



Our Challenge Is Life

46TH ANNUAL REPORT ■ 2001

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Aventis Pharma Limited

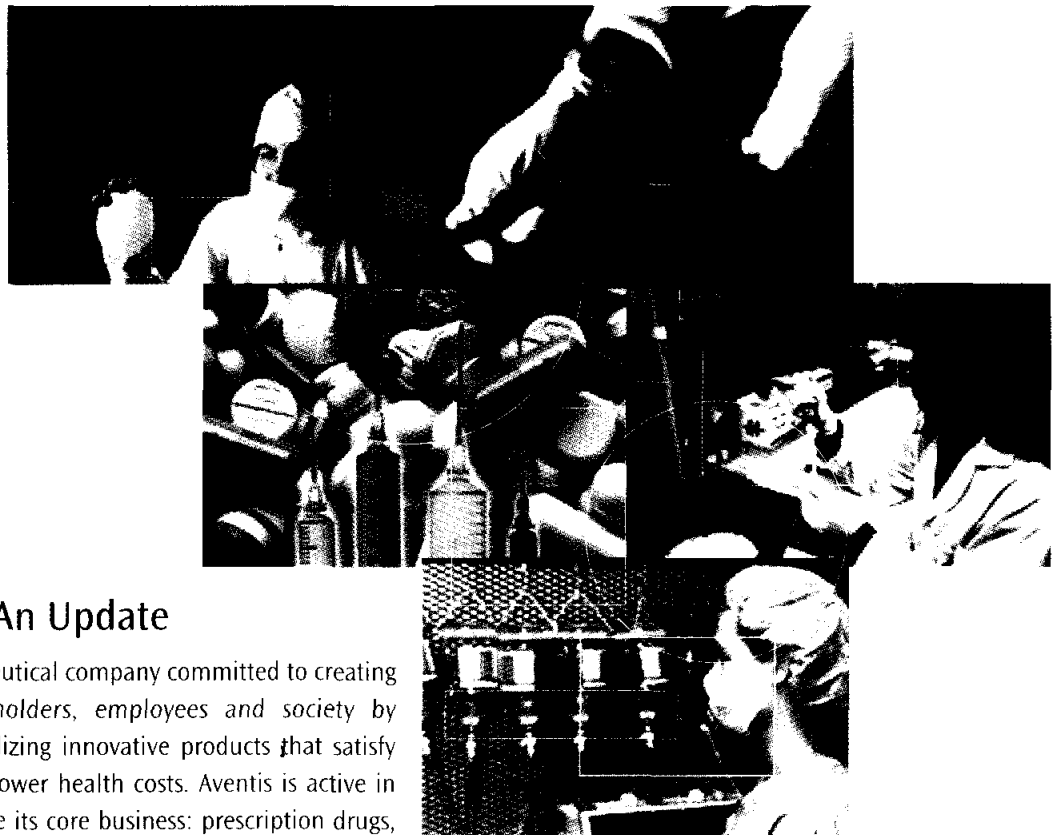


REPUTATION IS REALLY THE
BEGINNING, NOT THE END OF
ENDEAVOUR. IT SHOULD NOT BE THE
SIGNAL FOR A LET DOWN, BUT
RATHER, A REMINDER THAT THE
STANDARDS WHICH WON RECOGNITION
CAN NEVER AGAIN BE LOWERED.
FROM HIM WHO GIVES MUCH —
MUCH IS FOREVER EXPECTED.

ALVAN MACAULEY

Constellations are perceptions.
They are how we group a set of
stars to aid our perception, our
recall. And once you have
'recognized' a constellation you
would truly be disconcerted if it
wasn't where you expected it to
be - right up there in the skies.

A bit like a corporation,
wouldn't you say? A set of
remarkable attributes grouping
to form a consistent perception,
a dependable reputation.



Aventis Pharma: An Update

Aventis is a global pharmaceutical company committed to creating value for patients, shareholders, employees and society by discovering and commercializing innovative products that satisfy unmet medical needs and lower health costs. Aventis is active in three key areas which define its core business: prescription drugs, human vaccines and therapeutic proteins.

Performance

In terms of both sales and earnings, Aventis was one of the fastest-growing pharmaceutical companies in 2001. It exceeded all of its targets and executed a far-reaching transformation while at the same time considerably expanding the business and improving profitability.

Aventis reported total sales of € 17.674 billion for 2001 in its core business, an increase of 15.3% from 2000. Its core business net income was up 39.5% and its EPS rose 38.2% to € 2.07. The sales activity of strategic brands grew 38.1% in 2001 and its vaccines sales activity was up 28.2%.

The other signposts in 2001 were promising too. Allegra, Lovenox and Taxotere each generated sales of more than € 1 billion in 2001. Diabetes drug Lantus had a very successful launch in the U.S. and the antibiotic Ketek, an equally promising launch in Europe. Aventis' potent pipeline was complemented by strategic alliances and in-licensing agreements.

Research

In 2001, the Aventis core business invested € 2.977 billion in pharmaceutical research and development (i.e. 16.8% of 2001 core business sales) compared to € 2.759 billion in 2000. Aventis is currently moving more than 30 projects through clinical development to contribute to sustainable long-term growth. The focus is on rapidly developing compounds in key therapeutic areas: cardiovascular disease, diabetes and oncology.

Global Presence

A particular strength of Aventis Pharma is its ability to quickly launch new drugs in all the major markets due to its established marketing and distribution channels.

Aventis has one of the largest marketing organizations in the industry worldwide. It is currently concentrating its efforts on the largest growth markets and is deploying its sales force to maximise the launch of new global products that are expected to drive the growth of the Company.

ANNEXE TO THE REPORT OF DIRECTORS

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended December 31, 2001 and forming part of the Directors' Report for the said financial year.

A. Employed throughout the year under review and were in receipt of remuneration in aggregate of not less than Rs. 12,00,000/-

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Mr. Bashir Ahmed	47	B.Sc.(AGRI) P.G.D.M.	Executive Director, Commercial Operations	10-Jul-90	23	4,379,619	Gen. Mgr., Marketing, Shaw Wallace & Co.
Mr. C.R. Krishnan	54	M.Sc. (Organic)	Gen. Mgr. Manufacturing	2-May-72	29	1,486,651	First Employment
Dr. Sandeep Bhattacharya	45	Ph.D. Pharmacology	Director, Chronic, Acute & Oncology Business	15-May-85	21	2,172,259	Sales Promotion Manager- PCI Pharmaceuticals Pvt. Ltd.
Mr. Ghoge S.C.	50	M.Com., L.L.B., A.C.S., I.C.W.A., D.M.A.	Director, Public Policy & Corporate Affairs	1-Jun-96	30	2,901,184	Vice President Commercial, Roussel India Ltd.
Dr. Khandelwal Y.	47	M.Sc., PH.D. (SYS.ORG.CHEM)	Vice President, Quality Operations	5-Sep-83	27	1,821,715	Pool Scientist, C.D.R.I., Lucknow
Dr. Naik R.G.	47	M.Sc., Ph D	Head Industrial Operations	6-May-85	21	3,344,367	Research Asst. Indian Inst. of Science
Mr. Nalavde S.N.	55	M.Sc., D.B.M., Dip. in Mktg.	Vice President, Exports	17-Dec-73	27	1,585,049	Research Analyst, Oper. Research Group
Mr. Pande P.	47	B.Sc., Master of Labour Studies, LL.B	Director, Human Resources & Communications	2-Nov-92	24	2,103,968	Sr. Personnel Manager, Hindustan Lever Ltd.
Mr. Rao G.M.	51	M.Sc., Dip in Exec. Dev. Prg.Prod.Mgt., D.M.S	Vice President, Industrial Excellence & Mfg. Strategy & IO HR	20-Jun-73	28	1,579,712	First Employment
Mr. Subramani K.	47	B.Com., L.L.B., Grad. C.W.A.A.C.S.	Company Secretary & Vice President, Internal Audit	10-Oct-78	25	1,320,288	Officer Cost, The Associated Cement Co. Ltd.
Mr. Bajrang Lal	53	B.Sc., B.E. (Tech)	Vice President, External Manufacturing	28-Jan-85	32	1,836,603	Sr. Engg. (Mech.), The Indian Drugs & Pharmaceuticals Ltd.
Mrs. Cama Yasmin J.	47	LLM	Vice President, Legal	16-Sep-85	21	1,391,578	Advocate Asst., Crawford Bailey & Co.
Mr. Colloco Alan	52	B.A. (Hons), M.A. in Pers. Mgt. & Ind. Relations, Dip. in Mass Communication	Gen. Mgr., Human Resources Development	22-Mar-88	21	1,433,508	Asst. Personnel & Industrial Relations Mgr. May & Baker (I) Ltd.
Mr. Ponsin Arnaud	42	Engineering & Graduate - Economic Sciences	Chief Financial Officer	1-Nov-00	17	2,044,313	Financial Controller Aventis S.A., Strasbourg
Mr. Subrahmanian R.	40	B.Com., C.A. (England), Dip. in Fin. & Accounting	Managing Director	21-Apr-97	18	2,659,731	Corporate Planning Director, Hoechst AG
Rajkondawar S.L.	52	M. Pharm., D.I.M.	Vice President, External Manufacturing	2-Nov-90	28	1,272,927	Dy. GM., Prod. Pharma, Burroughs Wellcome (I) Ltd.
Dani Anil	47	B.Com., Master of Labour Studies	Gen. Mgr., Legal & IR Projects	16-Sep-96	22	1,358,575	Consultant-Labour Laws & Indl. Relations
Gurkar Udaykumar	47	B.Com, A.C.A., A.C.S.,	Gen. Mgr., Finance (FMIS)	3-Apr-95	22	1,221,981	GM., Finance & Company Secretary, Bradma of India Ltd.

Aventis Pharma Limited

B. Employed for part of the year under review and were in receipt of remuneration in aggregate of not less than Rs. 1,00,000/- p.m.

Name	Age (Years)	Qualifications	Designation	Date of commencement of employment	Experience (Years)	Gross Remuneration (Rs.)	Particulars of last employment
Mr. Bhadury D.	60	B.A. (Hons)	Vice Chairman	9-Apr-73	39	24,381,868	Sr. Sales Promotion Exec. Glaxo Labs. (India) Ltd.
Mr. Dadachanji Viraf	58	B.Com., A.C.A., A.I.C.W.A.	Gen. Mgr., Internal Audit	2-Jan-81	34	1,623,878	Bayer (India) Ltd., Audit Officer
Mr. Bakhle S. Dhananjay	42	M.B.B.S. (Bom.), M.D. (Pharmacology), (Bom)	Director, Medical Research & Regulatory Affairs	5-Nov-01	19	246,274	Medical Director, Novartis India Ltd.

1. All appointments are/were contractual
2. Remuneration includes salary, bonus, commission, rent/house rent allowance and other allowances, Company's contribution to Provident Fund, Superannuation Fund, leave travel assistance, home leave return passages for expatriates and their families, medical expenses, depreciation of furniture / appliances and perquisite value of car as per Income Tax rules, but excludes Company's contribution to Gratuity Fund and payment made to employees under Voluntary Retirement Scheme.
3. Other terms and conditions of employment are as per agreement of service and rules of the Company.
4. None of the employees is a relative of any Director of the Company.

By Authority of the Board

DR. VIJAY MALLYA
CHAIRMAN

17th April 2002



Board of Directors

(As on 17th April 2002)

Dr. Vijay Mallya

Chairman

Mr. Ramesh Subrahmanian

Managing Director

Mr. J. M. Gandhi

Mr. S.R. Gupte

Mr. M. Lienard

Mr. A.K.R. Nedungadi

Dr. Carlo de Notaristefani

Mr. J. Perez

Mr. J. Silvestre

Mr. A. Ponsin

(Alternate to Mr. J. Perez)

Dr. R. G. Naik

(Alternate to Dr. C. Notaristefani)

Company Secretary

Mr. K. Subramani

Registered Office

Aventis House,
54/A, Sir Mathuradas Vasanji Road,
Andheri (East), Mumbai 400 093.

Factories

3501-15, 6310, B-14, GIDC Estate,
Ankleshwar 393 002.

GIDC, Plot No. L-121,

Phase III, Verna Industrial Estate,
Verna, Goa 403 722.

Registrars & Transfer Agents

MCS Limited, Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
M.I.D.C. Area,
Andheri (East), Mumbai 400 093.

46th Annual General Meeting

Date

Wednesday, June 19, 2002

Time

11 a.m.

Venue

Y. B. Chavan Centre - Auditorium,
Gen. J. Bhosale Marg,
Nariman Point, Mumbai 400 021.

Auditors

M/s. P.C. Hansotia & Co.

Solicitors

M/s. Crawford Bayley & Co.

Bankers

Bank of America

BNP Paribas

Citibank N.A.

Deutsche Bank

Hongkong & Shanghai Banking Corpn. Limited
State Bank of India

Contents

4-7 Overview 8 Financial Summary 9-15 Directors' Report 16-20 Management Discussion & Analysis

21-31 Report on Corporate Governance 32-34 Auditors' Report 35-59 Accounts 60-61 Cash Flow Statement

Aventis Pharma Limited

OVERVIEW

PRODUCTS, BRANDS, MARKETSHARE

The Pharma business is about rapid establishment of innovative products to meet unmet medical needs. Our priority is thus to maximise the potential of our products. This involves establishing a strategic brand-oriented business model, developing a detailed understanding of customer needs and all market mechanisms and profiling our product characteristics in order to fully develop and leverage the market potential. The potential for our brands will be maximised when we deliver real value to our customers.

- **Allegra**

Allegra is the No. 1 brand in the Aventis global portfolio with 2001 sales of more than € 1.5 bio. In India too, Allegra grew by 46% in 2001 and has quickly moved to No. 3 position in the antihistamine market with a market share of 7% (ORG data). In a crowded market place, focused investment and very precise segmentation and targeting has allowed Allegra to make significant inroads in this sector and grow faster than the overall market. Aventis Pharma plans to further increase market share of Allegra by increasing the share of voice with key customers.

- **Amaryl**

Patient detection and patient compliance are both crucial activities for maximisation in the area of diabetes. Our Amaryl Clubs provide a perfect forum for patients and their families to interact with doctors and diabetes experts to manage their condition better. Maximisation for Amaryl is sought in two areas: advanced patient detection activities in relatively untapped markets and consistent interaction with the medical fraternity on the ever-changing treatment scenario of the disease and the Company's efforts towards enhancing patient care.

- **Cardace**

Last year Cardace (ramipril) established its versatility. The Stroke Council of the American Heart Association (AHA) recommended the use of ramipril for people with diabetes to prevent stroke. The recommendation was based on data from the HOPE study that demonstrated a 33% reduction in the risk of stroke even if other medication was being taken.

- **Rabipur**

Rabipur's retail market share grew to an all-time high of 83% in 2001. The key success factor was market expansion activity, driven by your Company through innovative marketing and awareness creation programmes. As the market leader, Aventis Pharma continues to focus on reducing the high number of fatalities associated with this disease in India.

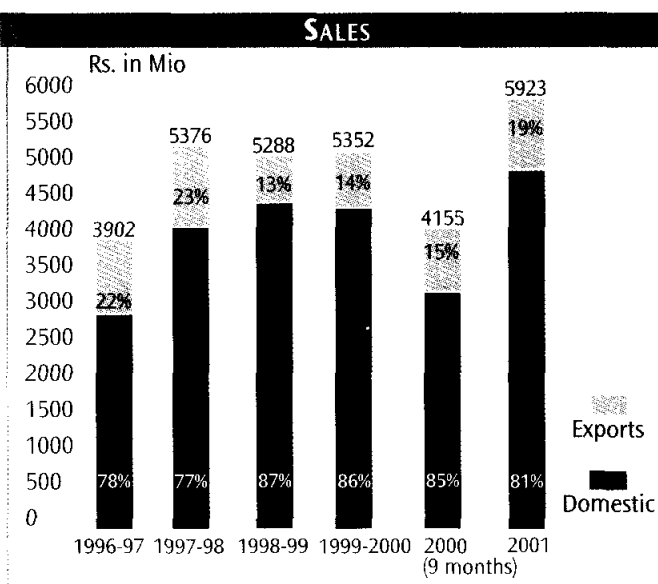
Last year, 'Meeting of Medical Minds on Rabies', a forum of all Anti-Rabies Doctors (ARC), was formed and symposia across the country were held to reiterate their confidence in prescribing Rabipur and sharing latest recommendations in Rabies prevention.



MAXIMISING ARAVA~A CASE IN POINT

In line with the strategy of maximising the potential of core strategic brands, Aventis Pharma launched Arava (leflunomide), India's first oral, specifically-designed, disease-modifying, anti-rheumatoid arthritis drug on October 11, World Arthritis Day.

Simultaneously, your Company launched a unique programme, 'Joint Effort', for the support, treatment and rehabilitation of rheumatoid arthritis patients. The Company has appointed specially-trained counselors with the objective of follow-up of patients on Arava, including compliance and counseling; providing laboratory tests and physiotherapy sessions wherever required. The results have been most encouraging: within six months 2600 patients have benefited from this molecule. Besides, 'Joint Effort' has facilitated a three-way bond between the patient, the rheumatologist and the Company.



OVERVIEW

Given the increasing urbanisation, improved life expectancy and a genetic disposition that puts Indians at 3-4 times greater risk, cardiovascular disease has overtaken infectious disease as the leading cause of death in India. A campaign launched around the landmark study, HOPE (Heart Outcomes Prevention Evaluation) which proved that Cardace provided unique and highly significant preventive benefits to patients predisposed to high cardiovascular risk, was started in 2000 and saw us making inroads into the segment of Preventive Cardiology.

In 2001, your Company made large investments to maximise penetration in this huge potential market. Scientific dissemination of the HOPE study report along with those of subsequent sub-studies (SECURE, MICROHOPE) that strengthened the credibility of Cardace were promoted to key doctor specialties through the field force and scientific symposia/lecture series by international and national opinion leaders all over the country. This maximisation campaign resulted in:

- Cardace becoming the second largest ACE inhibitor brand out of about 60 brands in the market with a market share of 19.2% for year 2001 (from ORG MARG retail audit).
- Cardace registering the highest growth rate (+73%) of the top ten ACE inhibitor brands in the market.
- Cardace being the 7th largest prescribed cardiovascular brand of the 485 brands (Source: CMARC).

The success came despite many new brands of ramipril being launched in the market.

CLEXANE

Clexane, the Low Molecular Weight Heparin (LMWH), has consolidated itself as the brand leader in the category of anti-thrombotics in India and is the most widely prescribed LMWH in the world supported by a wealth of clinical results. In India Clexane grew by 56% according to IMS (December 2001 data). RPR's merger with Aventis has helped widen Clexane's reach and intensified coverage of our key customers in hospitals. Clexane has been able to maximise our sales in the treatment of unstable angina in cardiology patients. Clexane scores over other LMWHs as it is the only LMWH that has been shown to be significantly superior in efficacy than the standard heparin, as proven in landmark studies such as ESSENCE & TIMI11B. Your Company is committed to bringing the benefit of Clexane to the majority of Indian patients, through investment in physician education & clinical data generation in India.

Your Company has initiated an epidemiological study to determine the incidence of Deep Vein Thrombosis (DVT) in Indian patients. This segment offers vast opportunity for maximising Clexane's potential.



PRODUCTION, PRODUCTIVITY, COST EFFICIENCY

The thrust in the Industrial Operations was on maximising operational efficiency. The focus was on improving the availability of our products, while maintaining minimum inventory. Result: product availability was boosted to 99.6%.

While maximising cost efficiencies, our emphasis was on savings in energy cost. Our Ankleshwar site took a lead in this area and its innovative efforts won recognition and some prestigious awards for Best Practices in Energy Conservation. Achieving savings in raw material and packaging material costs also maximised cost efficiencies. Nearly 6% reduction in these costs was achieved over the previous year.

"Customer First, Quality Always". That's Aventis Industrial Operations' mantra for gearing up for the future. It has developed a new Vision & Strategy to align the goals and processes in Industrial Operations with the Aventis strategy of focussing on strategic product leadership of strategic brands.

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CONTRIBUTION TO THE NATIONAL EXCHEQUER

