



56th ANNUAL REPORT
2002 - 2003



INDOCO REMEDIES LIMITED

A **SURESH KARE** Enterprise

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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
President (Marketing)

AUDIT COMMITTEE

DN Mungale, *Chairman*

Suresh Kare

PK Kakodkar



Sundeep Bambolkar
President (Finance & Operations)



Aditi Panandikar
President (Business Dev. & HRD)

Radius
A division of Indoco



MEDICINES CONTROL
AGENCY

Indoco

SURESH
KARE





Chairman's Statement

Dear Shareholder,

The year 2002-03 was an eventful year for us. Our solid dosage facility in Verna-Goa obtained the UK-MCA certification in the very first attempt, a feat that speaks volumes for our technical team's efforts. With this your company has started exporting its products to U.K. which will be followed by other European countries, further improving our export efforts.

The company's ranking in the ORG-Marg Prescription Audit increased substantially during the year and stands at 21st position for the month of July 2003. This is a clear sign of the growing trust of the medical profession which wrote nearly 25 million prescriptions for our products in the 12 months ended July '03.

In December 2002, we launched 'Radius', our Cardiac and Anti-Diabetic Speciality Division. A number of products for cardiologists and diabetologists were introduced to exploit this fast growing segment of pharma market. The response to this new division during the last eight months has been quite encouraging.

Warren Pharmaceuticals Limited (WPL), a 100% subsidiary of the company acquired by us in 1999 and since been amalgamated with the parent company, continued to do well in its specialised segments of Dentistry and Ophthalmology. Our new sterile facility in Verna

has become fully operational during the year providing a wide range of high quality ophthalmic products promoted exclusively by the Warren Division.

The R&D Centre developed a number of products, helping the company to bring out new products at a faster rate and contributing to its growth. The Centre is also working on the development of dossiers to be filed with the UK and European health authorities. I expect this activity to contribute substantially to the company's progress in the years to come.

Inspite of a bad monsoon in 2002 which affected the economy adversely, your company's sales went up to Rs.146.63 crores from Rs.132.21 crores. The trend of sales during the first two months of the current financial year has been very promising and we expect to record substantial growth in both sales and profit during the year 2003-04.

I thank the Directors, management and staff of the company for felicitating me on my completing 40 years with the company. The four decades have been very memorable and fulfilling ones. I have little doubt that the strong base the company has created will see it progress domestically as well as globally in the foreseeable future.

SURESH KARE

Chairman & Managing Director

Directors' Report

Your Directors have pleasure in presenting the 56th Annual Report on the Audited Accounts for the year ended June 30, 2003 and on the state of affairs of the Company.

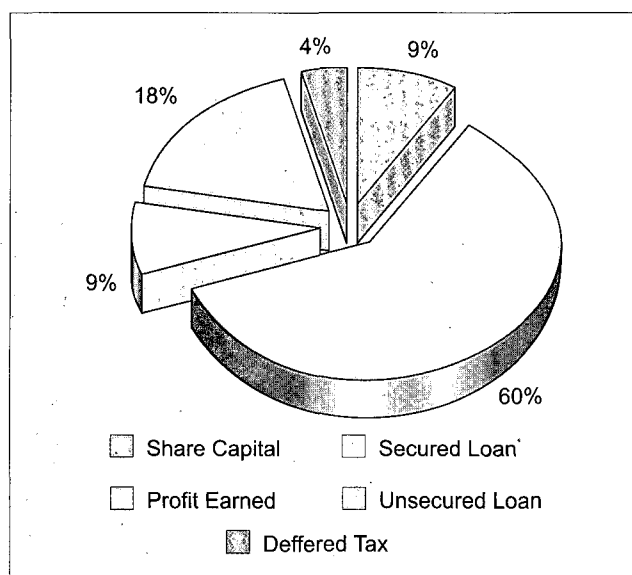
Financial Results :

	(Rs. in Lacs)	
	Current Year	Previous Year
Total Income	14862	13458
Gross Profit	2092	1977
Less : Depreciation	287	182
Profit Before Tax	1805	1795
Less : Provision for Taxation	210	165
Deferred tax	191	NIL
Profit After Tax	1404	1630
- Excess provision for taxation of earlier years written back	63	25
- Balance brought forward	775	606
- Amount credited pursuant to a Scheme of Amalgamation	70	NIL
	2312	2261

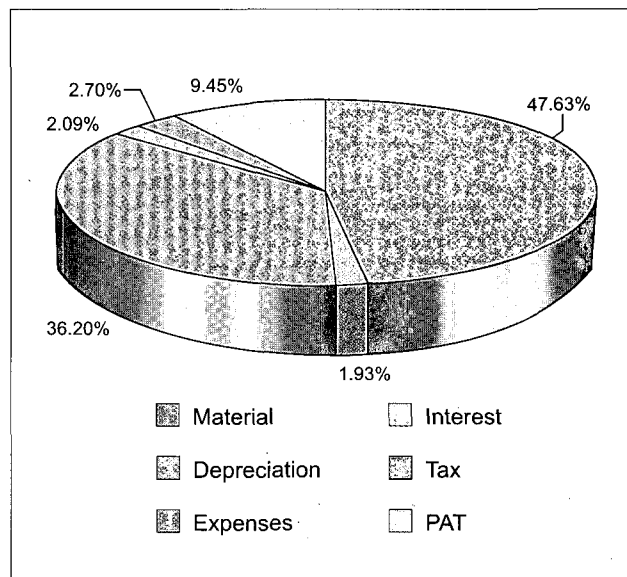
Appropriations :

Interim Dividend	NIL	441
Proposed Dividend	176	NIL
Dividend Tax	23	45
Transfer to General Reserve	1250	1000
Balance carried forward	863	775
	2312	2261

Sources of Funds



Distribution of Income



Operations :

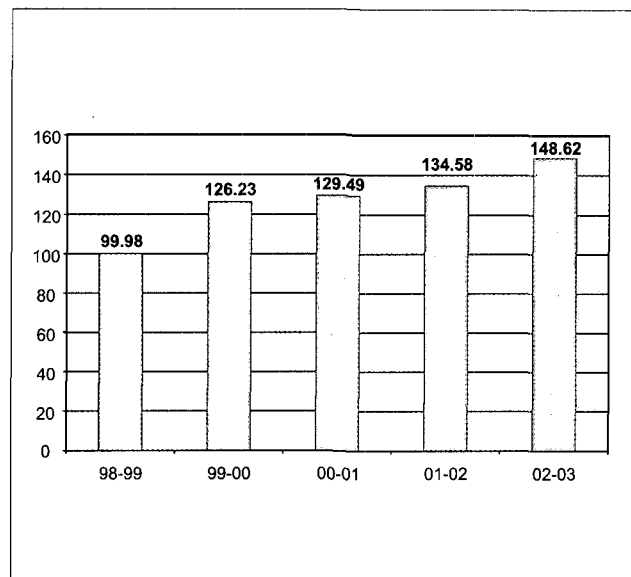
During the year under review the turnover of the Company grew from Rs. 132.21 crores to Rs. 146.63 crores, showing an increase of 10.91%. However, the profit before tax has remained at around same level at Rs. 18.05 crores showing resilience of your Company to absorb the additional, one time burden on account of various strategic initiatives taken by your Company to take it to high growth trajectory.

With UK-MCA approval, the Company started its first export to the regulated markets of UK and with other international approvals in the pipe-line, a significant break-through is expected in export to UK, Australia, New Zealand, South African markets, hitherto untapped by the company.

The new speciality Division "RADIUS" has launched several new products which include amlodipine, losartane, atorvastatin, etc. The division marks entry of the Company into newer generation life-style antidiabetic and cardiological segment which is not price sensitive, fast growing and less fragmented.

The Company is also evaluating various opportunities including participation in international exhibitions, setting-up of subsidiaries abroad, co-marketing arrangements, contract manufacturing etc. to leverage the Company's capabilities and optimise the scope and scale of operations.

Total Income (Rs. in Crores)



Developments :

As stated elsewhere in the report, your Company has received approval from UK-MCA for its existing facility at Verna-Goa in January 2003. With this approval your Company has joined the select group of Companies having approval for their facility in India from UK-MCA.

In line with your Company's policy of obtaining international recognition for its plant, your Company is also planning for approval from UK-MCA to its new facility at Verna-Goa. Besides, the Company will seek approval from inspection agencies of South Africa, Australia and New Zealand for its existing facility at Verna-Goa.

Your Company also completed consolidation of operation by amalgamating Warren Pharmaceuticals Ltd., (WPL) a wholly owned subsidiary with itself. WPL has a good presence in high value, high growth dental and ophthalmic segments of the pharmaceutical market.

Your Company also stepped up vendor/ sub-contract development efforts by out-sourcing its requirements and thereby adding to the efficiency of operation and optimum utilization of resources for timeliness, quality and cost.

Your Company is also planning investment in information technology to enable business to respond faster and perform better.

Outlook :

With the stepped-up marketing efforts on existing and new products, focussed approach towards developmental research, thrust on export etc., the Company is prepared to meet challenges of globalization and new products patents regime post 2005 with confidence. Your Company has placed itself in a solid foundation to be resilient and to exploit opportunities both in domestic and export markets.

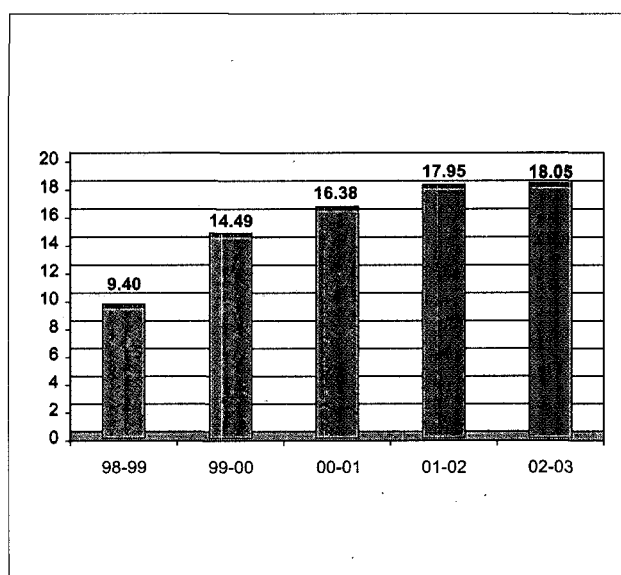
Dividend :

Considering the solid financial performance in the current year, your Directors recommend dividend of Rs. 2/- per share aggregating to Rs. 1.76 crores and Rs. 0.23 crores as dividend distribution tax, subject to approval of shareholders at the ensuing Annual General Meeting.

Directors :

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

Profit Before Tax (Rs. in Crores)





Mr UK Naik has resigned as a Director of the Company on health grounds with effect from 20th September, 2003. Your Directors place on record their appreciation for the services rendered by Mr UK Naik during his association with the Company in the last 48 years.

Subsidiary Company :

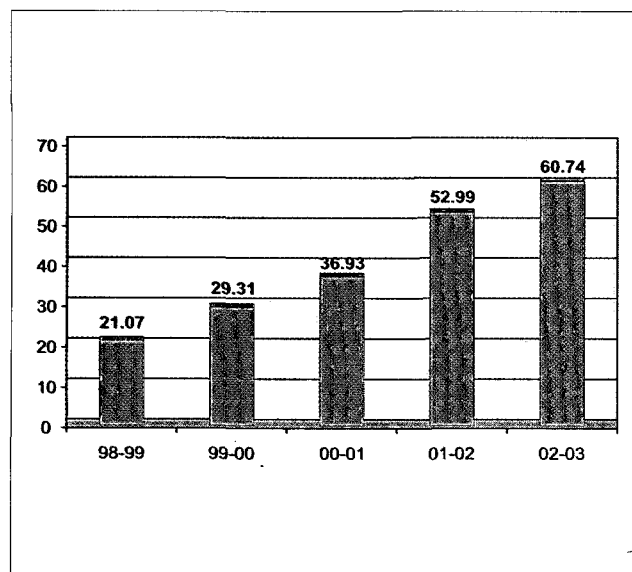
Your Directors are happy to inform you that the High Court of Judicature at Bombay has passed an Order dated 13th June, 2003 under section 391-394 of Companies Act, 1956 for the amalgamation of Warren Pharmaceuticals Ltd., (WPL), a 100% subsidiary of your company with itself effective from 1st July, 2002. The amalgamation 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 :

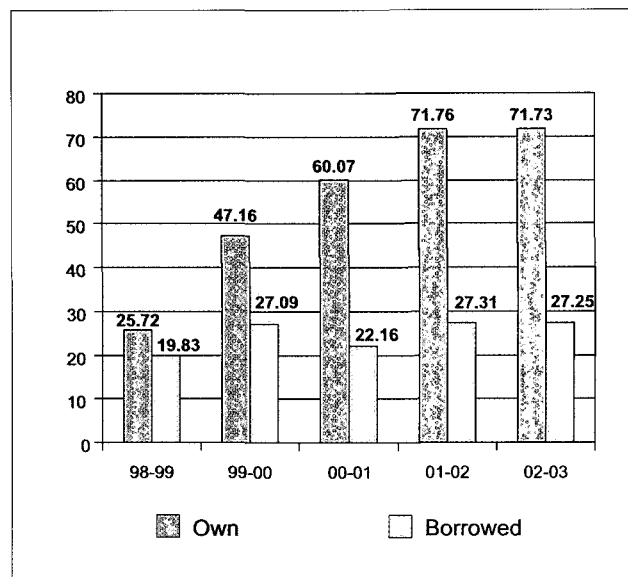
Pursuant to the provisions contained in section 217(2AA) of Companies Act, 1956, the Board of Directors of your Company confirm;

- 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;

Gross Fixed Assets Including Capital WIP (Rs. in Crores)



Own & Borrowed Funds (Rs. in Crores)



- ii) that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give true and fair view of 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;
- 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 Annexure 'A' forms part of this Report.

A. **SURESH KARE** Enterprise**Cost Audit :**

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

Employees' Particulars :

Statement under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is set out as 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 : 20th September, 2003.

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Annexure "A"

To the Directors' Report

Particulars required under the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A CONSERVATION OF ENERGY :

a) Energy Conservation Measures Taken :

The Company has taken the following measures for energy conservation:

1. Condensate recovery system has been installed with a 30000 litre capacity storage tank.
2. Installation of Electronic Ballasts for lighting.
3. Installation of high efficiency economizers for boilers.
4. Monitoring of boiler efficiency and excess air by flue gas analyzer.
5. Re-circulation of water through economizer, thereby, eliminating stand-alone hot water generator for AHUs.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.

1. Implementation of steam energy audit carried out by M/s. Forbes Marshall
2. Revamping of BMS with a provision for scheduler to schedule air-conditioning load
3. Installation of frequency control drives for AHUs and pumps and Intelligent Impedance Controller for lighting load.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The implementation of energy conservation measures for steam has helped the Company to control the consumption of furnace oil. Further, with the implementation of energy plan the Company will be able to reduce the consumption of electrical energy.

Total energy consumption and energy consumption per unit of production as per prescribed Form "A".

1. Power and Fuel Consumption

Current Year Previous Year

a) Electricity –

i) Purchased		
Unit (in lacs)	32.06	13.49
Total Amount (Rs. in lacs)	147.75	55.43
Rate/Unit	4.61	4.11
ii) Own generation		
Qty (in litres)	2,000.00	5,200.00
Total Amount (Rs. in lacs)	0.40	0.92
Rate /Unit	19.98	17.65

b) Furnace Oil

Purchased Qty. (in litres)	5,85,000.00	223,000.00
Total Amount (Rs.in lacs)	86.08	32.63
Rate/Unit	14.71	14.63

2. Consumption per unit of production

Since the company manufactures large number of formulations with the product mix changing significantly, there are no specific standards.

B TECHNOLOGY ABSORPTION :

Efforts made in technology absorption, adaptation and innovation as per prescribed "Form B"

RESEARCH & DEVELOPMENT

a) Specific areas in which R & D was carried out by Company.

Research & Development is an ongoing process. The R&D center of Company at Andheri, Mumbai is approved by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. The Company carries out R & D in several areas including development of formulations and dosage forms of new and existing drugs and process improvement to improve yields and quality.

R&D has worked on technological innovation of bilayered tablets combining an immediate release portion of one drug with a sustained release portion of other drug.