

ANNUAL REPORT 2016-2017



INDOCO REMEDIES LTD.

Constantly Evolving... Consistently Excelling...

CORPORATE INFORMATION

Board of Directors

MR. SURESH G. KARE, Chairman
 MS. ADITI PANANDIKAR, Managing Director
 MR. SUNDEEP V. BAMBOLKAR, Jt. Managing Director
 MR. D. M. GAVASKAR, Independent Director
 MR. RAJIV P. KAKODKAR, Independent Director
 MR. SHARAD P. UPASANI, Independent Director
 DR. ANIL M. NAIK, Independent Director
 DR. ANAND NADKARNI, Non Executive Director

President (Finance) and Company Secretary

MR. SUNIL D. JOSHI

Company Identification Number

CIN: L85190MH1947PLC005913

Registrar & Share Transfer Agent

LINK INTIME INDIA PVT. LTD.
 C 101, 247 Park, LBS Marg,
 Vikhroli West, Mumbai 400083

Bankers

Citibank N. A.	Kotak Mahindra Bank Ltd.
DBS Bank Ltd.	Saraswat Co-op Bank Ltd.
HDFC Bank Ltd.	Standard Chartered Bank
IDBI Bank Ltd.	State Bank of India

Auditors

PATKAR & PENDSE
 Chartered Accountants
 9 Chartered House CHS,
 Marine Lines, Mumbai 400 002

Registered Office

Indoco House, 166 CST Road, Kalina,
 Santacruz (E), Mumbai 400098
 Tel. No. : +91 22 26541851 - 55
 Fax No. : +91 22 26520787
 Website : www.indoco.com



MESSAGE FROM THE TOP MANAGEMENT

Dear Stakeholders,

We take pleasure in informing you that, your Company has registered a growth of 8.8%, despite the challenges, largely caused by headwinds on account of changes in Government policies in the Indian Market and Regulatory issues in the International market.

The first half of the year FY17 showed good growth in sales of our Domestic Formulation Business. However, in the second half of FY17, the Government's demonetization initiative did impact the consumption pattern, which affected some of the therapeutic segments.

On the International Business front, the Company has given a detailed response to the USFDA to their warning letter and is hopeful to tide over this matter at the earliest. The Company has filed 42 ANDAs till now, of which, 10 ANDAs were filed during the year including 3 first-to-file (FTFs).

Looking forward, Indoco's business prospects seem to be positive, as business from US is expected to grow rapidly once the issue related to warning letter is resolved. While surging ahead in the Regulated Markets, Indoco is also strengthening its position in the Domestic and Emerging Markets through active brand promotion.

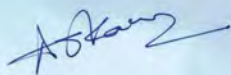
With the smooth integration of a recently acquired manufacturing facility at Baddi and CRO facility in Hyderabad, the Company is now completely equipped to cater to the rising demands from its Customers.

We express our gratitude to all our Stakeholders, including, shareholders, customers, bankers and the medial fraternity for their trust and support in the Organization. We thank all Indocoites for their involvement, which we value the most.

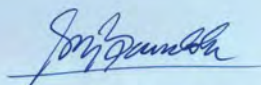
Thanking you all,



Suresh G. Kare
Chairman



Aditi Panandikar
Managing Director



Sundeep V. Bambolkar
Jt. Managing Director



CSR - Better Lives For A Brighter Future

Indoco is committed to its social responsibility and carries out CSR activities under the banner of 'Sumati Sangopan', reaching out to the under-privileged communities in India. Under the guidance of the CSR committee of Directors, the sub-committees from different departments of Indoco, identify institutions engaged in CSR activities like Healthcare, Education, Environment and Sanitation. The Company provides financial, as well as non-financial assistance by working with institutions across India.

We lend a helping hand to the needy of our society with a significant focus on women, children and the aged in the areas of health, education, sanitation, etc. Implementing this philosophy in spirit, we strive to make a positive contribution to our communities in particular and the society at large.



Renovation of the Physiotherapy Department at Wadia Hospital



Donated Tata Sumo to Rajhans Pratishthan for medical facility of the needy, at the hands of respected Chairman, Mr. Suresh G. Kare



Medical treatment of farmers' kids of drought prone Marathwada



Donated Food Distribution Vehicle to 'The Akshaya Patra Foundation', Bangalore



School Kit Donation in a rural village in Nashik

CONTENTS

1 Notice	2
2 Directors' Report	10
3 Secretarial Audit Report	27
4 Extract of Annual Return	31
5 Business Responsibility Report	39
6 Report on Corporate Governance	47
7 Auditor's Certificate on Corporate Governance	64
8 CEO and CFO Certification	65
9 Managing Director's Certification	66
10 Management Discussion and Analysis	67
11 Auditor's Report on Financial Statements	81
12 Balance Sheet	88
13 Statement of Profit and Loss	89
14 Cash Flow Statement	90
15 Statement for Changes in Equity	92
16 Significant Accounting Policies	93
17 Notes to Financial Statements (Standalone)	101
18 Financial Highlights	147
19 Auditor's Report on Financial Statements (Consolidated)	151
20 Balance Sheet (Consolidated)	156
21 Statement of Profit and Loss (Consolidated)	157
22 Cash Flow Statement (Consolidated)	158
23 Statement for Changes in Equity (Consolidated)	160
24 Significant Accounting Policies (Consolidated)	161
25 Notes on Financial Statements (Consolidated)	170

INDOCO REMEDIES LIMITED

[CIN: L85190MH1947PLC005913]

Registered Office: Indoco House, 166 CST Road, Kalina, Santacruz (E), Mumbai 400 098.

Tel: 26541851-55 / Fax: 26520787 / email: compliance.officer@indoco.com / Website: www.indoco.com

Notice

Notice is hereby given that the Seventieth Annual General Meeting of the members of **INDOCO REMEDIES LIMITED** will be held on Wednesday, August 9, 2017, at 10.30 a.m., at MIG Cricket Club, MIG Colony, Bandra (East), Mumbai 400 051 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt;
 - (a) The audited standalone financial statements of the Company for the Financial Year ended March 31, 2017 and the Reports of the Board of Directors and the Auditors thereon;
 - (b) The audited consolidated financial statements of the Company for the Financial Year ended March 31, 2017 and the Report of the Auditors thereon.
2. To declare a dividend on Equity Shares for the year ended March 31, 2017.
3. To appoint a Director in place of Dr. Anand M Nadkarni (DIN 06881461), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration.

To appoint M/s Gokhale & Sathe, a Firm of Chartered Accountants, (Firm Registration No. 103264W), as Statutory Auditors of the Company under Section 139 & 142 of the Companies Act, 2013 & Companies (Audit & Auditors) Rules, 2014 to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the Seventy Fifth Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to undertake all such acts, deeds, things and take steps as may be necessary proper or expedient to give effect to this resolution"

Place : Mumbai

Date : May 26, 2017

By order of the Board

SUNIL D JOSHI

President (Finance) & Company Secretary

Notes:

1. The Statement setting out the material facts relating to Special Business at the meeting pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
2. As required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 a brief profile of Director seeking re-appointment at ensuing Annual General Meeting is given.
3. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The Instrument appointing the Proxy must be filled stamped and duly signed and deposited at the Registered Office of the Company not less than Forty Eight Hours before the commencement of the Meeting i.e. by 10.30 A.M. on Monday, August 7, 2017.

In case of joint holders attending the Meeting, joint holder ranked higher in the order of names will be entitled to vote at the meeting.

4. Bodies Corporate who are members of the Company are requested to send duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Meeting.
5. Members are requested to bring their Attendance Slip while attending the Annual General Meeting.
Members holding shares in demat form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their Folio Numbers on the attendance slip for attending the meeting.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, August 2, 2017 to Wednesday, August 9, 2017 (both days inclusive) for the purpose of determining the names of members eligible for final dividend on Equity Shares if declared, at the meeting.
7. The dividend for the year ended March 31, 2017 as recommended by the Board, if sanctioned at the Annual General Meeting, will be paid to those members whose names appear on the Company's Register of Members on August 9, 2017. In respect of shares held in demat form, the dividend will be paid to the beneficial owners of shares as per details furnished by the Depositories for the purpose. The dividend will be paid on and from August 14, 2017.
8. Pursuant to Section 124 of the Companies Act, 2013, the Company has transferred on due dates the unpaid or unclaimed dividends for the financial Year 2008-2009 (Final dividend) to Investor Education and Protection Fund (IEPF) established by the Central Government.

Pursuant to provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on July 29, 2016 (date of the last Annual General Meeting) on the website of the Company (www.indoco.com) as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in)

Dividends for the financial years 2009-2010 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. Members who have not yet encashed their dividend warrants for financial year 2009-10 onwards and seek revalidation of their warrants are requested to write to Company / Company's Registrars without any delay.

9. Government of India in Ministry of Corporate Affairs has announced "Green initiative in the Corporate Governance" by permitting the Companies to send the Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. to their members through email instead of mailing physical copies.

Members are requested to support the Green Initiative by the Government and get their email addresses registered with their Depository Participants in case of shares held in demat form or with Company / Link Intime India Pvt. Ltd. (Registrars) in case of shares held in physical form.

10. Annual Report copies will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report.
11. Members holding shares in demat (electronic) account are requested to notify changes, if any, in their address, e-mail address, bank mandate etc. to their respective Depository Participants (DPs). Members holding shares in physical form are requested to intimate the changes to the Company / Company's Registrars.
12. (a) In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical form are requested to intimate to the Company / Company's Registrars the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:
 - (i) Name of the Sole/First joint holder and the Folio Number
 - (ii) Particulars of Bank Account, viz:
 - Name of the Bank
 - Name of the Branch
 - Complete address of the Bank with Pin Code number
 - Account type whether Saving or Current
 - Bank Account Number
 - MICR Code
 - IFSC Code
- (b) Members holding shares in demat form may please note that their Bank account details, as furnished by their Depositories to the Company, shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their bank details or particulars are requested to contact their Depository Participants.
- (c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the members for remittance through NEFT/RTGS. Members holding shares in physical form and desirous of availing the facility are requested to contact the Company / Company's Registrars

13. Facility of nomination is now available and members are requested to make use of the same by contacting the Company / Company's Registrars in case of physical holding and DPs in case of demat holdings.
14. For any assistance or information about shares, dividend etc., members may contact the Company / Company's Registrars.
15. Members are requested to quote their Folio Number / Demat Account Number and contact details such as email address, contact number and complete address in all correspondence with the Company or its Registrars.
16. Members who hold shares in multiple folios and in identical names are requested to contact the Company / Company's Registrars for consolidating their holdings into a single folio.
17. Member desirous of getting any information, on the accounts and operations of the Company, may please forward their queries to the Company at least seven days prior to the Meeting so as to enable the Company to provide appropriate response thereto at the Meeting.
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are having demat accounts. Members holding shares in physical form are requested to submit PAN details to the Company / Registrar.
19. All the documents referred to in the accompanying Notice and the explanatory statement shall be open for inspection at the registered office of the Company during business hours except on holidays, up to and including the date of the Annual General Meeting.
20. Details of Director seeking appointment in the Annual General Meeting scheduled on Wednesday, August 9, 2017, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Name of Director	Dr. Anand M Nadkarni
Date of Birth	December 22, 1958
Date of Appointment	May 28, 2014
Expertise in Specific Functional area	Consultant Psychiatrist / Corporate Trainer and Human Resource Consultant
Qualification	M.D. and Diploma in Psychological Medicine.
Board Membership of other Public Companies as on March 31, 2017	Nil
Chairman / Member of the Committee of the Board of Directors of the Company as on March 31, 2017	Nil
Chairman / Member of the Committee of Directors of the other companies in which he is a Director as on March 31, 2017	Nil
a. Audit Committee	Nil
b. Stakeholders Relationship Committee	Nil
c. Other Committees	Nil
Number of Shares held on March 31, 2017	Nil
Disclosure of relationship between director inter-se	NA

21. E-Voting:

In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of the Company (Management and Administration) Rules, 2014, the Company has provided 'remote e-voting' (e-voting from a place other than venue of the AGM) facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on all the resolutions mentioned in the notice of the 70th Annual General Meeting of the Company, dated May 26, 2017 (the AGM Notice).

The facility for voting through ballot/ polling paper shall also be made available at the venue of the 70th AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed CS Ajit Sathe proprietor of M/s A Y Sathe & Co., Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed July 28, 2017 as the 'Cut-off Date'. The remote e-voting rights of the shareholders/ beneficial owners shall be reckoned on the equity shares held by them as on the Cut-off Date i.e. July 28, 2017.

The instructions for shareholders voting electronically are as under:

- (a) The remote e-voting period begins on August 3, 2017 at 10.00 a.m. (IST) and ends on August 08, 2017 at 5.00 p. m (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 28, 2017 may cast their votes electronically.

The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m (IST) on August 8, 2017.

- (b) The shareholders should log on to the e-voting website: www.evotingindia.com.
- (c) Now Enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (d) Next enter the Image Verification as displayed and Click on Login.
- (e) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.