



ajanta pharma limited



Brand Building Worldwide ▶



Formulation Manufacturing ▶



API Manufacturing ▶



Process Chemistry & Formulation R&D ▶

Mapping the Complete Pharma Value Chain

**ANNUAL REPORT
2009-10**

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Vice Chairman

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Vice Chairman

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Director

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Nominee Director (Exim Bank)



Auditors

Kapoor & Parekh Associates

Company Secretary

Nikhil Bhatt

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Mapping the Complete Pharma Value Chain

World wide, consistent growth in Pharmaceutical business has been directly dependent on its integration of 'complete value chain of the industry'. More the integration in terms of components of value chain, more robust the organizational growth has been. All successful pharma players had mapped 'the complete value chain of the pharma industry', right from R&D, to producing critical active pharma ingredients (API), to manufacturing formulations, to building brands. Over the years, we at Ajanta Pharma have been working diligently to add every component of the pharma value chain in our fold, for maintaining consistent growth and make it a way of life.

We are proud to announce that with addition of state-of-the-art API facility this financial year, Ajanta Pharma has mapped 'the complete pharma value chain' and is poised for accelerated growth.

Research & Development

Innovation is the key to success in pharmaceutical business and it springs from focussed & committed Research & Development (R&D) initiatives. R&D is the first & foremost important component in the pharma value chain. Recognising this, we at Ajanta Pharma have been consistently investing in R&D, for blossoming lives, better patient compliance and patient convenience. Our constant initiatives are in the direction of targeting, both identified market opportunities and challenge of unmet medical needs which enables us to work on difficult

to make products, in existing as well as high potential new therapy areas. We continue to focus on New Drug Delivery Systems (NDDS) and new combinations. With the help of our R&D capabilities, we now have 1380 product registrations in different markets of the world and over 1029 more are waiting in pipeline. Our R&D facility at 'Advent', Mumbai, which is approved by Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India, is being expanded which will ensure consistent growth for the organisation in the coming years.



API Manufacturing

The next key component of pharma value chain is manufacturing of critical raw material, commonly known as Active Pharma Ingredient (API). Whenever a new formulation needs to be launched, it has to start from its basic compound, which during initial period, is not easily available in the market place. It is here that, in-house capability for producing such API becomes essential to reach the formulation to the needy patients at the earliest. Further, it also helps to reduce costs by process improvement, thereby improving profitability.



Mapping the Complete Pharma Value Chain

Realising its need and importance in the pharma value chain, we at Ajanta Pharma have recently set up a state-of-the-art API facility at Waluj, Aurangabad. This plant is equipped to produce different scale of volumes right from laboratory to pilot to commercial level. This enables us to carry out innovations in both product quality and cost. With this addition, we have mapped the complete pharma value chain and are able to create a class apart in healthcare. Addition of this component of pharma value chain will accelerate our growth in the coming years.



Formulation Manufacturing

We have identified our key strength as a niche pharmaceutical formulation provider, in diverse dosage forms, most suitable to the complex patient needs. Over the years, we have strengthened our formulation manufacturing capabilities, which is, yet another important component of the pharma value chain. During the year, we acquired a formulation manufacturing facility

near Aurangabad to cater to rest of the world markets. With this acquisition, we now have independent facilities catering to specific markets/segments. We are proud to have best of the practices for highest quality standards in formulation manufacturing. This will ensure uninterrupted availability of manufacturing capacities required for consistent growth in the coming years.



Brands

"Brands" in pharmaceutical industry conveys the quality and reliability of a product. It is the brand which differentiates and gives the confidence to the medical profession about the effectiveness of the product for providing timely relief to the patient. The pharma value chain reaches its peak with the "Brand". At Ajanta Pharma, we have always been conscious about this part of the value chain and today our "Brands" stand for highest quality in the markets. We have built brands across countries and across niche

segments, with innovation at the core of our product, which enabled us to improve our rankings year after year. During the financial year we have launched 24 new products in different therapeutic segments, many of them being amongst the first to be launched in the market. Today many of our brands enjoy leadership position in their sub-therapeutic segments. Our brand building exercise worldwide will continue to fuel growth in the coming years.

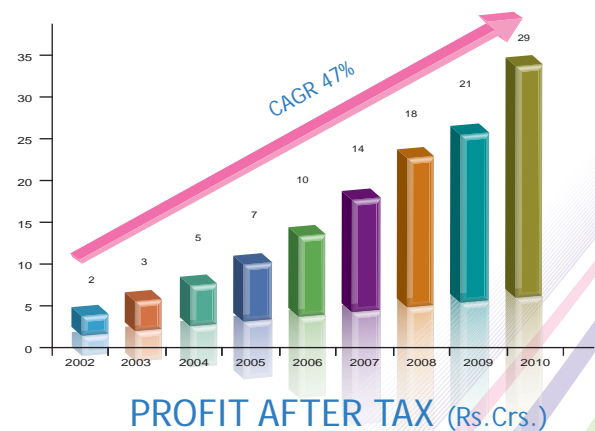
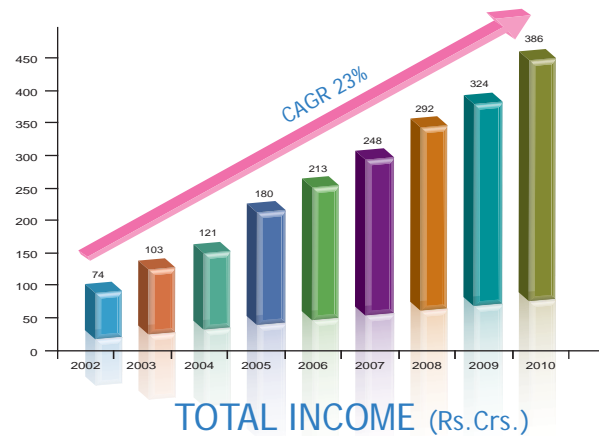
Global Presence

One of our early decisions to enter African market through our subsidiary in Mauritius has proved to be extremely beneficial. The performance of the Mauritian subsidiary, Ajanta Pharma (Mauritius) Limited (APML) has been excellent in the recent years and it has established its niche in the markets of Africa with strong brand equity. For the calendar year 2009, APML has registered a growth of 36% in sales. APML has its own manufacturing facility, which is having WHO GMP certification and approved by FDA's of various African countries. APML has now entered the Philippines market with a step down subsidiary and is planning to take a share in the growing local market there.

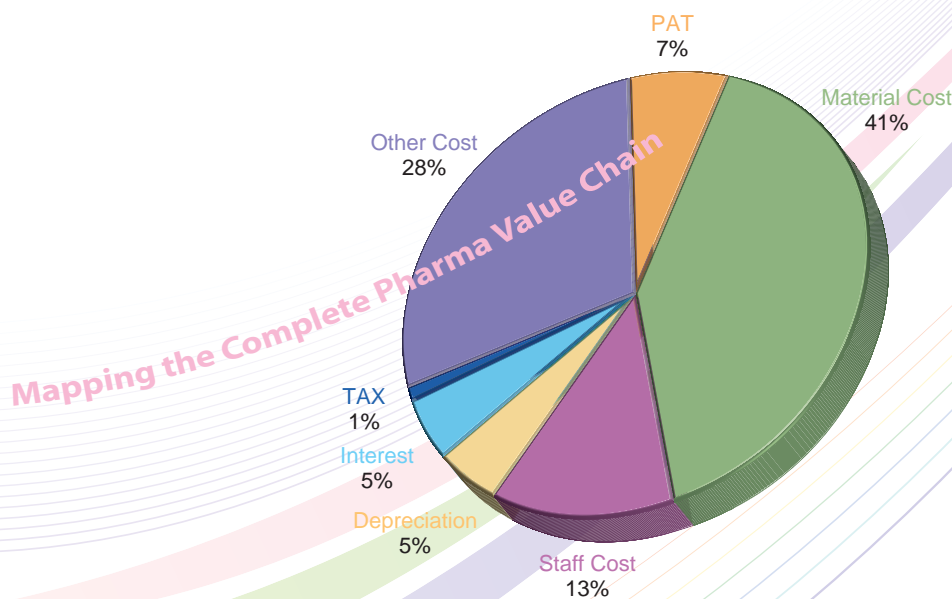


Consistent Growth

At Ajanta Pharma, the integration of pharma value chain has started showing the effects with all round growth in all its markets. We have strengthened our position in the markets we operate in and have built a strong foundation for growth in coming years. The 19% growth in sales and 33% growth in net profit (stand alone) is the confirmation of our belief in mapping the complete pharma value chain. This excellent growth was the result of dedicated efforts put in by a passionate and aligned team of 2000+ Ajantaites, who swear by Integrity, Respect for everyone and Entrepreneurship. At Ajanta Pharma, Human Resource is the vital link integrating different parts of complete pharma value chain.



REVENUE DISTRIBUTION



Overview

Pharmaceutical industry globally is bracing itself for some fundamental changes in the marketplace and is looking at newer ways to drive growth. Boosting drug discovery potential, reducing time to market and squeeze costs along the complete pharma value chain are some of the options being evaluated and tried world over. We, at Ajanta Pharma, see this as a big opportunity and have built strong brand equity with cost effective, best quality products for the export markets.

India's population is growing rapidly, as is its economy - creating a large middle class with the resources to afford quality medicines. Further, India's epidemiological profile is changing, so demand is likely to increase for drugs for cardio-vascular problems, disorders of the central nervous system and other

chronic diseases. These factors mean that India represents a promising potential market for pharmaceutical manufacturers, which was reflected in relatively stable growth in domestic formulation market as compared to global turbulence. Government controls and volatility in the foreign exchange rate movements remains the threat to the industry. Our proactive approach and continuous thrust on innovation allows us to overcome these threats.

Excellent internal control systems, supported by internal audit, enabled us to improve our efficiency at all levels. We continue our efforts in meeting our corporate social responsibilities in the form of eye camps, corrective plastic surgery camps, blood donation camps, save the earth initiatives, 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.