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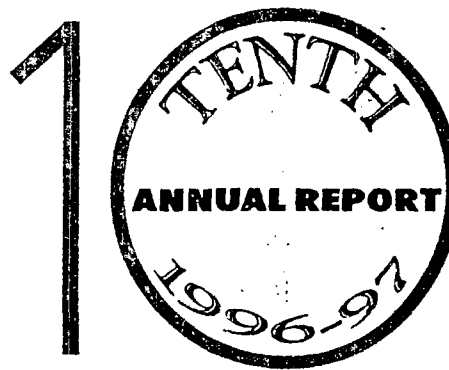
**CERTIFIED TRUE COPY**

For AUROBINDO PHARMA LTD.

*[Signature]*  
**DIRECTOR**

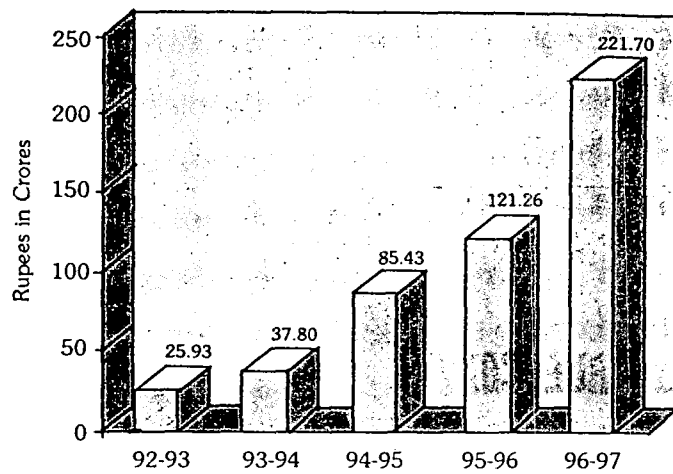
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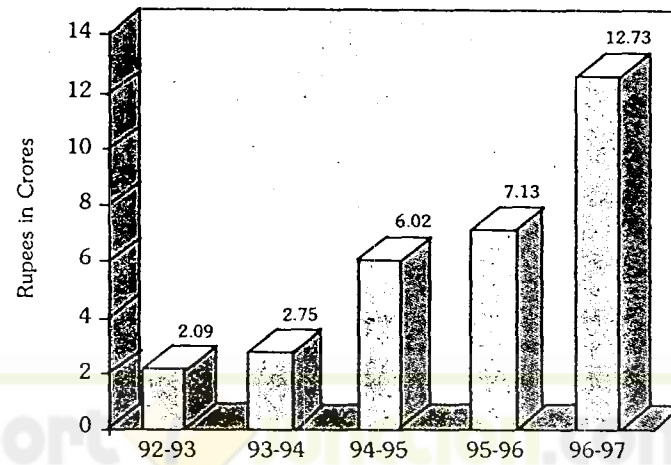


## GROWTH TREND

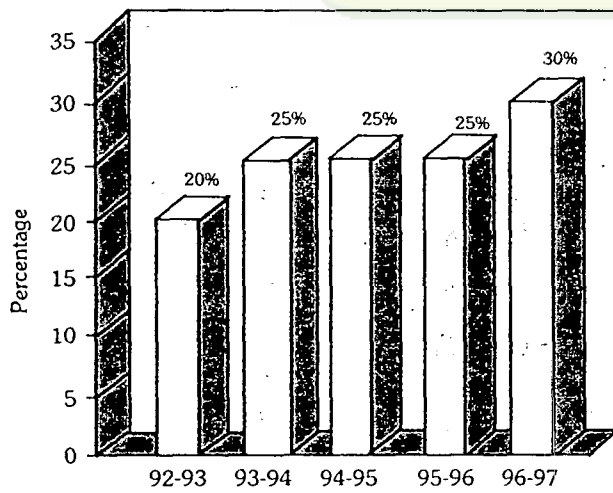
### TURNOVER



### PROFIT AFTER TAX



### DIVIDEND





## BOARD OF DIRECTORS

P.V. RAMAPRASAD REDDY, Managing Director  
 K. NITYANANDA REDDY, Joint Managing Director  
 H.N. BELAWAT, IFCI Nominee  
 M. SIVAKUMARAN  
 A. SIVARAMA PRASAD  
 P.S.R.K. DURGA PRASAD  
 K.A. VENKATACHALAM  
 P. SUNEELA RANI  
 A.J. KAMATH

### AUDITORS

K. Nagaraju & Associates  
 Chartered Accountants  
 Chikkadpally  
 Hyderabad

### BANKERS

ANZ Grindlays Banks Plc.  
 Canara Bank  
 ICICI Banking Corporation Limited  
 IDBI Bank Limited  
 Punjab National Bank  
 State Bank of Hyderabad  
 State Bank of India

### REGISTERED OFFICE

248/3RT, I Floor,  
 Sanjeeva Reddy Nagar,  
 Hyderabad - 500 038.

### WORKS

- Unit I : 129/3, Thuttipet Village  
 Villianur Commune, Pondicherry
- Unit II : 103/A, S.V.C.I.E., I.D.A, Bollaram  
 Narsapur Tq., Jinnaram Mandal,  
 Medak Dt. A.P.
- Unit III : 5-36/207, Prashanthi Nagar  
 Kukatpally,  
 Hyderabad - 500 037. A.P.
- Unit IV : Plot No.32&33  
 Block A, Phase I, IDA, Pashamylaram  
 Patancheru Mandal  
 Medak Dt. A.P.
- Unit V : Survey Nos.329/39 & 329/47  
 Chitkul Village, Patancheru Mandal,  
 Medak Dt. A.P.

### REGISTRARS & SHARE TRANSFER AGENTS

KARVY CONSULTANTS LIMITED  
 8-2-621/A, Road No.10, Banjara Hills,  
 Hyderabad - 500 034.



## NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of AUROBINDO PHARMA LIMITED will be held at 3.00 PM. on Friday the 29th day of August, 1997 at Hotel Green Park, Green Lands, Begumpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March, 1997, and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Sri P.S.R.K.Durga Prasad who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Smt. P. Suneela Rani who retires by rotation and is eligible for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

M/s.K.Nagaraju & Associates, Chartered Accountants, Hyderabad, retire at this Annual General Meeting and are eligible for re-appointment.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

"RESOLVED THAT in modification of the resolution passed in the 9th Annual General Meeting held on 27th August, 1996, consent be and is hereby given for increase of commission on profits payable to Sri. P.V.Ramaprasad Reddy, Managing Director of the Company, from 0.5% to 4% with effect from 1st April, 1996".

7. To consider and if thought fit, to pass with or without modifications the following resolution as an ordinary resolution.

"RESOLVED THAT in modification of the resolution passed in the 9th Annual General Meeting held on 27th August, 1996, consent be and is hereby given for increase of commission on profits payable to Sri. K. Nityananda Reddy, Joint Managing Director of the Company, from 0.5% to 1% with effect from 1st April, 1996".

By order of the Board  
for AUROBINDO PHARMA LIMITED

P.V.RAMAPRASAD REDDY

Managing Director

Place : Hyderabad,

Date : 25th June 1997.

### NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The proxy Forms must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
3. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd August, 1997 to 29th August, 1997 (both days inclusive).
5. The Dividend when declared will be payable to the shareholders whose names appear on the Register of Members of the Company as on 29th August, 1997 being the Book Closure Date.
6. The Shareholders are hereby informed that all the correspondence in connection with the transfer of shares etc., be addressed to the Registrars of the Company namely M/s. Karvy Consultants Limited, 8-2-621/A, Road No.10, Banjara Hills, Hyderabad - 500 034.

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**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**ITEM NO. 6 & 7.**

In view of the significant contribution made by Sri P.V.Ramaprasad Reddy, Managing Director and Sri. K. Nityananda Reddy, Joint Managing Director., for the growth and development of the Company, and keeping in view of the expansion/diversification plans coupled with steps to be taken for strengthening the present operations, it was felt desirable to increase the commission

payable to them.

None of the Directors of the Company other than Sri. P.V. Ramaprasad Reddy, Smt. P.Suneela Rani, Sri. K. Nityananda Reddy, Directors may be deemed to be concerned or interested in the resolution.

By order of the Board  
for **AUROBINDO PHARMA LIMITED**

**P.V.RAMAPRASAD REDDY**  
Managing Director

Place : Hyderabad,  
Date : 25th June 1997.

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## DIRECTORS' REPORT

To  
The Members of Aurobindo Pharma Limited,

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1997.

### 1. FINANCIAL PERFORMANCE

	(Rs. in Crores)	
	1996-97	1995-96
Gross Income	222.46	121.80
Profit before		
Interest and Tax	25.16	10.59
Interest	10.55	3.25
Profit before Tax	14.61	7.34
Provision for Tax	1.88	0.22
Profit after Tax	12.73	7.12
(available for		
appropriation)		
Appropriations:		
Proposed Dividend	1.42	1.18
Tax on proposed		
Dividend	0.07	—
Transfer to		
General Reserve	10.50	5.75
Balance Carried to		
Balance Sheet	0.74	0.19
	12.73	7.12

### 2. DIVIDEND

An interim dividend of 15% for the year 1996-97 amounting to Rs.70.87 Lakhs was declared by the Directors on 27.02.1997. Your Directors now recommended to the Annual General Meeting the declaration of a Final Dividend of 15% for the year 1996-97 amounting to Rs.70.87 Lakhs. The aggregate dividend declared for the year 1996-97 comes to 30% as against the 25% for the previous year.

### 3. REVIEW OF OPERATIONS

The performance of your Company for the Financial Year under review is quite impressive. The sales has increased to Rs.221.70 Crores, up by 83% and the

Profit After Tax has increased to Rs.12.73 Crores, up by 79% as compared to previous year.

The Exports have also gone up to Rs.90.55 Crores as against Rs.48.25 Crores in the previous year.

During the year, the Company's new unit of bulk sterile has gone into production. Further the expansion of existing production facilities has also contributed to the overall performance of the Company.

### Performance Vs. Projections:

(Rs. in Crores)		
Particulars	Year ended 31.03.97	
	Projections	Performance
Sales/Other		
Income	153.52	222.46
Profit Before		
Interest Depreciation		
& Tax	17.27	26.87
Profit after Tax	12.38	12.73
Earnings Per		
Share (Rs.)	26.20	26.93
Dividend(%)	25.00	30.00

### 4. FUTURE PLANS & PROSPECTS

Your Company has now emerged as a major player in semi synthetic penicillin products, being the core business. Presently, the Company is in the process of consolidation of its operations to meet the global challenges. Further investments are envisaged to create modern manufacturing facilities to augment formulation operations. The R&D efforts of the Company shall continue to achieve further growth.

Barring unforeseen circumstances, your Company is confident to continue to perform well in the years ahead.

### 5. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Sri P.S.R.K.Durga Prasad and Smt. P. Suneelarani

retire by rotation at the Tenth Annual General Meeting and being eligible, offer themselves for reappointment.

#### 6. AUDITORS

M/s.K. Nagaraju & Associates, Chartered Accountants, the statutory Auditors of the Company retire at the conclusion of the Tenth Annual General Meeting and are eligible for reappointment.

#### 7. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules 1988, are given in Annexure I which forms part of this Report.

#### 8. PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees as required by Sub Section 2A of Section 217 of the Companies Act, 1956 is

given in the Annexure II which forms part of this Report.

#### 9. FIXED DEPOSITS

Your Company has not accepted any fixed deposits during the year under review.

#### 10. INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year and your Directors wish to place on record their deep appreciation for the same.

#### 11. ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation of committed services and contribution of employees of the Company at all levels.

Your Directors would like to thank Company's Financial Institutions, Banks, customers and Government for their cooperation and continued support.

Your Directors also wish to express their gratitude to the shareholders for their trust and confidence reposed in the Company.

For and on behalf of the Board

**P.V. RAMAPRASAD REDDY**  
Managing Director

Place : Hyderabad,  
Date : 25th June, 1997

**K. NITYANANDA REDDY**  
Joint Managing Director



## ANNEXURE 1 TO DIRECTORS' REPORT

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

### A) CONSERVATION OF ENERGY

#### FORM - A

	31.03.1997	31.3.1996
<b>ENERGY CONSERVATION</b>		
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
<b>1) Electricity</b>		
a) Purchased:		
Units (Nos. in lakhs)	75.91	25.72
Total Amount (Rs.in lakhs)	238.36	57.88
Unit Rate (Rs.)	3.14	2.25
b) Own Generation:		
i) Through Diesel Generator		
(No.of units in lakhs)	12.53	7.61
Units per liter of diesel	2.00	2.00
Oil Cost per Unit (Rs.)	3.65	3.63
ii) Through Steam Turbine/Generator	—	—
Units per liter of Oil/Gas	—	—
Cost per Unit	—	—
<b>2. Coal</b>		
Quantity in M.T.	5334	2117
Cost (Rs. in lacs)	64.06	19.42
Average Rate/MT (Rs.)	1201	917
<b>3. Furnace Oil</b>		
Quantity (Its)	—	—
Total Cost (Rs.)	—	—
Average Rate (Rs.)	—	—
<b>4. Others (Wood)</b>		
Quantity in M.T.	684	574
Total Cost (Rs. in lakhs)	5.44	3.68
Average Rate/M.T. (Rs.)	795	639
<b>II. Consumption per Unit of Production</b>		
Electricity	: Since the Company manufactures different types of bulk drugs, drug intermediaries and formulations, it is not practical to give consumption per unit of production.	
Coal		
Wood		



**B. TECHNOLOGY ABSORPTION:****FORM - B****Research and Development:**

1. Specific Areas in which Research and Development carried out by the Company.
  - The Company is continuously carrying out process Research & Development of various products.
2. Benefits derived as a result of the above Research & Development.
  - Improved yields and quality.
3. Future Plan of Action:
  - The Company is planning to further strengthen its Research & Development efforts both in Bulk Drugs and Formulations.
4. Expenditure on Research and Development:
  - Not being substantial included under usual heads of expenditure

**Technology Absorption, Adaptation and Innovation:**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
  - Technology absorption is not involved as the process for the manufacture of bulk drugs is being developed in house by the Company.
2. Benefits derived as a result of the above efforts, e.g., Product improvement, cost reduction, product development, import substitution etc.,
  - Product improvement and cost reduction.
3. Particulars of Imported Technology:
  - There is no imported technology.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO****FORM - C**

	1996-97	(Rs. in Lakhs) 1995-96
<b>Foreign Exchange Earnings:</b>		
FOB Value of exports	9055.25	4825.36
<b>Foreign Exchange Outgo:</b>		
Import of Raw Materials	7869.76	5168.32
Import of Capital Goods	—	513.20
Traveling Expenses	22.27	46.94
Other Expenses	—	16.85

For and on behalf of the Board

**P.V. RAMAPRASAD REDDY**  
 Managing Director

 Place : Hyderabad,  
 Date : 25th June, 1997

**K.NITYANANDA REDDY**  
 Joint Managing Director