



ANNUAL REPORT 2010-11



SCALING NEW HEIGHTS

Board of Directors

Mannalal B. Agrawal

Chairman

Purushottam B. Agrawal

Vice Chairman

Madhusudan B. Agrawal

Vice Chairman

Yogesh M. Agrawal

Managing Director

Dr. Anil Kumar

Director

Chandrakant M. Khetan

Director

Subal Chandra Saha

Nominee Director (IDBI Bank)

Manjiri Bhalerao

Nominee Director (Exim Bank)
(upto 30th April, 2011)

Navin Gangawane

Nominee Director (Exim Bank)
(w.e.f. 1st May, 2011)

Auditors

Kapoor & Parekh Associates

Company Secretary

Nikhil Bhatt



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“The only way of finding the limits of the possible is by going beyond them into the impossible”

– Arthur C. Clarke

“Unless you try to do something beyond what you have mastered, you will never grow.”

– C.R. Lawton

Above quotes summarises the essence of what we are doing at Ajanta Pharma during last many years and will continue to do so in the coming years. We keep on setting higher & higher goals for us, year after year and we love to surpass them, every time outperforming ourselves, by

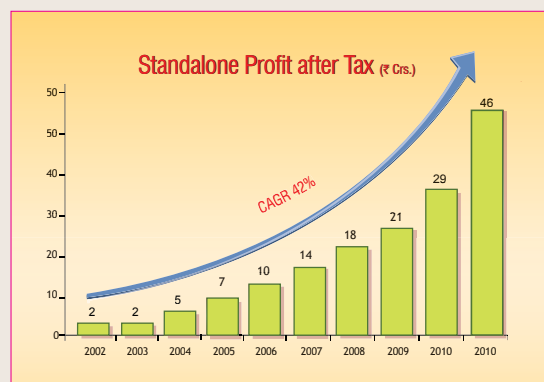
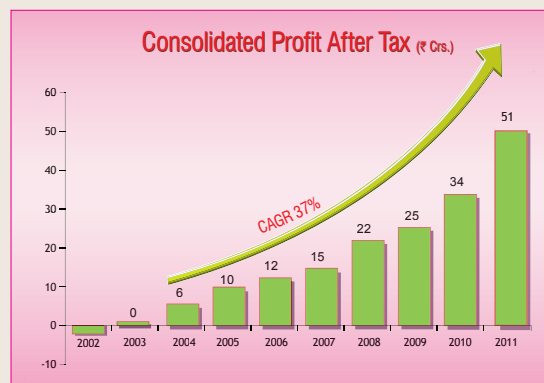
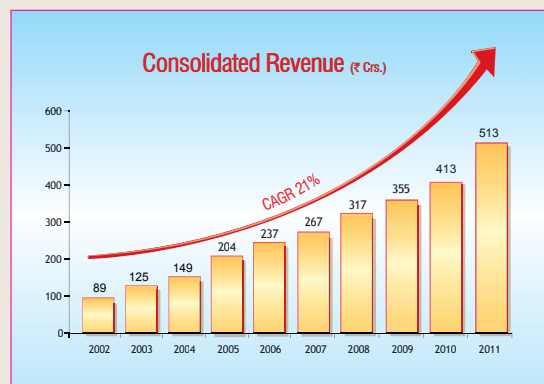
“SCALING NEW HEIGHTS”

Be it financial performance, quality of products, patient convenience we provide, innovation we do or our social commitment everywhere we have been “SCALING NEW HEIGHTS” year after year which has become a way of life at Ajanta Pharma.

Management Discussion and Analysis

Consolidated revenue exceeding Rs.500crs. for financial year 2010-11 is a landmark in the history of Ajanta Pharma. With a modest beginning of a new transformed era in FY 2001-02, we have been able to scale newer heights year on year, consistently, adding value at every stage of our growth, with Compounded Annual Growth Rate (CAGR) of 21% for the last 10 years. Best part of this growth was that we were able to make our revenues more stable, sure and sustainable, resulting in company “SCALING NEW HEIGHTS” year after year. We are committed to continue this momentum in coming years and are poised for further “SCALING NEW HEIGHTS”.

Consolidated Profitability kept pace with this growth in revenue during this period with an excellent CAGR of 37% for the last 8 years. Our commitment to innovation through Research & Development, Highest Quality Standards in Manufacturing and investment in Brand Promotions Worldwide enabled us to improve the quality of revenues year on year, resulting in “SCALING NEW HEIGHTS”.





The excellent performance throughout the decade is the result of our total commitment to highest standard of Quality. Our products match the best of international standards and this is because of the best manufacturing practices we follow. This was reaffirmed recently by the country's apex body for our industry, Indian Drug Manufacturers Association (IDMA) who conferred on us the prestigious

GOLD TROPHY for "QUALITY EXCELLENCE". This award reflects our commitment to distinction in all our endeavours. We have been awarded Quality Excellence Silver Trophy from IDMA three times in the past but in 2010 they could not think less than "Gold" for our achieving excellence in pharma formulation manufacturing thereby "SCALING NEW HEIGHTS".



Management Discussion and Analysis

Research & Development has always been the forte of Ajanta Pharma and our continued focus on Innovation for Patient Convenience and Compliance has yielded excellent results to us. We are proud to announce commencing of new enlarged “Advent”, our dedicated R&D centre, during the year, with more than 30000 sq. ft. of space, best of the equipments and a very enthusiastic and committed team of over 200 qualified doctors, scientists, technicians and other trained staff. This ensures continued growth for the company and enables us to maintain the pace of “SCALING NEW HEIGHTS” year after year

During the year we launched 23 new products in different therapeutic segments, out of which 12 were ‘first of its kind’ in the country. All the products, developed by the in house R&D team, were unique, providing the much needed relief to the ailing patients.

Our R&D also consistently works to get more and more products registered in different countries, thereby aiding marketing team in “SCALING NEW HEIGHTS”.



Management Discussion and Analysis

Excellent growth during the financial year was the result of our constant brand building exercise worldwide, strengthening our presence in different markets. In Domestic market, we continued our leadership in speciality segments we operate viz. Ophthalmology, Cardiology and Dermatology. We also started gaining strength in our new segments of Orthopaedic, Gastro, Nephrology, ENT and Respiratory. Many of our products continue to enjoy leadership position in their sub segments, being amongst the top five brands in the country thereby “SCALING NEW HEIGHTS”. We enhanced penetration in market place with major increase in field force, which will accelerate growth in coming years and ensure our “SCALING NEW HEIGHTS” year after year.

In the international markets, our products registered excellent growth on the back of brand building efforts and product innovation. Our presence in the continents of Asia, Middle East, Africa and Latin America, gives us an advantage in terms of market spread and huge growth potential, allowing us to continue “SCALING NEW HEIGHTS” in the International markets. Earlier we have filed 2 ANDA’s and we hope to get the approval during FY 2011-12, which will open for Ajanta Pharma the world’s biggest pharma market—United States of America (USA). With more ANDA filings planned in coming years, our growth momentum will see a major upside ensuring our “SCALING NEW HEIGHTS”.



Management Discussion and Analysis



Our biggest strength is the team of 3000+ Ajantaites spread across the world, who untiringly work towards the single goal of “SCALING NEW HEIGHTS”. The team has grown more than 50% during last one year and is still growing. This strong team of dedicated and experienced professionals stand for highest ethical standards. We always strive to enhance their skills through multiple exposures, job specific training, sports, picnics and cultural

programmes above all offering them the opportunity to enhance their knowledge. One of such initiative is our Continuous Learning Program (CLP), which offers Ajantaites an opportunity to imbibe the latest trends in management skills through interaction with top faculties from leading management colleges and other training institutes, thereby allowing them to continue “SCALING NEW HEIGHTS”.



Corporate Social Responsibility (CSR) is an integral part of business at Ajanta Pharma. Our commitment to the society, in which we operate and grow, has always been to add value and make it a better place. Our efforts are concentrated on few focussed areas of Eye Camps, Corrective Plastic Surgery Camps, Blood Donation Camps, Jaipur Foot Camp, etc.

All these camps are targeted towards the needy patients from the rural areas and thousands of people keep on benefiting from them every year. At Ajanta Pharma, we sincerely feel that providing health care for the poor & needy, who can't afford it easily, in itself is "SCALING NEW HEIGHTS".



Management Discussion and Analysis

Overview

It was an excellent year for the Indian Pharma Industry, with double digit growth in the domestic market. Exports had also been witnessing a phenomenal growth with Indian companies strengthening their foothold in the US generic markets and emerging markets. Indian companies have significantly added to their manufacturing capacities, which will allow them to maintain this growth momentum. Hence there are large opportunities, both in domestic as well as global markets, for Indian companies.

Ajanta Pharma was also part of this growth momentum both in the domestic and export markets. With continued focus on speciality segments and innovation through R&D, we have been able to accelerate the growth during financial year 2010-11. We look forward to scaling new heights in the coming years, taking full advantage of the opportunities offered by the market. We are now expanding in more

speciality areas which will enable us to serve more patients, creating convenience and compliance for them.

Lack of clarity on many policy matters at the Government level, delays in approval processes, volatility in foreign exchange rates, counterfeiting are some of the threats to the industry. We are taking many preventive measures and proactive steps to mitigate these threats.

We have excellent internal control system supported by internal audit at all the locations, including manufacturing plants, warehouses, loan licensee locations, depots, etc. which continuously evaluates efficiency levels of each of the functions of the organization. Recently we have started conducting Efficiency Enhancement Checks which has helped us tremendously in further strengthening and improving the efficiency at work place.

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.