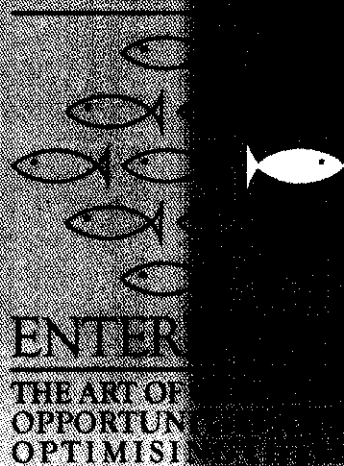


World's First & Globally Patented Research Products

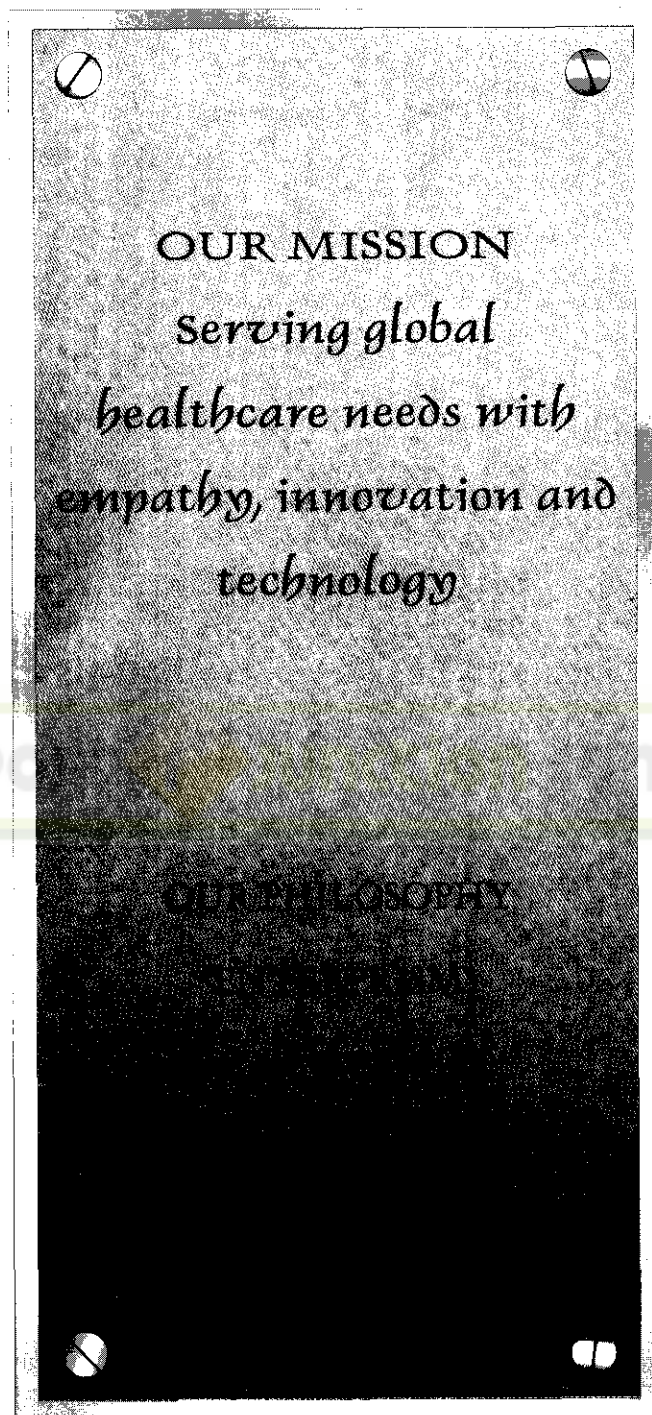


Annual
report
1998-99

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ap *ajanta pharma limited*



NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the members of Ajanta Pharma Limited will be held on Tuesday, 30th May, 2000 at 5.00 P.M. At Ajanta House, 98, Government Industrial Area, Charkop, Kandivli (West), Mumbai 400 067 to transact the following business-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2000 and the Balance Sheet as on that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Chandrakant Khetan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. K. Ramamoorthy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification the following resolution as an Ordinary Resolution.

RESOLVED THAT Mr. Yogesh M. Agrawal, in respect of whom the Company has received Notice in writing from a member proposing him as candidate for the office of Director under the provisions of Section 257 of the Companies Act, 1956 along with a deposit of Rs.500 and who is eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company.

By Order of the Board of Directors

P. R. SONAWANE
COMPANY SECRETARY &
GENERAL MANAGER (LEGAL)

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form, in order to be effective, must be deposited at the Registered Office of the company not less than 48 hours before commencement of the meeting.

2. The members are requested to :
(a) intimate to the Company changes, if any, in their registered address at an early date ;
(b) quote ledger folio number in all their correspondence;
(c) bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
3. Explanatory Statement as required under Section 173 (2) of the Companies Act 1956 relating to Special Business under Item No.6 is attached hereto.
4. The Board of Directors of the Company has fixed 30th May, 2000 as Record Date for The purpose of payment of Dividend.

By order of the Board of Directors

(P. R. SONAWANE)
COMPANY SECRETARY &
GENERAL MANAGER (LEGAL)

Mumbai,
29th April, 2000

Regd. Office :
Ajanta House, 98, Government Industrial Area,
Charkop, Kandivli (West), Mumbai - 400 067

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the special business under Item No. 6 of the accompanying Notice dated 29th April, 2000.

Item No. 6 :

Mr. Yogesh M. Agrawal, who has been appointed as an additional Director with effect from 29th April, 2000 holds office only upto the date of the 21st Annual General Meeting of the Company as per the provisions of the Articles of Association of the Company but is eligible for appointment. In terms of Section 257 of the Companies Act, 1956, the Company has received Notice in writing along with a deposit of Rs.500 from its Member signifying his intention to propose the candidature of Mr. Yogesh M. Agrawal for the office of Director.

Mr. Yogesh M. Agrawal is a young entrepreneur and has acquired substantially rich experience in pharma industry. Your Directors therefore recommend passing of this resolution.

None of the Directors except Mr. Mannalal B. Agrawal, Mr. Purushottam B. Agrawal and Mr. Madhusudan B. Agrawal are either directly or indirectly interested in passing of this resolution.



Chairman's Letter

Dear ShareOwners,

In my first letter to you, I take pleasure in sharing our achievements, which are an impression of our mission statement "Satisfying **global healthcare** needs with **empathy, innovation** and **technology**".

Ajanta Pharma's story is of "**Enterprism**", the story of **Empathy** for new markets like CIS and Africa, the **Innovation** of patented products like natural carotenoid and micro-nutrient, and **Technologies** like USFDA Approvals, WHO GMP and Productivity Optimisation.

We satisfy and create value for our Customer, the Ultimate "**King**", through Empathy, Innovation and Technology. Satisfying him, in turn, creates value for all of us.

We present this report where we made good progress in some areas, and in the coming years, our energies will be focussed on improving the overall performance of your company.

While concluding the **silver** jubilee celebrations, we are now looking forward to a great **golden** jubilee era. Be it the people, be it the facilities, be it the products and the markets, we have a fine pick of all and the Best of them is yet to come.....

MANNALAL B. AGRAWAL

BOARD OF DIRECTORS

Mr. Mannalal B. Agrawal
Chairman

Mr. Purushottam B. Agrawal
Managing Director

Mr. Madhusudan B. Agrawal
Jt. Managing Director

Dr. Ramesh Jhawar
Director

Dr. Krishnan Ramamoorthy
Director

Mr. Chandrakanth M. Khetan
Director

Mr. K. H. Viswanathan
Nominee Director

Mr. Nitin Deshmukh
Nominee Director

COMPANY SECRETARY
Mr. P. R. Sonawane

BANKERS

Industrial Development Bank of India
State Bank of Hyderabad
State Bank of Mauritius
State Bank of India
Export Import Bank Of India

AUDITORS
Kapoor & Parekh Associates

REGD. & CORPORATE OFFICE

"Ajanta House",
Charkop Industrial Area,
Kandivli (West), Mumbai 400 067.

FACTORIES

- M.I.D.C. Chikalthana, Aurangabad
- M.I.D.C. Paithan, Aurangabad
- M.I.D.C. Waluj, Aurangabad



From The Desk of Managing Director

Your company has completed 25 years in the service of providing quality healthcare and 20 years of corporatisation. We entered the industry in a small way with re-packing and grew over a period into a global healthcare company. The growth in the last 5 years, specially, has been achieved through creating new segments and markets worldwide.

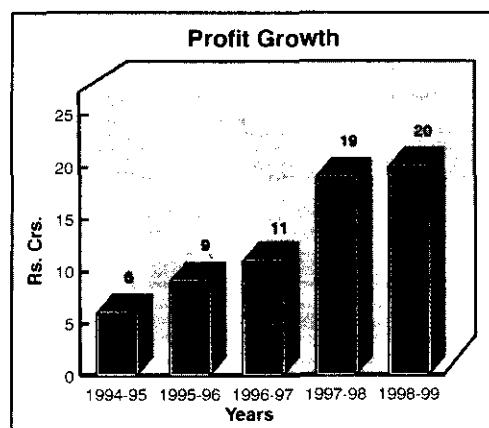
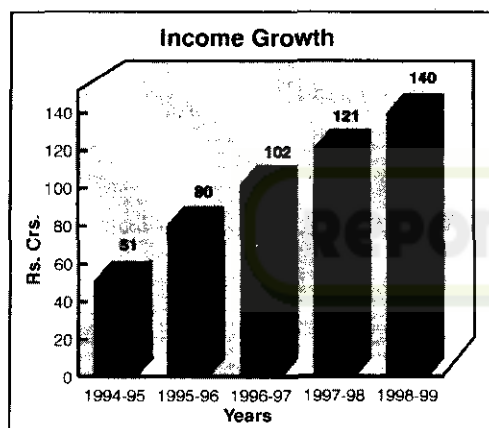
HEALTH CARE ENVIRONMENT

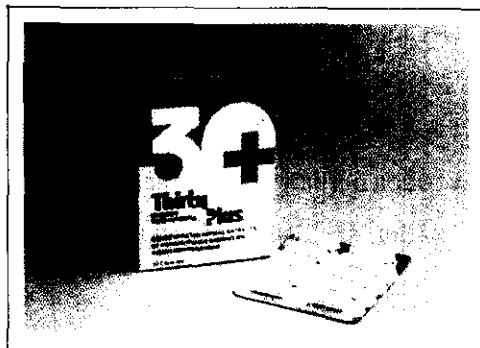
During the last 2 decades, Indian Pharmaceutical Industry has been growing on an average rate of 14-15%. This growth was more by volumes and supply driven nature and the shortage of goods syndrome. The phenomenal increase of players in the market was the testimony for this. However, this led to negligence of Quality and lack of Research & Development activities, which were further abated by loose patent laws.

The recent years have however thrown a big challenge for the above scenario, particularly after India became a signatory to the GATT agreement in 1996. With effect from 7th December, 1998, India has acceded to the Paris Convention Treaty and Patent Co-operation Treaty. Further, Indian Patents Act is also amended, introducing product patents for Drugs, Chemicals and Foods.

All these developments have necessitated the pharma industry survival strategy to focus on -

- Strong Research And Development
- Enhancing product profiles
- Becoming price competitive
- Globalisation





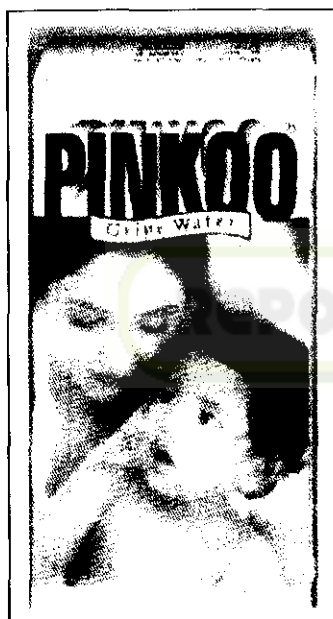
AJANTA PHARMA IN HEALTHCARE

It is this need which was realised by your company 26 years back while deciding its mission of "Satisfying **global healthcare** needs with **empathy, innovation and technology**".

"**Empathy**" has always been the guiding principle for Ajanta pharma, where we understand the requirement of a particular market and cater to their needs accordingly. This is well reflected in our customised product portfolio for each of the markets like India, CIS, Africa, US, Europe and Latin America.

"**Innovation**" is embedded in Ajanta pharma's philosophy of Enterprism. The worldwide patenting of the first herbal product and the process talks about this amply.

"**Technology**" is the backbone of Empathy and Innovation from which emanates the growth of Ajanta pharma. The patenting of first herbal process/ product of the country, the WHO GMP approved facilities, the US FDA and ISO certification are all testimonies of this principle.

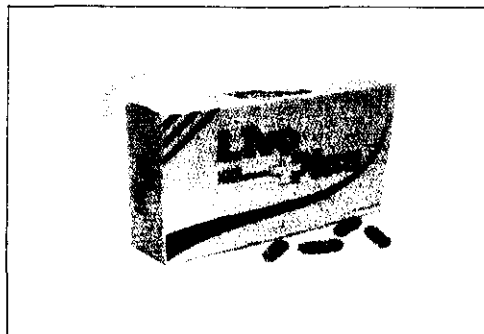


PERFORMANCE

It was yet another satisfying year of performance for your company. The last 5 years has seen a compounded annual growth of Income at 28% and Post Tax Profits at 35%, which are exceedingly good.

This growth was the result of our presence in varied segments of the market like Over The Counter, Bulk Drugs and Ethical with "**niche**" products. The approach of **integrating** traditional (Herbal) medicines to that with modern (Allopathic) medicines has given a competitive edge to these segments.





Over the years we have wisely invested into research, fixed assets and overseas Joint ventures. These investments have yielded valuable intangible assets in the form of patents, brands, markets, internationally approved facilities and stream of cash inflows from royalties/dividends. The full benefits of these assets are expected to be realized in the coming years. This will not only maintain the past growth rates but also surpass them in the near future.

CORPORATE GOVERNANCE

We have taken some steps towards Corporate Governance during the last few years. As we understand it, the basic principle is fairness to all shareholders, including transparency in disclosures and independence in supervision at the Board Level. The board composition with majority of outside non-executive directors, regular meetings with detailed agenda and elaborate presentation and the formation of audit sub-committee are some of the initiatives taken and are already implemented. In the coming years, we commit to imbibe the basic principles of corporate governance in our Culture.



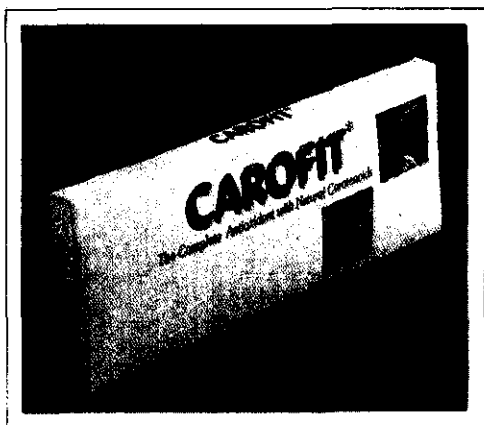
NEXT MILLENNIUM

"Our focus is clear....

..... Growth will be through developing high potential innovative drugs, New Drug Delivery Systems, strategic alliances and aggressively exploring and establishing in new markets worldwide".....

With your continued support, I am confident of facing the challenges thrown by the next millennium.

PURUSHOTTAM B. AGRAWAL

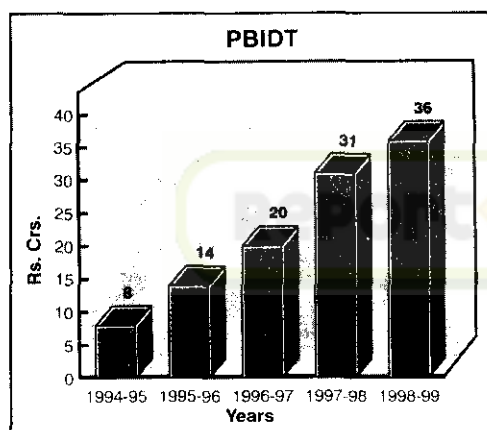


Directors' Report

To the Members,

Your Directors are pleased to present their 20th Annual Report on the business and operations of your Company for the year ended March 31, 1999.

FINANCIAL PERFORMANCE



	1998-99 (Rs. In Lacs)	1997-98 (Rs. In Lacs)
Income	13987	12140
Profit before Depreciation & Taxation	2587	2166
Less: Depreciation	568	281
Profit before taxation	2019	1885
Less : Provision for Taxation	-	-
Net Profit after Tax	2019	1885
Income Tax Adjustment for previous years	(62)	7
Add: Balance Brought forward	11	50
PROFIT AVAILABLE FOR APPROPRIATION	1968	1942
APPROPRIATED AS UNDER		
i) Proposed Dividend :-		
- on Preference shares	65	26
- on Equity Shares	132	115
ii) Income Tax on Dividend	20	15
iii) General Reserves	1000	1525
iv) Preference Capital Redemption Reserve	350	250
v) Balance C/forward	401	11
TOTAL	1968	1942