

Consistent Growth



ANNUAL REPORT
2008-09

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Content

Management Discussion & Analysis.....	1
Stand Alone Financial Statements.....	9
Consolidated Financial Statements.....	33
Directors' Report.....	49
Corporate Governance.....	53

Auditors

Kapoor & Parekh Associates

Company Secretary

Nikhil Bhatt

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“Consistent Growth” - The Way of Life

“Growth” which simply means all pervasive progress, on all fronts, i.e.,

- **Increasing** business by **Enlargement** of markets through **Intensified** brand equity and
- **Augmentation** of resources like R&D, manufacturing, distribution, dedicated team to maintain growth momentum in future

Talking about growth in the current times looks out of place. Global economic meltdown, deflation in economies, slowdown all over, is impacting businesses worldwide. It is in these difficult times that the test of real winners comes. Again, talking about growth continuously for two to three years is common, but when it is for seven years in a row, it can be termed as “**Consistent Growth**”, which is note worthy.

At Ajanta Pharma we have done both. A “**consistent growth**” for last seven years and growth even in the difficult year just passed through, shows our strong foundation in the business we do. We understand our business and cherish it for the convenience and better compliance we provide to the patient, which results in “**Consistent Growth.**”

Ajanta Pharma, where “**The Consistent Growth**” has just begun.

CONSISTENT GROWTH



WITH EXCELLENT PROFITABILITY



“**Consistent growth**” is the result of combination of success principles we practice to make people smile. And this has brought smile on our numbers as well as all our stakeholders. Once again, the Compounded Annual Growth Rate (CAGR) of 40% in net profit and 24% in total income for last seven years has confirmed that “**We Really Care**”



Increasing Business

Domestic Market

Our business is manufacturing and marketing innovative, unique pharmaceutical formulations with a focus on providing convenience and compliance to ailing patients. We market our products, under our own brand name, in India and globally, in more than 50 countries. Exports constitute about 55% of our sales with 45% coming from Domestic market. Our business has been **consistently growing** both in India as well as overseas.

In India, we are **enlarging** our markets into different speciality segments like Ophthalmology, Cardiology, Dermatology, ENT, Orthopedic, etc. We are also able to **intensify our brand equity** in the market by introduction of many innovative, first to market products exclusively for patient convenience and compliance. This helps us in achieving leadership position in many sub-therapeutic segments, which in turn again leads to **consistent growth**. Today, we recommit ourselves to serving the ailing patients through speciality focus in the domestic market, which will result in further growth of our domestic business.





Increasing Business

Global Market

The growth in international market is the result of our continuous efforts to build brands across countries. We **enlarged markets** by reaching to new regions and new countries, by registering large number of products every year and that too, products which were needed by respective countries. This has **built strong brand equity** across these markets for our products, with growth coming in consistently for last many years. We propose to continue our efforts in this direction by way of expanding to newer countries and registering additional products in each of the country where we are already marketing our products. This will enable us to continue our growth in the coming years.

We have also been able to lay a foundation for an **accelerated growth** in the coming years by taking one step forward towards the biggest pharma market of the world - USA. We are happy to mention that, our manufacturing plant at Paithan has already been approved by USFDA and our first two ANDAs will be filed in the coming months. It will take about 18-24 months to actually get the entry in USA market. Hence, our growth is planned in advance and we have a blue print ready for **maintaining the consistent growth** achieved during last seven years.





Augmenting Resources

Every growth, and especially “**consistent growth**”, is possible only with a strong support of back-up resources like manufacturing, R&D, distribution, etc. We at Ajanta are aware of this and our “**consistent growth**” achievement rests on the continued steps taken in past and being taken now for augmenting various back-up resources.

One of the most important resources for a pharmaceutical company is its research & development capabilities. Last year, we had set up our new R&D centre at Mumbai “ADVENT” which is fully operational now. We have further expanded it in terms of space and equipments. Our R&D team is now 200 strong and still growing. It is this R&D which has completed the work on two ANDAs and further working on another twelve of them. The launch of 38 new products in speciality segments of domestic market during the year was also the result of dedicated efforts put in by R&D. For the international market, we filed additional 409 product registrations taking the total tally of products registered to 1506 and under registration to 1306. Apart from our own work, R&D is able to serve other multi-nationals as well, thereby contributing to the “**consistent growth**” of the company. All this ensures that we maintain our “**consistent growth**” year after year.



World Class manufacturing facilities are an integral part of growth for any business. We are happy to announce that we have completed capacity expansion of our manufacturing facility at Paithan and the feather in the cap is that it has been approved by USFDA. We propose to augment our manufacturing capacities further by making some strategic acquisition of manufacturing facilities in the coming year.

We are also investing in a manufacturing plant for API (Active Pharma Ingredient) as a backward integration. This will enable faster launch of new products in the market, thereby **contributing to consistent growth** in coming years. The plant will be operational by middle of current financial year. With the above additions, we will still be producing only about 50% in-house. We are assessing our capacity requirement after two years and looking at the growth in export business, we may have to consider a facility in the SEZ.





The “**consistent growth**” seen during the past seven years has been possible also because of strengthening our distribution system on a continuous basis. A separate large warehousing facility for exports was added during the year in addition to the facility for domestic market created last year. We are able to enhance our supply chain capabilities particularly for exports, without which, the “**consistent growth**” would not have been possible.

All these resources are being augmented, being converted into a “**consistent growth**” performance, year after year, by none other than a highly motivated experienced and dedicated team of qualified professionals of the company. We are proud of our team of more than 2000 professionals from 12 nationalities working untiringly for “**consistent growth**”. At our end, we continuously work on enhancing competencies of this strong team to assist them achieve greater heights and thereby making “**consistent growth**” possible.



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annual report



Overview

With innovator pharmaceutical players reeling under R&D productivity and cost pressures, combined with a beckoning generic opportunity (arising out of large number of drugs going off-patent), India is witnessing a gamut of opportunities in terms of exports of formulations and bulk drugs for manufacturing both on-patent and off-patent drugs. According to a CRISIL Report, exports, which are expected to drive the growth of Indian pharmaceutical market, are set to nearly treble over next 5 years. Exports will largely be driven by rising confidence of innovators in India and upcoming generic opportunity.

The domestic formulation market has seen wide fluctuations in growth during last one year and has settled near double digit during last few months. Cardiology remains one of the major growth driver for domestic formulation industry, with acute and chronic therapies contributing to this growth. However, global economic slowdown, shrinking purchasing power and reduced budgets of governments remains the threats to the industry. Our proactive approach has been instrumental in overcoming the threats in the past and allowed us to maintain **consistent growth** performance.

We have excellent internal control systems, supported by internal audit, which continuously evaluates efficiency levels of each of the function of the organization. This enables us to bring more efficiency in everything we do; thereby cutting the extra costs, resulting in consistent growth. We continue our efforts in meeting our corporate social responsibilities in the form of eye camps, corrective plastic surgery camps, blood donation camps etc.

Cautionary Note

Certain statements in the reports of the Board of Directors and Management's discussions and analysis may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since company's operations are influenced by many external and internal factors beyond the control of the company. The company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis of any subsequent developments, information or events.