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Right focus  
Rapid growth

Report  junction.com

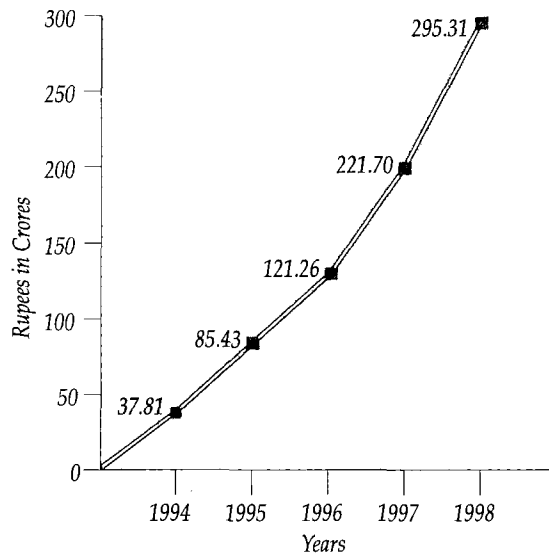
11<sup>th</sup>  
Annual  
Report  
1997-98



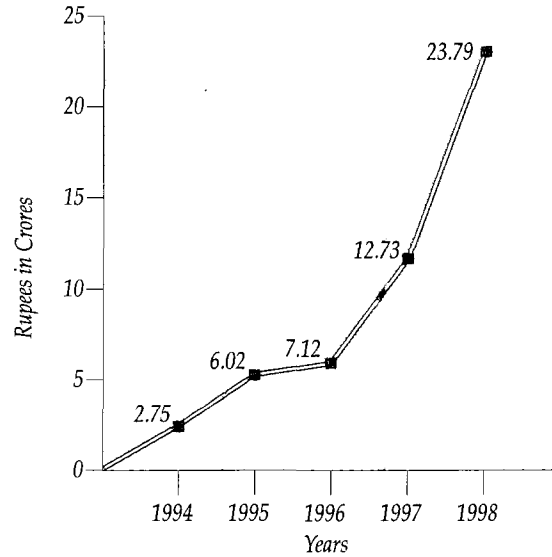
**AUROBINDO**  
**PHARMA LTD.**

## ***Performance Highlights***

***Sales***

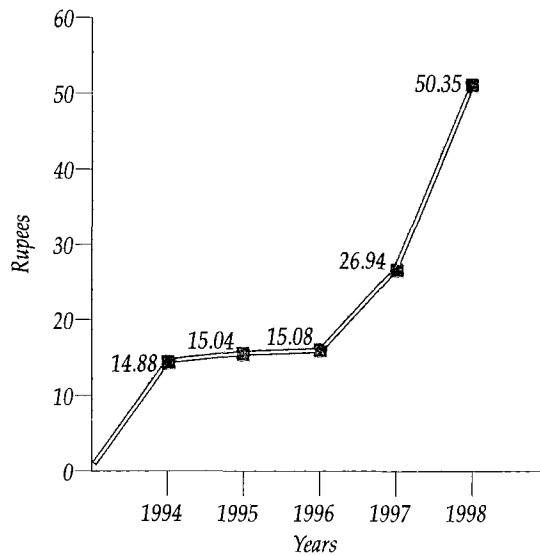


***Net Profit***

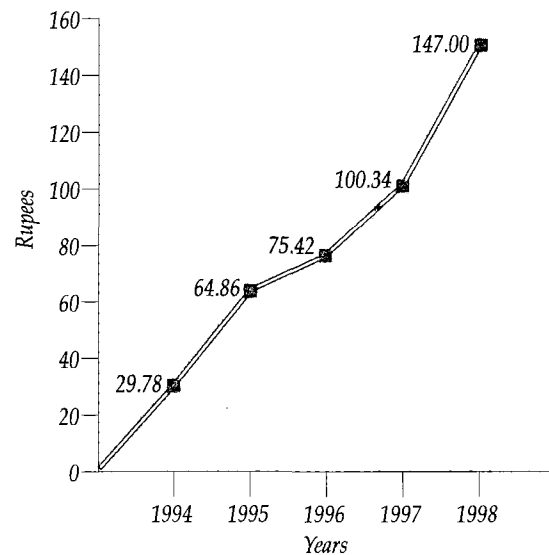



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***Earnings per Share***



***Book Value per Share***





Founded in 1986  
Aurobindo Pharma Limited  
has emerged today as one of  
the best managed  
pharmaceutical  
companies in the country.

Optimum productivity,  
Quality Management  
and Efficient marketing have  
helped the Company to  
achieve a high level of  
profitability.

Having well established in  
Bulk Drugs the Company is  
now focussing more on  
formulations towards becoming  
a Total Pharmaceutical  
Company.

The corporate philosophy is  
Right Focus for Rapid Growth  
towards good  
health for  
all.

## Therapeutic Portfolio

Aurobindo Pharma committed over a decade.....for a healthier tomorrow

**Antibiotics:** These antibiotics have a Beta-lactam ring. The Two primary groups are Penicillins and Cephalosporins. Penicillin was the first antibiotic to be used clinically in 1941 to treat infection.

- (a) **Semi Synthetic penicillins:** Semi Synthetic penicillins are produced by chemically combining specific side chains or by incorporating specific precursors in the mould cultures.

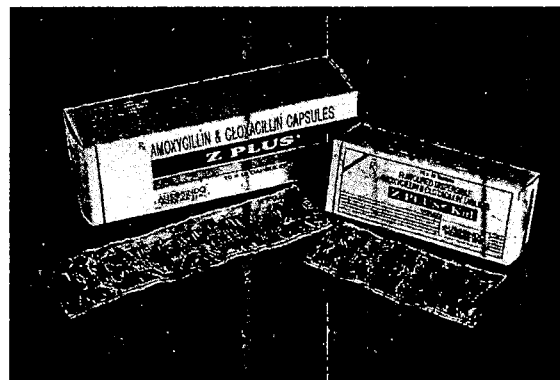
AUROBINDO PHARMA is a basic manufacturer of Semi synthetic penicillins like Ampicillin, Amoxycillin and others. Ampicillin and Amoxycillin are highly effective in treating various infections, as they kill susceptible bacteria by inhibiting peptidoglycan (an integral part of the cell) ampicillin is marketed under the brand name of Z CIL 250 & 500 mg injectables. Amoxycillin is marketed under the brand name of Z MOX KID, Z MOX DRY SYRUP, Z MOX 250mg & Z MOX 500mg capsules and Z MOX FA 250mg dispersible tablets. Systemic antibiotics constitute the largest segment i.e. Rs.1671.49 Crs. with a market share of 16.2% in the Indian Pharma Market. Amoxycillin constitutes Rs. 290.48 Crs. with a market share of 2.7% and a growth rate of 10.9%.



As per the C-MARC (Centre for Marketing and Advertising Research Consultancy) Analysis, Amoxycillin, is the largest prescribed antibiotic by Doctors in India. In spite of so many antibiotics / antibacterials coming into the

market, Amoxycillin is still maintaining a healthy growth rate i.e. 10.9% with a huge base.

The Z MOX range will contribute over 20% to our total formulations sales by the end of the year.



- (b) **Semi synthetic penicillins & Combinations:** Amoxycillin and Ampicillin are highly effective against most of the bacterial species, but there are certain gram positive and gram negative bacteria which produce Beta-lactamases (enzymes), that inactivate the Beta-lactam antibiotics by opening the Beta-lactam ring. Hence, to amplify the antibacterials activity against such organisms, Cloxacillin (another broad spectrum S.S.Penicillin) is added. This combination gives a synergistic action against resistant infections like RTIs, Bone & Joint infections and Skin & Soft Tissue Infections.

AUROBINDO PHARMA is marketing these Combinations under the brand name of X CLOX (Ampicillin + Cloxacillin) & Z PLUS (Amoxycillin + Cloxacillin) Z CLOX is presented to medical fraternity as Z CLOX KID (Ampicillin 250mg + Cloxacillin 250mg), Z CLOX 500mg (Ampicillin 500mg + Cloxacillin 500mg) capsules, Z CLOX 250 & 500mg injectables.

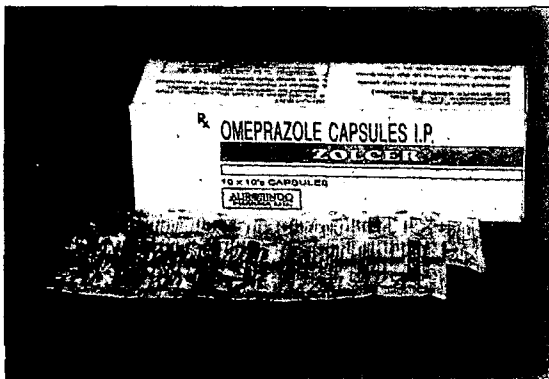
As per APRIL'98 O R G (MAT) report Ampicillin/Amoxycillin & Cloxacillin combinations constitute a market share of 1.9% with a value of 194.41 Crs., The Z CLOX range will contribute over 10% to our total formulations sales by the end of the year.



(c) **Macrolide:** AUROBINDO PHARMA has recently launched the most progressive macrolide i.e. AUROX (Roxithromycin 150mg & AUROX KID 50mg dispersible tablets). Macrolides kill the bacteria by inhibiting their protein synthesis. Roxithromycin has (40% market share) recorded over 75 Crs. out of 200 Crs. Macrolide Market.

AUROX - 150 mg & AUROX-KID will further strengthen our antibiotic range.....

**Antiulcerants:** Acid peptic disorders are the common problems treated by Medical practitioners. They are characterized by symptoms like pain in the abdomen, epigastric pain, nausea, vomiting...to bleeding. The most commonly treated Acid peptic disorder is a peptic ulcer. A peptic ulcer is a breach (break) in the lining of the gastro duodenal mucosa. It occurs in the lining of the stomach mucosa (Gastric ulcer) and in the first part of the duodenum (duodenal ulcer) the root problem is the hyper secretion of acid (Hydrochloric acid) in the stomach. Parietal cells (Oxyntic cells) secrete



HCL in the stomach. The final pathway of acid secretion is governed by a protonpump (H+K+ATPase), an enzyme. Hence peptic ulcers can be treated at the root by blocking the protonpump. ZOLCER, a protonpump inhibitor is the brand name for Omeprazole 20mg, manufactured and marketed by AUROBINDO PHARMA. ZOLCER effectively ensures speedy symptom relief and healing rates through its acid suppression in dose dependent manner.

The anti-ulcerant market value is Rs.269.72 Crs. with a growth rate of 16.6% and a market share of 2.6%. The anti-ulcerant market comprises of Ranitidine, Famotidine, Roxatidine, Omeprazole, Lansoprazole molecules. The second largest molecule in market size after Ranitidine (Rs.105Crs.) is Omeprazole (Rs.88Crs.) AUTIDINE (Famotidine) which is now perceived as a better alternative to Antiacids in terms of efficacy and economy will further strengthen the anti-ulcerant range ZOLCER will contribute over 12% to the total annual rupee sales of formulations division of the Company.

**PAIN MANAGEMENT:** NSAIDs (Non



steroidal anti-inflammatory Drugs) are the most commonly prescribed drugs in the management of pain. The most commonly remembered ones are aspirin, paracetamol & Ibuprofen. These NSAIDs have been used for along time. A distinct NSAID has come into the market in the recent past with proven efficacy and safety ....a better alternative to most of the NSAIDs (because of low side effects) that is .....Nimesulide.

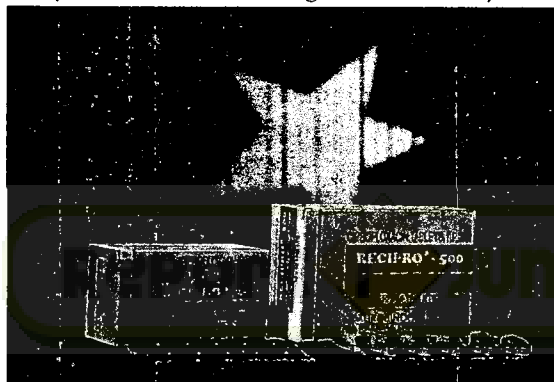
AUROBINDO PHARMA has launched AUROBINDO PHARMA (Nimesulide) a year ago.

AURONIM will contribute over 10% to the total annual (rupee) formulation sales.

Thus, Nimesulide has garnered a sizeable market share with a value of 65 Crs. & a growth rate of over 200%.

To cater to the paediatric segment, AUROBINDO has launched AURONIM SUSPENSION in July'98. It is superior to paracetamol in efficacy, dosage schedules and treatment time.

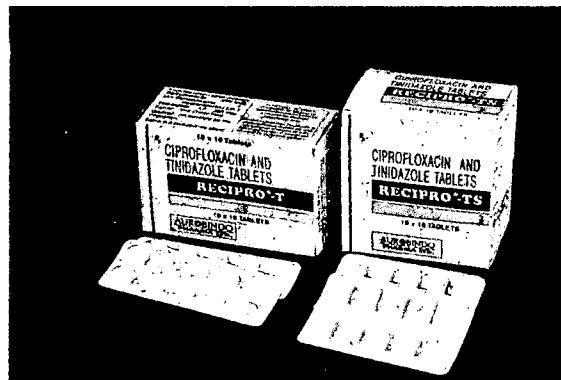
DICETA, a popular combination of Ibuprofen and paracetamol also strengthens the therapeutic



armamentarium against pain.

**ANTIBACTERIAL COMBINATIONS:** AUROBINDO PHARMA has number of anti-bacterials to treat different infections. AUROBINDO PHARMA manufactures and markets Ciprofloxacin, Norflaxacin, Pefloxacin. The mechanism of action of these molecules is the inhibition of bacterial DNA gyrase. Systemic Antibacterials have a value of Rs.447.51Crs., with a market share of 4.3%. The most widely prescribed antibacterial is Ciprofloxacin by the Medical fraternity. Ciprofloxacin contributes the highest market share (60%) in the antibacterials segments. The anti-bacterials are marketed under the brand names of RECIPRO (Ciprofloxacin 250 & 500mg tablets)

RENOR (Norfloxacin 400mg tablets), PLX 400 (Pefloxacin 400mg tablets). They are commonly prescribed to treat infections like Typhoid fever, Urinary tract infections (UTIs), Respiratory



Tract infections (RTIs), Bone & Joint infections and post surgical wound care.

AUROBINDO PHARMA has gone for brand extension with RECIPRO T, (Ciprofloxacin 250 + Tinidazole 300mg) RECIPRO TS (Ciprofloxacin 500 + Tinidazole 600mg) & RENOR TI (Norfloxacin 400mg + Tinidazole 600mg) RECIPRO T/TS has been prescribed by consultants like Surgeons, Gastro enterologists & Gynecologists in the management of pre/post surgical care, Gastroentestinal diseases and pelvic inflammatory disease (PID).

RENOR TI has been well accepted as an anti-diarrhoeal and it will contribute 5% to the total formulations sales of the Company by the end of this year.

**Anti-cold:** RINOBAN tablet & Liquid, a common remedy for common cold, fever and nasal congestion is also actively promoted to the medical fraternity.

**G I Prokinetic:** The most common symptoms like abdominal fulness, belching bloating, abdominal distension, early satiety, nausea and vomiting, epigastric pain.....is mostly associated with dysmotility in the G I tract. AUROBINDO PHARMA has PRYDE (Cisapride) a G I Prokinetic. It provides the relief from distressing symptoms by setting G I tract in action. It is one of the most commonly Co-prescribed drugs with antiulcerants in the management of Reflux Oesophagitis.



## ***Board of Directors***

P.V. RAMAPRASAD REDDY,  
Managing Director

K. NITYANANDA REDDY,  
Joint Managing Director

Dr. M. SIVAKUMARAN

A. SIVA RAMA PRASAD

K.A. VENKATACHALAM

B. SIVAPRASAD REDDY

A.J. KAMATH

P. SUNEELA RANI

### ***WORKS***

#### ***Unit I***

129/3, Thuttipet Village  
Villianur Commune, Pondicherry

#### ***Unit II***

103/A, S.V.C.I.E., I.D.A, Bollaram  
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***

Plot No.79-91, Chemical Zone, IDA,  
Pashamylaram, Patancheru Mandal,  
Medak Dt. A.P.

#### ***Unit VI***

Survey Nos.329/39 & 329/47,  
Chitkul Village,  
Patancheru Mandal, Medak Dt. A.P.

### ***COMPANY SECRETARY***

A.N. SARMA

### ***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***

Plot No.2, Mythri Vihar  
Behind Mythri Vanam  
Ameerpet  
Hyderabad - 500 038.

### ***REGISTRARS & SHARE TRANSFER AGENTS***

KARVY CONSULTANTS LIMITED  
21, Avenue 4, Street No.1, Banajara Hills,  
Hyderabad - 500 034.  
Ph: 3312454, Fax: 3311968

## Notice

NOTICE is hereby given that the Eleventh Annual General Meeting of Aurobindo Pharma Limited will be held on Tuesday, the 18th August, 1998 at 3.00 P.M. at Green Park Hotel, Green Lands, Begumpet, Hyderabad - 500 016 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 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 the Preference Share Capital.
3. To declare Dividend on the Equity Share Capital.
4. To appoint a Director in place of Mr. A.J.Kamath who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. A.Siva Rama Prasad who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto 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

#### 7. INCREASING THE AUTHORISED SHARE CAPITAL

To consider and, if thought fit, to pass with or without modifications the following as a Special Resolution:

- a. "RESOLVED THAT pursuant to the provisions of Sections 16, 31, 94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from

Rs.15,00,00,000/- (Rupees Fifteen Crores Only) to Rs.30,00,00,000/- (Rupees Thirty Crores Only) by addition of 1,50,00,000 Equity Shares of Rs.10/- each ranking *pari passu* in all respects with the existing Equity Shares of the Company".

- b. "The existing Clause V (a) of the Memorandum of Association of the Company be and is hereby altered as follows:

"V. a) The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each and 5,00,000 (Five Lakhs Only) Preference Shares of Rs.100/- (Rupees One Hundred Only) each".

- c. "The existing Article 3 of the Articles of Association of the Company be and is hereby altered as follows:

"3. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lakhs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each and 5,00,000 (Five Lakhs Only) Preference Shares of Rs.100/- (Rupees One Hundred Only) each to be increased or reduced in accordance with the Companies Act, 1956 and the Memorandum of Association as and when thought fit by the Board of Directors".

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do and perform all such other acts, deeds and things as may be necessary or desirable to give effect to this Resolution".

#### 8. ISSUE OF BONUS SHARES

To consider and, if thought fit, to pass with or without modifications the following as a Special Resolution:



"RESOLVED THAT pursuant to the recommendation of the Board of Directors and Article 101 of the Articles of Association of the Company, a sum of Rs.4,72,50,000/- (Rupees Four Crores Seventy Two Lakhs Fifty Thousand Only) out of the amount standing to the credit of Company's Free Reserves be capitalised and the aforesaid amount be applied in terms of Article 101 of the Articles of Association of the Company for paying in full at par 47,25,000 Equity Shares of Rs.10/- (Rupees ten only) each in the capital of the Company to be allotted and distributed as fully paid Bonus Shares to the holders of the existing Equity Shares of the Company in proportion of One Equity Share for each existing Equity Share held by them on the footing that they become entitled thereto as capital and not as income".

"RESOLVED FURTHER THAT the Bonus Shares to be issued as fully paid Equity Shares are subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* to the existing Equity Shares and that no letter of allotment shall be issued in relation to the Bonus Shares".

"FURTHER RESOLVED THAT in making the allotment of the said Bonus Shares, the Directors shall not issue fractional certificates but the total number of the said Bonus Shares representing such fractions shall be allotted to a person or persons appointed by the Directors to act as a trustee or trustees for and on behalf of the members who would have been entitled to fractional certificates if such certificates would have been issued and that the said person or persons shall hold the said shares so allotted to him in trust to sell the same and, after payment of all expenses of the sale, to distribute the net proceeds of such sale amongst those members in proportion to their respective fractional entitlements thereto".

"RESOLVED FURTHER THAT for the purpose of implementing the Resolution, the Board of Directors be and are hereby authorised to approach the relevant statutory authorities and the Financial Institutions, and settle with them any questions or difficulties pertaining to the issue of the said Bonus Shares in such manner as the Directors may think fit and to

agree to any condition or conditions which may be imposed by them in connection therewith if the Directors consider it expedient and give all requisite directions and take all necessary actions as the Directors may consider appropriate in respect of the issue and allotment/distribution thereof".

"RESOLVED FURTHER THAT the intention of the Board is to recommend, barring unforeseen circumstances, and subject to the provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975, dividend to the members of the Company on the expanded Equity Capital of the Company in the year immediately after declaration of the Bonus Issue at the present level of dividend be and is hereby recorded."

#### **9. APPOINTMENT OF Mr. B. SIVAPRASAD REDDY AS A DIRECTOR**

To consider and, if thought fit, to pass with or without modifications the following as an Ordinary Resolution:

"RESOLVED THAT Mr. B.Sivaprasad Reddy who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 to hold office up to the date of 11th Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation".

#### **10. APPOINTMENT OF Mr. B. SIVAPRASAD REDDY AS A WHOLE TIME DIRECTOR**

To consider and, if thought fit, to pass with or without modifications the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections, 269, 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, and subject to such other consents/approvals as may be required, Mr. B.Sivaprasad Reddy be and is hereby

appointed as a Whole Time Director of the Company for a period of three years with effect from 01.07.1998 whose term of office shall be liable to determination by retirement of Directors by rotation at a remuneration and perquisites as per details given below".

- a) Salary : Rs.27,000/- per month in the Scale of Rs.27,000 - 5,000 - 42,000.
- b) House Rent : Rs.4,000/- per month. Allowance
- c) Medical : Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- d) Leave Travel : for self & family Concession once in a year as per the rules of the Company.

For the purpose of c & d above, family means, the spouse, dependent children and dependent parents of the appointee.

- e) Personal : Premium not Accident exceeding Rs.4,000/- Insurance per annum.
- f) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- g) Provident Fund, Superannuation benefits and Gratuity as per the rules of the Company subject to the ceilings as per the guidelines for Managerial remuneration in force from time to time.
- h) Provision of Company's Car with Driver.
- i) Provision of free Telephone at Residence.

- j) Encashment : Encashment of leave of Leave at the end of the tenure as per the rules of the Company.

#### **11. REAPPOINTMENT OF Dr. M.SIVAKUMARAN AS A WHOLE TIME DIRECTOR OF THE COMPANY**

To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections, 269, 198, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, and subject to such other consents/approvals as may be required, Dr. M. Sivakumaran, be and is hereby reappointed as a Whole Time Director of the Company for a further period of three years with effect from 16.01.1998 whose term of office shall be liable to determination by retirement of Directors by rotation at a remuneration and perquisites as per details given below".

- a) Salary : Rs.31,000/- per month in the Scale of Rs.31,000 - 5,000 - 46,000.
- b) House Rent : Rs.4,000/- per month. Allowance
- c) Medical : Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
- d) Leave Travel : for self & family once Concession in a year as per the rules of the Company.

For the purpose of c & d above, family means, the spouse, the dependent children and dependent parents of the appointee.