Rexidin, Remidin, Sensoform Paint	Export – non-regulated markets and Domestic
Toothpaste	Dental	Sensodent K, Sensodent KF, Sensodent F	Export – non-regulated markets and Domestic markets
Toothpaste	Dental	Sensodent – R, Sensoform Dental Cream	Domestic markets

The plant can manufacture and pack 0.22 mn tubes of toothpaste per month and 0.40 bottles of external preparations per month. At each stage of production, the product/material is identified by affixing identification labels which clearly specify the name of the product, batch number and stage of production. The dispensed raw materials/packing materials and in process materials are stored in specially designated areas.

Tarapur being a developed industrial area, infrastructure facilities are easily available. The plant is easily accessible by rail and road. There are many pharmaceutical, engineering and consumer industries set up in this area and thus resources are easily available. Packing material is locally available. Some of the raw materials required are available in the vicinity of the plant as well form Gujarat.

Utilities

The key utilities required in our plant are power and water. Our annual requirement for electricity is 1255,000 KW per annum. Our total annual water consumption is 4800 m^3 per annum. The actual consumption of electricity for the year ended June 30, 2004 is 0.11 mn units.There is no specific agreement for consumption of electricity.

Effluent Management System

On the basis of characteristics of effluents the following treatment scheme is adopted. The raw effluents are collected in collection tank. The effluent treatment plant has a capacity to handle 10 m^3 per day of effluent.

The effluent treatment plant will bring the quality of effluent up to the standard laid down by the Maharastra Pollution Control Board ("MPCB"). The treated effluent can be used for plantation, floor washing & agriculture or could be sent to the M.I.D.C. drainage. The dried sludge can be disposed off suitably, used for land filling or can be used for agriculture purposes.

Management of Hazardous Waste

All the waste generated at the plant is handled as per the procedure in the internal manual. The nature of waste is empty containers of chemicals/raw material, laminated tubes, used oils, date expiry products, out of specification products. The management of this hazardous waste is as follows:

Type of waste	Mode of storage / disposal
Containers of chemicals/raw materials	Sent to Scrap yard
Used oil	Used as fuel
Date expiry / OOS products	Dissolved in water and sent to effluent treatment plant
Waste and residues	Dissolved in water and sent to effluent treatment plant
Barrels	Sent to scrap yard

Approvals

The plant has been inspected and approved by Central Drug FDA and the State Drug FDA authorities to conform with the principles and guidelines of Good Manufacturing Practice recommended by WHO in respect of the manufacture and quality control of products.

Pharmaceutical manufacturing facility at Waluj plant

The plant is situated at M.I.D.C., Waluj, Aurangabad. This plant is owned by Spa Pharmaceuticals Pvt Ltd. The plant is 17 km from the Aurangabad airport and 15 km from Aurangabad railway station. The plant is well connected to all major cities in Maharashtra by roads. The plant is about 2 km from State Highway connecting major cities in the state. The plant is surrounded by non-polluting industries which do not generate any smoke, soot or dust. There are no polluting chemical or pesticide manufacturing units in the vicinity. The land on which the plant is located is under lease from Maharashtra Industrial Development Corporation, Aurangabad, Maharashtra. The plant is built on a total area of 8100 sq. mtrs and has a built up area of 2804 sq. mtrs. The plant has a total strength of 45 persons on full time equivalent basis.

The plant manufactures following types of non-sterile products.

Liquid dosage forms (orals)

Semi-solid dosage forms (creams & ointments)

Unit dosage forms (tablet)

The products manufactured at the plant are for domestic market and also exported to non regulated markets. Ms Spa Pharmaceuticals Pvt Ltd is doing the manufacturing for Indoco and Blue Cross Laboratories Limited.

The key terms of the Loan License Agreement dated December 22, 2000 between Spa Pharmaceuticals Ltd (‘the Processor”) and the Company are as follows:

The Company has agreed to avail itself of the manufacturing plant & facilities of the Processor and to have the said product(s) manufactured, processed and or formulated by the Processor on loan license basis.

This Agreement shall come into effect from the date of this Agreement and subject to the provisions of Termination, remain in full force for a period of 10 (ten) years from the effective date and may be renewed thereafter by the parties for such further period and on such terms and conditions as mutually agreed between the parties.

The Company shall pay to the Processor, processing charges as mutually agreed between the parties.

It is agreed that it shall be the sole liability of the Processor to ensure that it carries out the processing activity in accordance with all necessary laws including but not limited to the Drug Laws that may be in force, from time to time. The Processor alone shall be responsible and answerable to the various authorities including the Food & Drug Authorities in respect of the processing of the Product thereof.

It does not have trade marks of its own.

The total installed capacity of the plant working on a single shift basis is as follows:

Tablets	:	2.10 mn strips per month
Liquid	:	1.5mn Bottles per month
Ointmnet	:	0.40 mn tubes per month

Waluj being a developed industrial area infrastructure facilities are easily available. The plant is easily accessible by rail and road. There are many pharmaceutical, engineering and consumer industries set up in this area and thus resources are easily available. Packing material is also locally available.

Effluent Management System

The domestic and industrial effluents are collected in the collection tank by gravity. The clear and treated effluent from the clarifier is taken to clarified water tank. The treated effluent is used for gardening purposes. The sludge from the primary and secondary clarifier is taken to the sludge drying beds. Dried sludge is carted for land filling. The effluent treatment plant is equipped with piping, electrical and instrumentation fittings. We have consent from MPCB to operate as a factory and take care of air and water pollutants.

Management of Hazardous Waste

All the waste that is generated at site is handled as per laid down procedures. The nature of waste is non-hazardous solid waste which includes empty containers of raw materials, shredded aluminium foil, used foil, date expiry products, OOS (out of specification) products, waste and residues, barrels, cleaning residue, etc., the mode of storage and disposal is as follows:

Type of waste	Mode of storage / disposal
Containers of chemicals/raw materials	Collected manually and sold
Used oil	Used as fuel
Date expiry / OOS products	Dissolved in water and sent to effluent treatment plant
Waste and residues	Dissolved in water and sent to effluent treatment plant
Sweeping residues	Dissolved in water and sent to effluent treatment plant
Broken glass bottles	Collected manually and sold
Barrels	Collected manually and sold

Manufacturing process

We manufacture dosage form like tablets, liquid orals, ointment and sterile products. The brief procedure adopted by us for each of the above products is as follows:

Tablets

The raw material is sieved through the mechanical sifter. The sieved raw material is mixed in siazzona with starch paste for granulation. These granules are kept in F.B.D. for drying. At specific temperature and time granules are dried and subsequently checked for moisture content. All the lubricants are sieved through the mechanical sifter. The prepared granules are mixed with lubricants in the blender. The weight of lubricated granules is recorded and sent to the quality control department for analysis. Once it is cleared by quality control, the granules are compressed to make tablets. During the compression physical parameters are checked as per specifications. After completion of the compression, samples are sent to the quality control department for analysis. Once cleared by the quality control they are then coated, if required. After completion of coating, samples are sent to the quality control department for analysis. After clearance from the quality control department, the tablets are sent to the packing dept. If tablets are uncoated then they are directly taken for packing after QC release. Tablets are packed either on blister packing machine or strip packing machine or in bulk jars. These strips are packed in cartons. Cartons are further packed in inners / shippers as per product requirement. Final shippers are labeled and transferred to BSR.

The main equipments required for tablet manufacturing are S S paste vessel, rapid mixer and granulator, fluid bed dryer, sifter, cadmill, roto cube blender, tablet compression machine, dedusting machine, blister packing machine, strip packing machine, packing conveyor, shipper bopp taping machine and carton printing machine.

Liquids

In a S.S. tank sugar is dissolved in water by using mechanical stirrer to form sugar syrup. The sugar syrup is filtered through nylon cloth in another SS tank.All the raw materials are added to the tank of sugar syrup under stirring. Where it is found necessary, nitrogen bubbling or blanket is used. The solution is then filtered through a filter press and a sample is sent to the quality control department for analysis. After clearance from quality control, the liquid is transferred to a storage tank for packing with the help of liquid filling sealing machine. The bottles used for the same are pre-washed. The filled and sealed bottles are further inspected on inspection machine. With the help of labeling machine these bottles are labeled and depending on product requirement they are packed in cartons. Otherwise bottles are packed in inners / shippers. Shippers are labeled and transferred to BSR.

The main equipments required for liquid manufacturing are S S Mfg. jacketed tank with stirrer, filter press, collidal mill, centrifugal pump, washing machine, monoblock fill/seal machine with conveyor, auto labeling machine, packing conveyor, bopp tapping machine and strapping machine.

Ointment

The raw materials are used to prepare two phases, water phase and oil phase. Both the phases are heated at around 80^{0}C. The filtered oil phase is then transferred to the mixing tank and stirred. The filtered water phase is then added to same mixing tank. The oil and water phase are mixed at 80^{0}C by stirring until a proper emulsion is formed. This procedure is continued with the help of cooling arrangement until the ointment is formed. It is then cooled down to bring it to room temperature. The ointment is sent to the quality control for analysis. After Q.C.release the same is transferred for filling in tubes with the help of ointment tube filling and sealing machine. Each ointment tube is packed in individual cartons. These cartons are then either shrink wrapped or packed in inners as per requirement of the product. These are then further packed into shippers. These shippers are properly labeled and transferred to BSR.

The main equipments required for ointment manufacturing are multipurpose ointment mixer, vacuum pump, S. S. vessel, transfer pump, ointment filling and sealing machine, packing conveyor, shrink wrap machine and shipper strapping machine.

Drops and Injectables

The raw materials are issued to the manufacturing department and added step by step in sterile distilled water and batch is manufactured. This solution is then filtered through 0.2 micron membrane filter and collected in sterile vessel in sterile department. The packing materials such as ampoules and glass vials are washed in washing department and sterilised in dryer or autoclave as the case may be. Steriled solution is then filled and sealed in sterile container under laminar air flow in sterile department. These filled vials and ampoules are send to the quality control department for analysis. They are then visually inspected and then good vials are labelled and packed in individual cartons. These cartons are then either shrink-wrapped or packed in inners as per requirement of that product. They are then packed in shippers. Shippers are then labeled and transferred to BSR.

The main equipments required for the manufacture of sterile products are ampoule washing machine, Laminar Air Flow, ampoule sterilizing tunnel, membrane holders, filling vessels, manufacturing tank, ampoule filling machine, ampoule inspection machine, ampoule labeling machine, blister packing machine, packing conveyor (ampoule), bubble point test apparatus, vial washing machine, dry heat sterilizer, vial filling, plugging, nozzle inserting & screw capping machine, vial labelling machine, sticker labelling machine, carton colwrapping machine and ultra-purified water system.

Toothpaste manufacturing

In the manufacturing department, all the powder raw materials are sieved for uniform fineness. Also the liquid raw materials are filtered to remove any foreign particles. All ingredients are added step by step in the planetary mixer as per procedure mentioned in BMR and finally homogenized. After completion of the batch manufacturing, sample is sent to the quality control for bulk testing. After getting a pass report, the paste is filled and sealed in tubes with the help of tube filling sealing machine. These tubes are then packed in pre-overprinted individual cartons. These cartons are then either shrink wrapped or packed in inners as per requirement of that product. These are then further packed into shippers. These shippers are properly labeled and then transferred to BSR.

External preparation

The raw materials are added in either water or in an oil phase as the case may be. After completion of batch manufacturing, samples are sent to the quality control dept for analysis. On clearance by the quality control dept, it is filled in pre-washed bottles with the help of bottle filling sealing machine. Sealed bottles are inspected on inspection machine. With the help of labeling machine these bottles are labeled and depending on product requirement they are packed in carton. Otherwise bottles are packed in inners / shippers. Shippers are labeled and transferred to BSR.

At each stage of production, the product/material is identified by affixing identification labels which clearly specify name of the product, batch number and stage of production. The dispensed raw materials/packing materials and in process materials are stored in specially designated areas.

The main quality control equipments are Polarimeter, Brookfield Viscometer, Abbereflectometer, pH meter/ Conductivity meter, Melting point apparatus, Colony counter, LOD Oven, Muffle Furnace, Vacuum Oven, Glass Drying Oven, Centrifuge Machine, Magnetic Stirrer, Hot Plate, Sonicator, L.A.F of microbiological testing room BOD Incubator, Autoclave, Air sampling unit, TOC analyzer, Dry Heat sterilizer, UV – VIS Spectrophotometer, Gas cromotography, FTIR with DRS, Automic Absorption, Spectro meter, High performance liquid cromotography, Autotitrator with carnfischer apparatus, Bursting strength apparatus, Zone Reader, Liquid Particle counter, Air compressor for AAS, Refrigerator, Steam bath and Microscope.

The common utilities for all the plants are water cooler, vacuum pump, air conditioner, dehumidifiers, air compressor, demineralization water plant, transformer 315 kva, boiler and air handling units.

Raw material

We have a centralized purchasing system for raw materials & packing materials. Procurement of raw materials is mainly done from the Manufacturers/Dealers/Distributors etc. We also procure some materials from retailers and traders. In case of packing materials, 90% is procured from manufacturers and the rest from traders.The Company procures material from approved vendors to take care of quality and this helps in controlling rejections.

We have, in co-ordination with R&D & Quality Control departments, developed an alternative source of supply to avoid monopolistic\scarcity of material situations, except in case of Homatropin Hydrobromide (categorized as a restricted Drug). Boehringer, Germany has monopoly for Homatropin Hydrobromide. We import this item under special license from Director General of Foreign Trade. The said material is used in the manufacture of one of our fast moving products, called HOMIDE.

We also import items like Paracetamol (in Bulk quantities), which are utilised in our finished products that are exported. We also procure materials like Erythromycin Stearate under advance licence scheme & utilise the same in manufacture of finished products that are exported. Our R&D has regular requirement for imported materials for development of various new molecules & excipients.

Our major raw materials are Cefadroxil, Gliclazide, Ofloxacin, Atorvastatin Calcium, Ibuprofen, Paracetamol, Metformin, Methylcobalamine, Ciprfloxacin Hcl., Doxylamine Succinate, Dicyclomine Hcl, Di-sod-hyd-citrate, Erythromycin Stearate, Phenyl Propenolamine, Dextromethorphane Hbr. & Homatropin Hbr. etc.

Export Obligation (E.O.)

We are not obliged to export except when we obtain:

a) Advance License for duty free import of raw-materials; and

b) Export Promotion Capital Goods (EPCG) licenses for concessional duty on import of capital goods as per existing EXIM policy of Government of India.

In this regard, we have availed of advance and EPCG licenses from Directorate General of Foreign Trade ("DGFT"). Our status on export obligation as on June 30, 2004 is as follows:

Particulars	E. O. Undertaken	Export Effected	E.O. to be full-filled
Advance License (Mn)	54.93	31.38	23.55
EPCG (Mn)	123.78	102..05	21.73

Working Capital Facilities

The Company has been availing working capital facilities under consortium banking arrangements with its bankers comprising of State Bank of India, The Saraswat Co-op Bank Limited and Bank of India. The details of the fund based and non-fund based limits from these banks as on September 30, 2004 was as under:

Name of the Bank	Nature of Limit	Limit (Rs. in mm)
Fund Based Limit		
State Bank of India	Cash Credit & Working Capital Demand Loan	60.00
	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill Discounting	(7.50) Sub Limit
	Sub-Total	**60.00**
The Saraswat Co-op Bank Limited	Cash Credit & Working Capital Demand Loan	80.00
	Pre and post shipment credit viz. Export Packing Credit and Foreign Bill Discounting	(5.00) Sub Limit
	Sub-Total	**80.00**
Bank of India	Cash Credit & Working Capital Demand Loan	60.00
	Inland bills purchase Packing Credit and Foreign Bill Discounting	(6.00) Sub Limit
	Sub-Total	**60.00**
Total Fund Based		**200.00**

The entire fund based limit of Rs. 200 mn has been availed fully from State Bank of India as on September 30, 2004.

(Rs. in mn)

Non Fund Based Limits

Name of the Bank	**Nature of Limit**	**Limit Sanctioned**	**Limit Utilized**
State Bank of India	Letter of Credit	5.00	-
	Bank Guarantee	20.00	3.83
		25.00	**3.83**
The Saraswat Co-op Bank Ltd.	Letter of Credit	32.50	3.88
	Bank Guarantee	7.50	2.38
		40.00	**6.26**
Bank of India	Letter of Credit	10.00	-
	Bank Guarantee	5.00	2.18
		15.00	**2.18**
Total Non-Fund Based		**80.00**	**12.27**

Restrictive and Negative Covenants of various Banks

1) ICICI Bank

Negative pledge

The Borrower shall not (and the Borrower shall ensure that no other member of the Borrower Group will) create or permit to subsist any Security over any of its assets and more specifically over the assets referred to in Clause 14 (Security), without the prior written consent of the Lender.

The Borrower undertakes that so long as any monies are owing under this Agreement it shall not (and the Borrower shall ensure that no other member of the Borrower Group will) without the prior written consent of the Lender:

- sell, transfer or otherwise dispose of or encumber any of its assets on any terms other than in the normal course of its business and for good and valuable monetary consideration in any event not being less than the book value of the assets;
- sell, transfer or otherwise dispose of or encumber any of its receivables;
- incur or discharge any Financial Indebtedness whether by way of a loan or otherwise; Provided that this Clause will become effective immediately on the Borrower failing to fulfil any its obligations under this Agreement or is in Default and not otherwise;
- declare any dividend or make any other distribution. Provided that this Clause will become effective immediately on the Borrower failing to fulfil any its obligations under this Agreement or is in Default and not otherwise;
- change in the scope of business, entry into a new line of business, suspension or cessation of business or transfer of all or material portion of the business;
- give any guarantee or comfort letter to any person;
- dissolve, liquidate, dispose of, sell, license or transfer all or substantially all of the assets or the business or any undertaking of the business;
- enter into any related-party transactions within the Borrower Group other than in the ordinary course of business; provided that such transactions shall be on an “arms-length” basis.
- enter into any affiliated party transactions or any agreement or arrangement between the Borrower and/or any shareholder, director, or Promoters and/or their Affiliates;
- buy-back any of its shares from its shareholders;
- issue bonus shares or enter into share splits and other capital restructuring, which may have any adverse effect on the value of the shares of the Borrower.
- incur capital expenditure in excess of USD 5,00,000 (Five Hundred Thousand United States Dollars) above the Financial Projections provided to the Lender.

Disposals

The Borrower shall not and shall ensure that no other member of the Borrower Group will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of or encumber any asset/revenue.

Merger

The Borrower shall not (and the Borrower shall ensure that no other member of the Borrower Group will) enter into any amalgamation, demerger, merger or corporate reconstruction.

Change of business

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or the Borrower Group from that carried on at the date of this Agreement.

Insurance

The Borrower shall take and maintain throughout the period of this Agreement an insurance cover from a reputable insurance company and acceptable to the Lender on all the assets provided as Security under this Agreement and referred to in Clause 14.

Usage of Loan

The Borrower undertakes that it shall apply all amounts borrowed from the Lender solely for the purpose of financing such capital expenditure as approved by the Lender.

Security

The Borrower shall create a Security in accordance with Clause 14 of this Agreement. The Borrower hereby undertakes and assures the Lender that there exists no Security over any of the assets being charged in favour of the Lender as per the said Clause 14.

Assignment

The Borrower shall not assign this Agreement or any of its rights, duties or obligations hereunder without the prior written consent of the Lender.

The Borrower has obtained all authorisations under applicable environmental laws and is and has been in compliance with all such authorisations and laws and there are no circumstances that may at any time prevent or interfere with such compliance.

As at the date of this Agreement, no further environmental authorisations other than those already obtained are required for the carrying on of the business and operations of the Borrower as currently conducted.

There is no claim pending or threatened, against the Borrower for any breach of environmental law which, if adversely determined, might have a Material Adverse Effect.

Carrying on Business and Operations

The Borrower shall:

- maintain its corporate existence and right to carry on its business and operations and ensure that it has the right and is duly qualified to conduct its business and operations as it is conducted in all applicable jurisdictions and will obtain and maintain all franchises and rights necessary for the conduct of its business and operations in such jurisdictions.
- develop, maintain and implement its projects in accordance with prudent industry standards and accepted industry practices and conduct its business and operations with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and business practices.

Dividend

The borrower shall not declare or pay any dividend or authorise or make any distribution to its shareholders : i) unless it has paid all the dues in respect of the Facility upto the date on which the dividend is proposed to be declared or paid, or has made satisfactory provisions therefore, or ii) if an Event of Default has occurred and is subsisting or would occur as a result of such declaration or payment of dividend or authorisation or making of distribution.

Bank of India

Company not to pay guarantee commission to the Guarantor for the Guarantee extended and from the Guarantor not to accept such guarantee commission

Not to alienate shareholdings by the present management without prior written consent of the Consortium

Not to enter into any borrowing/non-borrowing arrangement with any Bank and/or Financial Institution or open any current account or undertake any guarantee obligations on behalf of associate /sister/family concerns without the prior written consent of the consortium.

State Bank of India

Negative Lien

The Company should not create, without prior consent of the Bank, charges on their any or all properties or assets during the currency of the credit facilities granted by Bank.

During the currency of the Bank's credit facilities, the company shall not, without the prior approval of the Bank in writing:

a. effect any change in their working capital structure;

b. formulate any scheme of amalgamation or reconstruction;

c. undertake any new project schemes without obtaining the Bank's prior consent therefore unless the expenditure on such expansion etc., is covered by the Company's net cash accruals after providing for dividends, investments etc. Or from long term funds received for financing such new projects or expansion.

d. invest by way of share capital in or lend or advance funds to or place deposits with any other concern. Normal trade credit or security deposits in the usual course of business or advances to employees etc. Are, however, not covered by this covenant;

e. enter into borrowing arrangement either secured or unsecured with any other Bank, financial institution, company or otherwise save and except the working capital facilities granted/to be granted by other banks, under consortium banking arrangement with the Bank and the term loans proposed to be obtained from financial institutions/banks for completion of the replacement-cum-modernisation programme;

f. undertake guarantee obligations on behalf of the company; and

g. declare dividends for any year except out of profits relating to that year.

The company's pro-rata ancillary business/ foreign exchange business/ deposits should be routed through the Bank.

Monies brought in by principal shareholders/directors/depositors will not be allowed to be withdrawn without the Bank's permission.

The company should not make any drastic change in their management set up without the Bank's permission.

The company will keep the Bank informed of the happening of any event likely to have a substantial effect on their production, sales, profit etc., such as labour problem, power cut, etc. And the remedial steps proposed to be taken by the company.

The Company will keep the Bank advised of any circumstances adversely affecting the financial position of their subsidiaries including any action, taken by any creditor against the subsidiary.

The Company shall pay to the bank charges for processing the proposal for all types of advances sanctioned by the Bank at the time of initial processing as well as at each renewal/sanction at the rate of Rs. 250/- p.a. For every Rs. 1,00,000/- or part thereof, subject to maximum of Rs. 10,00,000/- p.a. For fund based and non-fund based facilities. Charges are subject to revision at the discretion of the Bank.

The Bank reserves the right to charge the standard service charges in respect of different items of service as in force from time to time.

IDBI Bank Ltd.

Prohibition on further charges

Not to hereafter effect or to purport to effect any lien, alienation, sale, transfer, mortgage, charge, assignment, deal or other disposition of or encumbrance of, or purport to create any charge or encumbrance over the Security tendered to the Bank and also not to do any other act, which may prejudice the Bank's security or interests;

No further borrowings

Not to enter into or permit any further borrowing from any source nor to pledge or charge any assets during the period of this Agreement, without the prior written permission of the Bank;

Appointment of receiver

To borrower shall not (a) allow any receiver to be appointed of the undertaking or of the properties, immoveable and moveable of the Borrower mortgaged, pledged and/or charged to the Bank or any part thereof (b) allow any distress or execution to be levied upon or against the same or any part thereof and (c) make or attempt to make without the previous consent of the Bank in writing any alterations of its Memorandum or Articles of Association or in its capital structure.

Net working capital

To ensure that the Net Working Capital does not fall below 50% of the current liabilities or the minimum amounts stipulated by the Bank from time to time.

Non payment of dividend

Not to pay any dividend in event of occurrence of any Event of Default.

Investments

Not to invest any of the Borrower's funds in the shares, debentures, deposits or other investments of any other company without the prior written permission of the Bank.

Arrangements

The borrower shall not enter into any compromise with any of its creditors or shareholders, or enter into any other arrangements, mergers, amalgamations, consolidations, structuring, restructuring, spin offs, hive offs without the prior written approval of the Bank.

Negative Covenants by the borrower

The Borrower shall not during the subsistence of the liability of the Borrower to the Bank under or in respect of any of the facilities without the written consent of the Bank;

A. Change or in any way alter the capital structure of the Borrower

B. effect any scheme of amalgamation or reconstitution

C. implement a new scheme of expansion or take up an allied line of business or manufacture.

D. declare dividend or distribute profits except where the instalments of principal and interest payable to the Bank in respect of the facilities are being paid regularly and there are no irregularities whatsoever in respect of the facilities.

E. enlarge the scope of the other manufacturing/trading activities if any undertaken at the time of the application and notified to the Bank as such.

F. withdraw or allow to be withdrawn any monies brought in by the promoters and directors or relatives and friends of the promoters or directors of the Borrower.

G. invest any funds by way of deposits, or loans or in share capital of any other concerns (including subsidiaries) so long as any money remains due to the Bank ;the Borrower will however be free to deposit funds by way of security with third party in the normal course of business or if required for the business.

H. borrow or obtain facilities of any description from any other bank or credit agencies or Banks or enter into any hire purchase arrangement.

SWOT ANALYSIS

STRENGTHS

- Manufacturing facilities designed as per UK MHRA, USFDA and MCC South Afrcia guidelines which will help us leverage our sales in the regulated export markets.
- Widepsread geographical reach with our products being accepted in over 30 countries worldwide.
- Full fledged R&D Centre approved by Government of India's Department of Scientific and Industrial Research with capabilities to do contract research and analytical method development.
- A full fledged Regulatory Affairs Department that caters to the compilation and submission of registration dossiers to various countries.
- Consistent growth record over 57 years with CAGR of 8.56% over the last 5 years.
- Strong relationship with the medical fraternity through our field force.
- Ranked 24th in the Prescription Audit of A.C. Neilsen – ORG Marg for August 2004.
- Market leader in the stomatological segment (Ranked no. 1 for the past three years by A.C. Neilsen – ORG Marg).

WEAKNESSES

- Dependence on C&F Agents to handle warehousing and back office operations has led to inefficiencies in certain pockets
- 13.90% of our domestic sales are under DPCO's price control regime
- Currently we cannot exercise control over the supply chain of API's used as captive consumption for formulations

OPPORTUNITIES

- Large number of pharmaceutical companies losing their blockbuster drug patents, therby increasing the scope for outsourcing to countries that offer low cost manufacturing base such as India, China, Korea and Taiwan.
- Growth of Generics market in US and Europe.
- CMO opportunities with other large MNCs: Patented Drugs.

THREATS

- Competition from other Indian companies operating in similar segments.
- Competition from countries that offer low cost manufacturing base such as China, Korea and Taiwan.

Our History

We were incorporated on August 23, 1947 as Indoco Remedies Limited, as a public company under the Indian Companies Act, VII of 1913 and was issued a Certificate for commencement of business on October 8, 1947. In 1945, a Goan entrepreneur Mr. Govind Ramnath Kare, who was in the business of wholesale and retail trade of pharmaceuticals, started a firm which he named Indo Continental Trading Company. The principal business of this firm was to import pharmaceutical formulations from Europe and distribute them in Western India. However in 1947, after India became independent, the new Government in its bid to encourage indigenous manufacturing of medicines banned import of several formulations. Mr. G.R. Kare decided to venture into manufacturing of pharmaceuticals. Accordingly, a new Company was founded with the intent to manufacture and sell pharmaceutical formulations. Thus Indo Continental Trading Company became Indoco Remedies Limited. The Company was incorporated with S.S. Ugrankar, Mr. B K Naik, Mr. A S Kamat, Mr. K S Nayak, Mr. V G Gaitonde, Mr. N M Kamat, Mr. R S Kamat and Mr. G R Kare as the shareholders and S.S. Ugrankar, Mr S K Ananda Rao, Dr. M G Camotin, Mr. E D Pai Raiturkar, Mr. B K Naik, Mr. VRN Rasaikar, Mr. G R Kare, Mr. RS Kamat and Mr. V G Gaitonde as directors. Thereafter, in 1963, our present Chairman and Managing Director, Mr. Suresh G.Kare, took over the management of the Company. The registered office of the Company was located at 457, Dwarkadas Mansions, Sandhurst Road, Bombay. This was changed to 101, Neelam, Worli Seaface Road, Abdul Gaffar Khan Road, Bombay 400 018 vide a board resolution dated August 15, 1968, which was subsequently changed to 18A Mahal Estate, Mahakali Caves Road, Andheri (East), Mumbai – 400 093 vide a board resolution dated June 1, 1985 and an extra-ordinary general meeting dated May 24, 1985. This was changed to the current location at 166, C.S.T. Road, Santacruz (East) Mumbai -400 098, India vide a board resolution dated December 26, 1999.

Main Objects of the Company

1. To carry on the business of manufacturers of and dealers in pharmaceutical products, patent medicines of every description and kind, ampoules of all medication, tinctures, liquid extracts, solid extracts, tablets, pills, cosmetics, cologne water, sera, vaccines and biological products of all kinds.
2. To manufacture, prepare, import, export, buy, sell, supply, distribute, store, stock maintain or otherwise handle, deal in and carry on business in all kinds and varieties of patent medicines, drugs, powders, pills, tablets, mixtures pharmaceutical, biological, medical and medicinal products, surgical dressings, soaps, perfumery and disinfectants, etc. laboratory glass-ware, rubber-ware, china-ware, porcelain-ware, enamel-ware, surgical instruments, dental instruments, veterinary instruments, hospital furniture, implements, tools, spirits, oils, essences, toilet requisites, sanitary ware, hygienic articles, paper, linen, cotton and all or any other articles required or convenient for or in connection with the business of the Company.
3. To establish a well equipped laboratory and carry on analytical, experimental, and other work and to establish and maintain research and biological laboratories, farms, stables, etc. for the purpose of generally promoting the interest of the Company.

Changes in Memorandum of Association

Since our incorporation, there are no changes to our Memorandum of Association, except those shown under the section entitled “Capital Structure” on page 16 of the Red Herring Prospectus.

Major/ key Events

Year	Key Events, Milestones and Achievements
1947	Incorporation of the Company
1963	Mr. Suresh G. Kare took over as the Chairman and Managing Director
1974	Manufacturing unit commissioned at Andheri
1985	Inaugration of new office at Andheri and expansion of factory at Andheri
1990	Manufacturing unit commissioned at Waluj, Augrangabad
1993	R & D Laboratory recognised by Department of Scientific & Industrial Research
1997	Goa Plant I commissioned
1999	Acquired Warren Pharmaceuticals Limited and Warren Laboratories Private Limited
2000	Indoco Head Office moves to corporate building at Santa cruz
2000	New R&D inaugurated focusing on NDDS

2002	Setting-up of the sterile plant at Goa Plant–II
2002	Establishment of Radius division to focus on lifestyles diseases
2003	IDMA Awarded Excellency Award- Gold for Goa Plant I
2003	UK MCA approval received for Goa Plant I
2004	Acquisition of Karvol Brand from Solvay Pharma India Limited

Audit Qualification

As per the Auditors report dated October 6, 2004, pursuant to the scheme of amalgamation between Warren Pharmaceuticals Ltd. (WPL) and Warren Laboratories Ltd. (WLL) as sanctioned by the High Court of Bombay, under section 394 of the Companies Act, 1956, vide its Order dated 26.04.2002, all assets, liabilities, reserves, brands, etc., of WLL were transferred to and vested with WPL with effect from 01.04.2001. Under the scheme of amalgamation, no shares of WPL were issued to the shareholders of WLL as both are 100% subsidiaries of Indoco Remedies Limited (IRL). As the investment in WLL is of strategic and long term nature, with the company having good brand image and high net worth, in the opinion of the management, there is no diminution in the investment value of the equity shares of WLL due to the amalgamation. Therefore the investment value in WLL of Rs. 50.51 Millions has been retained and added to the carrying cost of WPL as it reflects the fair value of assets and liabilities of WLL.

MANAGEMENT

Board of Directors

Our Board of Directors conducts our day-to-day operations. As per our Articles of Association, we cannot have less than three or more than twelve directors. We currently have nine directors.

The following table sets forth certain details regarding the members of our Board as of date of filing this Red Herring Prospectus with SEBI:

Name, Designation, Father's Name, Address, Occupation	Age (in years)	Other Directorships
Mr. Suresh G. Kare Chairman and Managing Director Non Independent Director (S/o. Late Mr. Govind R. Kare) Regency Avenue, 6th Floor North Avenue, Santa Cruz (West) Mumbai 400 054. **Industrialist**	65 Yrs	• SPA Pharmaceuticals Private Limited • Shanteri Investment Private Limited • Indoco Capital Markets Limited • Indoco Healthcare Limited
Dr. M. R. Narvekar Independent Director (S/o. Mr. Ramkrishna Narvekar) Apt. 507, Cumbala Crest 42 G Deshmukh Marg Mumbai 400 026 **Obstetrician & Gynaecologist**	74 years	• Indoco Healthcare Limited
Mr. P. K. Kakodkar Independent Director (S/o. Mr. Kashinath S. Kakodkar) 4-Beach Croft 17 Juhu Tara Road Mumbai 400 049 **Business**	79 years	• Mc. Dowell and Co. Limited
Mr. S. Y. Rege Independent Director (S/o. Mr. Yeshwant V. Rege) Moonreach Prabhadevi, Seaface Worli , Mumbai 400 025 **Solicitor**	77 years	• J.K.Helen Curtis Limited • Chowgule Steamships Limited • STS Chemicals Limited • Chemtex Global Engineers Private Limited • Chemtex Engineering of India Limited • Vans Information Limited • Peoples Financial Services Limited • Johnson & Johnson Limited
Mr. D.M. Sukthankar Independent Director (S/o. Mr. Mahadeo R. Sukthankar) "Priya" 5th Floor Abdul Gaffar Khan Road Worli Seaface Mumbai 400 025 **Business**	72 years	• Housing Development Finance Corpn. Limited • H.D.F.C. Developers Limited • Tata Housing Development Company Limited • Phoenix Township Limited • Jeevan Bima Sahayog Asset Management Company Limited • Standard Chartered Trustee Company Private Limited

Mr. D. N. Mungale Independent Director (S/o. Mr. Narendra Mungale) 10A Ameya Apt. Off Dhuru Road Near Kirti College Mumbai 400 028 **Profession**	51 years	● Chowgule Steamships Limited ● Camlin Limited ● Caprihans India Limited ● Mahindra & Mahindra Financial Services Limited ● Novacel Life Sciences Limited ● Tamilnadu Petroproducts Limited ● Nominee Director of Indo Count Industries Limited on behalf of IDBI ● LIC Housing Finance Limited ● Inestor Advisores Private Limited ● Mentor Technologies Private Limited ● Millenium Broadcast Company Private Limited ● Zest Pharmaceuticals Private Limited ● South India Corporation (Agencies) Limited]
Mr. Francis Xavier Coutinho Director (Marketing) Non Independent Director (S/o. Mr. Anslem E. Coutinho) 801/802 Bldg. No. 14 Indradarshan Complex Off Oshiwara Link Road Andheri (West), Mumbai 400 053 **Service**	54 years	● Indoco Healthcare Limited
Mr. Sundeep V. Bambolkar Director (Finance & Operations) Non Independent Director (S/o. Mr. Vasant C. Bambolkar) 803/804 Bldg. No. 16 Indradarshan Complex Off Oshiwara Link Road,Andheri (W) Mumbai 400 053 Service	43 years	● Spa Pharmaceuticals Private Limited ● Indoco Global Markets Private Limited ● Indoco Healthcare Limited
Ms. Aditi Kare Panandikar Director (Business Development and Human Resourses) Non Independent Director (W/o. Dr. Milind S. Panandikar) Durga Niwas Nehru Road Vile Parle (E) Mumbai 400 057 **Service**	34 years	● Shanteri Investment Private Limited ● Indoco Global Markets Private Limited ● Indoco Healthcare Limited

Mr. Suresh G. Kare: Chairman & Managing Director, son of the founder Late Shri Govind R. Kare is 65 years of age and holds Bachelor of Science Degree from Bombay University. Mr. Kare became the Managing Director of Indoco Remedies Limited in the year 1963 which was then a sick unit with a turnover of Rs.0.25 mn. Under the leadership of Mr. Suresh G. Kare, Indoco has achieved various milestones and presently reached a turnover of Rs. 1810 mn. Mr. Kare also assumed the responsibilities of Chairman of the Company in the year 1985. Mr. Kare has vast experience of more than four decades in the pharmaceutical industry. Mr. Kare is presently Vice-President and President elect of Indian Drug Manufacturers' Association representing the indigenous manufacturers of pharmaceuticals. He is also Chairman of Goa Hindu Association's Sneha Mandir, a modern home for the aged at Bandora-Goa and the Managing Trustee of Suresh G. Kare - Indoco Foundation', a Rs.10 mn Charitable Trust established to promote education and social uplift. Recently, Mr. Kare received a 'Life time Achievement Award' from Pharma Business & Technology which is India's Premier Magazine on the Pharmaceutical Industry.

Dr. M. R. Narvekar: Non Executive Director. He is 74 years of age and has completed his Bachelor Degree in Medicines and Surgery (MBBS) in 1952. In 1955, Dr. Narvekar completed his post graduation in Medicines (MD) with a specialisation in Obstetrics & Gynaecology. Dr. Narvekar is also a Fellow member of International College of Surgeons. He is a member of Board of Studies of Obstetrics & Gynaecology with the University of Bombay. He is also a member of the Peer Review Committee - Journal of Obstetrics & Gynaecology of India. Dr. Narvekar was appointed on the Board of the Company on June 15, 1977.

Mr. S. Y. Rege: Non Executive Director. He is 77 years of age and holds Bachelors Degree in law from Government Law College, Bombay University and is also a Solicitor. He is a partner in the firm of Crawford Bayley & Co. (Solicitors & Advocates). Mr. Rege's area of specialisation is banking, commercial documentation, litigation, arbitration and miscellaneous legal work. Mr. Rege was appointed on the Board of the Company on September 10, 1994.

Mr. P. K. Kakodkar: Non Executive Director. He is 79 years of age and holds a Bachelor of Arts from Bombay University Mr. Kakodkar had a distinguished career in the Pharmaceutical Industry and was the Managing Director of Roussel India Ltd for nearly 19 years. Apart from general management, his areas of expertise were marketing and product portfolio development. Mr. Kakodkar was honoured by the Government of France with the Knighthood of the National Order of Merit. He was appointed on the Board of the Company on September 10, 1994.

Mr. D. M. Sukthankar, Non Executive Director. He is 72 years of age and holds masters degree in Commerce from Bombay University. He was selected for IAS (Indian Administrative Service) in 1956 and served in various capacities in different departments of the Govt. of Maharashtra and the Govt. of India for a period of 35 years, prior to his retirement on 31st August 1990 as Chief Secretary to the Govt. of Maharashtra. During the period from May, 1981 to November 1984, he also worked as the Municipal Commissioner of Greater Bombay. After his retirement, he is working as chairman or member of various Boards/Committees appointed by the Government of India and Government of Maharashtra. Mr. Sukthankar was appointed on the Board of the Company on September 10, 1994.

Mr. D. N. Mungale: Non Executive Director. He is 51 years of age and holds a bachelors degree in Commerce & a bachelors degree in law from Bombay University. He is also Associate Member of The Institute of Chartered Accountants of India. Presently, he is advisor to various corporate groups and companies in India and Europe. He has spent 25 years in the field of investment banking & commercial banking with Bank of America and DSP Merrill Lynch.Mr. Mungale was appointed on the Board on May 6, 2000.

Mr. F.X.Coutinho, Director-Marketing. He is 54 years of age and holds a bachelors degree in Science from Bombay University. Mr. Coutinho has also completed his Management Studies from University of Bombay. Mr. Coutinho joined the Company in the year 1975 and has over 29 years of experience in sales & marketing functions. Before his elevation to the Board on March,24 2004, he held the position of President - Marketing in the Company

Mr. Sundeep V. Bambolkar, Director- Finance & Operations. He is 43 years of age and is a Science Graduate and holds a Masters Degree in Business Administration from University of Bombay. He was also selected by the Indian School of Business, Hyderabad, to attend the Global Advanced Management Programme jointly conducted by Indian School of Business, Hyderabad and Kellogg School of Business at Chicago in USA. Mr. Sundeep V. Bambolkar joined the group in 1982 and has over 22 years of experience in Finance & Operations.He is also responsible for international business. Before his elevation to the Board on March 27, 2004, he held the position of President-Finance & Operations in the Company.

Ms. Aditi Kare Panandikar, Director- Business Development & HRD. She is 34 years of age and the eldest daughter of Mr. Suresh G. Kare. Ms. Panandikar is a Graduate in Pharmacy from University of Bombay. She also holds Masters Degree in Management from Ohio State University, USA. Ms. Panandikar joined the Company in the year 1993 and has over 11 years of experience in the Human Resource & Business Development functions. Before her elevation to the Board on March 27, 2004, she held the position of President-Business Development & HRD in the Company.

Composition of our Board of Directors

We currently have nine directors on our board, of which four are executive directors. Of the total board, 5 directors are independent, while 4 are executive directors.

Compensation of Our Directors

For details of compensation of our whole-time directors, please refer to the section titled "Statutory and other information'on page 201.

Shareholding of Our Directors in our Company

The following table details the shareholding of our Directors, as at the date of this Red Herring Prospectus:

Sr. No.	Name of the Director	Number of Equity shares of Rs. 10 each	% of Pre-issue Equity Capital
1.	Mr. Suresh G. Kare (as a Karta of his HUF)	548,620	6.22
2.	Dr. M. R. Narvekar	28,800	0.33
3.	Mr. P. K. Kakodkar	1,600	0.02
4.	Mr. S. Y. Rege	1,600	0.02
5.	Mr. D. M. Sukthankar	1,600	0.02
6.	Mr. Sundeep V Bambolkar (including HUF)	33,100	0.38
7.	Ms. Aditi Kare Panandikar	666,000	7.55
	Total shares	**1,281,320**	**14.54**

Term of Office

While under the Articles, one-third of our directors are not liable to retire by rotation, we have not appointed any non-rotational directors as yet. In accordance with our Articles, directors should also be appointed by the Company in general meeting. For the details of the terms of office of the above directors, please refer to the section "statutory and other information"on page 201.

Changes in Our Board of Directors during the last three years

Changes to our Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Cessation	Reason
Mr U K Naik		September 20, 2003	Health reasons
Mr. Francis Xavier Coutinho	March 27, 2004		Appointed as Additional Director and Whole Time Director w. e. f. April 1, 2004
Mr. Sundeep Bambolkar	March 27, 2004		Appointed as Additional Director and Whole Time Director w. e. f. April 1, 2004
Ms. Aditi Kare Panandikar	March 27, 2004		Appointed as Additional Director and Whole Time Director w. e. f. April 1, 2004

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our equity shares on the Stock Exchanges. We undertake to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing We have an Audit Committee since June 16, 2001. Further, the Company has constituted a Remuneration Committee, Shareholders/Investor Relation Committee and the Share Transfer Committee at it board meeting held on April 27, 2004. Below are the details of the various committees.

Audit Committee

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Committee consists of all independent directors The Audit Committee currently comprises Mr.D N Mungale, as the Chairman Mr. S. Y. Rege and Mr.P K Kakodkar. Mr. S. Y. Rege has been appointed in place of Mr. Suresh G.Kare vide the board resolution dated April 27, 2004.

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

The Audit Committee has held two meetings during the year ended June 30, 2004.

Remuneration Committee

The Remuneration Committee comprises of 3 members all of whom are non-executive independent directors. Mr. P.K. Kakodkar is the Chairman of the committee and Mr. S.Y. Rege and Mr. D.N. Mungale are the other members. The Committee shall inter alia review the following:

a) To recommend and review remuneration package of Executive Directors.

b) To present report to the Board on remuneration package of Directors.

Shareholders/ Investor Relation Committee

The Shareholders/Investor Relation Committee has 3 members out of which 1 is a non-executive independent director. Mr. S.Y. Rege is the Chairman of the committee and Mr. Sundeep V. Bambolkar and Ms. Aditi Kare Panandikar are the other members of the committee. The Committee shall inter alia review the following:

a) To look into the redressal of shareholders and

b) To look into the investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

Share Transfer Committee

The Share Transfer Committee has 3 members namely Mr. Sundeep Bambolkar, Director-Finance & Operations, Ms. Aditi Kare Panandikar, Director-Business Development & HRD and Mr. F.X. Coutinho, Director-Marketing. The Committee shall interalia review the following:

a) Share transfer work handled by the Registrar as stipulated by NSDL pursuant to dematerialisation of shares.

b) Share transfer forms received by the Company are attended to not later than 15 days as per the provisions of the Corporate Governance Policy being adopted by the Company.

- **Mr. Suresh G. Kare**
  Chairman & Managing Director
  - **Mr F X Coutinho**
    Director Marketing
    - Mr S V Suryavanshi
      GM - Sales
    - Mr K V Deshmukh
      GM - Sales
    - Mr B C Das
      Marketing Manager
    - Mr Pravin Pande
      Sales Manager - North
    - Mr N S R Y Sarma
      Sales Manager
    - Mr. Ajay Karajagi
      AGM - Marketing
    - Ms Namita Shah
      Group Product Manager
  - **Mr Sundeep V Bambolkar**
    Director - Finance
    - Mr Arun P Shenoy
      Financial Controller & Company Secretary
    - Mr D V Karnik
      Sr. Vice President Operations
    - Mr R Sequeira
      DGM - Exports
    - Mr S R Modi
      Sr. Manager - EDP
    - Mr Vilas Nagare
      GM – Commercial
  - **Ms Aditi Kare Panandikar Director – Business Development & HR**
    - Mr Ravi Naidu
      Head Formulation & Development
    - Dr. Jayashing Sawant
      GM – Regulatory Affairs
    - Mr Milind Pitale
      Corporate Manager – Quality Systems
    - Mr Haridas Menon
      Manager - Admn

Key Managerial Employees

The details of our key managerial employees are as follows:

Dr. Jayashing Sawant, General Manager – Regulatory Affairs, has a Master's degree in Science, a Ph.D. in analytical chemistry and a post-graduate diploma in patent law and practice. He has an experience of around 19 years with various companies like Mehta Pharma, Vival Laboratories, USV Limited since March 1988. In June 2002, he joined us as 'Deputy General Manager – Regulatory Affairs' and is now the 'General Manager – Regulatory Affairs'. He heads the Regulatory Affairs Department and is also involved in the activities of the analytical method development department. He draws a gross annual salary of Rs. 770,960/-.

Mr. Ravi Naidu, Head – Formulations and Development, has a Master's degree in Pharmacy and has also completed his business management. He has past experience of around 17 years having worked with GlaxoSmithKline Pharmaceuticals Limited, Aventis Pharma Limited, German Remedies Limited, and Unichem Labs Limited. In May 2003, he joined Indoco as 'Head – Formulations and Development'. He is responsible for technical and R&D matters for the various plants of the Company. He draws a gross annual salary of Rs. 988,400/-.

Mr. Ronald Sequeira, Deputy General Manager – Exports, has a Bachelor's degree in Science and Diplomas in Operations Management and Marketing Management. He has past experience of around 33 years in various companies like Roussel Pharmaceuticals Ltd., Universal Generics Pvt. Ltd., IPCA Laboratories Ltd., Unique Pharma Lab**.** In February 2000, he joined Indoco as 'Deputy General Manager – Exports'. He is in charge of exports to unregulated market. He draws a gross annual salary of Rs. 734,720/-.

Mr. Vilas Nagare, General Manager – Commercial, has a Bachelor's degree in Commerce and Law, Diplomas in Management Studies, Finance Management and Patent Law. He has past experience of around 25 years in various companies like USV Ltd., Batliboi & Company and EPIC Ltd. . In August 2003, he joined Indoco as 'General Manager – Commercial'. He draws a gross annual salary of Rs. 734,000/-.

Mr. Anant Rege, General Manager – **Operations**, has a Bachelor's degree in Pharmacy, Diplomas in Industrial Management, Industrial Research and Management and Master of Administrative Management. He has a total experience of around 21 years in various companies like E. Merck Limited, Nicholas Piramal Limited and Macleodes Pharmaceuticals. In October 1996, he joined Indoco as 'Deputy General Manager – Operations' and in July 2003, he was promoted as 'General Manager – Operations'. He draws a gross annual salary of Rs. 722,816/-.

Mr. Sanjay V. Suryavanshi, General Manager – Sales, has a Bachelor's degree in Science and Diploma **in** Marketing Management. He has a total experience of around 26 years in various companies like Searle India Limited, Lancer Laboratories (Noel Pharma), Sol Pharmaceuticals. In June 1993, he joined Indoco as 'Sales Manager – South' and in July 2000 he was promoted as 'General Manager – Sales'. He is incharge of the Spade Division. He draws a gross annual salary of Rs. 772,676/-.

Mr. N. S. R. Y. Sarma, Sales Manager, has a Bachelor's degreee in Science. He has a total experience of around 23 years in various Companies such as Biological Limtied and SHP Limited.. In November 1997, he joined Indoco as a 'Zonal Manager' and is now designated as 'Sales Manager' and is in charge of South India. He draws a gross annual salary of Rs.610, 280/-.

Mr. B. C. Das, Marketing Manager, has a Bachelor's degreee in Science. He has a total experience of around 27 years in various companies like Reckitt Coleman, Nicholas Lab, Forbes Campbell and Mount Mettur**.** In October 1989, he joined Indoco as a 'Divisional Manager'. In July 1993, he was promoted as 'Senior Divisional Manager' and in July 1994, he was designated as 'Zonal Manager'. In July 1999, he was promoted as 'Manager – Sales Promotion' and is now designated as 'Marketing Manager' looking after the Specialty Division - Radius. He draws a gross annual salary of Rs. 817,820/-.

Mr. Praveen Kumar Pande, Sales Manager (North), has a Master's degree in Pharmacy. He has a total experience of around 21 years with companies like Raptakos and Brett. In April 2003, he joined Indoco as 'Sales Manager – North'. He draws a gross annual salary of Rs. 655,080/-.

Mr. D. V. Karnik, Senior Vice President – Operations, has a Master's degree in Science (Tech). He has started his career with FDC Limited, where he worked for over two decades. He joined Indoco in July, 2002 as Vice President Operations with over all responsibility of operation functions of all the locations. He was promoted as Sr. Vice President-Operations in January 2004. He draws a gross annual salary of Rs. 1,623,060/-.

Mr. V. M. Gadre, Deputy General Manager – Finance and Accounts is qualified Chartered Accountant. He started his career with accounting firms in 1988 and later in 1991 joined Chemox Chemical Industries Limited. He joined Indoco in January 1998 as Deputy General Manager – Finance and Accounts with responsibilities of ensuring accounts of the company, MIS reports, statutory payments, debtors' control etc. He draws a gross annual salary of Rs. 699,052/-

Mr. K.V. Deshmukh, General Manager – Sales has a Bachelor's degree in Science and Diploma in Pharmacy**.** He has got rich experience in the field of sales and marketing in the pharmaceutical industry. He had worked with Wockhardt Limited for over a decade. Then he joined Indoco in June 1996 as a Divisional Manager, got elevated to Zonal Manager in May 1999, to Sales Manager in November, 2000 and in March 2003, he was promoted as General Manager – Sales. Presently he is handling our Warren Division in this capacity. He draws a gross annual salary of Rs. 741,192/-.

Mr. Arun P. Shenoy, Financial Controller & Company Secretary, is a Commerce graduate, a qualified Chartered Accountant, Company Secretary and has completed Diploma in Computer Management. He has a total experience of over 20 years with companies like Wander Limited, Hindustan Dorr-Oliver Limited, The Associated Cement Companies, Limited, University of Sydney and Reliance Infocomm Limited. He has joined Indoco on May 6, 2004. Mr Shenoy's job responsibilities include handling of secretarial matters, MIS reporting, overseeing the accounts and finance function and liaison with statutory auditors and financial consultants. He draws a gross annual salary of Rs. 959,120/-.

Mr. Milind Pitale joined the organization as Corp. Mgr- Quality Systems w.e.f 06/07/2004. He hold's a Master's degree in Science – (Bio Chemistry) as also a Diploma in Mgmt. Studies. He has experience of around 28 yrs. He has worked with Sandoz Limited for around 6½ yrs, Fulford (I) Ltd. for around 17 ½ yrs and 4 ½ yrs with Ipca Laboratories Ltd. He has expertise in the areas of Validation and Technical Training beside Stability Studies program and QA activities of small volume parentals. He draws a gross annual salary of Rs. 7, 50,108/-.

Shareholding of our key managerial personnel

Name of the key managerial personnel	Number of equity shares	% of outstanding equity share capital
Mr. B. C. Das	1800	0.02

Bonus and/or profit sharing plan for key managerial employees

Currently, we do not have a performance linked bonus or a profit sharing scheme for our employees. The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them in the Company.

Changes in our Key Managerial Employees during the last three years

Following are the changes in our key managerial employees during the last three years:

Name of the Employee	Last Designation	Year of Change	Reason for change
Dr. K. Vishwanath	Sr. V. P. – Technical	2001	Resignation
Dr. S. S. Nagersenkar	Sr. V. P. – Technical	2002	Resignation
Mr. D. G. Borkar	GM-Finance & Co Secretary	2003	Resignation

OUR PROMOTERS

The Company, incorporated in 1947, is promoted by Mr. Suresh G.Kare, Mrs. Aruna S. Kare, Ms. Aditi Kare Panandikar, Ms. Madhura A Ramani and Shanteri Investment Private Limited.

Mr. Suresh G. Kare, Chairman & Managing Director, age 65, is the son of the founder, Late Shri Govind R. Kare holds a Bachelors degree in Science from the Bombay University. Mr. Kare became the Managing Director of the Company in the year 1963 when it was having a turnover of Rs.0.25mn. Under the leadership of Mr. Suresh G. Kare, Indoco has achieved various milestones and presently reached a turnover of Rs. 1810 mn. Mr. Kare also assumed the responsibilities of Chairman of the Company in the year 1985. Mr. Kare has vast experience spanning four decades in the pharmaceutical industry. Mr. Kare is presently the Vice President and the President elect of the Indian Drug Manufacturers' Association representing the indigenous manufacturers of pharmaceuticals. He is also Chairman of Goa Hindu Association's Sneha Mandir, a modern home for the aged at Bandora-Goa and the Managing Trustee of Suresh G. Kare - Indoco Foundation', a Rs.10.00 mn charitable trust established to promote education and social upliftment.

Mrs. Aruna S.Kare,

Mrs Aruna S Kare, wife of Mr Suresh G.Kare, is the daughter of renowned artist late Shri Dinanath Dalal. She is 58 years of age and a Graduate from the M S University, Baroda, in the field of Home Science. Mrs Aruna S.Kare is the promoter of SPA Pharmaceuticals Pvt. Ltd. and has served in the capacity of a Director since the year 1987. Her strengths in the functions of General Administration and Management have greatly benefited the Company and are largely responsible for its success. She is also Partner in A K Services and M K Enterprises

Ms. Aditi Kare Panandikar, Director – Business Development and Human Resources, is 34 years of age and is a graduate in Pharmacy from University of Bombay. She also holds Masters Degree in Management from Ohio State University, USA. Ms. Aditi Panandikar joined the group in the year 1993 and has over 11 years of experience in Logistics, HRD, Technical and Business Development. Before her elevation to the Board, she held the position of 'President – Business Development and Human Resources' in the Company. Additionally she is also Director of Shanteri Investments Pvt. Ltd, Indoco Global Markets Pvt. Ltd and Indoco Healthcare Ltd, besides being a Partner in A K Services

Ms. Madhura A.Ramani,

Ms. Madhura A.Ramani, daughter of Mr Suresh G. Kare, is 32 years of age and a qualified Chartered Accountant and a Bachelor of Commerce from the Bombay University. After completion of her studies, Ms. Ramani worked with Indoco Remedies Ltd in the capacity of first Executive – Finance initially and Manager Exports later during the period 1997 – 2004.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to NSE and BSE at the time of filing this Red Herring Prospectus with them.

Shanteri Investments Private Limited ("Shanteri")

Shanteri was incorporated on May 10, 1985 under the Companies Act,1956. Shanteri's registered office is located at 166, C.S.T. Road, Santacruz (East), Mumbai 400 098.

The main business of the company is to make investments.

Shareholding pattern

As on June 30, 2004, the shareholding pattern of Shanteri was as follows:

Name of the Shareholder	Number of shares	(%)
Suresh G.Kare (Including as Karta of HUF)	4,780	5.83
Aruna S.Kare	55,020	67.10
Aditi Kare Panandikar	20,000	24.39
Madhura A.Ramani	2,000	2.44
Spa Pharmaceuticals Pvt.Ltd.	200	0.24
Total	**82,000**	**100.00**

Board of Directors

The Board of Directors of Shanteri as on September 30, 2004 consists of Mr.Suresh G Kare, Mrs. Aruna S. Kare, Ms. Aditi Kare Panandikar and Ms. Madhura A. Ramani.

Financial Performance

The key financial highlights of Shanteri for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 are as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	21.53	2.42	6.81
Profit after tax	16.52	(0.80)	3.18
Equity share capital	1.00	1.00	1.00
Reserves	25.55	24.50	27.67
Earnings per share (Rs.)	165.25	(8.09)	31.78
Book Value per share (Rs.)	265.50	254.96	286.73

Source: Audited Accounts

SUBSIDIARY

Indoco Healthcare Limited ("Indoco Healthcare")

Indoco Healthcare was incorporated as Spade Pharmaceuticals Private Limited on September 4, 1998 under the Companies Act, 1956. The name of the company was changed to Indoco Pharmaceuticals w.e.f April 28, 2004 vide resolution dated April 14, 2004 and a fresh certificate of Incorporation was issued on April 28, 2004. Indoco Pharmaceuticals Private Limited was converted into a public limited company vide EOGM dated May 7, 2004 and fresh certificate of incorporation was issued by the RoC, Maharashtra on July 8, 2004. Thereafter, a resolution was passed for change in name to Indoco Healthcare Limited vide EOGM dated July 23, 2004 and an application to the RoC for a change is name was made on July 26, 2004. A fresh Certificate of Incorporation has been obtained from the RoC on August 19, 2004 for the change of name to 'Indoco Healthcare Limited'.The registered office of Indoco Healthcare has been changed from 14, Nand Ghanashyam, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai 400 098 to 166, C.S.T. Road, Santacruz (East), Mumbai 400 098 w.e.f January 27, 2000. Indoco was allotted 40,000 equity shares on April 29, 2004 and subsequently acquired 10,000 equity shares from Mr. Suresh G. Kare and Ms Aruna S. Kare on May 5, 2004.

The main business of the company is to manufacuture, process, derive, develop, buy sell, market import, export or otherwise deal in all types of pharmaceutical, medicinal, diagnostic, antibiotic, antiseptic, disinfectants, optical, biological, genetical, therapeutic and health care drugs, products, preparations, compounds and intermediates including formulations, bulk drugs, tablets, capsules, injections, syringes, syrups and mixtures. Currently, Indoco Healthcare is not manufacturing any products.

Shareholding Pattern

As on September 30, 2004, the shareholding pattern of Indoco Healthcare is as follows:

Name of the Shareholder	Number of shares	(%)
Indoco Remedies Limited	1,434,940	100.00
Suresh G. Kare (nominee of Indoco)	10	0.00
Aruna S. Kare (nominee of Indoco)	10	0.00
Sundeep V Bambolkar (nominee of Indoco)	10	0.00
F X Coutinho (nominee of Indoco)	10	0.00
Aditi Kare Panandikar (nominee of Indoco)	10	0.00
Milind S Panandikar (nominee of Indoco)	10	0.00
Total	**1,435,000**	**100.00**

Board of Directors

The Board of Directors of Indoco Healthcare as on September 30, 2004 consists of Mr. Suresh G Kare, Mr. Sundeep V Bambolkar, Mr. F. X. Coutinho, Ms. Aditi Kare Panandikar and Dr. M. R. Narvekar.

Financial Performance

The key financial highlights of Indoco Healthcare for the financial years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 and June 30, 2004 were as follows:

(in Rs. Mn, except per share data)

For the year ended March 31,	2000	2001	2002	2003	2004 (upto June 30)
Total revenues	0.06	0.83	8.78	16.22	Nil
Profit after tax	-0.03	0.07	0.44	0.26	-0.04
Equity share capital	0.001	0.001	0.001	0.10	7.40
Reserves	-	0.03	0.48	0.64	0.59
Earnings per share (Rs.)	(326.32)	687.31	4422.16	25.88	Nil
Book Value per share (Rs.)	(449.26)	251.71	4687.53	73.57	10.80

Source: Audited Accounts

Reasons for decrease in profits

2003 with 2002

The Profit after tax is lower due to higher income tax provisions including for that of earlier years. However, Profit Before Tax for the year 2003 is Rs.0.69 mn compared to Rs 0.47 mn in the previous year.

2004 with 2003

As part of the restructuring programme of IHL, the marketing services were discontinued. Consequently there were no operations for the year 2004. The restructuring was basically done to implement the plan of setting-up a manufacturing plant at Baddi.

Warren Pharmaceuticals Limited (now merged with the Company) ("Warren")

Warren was incorporated on May 18, 1973 under the Companies Act, 1956. To further expand in other therapeutic segments, in 1999, Indoco took over Warren which had a strong presence in Stomatological and Ophthalmic segments. The entire stake in Warren was acquired by Indoco Remedies (49%), Spa Pharmaceuticals Private Limited-49% and Shanteri Investments Private Limited (2%) on April 19, 1999 as per details given below:

1) Warren Pharmaceuticals Limited – 10,000 equity shares of Rs 100/- each for a total value of Rs.93.27 mn.

2) Warren Laboratories Private Limited – 4,000 equity shares of Rs 100/- each for a total value of Rs.50.51 mn.

Thereafter, Indoco purchased the outstanding equity share capital from its group companies and Warren became its wholly owned subsidiary w.e.f. March 1, 2000. Subsequently, through a Scheme of Arrangement sanctioned by an Order dated June 13, 2003, passed by the High Court with Judicature at Bombay, Warren was amalgamated into Indoco w.e.f. July 1, 2002. Warren's registered office was located at 2/10 Jyoti Wire House, Veera Desai Road, Andheri (West), Mumbai 400 053.

Warren was a manufacturer of pharmaceutical formulations in the segments of Dental (Toothpaste) and Ophthalmology (Eye/Ear Drops). The company had manufacturing facility at unit No.47, 94-102 Balaji Industrial Estate, Akurli Road, Kandivli (East), Mumbai – 400 0101. It was also engaged in trading of goods manufactured by Warren Laboratories Private Limited. It had around 30 super stockists and 250 medical representatives all over the country to market the products.

Subsequent to the merger, Indoco has discontinued operations at Warren's Kandivili plant.

Shareholding pattern

As on June 30, 2002, the entire paid up equity capital of Warren was held by Indoco along with its nominees.

Name	**Number of Shares**	**%**
Indoco Remedies Limited	9,800	98.00
Sundeep V Bambolkar (nominee for Indoco)	100	1.00
Aruna S. Kare (nominee for Indoco)	20	0.20
F. X. Coutinho (nominee for Indoco)	20	0.20
Aditi Kare Panandikar (nominee for Indoco)	20	0.20
Madhura A. Ramani (nominee for Indoco)	20	0.20
Suresh G. Kare (nominee for Indoco)	20	0.20
Total	**10,000**	**100.00**

Board of Directors

The Board of Directors of Warren as on June 30, 2002, comprised of Mr. Suresh G. Kare, Mr. Sundeep V Bambolkar, Mr. F.X. Coutinho and Ms. Aditi Kare Panandikar.

Financial Performance

The key financial highlights of Warren for the financial years ended March 31, 2000, March 31, 2001, March 31, 2002 and for the period from April 1, 2002 to June 30, 2002 were as follows:

(in Rs. Mn, except per share data)

For the year ended March 31,	2000	2001	2002	For the period from April 1, 2002 to June 30, 2002
Total revenues	168.20	159.19	244.55	67.88
Profit after tax	11.09	6.06	10.25	6.10
Equity share capital	1.00	1.00	1.00	1.00
Reserves	35.80	36.31	45.29	52.42
Earnings per share (Rs.)	1,109.04	605.98	1,025.32	610.61
Book Value per share (Rs.)	3,680.12	3,730.83	4,629.04	5,342.10

Source: Audited Accounts

Reasons for decrease in profits

2001 with 2000

During the year 2001 there was a decline in the turnover of the Company due to competitive factors. Further, there was increase in the cost of materials due to change of packing materials from aluminium tubes to lupelin and glass bottles to lupelin bottles for its toothpaste and eye drop products respectively.

Warren Laboratories Limited (now merged with the Company) (“Warren Labs”)

Warren Labs was incorporated on April 15, 1988 under the Companies Act, 1956. Warren Labs was merged with Warren w.e.f. April 1, 2001 under the provisions of sections 391-394 of the Companies Act vide Bombay High Court Order dated April 26, 2002. Subsequently, through a Scheme of Arrangement sanctioned by an Order dated June 13, 2003, passed by the High Court of Judicature at Bombay, Warren was amalgamated into Indoco w.e.f. July 1, 2002. The registered office of Warren Labs was located at at 2/10 Jyoti Wire House, Veera Desai Road, Andheri (West), Mumbai 400 053.

Warren Labs manufactured dental products such as toothpastes, dental gels, etc. Its manufacturing facilities were located at N-101, MIDC, Tarapur, Maharashtra.

Shareholding Pattern

As on April 25, 2002, the shareholding pattern of Warren Labs was as follow:

Name	Number of Shares	%
Indoco Remedies Limited	3,920	98.00
Sundeep V Bambolkar (nominee for Indoco)	30	0.75
Aruna S. Kare (nominee for Indoco)	10	0.25
F. X. Coutinho (nominee for Indoco)	10	0.25
Aditi Kare Panandikar (nominee for Indoco)	10	0.25
Madhura A Ramani (nominee for Indoco)	10	0.25
Suresh G Kare (nominee for Indoco)	10	0.25
Total	**4,000**	**100.00**

Board of Directors

The Board of Directors of Warren Labs as on April 25, 2002, comprised of Mr. Suresh G. Kare, Mr. Sundeep V Bambolkar, Mr. F.X. Coutinho and Ms. Aditi Kare Panandikar.

Indoco Remedies Limited

Financial Performance

The key financial highlights of Warren Labs for the financial years ended March 31, 2000, March 31, 2001 were as follows:

(in Rs. Mn, except per share data)

For the year ended March 31,	2000	2001
Total revenues	568.93	682.00
Profit after tax	7.18	3.16
Equity share capital	0.40	0.40
Reserves	193.52	142.25
Earnings per share (Rs.)	1,794.63	789.54
Book Value per share (Rs.)	4,938.12	3,656.41

Source: Audited Accounts

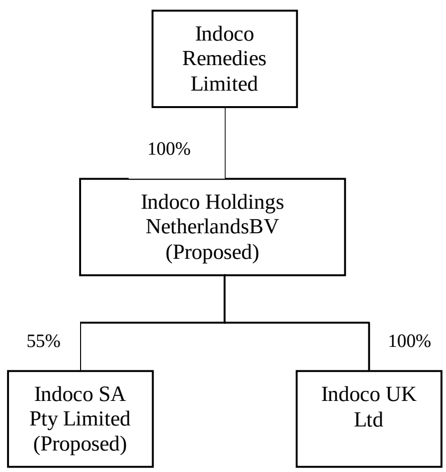
Reasons for decrease in profits

2001 with 2000

There was increase in the cost of materials due to change of packing material from aluminium tubes to lupelin and glass bottles to lupelin bottles for its toothpaste and eye drop products respectively.

Proposed International Subsidiaries

In order to have a direct foothold the critical export markets we propose to establish joint ventures/wholly owned subsidiaries overseas. The proposed overseas group companies and subsidiaries of the Company are as follows:



Indoco Holdings Netherlands BV (Proposed)

Indoco Holdings Netherlands BV ("Indoco Holdings") will be incorporated as a wholly owned subsidiary of the Company in the Netherlands. This entity is intended to be the holding entity for all the overseas investments of the Company. Indoco Holdings will be located in Netherlands since it has a conducive business environment and network of multiple beneficial tax treaties. The company is yet to be incorporated.

Indoco UK Ltd

Indoco UK Limited ("Indoco UK") was incorporated on June 15, 2004 as a private company limited by shares. The main object of Indoco UK is to trade as a general commercial company. Mr Norman Younger subscribed to the Memorandum of Association by subscribing to one equity share of £ 1. After formation of Indoco Holdings, shares will be transferred to Indoco HoldingsIndoco UK would be a wholly owned subsidiary of Indoco Holdings. It is intended that Indoco UK would spearhead the group's marketing and distribution operations in UK and Western Europe countries.

Indoco UK has not yet commenced its operations, and hence no audited accounts are available as yet.

Indoco SA Pty Limited (Proposed)

The Company has signed a joint venture agreement with Sun Medicamentos Pty Limited, South Africa on August 31, 2004 for setting up a company in South Africa which would be named as Indoco SA Pty Limited ("Indoco SA"). As per the terms of the aforesaid agreement, Indoco Holdings would hold 55% of the paid-up equity share capital of Indoco SA, with the balance 45% being held by Sun Medicamentos Pty Limited.

Indoco SA will be spearheading the group's marketing and distribution operations in southern Africa, mainly in the SADAC countries, including South Africa, Zimbabwe, Namibia, Botswana, Zambia, Swaziland, Mozambique, Lesotho, Malawi, Angola, Democratic Republic of Congo (DRC), Seychelles, Madagascar and Mauritius.

Indoco SA has not yet been incorporated.

GROUP COMPANIES

A. Group companies/firms promoted by Mr. Suresh G. Kare:

Sr. No.	Name of the Company	Relationship with us
1	Spa Pharmaceuticals Private Limited	Group Company
2	A. K. Services	Group Firm
3	M K Enterprises	Group Firm
4	Indoco Capital Markets Limited	Group Company
5	Indoco Global Markets Private Limited	Group Company

1. Spa Pharmaceuticals Private Limited ("Spa")

Spa was incorporated on November 16, 1987 under the Companies Act, 1956. Spa's registered office is located at, 166, C.S.T. Road, Santacruz (East), Mumbai 400 098. Spa is in the business of manufacture of pharmaceutical formulations. Presently Spa carries out the manufacturing activity for Indoco and other third parties on job work basis. Apart from doing manufacturing for Indoco, Spa also manufactures products for M/s. Blue Cross Laboratories such as Veba Syrup.

The High Court of Judicature at Bombay had approved the Scheme of Amalgamation of Ameya Pharmaceuticals and Chemicals Limited ("Ameya") with Spa under sections 391- 394 of the Companies Act vide its Order dated August 18, 2003 w.e.f. April 1, 2002. Pursuant to the Scheme of Amalgamation the shareholders of Ameya received one equity share of Rs. 10 each in Spa for every fifteen shares of Rs. 10 each in Ameya. Accordingly, 20000 equity shares of Spa were issued for consideration other than cash and these rank pari passu with the existing shares. Ameya was engaged in the business of manufacturing and marketing of bulk drugs.

Shareholding Pattern

As on September 30, 2004, the shareholding pattern of Spa was as follows:

Name of the Shareholder	Number of shares	(%)
Suresh G Kare	3,260	0.53%
Sundeep V Bambolkar	46,200	7.45%
Aruna S. Kare	3,34,601	53.97%
Aditi Kare Panandikar	62,467	10.08%
Madhura A Ramani	62,466	10.08%
Suresh C Bambolkar	560	0.09%
Malini S Bambolkar	560	0.09%
Smriti Sardesai	480	0.08%
Shanteri Investment Pvt. Ltd.	107,920	17.41%
Narsinh Investments & Finance Pvt. Ltd	453	0.07%
Indoco Capital Markets Ltd	1,033	0.17%
Total	**6,20,000**	**100%**

Board of Directors

The Board of Directors of Spa as on September 30, 2004 consists of Mr. Suresh G. Kare, Mr. Sundeep V Bambolkar and Ms. Aruna S. Kare.

Financial Performance

The key financial highlights of Spa for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows: *(in Rs. mn, except per share data)*

For the year ended March 31,	2002	2003	2004
Total revenues	44.77	92.88	119.03
Profit after tax	26.32	4.37	20.55
Equity share capital	6.00	6.20	6.20
Reserves	164.27	171.74	190.5
Earnings per share (Rs.)	43.86	7.04	33.15
Book Value per share (Rs.)	283.78	287.01	317.33

Source: Audited Accounts

Reasons for decrease in profits

2003 with 2002

During the year 2002, major contributor to the Profit After Tax was dividend income. However, during the year 2003, there was negligible dividend income since most of the mutual fund investments were converted from dividend option to growth option, as part of tax planning. Besides, Ameya Pharmaceuticals and Chemicals Private Limited merged with SPA during 2003 which contributed to total revenues but negligibly to the profit after tax because of high operational costs.

2. A. K. Services ("A K Services")

A K Services was formed as a partnership firm under the Indian Partnership Act, 1932 in terms of a partnership deed dated July 1, 1990 amongst Mrs. Aruna S Kare, Ms. Aditi Kare Panandikar and Mrs. Madhura A Ramani. A K Services registered office is located at 14, Nand Ghanshyam, Mahakali Caves Road, Andheri (East), Mumbai 400 093.

It is in the business of warehousing and leasing and acts as C&F Agents. A. K. Services acts as clearing and forwarding agent of Indoco at Pune, Bhiwandi and Bhandup Depots and has also let its premises to Indoco at Bhiwandi and Bhandup for storing the goods. A.K. Services (the "Agent") has entered into an agreement dated July 2, 2001 with the Company wherein the Company has appointed the Agent as a 'Non-exclusive Carrying and Forwarding Agent' for warehousing, storing and onward selling of the Company's products in Thane and Mumbai.

The key terms of the agreement are as given below:

- This Agreement, effective from the July 2, 2001 is for a period of 2 years, though at the option of the Company, extended for a further period of 2 years.
- Agent shall obtain necessary fidelity insurance in respect of its partners, employees and personnel who will be responsible for handling the Company's products, cheques, drafts and other valuables in the possession or custody of the Agent. The Company shall obtain an insurance policy for the storage of its goods against fire, theft, damage, pilferage etc. However, the Agent will reimburse applicable premium charges towards theft, pilferage and misappropriation.
- The Agent shall provide a Cash Security Deposit of Rs.10 lacs and the same shall be deposited with the Company. The Cash Security Deposit accepted from the Agent carries a simple interest of 7.5% per annum for 2004-2005.
- In consideration of the services provided by the Agent, the Agent shall be entitled to commission payable @ 2.7% on net sales after adjusting debit and credit notes.

Share in Profit and Loss

Based on the partnership deed, the share of profit and loss is as follows:

Name of the Shareholder	%
Mrs. Aruna S. Kare	33.33
Mrs. Aditi Kare Parandikar	33.33
Mrs. Madhura A. Ramani	33.34
Total	**100.00**

Financial Performance

The key financial highlights of A K Services for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	9.44	10.75	14.27
Profit after tax	1.44	1.53	2.06
Capital	4.01	5.92	8.69
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book Value per share (Rs.)	N.A.	N.A.	N.A.

N.A. - Not Applicable

*(**Source: Audited Accounts**)*

3. M/s M.K Enterprises

M/s M.K Enterprises was constituted on December 1, 1995 between Ms Aruna S Kare and Ms Madhura A Ramani for carrying out the business of C&F Agencies & Services of various nature, viz. transportation, forwarding, warehousing and leasing. The partners share the net profits and losses in equal proportion. Presently, the partnership does not carry out any business, therefore, no financial information relating to the partnership has been provided.

4. Indoco Capital Markets Limited ("Indoco Capital")

Indoco Capital was incorporated as a public limited company on February 8, 1995 under the Companies Act, 1956 and its registered office is located at 166, C.S.T. Road, Santacruz (East), Mumbai 400 098.

Its main business is to make investments.

Shareholding Pattern

As on September 30, 2004, the shareholding pattern of Indoco Capital was as follows:

Name of the Shareholder	Number of shares	(%)
Suresh G Kare	8,310	16.60
Aruna S Kare	16,710	33.37
Aditi Kare Panandikar	15,010	29.97
Madhura ARamani	10,010	20.00
Sundeep V Bambolkar	10	0.02
D.G.Borkar	10	0.02
S.C.Bambolkar	10	0.02
Total	**50,070**	**100.00**

Board of Directors

The Board of Directors of Indoco Capital as on September 30, 2004 comprised of Mr.Suresh G Kare, Mrs.Aruna S Kare, Mrs.Madhura A Ramani and Mr.S.C.Bambolkar.

Financial Performance

The key financial highlights of Indoco Capital for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 are as follow;

(in Rs. mns, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	1.48	0.25	0.24
Profit after tax	0.43	0.05	0.08
Equity share capital	0.40	0.50	0.50
Reserves	1.05	1.17	1.10
Earnings per share (Rs.)	10.53	0.99	1.55
Book Value per share (Rs.)	35.41	32.88	31.66

Source: Audited Accounts

Reasons for decrease in profits

2003 with 2002

The main source of income for this Company is by way of Dividends. During the year ended 31.03.2002, the Company received dividend twice on certain major investments. However, during the year ended 31.03.2003 very negligible amount was received as dividend income resulting in lower total revenue for the year.

5. Indoco Global Markets Private Limited ("Indoco Global")

Indoco Global was incorporated on March 8, 1995 as a private limited company under the Companies Act, 1956 and its registered office is located at 18-A, Mahal Estate, Mahakali Caves Road, P.O. Box No. 9467, Mumbai 400 093.

Indoco Global is in the business of development of software for all types of electronic based services, deal in computer hardware components and offer consultancy services.

Shareholding Pattern

As on September 30, 2004, the shareholding pattern of Indoco Global was as follows:

Name of the Shareholder	Number of Shares	%
Suresh G Kare	2,000	19.98%
Aditi Kare Panandikar	2,000	19.98%
Madhura A Ramani	2,000	19.98%
Sundeep V Bambolkar	1,000	9.99%
Indoco Remedies Limited	10	0.10%
Spa Pharmaceuticals Pvt.Ltd	3,000	29.97%
Total	**10,010**	**100.00**

Board of Directors

The Board of Directors of Indoco Global as on September 30, 2004 comprised of Ms. Aditi Kare Panandikar, Mrs.Madhura A Ramani and Mr.Sundeep V Bambolkar.

Financial Performance

The key financial highlights of Indoco Global for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows

(in Rs. mns, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	1.52	0.30	0.30
Profit after tax	0.60	0.06	0.006
Equity share capital	0.10	0.10	0.10
Reserves	0.02	0.08	0.09
Earnings per share (Rs.)	60.13	6.56	0.64
Book Value per share (Rs.)	9.11	16.02	16.70

Source: Audited Accounts

Reasons for decrease in profits

2003 with 2002

The main source of income for this Company is by way of Dividends. During the year ended 31.03.2002, the Company received dividend twice on certain major investments. However, during the year ended 31.03.2003 very negligible amount was received as dividend income resulting in lower total revenue for the year.

2004 with 2003

Higher expenses during the year on account of software development resulted in lower profit after tax of Rs 0.006 mn

B. Group companies/firms promoted by Mr. R G. Kare, relative of Mr. Suresh G. Kare

DCI Pharmaceuticals Private Limited ("DCI")

DCI was incorporated on December 29, 1975 under the Companies Act, 1956 as a private limited company. DCI's registered office is located at, Kare House, Near Metropole Cinema, Margoa, Goa 403 601. The main objects of the company is to carry on business of manufacturing, wholesale and retail chemists and manufacturers and refiners of and dealers, distributors, stockists of all kinds of drugs, chemicals, pharmaceuticals, medicinal and chemicals preparation.

Shareholders

As per the 2003-2004 annual return, the shareholders of DCI are as follows:

Name of the Shareholder	No. of shares
Ramnath G. Kare	72,326
Ashok G. Kare	29,226
Sharada R. Kare	426
Goa Investments Pvt. Ltd.	260
Kapil R. Kare	71,522
Pratibha Ashok Kare	1,300
Salil A. Kare	1,300
Leena Girish Pikale	7,167
Geeta Gurunath Ghanekar	7,167
Shilpa Mayur Sirdesai	7,166
Francis Joseph Pinto	20,000
Total	**217,860**

Board of Directors

The Board of Directors of DCI as on March 31, 2003 consists of Mr. Ramnath G. Kare, Mr. Ashok G. Kare, Mr. Kapil R. Kare, Dr. Francis Pinto and Mr. J Y, Sardesai.

Financial Performance

The key financial highlights of DCI for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows: *(in Rs. mn, except per share data)*

For the year ended March 31,	2002	2003	2004
Total revenues	31.84	40.81	45.80
Profit after tax	(14.79)	(10.92)	(9.66)
Equity share capital	21.79	21.79	21.79
Reserves	(14.53)	(26.98)	(36.24)
Earnings per share (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	Nil	Nil	Nil

Mr S. G. Kare has transferred 35,022 equity shares of Rs 10 each on January 19, 2004 to Mr. Kapil R Kare as DCI was making losses at that point of time and Mr S G Kare wanted to disassociate himself from the business concerns of his brothers. Subsequent to this transfer, Mr. SG Kare has ceased to be a shareholder of DCI.

There are no common pursuits amongst DCI and the Company, Group Companies or any of the Promoter Group Companies.

Goa Investment Private Limited ("GIPL")

GIPL was incorporated on May 10, 1985 under the Companies Act, 1956 as a private limited company. GIPL's registered office was located in Maharastra. Subsequently the registered office has been shifted to Goa state with effect from September 17, 1991 at Kare House, Near Metropole Cinema, Margoa, Goa 403 601. The main objects of the company are to carry on business of an investment company.

Shareholders

As per the 2003-2004 annual return, the shareholders of GIPL are as follows:

Name of the Shareholders	No. of Shares held
Ramnath G. Kare	41770
Sharada R. Kare	10360
Ramnath G. Kare (HUF)	350
Ashok G. Kare	10
Kapil R. Kare	10
Total	**52500**

Board of Directors

The Board of Directors of GIPL as on March 31, 2003 consists of Mr. Ramnath G. Kare, Mr. Kapil R. Kare, and Smt. Sharada R. Kare

Financial Performance

The key financial highlights of GIPL for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	1.50	0.01	0.44
Profit after tax	1.49	0.00	0.43
Equity share capital	0.53	0.53	0.53
Reserves	3.67	3.67	4.09
Earnings per share (Rs.)	28.45	0.00	8.16
Book Value per share (Rs.)	79.83	79.89	88.04

There are no common pursuits or related business transactions amongst GIPL and the Company, Group Companies or any of the Promoter Group Companies.

Kare Labs Private Limited ("KLPL")

Kare Pharma Private Limited was incorporated on June 30, 1987 under the Companies Act, 1956 as a private limited company and the name was changed to Kare Labs Private Limited. A fresh certificate of incorporation was obtained on November 22, 1996 for the same. The registered office of the company is located at Kare House, Near Metropole Cinema, Margoa, Goa 403 601. The main objects of the company are to carry on business as manufacturers, dealers, distributors, exporters, importers of pharmaceutical formulations, medicine, bulk drug etc..

Shareholders

As per the 2003-2004 annual return, the shareholders of KLPL are as follows:

Equity shares

	Name of Shareholders	No. of Shares held
1.	Ramnath G. Kare	64887
2.	Sharada R. Kare	36685
3.	Kapil R Kare	66430
4.	Leena G. Pikale	11500
5.	Geeta G. Ghanekar	11500
6.	Shilpa M. Sirdesai	11500
	Total	**202502**

Preference shares

	Name of Shareholders	No. of Shares held
Details of Preference Shares		No. of Shares
1.	Vithal Kasabekar	22879
2.	Amarjit Mahajan	22624
3.	Plastino E. Dcosta	5000
4.	Filomena B. Saldanha	5000
5.	Alexander M. Fernandes	5000
	Total	**60503**

Board of Directors

The Board of Directors of KLPL as on March 31, 2003 consists of Mr. Ramnath G. Kare, Mr. Kapil R. Kare, and Mr. J Y. Sardesai.

Financial Performance

The key financial highlights of GIPL for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	167.08	159.89	157.73
Profit after tax	3.73	4.25	3.09
Equity share capital	18.80	18.80	19.25
Reserves	27.72	31.97	36.32
Earnings per share (Rs.)	19.84	22.61	16.06
Book Value per share (Rs.)	247.27	269.66	288.66

There are no common pursuits or related business transactions amongst KLPL and the Company, Group Companies or any of the Promoter Group Companies.

Kare Health Specialties Private Limited ("KHSPL")

KHSPL was incorporated on September 20, 1999 under the Companies Act, 1956 as a private limited company. The registered office of the company is located at Kare House, Near Metropole Cinema, Margoa, Goa 403 601. The main objects of the company are to carry on business as manufacturers, dealers, distributors, exporters, importers of pharmaceutical formulations, medicine, bulk drug etc.

Shareholders

As per the 2003-2004 annual return, the shareholders of KHSPL are as follows:

Name of the Shareholders	No. of Shares held
Ramnath G. Kare	10010
Sharada R. Kare	5000
Mayur A. Sardesai	10
Kapil R. Kare	5010
Total	**20030**

Board of Directors

The Board of Directors of KHSPL as on March 31, 2003 consists of Mr. Ramnath G. Kare, Mr. Kapil R. Kare and Mr. Mayur A. Sardesai.

Financial Performance

The key financial highlights of KHSPL for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	23.80	18.85	27.98
Profit after tax	(19.93)	(17.49)	(25.25)
Equity share capital	2.00	2.00	2.00
Reserves	(35.21)	(52.70)	(77.94)
Earnings per share (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	Nil	Nil	Nil

There are no common pursuits or related business transactions amongst KHSPL and the Company, Group Companies or any of the Promoter Group Companies.

Motiff Laboratories Private Limited ("MLPL")

MLPL was incorporated on February 8, 1996 under the Companies Act, 1956 as a private limited company. The registered office of the company is located at 112-113 Bethora Industrial Estate, Bethora, Ponda Goa 403 409. The main objects of the company are to carry on business as manufacturers, dealers, distributors, exporters, importers of pharmaceutical formulations, medicine, bulk drug etc.

Shareholders

As per the 2003-2004 annual return, the shareholders of MLPL are as follows:

Name of Shareholder	No. of shares held
Mr. Ramnath G. Kare	55000
Mr. Kapil R. Kare	90000
Mr. Mayur A. Sirdesai	15000
Mrs. Shilpa M. Sirdesai	40000
Total	**200000**

Board of Directors

The Board of Directors of KHSPL as on March 31, 2003 consists of Mr. Ramnath G. Kare, Mr. Kapil R. Kare, Mr. Mayur A. Sirdesai and Mr. Anil K. Desai.

Financial Performance

The key financial highlights of MLPL for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	34.36	24.16	25.86
Profit after tax	(3.06)	(3.45)	3.70
Equity share capital	2.00	2.00	2.00
Reserves	(6.20)	9.65	(13.35)
Earnings per share (Rs.)	Nil	Nil	Nil
Book Value per share (Rs.)	Nil	Nil	Nil

There are no common pursuits or related business transactions amongst MLPL and the Company, Group Companies or any of the Promoter Group Companies.

MLPL also has a marketing arrangment with KHSPL. However, there is no agreement recording the same.

C. Group companies/firms promoted by Mr. A G. Kare, relative of Mr. Suresh G. Kare

Mangeshi Investment Private Limited ("MIPL")

MIPL was incorporated on May 10, 1985 under the Companies Act, 1956 as a private limited company. The registered office of the company is located at Kare House, Near Metropole Cinema, Margoa, Goa 403 601. The main objects of the company are to carry on the business of an investment company.

Shareholders:

As per the 2003-2004 annual return, the sharehodlers of MIPL are as follows:

Name of the Shareholder	No. of shares held
Ashok Govind Kare	2570
Pratibha Ashok Kare	7060
Ashok G. Kare (HUF)	350
Ramnath G. Kare	10
Salil A. Kare	10
Total	**10000**

Board of Directors

The Board of Directors of MIPL as on March 31, 2004 consists of Mr. Ashok G. Kare, Smt. Pratibha A. Kare, and Mr. Salil A. Kare.

Financial Performance

The key financial highlights of MIPL for the financial year ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows: *(in Rs. mn, except per share data)*

For the year ended March 31,	2002	2003	2004
Total revenues	1.14	0.00	0.31
Profit after tax	1.13	0.00	0.31
Equity share capital	0.10	0.10	0.10
Reserves	2.52	2.52	2.83
Earnings per share (Rs.)	113.00	0.00	31.00
Book Value per share (Rs.)	262.00	262.00	293.00

There are no common pursuits or related business transactions amongst MIPL and the Company, Group Companies or any of the Promoter Group Companies.

Drogaria Salcete("Drogaria Salcete")

Drogaria Salcete was formed as a partnership firm under the Indian Partnership Act, 1932 in terms of a partnership deed dated December 17, 1997 amongst Mr. Ashok G. Kare, Mr. Salil A. Kare, Mr. Kunal A. Kare and Mrs. Pratibha A. Kare. Drogaria Salcete's office is at Margoa, Goa.

The business of the partnership shall continue to be that of exporters, importers, manufacturers, producers, wholesalers, retailers, chemists, druggists etc.

Share in Profit and Loss

Based on the partnership deed, the share of profit and loss is as follows:

Name of the Shareholder	(%)
Mr. Ashok G. Kare, and	25.00
Mr. Salil A. Kare	25.00
Mr. Kunal A. Kare	25.00
Mrs. Pratibha A. Kare	25.00
Total	**100.00**

As per the Partnership Deed the capital of the partnership firm shall be Rs 0.6 mn contributed by all the partners in equal proportion.

Financial Performance

The key financial highlights of Drogaria Salcete for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	119.97	123.25	130.69
Profit after tax	1.26	0.23	0.79
Capital	16.87	17.74	18.21
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book Value per share (Rs.)	N.A.	N.A.	N.A.

N.A. - Not Applicable

*(**Source: Audited Accounts**)*

There are no common pursuits amongst Drogaria Salcete and the Company, Group Companies or any of the Promoter Group Companies.

M/s Drogaria Salcete is a stockist for the Company and KHSPL. However, there is no agreement for the same and the terms and conditions of the arrangement are same as those offered to others.

Salcete Distributors ("Salcete Distributors")

Salcete Distributors was formed as a partnership firm under the Indian Partnership Act, 1932 in terms of a partnership deed dated April 2, 1996 amongst Mr. Salil A. Kare and Mr. Kunal A. Kare. Salcete Distributor's office is at Margoa, Goa.

The business of the partnership shall continue to be that of buying and selling, wholesale, retail, import, export and dealers in and agents, stockists and representatives of all kinds of medicines, medical preparations, chemicals and other pharmaceuticals etc.

Share in Profit and Loss

Based on the partnership deed, the share of profit and loss is as follows:

Name of the Shareholder	(%)
Mr. Salil A. Kare	50.00
Mr. Kunal A. Kare	50.00
Total	**100.00**

As per the Partnership Deed the capital of the partnership firm shall be Rs 50,000 contributed by all the partners in equal proportion.

Financial Performance

The key financial highlights of Salcete Distributors for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	0.23	0.32	0.67
Profit after tax	0.00	0.13	0.04
Capital	0.24	0.37	0.53
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book Value per share (Rs.)	N.A.	N.A.	N.A.

N.A. - Not Applicable

*(**Source: Audited Accounts**)*

There are no common pursuits amongst Drogaria Salcete and the Company, Group Companies or any of the Promoter Group Companies.

Related business transactions:

Agreement dated December 1, 2000, between the Company and M/s Salacete Distributors (Agent) at Margao, Goa wherein the Company has appointed the Agent as a 'Non-exclusive Carrying and Forwarding Agent' for warehousing, storing and onward selling of the Company's Products in State of Goa upon the terms and conditions mentioned therein.

This Agreement, effective from December 1, 1998, is for a period of 2 years, though at the option of the Company, it can be extended for a further period of 2 years or such subsequent period as is mutually agreed to.

Agent shall obtain necessary fidelity insurance in respect of its partners, employees and personnel who will be responsible for handling the Company's products, cheques, drafts and other valuables in the possession or custody of the Agent. The Company shall obtain an insurance policy for the storage of its goods against fire, theft, damage, pilferage etc.

Upon execution of this Agreement, the Agent shall provide a Cash Security Deposit of Rs. 5 lacs and the same shall be deposited with the Company. The Cash Security Deposit accepted from the Agent carries a simple interest of 7.5% per annum for 2004-2005.

who shall pay simple interest @ 0.5% above the prime lending rate of State Bank of India (presently 11.5% p.a.) on the deposit.

In consideration of the services provided by the Agent, the Agent shall be entitled to commission @ 2.7% on net sales per annum after adjusting the debit and credit notes payable monthly on net sales.

Salcete Agencies ("Salcete Agencies")

Salcete Agencies was formed as a partnership firm under the Indian Partnership Act, 1932 in terms of a partnership deed dated April 1, 1996 amongst Smt. Pratibha A. Kare and Mr. Kunal A. Kare. Salcete Distributor's registered office is at Kare House, Near Metropole Cinema, Margoa, Goa 403 601.

The business of the partnership shall continue to be that of buying and selling, wholesale, retail, import, export and dealers in and agents, stockists and representatives of all kinds of medicines, medical preparations, chemicals and other pharmaceuticals etc.

Share in Profit and Loss

Based on the partnership deed, the share of profit and loss is as follows:

Name of the Shareholder	(%)
Mrs. Pratibha A. Kare	50.00
Mr. Kunal A. Kare	50.00
Total	**100.00**

As per the Partnership Deed the capital of the partnership firm shall be Rs 50,000 contributed by all the partners in equal proportion.

Financial Performance

The key financial highlights of Salcete Agencies for the financial year ended March 31, 2004 are as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2004
Total revenues	3.49
Profit after tax	0.00
Capital	0.89
Earnings per share (Rs.)	N.A.
Book Value per share (Rs.)	N.A.

N.A. - Not Applicable

Note: Key financial highlights for the financial year 2002 and 2003 are not available with the promoters.Hence disclosures have been made based on the available information with us.

There are no common pursuits or related business transactions amongst Salcete Agencies and the Company, Group Companies or any of the Promoter Group Companies.

Salcete Pharma ("Salcete Pharma")

Salcete Pharma was formed as a partnership firm under the Indian Partnership Act, 1932 in terms of a partnership deed dated April 2, 1996 amongst Smt. Pratibha A. Kare and Mr. Salil A. Kare. Salcete Pharma's office is at Margoa, Goa .

The business of the partnership shall continue to be that of buying and selling, wholesale, retail, import, export and dealers in and agents, stockists and representatives of all kinds of medicines, medical preparations, chemicals and other pharmaceuticals etc.

Share in Profit and Loss

Based on the partnership deed, the share of profit and loss is as follows:

Name of the Shareholder	(%)
Mrs. Pratibha A. Kare	50.00
Mr. Salil A. Kare	50.00
Total	**100.00**

As per the Partnership Deed the capital of the partnership firm shall be Rs 50,000 contributed by all the partners in equal proportion.

Financial Performance

The key financial highlights of Salcete Pharma for the financial years ended March 31, 2002, March 31, 2003 and March 31, 2004 were as follows:

(in Rs. mn, except per share data)

For the year ended March 31,	2002	2003	2004
Total revenues	26.30	15.00	2.74
Profit after tax	0.14	0.07	0.01
Capital	1.21	1.59	1.88
Earnings per share (Rs.)	N.A.	N.A.	N.A.
Book Value per share (Rs.)	N.A.	N.A.	N.A.

N.A. - Not Applicable

(***Source: Audited Accounts***)

There are no common pursuits or related business transactions amongst Salcete Pharma and the Company, Group Companies or any of the Promoter Group Companies.

Companies of the promoter Group/Subsidiaries referred to BIFR/under winding up/ having negative net worth

None of the Group Companies of the Promoter or ventures promoted by the Promoter are BIFR cases or under winding up

None of the Group Companies of the Promoter or ventures promoted by the Promoter have negative net worth. The promoters have not disassociated themselves from any company/firm during the preceeding three years

There have been no sales or purchases between companies in the Promoter Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled “Related Party Transactions” on page 96 of the Red Herring Prospectus

RELATED PARTY TRANSACTIONS

INDOCO REMEDIES LIMITED

Related Party transactions

A. RELATIONSHIP

PARTICULARS	FOR THE YEAR ENDED 30TH JUNE		
	2002	2003	2004
RELATION			
Subsidiaries	Warren Pharmaceuticals Limited	None	Indoco Healthcare Limited *(formerly known as Indoco Pharmaceuticals Pvt. Ltd.*
Shareholders	Shanteri Investment Private Limited	Shanteri Investment Private Limited	Shanteri Investment Private Limited
	Spa Pharmaceuticals Private Limited	Spa Pharmaceuticals Private Limited	Spa Pharmaceuticals Private Limited
Associates	Indoco Capital Markets Limited	Indoco Capital Markets Limited	Indoco Capital Markets Limited
	Spade Pharmaceuticals Private Limited	Spade Pharmaceuticals Private Limited	A K Services
	Ameya Pharmaceuticals Private Limited		
	A K Services	A K Services	
Directors & their relatives	Mr. Suresh G Kare – Chairman & MD	Mr. Suresh G Kare - Chairman & MD	Mr. Suresh G Kare - Chairman & MD
	Mr. S Y Rege - Director	Mr. S Y Rege - Director	Mr. S Y Rege - Director
	Mr. P K Kakodkar – Director	Mr. P K Kakodkar - Director	Mr. P K Kakodkar - Director
	Mr. D N Mungale – Director	Mr. D N Mungale - Director	Mr. D N Mungale - Director
	Mr. D M Sukthankar – Director	Mr. D M Sukthankar - Director	Mr. D M Sukthankar – Director
	Dr. M R Narvekar – Director Director	Dr. M R Narvekar - Director	Dr. M R Narvekar -
	Mr. U K Naik – Director	Mr. U K Naik - Director	Ms. Aditi Kare Panandikar - Director
	Ms. Aditi Kare Panandikar - Directors' relative	Ms. Aditi Kare Panandikar - Director	Mr. Sundeep V Bambolkar
			Mrs. Neeta Bambolkar
	Ms. Aruna Kare – Directors' relative	Ms. Aruna Kare - Directors' relative	Mr. F X Coutinho
			Mrs. Ivy. Coutinho
	Ms. Madhura A Ramani - Directors' Relative	Ms. Madhura A Ramani - Directors' Relative	Ms. Aruna Kare - Directors' relative
	Mr. Anup P Ramani - Directors' Relative	Mr. Anup P Ramani - Directors' Relative	Ms. Madhura A Ramani - Directors' Relative
			Mr. Anup P Ramani - Directors' Relative

Notes : Warren Pharmaceuticals Limited has been amalgamated with Indoco Remedies Limited with effect from 1st July, 2002.

Ameya Pharmaceuticals & Chemicals Private Limited has been amalgamated with SPA Pharmaceuticals Private Limited with effect from 1st April, 2002.

Indoco Healthcare Limited formerly known as Indoco Pharmaceuticals Private Limited became Wholely Owned Subsidiary from 29.04.2004.

Mr. U K Naik , Director has resigned on 20th September,2003.

Ms. Aditi Kare Panandikar, Mr. Sundeep V Bambolkar, Mr. F X Coutinho are appointed as Director on the Board with effect from 1st April, 2004.

INDOCO REMEDIES LIMITED

Related Party transactions

B. TRANSACTIONS WITH RELATED PARTIES

(Rs. mn)

Items	**Related Party & Relation**	**FOR THE YEAR ENDED 30TH JUNE**		
		2002	**2003**	**2004**
Purchase of Goods & Services	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	8.75	21.10	57.73
	Shanteri Investment Private Limited	0.11	0.00	0.00
	Subsidiaries :			
	Warren Pharmaceuticals Limited	283.98	0.00	0.00
	Associates :			
	Indoco Capital Markets Limited	0.13	0.14	0.14
	Spade Pharmaceuticals Private Limited	11.24	13.42	0.00
	A K Services	8.53	13.10	10.09
	Ameya Pharmaceuticals & Chemicals Private Limited	14.69	0.00	0.00
	Directors & their relatives :			
	Ms. Aruna S Kare - Directors' relative	0.73	1.31	0.70
	Ms. Aditi Kare Panandikar - Directors' relative	0.21	0.36	0.42
	Ms. Madhura A Ramani - Directors' Relative	0.09	0.10	0.20
	Mr. Anup P Ramani - Directors' Relative	0.15	0.00	0.00
	Mrs. Ivy Coutinho	0.00	0.00	0.30
	Mrs. Neeta Bambolkar	0.00	0.00	0.21

(Rs. mn)

Items	Related Party & Relation	FOR THE YEAR ENDED 30TH JUNE		
		2002	2003	2004
Sale of Goods & Services	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	0.68	0.28	0.12
	Subsidiaries :			
	Warren Pharmaceuticals Limited	2.84	0.00	0.00
	Associates :			
	Ameya Pharmaceuticals & Chemicals Private Limited	6.00	0.00	0.00
Loans taken during the year	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	55.50	0.00	0.00
	Shanteri Investment Private Limited	29.10	0.00	0.00
Interest on Loans	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	0.53	0.00	0.00
	Shanteri Investment Private Limited	1.12	0.00	0.00
	Associates :			
	Indoco Capital Markets Limited	0.05	0.00	0.00
Loans Repaid during the year	**Shareholders :**			
	Shanteri Investment Private Limited	0.00	25.70	0.00
Creditors/Payables	**Shareholders :**			
	Shanteri Investment Private Limited	25.70	1.41	6.50
	Subsidiaries :			
	Warren Pharmaceuticals Limited	51.13	0.00	0.00
	Associates :			
	Spade Pharmaceuticals Private Limited	0.87	5.84	0.00
	A K Services	1.30	0.00	0.00

(Rs. mn)

Items	Related Party & Relation	FOR THE YEAR ENDED 30TH JUNE		
		2002	**2003**	**2004**
Guarantees Outstanding	**Subsidiaries :**			
	Warren Pharmaceuticals Limited	25.00	0.00	0.00
Remuneration	**Directors & their relatives :**			
	Mr Suresh G Kare - Chairman & MD	3.90	7.42	9.76
	Ms Aditi Kare Panandikar - Directors' relative	0.79	0.00	0.00
	Ms Madhura A Ramani - Directors' Relative	0.39	0.00	0.00
Directors' sitting fees	**Directors :**			
	Mr S Y Rege - Director	0.01	0.02	0.01
	Mr P K Kakodkar - Director	0.00	0.03	0.02
	Mr D N Mungale - Director	0.00	0.03	0.01
	Mr. D M Sukthankar - Director	0.01	0.00	0.01
	Dr M R Narvekar - Director	0.00	0.00	0.00
	Mr U K Naik – Director	0.00	0.00	0.00

SECTION IV: FINANCIAL INFORMATION

Selected Financial Inofrmation and Management's Discussion And Analysis Of Financial Condition And Results Of Operations

RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP

Auditor's Report

The Board of Directors
Indoco Remedies Limited
Indoco House,
166, CST Road,
Santacruz (East),
Mumbai – 400 098.

Dear Sirs

1. We have examined the accounts of **Indoco Remedies Limited** ('the Company') for the five financial years ended June 30, 2000, June 30, 2001, June 30, 2002, June 30, 2003 & June 30, 2004 being the last date to which the accounts of the Company have been made up and audited by us for presentation to the members of the Company.
2. We have also examined the accounts of the Company for the year ended June 30, 2004 prepared and approved by the Board of Directors of the Company and audited by us for the purpose of disclosure in the Offering Memorandum being issued by the Company in connection with the public issue of 30,00,000 Equity shares being initial issue of Equity shares through book building route.
3. We have accepted the relevant accounts in respect of **Indoco Healthcare Ltd.** (**IHL**) (formerly known as Indoco Pharmaceuticals Pvt. Ltd.), a wholly owned subsidiary of the Company for the five consecutive financial years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 & June 30, 2004 (15 months) being the last date to which the accounts of **IHL** have been prepared and approved by its Board of Directors, audited and reported on by **M/s. D.S. Mahambre & Co.**, auditors of **IHL**.
4. We have accepted the relevant accounts in respect of **Warren Laboratories Limited** (**WLL**), a wholly owned subsidiary of the Company for the two consecutive financial years ended March 31, 2000 & March 31, 2001 being the last date to which the accounts of **WLL** have been prepared (subsequently, **WLL** has merged with **Warren Pharmaceuticals Limited** effective from 01.04.2001) and approved by its Board of Directors, audited and reported on by **M/s. D.S. Mahambre & Co.**, auditors of **WLL**.
5. We have accepted the relevant accounts in respect of **Warren Pharmaceuticals Limited** (**WPL**), a wholly owned subsidiary of the Company for the three consecutive financial years ended March 31, 2000, March 31, 2001, March 31, 2002 & June 30, 2002 (3 months) being the last date to which the accounts of **WPL** have been prepared (subsequently, **WPL** has merged with **Indoco Remedies Limited** effective from 01.07.2002) and approved by its Board of Directors, audited and reported on by **M/s. D.S. Mahambre & Co.**, auditors of **WPL**.
6. In accordance with the requirements of ;

   I. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956,

   II. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 in pursuance of Section 11 of SEBI Act, 1992, "the SEBI Guidelines" and

   III. Request dated September 02, 2004 received from the Company to carry out the work relating to the offer document being issued by Indoco Remedies Limited, in connection with the initial public offer of equity shares of the company;

   We report that :

   a) The restated profits of the Company for the financial year ended June 30, 2000, 2001, 2002, 2003 and 2004 are as set out in **Annexure I** to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in **Annexure XII & XIV** of this report.

   b) The restated assets and liabilities of the Company as at June 30, 2000, 2001, 2002, 2003 & 2004 are as set out in **Annexure II** to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure XIV** to this report.

c) The restated Cash flow statement of the Company as at June 30, 2000, 2001, 2002, 2003 & 2004 are as set out in **Annexure II A** to this report.

d) The rates of dividends paid by the Company in respect of the financial years ending June 30, 2000, 2001, 2002, 2003 & 2004 are as shown in **Annexure III** to this report.

e) We have examined the following financial information relating to the company and as approved by the Board of Directors for the purpose of inclusion in the Offering Memorandum :-

f) Accounting Ratios as appearing in **Annexure IV** to this report.

g) Capitalisation Statement as at June 30, 2004 as appearing in **Annexure V** of this report.

h) Statement of Tax Shelters for the year ended March 31, 2000, 2001, 2002, 2003 and 2004 as

i) appearing in **Annexure VI** to this report.

j) Details of Other Income as appearing in **Annexure VII** to this report.

k) Details of Sundry Debtors as appearing in **Annexure VIII** to this report.

l) Details of Loans and Advances as appearing in **Annexure IX** to this report.

m) Details of Unsecured Loans as appearing in **Annexure X** to this report.

n) Details of Secured Loans as appearing in **Annexure XI** to this report.

o) Details of Quoted Investment as appearing in **Annexure XIII** to this report.

The preparation and presentation of this financial information is the responsibility of the Company's management and is as approved by the Board of Directors. This financial information is proposed to be included in the Offer Document of the company in connection with proposed initial public issue of its equity shares.

In our opinion the above financial information of the Company read together with the Significant Accounting Policies and notes on these restated accounting statements attached in Annexure I to XIV to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

In accordance with para 6.18.3 (ii) of the SEBI Guidelines, also attached are restated summary financial statements of Company's subsidiaries in Annexures XV to XVII to this report. The summary financial statements of the Company's subsidiaries have not been consolidated into the Company's financial statements.

We have accepted the relevant restated Summary financial statements read together with the significant accounting policies in respect of Indoco Healthcare Limited for the five consecutive financial years ended March 31, 2000, March 31, 2001, March 31, 2002, March 31, 2003 & June 30, 2004 (15 months). The relevant restated summary financial statements of **Indoco Healthcare Limited** (formerly known as Indoco Pharmaceuticals Pvt. Ltd.) read together with the significant accounting policies are attached in **Annexure XV** to this report.

We have accepted the relevant restated Summary financial statements read together with the significant accounting policies in respect of **Warren Laboratories Limited** for the two consecutive financial years ended March 31, 2000 & March 31, 2001 (subsequently, **WLL** has merged with **Warren Pharmaceuticals Limited** effective from 01.04.2001). The relevant restated summary financial statements of **Warren Laboratories Limited** read together with the significant accounting policies are attached in **Annexure XVI** to this report.

We have accepted the relevant restated Summary financial statements read together with the significant accounting policies in respect of **Warren Pharmaceuticals Limited** for the three consecutive financial years ended March 31, 2000, March 31, 2001 & June 30, 2002 (15 months) (subsequently, **WPL** has merged with **Indoco Remedies Limited** effective from 01.07.2002). The relevant restated summary financial statements of Warren Pharmaceuticals Limited read together with the significant accounting policies are attached in **Annexure XVII** to this report.

This report is intended solely for your information and for inclusion in the Offering Memorandum in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other pupose without our written consent.

For **Patkar & Pendse**
Chartered Accountants

B M Pendse
Partner
Membership No. 32625

Place : Mumbai
Date : October 6, 2004

INDOCO REMEDIES LIMITED

ANNEXURE I - STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. mn)

PARTICULARS	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Income					
Sales :					
Own Manufacturing	674.47	896.95	959.56	1,365.71	1,561.46
Trading	542.75	374.76	361.68	99.61	214.62
Total	**1,217.22**	**1,271.71**	**1,321.24**	**1,465.32**	**1,776.08**
Less : Excise Duty	89.03	118.72	128.34	186.49	209.20
Net Sales	**1,128.19**	**1,152.99**	**1,192.90**	**1,278.83**	**1,566.88**
Other Income	45.08	23.19	24.52	20.92	36.82
Increase/(Decrease) in Inventories	11.20	(11.63)	14.58	18.38	59.33
(Refer Annexure XII)	**1,184.47**	**1,164.55**	**1,232.00**	**1,318.13**	**1,663.03**
Expenditure					
Materials	751.40	634.25	663.63	539.91	692.69
Staff Costs	84.78	95.93	104.96	173.55	199.60
Other manufacturing expenses	22.27	34.97	37.83	65.46	81.71
Administration Expenses	22.15	43.50	43.92	70.93	80.16
Selling and Distribution Expenses	108.56	135.88	158.98	228.48	260.29
Depreciation	12.92	16.11	18.24	28.67	29.58
Interest	37.46	40.17	24.95	30.60	28.16
	1,039.54	**1,000.81**	**1,052.51**	**1,137.60**	**1,372.19**
Net Profit before tax and extraordinary Items	**144.93**	**163.74**	**179.49**	**180.53**	**290.84**
Taxation – Current	15.30	11.50	16.50	21.00	66.50
- Earlier years	0.00	1.27	(2.47)	(6.30)	0.00
- Deferred	0.00	0.00	0.00	19.11	11.73
Net Profit before Extraordinary Items	**129.63**	**150.97**	**165.46**	**146.72**	**212.61**
Add : Adjustment on Account of changes in Accounting Policies (Ref. Annexure XII)	5.64	(1.32)	0.00	0.00	0.00
Adjusted Profit before Extraordinary Items	**135.27**	**149.65**	**165.46**	**146.72**	**212.61**
Extraordinary items (net of tax)					
Depreciation Written Back	17.22	0.00	0.00	0.00	0.00
Net Profit after Extraordinary Items	**152.49**	**149.65**	**165.46**	**146.72**	**212.61**

INDOCO REMEDIES LIMITED

ANNEXURE II - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. mn)

PARTICULARS	As At 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
A. Fixed Assets :					
Gross Block	293.09	310.57	527.85	603.25	633.76
Less : Depreciation	63.46	77.62	95.86	143.84	171.75
Net Block	**229.63**	**232.95**	**431.99**	**459.42**	**462.01**
Add : Capital Work in Progress	0.00	58.69	2.02	4.16	17.29
Total	**229.63**	**291.65**	**434.01**	**463.58**	**479.29**
Less : Revaluation Reserve	0.00	0.00	0.00	0.01	0.01
Net Block after adjustment for Revaluation Reserve	**229.63**	**291.65**	**434.01**	**463.57**	**479.28**
B. Current Assets, Loans and Advances :					
Inventories (Refer Annexure XII)	100.47	85.59	105.97	144.39	232.09
Sundry Debtors	378.60	414.75	422.58	443.56	487.48
Cash and Bank Balances	61.89	66.65	42.72	130.45	175.24
Loans and Advances	17.75	19.10	37.64	78.03	115.07
Total	**558.71**	**586.09**	**608.91**	**796.44**	**1,009.88**
C. Investments					
Investments in Subsidiary Companies	143.78	143.78	143.78	0.00	7.40
Other Investments (Refer Annexure XIII)	0.38	0.38	0.38	10.04	0.05
Total	**144.16**	**144.16**	**144.16**	**10.04**	**7.45**
E. Liabilities and Provisions :					
Secured Loans	120.42	35.52	66.69	88.10	62.93
Unsecured Loans	150.46	186.02	206.45	184.41	194.07
Current Liabilities and Provisions	184.35	200.93	199.43	244.87	310.02
Deferred Tax Liability	0.00	0.00	0.00	41.44	53.18
Total	**455.23**	**422.48**	**472.57**	**558.82**	**620.20**
F. Networth					
Represented by					
1. Share Capital	88.20	88.20	88.20	88.20	88.20
2. Reserves	389.08	511.22	629.40	629.06	791.91
Less : Revaluation Reserve	0.00	0.00	0.00	0.01	0.01
Reserves (Net of Revaluation Reserves)	389.08	511.22	629.40	629.04	791.90
Less : Miscellaneous Expenditure to the Extent not written off or adjusted	0.00	0.00	3.09	6.02	3.68
Networth	**477.28**	**599.42**	**714.51**	**711.22**	**876.42**

INDOCO REMEDIES LIMITED

ANNEXURE II (A) - CASH FLOW STATEMENTS

			For The Year Ended							
	30th June, 2000		30th June, 2001		30th June, 2002		30th June, 2003		30th June, 2004	
A Cash Flow from Operating Activities :										
Net Profit before tax and extraordinary items		**144.91**		**163.74**		**179.49**		**180.53**		**290.84**
Adjustments for :										
Depreciation	12.92		16.11		18.24		28.67		29.58	
Profit on sale of Fixed Assets	0.00		(0.22)		0.00		(0.01)		(1.75)	
Loss on sale of Fixed Assets	0.11		0.20		0.00		0.17		0.41	
Loss on sale of Investments	0.00		0.00		0.00		(0.02)		0.05	
Interest Income	(0.71)		(3.46)		(2.47)		(6.83)		(13.43)	
Dividend received from Subsidiaries	(23.87)		(10.00)		(10.00)		0.00		0.00	
Dividend received on Investments	0.00		0.00		0.00		(0.39)		(0.00)	
Exchange Gain	(0.37)		(1.14)		(1.65)		(3.01)		(4.97)	
Exchange Loss	0.82		1.30		0.92		0.74		1.63	
Interest Expense	36.64		38.87		24.04		30.60		26.53	
		25.54		41.66		29.08		49.92		38.05
Operating Profit before Working Capital Change		**170.45**		**205.40**		**208.57**		**230.45**		**328.89**
Adjustments for :										
Trade and Other Receivables	(113.15)		(40.31)		(27.15)		(13.76)		(94.35)	
Inventories	(8.10)		7.92		(19.06)		(21.37)		(87.70)	
Trade Payables and Other Liabilities	24.36		5.48		20.37		32.41		84.96	
		(96.89)		(26.91)		(25.85)		(2.72)		(97.09)
Cash generated from Operations		**73.56**		**178.49**		**182.72**		**227.73**		**231.80**
Tax Paid		(16.09)		(9.95)		(16.33)		(56.37)		(46.61)
Net Cash generated from Operating Activities		**57.47**		**168.54**		**166.39**		**171.36**		**185.19**
B Cash generated from Investing Activities										
Purchases of Fixed Assets (incl. CWIP)	(82.80)		(79.91)		(160.60)		(42.82)		(52.51)	
Sale of fixed assets	0.18		1.80		0.00		0.08		8.56	
Purchases of Investments	(73.95)		0.00		0.00		(20.00)		(7.42)	
Sale of Investments	0.00		0.00		0.00		10.02		9.95	
Interest Received	0.71		3.46		2.47		5.73		9.27	
Dividend received from Subsidiaries	23.87		10.00		10.00		0.00		0.00	
Dividend received on Investments	0.00		0.00		0.00		0.40		0.00	
Net Cash used in Investing Activities		**(131.97)**		**(64.65)**		**(148.14)**		**(46.59)**		**(32.15)**

C Cash flow from Financing Activities

Interest Paid	(36.64)		(38.87)		(24.04)		(31.38)		(26.43)	
Dividend & Dividend Tax Paid	(19.58)		(10.76)		(70.47)		0.00		(69.65)	
Exchange Gain	0.37		1.14		1.65		2.26		4.97	
Exchange Loss	(0.82)		(1.30)		(0.92)		0.00		(1.63)	
Issue of Share Capital	44.10		0.00		0.00		0.00		0.00	
Share Premium Received	44.10		0.00		0.00		0.00		0.00	
Repayment of CC/WCDL Demand Loans	0.00		(17.46)		0.00		0.00		(82.99)	
Proceeds from CC/WCDL Demand Loans	46.02		0.00		36.17		61.73		0.00	
Proceeds from Short Term borrowings	0.00		1.02		30.00		46.73		56.39	
Repayment of Short Term borrowings	(21.50)		0.00		(2.02)		(30.00)		(46.73)	
Repayment of Term borrowings	(39.67)		(42.44)		(36.52)		(86.66)		0.00	
Proceeds form Term borrowings	87.77		9.54		23.97		0.00		57.81	
Net Cash used in Financing Activities		**104.15**		**(99.13)**		**(42.19)**		**(37.32)**		**(108.26)**
Cashflow on Amalgamation		**0.00**		**0.00**		**0.00**		**0.28**		**0.00**
Net Increase in Cash or Cash equivalents		**29.64**		**4.76**		**(23.93)**		**87.73**		**44.78**
Cash and Cash equivalents - Closing Balance		**61.89**		**66.65**		**42.72**		**130.45**		**175.24**
Cash and Cash equivalents - Opening Balance		**32.25**		**61.89**		**66.65**		**42.72**		**130.45**

INDOCO REMEDIES LIMITED

ANNEXURE III - DIVIDEND PAY OUT FOR LAST FIVE YEARS

(Rs. mn)

PARTICULARS	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
EQUITY SHARE CAPITAL	44.10		88.20		88.20
Interim Dividend					
Rate of Dividend (%)	20.00		50.00		50.00
Amount of Dividend	8.82		44.10		44.10
Corporate Dividend Tax	0.97		4.50		5.65
EQUITY SHARE CAPITAL	88.20	88.20		88.20	
Final Dividend					
Rate of Dividend (%)	10.00	22.50		20.00	
Amount of Dividend	8.82	19.85		17.64	
Corporate Dividend Tax	2.02	2.02		2.26	

INDOCO REMEDIES LTD.

ANNEXURE IV – SUMMARY OF ACCOUNTING RATIOS

(Rs.mn)

PARTICULARS	As At 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Net Profit After Tax as per audited statement of accounts	146.84	150.97	165.46	140.42	212.61
Add : Adjustments as per Annexure - XII	5.64	(1.32)	0.00	0.00	0.00
Net Profit attributable to Equity Shareholders (A)	152.48	149.65	165.46	140.42	212.61
No.of Equity Shares (Weighted Average) (B)	5.56	8.82	8.82	8.82	8.82
Net Worth (C)	477.28	599.42	717.60	717.26	880.11
Less : Revaluation Reserve	0.00	0.00	0.00	0.01	0.01
Less : Miscellaneous Expenditure to the extent not written of adjusted	0.00	0.00	3.09	6.02	3.68
Adjusted Net Worth (D)	477.28	599.42	714.51	711.22	876.42
Earning Per Share (EPS)	27.44	16.97	18.76	15.92	24.11
Net Asset Value Per Share (NAV)	54.11	67.96	81.01	80.64	99.37
Return on Net Worth (RONW) (%)	31.95	24.97	23.16	19.74	24.26
Formula :					
Earning Per Share (EPS)	Net Profit attributable to Equity Shareholders / Weighted Average Number of Equity Shares				
Net Asset Value Per Share (NAV)	Adjusted Net Worth / Number of Equity Shares				
Return on Net Worth (RONW)	Net Profit attributable to Equity Shareholders / Adjusted Net Worth				

INDOCO REMEDIES LIMITED

ANNEXURE V - CAPITALISATION STATEMENT

(Rs. Mn)

	Pre-issue as at 30.06.2004
Short-Term Debt	62.93
Long-Term Debt	194.07
Total Debts	**257.00**
Shareholders Funds :	
Share Capital	88.20
Reserves	791.91
Total Shareholders Funds	**880.11**
Long-Term Debt/Equity	**0.29 : 1**

The post issue long term debt equity ratio cannot be computed at this stage.

INDOCO REMEDIES LIMITED

ANNEXURE VI - STATEMENT OF TAX SHELTERS

(Rs. mn)

PARTICULARS	For The Year Ended on 31st March				
	2000	2001	2002	2003	2004
Profit / (Loss) before tax as per books (A)	**117.14**	**136.69**	**178.27**	**158.60**	**216.00**
Tax Rate	38.50%	39.55%	35.70%	36.75%	35.88%
Tax on actual rate on Profits	45.10	54.06	63.64	58.29	77.50
Adjustments					
Permanent Differences					
Export Profits U/s 80HHC	0.26	0.12	0.58	1.40	2.63
Dividend U/s 10 (33) & U/s 80 - M	16.37	7.50	10.00	10.00	0.00
Profit Exemption U/s 80IA/80IB	84.13	108.26	74.43	6.30	16.63
Exemption U/s 35/35(2AB)	0.40	24.70	16.85	6.15	14.15
Other Adjustments	2.28	(0.23)	1.72	(0.17)	13.97
Total Permanent Differences (B)	**103.45**	**140.35**	**103.59**	**23.68**	**47.39**
Timing Differences					
Difference between tax depreciation and book depreciation	(5.80)	(3.71)	24.44	57.68	29.69
Provision of Leave Encashment	0.00	(2.18)	(0.66)	(4.73)	(2.16)
Provision for Doubtful debts	0.00	(2.86)	0.00	(0.25)	0.00
Others	(2.09)	(10.55)	17.36	23.02	(18.40)
Total Timing Differences (C)	**(7.89)**	**(19.30)**	**41.14**	**75.72**	**9.13**
Net Adjustments (B+C)	**95.56**	**121.05**	**144.73**	**99.40**	**56.53**
Tax Saving thereon	**36.79**	**47.88**	**51.67**	**36.53**	**20.28**
Profit / (Loss) as per Income tax Return (D)					
D = (A-B-C)	**21.58**	**15.65**	**33.54**	**59.20**	**159.48**
Taxable income as per MAT	0.00	126.73	161.91	0.00	0.00
Tax as per Return	**8.31**	**10.74**	**12.39**	**21.76**	**57.22**

INDOCO REMEDIES LIMITED

ANNEXURE VII - DETAILS OF OTHER INCOME

(Rs. mn)

PARTICULARS	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
OTHER INCOME					
Dividend received form Subsidiary Companies	23.87	10.00	10.00	0.00	0.00
Other Dividend received	0.00	0.00	0.00	0.39	0.00
Job Work Charges Received	8.25	2.72	0.85	0.97	0.56
Rent Received	0.64	0.74	0.75	0.68	0.57
Commission Received	3.73	0.46	0.00	0.00	0.00
Exchange Gain	0.37	1.14	1.65	3.01	4.97
Export Incentives	3.79	2.40	3.91	3.97	7.67
Sales Tax Refund	2.81	1.60	3.69	3.40	3.68
Scrap Sales	0.40	0.30	0.44	0.54	0.11
Interest Received	0.81	3.61	2.49	6.83	13.43
Insurance Claims	0.41	0.00	0.16	1.08	1.59
Profit on Sale of Fixed Assets/Investments	0.00	0.22	0.00	0.02	1.75
Sundry Balances W/Back	0.00	0.00	0.58	0.03	2.48
Total	**45.08**	**23.19**	**24.52**	**20.92**	**36.82**

INDOCO REMEDIES LIMITED

ANNEXURE VIII - DETAILS OF SUNDRY DEBTORS

(Rs. mn)

	As at 30th June														
	2000			2001			2002			2003			2004		
Particulars	More than 6 months	Less than 6 months	Total	More than 6 months	Less than 6 months	Total	More than 6 months	Less than 6 months	Total	More than 6 months	Less than 6 months	Total	More than 6 months	Less than 6 months	Total
Debtors	15.73	362.87	378.60	45.80	371.81	417.61	31.39	394.05	425.44	28.98	417.69	446.67	40.58	450.02	490.60
Less : Provision for Doubtful Debts	0.00	0.00	0.00	2.86	0.00	2.86	2.86	0.00	2.86	3.11	0.00	3.11	3.11	0.00	3.11
	15.73	**362.87**	**378.60**	**42.94**	**371.81**	**414.75**	**28.53**	**394.05**	**422.58**	**25.87**	**417.69**	**443.56**	**37.46**	**450.02**	**487.48**

None of the Debtors are receivable from Promoters, Promoters' Group and Subsidiaries

INDOCO REMEDIES LIMITED

ANNEXURE IX - DETAILS OF LOANS & ADVANCES

(Rs. mn)

PARTICULARS	As At 30th June				
	2000	2001	2002	2003	2004
ADVANCES FOR					
Income Tax	5.21	2.39	2.67	31.80	33.94
Central Excise	0.97	2.60	9.85	6.69	1.63
	6.17	4.99	12.52	38.49	35.57
Deposits	2.05	2.32	2.73	3.74	5.01
Employees Advances	4.76	6.57	5.28	5.33	25.59
Other Advances	4.77	5.22	17.15	30.48	48.90
Total	**17.75**	**19.10**	**37.68**	**78.03**	**115.07**

None of the Advances are receivable from Promoters, Promoters' Group and Subsidiaries

INDOCO REMEDIES LIMITED

ANNEXURE X - DETAILS OF LOANS

A UNSECURED LOANS (Rs. Mn)

Sr. No.	Particulars	Amount Sanctioned	Amount Disbursed	As At 30th June 2000	2001	2002	2003	2004	Interest Rate	Repayment Terms
1	**Group Companies**									
(i)	Indoco Capital Markets Ltd.			1.00	1.02	0.00	0.00	0.00	10%	On Demand
(ii)	Shanteri Investment Pvt.Ltd.			11.20	29.96	25.70	0.00	0.00	10%	On Demand
(iii)	Spa Pharmaceuticals Pvt.Ltd.			0.00	0.00	0.00	0.00	0.00	10%	On Demand
	Total			**12.20**	**30.99**	**25.70**	**0.00**	**0.00**		
2	**Banks/Financial Institutions**									
(i)	IDBI Bank – FCNRB	48.33	48.33	0.00	0.00	0.00	46.73	0.00	Libor plus 200 bps	Bullet Payment on completion of tenure
(ii)	IDBI Bank - Short Term Loan	30.00	30.00	0.00	0.00	30.00	0.00	0.00	6.15%	Bullet Payment on completion of tenure
	Total			**0.00**	**0.00**	**30.00**	**46.73**	**0.00**		
3	**Trade Deposits**									
(i)	Associate Companies :									
	a) A.K. Services			0.00	0.00	1.10	1.20	1.20	7.50%	Security deposit in regular course of business
(ii)	Others (List enclosed)			26.00	32.00	34.90	36.80	42.87	7.50%	Security deposit in regular course of business
	Total			**26.00**	**32.00**	**36.00**	**38.00**	**44.07**		
4	**Commercial Paper**									
(i)	State Bank of India			50.00	50.00	100.00	100.00	150.00	Various Rates	90 days
(ii)	Bank of India			0.00	25.00	0.00	0.00	0.00	Various Rates	90 days
	Total			**50.00**	**75.00**	**100.00**	**100.00**	**150.00**		
5	**Body Corporates**			62.10	47.76	14.50	0.00	0.00	12%	On Demand
	Total			**62.10**	**47.76**	**14.50**	**0.00**	**0.00**		
	Grand Total			**150.30**	**185.75**	**206.20**	**184.73**	**194.07**		

INDOCO REMEDIES LIMITED

List of Deposits as at June 30, 2004

Name of the Party	(Rs. mn)
Amity Enterprises, Chandigarh	1.09
Baijnath Dist., Patna	1.20
Bharadwaj Distributors	0.50
Candida Enterprises	0.78
Ekta Corporation, Ahmedabad	2.50
Eskay Pharma Dist., Hyderabad	5.97
I.D. Commercial	1.50
Jolly Enterprises Pvt. Ltd.	0.64
Madan Mohan Associates	1.00
Maruti Enterprises, Calcutta	0.75
P.S.N. Agencies, Cochin	1.61
Pawan Associates, Jaipur	2.50
Pharma Associates, Lucknow	1.91
Santuka Associates Pvt. Ltd., Cuttack	2.50
Sudhir Pharma Dist., Indore	1.00
Tazeen Enterprises, Indore	0.40
Yenskey Agencies	1.80
Adinath Enterprises	3.00
Solai Enterprises	2.00
Vizia Medical Syndicate	1.70
Vandana Distributors, Uttaranchal	0.50
Ganesh Pharmaceuticals, Chennai	1.50
Prem Pharma, Bangalore	0.60
Vijaysree Medical Distributors	2.00
Vishnu Brothers	1.50
Lakshmi Drug Stores, Chandigarh	0.50
Elke Agencies, Madras	1.38
Others	0.56
Total	**42.87**

INDOCO REMEDIES LIMITED

ANNEXURE XI - DETAILS OF LOANS

A SECURED LOANS

(Rs. mn)

Sr. No.	Particulars	Amount Santioned	Amount Disbursed	As At 30th June 2000	2001	2002	2003	2004		Security Rate	Repay-ment Terms
1	**Term Loans**										
(i)	The Saraswat Co-operative Bank Ltd.	50.00	50.00	25.40	0.00	0.00	0.00	0.00	16% p.a. Payable Quarterly	Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Verna-Goa- I & Charge on Movable Properties in addition to Personal Guarantee from Managing Director.	Four Years Monthly Install-ments of Rs. 1.04 Millions.
(ii)	State Bank of India Ltd.	47.50	47.50	41.50	24.50	0.00	0.00	0.00	13.5% p.a. Payable Quarterly	Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Indoco House & Charge on Movable Properties in addition to Personal Guarantee from Managing Director.	16 Quarterly Install ments of Rs. 3.00 Millions (Six Months Morotorim)
(iii)	Exim Bank Ltd.	50.00	37.50	0.00	0.00	35.00	0.00	0.00	12% p.a. Payable Quarterly	Secured by First Charge on immovable properties at Verna-Goa- II & Second Charge on immovable properties at Verna-Goa - I in additionto Personal uarantee of Managing Director	20 Quarterly Install-ments of Rs. 2.50 Millions (Six Months Morotorim)

(iv)	Exim Bank Ltd.	12.50	9.50	0.00	0.00	9.50	0.00	0.00	9.35% p.a. Payable Quarterly	Secured by First Charge on immovable properties at Verna-Goa- II & Second Charge on immovable properties at Verna-Goa - I in addition to Personal Guarantee of Managing Director. Further it is also secured by Exclusive Charge on Movable Assets financed for Research & Development	8 Half Yearly Install-ments of Rs. 1.63 Millions. (Six Months Morotorim)
(v)	State Bank of India - FCNRB	68.69	68.69	0.00	0.00	0.00	0.00	57.81	Libor plus 250 bps. p.a. Payable Quarterly	Secured by way of First Charge on all Movable and Immovable Properties located at Verna-Goa (Goa - II) and Second Charge on Immovable Properties located at Verna-Goa (Goa - I),in addition to Personal Guarantee of Managing Director.	6 Half Yearly Install-ments of Rs.1.15 Millions. (Six Months Morotorim)
	Total			**66.90**	**24.50**	**44.50**	**0.00**	**57.81**			

Sr. No.	Particulars	Amount Sanc-tioned	Amount Disbur-sed	As At 30th June					Interest Rate	Security
				2000	2001	2002	2003	2004		
2	**Working Capital Loans**									
(i)	**The Saraswat Co-operative Bank Ltd.**									
a)	Working Capital Demand Loan	64.00	64.00	32.50	10.78	0.00	0.00	0.00	At Prime Lending Ratesof each of the Consortium Bankers depending on Companies Annual Rating of the facility.	Working Capital Facilities from Banks are secured by Hypothecation of Stocks of Raw Materials, Packing Materials, Finished Goods, Work-in-Progress, Book Debts, both present and future and further Secured by Equitable Mortgage by Deposit of Title Deeds of Immovable Properties at Andheri,Mumbai & Verna-Goa and Corporate Office,Mumbai in addition to Personal Guarantee from the Managing Director.
b)	Cash Credit Account	16.00	16.00	(9.23)	0.74	14.22	0.00	0.00		
(ii)	**State Bank of India Ltd.**									
a)	Working Capital Demand Loan	48.00	48.00	21.50	0.00	0.00	0.00	0.00		
b)	Cash Credit Account	12.00	12.00	(7.76)	(1.23)	7.98	7.06	0.00		- do -
c)	CP based Working Capital Loan (CWCL)	50.00	50.00	0.00	0.00	0.00	50.00	0.00		- do -
d)	Packing Credit	Sub Limit		0.00	0.00	0.00	0.00	5.11		- do -
(iii)	**Bank of India Ltd.**									
a)	Working Capital Demand Loan	48.00	48.00	14.00	0.00	0.00	0.00	0.00		- do -
b)	Cash Credit Account	12.00	12.00	1.52	0.08	0.00	0.00	0.00		- do -
	Total			**52.53**	**10.38**	**22.19**	**57.06**	**5.11**		
3	**Overdraft against Fixed Deposits**									
a)	The Saraswat . Co-operative Bank Ltd			0.00	0.00	0.00	11.83	0.00	1-2 % above the rate of Fixed Deposits pledged with Banks.	Secured by Lien on Fixed Deposits & Pledge of Fixed Deposit Receipts made from time to time with each of the Banks.
b)	State Bank of India Ltd.			0.00	0.00	0.00	0.00	0.00		- do -
c)	Bank of India Ltd.			0.00	0.00	0.00	8.99	0.00		- do -
d)	Central Bank of India			0.00	0.65	0.00	0.00	0.00		- do -
e)	Canara Bank			0.96	0.00	0.00	0.00	0.00		- do -
f)	IDBI Bank			0.00	0.00	0.00	10.22	0.00		- do -
	Total			**0.96**	**0.65**	**0.00**	**31.04**	**0.00**		
	Grand Total			**120.38**	**35.52**	**66.69**	**88.10**	**62.93**		

ANNEXURE XII – RESTATEMENT OF PROFIT ON ACCOUNT OF CHANGE IN ACCOUNTING POLICIES

(Rs. mn)

PARTICULARS		For The Year Ended on 30th June				
		2000	2001	2002	2003	2004
1	Change in Valuation Method of Inventories (Ref. Note No. 16 of Annexure XIV)	0.79	0.85	0.00	0.00	0.00
2	Impact of Excise Duty Provision on Stock Lying in Bonded Storeroom	4.85	(2.17)	0.00	0.00	0.00
	Total	**5.64**	**(1.32)**	**0.00**	**0.00**	**0.00**

ANNEXURE XIII - DETAILS OF QUOTED INVESTMENTS

(Rs. mn)

PARTICULARS		As At 30th June				
		2000	2001	2002	2003	2004
A	Current					
	(i) ICICI Flexible Income Plan	0.00	0.00	0.00	5.00	0.00
	(ii) Franklin Templeton Fund	0.00	0.00	0.00	5.00	0.00
	(Market Value)	(0.00)	(0.00)	(0.00)	(9.60)	(0.00)
B	Long Term (at Cost)					
	Shares of Citurgia Bio-Chemcials Ltd. (100 Equity Shares of Rs. 10 each)	0.00	0.00	0.00	0.00	0.00
	(Market Value)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

INDOCO REMEDIES LIMITED

ANNEXURE XIV – NOTES ON ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act, 1956.

Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

(b) Fixed Assets & Depreciation:

i) Fixed Assets are stated at cost net of cenvat . Pre-operative expenses including trial -run expenses are capitalised. Interest on borrowings till commencement of commercial production attributable to fixed assets are capitalised.

ii) Depreciation on Fixed Assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956 on all assets except residential premises, corporate office in Mumbai and assets at Goa factories (I and II) which are depreciated on the Straight Line Method.

(c) Investments:

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

(d) Inventories:

a) Raw materials and Packing materials are valued at cost.

b) Goods-in-process are valued at cost including related overheads

c) Finished goods are valued at cost or market value whichever is lower.

(e) Basis of Accounting:

The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognised on accrual basis.

(f) Foreign Currency Transactions:

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

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

(g) Sales:

Sales are recorded inclusive of excise duty but are net of discounts and sales tax.

(h) Excise Duty:

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

(i) Employees' Retirements and Other Benefits:

Company's contribution to Provident Fund, Superannuation are accounted on accrual basis and charged to Profit & Loss Account. The Company also provides for unutilised leave benefits and Gratuity to its employees on actuarial basis.

(j) Borrowing Cost:

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets prior to commencement of Commercial production are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use . All other borrowing costs are charged to revenue.

(k) **Research & Development Expenses:**

Research & Development costs of revenue nature are charged to Profit & Loss Account when incurred. Expenditure of capital nature is capitalised and depreciation provided thereon as per Companies Act, 1956.

(l) **Miscellaneous Expenditure**

I. The expenditure incurred on certification and approvals of the plants are amortized over 3 years on the basis of estimated benefits derived in each year.

II. The expenditure incurred on registration of products in the International Market is amortized over 4 years on the basis of estimated benefits derived in each year

III. Premium on prepayment of loan is charged to the profit & loss account, over the balance tenure of the loan.

IV. Specific expenses in connection with developing international business are also amortised over 2 years on the basis of estimated benefits derived in each year.

(m) **Taxes on Income**

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

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

2) CONTINGENT LIABILITY:

(Rs. mn)

	2000	2001	2002	2003	2004
a) Matter under dispute					
i) Sales Tax	0.00	0.52	0.63	0.75	0.83
ii) Excise	0.37	0.39	0.39	6.76	9.30
iii) Income Tax	00.0	0.00	0.00	1.71	39.03
iv) Claims made against the Company not acknowledged as debts (Labour matters)	0.00	0.00	0.00	0.00	2.31
b) Bank Guarantees	0.15	5.04	5.73	5.73	5.50
c) Letters of Credit	0.00	38.34	5.16	4.53	2.87
d) Corporate Guarantee	29.50	29.50	25.50	0.00	0.00

3) ESTIMATED AMOUNT OF CONTRACTS:

(Rs. mn)

	2000	2001	2002	2003	2004
Estimated amount of contracts remaining to be executed on Capital Account	0.00	59.63	1.13	0.00	55.29

4) REMUNERATION / PERQUISITES PAID / PAYABLE TO MANAGING / WHOLE TIME DIRECTORS :

(Rs. mn)

	2000	2001	2002	2003	2004
a) Salary	1.08	1.08	1.08	3.60	5.66
b) Commission	0.10	1.50	1.50	1.50	1.50
Provident & Super Annuation Fund Contribution	0.24	0.43	0.43	0.87	1.18
d) Other Perquisites	0.05	0.15	0.16	0.32	0.63

5) COMPUTATION OF NET PROFIT u/s 349 OF THE COMPANIES ACT, 1956 :

(Rs. mn)

	2000	2001	2002	2003	2004
a) Profit before Tax as per Profit & Loss Account	144.91	163.73	179.49	180.53	290.84
b) Add :					
(i) Loss on sale of Fixed Assets	0.11	0.20	0.00	0.17	0.41
(ii) Loss on sale of Investment	0.00	0.00	0.00	0.00	0.04
(ii) Depreciation	12.91	16.10	18.23	28.66	29.58
(iii) Provision for Doubtful Debts	0.00	2.86	0.00	0.25	0.00
(iv) Directors Sitting Fees	0.02	0.01	0.02	0.10	0.05
(v) Directors Remuneration	1.47	3.89	3.90	6.29	8.97
	159.44	186.81	201.65	216.02	39.05
Less:					
(i) Profit on sale of Fixed Assets	0.00	0.22	0.00	0.00	1.75
(ii) Depreciation u/s 350	17.31	16.10	18.23	28.66	29.58
(iii) Profit on sale of Investment	0.00	0.00	0.00	0.01	0.00
Net Profit	142.12	170.49	183.41	187.33	298.56

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

7) Tax Provisions :

I. Current Tax : The tax year for the company being the year ending 31st March, the provision for taxation for the year is the aggregate of the provision made for the 9 months ended 31st March, 2004 and the provision is based on the figures for the remaining 3 months upto 30th June, 2004 the ultimate tax liability of which will be determined on the basis of figures for the period 1st April, 2004 to 31st March, 2005.

II. Deferred Tax : During the year 2002-03, the Company has for the first time accounted for Deferred Tax in accordance with the Accounting Standard 22 “Taxes on Income” issued by the Institute of Chartered Accountants of India. Accordingly, the deferred tax provision relating to previous years amounting to Rs. 23.30 Millions has been adjusted against the General Reserves as on 1st July, 2002. The Company has charged Deferred Tax Liability of Rs. 19.11 Millions to the Profit and Loss Account during the Current year.

8. (i) Warren Pharmaceuticals Limited (WPL), a wholly owned subsidiary of Indoco Remedies Ltd. (IRL) has been amalgamated with IRL with effect from 1st July, 2002 in terms of Scheme of Amalgamation sanctioned by the Hon’ble High Court of Bombay on 13th June, 2003. In accordance with the said scheme, the undertaking and the entire business including assets, properties, investments, licences and registrations, rights, powers, interest as well as liabilities, duties and obligations of WPL have vested in and been transferred to IRL with effect from 1st July, 2002. In accordance with the Hon’ble High Court orders, all equity shares issued by WPL and held by IRL and its nominees have been cancelled and since WPL is a wholly owned subsidiary of IRL, no ordinary shares or other shares of IRL have been alloted in lieu or exchange of the holding of the shares in WPL by IRL.

(ii) Warren Pharmaceuticals Ltd., manufactures and sells Pharmaceuticals Formulations.

(i) The amalgamation which is in the nature of merger and accounted for under the ‘pooling of interest’ method as prescribed by the Accounting Standard (AS-14) issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserve of WPL as at 1st July 2002 have been taken over at book values.

9. The Company's exclusive business is manufacturing and selling of pharmaceutical products comprising of bulk drugs and formulations and therefore it is the only reportable segment as per Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India. Although the company caters to the needs of export market, the export turnover is not significant in the context of total turnover. As such there is no reportable geographical segment.

10. Earnings Per Share (EPS) :

(Rs. mn)

		Current Year	***Previous Year***
i)	Profit After Tax	212.61	140.42
ii)	Weighted Average Number of Ordinary Shares for Basic EPS	8.82	8.82
iii)	Effect of Potential Ordinary Shares	Nil	Nil
iv)	Weighted Average Number of Ordinary Shares for Diluted EPS	8.82	8.82
	Earnings Per Share (Face Value Rs.10/- Per Share)		
	- Basic (i/ii)	24.10	15.92
	- Diluted (i/iv)	24.10	15.92

11) Related Party Disclosure :

INDOCO REMEDIES LIMITED

Related Party transactions

A. RELATIONSHIP

PARTICULARS	**For the year ended 30th June**		
	2002	**2003**	**2004**
RELATION			
Subsidiaries	Warren Pharmaceuticals Limited	None	Indoco Healthcare Limited *(formerly known as Indoco Pharmaceuticals Pvt. Ltd.*
Shareholders	Shanteri Investments Private Limited	Shanteri Investments Private Limited	Shanteri Investments Private Limited
	Spa Pharmaceuticals Private Limited	Spa Pharmaceuticals Private Limited	Spa Pharmaceuticals Private Limited
Associates	Indoco Capital Markets Limited	Indoco Capital Markets Limited	Indoco Capital Markets Limited
	Spade Pharmaceuticals Private Limited	Spade Pharmaceuticals Private Limited	A K Services
	Ameya Pharmaceuticals Private Limited		
	A K Services	A K Services	
Directors & their relatives	Mr. Suresh G Kare – Chairman & MD	Mr. Suresh G Kare - Chairman & MD	Mr. Suresh G Kare - Chairman & MD
	Mr. S Y Rege - Director	Mr. S Y Rege - Director	Mr. S Y Rege - Director
	Mr. P K Kakodkar – Director	Mr. P K Kakodkar - Director	Mr. P K Kakodkar - Director
	Mr. D N Mungale – Director	Mr. D N Mungale - Director	Mr. D N Mungale - Director
	Mr. D M Sukthankar – Director	Mr. D M Sukthankar - Director	Mr. D M Sukthankar – Director

	Dr. M R Narvekar – Director Mr. U K Naik – Director Ms. Aditi Kare Panandikar - Directors' relative Ms. Aruna Kare – Directors' relative Ms. Madhura A Ramani - Directors' Relative Mr. Anup P Ramani - Directors' Relative	Dr. M R Narvekar - Director Mr. U K Naik - Director Ms. Aditi Kare Panandikar - Director Ms. Aruna Kare - Directors' relative Ms. Madhura A Ramani - Directors' Relative Mr. Anup P Ramani - Directors' Relative	Dr. M R Narvekar - Director Ms. Aditi Kare Panandikar - Director Mr. Sundeep V Bambolkar Mrs. Neeta Bambolkar Mr. F X Coutinho Mrs. Ivy. Coutinho Directors' Relative Directors' relative Ms. Madhura A Ramani - Directors' Relative Mr. Anup P Ramani - Directors' Relative

Notes : Warren Pharmaceuticals Limited has been amalgamated with Indoco Remedies Limited with effect from 1st July, 2002.

Ameya Pharmaceuticals & Chemicals Private Limited has been amalgamated with SPA Pharmaceuticals Private Limited with effect from 1st April, 2002.

Indoco Healthcare Limited formerly known as Indoco Pharmaceuticals Private Limited became Wholely Owned Subsidiary from 29.04.2004.

Mr. U K Naik , Director has resigned on 20th September,2003.

Ms. Aditi Kare Panandikar, Mr. Sundeep V Bambolkar, Mr. F X Coutinho are appointed as Director on the Board with effect from 1st April, 2004.

INDOCO REMEDIES LIMITED

Related Party transactions

B. TRANSACTIONS WITH RELATED PARTIES

(Rs. mn)

Items	**Related Party & Relation**	**For the year ended 30th June**		
		2002	**2003**	**2004**
Purchase of Goods & Services	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	8.75	21.10	57.73
	Shanteri Investment Private Limited	0.11	0.00	0.00
	Subsidiaries :			
	Warren Pharmaceuticals Limited	283.98	0.00	0.00
	Associates :			
	Indoco Capital Markets Limited	0.13	0.14	0.14
	Spade Pharmaceuticals Private Limited	11.24	13.42	0.00
	A K Services	8.53	13.10	10.09
	Ameya Pharmaceuticals & Chemicals Private Ltd.	14.69	0.00	0.00

	Directors & their relatives :			
	Ms. Aruna S Kare - Directors' relative	0.73	1.31	0.70
	Ms. Aditi Kare Panandikar - Directors' relative	0.21	0.36	0.42
	Ms. Madhura A Ramani - Directors' Relative	0.09	0.10	0.20
	Mr. Anup P Ramani - Directors' Relative	0.15	0.00	0.00
	Mrs. Ivy Coutinho	0.00	0.00	0.30
	Mrs. Neeta Bambolkar	0.00	0.00	0.21

(Rs. mn)

Items	**Related Party & Relation**	**For the year Ended 30th June**		
		2002	**2003**	**2004**
Sale of Goods & Services	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	0.68	0.28	0.12
	Subsidiaries :			
	Warren Pharmaceuticals Limited	2.84	0.00	0.00
	Associates :			
	Ameya Pharmaceuticals & Chemicals Private Limited	6.00	0.00	0.00
Loans taken during the year	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	55.50	0.00	0.00
	Shanteri Investment Private Limited	29.10	0.00	0.00
Interest on Loans	**Shareholders :**			
	Spa Pharmaceuticals Private Limited	0.53	0.00	0.00
	Shanteri Investment Private Limited	1.12	0.00	0.00
	Associates :			
	Indoco Capital Markets Limited	0.05	0.00	0.00
Loans Repaid during the year	**Shareholders :**			
	Shanteri Investment Private Limited	0.00	25.70	0.00
Creditors/Payables	**Shareholders :**			
	Shanteri Investments Private Limited	25.70	1.41	6.50
	Subsidiaries :			
	Warren Pharmaceuticals Limited	51.13	0.00	0.00
	Associates :			
	Spade Pharmaceuticals Private Limited	0.87	5.84	0.00
	A K Services	1.30	0.00	0.00

(Rs. mn)

Items	Related Party & Relation	For the year ended 30TH June		
		2002	2003	2004
Gurantees Outstanding	**Subsidiaries :**			
	Warren Pharmaceuticals Limited	25.00	0.00	0.00
Remuneration	**Directors & their relatives :**			
	Mr Suresh G Kare - Chairman & MD	3.90	7.42	9.76
	Ms Aditi Kare Panandikar - Directors' relative	0.79	0.00	0.00
	Ms Madhura A Ramani - Directors' Relative	0.39	0.00	0.00
Directors' sitting fees	**Directors :**			
	Mr S Y Rege - Director	0.01	0.02	0.01
	Mr P K Kakodkar - Director	0.00	0.03	0.02
	Mr D N Mungale - Director	0.00	0.03	0.01
	Mr. D M Sukthankar - Director	0.01	0.00	0.01
	Dr M R Narvekar - Director	0.00	0.00	0.00
	Mr U K Naik – Director	0.00	0.00	0.00

Production & Capacities :

CAPACITIES AND PRODUCTION

CATEGORY	UOM	FOR THE YEAR ENDED 30TH JUNE														
		2000			**2001**			**2002**			**2003**			**2004**		
		INSTALLED	ACTUAL	%	INSTALLED	ACTUAL	%	INSTALLED	ACTUAL	%	INSTALLED	ACTUAL	%	INSTALLED	ACTUAL	%
Liquid	K.L.	2,000	1,369.00	68.45	2,000	1,790.25	89.51	2,000	1,702.64	85.13	2,800	1,602.49	57.23	2,800	1,969.27	70.33
Tablets	Mn	500	394.60	78.92	500	445.69	89.14	500	580.89	116.18	1,700	754.83	44.40	1,700	642.03	37.77
Ointment & Lotions	Tns	400	213.70	53.43	400	199.22	49.81	400	171.50	42.88	150	207.60	138.40	150	172.78	115.19
Toothpaste & Mouth Gel	Tns										400	572.85	143.21	400	629.19	157.30
Capsules	Ms	10	4.80	48.00	10	3.76	37.60	10	1.94	19.40	10	1.48	14.80	10	1.48	14.80
Injectables & Eye Preparation	K.L.							345	22.22	6.44	220	127.00	57.73	220	123.99	56.36

13. The list of small scale undertakings to whom amount is outstanding for more than 30 days is as follows :

Airmech Engineers, Anand Enterprises, Airtech, Apex Drugs & Intermediate Ltd., Akshay Engineering Works, Alpack Paper Packaging, Amishi Drugs & Chemicals, Apex Electromec Pharma Pvt. Ltd., Artek Systems, Ashco Industries Ltd., Asiatronics, Associated Capsules Ltd., Atlanta Vinyl Pvt. Ltd., Auto Electrical & Mechanical Work, Auto Pack, Andrea Pharma Pack, AVIK Pharmaceutical Ltd., Anuh Pharma Ltd., Avon Flavours, Aarti Pharma, Beauty Arts, Bharat Rubber Works, Chintamani Plastics, Cold Gold Refrigeration, Durga Engineering Works, Enar Chemie Pvt. Ltd., Enarai Techprints Pvt. Ltd., Essae-Teraoka Ltd., Excel Packaging, Fine Airsys, Florale (I) Pvt. Ltd., Ganesh Enterprises, Greenearth Engineers & Consultants, Gautam Metal Works, Gujarat Glass Pvt. Ltd., Heeshi Tubes, Harsiddh Industries, Hindustan Phosphates Pvt. Ltd., Hiral Enterprises, Incorp, Inox Air Products Ltd., Indo German Pharma Co., Jayana Industries, K.J. Pioneer Pharma Pvt. Ltd., KEM Cards, Laxmi Packaging Industries, Lanz Labs, Mahalaxmi Steels & Hardware, Maini Material Movement P. Ltd., Marck & Care Engineers, Meena Enterprises, Multipac, N. C. Corporation, N. K. Industries, N. K. Textiles, National Electricals, Navnidh Pharma Labs, Nimit Kraftpack Industries, N.S. Chemical Inds., Nimach Engineering Co., Para Products Pvt. Ltd., Pharma Spares, Prakash Engineering Industries, Press & Pack , Pearl Organics Ltd., Pelomi Packaging, Ramnata Sinai Caro & Co., Real Offset, Responsive Industries, Reva Printery, Ronak Flavour & Fragrances, Roshan Packaging, Ruci Aeromatics, Rupal Enterprises, S. S. Engineering Co., S. S. Pharmachem, S. V. Enterprises, Sainath Engineering Enterprises, Salgaonkar Sanchar, Salicylate and Chemicals Pvt. Ltd., Salpra Pharmaceuticals & Chem, Sangat Packaging Industries, Sawkar Associates, Shailesh Packaging, Shaltej Enterprises, Shrink Packaging Systems Pvt. Ltd., Shubham Plast, Sudeep Pharma Ltd., Sun & Services, Sunil Chemicals, Sunil Gulati, Saptarshi Packaging, Shanti Packers, SPA Pharmaceuticals Pvt. Ltd., Shah Plastic Inds., Samanta Organics Pvt. Ltd., SENS Communciations Pvt. Ltd., Smit Shilp Plastic Inds Pvt. Ltd., Super Label Manufacturing Co., Thermolab Scientific Equipments Pvt. Ltd., Three-D Containers, Tara Packaging, Unicorn Petroleum ind Pvt. Ltd., Unique Equipments, Ven-Petro Chem & Pharma, V. P. Mehta & Co, Vardhaman Traders, Vasundhara Rasayans Ltd., Virendra Oil Mills, Vital Flavours & Fragrances, Waaree Instruments Ltd., Water Testing Services.

These outstandings are in the normal course of business.

14) Miscellaneous Expenditure to the extent not written off :

I. For the year 2002-03 miscellaneous expenditure includes Rs. 5.24 mn on account of plant certification expenses and Rs. 0.78 mn on account of premium on prepayment of Term Loan.

II. For the year 2003-04 miscellaneous expenditure includes Rs. 0.41 mn on account of plant certification, Rs. 1.94 mn on product registration, Rs. 0.86 mn on specific export related expenses and Rs.0.48 mn on account of premium on prepayment of Term Loan.

15. Pursuant to the scheme of amalgamation between Warren Pharmaceuticals Ltd. (WPL) and Warren Laboratories Ltd. (WLL) as sanctioned by the High Court of Bombay, under section 394 of the Companies Act, 1956, vide its order dated 26.04.2002, all assets, liabilities, reserves, brands, etc., of WLL were transferred to and vested with WPL with effect from 01.04.2001. Under the scheme of amalgamation, no shares of WPL were issued to the shareholders of WLL as both are 100% subsidiaries of Indoco Remedies Limited (IRL). As the investment in WLL is of strategic and long term nature, with the company having good brand image and high net worth, in the opinion of the management, there is no diminution in the investment value of the equity shares of WLL due to the amalgamation. Therefore the investment value in WLL of Rs. 50.51 Millions has been retained and added to the carrying cost of WPL as it reflects the fair value of assets and liabilities of WLL.

16. In order to comply with revised Accounting Standard 2 on “Valuation of inventories” issued by the Institue of Chartered Accountants of India, the company has from accounting year 2000-01 valued its inventories at the year end exclusive of refundable taxes which upto last year were valued on inclusive basis. As a result of this change, the profit for the year and inventories for the year are lower by Rs. 4.14 Millions.

17. In respect of all fixed assets, the Company’s practice hitherto has been to provide depreciation on Written Down Value basis at the rares prescribed in Schedule XIV to the Companies Act, 1956. However during the year on the basis of reassessment of working life of the assets, the Company has decided to change the method of providing depreciation in respect of all the fixed asset at Goa & residential flats in Mumbai with retrospective effect to Straight Line basis at the rates prescribed in Schedule XIV to the Companies Act, 1956 as in the opinion of the management the new method would correctly reflect the life of these assets and therefore change of depreciation in the accounts. The effect of the change for the year ended 30th June, 2000 would be as follows

(a) The difference in depreciation between WDV & SLM of Rs. 17.22 Millions already provided for upto the year ended 30th June, 1999 has been written back and credited to Profit & Loss Appropriation Account.

(b) Due to the change the value of the assets has gone up by corresponding value.

(c) By providing depreciation under SLM in respect of these assets, the profit for the year has been higher by Rs. 6.62 Millions.

	2000	2001	2002	2003	2004
18. Earning in Foreign Currency					
(FOB Value)	22.99	21.66	49.90	59.60	126.24
19. Expenditure in foreign currency					
On travel and export promotion	1.26	4.07	4.14	10.29	12.56
On interest on foreign currency	0.00	0.00	0.00	1.33	2.36
Others	0.00	0.00	0.00	0.00	0.89
20. Value of imports CIF basis					
Trading	0.00	54.71	44.96	29.82	22.53
Raw Materials	32.26	0.47	0.91	0.90	3.72
Capital Goods	0.00	3.38	14.53	1.22	10.93

21) All the figures in the restated Proft & Loss Account and summarised statement of Assets and Liabilities for the year ended 30th June 2000, 2001, 2002, 2003 & 2004 have been regrouped and reclassified wherever necessary and restated in Rs. mn.

INDOCO HEALTHCARE LIMITED

ANNEXURE XV(A) - STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. mn)

PARTICULARS	For The Year Ended on 31st March				
	2000	2001	2002	2003	2004
Income					
Service Charges Received	0.06	0.83	8.78	16.22	0.00
Other Income	0.00	0.00	0.00	0.00	0.00
	0.06	**0.83**	**8.78**	**16.22**	**0.00**
Expenditure					
Staff Costs	0.04	0.35	3.76	7.27	0.00
Administration Expenses	0.05	0.37	4.52	8.22	0.03
Prelimnary Expenses Written Off	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00
Finance Charges	0.00	0.00	0.03	0.04	0.01
	1.09	**0.73**	**8.31**	**15.53**	**0.04**
Net Profit before tax and extraordinary items	(1.03)	0.10	0.47	0.69	(0.04)
Taxation - Current	0.00	0.03	0.03	0.27	0.00
- Deferred	0.00	0.00	0.00	0.00	0.00
Net Profit before Extraordinary Items	**(1.03)**	**0.07**	**0.44**	**0.42**	**(0.04)**
Extraordinary items (net of tax)	0.00	0.00	0.00	(0.16)	0.00
Net Profit after Extraordinary Items	**(1.03)**	**0.07**	**0.44**	**0.26**	**(0.04)**

INDOCO HEALTHCARE LIMITED

ANNEXURE XV(B) - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. mn)

PARTICULARS	As At 31st March				
	2000	**2001**	**2002**	**2003**	**2004**
A. Fixed Assets :					
Gross Block	0.00	0.00	0.00	0.00	0.00
Less : Depreciation	0.00	0.00	0.00	0.00	0.00
Net Block	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Add : Capital Work in Progress	0.00	0.00	0.00	0.00	7.34
Total	**0.00**	**0.00**	**0.00**	**0.00**	**7.34**
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	**0.00**	**0.00**	**0.00**	**0.00**	**7.34**
B. Current Assets, Loans and Advances :					
Inventories	0.00	0.00	0.00	0.00	0.00
Sundry Debtors	0.00	0.00	0.79	0.39	0.00
Cash and Bank Balances	0.06	0.09	0.28	1.21	0.50
Loans and Advances	0.06	0.00	0.03	0.34	0.46
Total	**0.12**	**0.09**	**1.10**	**1.94**	**0.96**
C. Investments					
Investments in Subsidiary Companies	0.00	0.00	0.00	0.00	0.00
Other Investments	0.00	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
D. Miscellaneous Expenditure					
To the extent not written off or adjusted	**0.05**	**0.01**	**0.01**	**0.01**	**0.01**
E. Liabilities and Provisions :					
Secured Loans	0.00	0.00	0.00	0.00	0.00
Unsecured Loans	0.02	0.02	0.02	0.00	0.00
Current Liabilities and Provisions	0.15	0.05	0.61	1.21	0.32
Deferred Tax Liability	0.00	0.00	0.00	0.00	0.00
Total	**0.17**	**0.07**	**0.63**	**1.21**	**0.32**
F. Networth					
Represented by					
1. Share Capital	0.00	0.00	0.00	0.10	7.40
2. Reserves	0.00	0.03	0.48	0.64	0.59
Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation Reserves)	0.00	0.03	0.48	0.64	0.59
Networth	**0.00**	**0.03**	**0.48**	**0.74**	**7.99**

WARREN LABORATORIES LIMITED

ANNEXURE XVI(A) - STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. mn)

PARTICULARS	For The Year Ended 31st March	
	2000	2001
Income		
Sales & Operations	54.78	67.70
Other Income	2.11	0.50
Increase (Decrease) in Inventories	(1.00)	5.60
Total	**55.89**	**73.80**
Expenditure		
Raw Materials consumed	14.33	23.58
Purchase of Finished Goods	0.00	0.00
Excise Duty	7.50	14.48
Staff Costs	2.24	2.99
Other manufacturing expenses	1.87	4.10
Administration Expenses	0.87	1.16
Selling and Distribution Expenses	18.36	20.80
Depreciation	0.31	0.89
Interest	0.42	0.44
Total	**45.90**	**69.44**
Net Profit before tax and extraordinary items	**10.00**	**5.36**
Taxation - Current	2.82	2.20
- Deferred	0.00	0.00
Net Profit before Extraordinary Items	**7.18**	**3.16**
Extraordinary items (net of tax)	0.08	0.00
Net Profit after Extraordinary Items	**7.26**	**3.16**

WARREN LABORATORIES LIMITED

ANNEXURE XVI(B) - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. mn)

PARTICULARS	As At 31st March	
	2000	**2001**
A. Fixed Assets :		
Gross Block	6.12	10.61
Less : Depreciation	2.93	3.27
Net Block	**3.19**	**7.34**
Add : Capital Work in Progress	1.42	0.00
Total	**4.61**	**7.34**
Less : Revaluation Reserve	0.00	0.00
Net Block after adjustment for Revaluation Reserve	**4.61**	**7.34**
B. Current Assets, Loans and Advances :		
Inventories	4.99	13.13
Sundry Debtors	13.48	4.19
Cash and Bank Balances	1.04	1.01
Loans and Advances	5.77	6.34
Total	**25.27**	**24.67**
C. Investments		
Investments in Subsidiary Companies	0.00	0.00
Other Investments	0.00	0.00
Total	**0.00**	**0.00**
D. Miscellaneous Expenditure		
To the extent not written off or adjusted	**0.00**	**0.00**
E. Liabilities and Provisions :		
Secured Loans	3.51	1.48
Unsecured Loans	0.00	0.00
Current Liabilities and Provisions	6.63	15.91
Deferred Tax Liability	0.00	0.00
Total	**10.13**	**17.39**
F. Networth		
Represented by		
1. Share Capital	0.40	0.40
2. Reserves	19.35	14.23
Less : Revaluation Reserve	0.00	0.00
Reserves (Net of Revaluation Reserves)	19.35	14.23
Networth	**19.75**	**14.63**

WARREN PHARMACEUTICALS LIMITED

ANNEXURE XVII(A) - STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. mn)

PARTICULARS	For The Year Ended 31st March			April - June
	2000 (12 Months)	2001 (12 Months)	2,002 (12 Months)	2,002 (3 Months)
Income				
Sales & Operations	167.36	158.17	243.54	67.82
Other Income	0.84	1.02	1.01	0.07
Increase (Decrease) in Inventories	(9.21)	(9.25)	(14.73)	1.24
Total	**159.00**	**149.93**	**229.83**	**69.12**
Expenditure				
Raw Materials consumed	49.63	47.36	74.86	24.61
Purchase of Finished Goods	5.70	1.96	0.85	0.33
Excise Duty	20.87	24.46	43.19	12.92
Staff Costs	22.16	24.61	31.98	8.38
Other manufacturing expenses	9.29	8.98	11.34	2.92
Administration Expenses	4.90	4.36	4.85	1.26
Selling and Distribution Expenses	23.67	22.15	39.14	8.18
Depreciation	1.32	1.68	2.70	0.57
Interest	2.95	3.31	4.06	0.20
Total	**140.51**	**138.87**	**211.97**	**59.37**
Net Profit before tax and extraordinary items	**18.49**	**10.06**	**16.85**	**9.75**
Taxation - Current	7.40	4.90	6.60	3.60
- Deferred	0.00	0.00	0.00	0.05
Net Profit before Extraordinary Items	**11.09**	**5.16**	**10.25**	**6.11**
Extraordinary items (net of tax)	(0.20)	0.17	(0.38)	1.45
Net Profit after Extraordinary Items	**10.89**	**6.33**	**9.87**	**7.55**

WARREN PHARMACEUTICALS LIMITED

ANNEXURE XVII(B) - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. mn)

PARTICULARS		As At 31st March			As At
		2000	2001	2002	30th June 2002
A.	**Fixed Assets :**				
	Gross Block	23.10	23.89	35.34	35.45
	Less : Depreciation	12.24	13.23	19.21	19.78
	Net Block	**10.85**	**10.66**	**16.13**	**15.67**
	Add : Capital Work in Progress	0.00	0.00	0.00	0.00
	Total	**10.85**	**10.66**	**16.13**	**15.67**
	Less : Revaluation Reserve	0.00	0.02	0.01	0.01
	Net Block after adjustment for Revaluation Reserve	**10.85**	**10.65**	**16.11**	**15.65**
B.	**Current Assets, Loans and Advances :**				
	Inventories	31.59	22.18	20.31	17.05
	Sundry Debtors	33.17	34.63	52.57	52.79
	Cash and Bank Balances	0.97	0.72	0.40	0.28
	Loans and Advances	4.13	3.14	9.28	7.98
	Total	**69.85**	**60.68**	**82.56**	**78.10**
C.	**Investments**				
	Investments in Subsidiary Companies	0.00	0.00	0.00	0.00
	Other Investments	0.00	0.00	0.00	0.00
		0.00	**0.00**	**0.00**	**0.00**
D.	**Miscellaneous Expenditure**				
	To the extent not written off or adjusted	**0.00**	**0.00**	**0.00**	**0.00**
E.	**Liabilities and Provisions :**				
	Secured Loans	23.82	8.50	4.65	4.17
	Unsecured Loans	4.50	3.40	3.40	3.40
	Current Liabilities and Provisions	15.59	22.14	44.35	33.74
	Deferred Tax Liability	0.00	0.00	0.00	(0.98)
	Total	**43.91**	**34.04**	**52.40**	**40.34**
F.	**Networth**				
	Represented by				
	1. Share Capital	1.00	1.00	1.00	1.00
	2. Reserves	35.80	36.31	45.29	52.42
	Less : Revaluation Reserve	0.00	0.02	0.01	0.01
	Reserves (Net of Revaluation Reserves)	35.80	36.33	45.31	52.44
	Networth	**36.80**	**37.33**	**46.31**	**53.44**

CONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP (AUDITED)

The Board of Directors
Indoco Remedies Limited
Indoco House,
166, CST Road,
Santacruz (East),
Mumbai – 400 098.

Dear Sir,

We have audited the attached Consolidated Balance Sheet of Indoco Remedies Limited ("Indoco" or "the company" or "the Parent Company") and its subsidary (Indoco Health Care Ltd. formerly known as Indoco Pharmaceuticals Pvt. Ltd.) [collectively referred to as the "Indoco Group" or "the Group"] as at June 30, 2004, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the period ended June 30, 2004. Since Indoco Healthcare Ltd. became subsidary of Indoco Remedies Ltd. w.e.f. 29.04.2004, the consolidation is done only for the year ended June 30, 2004. The audit was conducted in accordance with the terms of engagement as specified by the Board of Directors of the Parent Company.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards 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 provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India ('ICAI').

In our opinion and on the basis of information and explanation given to us, the consolidated financial statements read together with the Significant Accounting Policies and Notes to the Consolidated Summary Statements.give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Indoco Group as at June 30, 2004 ;

ii) in the case of Consolidated Profit and Loss Account, of the profit for the year ended June 30, 2004 ; and

iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended June 30, 2004.

For and on behalf of
Patkar & Pendse
Chartered Accountants

B M Pendse
Partner
Membership No. : 32625

Place : Mumbai

Date : October 6, 2004

INDOCO REMEDIES LIMITED

ANNEXURE I - CONSOLIDATED BALANCE SHEET

(Rs. mn)

		As At June 30, 2004
A.	**Fixed Assets :**	
	Gross Block	633.76
	Less : Depreciation	171.75
	Net Block	**462.01**
	Add : Capital Work in Progress	24.63
	Total	**486.64**
	Less : Revaluation Reserve	0.01
	Net Block after adjustment for Revaluation Reserve	**486.63**
B.	**Current Assets, Loans and Advances :**	
	Inventories	232.09
	Sundry Debtors	487.48
	Cash and Bank Balances	175.74
	Loans and Advances	115.53
	Total	**1,010.85**
C.	**Investments**	
	Other Investments *	0.05
	Total	**0.05**
E.	**Liabilities and Provisions :**	
	Secured Loans	62.93
	Unsecured Loans	194.07
	Current Liabilities and Provisions	310.34
	Deferred Tax Liability	53.18
	Total	**620.52**
F.	**Networth**	
	Represented by	
	1. Share Capital	88.20
	2. Capital Reserve **	0.64
	3. Reserves	791.87
	Less : Revaluation Reserve	0.01
	Reserves (Net of Revaluation Reserves)	791.86
	Less : Miscellaneous Expenditure to the extent not written off or adjusted	3.69
	Networth	**877.01**

* Market Value (Rs.2,455/-)

** Capital Reserve arises on account of consolidation of accounts of Subsidiary Company

INDOCO REMEDIES LIMITED

ANNEXURE II – CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. mn)

	For the year ended June 30, 2004
Income	
Sales :	
Own Manufacturing	1,561.46
Trading	214.62
Total	**1,776.08**
Less : Excise Duty	209.20
Net Sales	1,566.88
Other Income	36.82
Increase/(Decrease) in Inventories	59.33
	1,663.03
Expenditure	
Materials	692.69
Staff Costs	199.60
Other manufacturing expenses	81.71
Administration Expenses	80.20
Selling and Distribution Expenses	260.29
Depreciation	29.58
Interest	28.16
	1,372.23
Net Profit before tax and extraordinary items	**290.80**
Taxation - Current	66.50
- Earlier years	0.00
- Deferred	11.73
Net Profit before Extraordinary Items	**212.57**
Add : Adjustment on Account of changes in Accounting Policies	0.00
Adjusted Profit before Extraordinary Items	**212.57**
Extraordinary items (net of tax)	
Depreciation Written Back	
Net Profit after Extraordinary Items	**212.57**

INDOCO REMEDIES LIMITED

ANNEXURE III - CONSOLIDATED CASH FLOW STATEMENT

(Rs.mn)

			For the year ended June 30, 2004
A	**Cash Flow from Operating Activities :**		
	Net Profit before tax and extraordinary items		**290.80**
	Adjustments for :		
	Depreciation	29.58	
	Profit on sale of Fixed Assets	(1.75)	
	Loss on sale of Fixed Assets	0.41	
	Loss on sale of Investments	0.05	
	Interest Income	(13.43)	
	Dividend received on Investments	(0.00)	
	Exchange Gain	(4.97)	
	Exchange Loss	1.63	
	Interest Expense	26.53	
			38.05
	Operating Profit before Working Capital Change		**328.85**
	Adjustments for :		
	Trade and Other Receivables	(94.82)	
	Inventories	(87.70)	
	Trade Payables and Other Liabilities	85.27	
			(97.25)
	Cash generated from Operations		**231.60**
	Tax Paid		
			(46.61)
	Net Cash generated from Operating Activities (A)		**184.99**
B	**Cash generated from Investing Activities**		
	Purchases of Fixed Assets (incl. CWIP)	(59.85)	
	Sale of fixed assets	8.56	
	Purchases of Investments	(0.02)	
	Sale of Investments	9.95	
	Interest Received	9.27	
	Dividend received on Investments	0.00	
	Net Cash used in Investing Activities (B)		**(32.09)**
C	**Cash flow from Financing Activities**		
	Interest Paid	(26.43)	
	Dividend Paid	(69.65)	
	Exchange Gain	4.97	
	Exchange Loss	(1.63)	
	Repayment of CC/WCDL Demand Loans	(82.99)	
	Proceeds from Short Term borrowings	56.39	
	Repayment of Short Term borrowings	(46.73)	
	Repayment of Term borrowings	0.00	
	Proceeds form Term borrowings	57.81	
	Net Cash used in Financing Activities (C)		**(108.25)**
	Adjustment on Consolidation (D)		**0.64**
	Net Increase in Cash or Cash equivalents (A+B+C+D)		**45.29**
	Cash and Cash equivalents - Closing Balance		**175.74**
	Cash and Cash equivalents - Opening Balance		**130.45**

ANNEXURE IV - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS.

a) The accounts of subsidiary company are consolidated on a line-by-line basis. Inter-company transactions and balances are eliminated on consolidation.

b) **Uniform Accounting Policies**

IRL and its subsidiary, in preparing their standalone annual financial statements have adopted uniform accounting policies. The Consolidated Statement of Assets and Liabilities and Profit and Losses (Annexure I & II) have been prepared using the same accounting policies, as referred to in the stand alone 'Notes on Accounts' of IRL and IHL

c) **Cash Flow Statement**

The Consolidated Cash Flows have been prepared on the basis of the restated Consolidated Summary Statement of Assets and Liabilities and Profit and Losses. The Consolidated Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statement and presents the consolidated cash flows by operating, investing and financing activities of the Company.

Cash and cash equivalents presented in the Consolidated Cash Flow Statement consist of cash on hand and demand deposits with banks.

NOTES TO THE CONSOLIDATED SUMMARY STATEMENTS

a. Brief background

IRL acquired 80% (40000 equity shares of Rs. 10 each) of equity share capital of Indoco Healthcare Ltd. (formely known as Indoco Pharmaceuticals Pvt. Ltd.) on 29th April 2004. Further on 7th May 2004 IRL acquired the balance 20% of equity shares (10000 equity shares of Rs. 10 each) making Indoco Healthcare Ltd. a 100% subsidiary of IRL.

IRL does not require to prepare for general-purpose, annual consolidated financial statements. The Consolidated Summary Statements referred in Annexure I & II contain a line by line consolidation of the Summary Statement of IRL and its subsidiary, Indoco Healthcare Limited.

b. Contingent Liabilities not provided for :

	(Rs. mn)
	As At June 30, 2004
Estimated amount of contracts remaining to be executed on Capital Account (net of advances)	60.44

SELECTED FINANCIAL DATA (AS PER UNCONSOLIDATED FINANCIAL STATEMENTS UNDER INDIAN GAAP)

The following financial data have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and the SEBI Guidelines and restated as described in the Auditor's Report of M/s Patkar & Pendse Chartered Accountants dated October 6, 2004 in the section entitled "Financial Information" on page 100 of this Red Herring Prospectus. You should read this financial data in conjunction with our financial statements (as restated) for period ended June 30, 2000, 2001 2002, 2003 and 2004 including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus, and "Management's Discussion and analysis of financial condition and results of operations". For the purpose of this section, any reference to "we", "us" or "our" refers to Indoco Remedies Limited.

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

ANNEXURE I - STATEMENT OF PROFIT AND LOSS ACCOUNT AS RESTATED

(Rs. in Mn)

PARTICULARS	**For The Year Ended on 30th June**				
	2000	**2001**	**2002**	**2003**	**2004**
Income					
Sales :					
Own Manufacturing	674.47	896.95	959.56	1,365.71	1,561.46
Trading	542.75	374.76	361.68	99.61	214.62
Total	**1,217.22**	**1,271.71**	**1,321.24**	**1,465.32**	**1,776.08**
Less : Excise Duty	89.03	118.72	128.34	186.49	209.20
Net Sales	1,128.19	1,152.99	1,192.90	1,278.83	1,566.88
Other Income	45.08	23.19	24.52	20.92	36.82
Increase/(Decrease) in Inventories	11.20	(11.63)	14.58	18.38	59.33
(Refer Annexure XII)	**1,184.47**	**1,164.55**	**1,232.00**	**1,318.13**	**1,663.03**
Expenditure					
Materials	751.40	634.25	663.63	539.91	692.69
Staff Costs	84.78	95.93	104.96	173.55	199.60
Other manufacturing expenses	22.27	34.97	37.83	65.46	81.71
Administration Expenses	22.15	43.50	43.92	70.93	80.16
Selling and Distribution Expenses	108.56	135.88	158.98	228.48	260.29
Depreciation	12.92	16.11	18.24	28.67	29.58
Interest	37.46	40.17	24.95	30.60	28.16
	1,039.54	**1,000.81**	**1,052.51**	**1,137.60**	**1,372.19**
Net Profit before tax and extraordinary items	**144.93**	**163.74**	**179.49**	**180.53**	**290.84**
Taxation - Current	15.30	11.50	16.50	21.00	66.50
- Earlier years	0.00	1.27	(2.47)	(6.30)	0.00
- Deferred	0.00	0.00	0.00	19.11	11.73
Net Profit before Extraordinary Items	129.63	150.97	165.46	146.72	212.61
Add : Adjustment on Account of changes in Accounting Policies	5.64	(1.32)	0.00	0.00	0.00
(Ref. Annexure XII)					
Adjusted Profit before	135.27	149.65	165.46	146.72	212.61
Extraordinary Items					
Extraordinary items (net of tax)					
Depreciation Written Back	17.22				
Net Profit after Extraordinary Items	**152.49**	**149.65**	**165.46**	**146.72**	**212.61**

II. SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

ANNEXURE II - SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Mn)

	PARTICULARS	As At 30th June				
		2000	**2001**	**2002**	**2003**	**2004**
A.	**Fixed Assets :**					
	Gross Block	293.09	310.57	527.85	603.25	633.76
	Less : Depreciation	63.46	77.62	95.86	143.84	171.75
	Net Block	**229.63**	**232.95**	**431.99**	**459.42**	**462.01**
	Add : Capital Work in Progress	0.00	58.69	2.02	4.16	17.29
	Total	**229.63**	**291.65**	**434.01**	**463.58**	**479.29**
	Less : Revaluation Reserve	0.00	0.00	0.00	0.01	0.01
	Net Block after adjustment for Revaluation Reserve	**229.63**	**291.65**	**434.01**	**463.57**	**479.28**
B.	**Current Assets, Loans and Advances :**					
	Inventories (Refer Annexure XII)	100.47	85.59	105.97	144.39	232.09
	Sundry Debtors	378.60	414.75	422.58	443.56	487.48
	Cash and Bank Balances	61.89	66.65	42.72	130.45	175.24
	Loans and Advances	17.75	19.10	37.64	78.03	115.07
	Total	**558.71**	**586.09**	**608.91**	**796.44**	**1,009.88**
C.	Investments					
	Investments in Subsidiary Companies	143.78	143.78	143.78	0.00	7.40
	Other Investments *	0.38	0.38	0.38	10.04	0.05
	Total	**144.16**	**144.16**	**144.16**	**10.04**	**7.45**
E.	**Liabilities and Provisions :**					
	Secured Loans	120.42	35.52	66.69	88.10	62.93
	Unsecured Loans	150.46	186.02	206.45	184.41	194.07
	Current Liabilities and Provisions	184.35	200.93	199.43	244.87	310.02
	Deferred Tax Liability	0.00	0.00	0.00	41.44	53.18
	Total	**455.23**	**422.48**	**472.57**	**558.82**	**620.20**
F.	**Networth**					
	Represented by					
	1. Share Capital	88.20	88.20	88.20	88.20	88.20
	2. Reserves	389.08	511.22	629.40	629.06	791.91
	Less : Revaluation Reserve	0.00	0.00	0.00	0.01	0.01
	Reserves (Net of Revaluation Reserves)	389.08	511.22	629.40	629.04	791.90
	Less : Miscellaneous Expenditure to the extent not written off or adjusted	0.00	0.00	3.09	6.02	3.68
	Networth	**477.28**	**599.42**	**714.51**	**711.22**	**876.42**
	* Market Value (Rs.)	2,255	2,125	2,005	9,601,499	2,455

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (AS PER UNCONSOLIDATED INDIAN GAAP)

You should read the following discussion of our financial condition and results of operations together with our audited financial statements (as restated) for the period ended June 30, 2000, 2001,2002, 2003 and 2004, including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act , 1956 and the SEBI Guidelines and restated as described in the Auditor's Report of M/s Patkar & Pendse Chartered Accountants dated October 6, 2004 in the section with the title "Indian GAAP Financial Statements".

The following discussion is based on our audited financial statements (as restated) for fiscal 2000, 2001, 2002, 2003 and 2004, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources. Our fiscal year ends on June 30 of each year, so all references to a particular fiscal year are to the twelve-month period ended June 30 of that year.

Overview

We were incorporated on August 23, 1947 with the principal business of importing pharmaceutical formulations from Europe and distributing them in Western India. With the new Government banning imports of several formulations in 1947, we ventured into manufacturing and selling of pharmaceutical formulations. Our business grew from a turnover of Rs. 0.1 mn and total employee strength of around 50 in 1969 to a turnover of Rs.1776 mn and 1750 employees in 2004.

Our business mainly comprises Formulations and we also undertake API's, and Contract research and development. We have four divisions for marketing, viz, Indoco, Spade, Radius and Warren. In the domestic market, our business primarily comprises prescription and some institutional sales. We conduct our domestic marketing through our network of medical representatives, known as field force. Presently, we have a total field force of 1248 of which 1014 are medical representatives and the balance 234 are field managers who cover the entire country. In the international markets, our business is classified based on the markets we cater to, viz, the regulated markets like the USA, Europe, East European countries, and South Africa, and the non-regulated markets like Kenya, Zambia, Bolivia, Myanmar, Sri Lanka, Yemen Zimbabwe, etc.

Our Indoco division focuses on key therapeutic segments such as Anti-colds, Anti-spasmodics, Anti-infectives, Stomatologicals, Topical Anti-fungals, Anti-inflammatory, Cough and Cold preparations and Anti-diabetics, Cardio-vascular, multi-vitamins. The division also focuses on General Practioners (GPs), Paediatricians, Consulting Physicians and Gynaecologists. Some of the products marketed by this division include Cyclopam, Vepan, Tuspel Plus, Atherochek, MCBM 69 etc.. With the basket of products increasing, we decided to launch another division viz. Spade. The Spade division caters to G.Ps., Paediatricians, Consulting Physicians ("CPs") and Gynaecologists. The main products marketed are Febrex Plus, ATM, Aloha, Cyclomeff and Estab.

To further expand in other therapeutic segments, in 1999, Indoco took over Warren Pharmaceuticals Ltd. and Warren Laboratories Private Limited ("Warren"), which had a strong presence in Stomatological and Ophthalmology segments. Since Indoco has taken over Warren, it has retained its no.1 position in the stomatological segment (Source: ORG MARG- July 2004) and has grown in Ophthalmic segment too. Warren caters to dentists, ophthalmologists, E.N.Ts and G.Ps. The therapeutic segments promoted are anti-hypersensitive toothpaste, antiseptic anaesthetic gel, antibiotic eye drops, mydriatic cycloplegic eye drops, tear substitute eye drops, topical anaesthetic, oral NSAID and anti-bacterial mouth wash and gels. The main products include Sensodent, Rexidin, Lignox, Homide, Dexoren, Dentogel and Tobaren.

In December 2002 we launched a speciality division, Radius, to focus on chronic diseases with its thrust on diabetes and cardiovascular therapeutic segments. This division caters to Diabetologists, Cardiologists & CPs and the therapeutic segments promoted include anti-diabetic, anti-hypertensive, lipid lowering and anti-coagulant. The main products marketed by this division include Cholechek, Amchek, Prichek and Clopirad.

We are currently marketing APIs manufactured by our group company, viz , SPA Pharmaceuticals Pvt. Ltd. ("Spa Pharmaceuticals"). The manufacturing facility is located at Navi Mumbai We buy the APIs, manufactured by Spa Pharmaceuticals Pvt. Ltd for our captive consumption as well as for trading in domestic and export markets.

Our research and development department, at Andheri, can be segregated into formulation development department and the analytical method development department. Some of the major therapeutic areas that the R&D has been working are anti-inflammatory, anti diabetic, anti-infective and cardiovascular drugs. We also have a presence in ophthalmic and oral health products. We have a well equipped analytical research department with major analytical instruments required for testing of the products. Our R&D department is approved by the Department of Scientific and Industrial Research Ministry of Science & Technology, Government of India. We are in the process of setting up R&D facilities at Andheri and Navi Mumbai which shall be dedicated for R&D activities in formulation for non regulated and domestic markets and research activities related to APIs, formulation development and analytical method development for the regulated markets respectively.

Our manufacturing facilities are located at Goa, Andheri, Tarapur and Waluj. The Goa plant I manufactures solid oral dosage forms - tablets, liquid orals and external preparations. The plant manufactures non-sterile products in liquid dosage forms (orals), semi-solid dosage forms (creams & ointments) and unit dosage form (tablet). The plant is approved by UK MHRA, Sultanate of Oman-Ministry of Health, Medicines Control Authority of Zimbabwe, National Drug Authority, Uganda Ministry of Health, Tanzania and Republic of Sudan. Our Goa plant II manufactures drops and injectibles for the Ophthalmic and Anti-infectives, Anaesthetics, Anti- spasmodics.

The pharmaceutical manufacturing facility at Andheri manufactures non-sterile products in Unit dosage form (Tablet) and liquid dosage form (Orals). The products manufactured at plant are sold in the domestic markets as well as exported to regulated and non-regulated markets. The plant has been inspected and certified by World Health Organisation and Reading Scientific Services Limited (“RSSL”), UK to conform to the requirements for Good Manufacturing Practices. In addition, the plant also has the approval from the Food and Drug Administration, Maharashtra, to manufacture, market and sell its products.

The manufacturing plant at Tarapur manufactures semisolid dosage forms - dental creams and gels, oral hygiene solutions and external preparations like eardrops.The products manufactured at the plant are for domestic market and also exported to non regulated markets. The plant has been inspected and approved by Central Drug FDA and the State Drug FDA authorities to conform with the principles and guidelines of Good Manufacturing Practices recommended by WHO.

The plant situated at Waluj is owned by Spa Pharmaceuticals Pvt Ltd and manufactures non-sterile products in Liquid dosage forms (orals), Semi-solid dosage forms (creams & ointments) and Unit dosage form (tablet).The products manufactured at the Plant are for domestic market and also exported to non regulated markets.

Our unconsolidated total net income and adjusted profit after tax for the year end June 30, 2004 was Rs 1663 mn and Rs 213 mn respectively as compared to a total net income and adjusted profit after tax of Rs 1318 mn and Rs 147 mn respectively for the year ended June 30, 2003. For details on our Financial Statements, refer to section financial information on page 100 of this Red Herring Prospectus.

Business Performance

Revenue:

Our unconsolidated total income and profit after tax for the year ended June 30, 2004 was Rs. 1663.03mn and Rs. 212.61 mn respectively as compared to a total income and profit after tax of Rs.1318.13 mn and Rs. 146.72 mn respectively for the year ended June 30, 2003. The trend of net sales (Export & Domestic) for the past 5 years are as under:

(Rs. in Mn)

PARTICULARS	**For The Year Ended on 30th June**				
	2000	**2001**	**2002**	**2003**	**2004**
Export Sales(CIF)	25.30	31.40	51.80	64.50	130.70
Domestic Sales	1,191.92	1,240.31	1,269.44	1,400.82	1,645.38
Total Gross Sales	**1,217.22**	**1,271.71**	**1,321.24**	**1,465.32**	**1,776.08**
Less : Excise Duty	89.03	118.72	128.34	186.49	209.20
Total Net Sales	**1,128.19**	**1,152.99**	**1,192.90**	**1,278.83**	**1,566.88**
Growth % over previous year		**2.20**	**3.46**	**7.20**	**22.53**

During fiscal 2004 the Company’s exports have grown from Rs 64.50 mn to Rs 130.70 mn, showing an increase of 102.63%. The profit before tax has risen to Rs 290.84 mn from Rs 180.53 mn showing an increase of 65.10% mainly on account of overall improvement of domestic and export sales, successful launch of speciality division “Radius” that caters to anti-diabetic and caridiovascular segments, increased capacity utilization of sterile plant at Goa and higher contribution from export sales.

The Company achieved a growth in Net Sales of 22.53% during 2004 as compared to 2003 mainly on account of the following reasons:

- The Company's products viz. Cyclopam and Febrex Plus registered a handsome growth
- Expansion of Spade Division contributed towards the good performance
- The Radius Division also showed good results since it had a full year of operations having been launched in December, 2002
- Glychek-M, an anti-diabetic segment product, showed good growth
- After approval of our Goa Plant – I by U.K.-MHRA, exports to U.K., in particular, picked up and overall exports showed a growth of 102.63%

Fiscal 2001 to 2003 showed only reasonable growth on account of the following reasons:

- Company started exports during fiscal 1999 mainly to the non-regulated markets and, therefore, there were only limited export sales during the above fiscal
- Company ventured into life style products only in Dec 2002
- Pharma industry registered a sluggish growth during the above period
- Spade Division was mainly functional in southern region during this time
- No full-fledged R&D centre till 2001 resulting in hardly any new products for launch

Setting up of a API manufacturing facility shall help us undertake backward integration of our existing operations. Currently, we source our API requirements from third parties for the preparation of dosage forms for these markets. Setting up this facility will also enable us to be more price-competitive and shall result in enhanced confidence in us since through this facility we can prove that we exercise complete control over entire production process from basic raw material to finished dosage forms.

We will also be working with the established generic companies in US offering them APIs with USDMF. The cost competitiveness will ensure that these generic companies will register us as one of the preferred suppliers for bulk APIs. We would, therefore, target US market for bulk sale of APIs by being the first/second source in the ANDA submitted by renowned generic companies of US.

(Rs. in Mn)

	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Respiratory Systems & Anti-Allergics	220.27	215.50	191.37	205.40	220.63
Alimentary System	161.16	190.14	155.93	192.20	226.32
Anti-Infective	211.99	172.33	187.74	230.67	274.79
Dental	129.07	146.94	175.45	196.74	209.44
Analgesics & Antipyretics	74.14	102.67	118.10	118.04	136.70
Skin	70.56	80.07	79.31	85.62	103.85
Eye	68.01	60.80	77.37	99.00	95.11
Anti-Diabetic		8.22	29.76	49.30	70.82
Others	177.06	196.82	181.49	184.64	254.99
Total Domestic Formulation Sales	**1,112.26**	**1,173.49**	**1,196.52**	**1,361.61**	**1,592.65**
Bulk Drugs & Other Trading Sales	**79.66**	**66.82**	**72.92**	**39.21**	**52.73**
Gross Domestic Sales	**1,191.92**	**1,240.31**	**1,269.44**	**1,400.82**	**1,645.38**

In September 2004, the Company acquired a new brand known as Karvol – a nasal decongestant, in the cough and anti-cold segment, which has a high potential for growth. Some of our brands such as Febrex Plus and Tuspel Plus feature in this segment. The Company has revenues of Rs 299.30 mn from this segment.The Karvol acquisition will further increase our presence in this segment.

Our net sales in fiscal 2004 of Rs 1566.88 mn represent CAGR of 8.56% since fiscal 2000.

Our export sales represented 2.24%, 2.72 %, 4.34 %, 5.04% and 8.34% of our Net Sales in fiscal 2000, fiscal 2001, fiscal 2002, fiscal 2003 and fiscal 2004 respectively. Export sales increased by 102.64 % from Rs.64.5 mn in fiscal 2003 to Rs. 130.70 mn in fiscal 2004.

The Company has been making its foray into export markets mainly in UK and South Africa. In order to have a direct foothold in what the company perceives as critical markets for its future growth, and to establish brand equity in such markets, the company decided to establish joint ventures/ wholly owned subsidiaries overseas.

In 2002 Indoco set-up and commissioned a Sterile Plant in Goa for manufacturing of ophthalmics and injectables. This plant was set-up considering the requirements from the US & European regulatory authorities.

Recently, Indoco has entered into an agreement with a US Company for manufacturing and supply of ophthalmic products. Subsequently stability batches have been manufactured at the Company's Sterile Plant. We propose to submit the ANDAs generated from the above activity to the US-FDA in due course of time.

The solid dosage facility also located in Goa, is under construction to comply with the requirements of US-FDA. We have appointed M/s Pipecon as external consultants to help us set up the plant on US-FDA guidelines.

Our Regulatory Affairs Department can compile Dossiers in CTD Format and can prepare registration files according to customer's requirement. For regulated markets, we offer a complete dossier in CTD Format.

The geographical spread of our sales of different product segments for the last 5 years is as stated below:

(Rs. in Mn)

	For The Year Ended on 30th June									
	2000		2001		2002		2003		2004	
	Rs.Mns.	**%**	**Rs.Mns.**	**%**	**Rs.Mns.**	**%**	**Rs.Mns.**	**%**	**Rs.Mns.**	**%**
South East Asia			2.20	0.17	4.40	0.33	8.90	0.61	9.40	0.53
Africa	11.30	0.93	20.30	1.60	37.80	2.86	28.90	1.97	28.20	1.59
Asia Pacific	3.50	0.29	4.70	0.37	2.90	0.22	3.10	0.21	4.70	0.26
Middle East	4.80	0.39	1.70	0.13	-	-	6.90	0.47	3.30	0.19
North America	0.60	0.05	0.80	0.06	1.40	0.11	2.00	0.14	3.20	0.18
United Kingdom	-	-	-	-	-	-	4.50	0.31	53.80	3.03
India	1,191.92	97.92	1,240.31	97.54	1,269.44	96.08	1,400.82	95.59	1,645.38	92.64
Other Countries	5.10	0.42	1.70	0.13	5.30	0.40	10.20	0.70	28.10	1.58
TOTAL	**1,217.22**	**100.00**	**1,271.71**	**100.00**	**1,321.24**	**100.00**	**1,465.32**	**100.00**	**1,776.08**	**100.00**

Our Company's solid dosage facility at Verna Goa was approved by the UK-MHRA in January'2003. Consequently the Company started international business of various tablet products under site variation contracts to UK.

Site variation is a process by which the manufacturing site is included in the product licence (PL). This enables the PL holder (marketing company) to get the product manufactured at a new manufacturing facility after due approval of documentation from the relevant regulatory authority.

The exports by way of contract manufacturing gained substantial momentum during our financial year 2003-04 resulting in an hitherto unprecedented growth of 102.64% in international business over the previous year. Considering the fact that international business would be a major growth driver in future, the Company is considering a strategic acquisition initiative in Europe. For this purpose the Company is in discussions with two companies one each in UK and France.

The acquired company would necessarily possess a basket of Marketing Authorisations and good distribution channels to complement our future thrust on international business to Europe.

We estimate a total investment in one of these companies to be approximately £5 mn (equivalent to Rs.420 mn). The funding for the same will be arranged by way of term loan. The term loan will be repayable over a period of three years out of internal accruals generated by the Company in future.

Other Income

Other Income mainly comprised of export benefits from Government of India, interest received on account of temporary deployment of funds, and exchange gain on weakening of the Rupee vis-à-vis other foreign currencies. The contribution of export benefits to other income has increased from 18.99 % in FY 2003 to 20.81% in FY 2004 resulting in a growth of 192.98%.

Excise Duty:

Excise Duty is levied on the products produced by us. The prevailing rate is 16% ad valorem, payable at the time of removal of the products for domestic sales, after adjustments of the credits of Central Value Added Tax available on capital goods and other inputs procured by the company, as per the Central Excise Rules and Regulations.

Price Trends

The Company has shifted its focus from traditional low value products to high value niche products. It has launched various lifestyle products under "Radius" division. This has not only increased the coverage of consulting physicians but also provided growth in prescriptions. The Company launched newer molecules such as Atherochek and MCBM 69 which further helped in establishing an identity in the lifestyle segment.

In the regulated markets, qualifying or changing an approved source of an API involves elaborate regulatory documentation and compliance and is a time consuming and costly process. Hence the formulators in these markets would select their API suppliers only after a detailed evaluation of their strengths. The general trend is to switch from the high cost European producers to equally quality conscious Indian manufacturers having the necessary regulatory clearances.

The products to be manufactured at our New API plant have been selected after a detailed study of patents, the chemistry involved, the international sales and the growth rates, the enquiries from the customers and the time required to scale-up and manufacture these APIs. We have accordingly chosen products which are coming off-patent in 2006 onwards. The objective is to ensure that we are amongst the first one to make available generic products to our customers immediately after patent expiry in Europe. We shall prepare the dossier in CTD format well in time and shall apply for Marketing Authorisation (MAs) in our name. We would sell these MAs/Dossiers to the prospective customers, who will be tied up for buying of FDF's from Indoco for a period of 5 years from the date of launch. This will ensure generation of revenues and growth on a continuous basis.

We will also be working with the established generic Cos. in US offering them APIs with USDMF. The cost competitiveness will ensure that these generic Cos. will register us as a second source of supply for bulk API. We would, therefore, target US market for bulk sale of APIs by being the first/second source in the ANDA submitted by renowned generic companies of US.

Expenditure

We continuously focus our R&D efforts towards achieving process improvements and cost efficiencies. This has enabled us to partly offset any adverse price movements in these products.

Raw Material Cost:

With the process improvements, appropriate changes in the product mix, our raw material consumption as percentage to the value of production (raw material consumed as % to net sales, exclusive of excise duty +/- stock adjustment) has shown a decreasing trend as shown below:

- Decrease in overall material cost from FY 2000 to FY 2001 on account of loan licensing to SPA Pharmaceuticals
- Decrease in overall material cost from FY 2002 to FY 2003 on account of amalgamation of Warren with Indoco

(Rs. in Mn)

	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Gross Sales	1,217.22	1,271.71	1,321.24	1,465.32	1,776.08
Increase/(Decrease) in Stocks	11.20	(11.63)	14.58	18.38	59.33
Less : Excise Duty Paid	89.03	118.72	128.34	186.49	209.20
Value of Production after adjustment of Excise Duty	**1,139.39**	**1,141.36**	**1,207.46**	**1,297.21**	**1,626.21**
Material Cost	751.40	634.25	663.63	539.91	692.69
% of Material Cost to Value of Production	***65.95***	***55.57***	***54.96***	***41.62***	***42.60***

Operating (Other than Raw materials) and other expenses:

Operating and other expenses have increased 15.48% from Rs. 538.42 mn in fiscal 2003 to Rs. 621.76 mn in fiscal 2004 (compared to an increase of 55.75 % from Rs. 345.69 mn in fiscal 2002 to Rs. 538.42 mn in fiscal 2003). The increase in fiscal 2003 over fiscal 2002 was mainly on account of amalgamation of Warren with Indoco. In fiscal 2002, expenses of Warren were reflected in material cost as purchase of finished goods. However in fiscal 2003, after amalgamation of Warren with the Company the material cost has been split into two parts viz. material consumption and other operating expenses. Principal components of operating and other expenses are manufacturing expenses other than raw materials viz. power and fuel, stores & spares, repairs and maintenance, laboratory and R & D expenses, factory overheads etc., employee emoluments, administrative, selling & distribution expenses viz. rates & taxes, post, telephone and fax expenses, insurance, clearing, forwarding and freight, outward expenses, sales commission, advertisement expenses etc.

Depreciation

Depreciation on Fixed Assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on all assets except residential premises, corporate office in Mumbai and assets at Goa Plants (I & II) which are depreciated on the straight line method.

Taxation / Deferred Tax

We include the tax expense for the year, comprising current tax and deferred tax, to determine the net profit/(loss) for such year.

We make provision for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

We are entitled and would continue to enjoy Income tax concession under section 80HHC (withdrawn from 2005) of the Income Tax Act, 1961, albeit on a decreasing basis till FY2004. Our Goa Plant I is entitled for 100% tax exemption under Section 80I B of the Income Tax Act, 1961 till FY 2003 and 30 % exemption for next 5 years. Similarly our proposed unit at Baddi, Himachal Pradesh will also be entitled for 100% tax exemption for first 5 years of its operations and 30% tax exemption for next 5 years of operations under section 80IB of the Income Tax Act, 1961. In view of the above, our Income Tax out-go is expected to decrease over the next few years.

We changed our accounting policy for taxes on income in fiscal 2003, to comply with the provisions of new accounting standard relating to accounting for taxes on income, issued by the Institute of Chartered Accountants of India and as applicable to us. We make provision for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. As prescribed in the Accounting Standard AS-22, Deferred Tax is provided in the books with effect from July 2002. Deferred Tax Liability as on July 2002, estimated at Rs. 23.31mn has been adjusted against the General Reserve Account as on June 2003.

Earnings Before Interest, Depreciation, Tax and Amortisation.

A comparison of EBIDTA (Rs. in mn) and as percentage to value of production after adjustment of excise duty paid for the past periods is as under:

(Rs. in Mn)

	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Value of Production after adjustment of Excise Duty Paid	1,139.39	1,141.36	1,207.47	1,297.21	1,626.21
Profit After Tax (PAT)	129.63	150.97	165.46	146.72	212.61
Add : Finance Charges	37.46	40.17	24.95	30.60	28.16
Depreciation	12.92	16.11	18.24	28.67	29.58
Tax	15.30	12.77	14.03	33.82	78.23
Amortisation	0.00	1.54	5.24	5.63	7.50
EBIDTA	**195.31**	**221.56**	**227.92**	**245.44**	**356.08**
% of EBIDTA to Value of Production	***17.14***	***19.41***	***18.88***	***18.92***	***21.90***

The increase in the EBIDTA in fiscal 2004 over fiscal 2003 was mainly due to growth in overall sales and reduction in operating expenses as a percentage of sales.

Profit After Tax

The profit after tax was Rs. 212.61 mn in fiscal 2004 and Rs. 146.72 mn in fiscal 2003. Our profit after tax to net sales is 13.57% in fiscal 2004 and 11.47% in fiscal 2003. This is mainly on account of substantial rise in other income, domestic and export sales and a drop in operating expenses as percentage of sales.

Sundry Debtors

The following table presents the details of our debtors:

(Rs. in Mns)

Particulars	As at 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Gross Sales	1217.22	1271.71	1321.24	1465.32	1776.08
Outstanding Debtors at the end of the period	378.60	414.75	422.58	443.56	487.48
Debtors Less Than 180 Days	362.87	371.81	394.05	417.69	450.02
Debtors More Than 180 Days	15.73	42.94	28.53	25.87	37.46
Debtors Less than 180 Days as % to total Debtors	95.85	89.65	93.25	94.17	92.32
Debtors More than 180 Days as % to total Debtors	4.15	10.35	6.75	5.83	7.68
Bad Debts Written off / Provision	0.35	3.57	3.53	4.18	5.20
No of days outstanding Debtors (Days)	114	119	117	110	100
% of Bad Debts to Sales	0.03	0.28	0.27	0.29	0.29

The number of days outstanding Debtors (DSO) are to be considered after taking into consideration the credit period including the transit time to the destination and the credit period offered to the stockists. From fiscal 2001 to fiscal 2004, the Company has controlled DSO and brought it down from 119 days to 100 days. Further, the Company has formed a task force for continuous monitoring of stockists' recoveries and outstanding. The Company is in the process of further improving the DSO.

Our Results of Operations

The table below sets forth various line items from our audited financial statements for fiscal 2000, 2001, 2002, 2003 and 2004, as a percentage of net value of production, which is defined as total net sales excluding excise duty and increase / decrease in stock.

(Rs. in Mn)

PARTICULARS	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
Gross Sales	1,217.22	1,271.71	1,321.24	1,465.32	1,776.08
Less : Excise Duty	89.03	118.72	128.34	186.49	209.20
Sub Total	1,128.19	1,152.99	1,192.90	1,278.83	1,566.88
Increase/(Decrease) in Stocks	11.20	(11.63)	14.58	18.38	59.33
Net Value of Production (NVoP)	**1,139.39**	**1,141.36**	**1,207.48**	**1,297.22**	**1,626.21**
Material Cost to (NVoP) (%)	**65.95**	**55.57**	**54.96**	**41.62**	**42.60**
Material Cost	751.40	634.25	663.63	539.91	692.69
Operating & Other Expenses to (NVoP)	**20.87**	**27.19**	**28.63**	**41.51**	**38.23**
Operating & Other Expenses	237.77	310.28	345.70	538.41	621.76
Depreciation to (NVoP)	**1.13**	**1.41**	**1.51**	**2.21**	**1.82**
Depreciation	12.92	16.11	18.24	28.67	29.58
Finance Charges to (NVoP)	**3.29**	**3.52**	**2.07**	**2.36**	**1.73**
Finance Charges	37.46	40.17	24.95	30.60	28.16
Profit Before Tax to (NVoP)	**12.72**	**14.35**	**14.87**	**13.92**	**17.88**
Profit Before Tax	144.93	163.74	179.49	180.53	290.84
Profit After Tax to (NVoP)	**11.38**	**13.23**	**13.70**	**11.31**	**13.07**
Profit After Tax	129.63	150.97	165.46	146.72	212.61

Comparison of fiscal 2001with fiscal 2000

Some of the key developments that occurred during fiscal 2001 include the following:

Company started manufacturing the products of Spade division under its own license at Waluj, Aurangabad which were hitherto purchased from Spa Pharmaceuticals Private Limited. We set up our R&D centre at Andheri, Mumbai, which has been approved by the Department of Scientific and Industrial Research, Ministry of Science & Technology, Government of India. While it has been constantly fulfilling the need for new product launches in Domestic markets, it has also contributed in development work, scaleup and some break through innovative technologies in the area of drug delivery.

Value of Production

Value of production comprising of export and domestic sales and changes in inventory of finished goods and work-in-process and after adjustment of excise duty paid, increased by 0.17 % from Rs. 1139.39 mn in fiscal 2000 to Rs. 1141.36 mn in fiscal 2001.

Net Sales

Net Sales increased 2.2 % from Rs. 1128.19 mn in fiscal 2000 to Rs 1152.99 mn in fiscal 2001.

Other Income

Other income decreased by 48.56 % from Rs. 45.08 mn in fiscal 2000 to Rs. 23.19 mn in fiscal 2001. The decrease is due to reduction in dividend from subsidiaries and job work income.

Expenditure

Our expenditure on raw materials consumption decreased by 16.48 % from Rs. 759.40 mn in fiscal 2000 to Rs. 634.25 mn in fiscal 2001. This drop is on account of the products being manufactured by the Company under its own license at Waluj, Aurangabad which were hitherto purchased from Spa Pharmaceuticals Private Limited.

The operating and other expenses increased 30.50% from Rs. 237.77 mn in fiscal 2000 to Rs. 310.28 mn in fiscal 2001.

Expenditure as a percentage of net value of production increased from 20.87 % in fiscal 2000 to 27.19 % in fiscal 2001 due to increase in manufacturing overheads for the products manufactured at Waluj, Aurangabad.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased by 13.44 % from Rs. 195.31 mn in fiscal 2000 to Rs. 21.56 mn in fiscal 2001. EBIDTA as percentage to value of production after adjustment of excise duty paid increased from 17.14% in fiscal 2000 to 19.41 % in fiscal 2001.

Finance Charges

Finance charges increased by 7.23% from Rs. 37.46 mn in fiscal 2000 to Rs. 40.17 mn in fiscal 2001. The unsecured loans increased from Rs.150.30 mn in fiscal 2000 to Rs. 186.02 mn in fiscal 2001. Finance charges as a percentage of value of production increased from 3.29% in fiscal 2000 to 3.52% in fiscal 2001.

Depreciation

Depreciation increased by 24.69% from Rs. 12.92 mn in fiscal 2000 to Rs. 16.11 mn in fiscal 2001. Gross block of fixed assets increased by 25.99 % from Rs. 293.09 mn in fiscal 2000 to Rs. 369.26 mn in fiscal 2001. The increase in Gross block was mainly on account of capitalization of R&D assets at Andheri, Mumbai. As a percentage of value of production, depreciation cost increased from 1.13 % in fiscal 2000 to 1.41 % in fiscal 2001.

Income tax

Provision for current tax decreased from Rs. 15.30 mn in fiscal 2000 to Rs. 11.50 mn in fiscal 2001. This reduction is mainly on account of weighted deduction under section 35(2AB) of Income Tax Act, 1961.

Profit after tax

Profit after tax was Rs. 150.97 mn in fiscal 2001 as compared to profit after tax of Rs. 129.63 mn in fiscal 2000. The profit after tax as percentage to value of production increased from 11.38 % in fiscal 2000 to 13.23% in fiscal 2001.

Comparison of fiscal 2002 with fiscal 2001

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2002 INCLUDE THE FOLLOWING:

The new state of the art Sterile Manufacturing Facility at Verna-Goa for manufacture of ophthalmics and injectables, was commissioned in June 2002.The plant has been built as per UK MHRA guidelines.

Value of Production

Our value of production comprising of export and domestic sales and changes in inventory of finished goods and work-in-process and after adjustment of excise duty paid, increased by 5.79% from rs.1141.36 mn in fiscal 2001 to rs. 1207.47 mn in fiscal 2002.

Net Sales

Net Sales increased by 3.46% from Rs 1152.99 mn in fiscal 2001 to Rs 1192.89 mn in fiscal 2002.

Other Income

Other income increased by 5.74% from Rs.23.19 mn in fiscal 2001 to Rs.24.52 mn in fiscal 2002.

Expenditure

Our expenditure on raw materials consumption increased by 4.63% from Rs. 634.25 mn in fiscal 2001 to Rs.663.63 mn in fiscal 2002 and the consumption of raw materials as percentage to value of production decreased from 55.57% to 54.96 %. The operating and other expenses increased by 11.42% from Rs.310.28 mn in fiscal 2001 to Rs. 345.70 mn in fiscal 2002. Expenditure as a percentage of net value of production increased from 27.19 % in fiscal 2001 to 28.63% in fiscal 2002.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased by 2.88% from Rs.221.56 mn in fiscal 2001 to Rs.227.93 mn in fiscal 2002. EBIDTA as percentage to value of production after adjustment of excise duty paid decreased from 19.41% in fiscal 2001 to 18.88% in fiscal 2002.

Finance Charges

Finance charges decreased by 37.89% from Rs.40.17 mn in fiscal 2001 to Rs.24.95 mn in fiscal 2002.During fiscal 2002 finance charges decreased substantially on account of reduction in overall reduction in lending rates although secured and unsecured loans increased from Rs.221.54mn in fiscal 2001 to Rs. 273.14 mn. Finance charges as a percentage of value of production decreased from 3.52% in fiscal 2001 to 2.07% in fiscal 2002.

Depreciation

Depreciation increased by 13.22% from Rs.16.11 mn in fiscal 2001 to Rs. 18.24 mn in fiscal 2002.Gross block of fixed assets increased by 43.50% from Rs.369.26 mn in fiscal 2001 to Rs. 529.87 mn in fiscal 2002. As a percentage of value of production, depreciation cost increased marginally from 1.41% in fiscal 2001 to 1.51 % in fiscal 2002.

Income tax

Provision for current tax increased from Rs. 11.50 mn in fiscal 2001 to Rs. 16.50 mn in fiscal 2002, due to products manufactured at tax-exempt plant (Goa Plant I) being temporarily shifted to taxable plant. This was done on account of upgradation that had to be carried out at Goa Plant I for UK MHRA certification.

Profit after tax

Profit after tax was Rs.165.46 mn in fiscal 2002 as compared to profit after tax of Rs. 150.97 mn in fiscal 2001. The profit after tax as percentage to value of production marginally increased from 13.23 % in fiscal 2001 to 13.70 % in fiscal 2002.

Comparison of fiscal 2003 with fiscal 2002

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2003 INCLUDE THE FOLLOWING:

The Company launched “RADIUS”, a cardiac and anti-diabetic speciality division in December, 2002. The Company received approval from UK MHRA for its existing facility at Goa Plant I in January, 2003. Warren Pharmaceuticals Limited a 100% subsidiary of our Company amalgamated with us w.e.f July 1st, 2002 in accordance with section 391-394 of the Companies Act, 1956.

Expenditure

Our expenditure on raw materials consumption decreased by 18.64% from Rs.663.63 mn in fiscal 2002 to Rs.539.91 mn in fiscal 2003 and the consumption of raw materials as percentage to value of production decreased from 54.96% to 41.62%. In fiscal 2002, expenses of Warren were reflected in material cost as purchase of finished goods. However in fiscal 2003, after amalgamation of Warren with the Company the material cost has been split into two parts viz. material consumption and other operating expenses.The operating and other expenses increased by 55.74% from Rs.345.70 mn in fiscal 2002 to Rs. 38.41 mn in fiscal 2003. Expenditure as a percentage of net value of production increased from 28.63% in fiscal 2002 to 41.51% in fiscal 2003.The rise in operating and other expenses were on account of amalgamation of WPL with IRL and lower capacity utilization for newly commissioned sterile Goa Plant II.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased by 7.68% from Rs. 227.93 mn in fiscal 2002 to Rs.245.43 mn in fiscal 2003. EBIDTA as percentage to value of production after adjustment of excise duty paid marginally increased from 18.88% in fiscal 2002 to 18.92% in fiscal 2003.

Finance Charges

Finance charges increased by 22.65% from Rs.24.95 mn in fiscal 2002 to Rs.30.60 mn in fiscal 2003.During fiscal 2003 finance charges increased substantially on account of term loan for setting up the sterile Goa Plant II. Finance charges as a percentage of value of production increased from 2.07% in fiscal 2002 to 2.36% in fiscal 2003.

Depreciation

Depreciation increased by 57.81% from Rs.18.24 mn in fiscal 2002 to Rs. 28.67 mn in fiscal 2003.Gross block of fixed assets increased by 14.63% from Rs. 529.87 mn in fiscal 2002 to Rs. 607.41 mn in fiscal 2003. As a percentage of value of production, depreciation cost increased from 1.51% in fiscal 2002 to 2.21 % in fiscal 2003.

Income tax

Provision for current tax increased from Rs. 16.50 mn in fiscal 2002 to Rs. 21.00 mn in fiscal 2003.

We changed our accounting policy for taxes on income in fiscal 2003, to comply with the provisions of new accounting standard relating to accounting for taxes on income, issued by the Institute of Chartered Accountants of India and as applicable to us. We make provision for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. As prescribed in the Accounting Standard AS-22, Deferred Tax is provided in the books with effect from July 2002. Deferred Tax Liability as on July 2002, estimated at Rs. 23.31mn has been adjusted against the General Reserve Account as on June 2003.

Profit after tax

Profit after tax was Rs. 146.72 mn in fiscal 2003 as compared to profit after tax of Rs.165.46 mn in fiscal 2002.The reduction in profit after tax was mainly on account of deferred tax liability provision made in accordance with AS 22. The profit after tax as percentage to value of production decreased from 13.70 % in fiscal 2002 to 11.31% in fiscal 2003.

Comparison of fiscal 2004 with fiscal 2003

SOME OF THE KEY DEVELOPMENTS THAT OCCURRED DURING FISCAL 2004 INCLUDE THE FOLLOWING:

I. Launch of new product range mainly Aloha and ATM. In addition to these, we also launched new lifestyle products through our speciality division, Radius with a thrust on anti-diabetic and cardiovascular therapeutic segments.

II. During the year the Company acquired Indoco Pharmaceuticals Private Limited (formerly known as Spade Pharmaceuticals Private Limited).

III. Expansion of Goa Plant I facilities as per US FDA guidelines.

Expenditure

Our expenditure on raw materials consumption increased by 28.30% from Rs.539.91 mn in fiscal 2003 to Rs.692.69 mn in fiscal 2004 and the consumption of raw materials as percentage to value of production marginally increased from 41.62% to 42.60%. The operating and other expenses increased by 15.48% from Rs.538.41 mn in fiscal 2003 to Rs. 621.76 mn in fiscal 2004. Expenditure as a percentage of net value of production decreased from 41.51% in fiscal 2003 to 38.53% in fiscal 2004.

Earnings before Interest Depreciation Tax and Amortisation (EBIDTA)

EBIDTA increased by 45.08% from Rs.245.43 mn in fiscal 2003 to Rs.356.08 mn in fiscal 2004. EBIDTA as percentage to value of production after adjustment of excise duty paid increased from 18.92% in fiscal 2003 to 21.90% in fiscal 2004. The substantial growth in EBITDA is mainly on account of increase in domestic and export sales, growth in sales of radius division, increased capacity utilization of sterile plant at Goa, which has resulted in reduction of operating expenses as percentage to value of production.

Finance Charges

Finance charges decreased by 7.97% from Rs.30.60 mn in fiscal 2003 to Rs.28.16 mn in fiscal 2004.This was mainly on account of reduction in secured loans by Rs 25.17 mn over fiscal 2003 and shifting of high cost Rupee loan to low cost foreign currency loans. Finance charges as a percentage of value of production decreased from 2.36% in fiscal 2003 to 1.73% in fiscal 2004.

Depreciation

Depreciation marginally increased by 3.17% from Rs.28.67 mn in fiscal 2003 to Rs. 29.58 mn in fiscal 2004. As a percentage of value of production, depreciation cost decreased from 2.21% in fiscal 2003 to 1.82 % in fiscal 2004.

Income tax

Provision for current tax increased from Rs. 21.00 mn in fiscal 2003 to Rs. 66.50 mn in fiscal 2004. This was on account of reduction of tax benefits to Goa Plant I from 100% to 30%. Deferred Tax liability reduced from Rs 19.11 mn in fiscal 2003 to Rs 11.73 mn in fiscal 2004.

Profit after tax

Profit after tax was Rs. 212.61 mn in fiscal 2004 as compared to profit after tax of Rs.146.72 mn in fiscal 2003. The profit after tax as percentage to value of production marginally increased from 11.31 % in fiscal 2003 to 13.07% in fiscal 2004.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs have been met from internal accruals and working capital facilities . The capital expenditure has been funded periodically by way of term borrowings and internal accruals.

Cash Flows

The table below summarizes our cash flows for fiscal 2003 and 2004.

Rs.Mn

PARTICULARS	As At 30th June	
	2003	2004
Net Cash flow from Operating Activities	171.37	185.16
Net Cash in Investing Activities	46.59	32.13
Net Cash Financing Activities	37.32	108.25
Net Cash flow on Amalgamation	0.28	0.00
Net Increase in Cash Equivalents	87.74	44.78

Our cash flows are influenced primarily by capital expenditure, cash from operations and incurrence and repayment of debt. Our net cash flow from operating activities was Rs. 171.37 mn in fiscal 2003, primarily due to our reduced working capital requirements and profit before tax in fiscal 2003. Our net cash flow from operating activities for fiscal 2004 was Rs. 185.16 mn, primarily due to increase in profit before tax in fiscal 2004.

Net cash used in investing activities was Rs.46.59 mn in fiscal 2003 and Rs.32.13 mn in fiscal 2004. Our net cash used in investing activities for fiscal 2003 and 2004 was related primarily for acquisition of fixed assets and investment in subsidiary.

Indebtedness

Key terms of our outstanding indebtedness as of June 30, 2004 were as follows:

A. The total outstanding secured loans of Rs. 62.93 mn as on June 30, 2004 can be divided in the following groups. In brief, the terms of each group of loan can be as under:

   I. Working Capital finance – Rs. 5.11mn. The pre and post shipment Export Credit is availed from State Bank of India at the rate of LIBOR plus 75 basis points (two third of Rs 5.11 mn under foreign currency) and at the rate of 7% per annum (One third of Rs 5.11 mn under Rupee currency). The security offered is by way of charge on all current assets (Book debts and stock); first charge on fixed assets located at Mumbai, corporate office, Goa Plant I and second charge on fixed assets located at Goa Plant II and personal guarantee given by Chairman and Managing Director.

   II. Term Loan from State Bank of India – Rs. 57.82 mn – Foreign currency non repatriable borrowings (FCNR – B) at the rate of LIBOR plus 250 basis points, is secured by way of first charge on all movable and immovable properties located at Goa Plant II and second charge on immovable properties located at Goa Plant I, in addition to personal guarantee given by Chairman and Managing Director.

B. The total outstanding unsecured loans of Rs. 194.07 mn as on June 30, 2004 can be divided in the following groups. In brief, the terms of each group of loan can be as under:

   I. Trade deposit received from various C&F agents and stockists amounting to Rs 44.07 mn, presently carrying interest rate of 7.5% per annum.

   II. Commercial paper issued with State Bank of India amounting to Rs 150 mn at the rate of 4.9 % per annum

Historical and Planned Capital Expenditures

In fiscal 2001, we made additions to Fixed Assets, including capital work in process amounting to Rs. 76.17 mn, primarily for setting up the R&D facility at Andheri and Goa Plant II.

In fiscal 2002, we made additions to Fixed Assets, including capital work in process amounting to Rs.160.61mn, primarily for Goa Plant II.

In fiscal 2003, we made additions to Fixed Assets, including capital work in process amounting to Rs.77.54 mn, primarily on account of amalgamation of Warren Pharmaceuticals with IRL and upgradation of Goa Plant I for UK MHRA certification.

In fiscal 2004, we made addition to Fixed Assets, including capital work in process amounting to Rs. 43.63 mn primarily on account of expansion of Goa Plant I.

We have capital expenditure plan with aggregate amount of Rs. 897.30 mn in fiscal 2005 and fiscal 2006 for the purposes of establishment of the following projects:

- Setting up of new plant to manufacture APIs at Mahad, Maharashtra
- Setting-up new research and development Centre for API at Navi Mumbai
- Acquisition of brand
- Acquisition of office premises
- Expansion of Goa Plant I

We may adjust the amount of our capital expenditure upward or downwards based on our expansion plans.

Related Party Transactions

For details of related party transactions, please refer to the section entitled "Related Party Transactions" on page 96 of this Red Herring Prospectus.

Financial Market Risks

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks from changes in both foreign exchange rates and interest rates.

Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to the indebtedness as stated above, as on June 30 2004, as the interest rate is variable in respect of all secured and unsecured loans.

Exchange rate risk

We face exchange rate risk to the extent that our certain payables are denominated in currencies other than Indian rupees. We import equipments, raw materials, components and spares for our business activities. All these costs are denominated in foreign currencies. Similarly we export our products for which inward remittances are in foreign currencies.

Our aggregate cost of imported materials, capital goods and components and aggregate income from cost of exports and net foreign exchange earned, year wise is as under:-

(Rs. in Mns)

	For The Year Ended on 30th June				
	2000	**2001**	**2002**	**2003**	**2004**
FOB Earnings in Foreign Currency	22.99	21.66	49.90	59.60	126.24
CIF Value of Imports	32.26	58.56	60.40	31.94	37.18
Expenditure in Foreign Currency	1.26	4.07	4.14	11.62	15.81
Net Earnings in Foreign Currency	***(10.53)***	***(40.97)***	***(14.64)***	***16.04***	***73.25***

As can be seen from above, we are net foreign exchange earner in the last two years.

Appreciation or depreciation of the Indian rupee relating to the currency of our payables/receivables can increase/ decrease our payments /receipts.

Effect of Inflation

Since we set the price for our products sold based on various factors, including inflation, it did not have a significant effect on the result of our operations to date. We do not expect that inflation rates will have a significant impact on our results of operations for the foreseeable future.

Information required as per Clause 6.8 of SEBI Guidelines

1. Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Red Herring Prospectus, which may be called "unusual" or "infrequent".

2. Significant economic/regulatory changes

WTO compliance by the Government of India recognizes product patent and will thus require Indian pharmaceutical companies to adhere to product patents and not produce products by merely changing the process of manufacture of an existing product after January 2005.

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, we are net foreign exchange earner in the last two years.

Barring these factors, there are no significant economic changes that materially affect or are likely to affect income from continuing operations.

3. Known trends or Uncertainties

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

4. Future relationship between costs and income

Our R&D department has been successfully developing several new intermediates having good value addition and coming out with innovative and efficient processes resulting in cost reduction.

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Total turnover for the industry

Please refer to the discussions in the paragraphs entitled "Industry Overview" in the Red Herring Prospectus on page 38.

6. New Products or business segments

Other than as described in the section titled "Our Business" in this Red Herring Prospectus, we do not intend to produce or market any other products.

7. Seasonality of business

There are no products sold which are seasonal in nature.

8. Dependence on single or few suppliers / customers

We source our raw materials from a number of suppliers and are not under any threat from excessive dependence from any single supplier except for Homatropin Hydrobromide accounting for 0.62% of total sales.The threat from excessive dependence on a single customer/product is not significant as the customer/product base is also diversified.

9. Competitive Conditions

We are strategically positioned to leverage our strength in the domestic market as well as in the international market, due to our competitive strengths that include the following:

Extensive Marketing Network

Indoco has a wide marketing network covering doctors and chemists across the country. Indoco has four divisions. We have 446 medical representatives covering General Practitioners, Consulting Physicians, Paediatricians, and Gynaecologists mainly. In the year 1992, a division Spade was launched in the four southern states and Maharastra. Today, Spade has a pan India presence with 237 medical representatives covering General Practitioners, Paediatricians, Gynaecologists, Consulting Physicians and additionally ENTs. There are 204 medical representatives in Warren covering Dentists, Opthalmologists and ENTs. In 2002 we launched a speciality division, Radius, with Cardiac and Diabetic products.

To summarize, we have a total field staff of 1014 medical representatives and 234 managers i.e. a total of 1248. The set up is such that we have medical representatives, firstline managers (Regional managers), Secondline managers (Divisional managers), Thirdline managers (Zonal managers). There are Sales managers/General managers at the Head Office to whom the Zonal managers report.

Our Advantage

With more than 1000 medical representatives covering GPs, CPs, Paediatriciansss, Gynaecologists, ENTs, Dentists, Opthalmologists, Diabetologists, Cardiologists we operate in 88% of the prescription market. Our rank with the doctors among all companies is

Dentists (Stomatolgicals)	1st
Ophthalmalogists	9th
Paediatricians	12th
GPs (Non-MBBS)	19th
GPs (MBBS)	24th
CPs	35th
Gynaecologists	41st

(Source : ORG AUG 2004)

Brand Building

Some of our major brands include Cyclopam, Febrex Plus, Vepan, Sensodent-K, Sensoform, Cloben –G, ATM etc.The success of these brands is a result of integrated efforts of marketing, medical and sales team; which work towards developing and retaining the customer by providing regular customer care and services. This has helped Indoco's field force to develop a relationship with General Practioners, Paediatricians, Dentists and Consulting Physicians.

Indoco has now, set its sight on up coming lifestyle segments of Cardiology and Diabetology and has succeeded in creating brands like Glychek (Anti-Diabetic) and MCBM 69 (Nerve Nourisher) . Indoco has launched Atherochek (statin and vitamin combination) to cater to the need of Indian cardiac patients.

Our Advantage

In the pharmaceutical business, brand building is a definite advantage since it is not an ability which can be acquired overnight. We believe that this ability will result in further growth of our products as well as of the products in the pipeline for Indoco.

Contract Manufacturing

The Contract Manufacturing of products for the UK markets has been principally responsible for the rise in our exports to regulated markets. Accreditation of our solid dosage facility at Verna – Goa, by UK-MHRA early last year has paved the way for exports to UK. This business is rapidly expanding and we currently manufacture on contract for four companies in UK. The Liquid Orals and the Externals departments are all set to trigger UK-MHRA. This will allow us to export liquid orals and ointments and creams into the UK. The UK-MHRA approved facility is currently under expansion to comply with US FDA requirements and will include a pilot plant.

The second manufacturing facility at Verna – Goa is a sterile facility for Injectables and Ophthalmics. This facility has been designed as per US FDA norms and we have already manufactured validation batches for ANDA submissions to the US FDA for two ophthalmic products.

Our Advantage

We have an advantage over our competitors in the Contract Manufacturing business as we can offer facilities for an entire basket of different dosage forms of tablets, liquid orals, ointments & creams, injectables and ophthalmics.

Research & Development

Our R&D centre is spread over 6100 sq. ft of planned space. Over 25 scientists work on patent search, pre-formulation studies, formulation development, analytical method development, analytical method validation, stability studies and technology transfer to the plants. We develop formulations for almost all dosage forms including tablets, liquid orals, creams and ointments, injectables, eye drops, toothpastes and dental hygiene products. It is equipped with pilot manufacturing equipments and testing equipments. The F&D department comprises of the NDDS, the ANDA, the Dossier Development, the Site transfer and the Domestic and Non-regulated product development cells. The R&D develops and improves existing products for domestic marketing as well as International Business departments. We have developed over 25 formulations in the year ended June 30, 2004 which includes Supasweet, Amiodarone Hydrochloride Tablets, Metformin Tablets, Paracetamol Tablets 500mg, and Bisoprolol Fumarate Tablets is under tech transfer. The R&D has added capabilities to give technical inputs for ANDAs, DMFs and Dossiers in CTD formats. Stability studies are also conducted as per ICH guidelines. Our R&D centre is approved by the Department of Scientific and Industrial Research (DSIR), Government of India.

At Indoco, R&D has evolved over a period of time. While it has been constantly fulfilling the need for new product launches in domestic markets, it has also contributed in development work, scale-up and some break through innovative technologies in the area of drug delivery.

The Company has undertaken research and development work in several therapeutic segments over the past several years and has brought out a number of these research based dosage forms into both the national & international markets. Some of the major therapeutic areas that the R&D has been working on are anti-inflammatory, anti-diabetic, gynaecological and cardiovascular drugs.

With the help of R&D, Indoco has commenced its drive to acquire intellectual property by filing five provisional patent applications with Indian patent office. The complete specifications will be filed within the allotted time of 12 months from the date of patent application which will be quickly followed by corresponding applications internationally.

Dossier Development

We have a full fledged regulatory affairs department dealing in submission of dossiers, answering queries from regulatory authorities and updating the organisation with current regulations and developments. This becomes a prominent activity in success of International marketing efforts. We have acquired the skill for preparation of Euro Dossiers in CTD Format and ANDA compilation.

Our Regulatory Affairs Department can compile Dossiers in CTD Format and can prepare registration files according to customer's requirement. So far we have submitted over 600 dossiers for registration of different products in non-regulated markets. The regulated affairs department is developing 3 Euro dossiers in CTD Format which includes Metformin Tablets - 500/850mg, Dicyclomine Tablets – 10 Mg & 20 Mg and Dicyclomine Syrup -10 Mg / 5 Ml.

Contract Research

Our R&D and Regulatory capabilities have been responsible in establishing us as a valuable partner for companies in US and UK seeking to contract out their research requirements. We have executed two projects for a company in UK and one for a US customer. We have capabilities for Contract Formulation Development as well as Contract Analytical Method Development and conducting stability studies.

Our Advantage

All our products in the domestic market have been developed in house at our R&D centre. Our scientists therefore possess a vast experience when it comes to various products as well as dosage forms.

Manufacturing Facilities

Multiple manufacturing locations with more than one location having capabilities to manufacture Tablets and Liquid Orals, the two main dosage forms for the company, provide an advantage by way of flexibility of Production planning and Operations. The International Approvals of our plants are an advantage since this allows manufacturing for export.

Track Record of Successful Inorganic Growth

At Indoco we have a track record of having made a success of an acquisition. In 1999, we acquired Warren Pharmaceuticals Ltd. and Warren Laboratories Pvt. Ltd. thereby adding the product portfolios of Ophthalmic and Oral Hygiene products into our product basket. This was a strategic acquisition and complemented our product range and organisational capabilities. Recently we acquired Karvol of Solvay Pharma India Limited, a Multinational Group.

Our Advantage

Indoco's strategy for growth includes both organic as well as inorganic means. While continued success in the domestic and international markets will bring organic growth, we are pursuing inorganic opportunities for growth.

International Subsidiaries

As part of strengthening our global initiative, we are in the process of incorporating a subsidiary in UK, Indoco UK Ltd. and another joint venture company in South Africa. Our International subsidiaries will act as business development centers and allow us to service our customers better.

Our subsidiaries will provide us with a definite advantage on account of the geographical proximity and reach as well as allow leveraging of competitive strengths of our partners.

Customer Relationship Management Skills

Domestic ethical marketing entails dependence on product quality, promotion and availability and most importantly the relationship shared by the medical representative with the prescribing doctor. Our strong relationship with the medical fraternity through our field force has resulted in our being ranked 24th in the ORG prescription audit of August 2004.

10. Significant developments after June 30, 2004 that may affect our future results of operations

Save as stated elsewhere in the Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in the Red Herring Prospectus which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liability within the next twelve months.

Save as stated below in the Red Herring Prospectus, there is no subsequent development after the date of the auditors' report, which will have a material impact on reserves, profits, earnings per share and book value of the company.

(Rs. mn)

		Cost of Assets	Payments made Upto 12.10.2004
A)	Additions to Fixed Assets		
(i)	Office at Central Plaza	40.60	21.15
(ii)	Trade Mark (Karvol)	93.73	93.73
B)	Increase in Long Term Debts		
(i)	ECB from ICICI		92.04
(ii)	FCNRB from IDBI		90.00

SECTION V: LEGAL AND REGULATORY INFORMATION

DETAILS OF OUTSTANDING LITIGATION

Save as stated below, based on records available as on November 30, 2004, there are no outstanding / Pending litigations, suits, criminal/civil prosecutions, proceedings initiated for offence (including past cases, economic offences etc.) irrespective of whether specified in paragraph (1) of Schedule XIII of the Companies Act and litigations for tax liabilities against the Company, its subsidiaries,the promoter companies and group companies and its directors and there are no defaults/non-payment/overdues of statutory dues, institutional/bank dues and dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares etc., other than unclaimed liabilities of the Company and other Group Companies.

There will be no material effect on the financial position of the company due to any adverse findings in these litigations.

Against the Company

Except as described below, there are no outstanding litigations suits, criminal/civil prosecutions, proceedings or tax liabilities against the Company and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds or fixed deposits, and arrears on preference shares issued by the Company specified under paragraph (1) of Schedule XIII of the Companies Act that would result in a material adverse effect on the consolidated business taken as a whole.

By the Company

Except as described below, there are no outstanding litigations suits, criminal/civil prosecutions, proceedings initiated by the Company.

The following terms appearing hereinunder shall have the following meanings:

'ITAT' shall refer to "the Income Tax Appellate Tribunal";

'DCIT' shall refer to "the Deputy Commissioner of Income Tax";

'ACIT' shall refer to "the Assistant Commissioner of Income Tax";

'JCIT' shall refer to "the Joint Commissioner of Income Tax";

'CIT (A)' shall refer to "the Commissioner of Income Tax, Appeals";

'ITAA' shall refer to "the Income tax Appellate Authority";

'ACST' shall refer to "the Assistant Commissioner of Sales Tax";

'ACST (A)' shall refer to "the Assistant Commissioner of Sales Tax, Appeals";

'DCST' shall refer to "the Deputy Commissioner of Sales Tax";

'DCST (A)' shall refer to "the Deputy Commissioner of Sales Tax, Appeals";

'ACCT' shall refer to "the Assistant Commissioner, Commercial Taxes";

'CTO' shall refer to "the Commercial Tax Officer";

'SCE' shall refer to "the Superintendent of Central Excise";

'ACCE' shall refer to "the Assistant Commissioner of Central Excise";

'DDCCE' shall refer to "the Divisional Deputy Commissioner of Central Excise";

'DCCE' shall refer to "the Deputy Commissioner of Central Excise";

'CCE' shall refer to "the Commissioner of Central Excise";

'CCE (A)' shall refer to "the Commissioner of Central Excise, Appeals";

'CESTAT' shall refer to "the Customs Excise and Service Tax Appellate Tribunal";

'JCST' shall refer to "the Joint Commissioner of Service Tax";

'CEGAT' shall refer to "the Customs, Excise and Gold (Control) Appellate Tribunal";

'LC' shall refer to "the Labour Commissioner";

'ACL' shall refer to "the Assistant Commissioner of Labour";

'IE (SO) Act, 1946' shall refer to "the Industrial Employment (Standing Orders) Act,1946";

'CETA' shall refer to "Central Excise Tariff Act, 1985"

'DPCO 95' shall refer to "Drugs (Prices Control) Order, 1995"

A. CRIMINAL CASES:

Threatened Litigation under Negotiable Instruments Act

1. The Company terminated the C & F Agency of M/s.Elke Agencies (“the Agents”), Chennai, on April 13, 2004. This termination was on account of the Agents abandoning their responsibility to collect the due payments from the stockists.

   The Agents insisted on repayment of their security deposit amount of Rs.13,75,000/- which the Company initially agreed to, but later retracted and ordered stop payment of the pertinent cheque, for the Company discovered that the Agents malafide release of lorry receipts, without collecting the payments due from the stockists, resulted in the Company having to bear losses to the extent of Rs.52,74,950/-.

   The Agents vide their letter dated July 24, 2004 threatened to initiate proceedings under S.138 of the Negotiable Instruments Act,1881 in respect of the abovementioned security deposit amount.

   This notice has been replied to by the Company vide their letter dated August 6, 2004.

   Claim amount and relief sought - The Company vide their reply notice seeks payment of the sum of Rs.27,88,605/- with interest due thereon, being the total loss incurred by the Company, as on date, and holds that the failure of the Agents to repay the same to the Company entitles the Company to forfeit the security deposit amount.

   Current Status – A complaint has been filed. However, the Company has not received a copy of the same. The Company has issued a cheque for a sum of Rs 13,75,000 being the security deposit payable to the agents. The Agents, vide their letter dated November 17, 2004, have stated that the complaint will been withdrawn against the Company and its Directors before the Magistrate Court, George Town, Chennai once the amount of Rs. 13,75,000 being refund of security deposit has been encashed and interest for the security deposit for the period April 1, 2003 to September 30, 2004 has also been encashed by the Agents. Further, the Agents also stated vide the aforesaid letter that the pending issues, like commission and expenses incurred by the Agents during the Agency Agreement, should be settled by the Company on or before December 15, 2004.

Litigation initiated against the Directors:

2. Criminal Revision Application filed before the Sessions Court of Greater Mumbai on June 9, 2004 by Mr D.M.Sukthankar.

   A criminal complaint was filed before the Metropolitan Magistrate, Andheri, on April 20, 1999 under Section 138 and 141 of the Negotiable Instruments Act, 1881, by Birla Global Finance Limited (Respondent 1) against Cauvery Software Engineering Systems (Respondent 2), a company in which Mr D.M.Sukthankar was a director for the dishonour of three cheques issued by Cauvery Software Engineering Systems in favour of Birla Global Finance Limited amounting to Rs. 72,441 sometime in 1998.

   A process was issued by the Metropolitan Magistrate on July 5, 2000 against Mr D.M.Sukthankar.

   A non-bailable warrant was issued against Mr D.M.Sukthankar on April 16, 2004. Mr D.M.Sukthankar states that no summons was served or notice issued to him at his address. Further, he had already resigned from the Board of Director of Cauvery Software Engineering Systems on June 19, 1997.

   In the aforesaid Application, Mr D.M.Sukthankar prays for the order of July 5, 2000, the complaint and the non-bailable warrant to be quashed and set aside; the criminal proceedings be stayed till final disposal of this Application.

   Claim and relief amount - Rs. 1,44,882 (being twice the amount of cheque)

   Current Status - The Application has been admitted vide an Order of the Additional Sessions Judge dated June 11, 2004. The Order also directs that the trial court proceedings against Mr.D.M. Sukthankar be stayed upto July 12, 2004 and execution warrant be stayed.

   At a hearing which took place on September 2, 2004, the complainant company filed an application stating that they do not want to proceed against Mr Sukthankar and want to drop his name as Accused no. 4 from the original complaint by making an appropriate application before the trial court. His Honour, the Additional Sessions Judge has thereupon passed an order dated September 2, 2004, directing that:

   (i) the record and proceedings of the case be sent to the trial court forthwith and the parties appear before the trial court;

   (ii) the non-bailable warrant issued against Mr Sukthankar by the trial court be not executed till the appearance of parties before the trial court; and

(iii) the revision application be disposed of as dismissed for want of prosecution in view of the application made by the complainant company as stated above.

The matter is now pending for appearance of parties before the trial court after the receipt of R&P from the Sessions Court.

3. Transfer Application No. 12/TA/2001 pending before the Chief Metropolitan Magistrate, Mumbai

Acting on a CBI report, SEBI had proceeded against M/s Moneshi Agro Foods Limited for offences under Section 63 and 68 of the Companies Act, 1956 at the court of the Chief Metropolitan Magistrate at Mumbai, for mis-statements made in the prospectus under which the said company made a public issue in 1994. The Additional Chief Metropolitan Magistrate, Mumbai, in taking cognisance of the offence in C. C. No 19/ Misc.99 of January 6, 2000, added Mr Sukthankar to the list of accused since he was on the board of the said company (he had resigned from the board of the said company on June 21, 1997.

Current Status - Mr Sukthankar filed a writ petition before the Mumbai High Court for setting aside the order dated January 6, 2000 for staying the said proceedings with regards himself only. By the order of the Mumbai High Court dated May 2, 2001 read with order dated April 3, 2002, the High Court has granted a stay on these proceedings in relation to Mr Sukthankar.

The proceedings against the said company and the other accused in the case are currently pending before the court of the Chief Metropolitan Magistrate in Mumbai.

4. Criminal Application filed before the High Court at Bombay in June 2004 by Mr S.Y. Rege against the order dated April 4, 2003 passed by the Additional District Judge and Additional Sessions Judge, Nagpur, rejecting Mr Rege's application for discharge in Sessions Trial No. 1 of 2002, praying for, inter alia:

a. the prosecution against Mr Rege be quashed and his name deleted from the proceedings and chargesheet.

b. the order of April 7, 2003, be set aside

c. during pendancy of this application, further proceedings against him be stayed.

Mr Rege was the director of Forward Securities Limited, registered under the Reserve Bank of India Act, 1934, to carry on business of a non-banking financial company.

A complaint was filed against the Applicant, alongwith others, vide Complaint No. 101 of 2001 under the Maharashtra Protection of Interests of Depositors (in Financial Establishments) Act, 1999 for fraudulent defaults in repayment of deposits.

Mr Rege filed a Criminal Application No. 929 of 2002 before the High Court, Bombay, for quashing the proceedings and the charge sheet. The High Court, Bombay, vide its order dated February 17, 2003 directed Mr Rege to make an application before the Nagpur Court. The application was rejected by the Nagpur Court vide its order dated April 7, 2003, stating that the question whether or not Mr Rege was responsible for the management of the affairs of the company would have to be decided at the Trial Case No. 1 of 2002.

Claim and relief amount – None.

Current Status - Last hearing on August 11, 2004. Judgment is reserved.

B. CIVIL CASES:

None

C. INCOME TAX CLAIMS:

1. An appeal was filed before the ITAT, Mumbai, on November 22, 2002 in respect of the assessment year 1998-99. The appeal was filed under Section 250 of the Income Tax Act, 1961 against the Order of the CIT(A), dated October 7, 2002, upholding the Order of the JCIT dated February 15, 2001 which allowed depreciation of Rs. 1,85,34,490/- under Section 32 of the Income Tax Act, 1961 in respect of the assets in Goa Plant I which consequently reduced the Company's claim for deduction under Section 80-IA.

Claim amount and relief sought: None. Relief in the form of directions to delete the depreciation and enhance the deduction under Section 80-IA is sought.

Current Status: Pending for hearing.

2. An appeal was filed before the ITAT, on November 22, 2002 in respect of the assessment year 1999-00. The appeal was filed under Section 250 of the Income Tax Act, 1961 against the Order of the CIT(A), dated October 7,2002, which

held that the ACIT vide his Order dated February 21, 2002, was right in allowing depreciation of Rs.2,40,51,402 under Section 32 of the Income Tax Act,1961 in respect of the assets in Goa Plant I inspite of the Company making no claim for the same in their return of income, which consequently reduced the Company's claim for deduction under Section 80-IA. Further, ACIT has erroneously computed profits under Section 80HHC. The CIT(A) has also dismissed the penalty proceedings under Section 271(1)(c) and allowed the appeal relating to payment of ESIC.

Claim amount and relief sought: None. A refund of Rs.26,83,718/- is due from the department. Relief in the form of directions to delete the depreciation and enhance the deduction under Section 80-IA and for computing deductions under Section 80HHC is sought.

Current Status: Pending for hearing.

3. An appeal was filed under Section 246A, before the CIT (A) on April 7, 2003 in respect of the assessment year 2000-01. The appeal was filed against the Order of the DCIT dated March 28, 2003 wherein the DCIT:

   a. Allowed depreciation of Rs 1,33,64,229 under Section 32 of the Income Tax Act, 1961 in respect of the assets in Goa Plant I inspite of the Company making no claim for the same in their return of income which consequently reduced the Company's claim for deduction under Section 80-IB.

   b. erred in artificially bifurcating the cost of building and value of land and hence reducing the Company's claim for depreciation;

   c. erred in computing deduction under Section 80HHC;

   d. erred in applying the provisions of Section 14A and disallowing Rs. 3,34,736 out of the total interest paid as relatable to dividend income which is exempt under Section 10(33) of the Income Tax Act;

   e. initiated penalty proceedings under Section 271(1)(c)

   Claim amount and relief sought: Rs. 22,28,843 already been adjusted. Relief in the form of directions to delete the depreciation and enhance the deduction under Section 80-IB and direct the DCIT to recompute and to drop penalty proceedings under Section 271(1)(c) is sought.

   Current Status: Pending for hearing.

4. An appeal was filed under Section 246A, before the CIT(A) on April 15, 2004 in respect of the assessment year 2001-02. The appeal was filed against the Order of the ACIT dated March 18, 2004 wherein the ACIT:

   a. allowed depreciation of Rs 1,08,51,070 under Section 32 of the Income Tax Act, 1961 in respect of the assets in Goa Plant I inspite of the Company making no claim for the same in their return of income which consequently reduced the Company's claim for deduction under Section 80-IB.

   b. erred in treating interest received, rent and sundry receipts aggregating to Rs 27,76,018 as not pertaining to the new unit and reducing the same in computing deduction under Section 80IB

   c. erred in disallowing claim for deduction under Section 80HHC of Rs. 1,24,425;

   d. erred in disallowing 2/3rd foreign travel expenses amounting to Rs 66,196 on the ground that it has not been incurred for business purposes;

   e. erred in applying the provisions of Section 14A and disallowing total interest paid as relatable to dividend income of Rs. 3,34,734;

   f. initiated penalty proceedings under Section 271(1)(c)

   Claim amount and relief sought: Rs. 2,23,249 already been adjusted. Relief in the form of directions to delete the depreciation and enhance the deduction under Section 80-IB and direct the ACIT to recompute and to drop penalty proceedings under Section 271(1)(c) is sought.

   Current Status: Pending for hearing.

5. An appeal was filed before the CIT(A) on March 10, 2004 for the block assessment period of April 1,1996 to September 24, 2002. The appeal was filed under Section 246A of the Income Tax Act, 1961 against the Order of the ACIT dated February 27, 2004 wherein a sum of Rs 3,10,24,731 is payable by the Company on account of block assessment and which inter alia :

   a. reworked the claim of the Company under Section 80IA and 80IB and considered a differential amount of Rs 47,867,189 as the Company's undisclosed income;

   b. erred in computing deduction under Section 80IA and 80IB on several accounts;

c. expenses disallowed under Section 37;

d. erred in initiating penalty proceedings under Section 158BFA.

Claim amount and relief sought: Rs 3,10,24,731 payable. The Company has paid a sum of Rs. 1,55,12,365 under protest. A sum of Rs. 1,55,12,366 has been adjusted against the refund order for AY of 2003-2004. .

Current Status: Pending for hearing.

Note: Search and seizure action u/s 132 of the Income Tax Act, 1961 was conducted at the business premises of the Company at Indoco House, Mumbai on September 29, 2002 as stated in the ACIT Order dated February 27, 2004.

6. Appeal filed before the ITAT on January 8, 2003 in respect of the assessment year 1997-1998. The appeal was filed under Section 250 of the Income Tax Act, 1961 against the assessment order of the CIT(A) dated October 16, 2002 upholding the order of the JCIT dated March 10, 2000 disallowing certain expenses out of the advertisement, sales promotion expenses and the cost of distribution of free samples.

   Claim amount and relief sought: The total income involved is Rs. 40,58,070 and the tax payable would be Rs 17,50,000/- approximately which is already paid under protest.

   Current Status: Pending for hearing.

7. Appeal before the ITAT filed by the JCIT on March 13, 2000 in respect of the assessment year 1996-97. The appeal was filed against the assessment Order of the CIT(A) dated December 14, 1999, in favour of the Company which deleted the addition made by the JCIT by enhancing the value of closing stock on account of unutilized MODVAT credit and deleting the disallowance of value of free samples, thereby partly allowing the appeal to the Company.

   Claim amount and relief sought: A sum of Rs 2,30,000 would be payable.

   Current Status: Pending for hearing.

8. Appeal before the ITAT filed on October 5, 1998 in respect of the assessment year 1995-96. The appeal was filed under Section 143(3) of the Income Tax Act, 1961 against the Order of the CIT(A) dated August 5, 1998 which erred in disallowing free samples, staff welfare expenses, professional fees, motor car expenses and deduction under Section 80IA

   Claim amount and relief sought: A sum of Rs 3,74,252 would be payable.

   Current Status: Pending for hearing.

9. Appeal before the ITAT filed on October 11, 2002 in respect of the assessment year 1995-96. The appeal was filed under Section 271(1)(c) of the Income Tax Act, 1961 against the Order of the CIT(A) dated July 26, 2002, which erred in confirming the penalty imposed by the JCIT vide his order dated February 26, 1999, for concealment of information regarding free issues and samples and thereby reducing the Profit of the company to that extent and disallowing the distribution of samples and free issues. The CIT (A) partly allowed the appeal but reduced the penalty from Rs.4,12,203 to Rs. 2,74,804.

   Claim amount and relief sought: Rs.2,74,804. It is sought that the penalty be cancelled.

   Current Status: Pending for hearing.

10. Notice of demand for a sum of Rs. 57,09,146 for the Assessment Year 2002-03 by the ACIT on November 4, 2004 issued under section 156 of the Income Tax Act, 1961 to the Company disallowing the revenue expenses incurred for setting up of a plant, foreign travel expense, disallowance u/s.14A etc.

    Claim amount and relief sought: Rs. 57,09,146 is sought.

    Current Status: The Company is in the process of filing its appeal before the CIT (A).

11. Shanteri Investment Pvt. Ltd.

    Appeal before ITAA filed on April 29, 2003 in respect of the assessment year 1999-2000. The appeal was filed under Section 250 of the Income Tax Act, 1961 against the order of the CIT(A) dated March 20, 2003 confirming the order of the ITO dated February 18, 2002, wherein the ITO erred in applying the provisions of Section 14 A by disallowing a proportionate part of interest on investments made in shares and initiated penalty proceedings under Section 271(1)(c).

    Claim amount and relief sought: Rs. 96,939. The Appeal seeks for deletion of disallowance and to direct the ITO to drop the penalty proceedings.

Current Status: The matter has been transferred to the DCIT, Central Circle. Pending for hearing.

12. SPA Pharmaceuticals Private Limited

    Appeal before CIT(A) filed on March 22, 2002 in respect of the assessment year 1999-2000. The appeal was filed against the assessment order of the ACIT dated February 23, 2002 wherein the ACIT erred in

    a. computing deduction under Section 80-I;

    b. disallowing proportionate interest incurred for earning dividend which is exempt under Section 10(33);

    c. initiating penalty proceedings under Section 271(1)(c).

    Claim amount and relief sought: The total income is Rs. 3,87,250. Out of this sum, the tax liability amounts to Rs. 1,35,537 calculated @ 35%. The Appeal seeks for recomputation of deduction under Section 80-I, deletion of disallowance and to direct the assessing officer to drop the penalty proceedings.

    Current Status: Pending for hearing.

13 Appeal to the CIT (A) filed on April 30, 2003 in respect of the assessment year 2000-2001. The appeal was filed against the assessment order of DCIT dated March 28, 2003 wherein the DCIT erred in disallowing certain expenditure relatable to dividend income under Section 14A of the Income Tax Act, 1961 and failed to grant credit for TDS which was deducted from interest on ICD received from Shaw Wallace & Co. Ltd.

    Claim amount and relief sought: Rs. 85,540. Relief in the form of setting aside the disallowance and granting the credit is sought. An order has been passed by the CIT(A) on October 27, 2004, partly allowing the appeal.

    Current Status: Pending for hearing.

14 Notice of demand for a sum of Rs. 69,291 by the ACIT on March 28, 2002 under Section 143(1)(a) of the Income Tax Act, 1961. Reply from the Company on April 3, 2002 stating that the demand was due to failure to give credit for TDS of Rs. 71, 813 deducted by Shaw Wallace & Co. Requested grant of credit for the same and refund for the assessment year.

    Claim amount and relief sought: Rs. 69,291 is sought.

    Current Status: This matter has been clubbed with (2) above. In the order passed by the CIT(A) on October 27, 2004, partly allowing the appeal under (2) above, the CIT(A) has held that the assessing officer shall verify the facts of this case and allow credit for TDS of Rs. 71,813 according to law. If for any reason, credit for this TDS is not allowable, the assessing officer must give an opportunity to the assessee to represent its case.

15. Ameya Pharmaceuticals & Chemicals Pvt. Ltd.

    Appeal filed before the CIT (A) on February 25, 2000 for the assessment year 1997-98. The appeal was filed u/s 143(3) of the Income Tax Act, 1961 against the order of the JCIT dated January 21, 2000 wherein the JCIT had disallowed:

    (a) the payment of professional charges to a Company Secretary and the payment of commission to Indoco Remedies Ltd. and

    (b) Penalty proceedings u/s 271(1)(c) are initiated.

    Claim amount and relief sought: Rs. 24,000/ as Professional Charges and Rs. 2,98,428 as Payment of Commission. Out of the total sum of Rs. 3,22,428 (24,000 + 2,98,428), the taxable amount is Rs. 1,38,644 calculated @ 43%.

    Current Status: Appeal Order dated August 25, 2000 passed for professional charges and the professional charges claim is allowed, with the appellant getting a relief of Rs. 1,77,381. JCIT has gone in appeal before the ITAT against the aforesaid order. The ITAT passed an order dated June 30, 2004, allowing the appeal for statistical purposes and restoring the matter to the assessing officer.

16. Indoco Global Markets Limited

    An appeal has been filed before the CIT(A) on November 9, 2004 against the order of the ACIT dated September 29, 2004, under Section 148 of the Income Tax Act, 1961, which erred in disallowing a provision made in the accounts for non performing assets amounting to Rs. 3,37,500. The appeal also states that the ACIT erred indisallowing an amount of Rs. 2,693 being the interest tax paid by them in its taxable interest.

    Claim amount and relief sought: Rs 2,34,315

    Current status: Pending for hearing

D. SALES TAX CLAIMS:

1. Two appeals filed before the ACCT, Kolkata on August 4, 2003 for the period of assessment April, 2000 to May 31, 2001 against the order of the CTO dated June 20, 2003 wherein the officer rejected the claim of transfer of stock of finished goods to outside the State of West Bengal other than by way of sale.

   Claim amount and relief sought: Rs.1,57,579 is sought.

   Current Status: Pending for hearing.

2. Appeal filed before the ACCT, Kolkata on May 13, 2004 for the period of assessment April 1, 2001 to March 31, 2002 against the order of the CTO dated April 2, 2004 wherein the officer had considered the higher amount as taxable sale and also charged a higher rate of tax.

   Claim amount and relief sought: Rs. 7,19,699 is sought.

   Current Status: Pending for hearing.

3. Kare Health Specialities Pvt Limited has arrears of sales tax amounting to Rs. 3,88,549 as per the annual report 2003-04. No notices have been issued by the Sales Tax authorities in this context.

E. EXCISE CLAIMS

1. The SCE, Mumbai had issued a show cause notice dated November 3, 1997 for contravention of Rule 57 AG of the Central Excise Rules, 1944 requiring the Company to show cause to the ACCE, Mumbai as to why the account of MODVAT credit of duty of the said amount was wrongly availed since the invoices are in the name of loan licensee.

   The Company responded to the show cause notice vide its letter dated December 1, 1997 addressed to the ACCE denying the allegations and requesting the ACCE to set aside the show cause notice and drop the proceedings.

   Claim amount and relief sought: Rs.78,599 is sought.

   Current Status: Hearing pending with the DDCCE.

2. The SCE, Mumbai had issued two show cause notices dated July 3, 1997 and January 4, 1998 for alleged contravention of Rule 9(4), 173B and 173F of the Central Excise Rules, 1944 requiring the Company to show cause to the ACCE, Mumbai as to why certain products relating to intermixture of vitamins and minerals have been wrongly classified and on payment of differential duty on such classification.

   The Company clarified its position by providing evidence before the DCCE to show that it has correctly classified the said products.

   On January 30, 2002, the DCCE issued an Order-in-original holding that the said products should be rightly classified under Ch. 2936.00 of the CETA and held the Company liable for differential duty totaling Rs. 2,91,618. The order further imposed a penalty of Rs. 1,50,000

   The Company filed an appeal against the aforesaid order with the CCE(A) on February 24, 2002 and stay of deposit of duty and penalty.

   The CCE (A) by its order dated August 28, 2002, set aside the aforesaid order-in-original and allowed the appeal.

   On January 31, 2003, the CCE filed an appeal against the order of the CCE(A) with CEGAT.

   On March 24, 2003, the Company has filed a paper book containing appeal papers and submissions made before lower authorities and has also filed cross-objections.

   Claim amount and relief sought: Rs.2,91,618 alongwith a penalty of Rs.1,50,000 is sought.

   Current Status: CCE has gone in appeal. Pending hearing.

3. The DCCE by its order dated February 27, 2003 sanctioned a refund claim of Rs 19,68,261 for the period November 1, 2001 to August 15, 2002 to be taken by the Company through the CENVAT credit register pursuant to a circular dated July 1, 2002 clarifying that in case of clearance of samples which are distributed free there is no sale and accordingly valuation is to be done by taking 115% of the cost of production of the said goods.

   An appeal was preferred by the DCCE against the aforesaid order to the CCE(A) on October 13, 2003 contending that the circular applied only to goods for captive consumption and not to clearance of free samples.

   The CCE (A) by his order dated February 27, 2004 allowed the appeal and held that the refund was hit by unjust enrichment. The Original order was set aside.

The Company has filed an appeal against the aforesaid order with the CESTAT on May, 2004 and for waiver of pre deposit of duty and stay of recovery.

Claim amount and relief sought: 19,68,261. A refund claim in favour of the Company is appealed against

Current Status: At the hearing on July 1, 2004 dispensed with the requirement of pre-deposit and granted stay of recovery pending final disposal of the appeal.

4. Show cause cum demand notice dated November 13/ 14, 2003 issued by the JCST, Mumbai for failure to register themselves under service tax, pay service tax for using the service of goods transport operators for the period from November 16, 1997 to June 1, 1998, to pay interest and file return in Form ST-3.

   The Company has responded to the SCN vide their letter dated December 26 2003 addressed to the Assistant Commissioner of Service Tax stating that the said service tax was paid by the Company on November 12, 2003 and filed the return on November 17, 2003 and hence the contraventions alleged do not arise. Accordingly, the proceedings should be dropped.

   Claim amount and relief sought: Rs. 2,25,264. This sum has been paid by the Company.

   Current Status: Hearing has taken place before the Assistant Commissioner of Service Tax on November 23, 2004. Order is awaited.

5. A show-cause notice cum demand was issued by the SCE against WPL dated July 31, 1995 wherein a demand for Rs. 3,06,336.96 was raised on account of differential duty for the period from January 6, 1995 to May 14, 1995 for differential duty payable on Homide 5ml, Carporen 5ml and Atroren 5 ml towards change in duty effected by the DPCO 95. This demand was confirmed by the ACCE and a penalty of Rs 2000 imposed vide his order dated March 19, 1996.

   An appeal was preferred to the CCE(A) who vide his order dated August 24, 1999 remanded the case to the ACCE. The DCCE rejected the submissions of the Company and passed an order on July 27, 2000. A further appeal was filed with the CCE(A) on October 25, 2000, who vide their order dated May 28, 2001 confirmed the demand for the period from January 6, 1995 to February 8, 1995 but dropped the demand for the period from February 9, 1995 to May 14, 1995 and the penalty of Rs 2000. Consequently, an appeal has been preferred before CEGAT, Mumbai stating that:

   a. CCE(A) has erred in denying the exemption to Life Saving drugs cleared for the period from January 6, 1995 to February 8, 1995;

   b. duty subsequently recoverable be abated

   Claim amount and relief sought: Rs. 64,403 (of the amount of Rs. 3,06,336.96, as confirmed by the Original Authority, consequently relief of Rs 2,41,933.80 allowed by CCE(A)). This amount has already been paid and a refund is hereby demanded.

   Current Status: Pending hearing with CEGAT.

6. In connection with the Order-in-Original No. 225/ 97 dated March 19, 1997 passed by the Assistant Commissioner, the following show cause notices have also been issued:

   Show-cause notices issued by the SCE, Boisar, dated October 22, 1997 for Rs. 1,86,402 for the period from April 1997 to September 1997, SCN dated February 10, 1998 for a sum of Rs 76,716.60 for the period from October 1997 to December 1997, SCN dated April 30, 1998 for Rs. 76,759.71 for the period from January 1998 to March 1998, SCN dated July 15, 1998 for Rs. 77,639 for the period from April 1998 to June 1998 and SCN dated December 11, 1998 for Rs. 86,232 for the period from July 1998 to September 1998.

   The Company responded to the show cause notice by its letter dated November 11, 1997, February 23, 1998, May 4, 1998, August 11, 1998 and December 23, 1998 stating that since the aforesaid order is pending in appeal, the notice be kept in abeyance till the appeal is decided.

   Claim amount and relief sought: Rs. 5,03,570

   Current Status: Hearing has been given. Order is awaited.

7. Kare Labs:

   A show cause notice was issued against Kare Labs on August 23, 1999 by the Joint Commissioner of Customs and Central Excise, Panaji-Goa, for availment of ineligible modvat credit of Rs. 1,14,320 on parts of central air conditioning plant which do not fall within the ambit of Rule 57Q of the erstwhile Central Excise Rules 1944.

Kare labs contended that they had filed necessary declarations under the Rules and that the modvat and the invoices were allowed by the Range Superintendent. After going through the contentions of Kare Labs, the Joint Commissioner of Customs and Central Excise vide order dated April 1, 2002, confirmed the demand and imposed an equivalent penalty of Rs. 1,14,320 and confirmed the recovery of interest.

Kare Labs filed an appeal against the aforesaid order with the CCE (A) (Goa), who vide order dated June 11, 2003 allowed the appeal.

An appeal was filed by the CCE, Goa before the CESTAT on October 7, 2003 against the order-in-appeal passed by the CCE (A) (Goa) dated June 11, 2003 for setting aside the said order.

Claim amount and relief sought: Rs. 2,28,640

Current status: Pending hearing

Note: CEGAT has been renamed as CESTAT viz. the Customs, Excise and Service Tax Appellate Tribunal, and henceforth, all subsequent proceedings shall lie before the CESTAT.

F. LABOUR CASES:

1. Labour Court, Vishakhapatnam

Case No - Letter No. A/1316/2004 dated April 28, 2004 filed before the ACL, Vishakhapatnam by Mr. A.P.M. Satyanarayana

Facts - Complaint filed by Mr. Satyanarayana, dated April 28, 2004 for protection from punitive action of his Company. It had a reference to his appeal dated March 15, 2004 also requesting for protection from punitive actions of the Company. The appeal dated March 15, 2004 had two more references i.e. Appeal dated February 7, 2004 and Appeal dated February 25, 2004 on the same request. His contention was that the Company had acted with vengeance and transferred his services from Vishakhapatnam to Jalpaiguri.

Request made by Mr. Satyanaryana vide letter dated April 7, 2004 to revoke his transfer order was not considered and he was informed to report to his new H.Q. vide letter dated April 16, 2004 by the Company.

The Company's stand was that the applicant's contentions are false and baseless.

Resignation letter dated June 28, 2004 filed by Mr. Satyanarayana before the Company.

Claim Amount - Full & Final Settlement Amount Rs. 1,75,253 given to Mr. Satyanarayana.

Relief Sought - The Company representative requested the LC to dispose off the application filed by Mr. Satyanarayana since the complaint was made on false and baseless grounds and also because the settlement amount was given to Mr. Satyanarayana due to his voluntary resignation.

Current Status – Mr. A.P.M. Satyanarayana has resigned from the services of the organization w.e.f. June 28, 2004. He has informed the ACL about the same and has also requested the ACL to dispose off the matter.

2. Labour Court, Anantpur

Case No - Petition I.D. No. 60/04 dated nil filed before the Authority under the Industrial Disputes Act, 1947 and ACL, Anantpur by Mr. D. Manohar Reddy.

Facts - Applicant requested that a notice should be issued to the Company to declare the termination letter issued by the Company as illegal and reinstate the Applicant with all benefits in the interest of justice.

Notice dated March 31, 2004 addressed to the Company to file a reply within 2 weeks from the date of the receipt of notice and appear before the Industrial Tribunal-cum-Labour Court on May 10, 2004 at Anantpur.

Claim Amount - None.

Relief Sought - Reply dated April 29, 2004 filed by the Company.

Current Status – Pending for hearing. No hearings held after the last hearing on May 10, 2004.

3. Madras High Court, Chennai (Civil Suit)

Case No - Civil Suit No. 917/2001 dated November 16, 2001 filed by Mr. C.K. Ramachandran against the Company before the Madras High Court.

Facts - Civil Suit filed because the applicant was forced to give his resignation and on assurance of compensation, applicant gave his resignation.

Two Legal Notices were sent to the Company of which the Company replied to one notice.

Written Statement filed by the Company in March 2002.

Claim Amount - The Company paid Rs. 88,921 to the Applicant.

Relief Sought – Compensation of Rs. 21,61,223 sought by the applicant.

Current Status – Pending for hearing. No hearings held after the last hearing on March 2002.

4. Enquiry Proceedings, Goa

Case No - Charge Sheet No. NMK/PJN/2107/03 dated July 21, 2003 issued against Mr. Prashant Naik by the Company.

Facts - Suspension Letter dated July 5, 2003 issued to Mr. Prashant Naik ('employee') by the Company since the employee refused to work in the Granulation Department as instructed by the Company.

Letter dated July 5, 2003 replied by the employee requesting for withdrawal of the suspension order.

Letter dated July 7, 2003 issued by the Company to the employee enclosing the suspension letter.

Chargesheet dated July 21, 2003 issued to the employee by the Company to conduct departmental enquiry since the employee had refused to obey orders of the superior amounting to misconduct as per the IE(SO) Act 1946, applicable to the employee and to the Establishment. Charges framed were under Clause 24(a), Clause 24(l) and Clause 24(x) of the IE (SO) Act, 1946.

Reply dated July 25, 2003 filed by the employee against the Company denying all charges framed by the Company against the employee.

Proceedings of the Enquiry in respect of Charge Sheet No. NMK/PJN/2107/03 held on December 22, 2003, January 17, 2004, January 30, 2004, February 16, 2004, March 4, 2004, March 17, 2004, April 14, 2004, May 5, 2004, May 26, 2004, June 12, 2004, June 23, 2004, July 7, 2004, July 14, 2004, July 28, 2004, August 17, 2004 and October 9, 2004 at Verna Industrial Estate, Goa.

Claim amount – None.

Relief sought – None.

Current Status - Next date of hearing is December 18, 2004.

5. Labour Court, Rohtak, Haryana

Case No - Industrial Dispute No. 1080 dated May 7, 2004 where Mr. Jai Prakash Kaushik filed an application dated April 30, 2004 u/s 33C(I) and (II) of the Industrial Disputes Act, 1947 before the Industrial Tribunal, Labour Court, Rohtak, Haryana.

Facts - The Company has stopped all payments of salary and other emoluments of Mr. Jai Prakash Kaushik from February 2003.

No notice given by the Company to Mr. Jai Prakash Kaushik.

Claim amount – Mr. Jai Prakash Kaushik has been paid part amount of his dues.

Relief sought – Total amount of Rs. 242189.13 due in terms of salary, expenses, bonus, etc… and other long pending dues occurred in the course of employment.

Current Status - First date of hearing took place on June 14, 2004. Mr. Jai Prakash Kaushik has informed the Company that he shall withdraw the case on August 17, 2004. Mr. Jai Prakash Kaushik was absent on August 17, 2004 and hence, the next date of hearing was held on November 19, 2004. The Company representative was absent on the date of hearing, i.e. November 19, 2004 and hence, Mr. Jai Prakash Kaushik agreed to adjourn the matter to a future date which is likely to come up in a month's time. Both the parties are ready for a mutual settlement.

6. Enquiry Proceedings, Andheri Factory, Mumbai

Case No - Charge Sheet No. GF/ESTB-FAC/V-10035 dated August 31, 2004 issued against Mr. S.R. Dandekar by the Company.

Facts - Letters dated October 9, 2002 and April 11, 2003 issued to Mr. S.R. Dandekar by the Company warning him that strict disciplinary action would be taken against him due to his frequent absenteeism from work without proper and prior permission at the Andheri Factory.

Showcause letter dated January 15, 2004 issued by the Company to Mr. S.R. Dandekar asking for reasons to be explained in writing by him for his frequent absenteeism from work.

Reply dated January 30, 2004 filed by Mr. S.R. Dandekar to the Company that he shall not indulge in frequent absenteeism.

Chargesheet dated August 31, 2004 issued to Mr. S.R. Dandekar by the Company to conduct departmental enquiry since he had continued to remain absent unauthoritatively amounting to misconduct as per the Model Standing Orders ('MSO') as per the IE (SO) Act 1946, applicable to the employee and to the Establishment. Charges framed were under Clauses 24(a), 24(l) and 24(l) of the MSO as per the IE (SO) Act 1946.

No reply filed by Mr. S.R. Dandekar with the Company in respect of the Chargesheet dated August 31, 2004.

Proceedings of the Enquiry in respect of Charge Sheet No. GF/ESTB-FAC/V-10035 dated August 31, 2004 held on September 10, 2004, September 15, 2004 and October 6, 2004 at Andheri, Mumbai.

Claim amount – None.

Relief sought – None.

Current Status – The Enquiry Officer has passed an enquiry report on November 18, 2004 stating that Mr. S.R. Dandekar is guilty of the misconducts under the MSO. The Company is in the process of issuing the copy of the findings / enquiry report of the Enquiry Officer to Mr. S. R. Dandekar asking him to either reply or give an explanation within 4 days of receipt of the letter issued by the Company.

7. Enquiry Proceedings, Labour Court, Dehradun

Case No - Charge Sheet No. GF\ESTB-FS\V-5760 dated March 5, 2003 issued against Mr. A.K. Singh by the Company.

Facts – The Labour Court passed an order dated March 29, 2001 directing Mr. A.K. Singh to report for duty at the new H.Q., Devghar.

Letter dated May 2, 2002 issued to Mr. Singh by the Company requesting him to report for duty at Devghar and meet Mr. Shri Ram, Divisional Manager on May 20, 2002.

Letter dated May 13, 2002 by Mr. Singh informing the Company of his willingness to join duties.

Letter dated May 20, 2002 issued to Mr. Singh by the Company informing him again to report for duty at Devghar giving reference of letter dated May 2, 2002 and meet Mr. Shri Ram, Divisional Manager on June 03, 2002.

Letter dated May 31, 2002 by Mr. Singh informing the Company of his inability to report for duty on account of some domestic problems and informing the Company that he shall report for duty after June 15, 2002.

Letter dated June 7, 2002 issued to Mr. Singh by the Company considering his request vide his letter dated May 31, 2002 and requesting him to meet Mr. A.S. Ekram, Regional Manager on June 20, 2002.

Telegram dated June 20, 2002 from Mr. Singh informing the Company that he did not get train reservation from Dehradun to Patna and unable to report for duty on that day and hence, will reach Patna by July 7, 2002.

Letter dated June 20, 2002 issued to Mr. Singh by the Company requesting him to meet Mr. A.S. Ekram, Regional Manager on July 8, 2002.

Letter dated July 9, 2002 by Mr. Singh informing the Company that he has reported for duty on July 8, 2002, requesting the Company to grant him leave for 15 days from July 11, 2002 till July 25, 2002 for shifting of things from Dehradun to Devghar and also that he was unable to meet the Chemists on account of Devghar Bandh.

Letter dated August 9, 2002 issued to Mr. Singh by the Company informing him that he was required to strictly adhere to the guidelines. He was also informed that the Company had paid 20% of his wages for the period from the date of his termination i.e. August 18, 1998 till March 29, 2001 along with Rs. 1000/- being the legal cost/expenses incurred by him.

Letter dated August 13, 2002 issued to Mr. Singh by the Company informing him again to report for duty at Devghar and asking him to give reasons for absence of reporting for duty from July 26, 2002 onwards.

Letter dated September 3, 2002 issued to the Labour Court, Dehradun by the Company informing them that the Company was asked to direct Mr. A.K. Singh to report for duty at Devghar and also to pay 20% of his wages for the period from the date of his termination i.e. August 18, 1998 till March 29, 2001 along with Rs. 1000/- being the legal cost/expenses incurred by him. The Company also informed that till date he has not reported for duty at Devghar.

Letter dated September 9, 2002 issued to Mr. Singh by the Company giving him another opportunity to report for duty at Devghar and requesting him to meet Mr. M.M. Chouhan, Regional Manager on September 16, 2002.

Letter dated September 28, 2002 issued to Mr. Singh by the Company giving him yet another opportunity to report for duty at Devghar and requesting him to meet Mr. M.M. Chouhan, Regional Manager on October 7, 2002.

Letter dated October 16, 2002 issued to Mr. Singh by the Company replying to all the letters dated July 25, July 27, August 16, August 19 and October 6 (all for the year 2002) sent by Mr. A.K. Singh and received by the Company on October 11, 2002. The Company has also requested him to send all his pathological/X-ray reports along with the X-ray film within 48 hours of receipt of this letter and giving him a final opportunity to report for duties at Devghar and meet Mr. M.M. Chouhan, Regional Manager on October 28, 2002.

Chargesheet dated March 5, 2003 issued to Mr. A.K. Singh by the Company to conduct departmental enquiry since the employee had continued to fail to report for duty several times amounting to misconduct as per the Model Standing Orders (‘MSO’) as per the IE (SO) Act, 1946 applicable to the employee and to the Establishment. Charges framed were under Clauses 24(a), 24(l) and 24(l) of the MSO as per the IE (SO) Act, 1946.

No reply filed by Mr. A.K. Singh with the Company.

Claim amount – None.

Relief sought – None.

Current Status – The first hearing was held on August 16, 2003 after which there was no hearing and the matter is under process.

G. PAYMENT DEFAULTS:

1. DCI Pharmaceuticals Pvt Limited

Several Orders have been passed by the Assistant Registrar of Co-operative Societies against DCI, Mr R G Kare and Mr. Kapil Kare (being sureties to the loan**)**, jointly and severally, for default in payment of monies under the cash credit facilities extended by the Bank.

1. Order dated January 6, 2004 directing all three parties to pay a sum of Rs. 1,28,37,121 as on July 21, 2003, plus future interest @15.98% per anum at monthly rest from July 21, 2003 till the entire amount is fully recovered.
2. Order dated July 11, 2003 directing all three parties to pay a sum of Rs. 14,15,782 as on March 21, 2003, plus future interest @14.98% per anum at monthly rest from July 21, 2003 till the entire amount is fully recovered.
3. Order dated July 11, 2003 directing all three parties to pay a sum of Rs. 2,58,229 as on March 21, 2003, plus future interest @14.98% per anum at monthly rest from July 21, 2003 till the entire amount is fully recovered.
4. Order dated July 11, 2003 directing all three parties to pay a sum of Rs. 1,46,55,527 as on March 21, 2003, plus future interest @14.98% per anum at monthly rest from July 21, 2003 till the entire amount is fully recovered.
5. Order dated January 3, 2003 directing all three parties to pay a sum of Rs. 16,12,084 as on March 13, 2002, plus future interest @16% per anum at monthly rest from March 13, 2002 till the entire amount is fully recovered.
6. Order dated January 3, 2003 directing all three parties to pay a sum of Rs. 11,34,287 as on March 13, 2002, plus future interest @16% per anum at monthly rest from March 13, 2002 till the entire amount is fully recovered.
7. Order dated January 3, 2003 directing all three parties to pay a sum of Rs. 8,10,837 as on March 13, 2002, plus future interest @16% per anum at monthly rest from March 13, 2002 till the entire amount is fully recovered.
8. Order dated January 3, 2003 directing all three parties to pay a sum of Rs. 39,19,073 as on March 13, 2002, plus future interest @16% per anum at monthly rest from March 13, 2002 till the entire amount is fully recovered.
9. Order dated January 3, 2003 directing all three parties to pay a sum of Rs. 8,51,430 as on March 13, 2002, plus future interest @16% per anum at monthly rest from March 13, 2002 till the entire amount is fully recovered.

Claim amount and relief sought: 3,77,64,730

Current Status: DCI vide its letter dated July 23, 2004, submitted a rehabilitation plan to the Bank as per the RBI Guidelines on the terms stated in the draft plan provided. The rehabilitation plan has not been approved by the Bank till date.

2. Kare Health Specialities Pvt Limited

KHSPL had received a notice from the Goa Urban Co-operative Bank Limited on December 11, 2002 and January

18, 2003 for default in payment in installment of Rs. 65,52,070.42 and Rs. 9,50,505.

Current status: No proceedings have been initiated by the Bank till date.

3. Motiff Laboratories Pvt Limited

MLPL had received reminders from the Goa Urban Co-operative Bank for payment of loan received from the Bank in the form of a cash credit facility of Rs. 60,00,000. On failure to repay the said sum, the Bank filed a case with the Assistant Registrar of Co-operative Societies seeking recovery of an amount of Rs. 84,60,789.16 plus future interest @15.98% per annum at monthly rest and cost. Subsequently, an Order was passed by the Assistant Registrar of Co-operative Societies dated September 9, 2004, against MLPL (through its Chairman and Managing Director, Mr R G Kare, Deputy Managing Director, Mr Mayur Sirdesai, and Director, Mr Kapil Kare, all three being sureties to the loan), directing MLPL and the three parties to jointly and severally pay Rs. 84,60,789.16 as on December 31, 2003, plus future interest @15.98% per annum at monthly rest from January 1, 2004 till the entire amount is fully recovered.

Claim amount and relief sought: Payment of Rs. 84,60,789.16 as on December 31, 2003, plus future interest @15.98% per annum at monthly rest from January 1, 2004 till the entire amount is fully recovered.

Current Status: MLPL addressed a letter dated September 8, 2004, to the Goa Urban Co-operative Bank Limited requesting them to issue a certificate confirming that the accounts of MLPL with the Bank are standard and to withdraw the decreed orders issued by the Court of the Assistant Registrar of Co-operative Societies.

H. PENALTIES

No penalties have been imposed by SEBI or any other regulatory bodies in India or abroad on the Company, Directors, Associates and other ventures promoted by the Directors of the Company. The Company has duly replied to all notices issued by the Department of Company Affairs from time to time.

Material Developments

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiary taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

Government Approvals

In view of the approvals listed below, we can undertake our current business activities and, besides those mentioned in this section, no further approvals are required from any Government authority or the RBI to continue such activities.

We have received the following Government approvals that are material to our business:

The Company has received the following approvals:

GOA PLANT I (viz. the plant situated at L-14, Verna Industrial Area, Verna, Goa)

1. The Company has been registered as a dealer for the manufacturing business under the Central Sales Tax Act, 1956 (No. CST/5543) in respect of the said property. The certificate is valid from July 18, 1995 until cancelled. A certificate under the Goa Sales Tax Act, 1964 has also been obtained for the manufacture of drugs and medicines. This registration is valid from July 18, 1995 until cancelled.
2. On March 12, 1999, the Company was granted a permanent registration certificate by the Directorate of Industries and Mines, Government of Goa, as a small scale industrial unit for the manufacture of Tablets, Liquids, Ointments and Lotions.
3. The Company was granted water connection by the Goa, Daman & Diu Industrial Development Corporation on February 21, 1997.
4. The Company was granted License to work a factory at Goa bearing License No.GOA/682, dated April 21, 1997 for the manufacture of Tablets, Oral liquids and Ointments. This license was granted upto 2002, however, the same was renewed in 2003 and 2004.
5. Consent dated April 9, 2001, under the Air Act, 1981 was granted by the Goa State Pollution Control Board (“GSPCB”) for the manufacture of Liquids, Tablets, Ointments and Lotions. The renewed consent is valid upto March 25, 2008.
6. The Joint Chief Controller of Explosives, Navi Mumbai granted the Company on October 17, 1997 permission for the storage of 14,700 litres of petroleum Class – C in its premises. However, as and when the capacity of the installation was to be increased to more than 45,000 litres, the Company would have to obtain a fresh license. The Company was required to observe strictly the provisions of Rule 138 of the Rules as applicable.
7. The Company was granted License No.319, for its plant I at Goa , on 14th May, 1997 for the manufacture of drugs specified in Schedule C, C(1) excluding those specified in Schedule X to the Drugs and Cosmetic Rules, 1945. This license stands renewed from January 1, 2003 to December 31, 2007.
8. The Deputy Commissioner, Central Excise, Goa has granted the Company registration certificate in Form RC on March 31, 2003 subject to specified conditions for manufacture of excisable goods, on the basis of their application dated March 17, 2003.
9. WHO GMP CERTIFICATION: This Certificate dated October 16, 2003 is issued by the Food and Drugs Administration, Goa and certifies that the Company, holding Drug Manufacturing Licenses Nos.318 and 319 dated May 14, 1997 in Form 25 & 28 respectively, under the provisions of the Drugs & Cosmetics Act, 1940 & the Rules made thereunder to manufacture drugs/ drugs formulations is subjected to inspection at regular intervals and that the said manufacturer conforms to the requirements of Good Manufacturing Practices as recommended by the World Health Organization in respect of the drug formulations to be sold or distributed within the country of origin or exported, as mentioned in the list, attached to the aforesaid licenses.
10. *MCA (Medicines Control Agency, Inspection and Enforcement)*

    UK Medicines Act,1968

    PRODUCT LICENCE No.PL 16028/0012

    Proposed Manufacturing site for Paracetamol Tablets 500 mg.

    The letter dated February 14, 2003 from MCA to Mr. D. V. Karnik-Vice President, Operations, refers to the inspection carried out at the Company’s premises at Verna, Goa January 13 & 14, 2003. It records that the inspection findings confirms that the operations are in general compliance with the principles and guidelines of good manufacturing practice, and that it is appropriate to recommend to the UK Licensing Authority that the site inspected may continue to be named as a manufacturing site on the above Product License.
11. Letter dated May 7, 2004 from MHRA granting UK Marketing Authorisation PL 16363/0078 for the product Amiodarone Hydrochloride 100mg tablets records the approval of the Licensing Authority to the request of Milpharm Limited for

variation of the above Marketing Authorisation by adding the following, "Indoco Remedies Limited, L-14, Verna, Goa-403722, India" as an MHRA approved manufacturing site. The approval date of the variation is May 7, 2004. Similarly, the Licensing Authority agreed to the request of Milpharm Limited to vary the above Marketing Authorisation to provide for an increase in the pre-granulation mixing time from 2 minutes to 15 minutes. The approval date for the variation is May 7, 2004.

12. Letter dated May 7, 2004 from MHRA granting UK Marketing Authorisation PL 16363/0079 for the product Amiodarone Hydrochloride 200mg tablets records the approval of the Licensing Authority to the request of Milpharm Limited for variation of the above Marketing Authorisation by adding the following, "Indoco Remedies Limited, L-14, Verna, Goa-403722, India" as an MHRA approved manufacturing site. The approval date of the variation is May 7, 2004. Similarly, the Licensing Authority agreed to the request of Milpharm Limited to vary the above Marketing Authorisation to provide for an increase in the pre-granulation mixing time from 2 minutes to 15 minutes. The approval date for the variation is May 7, 2004.
13. Letter dated March 11, 2004 from MHRA granting UK Marketing Authorisation PL 15582/0003 for the product Metformin 850mg tablets BP records the approval of the Licensing Authority to the request of Real Regulatory Limited for variation of the above Marketing Authorisation by adding the following, "Indoco Remedies Limited, L-14, Verna, Goa-403722, India" as a product manufacturer, storage site and QC site, consequentially it was proposed to decrease the batch size for this site. The approval date of the variation is March 10, 2004.
14. Letter dated March 11, 2004 from MHRA granting UK Marketing Authorisation PL 15582/0008 for the product Paracetamol 500mg tablets BP records the approval of the Licensing Authority to the request of Real Regulatory Limited for variation of the above Marketing Authorisation by adding the following, "Indoco Remedies Limited, L-14, Verna, Goa-403722, India" as a product manufacturer, storage site and QC site, consequentially it was proposed to decrease the batch size for this site. The approval date of the variation is March 10, 2004.
15. Letter dated March 11, 2004 from MHRA granting UK Marketing Authorisation PL 15582/0002 for the product Metformin 500mg tablets BP records the approval of the Licensing Authority to the request of Real Regulatory Limited for variation of the above Marketing Authorisation by adding the following, "Indoco Remedies Limited, L-14, Verna, Goa-403722, India" as a product manufacturer, storage site and QC site, consequentially it was proposed to decrease the batch size for this site. The approval date of the variation is March 10, 2004.
16. Letter dated March 11, 2004 from MCA-UK to Zanza Healthcare Ltd., granting Marketing Authorization PL 15582/0008 for Paracetamol 500mg Tablets BP. The authorization was granted under the Medicines for Human Use (Marketing Authorisations Etc.) Regulations, 1994.

Expansion Plan for GOA PLANT I (viz. the plant situated at L-14, Verna Industrial Area, Verna, Goa) for new tablet department

i. Letter dated August 10, 2004 addressed to the Chief Inspector of Factories, Government of Goa, requesting for approval to the expansion plan to the existing building situated on this plot.

ii. Letter dated July 30, 2004 addressed to the Company by GIDC granting approval for the proposed extension to the factory building on this plot.

iii. Letter dated February 12, 2004 addressed to the FDA, Goa requesting for approval for the expansion plan for new tablet department.

GOA PLANT II (viz. the plant situated at Plot No. L-32,33,34, Verna Industrial Estate, Verna, Goa)

1. Water connection was granted to the Company for plant II at Goa vide Goa Industrial Development Corporations letter dated March 1, 2002. The security deposit and connection charges of Rs.2,02,600/- were paid by the Company.
2. Consent to operate under Ss 25/26 of the Water Act,1974 was granted by GSPCB vide their letter dated March 7, 2002.The consent was valid upto March 6, 2006 for the manufacture of Opthalmics and Injectables.
3. Consent to operate under S.21 of the Air Act, 1981 was first granted by the GSPCB to the Company on March 7, 2002 & the same is in effect upto March 6, 2006 for the manufacture of Opthalmics & Injectables.
4. The Company was granted manufacturing license by the FDA on March 15, 2002 for the manufacture for sale at its premises at Goa Plant II drugs specified in Schedule C & C(1) (excluding those specified in Sch.X) to the Drugs & Cosmetics Rules, 1945. The license is in force upto March 14, 2007.
5. License dated February 14, 2002 granted to the Company by Chief Inspector of Factories & Boilers for its premises at Goa Plant II. The License was renewed in 2003 and 2004. The License was further renewed in October 2004 and the same is in effect upto 2009.

6. Letter dated March 29, 2001 from the Chief Controller of Explosives, Navi Mumbai to the Company with reference to the proposed Petroleum Class-C (Furnace Oil) installation within the factory premises at Goa Plant II recorded that the drawings received showing site /layout and construction details of the proposed installation were in order & permission was granted to carry out the construction of the proposed installation as per the drawings submitted.
7. Form RC dated January 23, 2002, issued by the Superintendent of Central Excise certifies that the Company is registered for the manufacture of excisable goods under Chapter 30 of CETA. Pursuant to restructing of numbers allocated by the Excise Department, a new RC has been issued by the department on September 22, 2004. Registration number is presently AAACI0380CXM005.
8. WHO GMP CERTIFICATION: This Certificate dated November 12, 2003 issued by the Food and Drugs Administration, Goa, certifies that Company, holding Drug Manufacturing License No.557 dated March 15, 2002, in Form No.28, under the provisions of the Drugs & Cosmetics Act, 1940 & the Rules made thereunder to manufacture drugs/ drugs formulations is subjected to inspection at regular intervals and that the said manufacturer conforms to the requirements for Good Practices in the manufacture and quality control as recommended by the World Health Organization Certification Scheme, in respect of the products stated in the Annexure to be sold or distributed within the country of origin and to be exported. The Certificates of Pharmaceutical Products issued under WHO GMP Certification Scheme for the products stated in the Annexure are valid till August 21, 2005.
9. Approval from the Commissioner of Excise, Panjim, Goa, on May 27, 2003 (in form L-4) granting license under the Medicinal and Toilet Preparations (Excise Duties Rules), 1956. The license has been renewed on April 1, 2004 for the year 2004-2005.
10. Approval from the Commissioner of Excise, Panjim, Goa, dated April 10, 2003 (in form L-1) granting license to manufacture medicinal preparations containing under bond for payment of duty under the Medicinal and Toilet Preparations (Excise Duties Rules), 1956. The license has been renewed for the year 2004-2005.
11. Form 2 dated April 13, 2004 issued by the GSPCB granted to the Company authorising the Company to operate the facility for collection storage and disposal of hazardous waste. The authorisation is valid for a period of two years from the date of issue.

TARAPUR PLANT

Letter dated February 20, 1993 certifies that M/s. Warren Laboratories Private Limited is registered as a Small Scale Industrial Unit, for the factory located at Tarapur, Dist. Thane, for the manufacturing of Pharmaceutical Products as per F.D.A. License No.M.V./C-10 & M.V./C-14 dated August 4, 1990 & B.D.20 dated September 25, 1990.

Central Excise Registration Certificate, Form C, dated August 4, 2003 certifies that, the Company is registered for manufacture of excisable goods at Tarapur, Maharashtra.

Letter dated January 25, 2002 from the Maharashtra State Electricity Board to M/s. Warren Laboratories Private Limited intimates the release of power supply to the factory at Tarapur.

Consent to operate under S.s 25/26 of the Water Act, 1974 and S.21 of the Air Act, 1981 & authorisation under Rule 5 of the Hazardous Wastes (Management & Handling) Rules, 1989, granted vide letter dated October 25, 2002 from Maharashtra Pollution Control Board, Thane, to M/s. Warren Laboratories Private Limited. The consent to establish / operate is granted upto March 31, 2008. The validity of the authorisation granted under HW (M&H) Rules, 1989 is 2 years from the date of issue after which a fresh application for authorization is required to be submitted.

License dated July 4, 2003, granted by the Food & Drug Administration, for the sale and distribution of drugs specified in Schedules C & C(1) (excluding those specified in Sect.X). This license is valid upto July 3, 2008.

ANDHERI PLANT

Registration Certificate dated March 20, 2004 granted by the Superintendent of Central Excise for the manufacture of pharmaceutical products at the Company's factory at Andheri.

Certificate of consent dated April 18, 2001, for the manufacture of Tablets-liquid/oral & Ointments granted by the Maharashtra Pollution Control Board, to the Andheri plant, to operate under S.26 of the Water Act, 1976 and S.21 of Air Act, 1981 and the HW (M&H) Rules, 1989. This consent is valid upto March 31, 2007.

The plant at Andheri was granted the license to work a factory on December 31, 1998. This license is valid upto December 2005.

Certificate from the Food & Drug Administration, dated April 26, 2002 for the renewal of license to manufacture for the sale of drugs other than those specified in Schedule X, certifies that, licenses in FORM 25 No.182 granted on March18, 1974 & in FORM 28 No.20 granted on March 18, 1974 to the Company for the manufacture of drugs being drugs other than those specified in Schedule C, C(1) and X, to the Drugs & Cosmetics Rules, 1945 for its premises situated at Andheri, have been renewed from January 1, 2002 to December 31, 2006.

Certificate dated October 10, 2003 issued by the Food & Drugs Administration, Maharashtra, certifies that the Company holding drug manufacturing license No.182 in form No.25 and Licence No.20 in form No.28, under the provisions of the Drugs & Cosmetics Act,1940 & the Rules made thereunder, observes Good Manufacturing Practices as laid down by the World Health Organization Certification Scheme, in respect of manufacturing and testing of pharmaceuticals viz. tablets and oral liquids as per the enclosed list.

This certificate is valid upto September 10, 2005.

PROPERTY AT KALINA, SANTACRUZ (EAST)

Licenses in Form 20-B and Form 21-B; dated April 10, 2003 granted by the Food & Drug Administration for the Company's premises situated at Indoco House, Grd.Floor, 166, CST Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, to sell stock, exhibit, or offer for sale, or distribute by wholesale, drugs other than those specified in Schedules C, C(1) and X are valid upto April 9, 2008.

Registration under the Bombay Shops & Establishments Act, 1948 has been granted to the Company for its site at Indoco House, 166 C.S.T. Road, Kalina, Santacruz (East), for the manufacture, marketing and trading of bulk drugs and pharmaceutical formulations. The establishment was registered as a commercial establishment under the aforesaid Act on September 26, 2000. This registration was renewed in 2004 on the payment of requisite fees. Also, registration under the aforesaid Act has been granted to the Company for its site at 177, B Brown, C.S.T. Road, Kalina, Santacruz (East), for the manufacture, marketing and trading of bulk drugs and pharmaceutical formulations. The establishment was registered as a commercial establishment under the Act on February 26, 2004.

DPCO issues

All the papers and documents are in compliance with the DPCO, 1995 regulation read with the Essential Commodities Act, 1955 in respect of price revision of pharmaceutical products and submission of Forms V & VI with sufficient clarificatory letters submitted by the Company to the National Pharmaceutical Pricing Authority, Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers.

Pending DPCO Issues

1. Enquiry dated February 29, 1996 has been addressed to the Company by the Ministry of Chemicals & Fertilizers for furnishing the details of bulk drugs before March 29, 1996 (recovery of amount arising under Para 7(2) of the DPCO 1979 read with Para 14 of DPCO, 1987 and Para 12 of DPCO, 1995) and a reply has been filed by the Company to the Ministry to withdraw the enquiry.
2. Ministry of Chemicals & Fertilizers had addressed a letter dated August 7, 1997 to the Company to submit Form VI for 1993-94 and 1994-95.
3. Letter dated January 21, 2002 addressed to the Ministry of Law, Justice & Company Affairs clarifying that the Cost Audit was ordered in the Company for the financial year 1993-94 for the first time. Hence, a copy of the audit order was enclosed with the said letter. A SCN dated 7th December 2001 addressed by the Ministry of Law, Justice & Company Affairs to the Company for not complying with Section 233-B of the Companies Act, 1956 in respect of Cost Audit Report not submitted for the years 1991-92 and 1994-95.

DGFT Import license:

Import License for negative list of import items issued by the Government of India, Ministry of Commerce and Industry, Office of the Director General of Foreign Trade on August 27, 2004.

License no. 0350000835

Product: Homatropine Hydrobromide, subject to actual user condition.

Period of shipment: 12 months

CIF Value: Euro 1,00,000 (Rs. 5,600,000)

Non transferable license

Export Licenses

The Company has obtained the following export licences:

STATUS OF EPCG LICENCES WHICH ARE ISSUED FROM MUMBAI DGFT

Sr. No.	Licence No.	Date	Name of Product	Licence Amount USD	Licence Amount IRS	Export Obligation USD	Export Obligation IRS	Total Export Made (FCR/IRS)	Remarks
1	0330000561/2/11/00	07.09.2000	Hpic system	28400.00	1221200.00	113600.00	4884800.00	USD141600.00 Rs. 6638208.00	(ON NFE BASIS) BG issued by The Saraswat, Andheri-East Branch Have applied in DGFT for redemption EO in progress
2	0330000567/2/11/00	12.09.2000	Table hardness Tester	7155.00	307665.00	28620.00	1230660.00		Licence redeemed from DGFT Applied in customs for cancellation of BG
3	0330000562/2/11/00	07.09.2000	Differential Scanning Calorimeter	17025.00	732075.00	68100.00	29328300.00	USD 101052.00 Rs.4724515.00	(ON NFE BASIS) BG issued by The State Bank Of India Commercial Branch, Mumbai Have applied in DGFT for redemption EO in progress
4	0330000956/2/11/00k	20.03.2001	Jasco hpic System	10340.00	485256.00	41360.00	1941024.80	USD81525.00 Rs.3890851.00	(ON NFE BASIS) BG issued by The Saraswat, Andheri-East Branch Have applied in DGFT for redemption EO in progress
5	0330001287/2/11/00	13.08.2001	Flourier infra red Sepectro photo Meter	11660.00	549535.80	58300.00	2747679.00	USD 65252.5 Rs.3175378.00	(**on FOB Basis) (EO COMPLETED)** BG issued by The Saraswat, Andheri-East Branch Had applied in DGFT for redemption but was rejected due to change in the format and has been applied for the second time on 17.06.2004
6	0330001842/2/11/00	04.03.2002	Electronic Analytical Balance	2875.00	135728.75	11500.00	542915.00	USD 12120.00 Rs.5656183.00	(ON NFE BASIS) BG issued by The Saraswat, Andheri-East Branch Have applied in DGFT for redemption EO in progress
7	0330003304/2/11/00	25.02.2003	Spectro-Photometer Double beam	7953.00	375461.13	39765.00	1877305.65	USD 61358.30 Euro 5670.74 Rs.3077946.00	(**on FOB Basis) (EO COMPLETED)** Had applied in DGFT for redemption but was rejected due to change in the format and for Installation Certificate. Being Replied.
8	0330003846/2/11/00	03.07.2003	Hpic system	11246.60	538150.00	89972.83	4305200.00	USD 89972.83	EO in progress EO fulfilled USD 85380.16 EO Pending USD 20000
9	0330004839/2/11/00	10/12/03	Hpice system		484120.00	80939.60	3872960.00		Applied for Cancellation
10	0330005186/2/11/00	6/2/04	Automatic Integrety Test Unit	5126.94	245324.00	41015.50	1962592.00		EO not started as Installation Cert not recd.
11	0330005201/2/11/00	9/2/04	Water cooled Screw Compressor	20384.20	975384.00	163073.60	7803072.00		EO not started LUT was executed

STATUS OF EPCG LICENCES WHICH ARE ISSUED FROM GOA DGFT

Sr. No.	Licence No.	Date	Name of Product	Licence Amount		Export Obligation		Remarks
				USD	IRS	USD	IRS	
1	1730000006/2/11/00	3/8/01	Thrislington	151251.35	7136216.15	756756.75	35681080.76	Exports made USD 797336.7, Euro 19123.32 Export Obligation fulfilled Query recd from Goa DGFT 1. Installation Certificate was not submitted
2	1730000023/2/11/00	7/2/02	Acess TOC	40040.81	1925962.96	200204.05	9629814.8	Exports made USD 302078.25, Euro 41664 GBP 59190.46 Export Obligation fulfilled Query recd from Goa DGFT 1. Installation Certificate was not submitted
3	1730000025/2/11/00	28.02.2002	Leica Microscope Analysis system	2734.01	132872.88	13670.05	664364.43	Exports made USD 15100 Query recd from Goa DGFT on 30.04.04 for 1. Installation Certificate and 2. Exports worth USD 3000.00 hs to be done to cover the required EO being complied with
4	1730000026/2/11/00	28.02.2002	Modular hpic System	61551.22	2991389.77	307756.14	14956948.89	Exports made USD 84885.5, Euro 21032.92 GBP 128941.88 EO worth USD 10000 pending Query recd from Goa DGFT on 30.04.04 for 1. Installation Certificate was not submitted Being complied with
5	1730000028/2/11/00	5/3/00	Titrator	17856	872265.6	89280.00	4361328.00	**Eo of USD 35000.00 pending**
6	1730000030/2/11/00	28.03.2002	TOC Analysis	16666.49	814158.03	83332.45	4070790.18	**Exports made USD 87060.87** Query recd from Goa DGFT 1. Installation Certificate 2. Exports worth USD 20000.00 o/s
7	1730000031/2/11/00	10/4/02	Portable battery	30956.49	1512225.02	154782.49	7561125.12	EO In Progress Eo worth USD 159315.50 fulfilled EO worth USD 20000.00 pending (approx)
8	1730000033/2/11/00	1/5/02	Automatic Glassware	11391.56	557047.28	56957.79	2785236.42	EO in Progress Eo worth USD 52899.40 fulfilled EO worth UD3000.00 pending (approx)
9	1730000125/2/11/00	4/6/03	Argus system	6176.91	293403.12	49415.26	2347225	EO in Progress Eo worth Euro 21169.40 fulfilled EO worth USD30000.00 pending (approx)
10	1730000211/2/11/00	7/1/04	Hpic system	8000	368000	64000	2944000	**Applied to DGFT for surrender of Licence**
11	1730000214/2/11/00	13.01.04	Argus system	8164.09	373507	65312.69	2988056	**EO not started**
12	1730000213/2/11/00	9/1/04	Generator set	23130.43	1064000	185043.47	8512000	**EO not started**

We are awaiting the following approvals that are material to our business or this Issue:

List of Statutory Approvals required to set up a factory

1 Licence to work as a Factory - From Inspector of Factories
2 Approval of factory plan under Factories Act 1948
3 Letter for State Electricity Board for supply of electric power
4 Approval from Municipality/MIDC for water connection
5 Mfg. Licence from FDA
6 Consent from State pollution control board (Air, water, hazardous waste)
7 Employee's Provident Fund registration
8 E.S.I.C Registration
9 Sales Tax registration
10 Approval by Industrial safety and health
11 Central Excise Registration Certificate
12 Licence for purchase, possession and use of Inflammable and explosive material
13 Contract Labour Registration Certificate
14 Customs/Registration certification if required
15 DGFT import/export code if required

We have not applied for any approvals nor received any approvals for our proposed projects as mentioned under Objects of the Issue, except for the approval for setting up the plant at Baddi, Himachal Pradesh, sales tax registration, registered as a dealer on November 8, 2004 granted by the Assessing Authority, Himachal Pradesh under Rule 6 of the Himachal Pradesh General Sales Tax Rules, 1970 and the application made to the Environmental Engineer, Baddi, on November 25, 2004 for grant of consent for pollution control management.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends paid by our Company during the last five fiscal years are presented below.

(Rs. mn)

PARTICULARS	For The Year Ended on 30th June				
	2000	2001	2002	2003	2004
EQUITY SHARE CAPITAL	44.10		88.20		88.20
Interim Dividend					
Rate of Dividend (%)	20.00		50.00		50.00
Amount of Dividend	8.82		44.10		44.10
Corporate Dividend Tax	0.97		4.50		5.65
EQUITY SHARE CAPITAL	88.20	88.20		88.20	
Final Dividend					
Rate of Dividend (%)	10.00	22.50		20.00	
Amount of Dividend	8.82	19.85		17.64	
Corporate Dividend Tax	2.02	2.02		2.26	

Statement of Tax Benefits

The Board of Directors,
Indoco Remedies Limited
Indoco House,
166, C.S.T. Road,
Santacruz (East),
Mumbai – 400 098.

Dear Sirs,

We hereby certify that the enclosed "Annexure" states the tax benefits available to Indoco Remedies Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force.

The contents of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/its own case the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

For Patkar & Pendse
Chartered Accountants

B.M.Pendse
Partner
M.No. 32625

Place : Mumbai
Date : October 6, 2004

ANNEXURE TO THE CERTIFICATE DATED OCTOBER 6, 2004

BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 :

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax (calculated otherwise than under the provisions of Section 115JB of the Income Tax Act, 1961).

Section 35(1)(i) and (iv) of the Income Tax Act, 1961 in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

Section 35(2AB) of the Income Tax Act, 1961, in respect of any expenditure, not being capital expenditure in the nature of cost of land and building, on in-house research and development as approved by the prescribed authority and upon entering into an agreement with the prescribed authority for co-operation in such research and development, to the extent of a sum equal to one and one-half times the expenditure so incurred.

Section 35 (1) (ii) and (iii) of the Income Tax Act, 1961 in respect of any sum paid to a Scientific Research Association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.

The above deductions would be available upon the company fulfilling requisite conditions.

Subject to compliance with certain conditions laid down in Section 32 to the Income Tax Act, 1961 the company will be entitled to deduction for depreciation :

In respect of tangible assets and intangible assets in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules;

In respect of machinery or plant which has been acquired and installed after 31st March 2002 for the purpose of new industrial undertaking or in respect of the exisiting manufacturing facilities which results in increasing the installed capacity by not less than twenty five percent a further sum of 15% of the actual cost of such machinery or plant ;

Subject to compliance with certain conditions laid down in Section 80IB / 80IC of the Income Tax Act, 1961, the company will enjoy 100% tax exemption for the first 5 years of its operation and 30% tax exemption for next 5 years of its operation from the profits earned at its plant set up in backward areas as declared by the Government of India.

TO THE MEMBERS OF THE COMPANY – UNDER THE INCOME TAX ACT, 1961

B.1 : Resident Members

In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1st April, 2003) received on the shares of the Company is exempted from the tax.

In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein, are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.

In terms of section 10(38) of the Income Tax Act 1961, any income from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax are exempt from tax.

Explanation. – For the purpose of this clause, “equity oriented fund” means a fund –

the funds which are invested by way of equity shares in domestic companies to the extent of more than fifty per cent of the total proceeds of such fund; and

which has been set up under a scheme of Mutual Funds specified under clause (23 D):

Provided that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

4. In terms of section 3 of the Income Tax Act 1961, where the total income of an assessee includes any income chargeable under the head “Capital gains” arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax , the tax payable by the assessee shall be at the rate of 10%.

Explanation – for the purpose of this section, the expression “equity oriented fund” shall have the meaning assigned to it in the Explanation to clause (38) of section 10.

B.2 : Non-Resident Indians/ Non-Resident Members [Other than FIIs and Foreign venture capital investors]

Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a ‘resident’) has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. “Special Provisions Relating To Certain Incomes of Non-Residents” which are as follows :

Under section 115E of the Income Tax Act, 1961, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall be concessionally taxed at the flat rate of 10% (plus applicable Surcharge)

Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income-tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the Company exempted from the tax.

Under the first proviso to section 48 of the Income Tax Act, 1961 in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exhange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and the expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.

iv In terms of section 10(38) of the Income Tax Act 1961, any income from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax are exempt from tax.

Explanation. – For the purpose of this clause, “equity oriented fund” means a fund –

the funds which are invested by way of equity shares in domestic companies to the extent of more than fifty per cent of the total proceeds of such fund; and

which has been set up under a scheme of Mutual Funds specified under clause (23 D):

Provided that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

v. In terms of section 3 of the Income Tax Act 1961, where the total income of an assessee includes any income chargeable under the head “Capital gains”, arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax , the tax payable by the assessee shall be at the rate of 10%.

Explanation – for the purpose of this section, the expression “equity oriented fund” shall have the meaning assigned to it in the Explanation to clause (38) of section 10.

B.3 : Foreign Institutional Investors (FIIs)

In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.

The income by way of short term capital gains or long term capital gains realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961 :

Short term capital gains – 10 % (plus applicable surcharge)

Long term capital gains – 10 % plus applicable surcharge

(Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months)

B.4 : Venture Capital Companies / Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies / funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the Company.

Benefits to Members of the Company under the Wealth Tax Act, 1957 :

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the company.

Notes :

All the above benefits are as per the current tax law as amended by the Finance Act, 2004.

The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For **M/s Patkar & Pendse**
Chartered Accountants

B. M. Pendse
Partner

Membership No. 32625

Mumbai

October 6, 2004

1.2.2 Other Regulatory Disclosures

Stock Market Data for our Equity Shares

This being an initial public issuing of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Particulars Regarding Public Issues during the Last Five Years

We have not made any public issues during the last five years.

Companies Under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act 1956, other than the subsidiaries and group Companies, details of which are provided in the section "Subsidiary" on page 79 of this Red Herring Prospectus and "Group Companies" on page 84 of this Red Herring Prospectus.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, Intime Spectrum Registry Limited and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Arun Shenoy as the Compliance Officer and he may be contacted in case of any pre- Issue or post- Issue related problems. He can be contacted at: Indoco House, 166 CST Road, Kalina, Santacruz (East), Mumbai-400098. Tel: +91-22-2654 1851-55; Fax: +91-22-5693 6241, email aruns@indoco.com

Details of borrowings in our Company

Please refer to page 100 of this Red Herring Prospectus under "Financial Information" for details of borrowings in our Company as specified under Annexure X and Annexure XI to the report on our financial statements.

SECTION VI: ISSUING INFORMATION

Terms of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, conditions of the FIPB and RBI approvals, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Fresh Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of the Company held on July 20, 2004.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari-passu* with the existing Equity Shares of our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being sold in the Issue at a total price of Rs.[·] per share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

Right to receive dividend, if declared;

Right to attend general meetings and exercise voting powers, unless prohibited by law;

Right to vote on a poll either in person or by proxy;

Right to receive offers for rights shares and be allotted bonus shares, if announced;

Right to receive surplus on liquidation;

Right of free transferability; and

Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/ or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 208 of this Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be transferred only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Transfer of the Equity Shares upon allocation will be done only in electronic form in multiple of 1 Equity Share subject to a minimum of allotment of 25 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by Non Residents/NRIs/FIIs

Our Company will seek approval from the RBI for the (a) allotment of Equity Shares in the Issue for Sale to eligible Non Residents, NRIs and FIIs and (b) participation of FIIs in this Issue. Subject to obtaining such approval, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. However it is to be distinctly understood that there is no reservation for Non Residents, NRIs and FIIs and all Non Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of equity shares to Non Residents shall be subject to the conditions as may be prescribed by the Government of India/RBI while granting such approvals.

Issue Structure

The present Issue, for cash at a price of Rs.[·] per Equity Share aggregating total consideration of Rs.[·] mn is being made through a 100% book building process.

	QIBs	**Non Institutional Bidders**	**Retail**
Number of Equity Shares[(1)]	Upto 1,500,000 Equity Shares less allocation Non Institutional Portion and Retail Portion	Minimum of 750,000 Equity Shares less allocation to QIBs and Retail Portion	Minimum of 750,000 Equity Shares less allocation to QIBs and Non Institutional Portion
Percentage of Issue Size available for allocation	Upto 50% or Issue size less allocation to Non Institutional Portion and Retail Portion	Minimum 25% or Issue size less allocation to QIBs and Retail Portion	Minimum 25% or Issue Size less allocation to QIBs and Non Institutional Portion
Basis of Allocation or Allotment if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000	25 Equity Shares and in multiples of 25 thereafter
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits	Not exceeding the size of the Issue	Such number of Equity Shares that the Bid Amount does not exceed Rs.50,000
Allotment Mode	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Market lot/Bidding lot	25	25	25
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs 250 mn and pension funds with minimum corpus of Rs 250 mn	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts	Individuals (including NRIs and HUFs) applying for up to Rs 50,000 amount
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Amount	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding

(1) Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company, in consultation with the BRLM.

Issue Procedure

Book Building Procedure

The Issue is being made through the 100% Book Building process wherein upto 50% of the 'Net Offer to Public' shall be allocated on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the 'Net Offer to Public' shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of 'Net Offer to Public' shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Members of the Syndicate. Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reasons therefore in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the stock exchanges.

Bid cum Application Form

Bidders shall only use the Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs or FIIs applying on a repatriation basis	Blue

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Minors, acting through their natural/legal guardians;
- Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Indian mutual funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs 250 mn and who are authorised under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs 250 mn and who are authorised under their constitution to invest in Equity Shares;

- Multilateral and bilateral development financial institutions;
- Trusts /Societies registered under the Indian Trust Act, 1882 / Societies Registration Act, 1860, as amended, or under any other law relating to Trusts / Societies and who are authorised under their constitution to hold and invest in Equity Shares;
- Eligible Non-residents including NRIs on a non-repatriation basis or repatriation basis and FIIs on a repatriation basis subject to applicable laws; and
- Scientific and/or industrial research organisations authorised under their constitution to invest in Equity Shares.

Note: The members of the Syndicate and any associate of the members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLM, Co-BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

As per the current regulations, Overseas Corporate Bodies (OCBs) cannot participate in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Investment by Mutual Funds

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue issued capital of the Company (i.e. 10% of [·] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%; however, till date, no such resolution has been recommended for adoption.

Investment by SEBI registered VCFs and FVCIs

In accordance with the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any VCF or FVCI should not exceed 25% of the corpus of the Venture Capital Funds and Foreign Venture Capital Investors. Equity Shares allotted to Venture Capital Funds and Foreign Venture Capital Investors through this Issue shall be locked in for a period of one year.

The above information is given for the benefit of the Bidders. Our Company BRLM and the Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

For Retail Bidders

The Bid must be for 25 Equity Shares and in multiples of 25 Equity Shares thereafter, such that the Bid Amount does not exceed Rs. 50,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 50,000. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders Portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non Institutional and QIB Bidders

The Bid must be for a minimum of such number of Equity Shares and in multiples of 25 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 50,000. In case the Bid Amount reduces to Rs. 50,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at "Cut Off".

Information for the Bidders

1. Our Company will file the Red Herring Prospectus with the RoC
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our corporate office or from any of the members of the Syndicate.
4. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the members of the Syndicate. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period.
2. Investors who are interested in subscribing for our Company's Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid
3. The Bidding Period shall be open for at least 5 days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
4. During the Bidding, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
5. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
6. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph "Build up of the Book and Revision of Bids" on page 189 of this Red Herring Prospectus.
7. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
8. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into Escrow Account" on page 188 of the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 220 to Rs. 245 per Equity Share, Rs. 220 being the floor of the Price Band and Rs. 245 being the cap of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. l.
2. Our Company, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the web site of the BRLM and at the terminals of the Syndicate Members.
4 Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000, the Bid will be considered for allocation under the Non Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that the no additional payment would be required from the Bidder.

1. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
2. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 25 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement with the Company. Payments of refund to the Bidders shall also be made from the Escrow Collection Banks as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph “Payment Instructions” on page 193 of this Red Herring Prospectus) and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or, demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of those Bidders whose Bids have been accessed from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amounts after the transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e., QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable is mentioned under the section entitled “Issue Structure” on page 183 of this Red Herring Prospectus and will be available with the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the Syndicate Members by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than they had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The Syndicate Members will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city where a stock exchange centre is located in India, and where Bids are accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on regular basis. On the Bid Closing Date, Syndicate Members will upload the Bids until such time as permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on an hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - Name of the investor;
    - Investor Category — Individual, Corporate, NRI, FII, or Mutual Funds, etc.,
    - Numbers of Equity Shares bid for;
    - Bid price;
    - Bid cum Application Form number;
    - Whether payment is made upon submission of Bid cum Application Form; and
    - Depository participant Identification number and Client Identification number of the demat account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind. Consequently, a member of the Syndicate also has the right to accept or reject a Bid without assigning any reasons in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders, their Bids shall not be rejected except on the technical grounds listed elsewhere in this Red Herring Prospectus.
7. It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by our Company, BRLM or the Co-BRLM are cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or our project.
8. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the Syndicate Members shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be collected off line and will be updated on regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and also indicating the change on the web site of the BRLM, Co-BRLM and at the terminals of the members of the Syndicate.
4. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the Bid within the Price Band using the printed Revision Form that is a part of the Bid cum Application Form.
5. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.**
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.
9. In case of discrepancy of data between NSE or BSE and the members of the syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with our Company.
2. Our Company, in consultation with the BRLM, shall finalize the "Issue Price" and the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.
3. The allocation to QIBs of upto 50% of the Issue Size would be discretionary. The allocation to Non Institutional Bidders and Retail Individual Bidders of not less than 25% and not less than 25% of the Issue Size, respectively, would be on a proportionate basis, in consultation with the Designated Stock Exchange and subject to valid Bids being received at or above the Issue Price.
4. Under subscription, if any, in any category other than in the QIB category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of our Company, in consultation with the BRLM.
5. The BRLM and our Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
6. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefore, but before allotment.
7. QIB Bidders shall not be allowed to withdraw their Bid after Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

1. Our Company, the BRLM and the other members of the Syndicate shall enter into an Underwriting Agreement on reaching agreement upon the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among our Company, the BRLM and the other members of the Syndicate, we will file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLM, Co-BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be allotted only in the dematerialised form to the allottees**. Successful Bidders will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company will ensure the allotment of Equity Shares within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure that credit is given to the successful Bidders' depository accounts within two working days from the date of allotment.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to the pursuant to this Issue.

General Instructions

Dos:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;
- Ensure that you Bid only in the Price Band;
- Ensure that the details about depository participant and beneficiary account are correct as there will be no allotment of Equity Shares in physical form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and
- Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs.50,000 or more. In case neither the PAN nor the GIR number has been allotted, mention 'Not allotted" in the appropriate place.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price (for Non Institutional and QIB Bidders for whom the Bid Amount exceeds Rs.50000);
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under applicable law.
- Do not submit Bid accompanied with Stockinvest.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis and blue colour for NRIs or FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Bidders, the Bids must be for a minimum of 25 Equity Shares and in multiples of 25 thereafter subject to a maximum Bid Amount of Rs. 50,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 50,000 and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three) and in the same order as detailed with their Depository Participant.
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. Refund orders will either be printed with these bank account details or as per the bank account details mentioned as per the bidder's depository account. Bid cum Application Forms without these details are liable to be rejected.

Bidders Depository Account Details

Equity Shares shall be allotted only in dematerialised form. All Bidders should mention their depository participant's name, depository participant-identification number and beneficiary account number in the Bid cum Application Form. Please ensure that in case of joint names, the names stated in the Bid cum Application Form should be the same and in the same order as the names stated in the Bidders' depository account. **It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.**

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant Identification number and the Beneficiary Number provided by them in the Bid cum Application form, the Registrar to the offer will obtain from Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the **Demographic Details given by Bidders in the Bid-cum Application form would not be used for these purposes by the Registrar.**

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants. By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per Demographic Details received from the Depositories.Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of Bidders (including order of the names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 mn and pension funds with minimum corpus of Rs. 250 mn, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as we may deem fit.

Bids by NRIs

NRI Bidders to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our registered office at 166, C.S.T. Road, Santacruz (East) Mumbai -400 098, or from the members of the Syndicate or the Registrar to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. By NRIs, Bids for a Bid Amount of up to Rs. 50,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; By FIIs, for a minimum of such number of Equity Shares and in multiples of 25 thereafter that the Bid Amount exceeds Rs. 50,000 for further details please refer to the section entitled "Issue Procedure - Maximum and Minimum Bid Size" on page 185 of this Red Herring Prospectus.
4. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals or their nominees.
5. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

Our Company and members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue:

1. The Bidders who have paid the Bid Amount on application shall draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding Period, on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the members of the Syndicate by the BRLM/Co-BRLM.

4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
   (a) In case of Resident Bidders: "Escrow Account – Indoco Public Issue"
   (b) In case of Non Resident Bidders: "Escrow Account – Indoco Public Issue -NR"
   - In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
   - In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
5. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
6. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
8. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a member of the Syndicate at its sole discretion.

The collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Individuals may make bids in single or joint names (not more than three). In the case of joint Bids, all refund amounts will be made only in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We reserve the right to reject, in our absolute discretion, all or any multiple Bids in all or any categories.

'PAN' or 'GIR' Number

Where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more, i.e., the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961, as amended or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention "Not allotted" in the appropriate place. Bid cum Application Forms without this information will be considered incomplete and are liable to be rejected.

Our Right to Reject Bids

Our Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, our Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band
8. Bids at a price higher than the cap of the Price Band;
9. Bids at Cut-Off price by a QIB or a Non Institutional Bidder;
10. Bids for number of Equity Shares, which are not multiples of 25;
11. Category not ticked;
12. Multiple Bids;
13. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
14. Bid cum Application Form does not have the stamp of a member of the Syndicate;
15. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
16. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form;
17. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations please refer to the details regarding the same at page 185 of this Red Herring Prospectus;
18. Bids not duly signed by the sole/joint Bidders;
19. Bids by OCBs; or
20. Bids accompanied by stockinvest.

Equity Shares in Dematerialized Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in dematerialised form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreement have been signed between the Registrar to the Issue, the Depositories and the Company:

1. An agreement dated July 9, 2001 among NSDL, the Company and Registrar to the Issue; and

2. An agreement dated August 16, 2004 between CDSL, the Company and Registrar to the Issue.

Bids from any Bidder without the following details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the depository participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and depository participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the depository participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her depository participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our Equity Shares are proposed to be listed are connected to NSDL and CDSL.
8. The trading of our Equity Shares would only be in dematerialised form for all investors.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

Our Company shall ensure despatch of refund orders of value over Rs.1500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Undertaking by our Company

The Company undertakes as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously;
- that we shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders and/or allotment advice to NRIs or FIIs shall be dispatched within specified time; and
- that no further offer of Equity Shares shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certify that

- all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

Procedure and Time Schedule for Allotment of Equity Shares

Our Company reserves, at our absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In the case of Retail and Non-Institutional Bidders, the rejection of any Bid is only on grounds of technical non-compliance with the specified procedure. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. Our Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and or demat credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the beneficiary account with depository participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalisation of the basis of allotment of Equity Shares. Our Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, “Under Certificate of Posting”, and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder’s sole risk.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI DIP Guidelines, the Company, further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Our Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on Refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI’s Clarification XXI dated October 27, 1997, with respect to the SEBI DIP Guidelines.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the pharmaceutical sector is permitted up to 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

Basis For Issue Price

Qualitative Factors

- **Extensive Marketing Network**

Indoco has a wide marketing network covering doctors and chemists across the country. With more than 1000 medical representatives covering GPs, CPs, Paediatricians, Gynaecologists, ENTs, Dentists, Opthalmologists, Diabetologists, Cardiologists. We operate in 88% of the prescription market. Our rank with the doctors among all companies is

Segment	*Rank*
Dentists (Stomatolgicals)	1st
Ophthalmalogists	9th
Paediatricians	12th
GPs (Non-MBBS)	19th
GPs (MBBS)	24th
CPs	35th
Gynaecologists	41st

(Source: ORG AUG 2004)

- **Brand Building**

In the ethical pharmaceutical business, brand building is a definite advantage since it is not an ability which can be acquired overnight. We believe that this ability will result in further growth of our products as well as of the products in the pipeline for Indoco. Some of our major brands include Cyclopam, Febrex Plus, Vepan, Sensodent-K, Sensoform, Cloben –G, ATM etc. These brands were built over a period of time and they stand as a symbol of trust among the doctors, patients and the Company. As a part of strategy, we are now focusing on lifestyle segments of Cardiology and Diabetology and has succeeded in creating brands like Glychek-M (Anti-Diabetic) and MCBM 69 (Nerve Nourisher). We have also launched Atherochek (statin and vitamin combination) to cater to the need of Indian cardiac patients.

- **Contract Manufacturing**

We have competitive advantage in the Contract Manufacturing business as we can offer facilities for an entire basket of different dosage forms of tablets, liquid orals, ointments & creams, injectables and ophthalmics.

- **Research & Development**

We develop formulations for almost all dosage forms including tablets, liquid orals, creams and ointments, injectables, eye drops, toothpastes and dental hygiene products. The R&D develops and improves existing products for domestic marketing as well as International Business departments. The R&D has added capabilities to give technical inputs for ANDAs, DMFs and Dossiers in CTD formats. Stability studies are also conducted as per ICH guidelines. We have developed over 25 formulations in the year ended June 30, 2004 which includes Supasweet, Amiodarone Hydrochloride Tablets, Metformin Tablets, Paracetamol Tablets 500mg, and Bisoprolol Fumarate Tablets is under tech transfer.Our R&D centre is approved by the Department of Scientific and Industrial Research (DSIR), Government of India.

With the help of R&D, Indoco has commenced its drive to acquire intellectual property by filing five provisional patent applications with Indian patent office. The complete specifications will be filed within the allotted time of 12 months from the date of patent application which will be quickly followed by corresponding applications internationally.

- **Dossier Development**

We have a full fledged regulatory affairs department dealing in submission of dossiers, answering queries from regulatory authorities and updating the organisation with current regulations and developments. This becomes a prominent activity in success of International marketing efforts. We have acquired the skill for preparation of Euro Dossiers in CTD Format and ANDA compilation. So far we have submitted over 600 dossiers for registration of different products in non-regulated markets. The regulated affairs department is developing 3 Euro dossiers in CTD Format which includes Metformin Tablets - 500/850mg, Dicyclomine Tablets – 10 Mg & 20 Mg and Dicyclomine Syrup -10 Mg / 5 Ml.

- **Contract Research**

Our R&D and Regulatory capabilities have been responsible in establishing us as a valuable partner for companies in US and UK seeking to contract out their research requirements. We have executed two projects for a company in UK and one for a US customer. We have capabilities for Contract Formulation Development as well as Contract Analytical Method Development and conducting stability studies.

- **Manufacturing Facilities**

Multiple manufacturing locations with more than one location having capabilities to manufacture Tablets and Liquid Orals, the two main dosage forms for the company, provide an advantage by way of flexibility of Production planning and Operations. The International Approvals of our plants are an advantage since this allows manufacturing for export.

- **Track Record of Successful Inorganic Growth**

At Indoco we have a track record of having made a success of an acquisition. In 1999, we acquired Warren Pharmaceuticals Ltd. and Warren Laboratories Pvt. Ltd. thereby adding the product portfolios of Ophthalmic and Oral Hygiene products into our product basket. This was a strategic acquisition and complemented our product range and organisational capabilities. Recently we acquired Karvol, a brand of Solvay Pharma India Limited, a Multinational Group.

Indoco's strategy for growth includes both organic as well as inorganic means. While continued success in the domestic and international markets will bring organic growth, we are pursuing inorganic opportunities for growth.

- **International Subsidiaries**

As part of strengthening our global initiative, we are in the process of incorporating a subsidiary in UK, Indoco UK Ltd. and another joint venture company in South Africa. Our International subsidiaries will act as business development centers and allow us to service our customers better.

Our subsidiaries will provide us with a definite advantage on account of the geographical proximity and reach as well as allow leveraging of competitive strengths of our partners.

- **Customer Relationship Management Skills**

Domestic ethical marketing entails dependence on product quality, promotion and availability and most importantly the relationship shared by the medical representative with the prescribing doctor. Our strong relationship with the medical fraternity through our field force has resulted in our being ranked 24th in the ORG prescription audit of August 2004.

Quantitative Factors

Information presented in this section is derived from our audited financial statements.

Adjusted earning per share (EPS)

	Rupees	Weight	
1	Year ended June 30, 2002	18.76	1
2	Year ended June 30, 2003	15.92	2
3	Year ended June 30, 2004	24.11	3
	Weighted Average	20.49	

A. *The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.*

B. *The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.*

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●]

a. Based on year ended June 30, 2004 EPS is Rs.24.11/-

b. P/E based on year ended June 30, 2004 is [●]

c. Industry P/E(1)

i)	Highest	37.8
ii)	Lowest	4.5
iii)	Industry Composite	23.3

(1) Source: Capital Market Vol. XIX/15; September 27 – October 10, 2004. (Pharmaceuticals – Indian Bulk Drugs & Formulations)

3. Average Return on Net Worth

Sr. No.		%	Weight
1	Year ended June 30, 2002	23.16	1
2	Year ended June 30, 2003	19.74	2
3	Year ended June 30, 2004	24.26	3
	Weighted Average	22.57	

(a) The average return on net worth has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.

4. Minimum Return on Increased Net Worth Required to Maintain Pre- Issue EPS.

The minimum return on increased net worth required to maintain pre- Issue EPS is [●] to [●].

5. Net Asset Value per Equity Share as at June 30, 2004 – Rs.99.37/-

Net Asset Value per Equity Share (post-split) represents shareholders' equity less miscellaneous expenses as divided by weighted average number of Equity Shares.

6. Net Asset Value per Equity Share after Issue

The net asset value per Equity Share after the Issue is Rs.[●]

Issue Price per Equity Share: Rs.[●]

Issue Price per Share will be determined on conclusion of book building process.

7. Comparison of Accounting Ratios

	EPS (Rs.)	P/E	RONW	NAV (Rs.)
Indoco (1)	24.11	[●]	24.26%	99.37
Industry Average	23.3			
Peer Group				
FDC Ltd.	3.0	16.7	37.0%	10.1
J. B. Chemicals & Pharmaceuticals Ltd.	30.5	9.7	21.9%	155.0
Unichem Laboratories Ltd.	28.5	11.9	28.5%	44.3
Peer Group Average	20.67	12.77	29.13%	69.80

Earnings per share, Return on Net Worth and net asset value are based on last audited financial results for the period ending June 30, 2004.

Source: Capital Market Vol. XIX/15; September 27 – October 10, 2004. (Pharmaceuticals – Indian Bulk Drugs & Formulations)

SECTION VII: OTHER INFORMATION

Statutory And Other Information

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisor to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra located at Mumbai, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Patkar & Pendse, Chartered Accountants, and our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s Patkar & Pendse, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, we have not obtained any expert opinions.

Changes in Auditors during the last three financial years and reasons thereof

There have been no changes of the auditors in the last three years.

Basis of Allotment

A. For Retail Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 750,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 750,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 25 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

- Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 750,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 750,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 25 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
- The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- The allotment would be decided by the Company in consultation with the BRLM and Co-BRLM and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allotment to QIB Bidders shall not be less than 1,500,000 Equity Shares.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM/Co-BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allocation shall be made in multiples of 25, on a proportionate basis as explained below subject to minimum allocation being equal to the 25:

a. Bidders will be categorised according to the number of Equity Shares applied for.

b. The total number of Equity Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c. Number of Equity Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio subject to allocation being equal to the minimum application size.

d. In all Bids where the proportionate allocation is less than 25 Equity Shares per Bidder:
   - The Bid is liable to be rejected;
   - However, the successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
   -

e. If the proportionate allotment to a Bidder is a number that is more than [minimum allotment lot] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately [.] of the Issue Size. All expenses with respect to the Issue would be met out of the proceeds of the Issue.

The estimated issue expenses are as under:

Particulars	Amount Rs. (mn)
Management Fees, Underwriting Commission and Brokerage	29.00
Marketing and Advertising Expenses, Stationery and Printing, others (Registrar expenses, legal fees, listing fees etc.)	21.00
Total estimated issue expenses	50.00

Fees Payable to the BRLM/Co-BRLM

The total fees payable to the Book Running Lead Manager will be as per the Engagement Letter / Memorandum of Understanding signed with us dated October 11, 2004 issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement dated October 8, 2004 a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue is as set out in the Syndicate Agreement amongst us, the BRLM/Co-BRLM and the Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned elsewhere in the Red Herring Prospectus.

Commission and Brokerage on Previous Issues

Except as stated elsewhere in this Red Herring Prospectus, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues during the last five years except as stated in the section entitled "Capital Structure" on page 16 of this Red Herring Prospectus.

Outstanding Debentures or Bond Issues or Preference Shares

We have no outstanding debentures or bond issues or preference shares.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time, except as stated in the section entitled "Capital Structure" on page 16 of this Red Herring Prospectus.

Issues otherwise than for Cash

Except as stated in the section entitled "Capital Structure" on page 16 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

Option to subscribe

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Purchase of Property

Sr. No	Property	The names, addresses, descriptions and occupation Of the Vendors	The amount paid or payable in cash, shares or debentures to the Vendors and, where there is more than one separate Vendor, or the Company is the sub-purchaser; the amount so paid or payable to each Vendor, specifying separately the amount, if any, paid or payable for goodwill (Rs. In Mns)	The nature of the title or interest in such property acquired or to be acquired by the Company	Short particulars of every transaction related to the property completed within two preceding years, in which any Vendor of the property to the Company or any person who is or was at the time of the transaction, a promoter or a director or a proposed director of the Company, had any interest, direct or indirect, specifying the date of the transaction, and the name of such director, promoter or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction.
1.	Mumbai (Kalina, Santacruz [East])	M/s.Iris Proprietors Private Limited, 166, CST Road, Vidyanagari Marg, Mumbai 400098 (Vendors); M/s.Clifton Flame Industries (Confirming Party) a partnership firm carrying on business at 166, CST Road, Vidyanagari Marg, Mumbai 400098	Rs.5,70,00,000/-.	Freehold	Nil
2.	Mumbai (Warren Andheri property-Premise I)	Agreement for Sale executed between M/s. Warren Pharmaceuticals Pvt. Ltd and M/s. Jyoti Wire Industries Ltd (Vendor) having its registered office at 23-A, Shah Industrial Estate, Veera Desai Road, Andheri (West), Mumbai 400058.	Rs.5,43,950/-	Freehold	Nil
3.	Mumbai (Warren Andheri property-Premise II)	Agreement for Sale executed between M/s.Warren Pharmaceuticals Pvt. Ltd and M/s.Bharat Insulation Company (Vendor) having its registered office at B-32, Wagle Industrial Estate, Road No.18, Thane-400604.	Rs.21,00,000/- including electrical deposit/ property tax of Rs.15,510/- to be paid by Warren Pharmaceuticals.	Freehold	Nil

4.	Mumbai (Kandivali property)	Agreement for Sale executed between M/s.Warren Pharmaceuticals Pvt. Ltd and M/s.Alankar Construction Company, a partnership firm carrying on business at 49, Veer Nariman Road, Yusuf Building, 2nd Floor, Mumbai 400023.	Six galas have been acquired for a total consideration of Rs.27,26,150/-.	Freehold	Nil
5.	Mumbai (Central Plaza property)	Mr.Sardar Harbans Singh Gandasingh, 166, CST Road, Kalina, Mumbai 400098.	Rs.4,06,00,000/-	Freehold	Nil
6.	Goa I (Plot No.L-14, Verna Industrial Estate, Goa)	Goa, Daman & Diu Industrial Development Corporation ("GDDIDC").	Rs.25,050/- as security deposit alongwith a premium of Rs.16,28,250/-. Yearly rent is Rs.29,283/-.	Leasehold	Nil
7.	Goa II (Plot No.L-32,33,34, Phase II, Verna Industrial Estate,Goa)	Goa Industrial Development Corporation ("GIDC").	Rs.1,50,000/- as security deposit alongwith a premium of Rs.59,28,750. The yearly rent is @ 2% of the total premium amount of the first 10,000 sq. mts and @1% of the total premium amount of the balance area of 5810 sq. mts, at the prevailing rate of land for the term of the lease.	Leasehold	Nil
8.	Mumbai (Andheri)	M/s.Bombay Xaverian Corporation Private Limited, a public charitable trust.	Security deposit of Rs.2,00,000/- and monthly rent of Rs.513.25.	Leasehold	Nil
9.	Thane (Tarapur)	Agreement for Lease entered into between Maharashtra Industrial Development Corporation and M/s.Warren Laboratories Ltd.	Premium of Rs.1,80,000/- paid. The lease reserves a yearly rent of Rs.1 to be paid in advance without any deduction on or before the first day of January in each year.	Leasehold	Nil
10.	Mumbai (Andheri)	M/s.Hasco (Licensor), Gala No.8, Basement No.8, Nand Ghanshyam Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai 400093.	Security deposit of Rs.2,50,000/- paid. Rs.42,000/- payable per month as licensee fee. Incase renewal option is exercised, the stipulated higher licensee fee amounts, shall become payable.	Leave & License	Nil
11.	Mumbai (Kalina)	M/s.Kalamboli Structurals & Roofings Pvt. Limited., 177, Vidyanagari Marg, CST Road, Kalina, Santacruz (East), Mumbai 400098.	Security deposit of Rs.10,50,000/- been paid. Monthly service charge is Rs.1,75,000/-.	Business Centre Services	Nil

Except as elsewhere stated in this Red Herring Prospectus, we have not purchased any property in which any of our promoters and directors, have any direct or indirect interest in any payment made thereof.

Remuneration of CEO/Executive Directors

Mr. Suresh G. Kare

Mr. Suresh G. Kare, vide an agreement dated July 1, 2003 executed between the Company and Mr. Kare, Mr. Kare was appointed as the Managing Director for a term of 5 years w.e.f. July 1, 2003. The Company was empowered to terminate this agreement, by a one month notice in writing, if, Mr. Kare without leave of the Board of Directors, failed to perform his duties as a Managing Director for a period of three consecutive months. The remuneration payable to Mr. Kare is in compliance with the Companies Act, and no approval from the Central Government is required. The terms and conditions for salary are Rs. 3,00,000 per month with authority to the Board of Directors to grant suitable increment from time to time and specific amount of commission payable to the Managing Director 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, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act.

Perquisites include housing facility, medical reimbursement, club fees, personal accident insurance and leave travel concession. Perquisites include housing I in case of furnished accommodation, where ceiling of 60% of salary is applicable or housing II in case accommodation is owned by the Company, where 10% of the salary of the managing director shall be deducted by the company or housing III in case of no accommodation provided by the Company, the Managing Director shall be entitled to HRA subject to ceiling of 60% of salary.

Expenses pertaining to gas, electricity, water and furnishings shall be borne by the Company evaluated as per the IT Rules, reimbursement of medical expenses in India or abroad including hospitalisation, nursing homes and surgical charges for self and family and premium on medical insurance, club fees, personal accident insurance and leave travel concession for self and family in accordance with the rules of the Company.

Contribution to provident fund, superannuation fund, annuity fund not taxable under the IT Act, gratuity payable and encashment of leave at end of tenure not included in computation of perquisites.

Provision for use of Company's car with driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites and reimbursement of entertainment expenses incurred for the business of the Company as well as other expenses incurred for the performance of duties on behalf of the Company.

Mr. F.X. Coutinho

Mr. F.X. Coutinho is appointed as a whole-time director and the terms and conditions for salary are Rs. 1,12,000 per month, perquisites include housing where HRA does not exceed 25% of salary and expenses pertaining to gas, electricity, water and other utilities shall be borne by the Company, education allowance of Rs. 1000 per month, reimbursement of medical expenses in india or abroad, lta for self and family, club fees and personal accident insurance in accordance with the rules of the Company and total value of perquisites not to exceed 100% of salary. Perquisites shall be evaluated as per the IT Rules and in absence, at actual cost. Provision for use of Company's car with driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites. Company's contribution to provident fund, superannuation fund, annuity fund not taxable under the IT Act, gratuity payable and encashment of leave at end of tenure not included in computation of perquisites. Commission payable limited to maximum of 48 times the monthly salary subject to overall ceilings stipulated in Sections 198/309 of the Companies Act. Salary and perquisites shall not exceed the ceiling laid under Schedule XIII to the Companies Act. Not entitled to sitting fees for attending Board or committee meetings. Appointment subject to retirement of Director by rotation.

Mr. Sundeep Bambolkar

Mr. Sundeep Bambolkar is appointed as a whole-time director and the terms and conditions for salary are Rs. 83,000 per month, perquisites include housing where HRA does not exceed 25% of Salary and expenses pertaining to gas, electricity, water and other utilities shall be borne by the Company, education allowance of Rs. 1000 per month, reimbursement of medical expenses in india or abroad, lta for self and family, club fees and personal accident insurance in accordance with the rules of the Company and total value of perquisites not to exceed 100% of salary. Perquisites shall be evaluated as per the IT Rules and in absence, at actual cost. Provision for use of Company's car with driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites. Company's contribution to provident fund, superannuation fund, annuity fund not taxable under the IT Act, gratuity payable and encashment of leave at end of tenure not included in computation of perquisites. Commission payable limited to maximum of 48 times the monthly salary subject to overall ceilings stipulated in Sections 198/309 of the Companies Act. Salary and perquisites shall not exceed the ceiling laid under Schedule XIII to the Companies Act. Not entitled to sitting fees for attending Board or committee meetings. Appointment subject to retirement of Director by rotation.

Ms. Aditi Kare Panandikar

Ms. Aditi Kare Panandikar is appointed as a whole-time director and the terms and conditions for salary are Rs. 55,000 per month, perquisites include housing where HRA does not exceed 25% of Salary and expenses pertaining to gas, electricity, water and other utilities shall be borne by the Company, education allowance of Rs. 1000 per month, reimbursement of medical expenses in india or abroad, lta for self and family, club fees and personal accident insurance in accordance with the rules of the Company and total value of perquisites not to exceed 100% of salary. Perquisites shall be evaluated as per the IT Rules and in absence, at actual cost. Provision for use of Company's car with driver, telephone at residence, telefax and other communication facilities shall not be included in the computation of perquisites. Company's contribution to provident fund, superannuation fund, annuity fund not taxable under the IT Act, gratuity payable and encashment of leave at end of tenure not included in computation of perquisites. Commission payable limited to maximum of 48 times the monthly salary subject to overall ceilings stipulated in Sections 198/309 of the Companies Act. Salary and perquisites shall not exceed the ceiling laid under Schedule XIII to the Companies Act. Not entitled to sitting fees for attending Board or committee meetings. Appointment subject to retirement of Director by rotation.

Except as stated in the "Related Party Transactions" on Page 96 of the Red Herring Prospectus, the Promoter does not have any interest in our business except to the extent of investments made by her in us and the earnings returns thereon.

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or the committee thereof as well as to the extent of the remuneration and /or reimbursement of expenses payable to them under the Articles/ as per resolutions approved by the Board of the Directors. The Chairman and Managing Director and the Whole-time Directors are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company. All the Directors may also be deemed to be interested to the extent of Equity shares, if any, already held by them or their friends and relatives our Company, or that may be purchased for and allotted to them out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust in which they are interested as Directors, Members, partners and /or trustees.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company in which they hold Directorships or any partnership firm in which they are partners.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements are proposed to be made to them.

Revaluation of Assets

We have revalued as on 31.1.1994, two buildings located at Andheri, Mumbai and accordingly original cost of Rs.2.93 mn has been increased to Rs. 49.83 mn resulting in a rise of Rs. 46.90 mn. credited to Revaluation reserve. The said reserve has been used to issue 2,940,000 bonus equity shares on April 30, 1994.

Classes of Shares

Our authorized share capital is Rs. 18 mn, which is divided into 180 mn Equity Shares of Rs. 10 each.

Payment or benefit to Promoters or Officers of the Company

Except as stated otherwise in this Red Herring Prospectus, no amount or benefit has been paid or given within two years or is intended to be paid or given to any of our promoters or officers except the normal remuneration for services rendered as directors, officers or employees.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF INDOCO REMEDIES LIMITED

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of Indoco Remedies Limited relating to capital and increase and reduction of capital, shares and certificates, forfeiture and lien, restrictions on transfer and transmission of shares, voting rights and dividend are detailed below:

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

4. The Company in General Meeting, may from time to time, by an Ordinary Resolution increase its capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

5. Whenever it is decided to consolidate and divide the Share Capital into shares of larger amount that existing shares or to convert any shares into stock or sub-divide the shares or any of them or redeem any redeemable preference shares otherwise than in connection with a reduction of share capital section 100 to 104, a notice shall be given to the Registrar of Companies concerned within 30 days from the date of such decision specifying the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stock reconverted.

6. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference shares which are or at the option of the Company are to be liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

8. On the issue of Redeemable Preference Shares under the provisions of Article 7 thereof the following provisions shall take effect: -

   (a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.

   (b) no such shares shall be redeemed unless they are fully paid.

   (c) the premium, if any, payable on redemption must have been provided for our of the profits of the Company or the Company's Share Premium Account before the shares are redeemed.

   (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue or out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provision of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section of 80 of the Act, apply as if the capital Redemption Reserve Account where paid-up share capital of the Company.

9. When in pursuance of the foregoing Article, the company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if these shares had never been issued.

10. The Capital Redemption Reserve Fund may, notwithstanding anything hereinabove mentioned, be applied by the Company, in paying up unissued shares of the Company to be issued to the members of the company as fully paid bonus shares.

11. Without prejudice to the generality of the powers and authorities of the Board, the Board shall be entitled to determine the number of shares to be redeemed by the casting of lots or in such other manner as it may deem fir in that behalf as also the period or periods within which any such shares may be redeemed.

12. After the expiration of the date stated in any notice for Redemption of any preference shares, the preference shares, in respect of which such notice shall have been given, shall not thenceforth carry any dividend and the holders

thereof shall be bound to surrender their shares on payment of the amount paid thereon together with dividend, whether declared or not, upto the date specified in such notice of Redemption.

14. The Company may (subject to the provisions of Section 78,80,100 to 105 inclusive of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for time being authorised by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

15. Subject to the provisions of Section 94 of theAct, the Company in General Meeting may from time to time sub-divide, or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount or its share capital by the amount of the share so cancelled.

16. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected, or abrogated, or dealt with by the agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three-fourth in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate General Meeting of the holder of shares of that class.

SHARES AND CERTIFICATES

17. The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions and the rules made thereunder from time to time and the Depositories Act, 1996with the details of shares held in material and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members for the purpose of this Act.

18. The shares in the Capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future, or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be subdivided. Every forfeited or surrendered share held in material form subdivided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

18A (a) The Company shall be entitled to dematerialise / rematerialise its existing shares held in the Depositiories and / or to offer its fresh shares in a dematerialised form pursuant to the Depositiories Act, 1996 and the rules framed thereunder, if any.

(c) All securities held by a Depository shall be dematerialised and be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.

(f) Nothing contained in sections 83 and 208 of the Companies Act, 1956 or these Articles shall apply to a Transfer of securities effected by a transferor and transferee both of whom are enetered as Beneficial Owners in the records of a Depository.

*(i) In case of transfer or transmission of shares, securities where the Company has not issued any certificate and where such shares or securities are being held in an electronic and fungible form in Depository, the provisions of the Depositories Act 1996, shall apply."

21. Subject to the provisions of the these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose off the same to such persons on such terms and conditions and at such times as the Directors think fit either (subject to the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount provided that the option or right to call shares shall not be given to any person except with the sanction of the Company in General Meeting.

22. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 20 and 21, the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming party of the original capital or of any increased capital of the Company) shall be

offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

29. Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the beneficial owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share or except only as is by these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

30. The Company shall have power, subject to and in accordance with all applicable provisions of the Act, to purchase any of its own fully paid shares, whether or not they are redeemable and it may make payment out of capital in respect of such purchase subject to provisions of the Act and all other applicable provisions of law for the time being in force. Such acquisition or purchase of fully paid equity shares of the Company shall not be construed as reduction of capital.

UNDERWRITING AND BROKERAGE

31. Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring; or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company; but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued, and no commission shall be paid to any person on Shares or Debentures which are not offered to the public for subscription.

44. The Company shall have a first and permanent lien upon all the shares other than fully paid up shares registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 29 hereof is to have full effect, and such lien shall extend to all dividends, from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board of Directors of the Company may at any time declare any shares to be exempt, wholly or partially from the provisions of this Article.

45. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members or some other person to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof is presently payable or the liability in respect of which such lien exists is liable to be presently fulfilled or discharged, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

46. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE OF SHARES

47. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

48. The notice shall name a day (note being less than fourteen days from the date of the notice) and a place or places on and at which such call instalment and such interest thereon at such rate not exceeding 10 per cent per annum as the Directors shall determine from the day on which such call or instalment ought to have been paid and

expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

49. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

50. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

53. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

54. A declaration in writing that the declarant is a Director or Secretary of the Company and the Company has been duly forfeited in accordance with these Articles on the date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

57. The Board may at any time before any share so forfeited shall have been sold, re-alloted or otherwise disposed off annual the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

59. Subject to the provisions herein contained the shares in and debentures of, the Company shall be transferred by an instrument in writing in the usual common form or in such forms as shall from time to time have been prescribed under Section 108 of the Companies Act 1956. Every such instrument of transfer shall, before it is signed by or on behalf of the transferor and before any entry is made therein, be presented to the prescribed authority and shall be delivered to the company within the period prescribed by Section 108 of the Act.

64. An application for the registration of the transfer of shares in the company may be made either by the transferor or the transferee provided that if such application is made by the transferor no registration shall in the case of partly paid up shares be effected unless the company shall have given notice of the application to the transferee and subject to the provisions of section 111 of the Act the Company shall unless objection is made by the transferee within two weeks from the date of the receipt of such notice, enter in its Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

66. All instruments of transfer that shall be registered and shall be retained by the company but any instrument of transfer which the Board may decline to register shall, on demand, be register shall, on demand, be returned to the person depositing the same. If the transfer relates to the only share or all the shares comprised in the certificate such a certificate or a new certificate in lieu thereof shall, after the registration of the transfer be delivered to the transferee, and if the transfer relates only to a part of the shares comprised in the certificate the same shall on registration of the transfer be retained by the company and cancelled and new certificates issued to the transferor and the transferee in respect of the shares respectively held by them on payment of such charge not exceeding Rs. 2 as the Board may prescribe for each such certificate.

68. Subject to the provisions of section 111 of Act, the Board may, as its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares, (notwithstanding that the proposed transferee be already a Member but in such case it shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee notice of the refusal to register such transfer). Provided that registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever and registration of the transfer shall be subject to the Provisions of section 22A of the Securities Contract. (Regulation) Act.

69. Where in the case of partly paid shares an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of section 110 of the Act.

70. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders

of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other persons.

71. The executors or administrators or holders of a succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognise such executors or administrators or holders of a succession Certificate or the legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 65 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member.

72. Subject to the provisions of Articles 69 and 70, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposed to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he will not be freed from any liability in respect of the shares.

73. A person entitled to a share by transmission, shall subject to the right of the Directors to retain such dividends or moneys as hereinafter provided, be entitled to receive, and may give a discharge for any dividends or other moneys payable in respect of the share.

74. Every instrument of transfer shall be presented to Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares, and every registered instrument shall remain in the custody of the Company until destroyed by order of the Board.

75. Before the registration of a transfer the certificates or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer

76. No fee shall be charged by the Company for transfer and transmission of shares and for registration of any power of attorney, probate, letter of administration or other similar documents.

CODE OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBER

79. Subject to the provisions of Sections 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion by a resolution passed at meeting of the board accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the Company. Provided however, that the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not without the previous sanction of any Ordinary Resolution of the Company exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose.)

80. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms & conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures or denbenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debentures, debenture-stock and other securities may be made assignable free from and equities between the Company and the person to whom the same may be issued.

81. Any debentures, debentures-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting at) General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion or allotment of shares shall be issued only with the consent of the Company in general Meeting.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

*89A The company shall have power to purchase any of its fully paid up shares or securities, in accordance with the provisions of Section 77A, 77AA and 77B of the Companies Act, 1956, and such regulations or guidelines as may be framed by any regulatory authorities from time to time in that behalf. Such purchase of shares or securities shall not be deemed to be reduction of share capital contemplated by section 100 of the Companies Act, 1956.

90. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year. All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting. Subject to the provisions of Section 210(3) of the Act the first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company, and the next Annual General Meeting shall be held within the six months after the expiry of the financial year in which the first Annual General Meeting was held; and thereafter an Annual General Meeting shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

91. The Board may, whenever it thinks fit, call on Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition is made.

95. In the case of the Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of the business relating to the consideration of the accounts, balance sheet and the reports of the Board of Directors and Auditors, the declaration of a dividend, the appointment of Directors in the place of those retiring and the appointment, and the fixing of the remuneration of the auditors, in the case of any other meeting all business shall be deemed special. Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature and extent of the interest if any therein of every Director and the Manager if any of the Company. Where any item of business consists of the recording of approval of any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid.

98. Twenty-one days notice at the least of every General Meeting Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company.

102. Five Members present in person shall be a quorum for a General Meeting. A body corporate being a Member shall be deemed to be personally present if it represented in accordance with Section 187 of the Act.

103. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of Members, shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day at such other time and place within the city in which the Registered Office is situated as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

104. The Chairman (if any) of the Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Directors, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting then the members present shall elect another Director from amongst the Directors appointed to the Board under Article 133(3) hereof to be the Chairman, and if no such Director be present or if all such Directors present decline to take the Chair, then the Members present shall elect one of their members to be the Chairman.

105. No business shall be discussed at any General Meeting except the election of a Chairman, whilst the chair is vacant.

106. The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place within the city in which the Registered Office is situated but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

107. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by atleast five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right, and unless a poll is demanded, a declaration by the Chairman, that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

108. In the case of any equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

109. If a poll is demanded as aforesaid the same shall subject to Article 110 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city in which the Registered Office is situated, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

110. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall be a Member (not being an officer of employee of the Company) present at the meeting, provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

111. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

112. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question for which the poll has been demanded.

VOTING AND VOTING RIGHTS

113. Subject to the provisions of Section 89 and sub-section (2) of Section 92 of the Act, every member of the Company shall have a right to vote in respect of every resolution placed before the company and his voting right on a poll shall be in proportion to his share of the paid up capital of the Company.

119. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by the committee or other legal guardian; and any such Committee or guardian may, on a poll vote by proxy; if any Member be a minor, the votes in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

121. Subject to the provisions of these Articles votes may be given either personally or by authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercised the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member.

123. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or an attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have the right to speak at meeting.

127. No person shall be allowed to vote or act as a proxy at any meeting unless the instrument appointing him as a proxy and the power of attorney (if any) under which it is signed shall have been deposited at the Registered Office of the company at least 48 hours before the time appointed for the holding of the meeting at which the person named in such instrument proposes to vote and in default thereof the instrument of proxy shall not be treated as valid and shall be rejected at the discretion of the Board. Any instrument appointing a proxy or a power of attorney permanently or for a certain period may be registered with the company once for all, and need not be again registered before each successive meeting and shall be in force until notice of revocation thereof shall have been received at any time before the hour fixed for the meeting.

129. On a poll votes may be given either personally or by proxy.

130. A vote given in accordance with the terms of the instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

131. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

134. (1) Until otherwise determined by the Company in a General Meeting and subject to the provisions of Section 252 of the Act and of Article 133(3), the number of Directors of the Company shall not be less than 3 nor more than 12,excluding any alternate Directors.

(3) Any person, firm or Company holding at the same time not less than 51% of the issued share capital of the Company shall be entitled to appoint by a notice in writing addressed to the Company, such number of person or persons not exceeding one third of the total number of Directors, for the time being (or if the number is not a multiple of three the number nearest to but not greater than one third) to be Directors of the Company and by like notice to remove any Director so appointed and at any time and from time to time to appoint any other person to be a Director in place.

135. The Board may appoint an Alternate Director who is recommended for such appointment by a Director (hereinafter called the “Original Director”) to act for him during his absence for a period of not less than three months to from the State of Maharashtra. An Alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State of Maharashtra. If the terms of office of the Original Director is determined before he so returns to the State of Maharashtra any provision in the Act or in these Articles for the automatic re-appointment of retiring Directors in default for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director

142. The Office of a Director shall be vacated if: -

(a) he fails to obtain within the time specified in section 270(1) of the Act or at any time thereafter ceases to hold, the share qualification that may be required of him by Articles of the Company for the time being in force ;

(b) he is found to be of unsound mind by a court of competent jurisdiction.

(c) he applies to be adjudicated as an insolvent.

(d) he is adjudged as an insolvent;

(e) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment of not less than six months ;

(f) he fails to pay any call in respect of any shares of the company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call ;

(g) he absents himself from three consecutive meetings of the Board, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;

(h) he becomes disqualified by an order of the court under section 203 of the act ;

(i) he is removed in pursuance of section 284 of the Act ;

(j) he, or any firm in which he is a partner, or any private company of which he is director, accepts a loan, or any guarantee or security for a loan, from the company in contravention of section 295 of the Act, or

(k) he acts in contravention of section 299 of the Act ;

Notwithstanding anything contained in sub-clauses (d), (e) and (h) above, the disqualification referred to in those clauses shall not take effect, for thirty days from the date of the adjudication, sentence or order where any appeal or petition is preferred within the thirty days aforesaid against the adjudication sentence or contravention resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of or where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition of.

150. A Director may be or become a Director of any Company promoted by the Company, in which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

PROCEEDINGS OF THE BOARD OF DIRECTORS

165. The Directors may not meet together as a Board for the despatch of business from time to time and shall so meet at least once in every three calendar months and not more than two months shall intervene between the last day of the calendar month in which such meeting is held and the date of the next meeting and the Directors may adjourn and otherwise regulate their meetings as they think fit.

166. Subject to Section 287 of the Act, the quorum for a meeting of a Board shall be one-third of its total strength (excluding Directors, if any whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be quorum during such time.

167. If a meeting of the Board could not be held for want of a quorum, then the meeting shall automatically stand adjourned to such other time as may be fixed by the Chairman not being later than seven days from the date originally fixed for the meeting.

168. A director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Board by giving a notice in writing to every Director for the time being in India, and at his usual address in India to every other Director. Notice may be given by telegram to any Director who is not in the State of Maharashtra.

169. The Director may from time to time elect one of their member to be the Chairman of the Board of Directors and determine the period for which he is to hold office. If at any meeting of the Board the Chairman shall not be present, may choose one of their member to be the Chairman of the Meeting.

170. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

172. Subject to the restrictions contained in Section 202 of the Act the Board may delegate any of their powers to committees of the Board consisting of such Member or Members of its body as it thinks fit, and it may from time to time revoke and discharge any such Committee of the Board either as to persons or purposes; but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise shall have the like force and effect as if done by the Board.

173. The meetings and proceedings of any such Committee of the Board consisting of two or more Members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superceded by any regulations made by the Directors under the last preceding Article.

174. No resolution shall be deemed to have been passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or Members of the committee, at their usual address in India, and has been approved by such of the Directors or Members of the committee as are then in India, or by a majority of such of them, are entitled to vote on the Resolution.

175. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that, the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

176. (1) the Company shall cause minutes of all proceedings of every meeting of the Board to be kept by making within fourteen days of the conclusion of every such meeting entries thereof in books kept for the purpose with their page consecutively numbered.

(2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(3) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.

(6) The minutes shall also contain –

(a) the names of the Directors present at the meeting and

(b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from, or not concurring in the resolution.

(7) Nothing contained in the sub-clauses (1) to (6) of this Article shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting –

(a) is, or could reasonably be regarded as, defamatory of any person ;

(b) is irrelevant or immaterial to the proceeding or

(c) is detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

177. The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to provisions of the Act, or any other Act and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the company in General Meeting-

(a) Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the company, or, where the Company own more than one undertaking, of the whole, or substantially the whole, of any such undertaking ;

(b) remit, or give time for the repayment of, any debt due by a Director ;

(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time ;

(d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for the specific purpose Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the Board be delegated to the extent therein stated ; or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceeding, whichever is greater.

178. Without prejudice to the general powers conferred by the last preceeding Article and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by theses Article, but subject to the

restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:-

(1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(2) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Section 76 and 208 of the Act.

(3) Subject to Sections 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights, or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.

(4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company; and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled or not so charged capital.

(5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(6) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof; on such terms and conditions as shall be agreed.

(7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company; or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.

(9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(10) To make and give receipts, releases, and other discharges for moneys payable to the Company, and for the claims and demands of the Company.

(11) Subject to the provisions of Section 292, 293 (1) (c), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(12) To execute in the name and on behalf of the company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and furture) as they think fit; and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

(13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contract and documents and to give the necessary authority for such purpose.

(14) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company, a Commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the company.

(17) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may

from time to time think fit, and to determine their powers and duties, and fix their salaries, or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(18) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to company with.

(21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorneys or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loan and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board thinks fit) be made in favour of the Members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may thin fit, and may contain power enabling any such delegates or Attorneys as aforesaid to subdelegate all or any of the powers, authorities and discretions for the time being vested in them.

(23) From time to time make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.

DIVIDENDS

190. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles, shall be divisible among the Members in proportion to the amount of capital paid-up on the shares held by them respectively.

191. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board.

192. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both. Provided that:

(a) if the Company has not provided for depreciation for any previous financial year or years it shall before declaring or paying a dividend for any financial year provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;

(b) if the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section 2 of Section 205 of the Act or against both.

193. The Board may from time to time pay to the Members such interim dividend as in their judgement the position of the Company justifies.

194. When capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer aright to dividend or to participate in profits.

195. The Board may retain the dividends payable upon shares in respect of which any person is, under Article 65 entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

196. Any one of the several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other money payable in respect of such shares.

198. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

199. A transfer of shares shall not pass the right to any dividend may be paid by cheques or warrant or by a payslip or receipt having the office of a cheques or warrant sent through the post to the registered address of the Member or person entitled to in case of joint-holders to that one of them first named in the Register in respect of the joint holding. Every such cheques or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or recipt of the fraudulent recovery of the dividend by any other means. No unclaimed or unpaid dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205(A) of the Companies Act, 1956 in respect of unclaimed or unpaid dividend.

200. (a) The Company in General Meeting may resolve that any moneys, investments or other assets froming part of the undivided profits of the Company standing to the credit of the Reserve Fund or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend (representing premiums received on the issue of shares and standing to the credit of the Share Premium Account) be capitalized and distributed amongst such of the share-holders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitialised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income-tax be distributed among the Members on the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding clauses of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or the fractions of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties and may rest any such cash or specific assets in trust upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

Material Contracts and Documents for Inspections

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of our Company situated at 166, C.S.T. Road, Santacruz (East) Mumbai -400 098, India from 10.00 a.m. to 4.00 p.m. from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Letter of appointment to Enam Financial Consultants Private Limited as BRLM and IL&FS Investsmart as Co-BRLM from Indoco dated August 25, 2004.
2. Agreement dated October 8, 2004 between Intime Spectrum Registry Limited and Indoco.
3. Memorandum of Understanding dated October 11, 2004 amongst Indoco, on its own behalf, BRLM and Co-BRLM.

Material Documents

1) Our Memorandum and Articles of Association as amended from time to time;
2) Certificate of incorporation
3) Resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on July 20, 2004.
4) Copies of Annual reports of Indoco and its subsidiaries for the years ended June 30, 2000, 2001, 2002, 2003 and 2004;
5) Annual reports for the last 5 years, as applicable, of the group companies;
6) Copy of the tax benefit report dated October 6, 2004 from our Auditors;
7) Report of the Auditors M/s. Patkar & Pendse dated October 6, 2004;
8) Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Domestic legal counsel to Company, Directors, Company Secretary, Registrars, Bankers to the Issue, compliance officer as referred to, in their respective capacities;
9) General Powers of Attorney executed by Directors in favour of Mr Sundeep V. Bambolkar for signing and making necessary changes in the Red Herring Prospectus;
10) Listing application filed with BSE and NSE dated _______ and _______ respectively;
11) In principal listing approvals from BSE dated November 4, 2004 and NSE dated November 10, 2004 respectively;
12) Tripartite agreement between the NSDL, our Company and Intime Spectrum Registry Limited dated July 9, 2001;
13) Tripartite agreement between the CDSL, our Company and Intime Spectrum Registry Limited dated August 16, 2004;
14) Due Diligence Certificate dated October 15, 2004 to SEBI from Enam Financial Consultants Private Limited; and
15) SEBI observation letter No CFD/DIL/SR/26797/2004 dated November 29, 2004.
16) Brand acquisition agreement and Non-compete agreement entered into between the Company and Solvay Pharma India Limited dated September 27, 2004.
17) Sanction letter from IDBI bank dated October 7, 2004.
18) Facilities agreement with IDBI bank dated October 11, 2004
19) MOU for purchase of premises at Central Plaza, 166, CST Road Vidyanagari Marg, Kalina, Santacruz East, Mumbai 400 098, dated September 21,2004 between the Company and Mr. SardarHarbans Singh Gandasingh Sethi. Subsequently, an agreement dated November 30, 2004 entered between the Company and Mr. SardarHarbans Singh Gandasingh Sethi duly executed and registered.
20) Board resolution dated April 27, 2004 authorizing investment in Indoco Healthcare Limited.
21) Loan agreement dated September 8, 2004 between the Company and Indoco Healthcare Limited.
22) Orders passed by the High Court at Mumbai dated May 2, 2001 and April 3, 2002.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS

Mr. Suresh G. Kare, Chairman and Managing Director

Mr. Sundeep V. Bambolkar, Director- Finance & Operations

Mr. F. X. Coutinho, Director- Marketing

Ms. Aditi Kare Panandikar, Director – Business Development and Human Resources

Dr. M.R. Narvekar, Director*

Mr. P.K. Kakodkar, Director*

Mr. S.Y. Rege, Director*

Mr. D.M. Sukthankar, Director*

Mr. D.N. Mungale, Director*

(* Through their constituted power of attorney Mr. Sundeep Bambolkar)

SIGNED

CHAIRMAN & MANAGING DIRECTOR	**DIRECTOR- FINANCE & OPERATIONS**
Mr. Suresh G. Kare	Mr. Sundeep V. Bambolkar

Place: Mumbai
Date: December 6, 2004

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