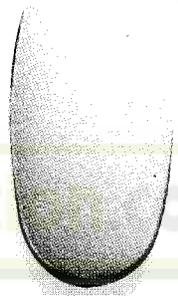
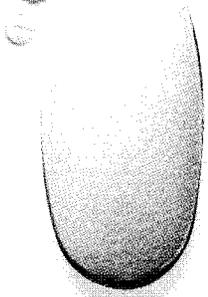




Aarti Drugs Ltd.

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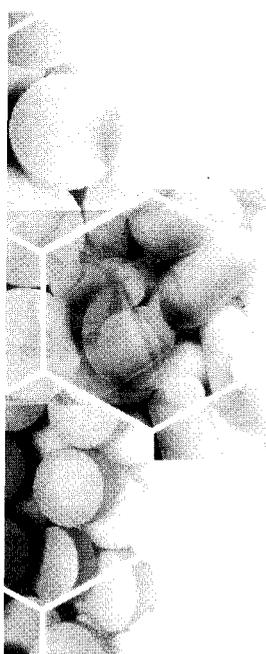
The Vision

To become the Market Leader and First Choice Vendor for the Bulk Drugs & Active Pharma Intermediates in India and abroad.

To be always committed to the Employees, Shareholders and the Society at large.

Corporate Mission and Objectives to achieve the Vision

- To become a Customer-driven Company by providing Customized Solutions and service to meet changing customer requirements through excellence in customer service, continuous technology up-gradation, high standards of business ethics and new product developments.
- To maintain consistent Quality and Timely Delivery at Competitive Prices.
- To use the best cost effective manufacturing processes, practices and methods supported by proven and safe technologies.
- Commitment to growth by Research and New Product Developments, progressive increase in Exports and catering to regulated/untapped markets.
- Continuous focus on People and Processes to encourage and nurture winning organizational culture to realize their full potentials through continuous learning on the job and through other HRD initiatives.
- To set up facilities with US FDA and other Overseas Approvals.
- To meet the challenges of competition by Dynamic Management Drive.



Board of Directors



C. V. Gogri
Chairman



M. P. Savla
Vice Chairman



P. M. Patil
Managing Director



S. P. Nachane
Managing Director



H. M. Savla
Jt. Managing Director



H. P. Shah
Whole-time Director



R. C. Gogri
Whole-time Director



U. M. Patil
Whole-time Director



S. T. Shah



R. V. Gogri



P. H. Desai



N.N. Prabhu

Corporate Information

Company Secretary

Prakash Khedekar

Auditors

M/s. Parikh Joshi & Kothare
49/2341, M.H.B. Colony,
Gandhi Nagar,
Bandra (East),
Mumbai-400 051.

Bankers

Union Bank of India
Bank of Baroda
Bank of India
State Bank of India
Citibank N.A.
Corporation Bank

Registered Office

Plot No. N - 198, M.I.D.C.,
Tarapur,
Village - Pamtembhi,
Taluka - Palghar,
Dist. Thane-401 506,
Maharashtra.

Corporate Office

74, Matru Smruti,
Road No. 4,
Scheme No. 6, Sion (E),
Mumbai-400 022.

Visit us at www.aartidrugs.com

Solicitors

M/s. M. P. Savla & Co.
Bharat House, 2nd Floor,
104 Mumbai Samachar Marg,
Mumbai - 400 001.

Plants

Plot Nos. N-198, G-60, E-120,
K-40, K-41, E-9/3-4 and E-21/22,
MIDC Industrial Area,
Tarapur, Village Pamtembhi,
Tal-Palghar, Thane - 401 506.
Maharashtra

Plot Nos. 2902/2904,
GIDC,
Sarigam - 396155,
Dist. Valsad, Gujarat.

R&D Centres

Plot Nos. N-198 & G-60,
MIDC Industrial Area,
Tarapur, Village Pamtembhi,
Tal-Palghar, Thane - 401 506.

Plot Nos. D-277/278
TTC Industrial Area,
Turbhe, Navi Mumbai.

Registrar & Transfer Agent

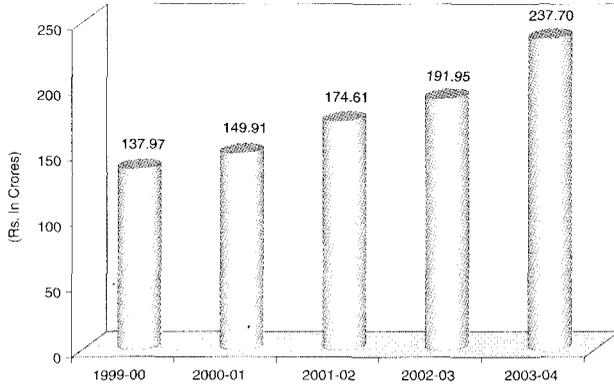
Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099.

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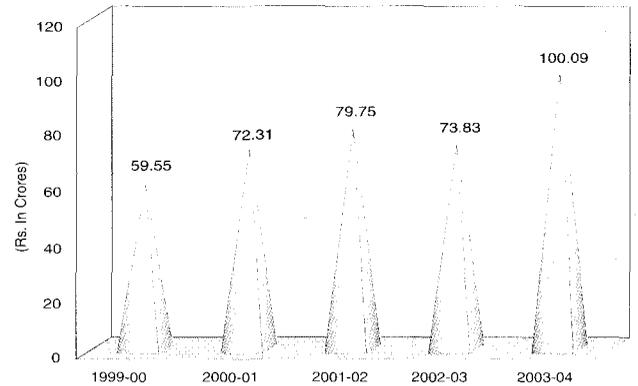
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Highlights

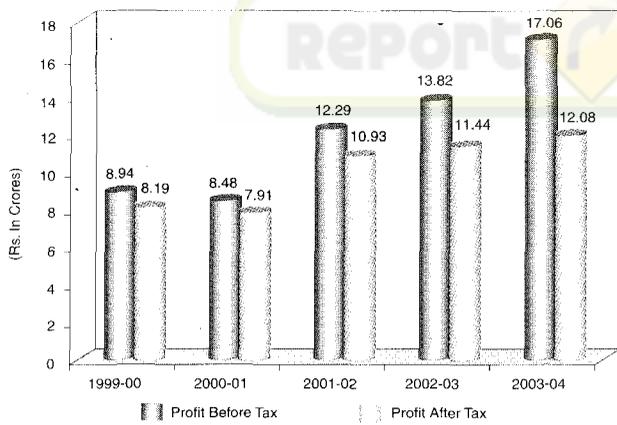
Turnover



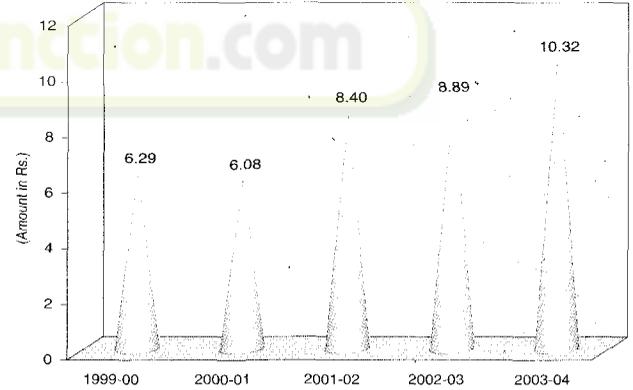
Exports



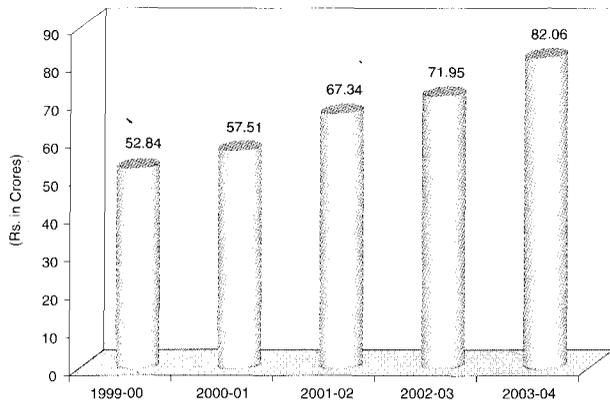
Profit Before & After Tax



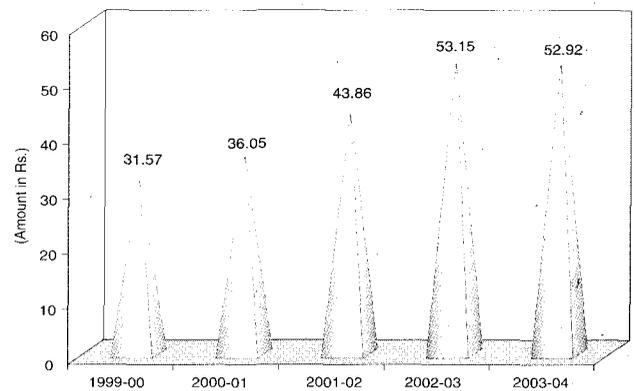
Earning Per Share



Net Block



Book Value



A Letter from the Chairman

Dear Shareholders,

Aarti Drugs Limited was promoted in September, 1984 by a group of technocrats. During the current year, the Company is heading to complete **two decades** of its existence with achievements of several milestones. I would like to record the Company's achievements so far to congratulate the Company's dedicated management team, executives, staff and workers at all levels which have made this possible. I am sure this would certainly inspire us for much bigger pursuits by unleashing our inherent potentials inculcated in our work culture, capabilities, confidence and creditability with customers, commitment to constant growth and desire to reach new horizons.

1. **Sales** : During the year 2003-2004, the Company has achieved highest ever **Sales of more than Rs.237 crores.**
2. **Dividend** : For the year 2003-2004, the Company has declared/recommended highest ever **Total Dividend of Rs.3 (30%) per share.**
3. **Shares Liquidity** : During the year 2003-2004, the Company's Shares also got listed on the National Stock Exchange in addition to listing on The Stock Exchange, Mumbai and Ahmedabad Stock Exchange.
4. **Market Leadership** : Over the years, the Company has been able to carve a niche for itself by establishing its strong presence in the anti-diarrhea, anti-inflammatory therapeutic groups with products like tinidazole, metronidazole, secnidazole, diclofenac sodium, ranitidine hcl, nimesulide, rofecoxib, etc. Due to change in disease profile in India from diseases related to poor hygienic conditions to life style diseases, the Company has focused its attention on the Cardio-Vascular, Anti-diabetic, Anti-depression, Anti-biotic therapeutic groups with the products like Ticlopidine, Clopidogrel, Rofecoxib Valdecocix, Ciprofloxacin etc. The Company, in fact, enjoys market leadership in eight out of its fifteen principal products. The Company's commitment to customer service in terms quality and timely delivery was marked by the **Best Vendor Award 2000-2001** from Organisation of Pharmaceutical Producers of India(OPPI).
5. **Large Customer base** : **Domestically**, the Company has been supplier to well known pharmaceutical companies in India which includes Pfizer, Glaxo, Merck, Knoll Pharmaceuticals, Sandoz, Ranbaxy, Dr. Reddy's Laboratories, Cipla, Sun pharmaceuticals, Cadila Group, Ipca Laboratories, Nicholas Piramal, Hindustan Lever, Estle, Colour Chem, and so on. **Internationally**, the Company exports its products to about 65 countries spread across continents, namely, Australia, Africa, Asia, Europe, Latin America, and North America.
6. **Strong Technicals and wide range of products** : With the core promoters/management including technocrats, the Company has been very strong on technical side which is reflected in its ability to develop and manufacture wide range of products in a cost effective manner by regularly evaluating alternate processes, inputs, sources etc. Strong technical side has also helped the Company to continuously update and upgrade its technology and improvement in processes, increased yields and value additions as also to foresee opportunities in new

products and adjust to the dynamics of the market. **Wide range of products** enables the Company to balance seasonal and cyclical fluctuations in the market.

7. **Bigger multi-locational flexible Plant Capacities :** The Company has built its plant capacities keeping in mind future opportunities. The Company is way ahead of its competitors in terms of plant capacities which has helped to cater to higher demand, increase its market share, economies in production costs and maintain steady growth. Further, multi-locational facilities and workforces dedicated to various products have flexibility of being put to alternate use to meet the demand.
8. **Export House Status :** Time and again, the Company has achieved merits in export performances which is marked by Certificates of Merits from Chemexcil in the year 1989-90, 1991-92 and 2000-01. The Company has been awarded Government Recognised Export House status from 1996.
9. **Research & Development facility :** The Company's Research & Development facility at Plot Nos. N-198 and G-60, MIDC, Tarapur, Boisar, Tal. Palghar, Dist. Thane, Maharashtra are approved by Department of Scientific & Industrial Research(DSIR), Government of India which has constantly strived to improve processes, product yields and new products.
10. **Dedicated workforce :** Last, but not the least, 675 strong dedicated workforce has been the catalyst for the Company's achievements.

In the past, as a strategy for growth and consolidation, the Company has always expanded its plant facilities by new project implementations, acquisitions and amalgamations which were by and large financed from internal cash accruals. Now with the built up of relatively stronger net worth, the Company is in a position to consider and exploit bigger opportunities by taking a bigger leap towards sustained growth.

With the liberalized economic environment and increasing globalisation, the years ahead are expected to throw several challenges and opportunities pre-and-post the introduction of the WTO Protocol in 2005. I am sure with the strong inherent capabilities/resource base, dynamic management, dedicated workforce and **a vision to be India's leading manufacturer of bulk drugs and high value Active Pharma Intermediates(APIs)**, the Company is poised to unleash its true potentials to meet the challenges and exploit the growth opportunities ahead in the best interest of our shareholders and stakeholders.

With your continued support and patronage, I am sure We will be able to scale newer heights and milestones of success and prosperity in the years ahead.

Thank you and with best regards,

Sincerely Yours,



C. V. Gogri
Chairman

Financial Highlights

(Rs. in Lakhs)

Particulars	31-Mar-00	31-Mar-01	31-Mar-02	31-Mar-03	31-Mar-04
Sales	13797.34	14991.53	17460.79	19195.01	23770.47
Profit Before Interest and Depreciation	1995.91	2068.42	2532.04	2536.19	2770.67
Interest	757.23	831.35	865.93	644.32	492.77
Depreciation	344.93	389.24	437.51	509.65	572.23
Profit Before Tax	893.75	847.83	1228.60	1382.22	1705.67
Profit After Tax	818.75	790.83	1092.60	1144.04	1207.67
Dividend (%)	15	15	10	15	30
Payout	195.14	195.14	130.09	175.63	351.26
Equity Capital	1300.95	1300.95	1300.95	1170.86	1170.86
Reserves & Surplus	2835.20	3410.96	4420.19	5060.37	5477.57
Less : Miscellaneous Expenditure	29.43	22.60	15.76	8.92	451.97
Net Worth	4106.72	4689.31	5705.38	6222.31	6196.46
Borrowings					
Long Term	2707.21	2840.73	2276.89	2662.98	3081.23
Short-Term-Bank	2860.63	3178.58	3938.03	4463.71	5368.61
Short-Term-Others	254.82	399.82	693.09	1228.44	2231.35
Total Borrowings	5822.66	6419.13	6908.01	8355.13	10681.19
Gross Block	7001.53	7857.90	9276.53	10204.15	11787.22
Less : Depreciation	1718.02	2107.27	2542.32	3009.42	3581.36
Net Block	5283.51	5750.63	6734.21	7194.73	8205.86
Capital Work In Progress	121.90	302.59	nil	nil	617.92
Invetsments	69.05	116.99	128.87	132.55	31.44
Current Assets, Loans and Advances	6909.63	8044.98	8742.51	10574.64	14925.62
Current Liabilities	2454.71	3106.76	2992.21	3324.49	6152.53
Net Working Capital	4454.92	4938.22	5750.30	7250.15	8773.09
Book Value	31.57	36.05	43.86	53.15	52.92
Earning per share	6.29	6.08	8.4	8.89	10.32

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of AARTI DRUGS LIMITED will be held on Tuesday, 6th day of July, 2004 at 11.00 a.m. at TIMA Hall, MIDC Tarapur, Taluka-Palghar, Dist.Thane 401 506, Maharashtra to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To confirm interim dividend and declare final dividend.
3. To appoint a Director in place of Shri. Harit P. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri. Rajendra V. Gogri, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri. Uday M. Patil, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT Shri. Parimal H. Desai be and is hereby appointed as a Director of the Company.”

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

“RESOLVED THAT in accordance with the provisions of Section 198, 309, and 310 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 (“the Act”) and subject to all such sanctions as may be necessary, the Company hereby approves the variation of the terms of remuneration payable to each one of the following Directors, namely, Shri. Prakash M. Patil and Shri. Satish P. Nachane, Managing Directors, Shri. Harshit M. Savla, Joint Managing Director, Shri. Harit P. Shah and Shri. Rashesh C. Gogri, Wholetime Directors, of the Company, with effect from 1st April, 2003 for the remainder of the tenure of their respective terms as such as set out in the respective draft Supplemental Agreements to be entered into by the Company with each one of the said Directors and submitted to this meeting duly initialled by the Chairman which draft Supplemental Agreements are hereby specifically sanctioned.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the said terms of remuneration, in any one or more cases and either at a time or at different times and in such manner as the Board in its absolute discretion deem fit within the limits specified in the Schedule XIII of the Act including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and the said Director(s)”

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

“RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreement, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter) and all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions as may be necessary and

subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent is hereby accorded to the Board to delist the Equity Shares of the Company from the Ahmedabad Stock Exchange."

Registered Office :

Plot No.N-198, MIDC,
Tarapur, Village-Pamtembhi,
Taluka-Palghar,
Dist. Thane 401 506.

By Order Of The Board

Sd/-

Prakash Khedekar
Company Secretary

Place: Mumbai

Date : 23rd April, 2004

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item Nos. 7 to 9 above is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from, **Tuesday, 29th June, 2004 to Tuesday, 6th July, 2004** (both days inclusive) for determining the names of members eligible for dividend, if declared, by the Company, subject to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in Electronic Form, the dividend will be paid on the basis of ownership as per details furnished by the Depositories for the purpose. Dividend when declared will be paid on or after 12th July, 2004.
4. **The members are requested to note :**
 - (i) **Change of Registrar and Share Transfer Agents :** The Company has changed its RTA and appointed Sharepro Services, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri(E), Mumbai 400 099 and the members are requested to send/address all their shares related matters/correspondence directly to them.
 - (ii) **Change of Address /Bank details :** Members are requested to inform the Company or M/s Sharepro Services, immediately of any change in their address. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
 - (iii) **Electronic Clearing Service (ECS) Facility :** We are pleased to offer the facility of electronic credit of dividend directly to your bank account through ECS. This facility is currently made available at **Ahmedabad, Bangalore, Bhubaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi & Thiruvananthapuram.**
Shareholders holding shares **in the physical form** who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form, which is enclosed herewith separately. Requests for payment of dividend through ECS for the year 2003-2004 should be lodged with M/s Sharepro Services on or before 30th June 2004.
 - (iv) **Shares of the Company are traded compulsorily in dematerialized form** for all investors. Shareholders are requested to open an account with Depository Participants, if not done so far.
 - (v) Section 109A of the Companies Act, 1956 provides for **Nomination** by the shareholders of the Company in the prescribed Form No. 2B (which will be made available on request). Shareholders are requested to avail this facility.