



Indoco Remedies Limited



Constantly Evolving
Consistently Excelling

Annual Report 2011 - 2012

VISION & MISSION



Vision

To improve the quality of life by making available products of highest quality at affordable prices.

To ensure that quality becomes a habit, a commitment that finds expression at every stage from production, testing, marketing to employee relations.

To be a research based globally known company present in all continents of the world.

Mission

To continue to be quality driven, research based, focused pharmaceutical company.

To adapt and assimilate cGMP (current Good Manufacturing Practices) with strict adherence to environmental safety.

To build on the trust generated by the medical fraternity.

To share management goals, with employees and celebrate corporate successes with them.



Corporate Information

Board of Directors:

Mr. Suresh G. Kare, Executive Chairman
Ms. Aditi Panandikar, Managing Director
Mr. Sundeep V. Bambolkar, Jt. Managing Director
Mr. D. M. Sukthankar
Mr. D. M. Gavaskar
Mr. Rajiv P. Kakodkar
Mr. Sharad P. Upasani
Dr. Anil M. Naik

Senior Management Team:

Dr. Mangesh Rajadhyaksha, President - API
Mr. Sunil D. Joshi, President
- Finance & Company Secretary
Dr. Kavita Inamdar, President - R&D (Formulations)
Mr. Vilas V. Nagare, Executive Vice President
- Corporate Affairs
Mr. A.S. Rege, Sr. Vice President - Operations
Mr. B. Rajendra Kumar, Vice President - Sales & Marketing
Mr. Rakesh Malik, Vice President - Sales & Marketing
Dr. Niteen Joshi, HOD - Medical Services
Mr. P. V. Ramesan, Associate Vice President
- Technical Operations (API)
Ms. Aida Dias, Associate Vice President - Corporate QA
Mr. Ajay Karajagi, Associate Vice President
- Marketing Services
Mr. Amulya Nayak, Associate Vice President
- Sales & Marketing

Company Secretary:

Mr. Sunil D. Joshi

Bankers:

Citi Bank NA
DBS Bank Ltd
HDFC Bank Ltd
IDBI Bank Ltd
Kotak Mahindra Bank Ltd
Saraswat Co-op Bank Ltd
Standard Chartered Bank
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 – 400 098
Tel No: +91 22 26541851
Fax No: +91 22 26520787
Website: www.indoco.com

Registrar & Share Transfer Agent:

Link Intime India Pvt Ltd
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (W)
Mumbai - 400 078

Company Identification Number:

CIN: L85190MH1947PLC005913



Message from Executive Chairman

Dear Stakeholders,

During the year, Indoco registered a growth of 16.9 % in revenues, despite the year being full of challenges. Economic slowdown, rising inflation and depreciation of rupee against the dollar, were the major challenges that the industry faced. It is widely envisaged that the global economy will face tough times if the Eurozone crisis is not resolved. On the Indian economic front, several reforms and policy initiatives are expected to put the growth engine back on track.

The domestic business registered a growth of 11.0 % at ₹ 3575.0 million as against ₹ 3219.6 million last year. The Company launched a new domestic marketing division for care in Cardiology and Diabetology, viz., Indoco CND. This division will cater to Super Specialty doctors, particularly in diabetes and cardiovascular segments.

In the international space, Indoco has performed well by registering a growth of over 28.9 %, despite the slow down in the US and the Eurozone. The revenues from the formulations business in Regulated Markets increased by 34.5 % to ₹ 1494.8 million from ₹ 1111.4 million and in Emerging Markets, the revenues increased by 18.1 % to ₹ 359.9 million from ₹ 304.7 million.

The Company's API business, which is still in a nascent stage, grew by 20 % at ₹ 355.2 million as against ₹ 296.1 million in the last year. The year was significant for the API Business as the Company signed an agreement with DSM, Austria, a €9 billion company in revenues. Indoco and DSM formed a strategic alliance to expand their presence in markets across the globe. DSM shall be marketing and distributing eight of the APIs manufactured by Indoco enabling the Company to leverage its product development and cGMP (current Good Manufacturing Practices) compliant manufacturing capabilities.

Earnings before Interest, Depreciation, and Tax & Amortization (EBIDTA) as on 31st March 2012 is at 17.0 %. The Profit before Tax (PBT) stood at ₹ 512.7 million as against ₹ 565.9 million last year and the Profit after Tax (PAT) for the year is at ₹ 463.4 million as against ₹ 511.2 million last year. Going by the past trends and all the investments made, we see a tremendous growth opportunity within the domestic market as well as the international markets.

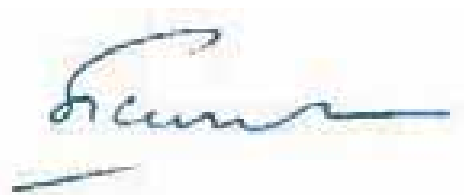
It is estimated that from 2011 to 2015, drugs worth \$ 170 bn would go off-patent which will provide a huge opportunity to generic Companies. In order to capitalize on this major development, we are expanding our R&D Centre. A plot of land adjoining our Research Centre has been acquired keeping in mind the future expansion.

In February 2012, the Board of Directors of the Company elevated Ms. Aditi Panandikar and Mr. Sundeep V. Bambolkar, to the position of Managing Director and Jt. Managing Director respectively. I am sure they will make Indoco proud in time to come and I will continue to mentor them and shall focus more on strategic matters as Executive Chairman.

We re-affirm our assurance to all our stakeholders of adhering to our core values which are inline with Indoco's vision and mission.

I would like to express my gratitude to all our stakeholders including shareholders, customers, bankers, vendors and the medical fraternity for their unstinted support. I thank all the Indocoites for their contribution towards Indoco's success.

Thanking you all,



Suresh G. Kare

Executive Chairman

From the desk of Managing Director



Dear Stakeholders,

These are exciting times for the pharmaceutical industry, times of immense opportunity and therefore extreme challenges. Never before has the industry seen this kind of potential and for that matter this level of competition. Quick decision making and dynamic strategies will be needed for success. In India, we have a market with growth over 15% and internationally, the high growth pharmerging markets, the generic opportunity created from products going off patent and a huge business segment arising out of the business of outsourcing of pharmaceuticals, all provide a big opportunity.

Two thirds of Indoco's business is generated from the domestic business of value added branded generics and the rest from international markets. With one foot firmly entrenched in the fast growing Indian Pharma market and the other in the vast International market, Indoco is beautifully poised to take off.

"The passion to get ahead is sometimes born of the fear lest we be left behind." -Eric Hoffer

At Indoco, it is our innate need to constantly evolve and consistently excel. This has compelled us to create world-class infrastructure, an able organization and Research & Development capabilities of the highest standard. These will prove invaluable as we further strengthen our position in the industry and take the Company to the next level. I have been at Indoco for two decades now. Each day has been more challenging than the one before. Over these twenty years, I have worked in every department and at every level. From setting up of a small R&D lab over 200 sq. ft. (today our centre is spread over 100,000 sq. ft.) in 1993, to managing the new business of APIs, to handling the largest function of Indian Sales & Marketing a few years ago, has been one long but extremely fulfilling journey.

Sundeep and I have worked together for many years now. We truly complement each other and have built plants, signed deals and developed strategy together on innumerable occasions.

In my new position as Managing Director, I have a big accountability towards my predecessors, my organization and shareholders. With their support I shall take Indoco to greater heights.

Thanking you all,

A handwritten signature in blue ink, appearing to read 'Aditi Panandikar'.

Aditi Panandikar
Managing Director

From the desk of Jt. Managing Director



Dear Stakeholders,

Over the years, Indoco has evolved into a research based and systems oriented pharmaceutical company. The challenge is to impressively grow the domestic formulations business and aggressively expand on the geographies being serviced by the international business. We have moved up the value chain in the international business and have now commenced filing our own ANDAs and Dossiers in advanced regulated markets such as the USA, European Union, Australia, South Africa, etc.

This will definitely entail enhanced R&D investments in terms of clinical research, scientific manpower, infrastructure and expansion of present facilities. However, the dividend pay back in terms of incremental revenues and sustained rise in profits will more than justify the risk appetite and the seemingly tough investment decisions being taken.

World class manufacturing facilities approved by the most advanced global regulatory agencies continue to remain one of our major strength. This coupled with trained technical manpower provides Indoco a clear edge in servicing international markets.

Our agreements and cooperation with Watson, Aspen and DSM will enable Indoco to surpass the critical mass which is so very important in terms of scaling up of the international business.

On the operations and supply chain front, Indoco has the entire requisite infrastructure in place. This includes hi-tech manufacturing facilities both in APIs and formulations, excellent systems in logistics and distribution both within the domestic space and for international business, as well as skilled manpower to accomplish the targets.

On the Information Technology, modern software and systems with built in audit-trail have been commissioned to support the various departments across the organization. Business Intelligence Tools, a software capable of analyzing the minutest of detail for the review and analysis of the business performance has also been commissioned.

Financially, the company has always been managed in the most disciplined manner and that has been and will remain our commitment to all our stakeholders. Indoco has been in the forefront while deploying latest financial instruments for raising funds since many years.

I look forward to a very encouraging growth phase for Indoco wherein Aditi and myself will lead a highly motivated team of talented professionals to accomplish our vision of taking Indoco to much greater heights.

Thanking you all,

A handwritten signature in blue ink, appearing to read 'Sundeep V. Bambolkar', written over a light blue horizontal line.

Sundeep V. Bambolkar
Jt. Managing Director

Milestones of the last decade



- Signed with **DSM**, a € 9 billion Company, for marketing and distribution of eight APIs
- **TGA-Australia** approves new solid dosages facility (Goa plant III)

2012

- Received the **IDMA Silver Quality Excellence Award** for sterile manufacturing facility (Goa plant II) and solid dosages facility in Baddi
- New solid dosages facility commissioned (Goa plant III)

2011

- Signed with **Watson Pharmaceuticals Inc. USA**, to develop, manufacture and supply a basket of sterile products for US market
- Signed with **ASPEN, South Africa** on a multi-product, multi-territory deal

2010

- **UK-MHRA** approval for the solid oral dosages facility at Baddi

2009

- Received **IDMA Quality Excellence Awards-Gold** for the sterile facility (Goa Plant II) and **Silver** for the solid dosages, liquid orals and creams & ointments facility (Goa plant I)
- **TGA-Australia** approval for the solid dosages, liquid orals and creams & ointments facility (Goa plant I)

2008

- **ANVISA(Brazil)** approval for the solid dosages facility (Goa plant I)
- Launch of **Warren-Excel** and **Spera** - two specialty domestic marketing divisions

2007

- **US-FDA** approval for Ophthalmics facility (Goa plant II)
- **Darmstadt-Germany** approves the solid dosages facility (Goa plant I)
- **New R&D Centre** at Rabale, near Mumbai becomes functional
- Acquisition of **LaNOVA Chem Pvt.Ltd** with its **API** manufacturing facility in Patalganga

2006

- Shares of the Company **listed on BSE and NSE**

2005

- '**Karvol Plus**' brand acquisition from Solvay Pharmaceuticals Pvt. Ltd.

2004

- **UK-MHRA** approval for the solid dosages facility (Goa plant I)

2003

Our Infrastructure



R&D Centre

The Key to growth & innovation

Indoco's R&D activities are oriented towards the Company's commitment of excellence through innovation. The robust R&D capabilities within the Company for both 'Process Designing' and 'Product Development' reflect the Company's commitment to be a leader in the generics space and offer non-infringing APIs and value added formulations.

Indoco's state-of-the art R&D centre at Rabale near Navi Mumbai is spread over an area of over 1,00,000 sq. ft. The R&D centre has capabilities in Synthetic Chemistry, Formulations Development, Analytical Methods Development, Intellectual Property Rights and Regulatory services. A team of 200 scientists focus on building a large portfolio of products, optimizing existing processes and creating new technologies to offer a value added product to the customer, thus strengthening Indoco's position in the market place. R&D projects are aligned to improve process efficiencies, reduce environmental impact, regulatory compliance and creation of intellectual property.

The R&D activities include:

- Chemical Synthesis of Molecules and Intermediates (R&D, Preclinical, Clinical and Generic)
- Process Chemistry
- Non-Infringing Process Designing and Scale up
- Analytical Research (Analytical Method Development, Validation, Impurity Profiling and Polymorphic Studies)
- Contract Manufacturing – Kg to Multi Ton
- Formulation Development
- New Drug Delivery System (NDDS) and Technology Platforms
- Regulatory Services with capabilities to organize Bio-Equivalence Studies and Clinical Trials

The R&D centre has been approved by the Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology, Govt. of India.