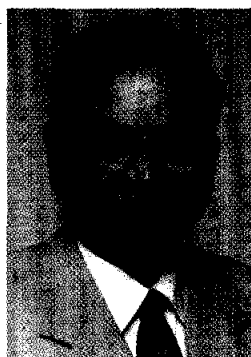




# INDOCO REMEDIES LIMITED

ANNUAL REPORT • 2000-2001



## Chairman's Statement

Dear Shareholder,

The year 2000-01 was the most challenging year for your Company.

Despite the general economic slowdown, drought like conditions in most part of the country, particularly in States where your company has a strong presence and the damaging impact of the Gujarat earthquake, the sales of your Company grew to Rs. 127.44 crores and the PBT to Rs.16.37 crores from Rs.122.55 crores and Rs. 14.49 crores respectively.

During the year, your Company took up a number of initiatives. A most modern R & D centre has been set-up at Andheri, Mumbai in a record span of six months. The new R&D centre has a built-up area of about 6,000 sq. ft. and is approved by the Department of Science & Industrial Research of India. A team of research scientists and pharmacists are working on various projects to help your Company keep pace with the advances in the technology and strengthen its position in the post product-patent era.

Your Company has entered the Anti-Diabetic segment which is one of the fastest growing therapeutic segments in the pharma industry. Our products Glycheck and Glycheck-M have been well received and will be followed up by two more products Pricheck and Piozit. Considering the high incidence of diabetes in the country, this segment is expected to grow faster and contribute handsomely to company's growth in the years to come.

The new Ophthalmic and Injectable Plant being set up at Verna, Goa is a state-of-the-art facility with over 82,000 sq.ft. built-up area, in a totally pollution free surrounding. The work on the new plant is nearing completion and will be commissioned by November, 2001. Designed on the UK-MCA Guidelines, the fully automated second plant in Verna will be Company's pride.

With an expertise of nearly five decades in the Indian Healthcare Industry, Indoco is known for its ethically promoted quality products and enjoys strong reputation with General Practitioners, Consulting Physicians, Paediatricians and Gynaecologists who are top contributors to the overall domestic pharma sales. The export operations are fast expanding in the South East Asian, African and South American markets, indicating the growing acceptance for the company's products internationally. In the coming years, Indoco will seek to accelerate growth by consolidating its position in the domestic and export markets.

With good corporate governance, ethical business practices and highly committed manpower resources, your Company looks forward to the future with optimism and hope.

I thank all the employees for their dedication, efforts and commitment towards achieving higher level of performance during the year.

**SURESH KARE**

Chairman & Managing Director

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## CORE MANAGEMENT TEAM

### BOARD OF DIRECTORS

Suresh Kare, *Chairman & Mg. Director*  
 SY Rege  
 PK Kakodkar  
 DN Mungale  
 DM Sukthankar  
 Dr MR Narvekar  
 UK Naik

### Company Secretary

DG Borkar

### Auditors

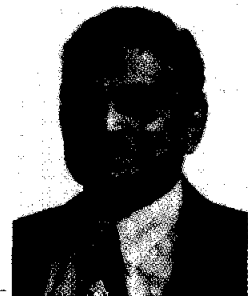
M/s. Patkar & Pendse, *Chartered Accountants*  
 Mumbai - 400 002.

### Bankers

State Bank of India  
 The Saraswat Co-operative Bank Limited  
 Bank of India



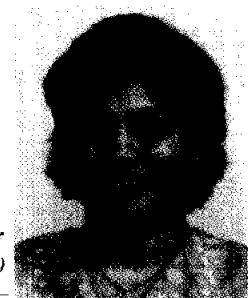
**Suresh Kare**  
*Chairman & Mg. Director*



**FX Coutinho**  
*Exec. Director (Marketing)*



**Sundeep Bambolkar**  
*Exec. Director (Finance & Operations)*



**Aditi Panandikar**  
*Exec. Director (Business Dev. & HRD)*

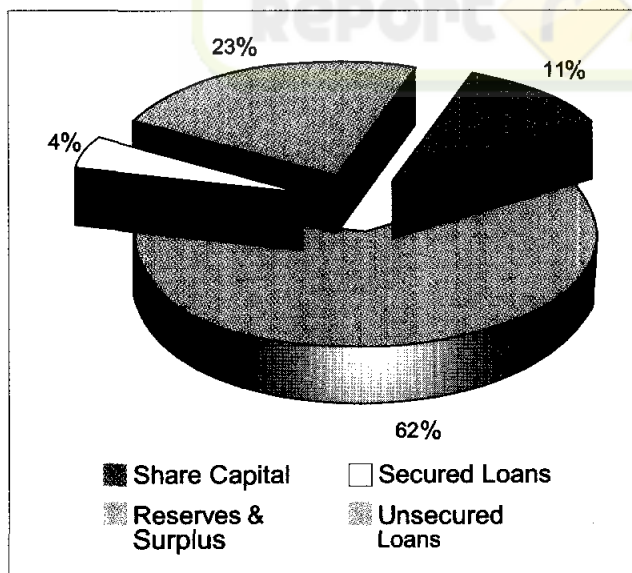
## Directors' Report

Your Directors have pleasure in presenting the 54th Annual Report on the Audited Accounts for the year ended June 30, 2001 and on the state of affairs of the Company.

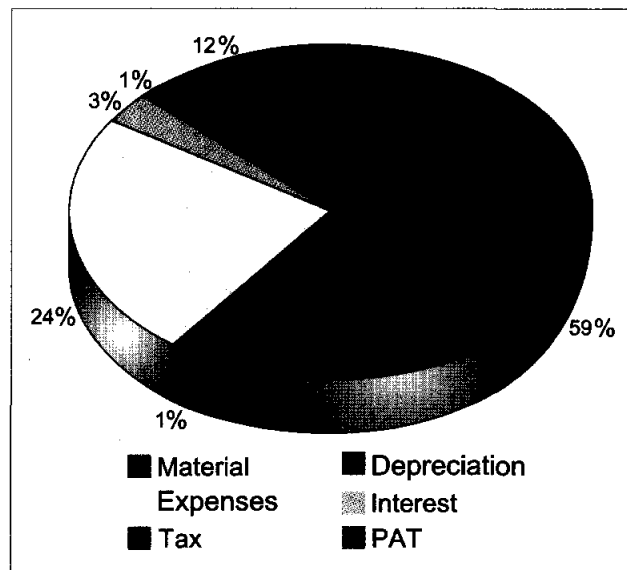
### Financial Results :

	(Rs. in Lacs)	
	Current Year	Previous year
Total Income	12949.00	12622.95
Profit After Tax	1522.40	1296.13
Less : Prior Period Adjustment	12.68	NIL
Add : Balance brought forward	314.79	252.72
Depreciation written back of earlier years	NIL	172.24
Amount available for appropriation	<u>1824.51</u>	<u>1721.09</u>
Appropriations :		
Interim Dividend	NIL	88.20
Proposed Dividend	198.45	88.20
Dividend Tax	20.24	29.90
Transfer to General Reserve	1000.00	1200.00
Balance carried forward	<u>605.82</u>	<u>314.79</u>
	<u>1824.51</u>	<u>1721.09</u>

### Sources of Funds



### Distribution of Income



### Operations :

Despite being a difficult year, your Company reached yet another milestone with PAT crossing Rs. 15.22 crores from Rs. 12.96 crores, an increase of 17.5%. The Sales turnover also increased from Rs. 122.55 crores to Rs 127.44 crores showing the inherent strength of the brand equity of your Company.

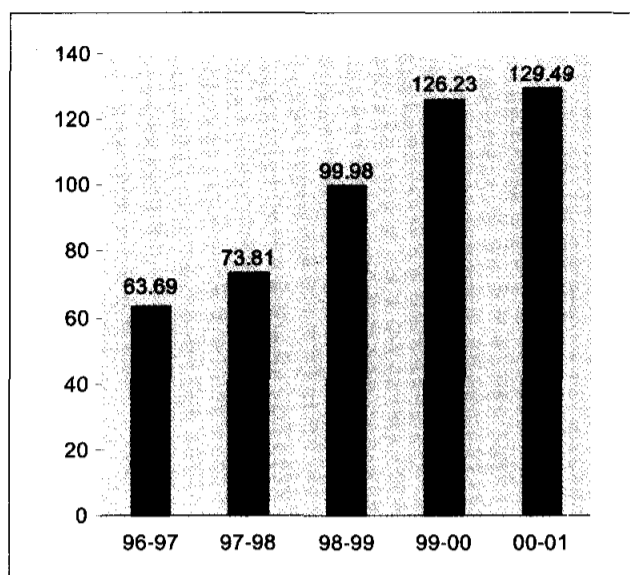
Based on in-house R&D efforts, your Company launched three new products namely Doloroff, ATM and Glycheck which received enthusiastic market response. Your Company looks forward to similar product launches in the near future.

### Material Developments :

Recognising the critical importance of R & D in the post product-patent era, your Company set up a new R&D centre at Andheri, Mumbai. The new centre will help enhance the research capabilities by focussing in the specialised fields such as Dossier Development of Products, Technology Transfer for automated manufacturing, Novel Drugs Delivery System and contract research for other domestic and international Companies. Your Company has invested substantial amount in the new R & D centre and is confident that the investment made would yield good results in the years to come.



### Total Income (Rs in Crores)



Your Company is also setting up new Ophthalmic and Injectable plant at Verna, Goa. An investment of about Rs. 15 crores is envisaged for the new plant which will be designed on U.K. M.C.A. Guidelines. The work on the new plant is progressing as per schedule and is expected to be completed by November, 2001. The new plant is eligible for 100% tax benefit for 5 years as per Section 80IB of I.T. Act, 1961 and is expected to contribute significantly to the growth and profitability of the Company.

The above investments are of a sizeable amount which the Company envisaged funding by way of Initial Public Offer of shares at a premium. However, due to the sluggish capital market conditions the Company preferred to adopt wait and watch approach and will enter the capital market at an appropriate time. Your Company is going ahead with its plan for investments and has tied up for the amount at very competitive rate from a very reputed financial institution. The borrowing is not likely to significantly affect the profitability of the Company.

### Outlook :

The outlook for Pharma Industry continues to remain positive though the Industry is presently facing demand recession in the retail market. This is only a temporary phase and the Industry is expected to do

significantly better and grow at more than 10% in the current year.

### Dividend :

Due to excellent financial performance of the Company, your Directors are happy to recommend subject to the approval of the shareholders at the AGM, a dividend of 22.5% for the year ended 30.06.2001 amounting to Rs.198.45 lacs and tax thereon of Rs. 20.24 lacs aggregating to Rs. 218.69 lacs.

### Directors :

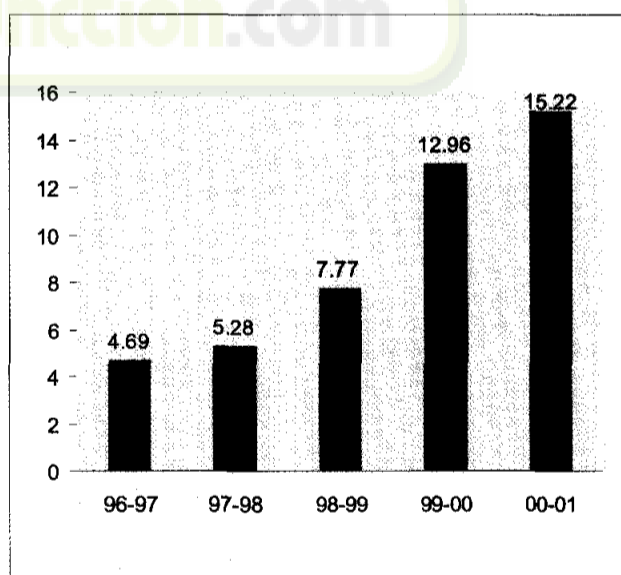
In accordance with the provisions of Articles of Association of the Company, Mr DM Sukthankar, Mr UK Naik & Dr MR Narvekar retire by rotation as Directors of the Company and being eligible, offer themselves for re-appointment.

### Subsidiary Companies :

The statement pursuant to Section 212 of the Companies Act, 1956 relating to Company's subsidiaries, M/s. Warren Pharmaceuticals Limited and M/s. Warren Laboratories Limited, is annexed to this report.

M/s. Warren Pharmaceuticals Limited made Profit before tax of Rs. 109.60 lacs on the total income of Rs. 1591.88 lacs and M/s. Warren Laboratories Limited

### Net Profit After Tax (Rs in Crores)



made Profit before tax of Rs. 53.58 lacs on the total income of Rs. 682.00 lacs for the year ended March 31, 2001.

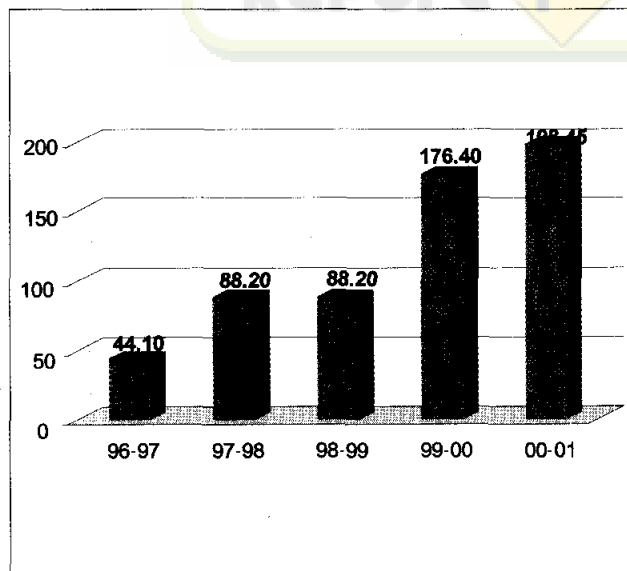
The Board of Directors of Warren Pharmaceuticals Limited and Warren Laboratories Limited have decided to merge both the companies at the meeting held on 13th August, 2001. The merger will facilitate the pooling of equipment, manpower resources, expansion, optimum utilization of capacity and saving in cost and thereby achieving enhanced profitability.

#### Directors' Responsibility Statement :

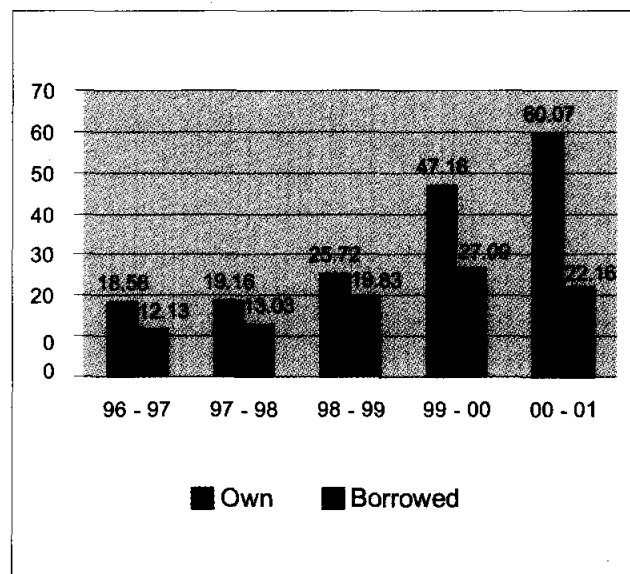
Pursuant to the provisions contained in section 217(2AA) of Companies Act, 1956, the Board of Directors of your Company confirm;

- i) that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- ii) that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of Financial Year and of the Profit of the Company for the year ended on that date;

#### Dividend Outgo (Rs. in Lacs)



#### Own & Borrowed Funds (Rs. in Crores)



- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts have been prepared on a going concern basis.

#### Conservation of energy, technology absorption and foreign exchange earnings/outgo :

The information required under Section 217(1) (e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as set out in the Annexure 'A' and forms part of this Report.

#### Cost Audit :

In accordance with the directives received from the Central Government, the Company has appointed Cost Auditor to conduct Cost Audit u/s. 233B of the Companies Act, 1956.

#### Audit Committee :

Pursuant to the provisions of new section 292A of the Companies Act, 1956 your company constituted a Audit Committee of the Board of Directors with the following composition;



Mr DN Mungale - Chairman  
Mr PK Kakodkar - Director  
Mr Suresh Kare - Director

Mr DN Mungale & Mr PK Kakodkar are independent non-whole time Directors. Mr Suresh Kare is the Chairman & Mg. Director of the Company.

#### **Employees' Particulars :**

Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 is set out in the Annexure 'B' to the Directors' Report.

#### **Auditors :**

The Auditors , M/s. Patkar & Pendse, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a letter from M/s. Patkar & Pendse pursuant to Section 224(1B) of the Companies Act, 1956 regarding their eligibility for reappointment.

#### **Acknowledgements :**

Your Directors would like to place on record their sincere gratitude to the Shareholders, Bankers, Business Associates, Doctors, Customers, Government and other Regulatory Agencies for their support and faith in the Company. Your Directors are also happy to place on record their appreciation for the wholehearted co-operation, commitment and contribution made by all the employees of the company and look forward to their continued support.

For and on behalf of the Board of Directors

**SURESH KARE**

*Chairman & Managing Director*

Mumbai : 15th Sept., 2001

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