

Enriched by **Experience.**
Empowered by **Research.**



ANUH PHARMA LTD.

52nd ANNUAL REPORT 2011-12

Anuh Pharma Limited

Anuh Pharma Limited is part of the SK Group.
Founded in 1932, the SK Group has been
serving the pharmaceutical industry for
80 years.



- **Macrolides**
- **Corticosteroids**
- **Anti TB**
- **Antibiotics**
- **Anti Malarials**



Contents

02	Business Review	13	Notice
04	Chairman's Message	15	Directors' Report
05	Did You Know?	18	Compliance Certificate
06	Managing Director's Message	21	Management Discussions & Analysis
08	Board of Directors	23	Corporate Governance Report
09	Key Management Team	30	Auditors' Report
10	Financial Snapshot	34	Financial Statements
12	Corporate Information	57	Cash Flow Statement

Every organisation has at its core key values that both define and distinguish it. Like a complex and a complicated formula, these values come together and become powerful drivers of growth and success, longevity and legacy.

At Anuh Pharma Limited, we have two simple values that define, distinguish and drive us :

EXPERIENCE and RESEARCH

These two values form the foundation of our growth and success.

With experience comes expertise and knowledge. But in an industry that has one of the fastest rates of innovation and technological advances, **it is research that differentiates leaders in our industry.** Experience needs to be empowered by research.

Not many have experience that spans 8 decades accumulated over 4 generations!

Not many can build on this experience with power of cutting-age research!

And when you have that rare mix of experience and research, history and future, pedigree and potential, you are :

Enriched by **Experience.**
Empowered by **Research.**

Business Review



Rich History and Proud Legacy

**8 Decades
4 Generations**

According to latest research in corporate longevity, the average life span of a company is 45 years.

The SK Group was established in 1932. The SK Group is a celebrated story in corporate longevity. It is a shining example of the glorious tradition of family businesses and entrepreneurship in India, and how a family business has successfully evolved into a top professional organisation. While the average life span of a company is 45 years, the SK Group has been going strong for 80 years and 4 generations, progressing and building ahead with every generation. That is unbeatable experience.

The US\$ 180 million group is today a leader in the Pharmaceuticals, Fine Chemicals, Speciality Chemicals, Bulk Drugs Formulation and Pharmaceutical Distribution. The group has 4 bulk drug factories, 2 formulation factories and 5 distribution centres.

At Anuh Pharma Limited, we are proud to be a part of the SK Group. We are a US\$ 50 million company, and leading manufacturers of Active Pharmaceutical Ingredients (API). We are one of the largest producers of macrolides in the country.

We also manufacture anti-bacterial, anti-tuberculosis, anti-malarial and corticosteroids. Our state of the art, ISO 9001-2000 and WHO-GMP certified manufacturing facility is located at Tarapur, only 120 kms. from Mumbai. We are a Star Export House and have consistently won Best Exporters' Awards from the Government of India.



Sustained Growth

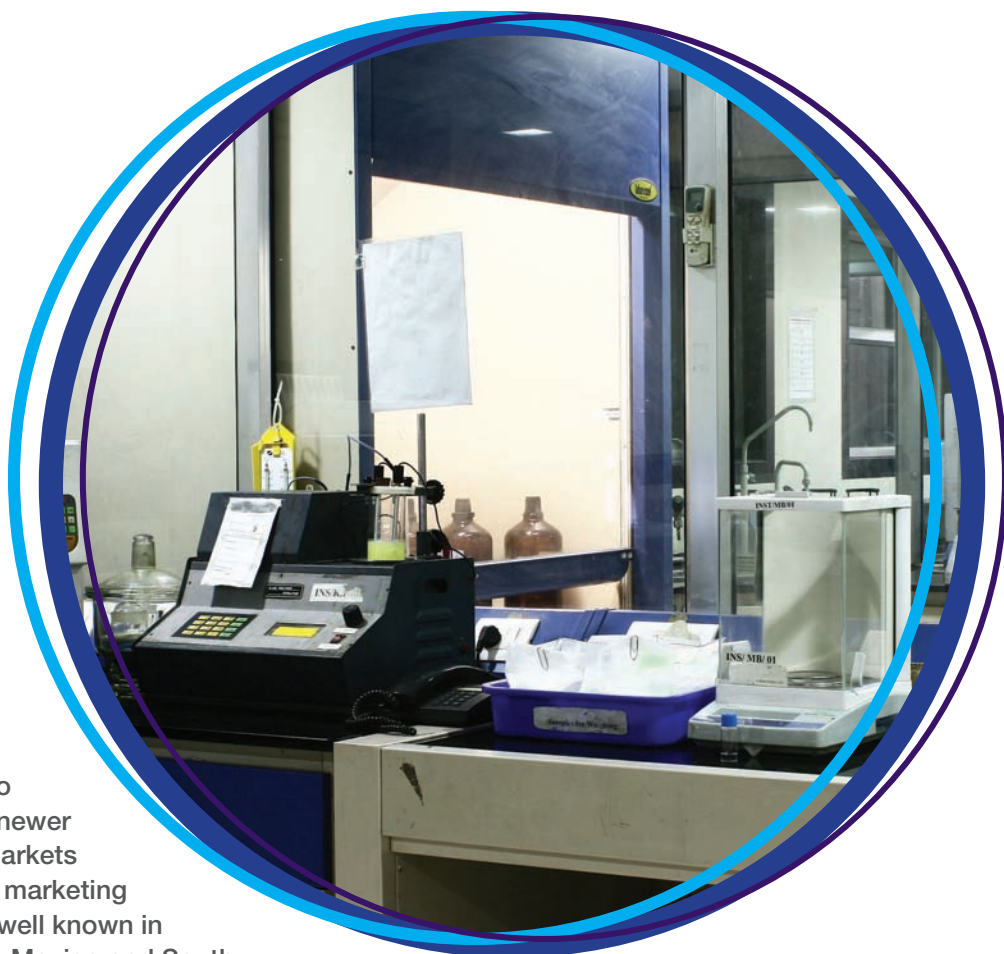
Since we started manufacturing in 1989, we have demonstrated sustained growth. We started manufacturing with a 15 tonne capacity. Over the years, we have steadily added to our manufacturing capacities. Today, our manufacturing capacity is 900 tonnes.

We have expanded into diverse therapeutic areas. We have state of the art production facilities, warehouse, quality control and R&D all under one roof.

As we augmented and enhanced our manufacturing facilities, we also expanded our global footprint into newer geographies. We developed new markets for our products through sustained marketing initiatives. Today, our products are well known in over 57 countries including Europe, Mexico and South Africa. Anuh Pharma Limited is a trusted partner to over 350 companies.

Empowered by Research

Anuh Pharma Limited is at the forefront of R&D. At Anuh Pharma Limited, we firmly believe that R&D is key to what we are today and where we shall be tomorrow. The pharmaceutical industry has one of the fastest rates of innovation and technological advances. R&D has always been a top priority with Anuh Pharma Limited through all these years. Today, we have a 10,000 sq. ft. R&D division located at Thane-Belapur Road. It is equipped with latest technology and sophisticated machines. Divided into three sections, Analytical Development Lab, Chemical Synthesis Lab and a Pilot Plant, everything from product analysis to particle analysis, from process development to method improvements, from scaling up processes to clinical trials and validations, are all done in house in the R&D division.



The R&D division is ably supported in technology and knowledge by a team of highly qualified technical experts who are all doctorate and post-graduate level.

Outlook

As we look forward, we see a future that is promising and secure. Promising, because the world of pharmaceuticals is expanding and presenting newer, bigger opportunities. Promising, because India is making rapid progress and well on way to become the second largest manufacturing centre in the world. Secure, because we are confident and capable. Because we have the rare combination of pedigree and legacy, vision and venture.

Because we are

**ENRICHED BY EXPERIENCE.
EMPOWERED BY RESEARCH.**

Chairman's Message



It is estimated that India will emerge as the second biggest manufacturing hub in 2012, overtaking Italy.

Dear Shareholders,

It is a pleasure to share my thoughts with you as we present our 52nd Annual Report for Anuh Pharma Limited. Anuh Pharma Limited has been an integral part of the SK Group. This year, the SK Group completes 80 years of service to the pharmaceutical industry. The group was founded way back in 1932, and has evolved over these eight decades as a leading importer, exporter, distributor and manufacturer of bulk drugs, chemicals and pharmaceutical formulations.

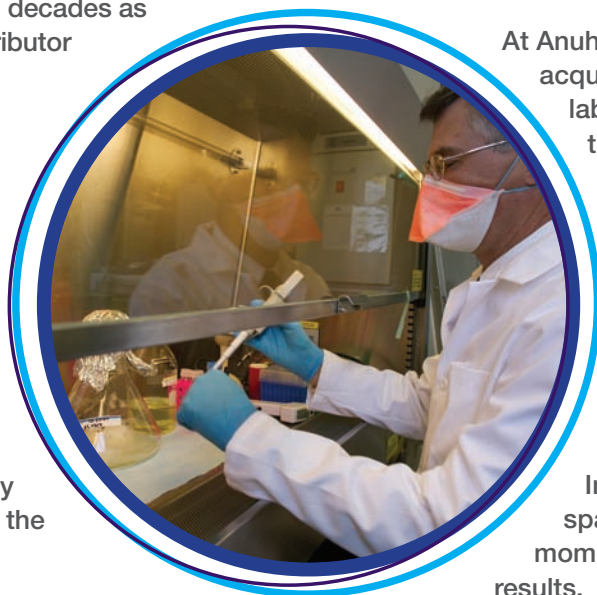
Anuh Pharma Limited has delivered yet another outstanding performance for the year 2011-12. What makes this performance especially outstanding is the fact that it was achieved at a time when the macro-environment was difficult due to overall uncertainty in Eurozone, modest recovery in the US and slowing growth in India.

The global pharmaceutical industry has been growing at the rate of 7%. While R&D and innovations within the industry are still majorly dominated by MNCs based in the western world, the manufacturing focus has been shifting to Asian giants – China

and India. China continues to remain the biggest manufacturing centre followed by Italy and India, and it is estimated that India will emerge as the second largest manufacturing hub in 2012, overtaking Italy.

The Indian pharmaceutical industry has been growing steadily at 14% for the last 3 years. What has been noteworthy is the rapid upgradation in the standards and quality of manufacturing. Indeed, one of the primary reasons why more and more manufacturers are shifting to India is due to this rapid scale up in plant, machinery and processes that match international standards.

Another area where the Indian pharmaceutical industry has made significant advances has been in R&D. R&D forms a critical part of this industry as new products and new processes lend a substantial advantage.



At Anuh Pharma Limited, we have acquired assets of a Spanish R&D laboratory. The acquisition of the R&D laboratory will further add to the strengths of the company as well as to the overall strength of the SK Group.

As we move forward, we are confident that Anuh Pharma Limited will continue to play a dominant role in the Indian pharmaceutical and API space and keep building on the momentum and deliver yet better results.

Yours faithfully,
Jayantilal P. Shah
Chairman

Did You Know?

While the Indian pharmaceutical industry grew at 14 % during the year, Anuh Pharma Limited grew almost 29.26%.

Anuh Pharma Limited has forayed into world-class R&D by acquiring assets of a Spanish R&D laboratory for Spanish company in India.



₹ 10/- invested in 1 share of Anuh Pharma Limited in 1989 is worth 96 shares of ₹ 5 each, approximately worth ₹ 11,500 today!

Anuh Pharma Limited is the largest producer of Erythromycin salts in India!

SK Group, which owns Anuh Pharma Limited, will complete 80 years of service to pharmaceutical industry this year on Dusshera.

Anuh Pharma Limited has been recognised as STAR TRADING HOUSE.

Managing Director's Message



Mr. Bipin N. Shah, Managing Director of **Anuh Pharma Limited**, reviews the performance of the company.

Q. How was been year 2011-12 for the company?

A. The year 2011-12 has indeed been one that presented a challenging scenario for Anuh Pharma Limited. On the one hand, the Eurozone crisis and slow rates of growth in most developed countries affected demand and off-take. On the other hand, domestic inflation and higher interest rates directly affected all input costs. To compound this, there was a general slowdown in industrial growth as well as overall GDP growth, that came down to 6.5% from over 8% in the two previous years.

However, at Anuh Pharma Limited, we have always taken challenges in our stride and overcome these with our consistent commitment to quality and sustained internal efficiencies. We have managed to increase our topline handsomely compare to average industry growth rate.

Q. Can you share some key financial indicators for the year?

A. During the year 2011-12, the total revenues increased to ₹ 226.09 crores from ₹ 176.43 crores in the previous year, indicating an increase of 29.26%. This is against the industry growth rate 14%.

Our Profit Before Depreciation and Tax also increased to ₹ 19.37 crores from ₹ 18.61 crores in the previous year.

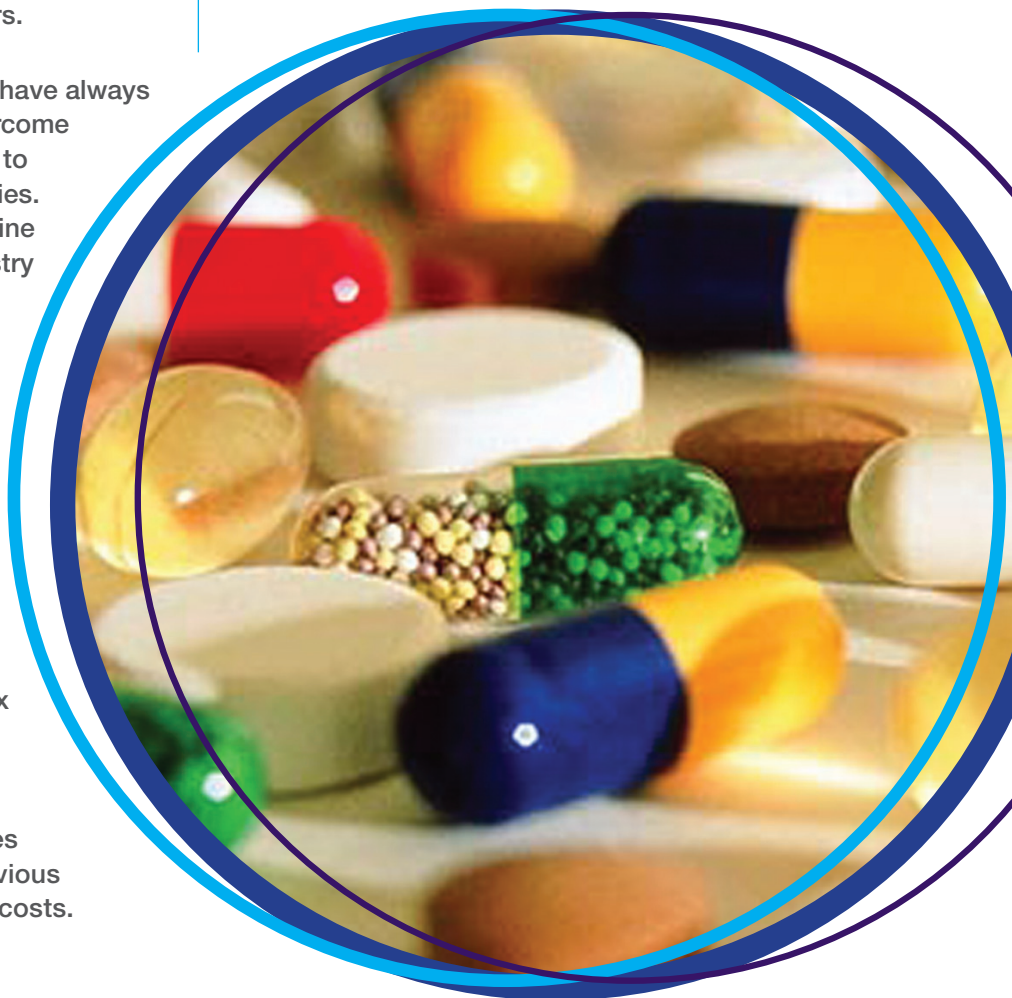
Our PAT for the year was ₹ 12.85 crores compared to ₹ 12.29 crores in the previous year. This was in spite of higher input costs.

The EPS for the year stood at ₹ 15.38 per share, compared to ₹ 14.71 per share in 2010-11.

The Reserves as on 31st March 2012 were ₹ 65.03, compared to ₹ 57.16 as on 31st March 2011

Q. What have been outstanding events and initiatives for the company during the year?

A. During the year, Anuh Pharma Limited was awarded **STAR TRADING HOUSE** status by the Joint



Director General of Foreign Trade, under the Ministry of Commerce. Anuh Pharma Limited is one of the few pharmaceutical companies in the Indian pharmaceutical industry to be awarded STAR TRADING HOUSE status for its outstanding export performance.

We launched PYRAZINAMIDE in Europe during the year.

We also started renovation of our intermediate plant for macrolide in the month of October 2011. It is expected to be completed in the month of June 2012, and upon completion, will increase our capacity for intermediate macrolides by 120 metric tonnes, taking our total capacity to 1020 metric tonnes.

Q. What is your outlook on the future of the industry and prospects of the company?

A. The outlook for the Indian pharmaceutical industry is extremely positive. It is expected to treble in value in the next three years. API segment is also expected to treble in line with the overall growth of the industry. In 2012 itself, India is expected to overtake Italy and emerge as the second largest manufacturing centre after China. What makes India attractive is not only its cost-advantages and English language skills, but also its regulatory framework.

At Anuh Pharma Limited, we are confident of excellent prospects in the future. We have a substantial market

in India (40%) and as the Indian pharmaceutical industry grows, we will continue to dominate it. We also have regulatory approvals for three products from Europe, and our prospects are especially bright for this important geography.

We are also looking to expand into new therapeutic areas. Going forward, we expect to grow our topline by at least 20% on a year on year basis for the next few years.



Board of Directors



Jayantilal P. Shah
Chairman



Mr. Bipin N. Shah
Managing Director



Mr. Lalitkumar P. Shah
Director



Mr. Bharat N. Shah
Director



Mr. Jasavantlal G. Shah
Director



Mr. Dilip G. Shah
Director



Mr. Arun Todarwal
Director



Mr. Ashwin Shroff
Director