

ANNUAL REPORT | 2007-2008



 **JENBURKT**

Delivering Excellence in Life Sciences

## Delivering Excellence in Lifesciences

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Life is a precious gift. It needs constant protection, nurturing and care. And when knowledge and experience come together, the result is excellence. At Jenburkt, we understand this and therefore are dedicated to deliver excellence in life sciences.

We achieve our aim by constantly driving our team towards extensive development to produce innovative products and services. In addition, our quality norms meet international standards. Understanding the market and its ever changing requirements is a challenge in itself, but Jenburkt transforms it into an enduring strength. We have recently received **NSIC-CRISIL rating of CRISIL SE1A for "Highest Performance Capability & High Financial Strength"** reinforcing our determination to excel. And the distinguishing



factor of Jenburkt is its ability to not just create products, but build brands that bring about a positive difference in the quality of life.

Our aim, at Jenburkt, is to touch more and more lives and successively achieve higher benchmarks. And every smile on our stake holders' faces inspires us to do just that. At Jenburkt, our spirit to constantly deliver excellence transforms itself into a mission – to transform this world into a healthier planet with a smile on every face.

### Board Of Directors

<b>Uttam N. Bhuta</b>	Chairman and Managing Director
<b>Bharat V. Bhate</b>	Director
<b>Rameshchandra J. Vora</b>	Director
<b>Arun R. Raskapurwala</b>	Director
<b>Ashish U. Bhuta</b>	Whole Time Director
<b>Harshad N. Bhuta</b>	Director(Up to 04.01.2008).

### Company Secretary

Ashish R. Shah

### Auditors

D.L.Arora & Co.  
Chartered Accountants,  
Mumbai

### Bankers

Bank of Baroda  
ICICI Bank

### Registered Office

Nirmala Apartments,  
93, Jayprakash Road,  
Andheri (W),  
Mumbai - 400 058  
Tel. No. : 6694 3121 (8 Lines)  
Fax No. : 6694 3127  
E-Mail : Investor@jenburkt.com  
Web Site : www.jenburkt.com

### Plant

11-12,  
GIDC Phase - I,  
Bhavnagar Road,  
Sihor,  
Gujarat - 364 240

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## NOTICE

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of **JENBURKT PHARMACEUTICALS LIMITED** will be held on Thursday, the 31<sup>st</sup> July, 2008 at 4.00 p.m. at Juhu Jagruti Auditorium, A.J.College of Commerce and Economics, opp. Shri Bhaidas Maganlal Hall, Swami Bhaktivedanta Marg, JVPD Scheme, Vile Parle (West), Mumbai - 400056 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2008 and Balance Sheet as on that date together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Rameshchandra J.Vora, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Uttam N. Bhuta, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :  
"RESOLVED THAT pursuant to the provisions of sections 198,269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be required, the approval of the members of the Company be and is hereby accorded for the appointment of Shri Uttam N. Bhuta, as Chairman and Managing Director of the Company for a period of three years from 01<sup>st</sup> April 2009 to 31<sup>st</sup> March 2012, whose term of office shall be liable to retirement by rotation, at a remuneration and perquisites payable as per details given below :

#### A. Salary:

Up to Rs. 2,50,000/- per month from 01<sup>st</sup> April 2009 to 31<sup>st</sup> March 2012. The Board of Directors have the power, at their discretion, to increase and decide the remuneration with all perquisites and allowances within the above stated limit.

#### B. Perquisites :

House Rent Allowance : The Chairman and Managing Director (CMD) shall be entitled to House Rent Allowance at the rate of 30% of the basic Salary.

Medical Reimbursement : Expenses incurred for CMD and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

Leave Travel Concession : Reimbursement of expenses for CMD and his family once in a year incurred in accordance with the Company's Rules.

#### C. Others :

The CMD shall be entitled for Provident Fund, Gratuity, Encashment of Leave, Bonus, etc. as per the rules of the Company. Provision of Company's Car with chauffeur for official use along with telephones and Electricity at CMD's Residences. All other allowances/benefits under the rules applicable to the employees of the company.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof be and is hereby authorised and empowered in its absolute discretion to change, alter or modify, the terms and conditions of his appointment and fix his remuneration, with his consent, subject to the provisions of section 310, 311, schedule XIII and any other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT in the event of loss or inadequacy of Profit of the Company in any Financial Year during his tenure, the aforesaid remuneration and perquisites shall be paid to Shri Uttam N. Bhuta as minimum remuneration, subject to Schedule XIII and any other applicable provisions of the Companies Act 1956, unless otherwise approved by Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof be and is hereby authorised to do all such acts, deeds, things, as they may in their absolute discretion deem necessary, to give effect to this Resolution.”

By Order of the Board of Directors  
For **JENBURKT PHARMACEUTICALS LTD**

ASHISH R. SHAH  
Company Secretary

Mumbai, 24<sup>th</sup> June, 2008.

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**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. An Explanatory Statement pursuant to the section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
3. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting. Proxies, in order to be effective, must be received at the Registered Office of the Company, duly completed, not less than 48 hours before the scheduled time of the meeting.
4. Members / Proxies are requested to bring their copy of Annual Report to the Meeting.
5. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day, except Saturdays, till Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 25<sup>th</sup> July 2008 to Thursday, 31<sup>st</sup> July 2008 (both days inclusive).
7. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended, any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the unpaid dividend account shall be transferred by the Company to the Investor Education and Protection Fund of the Central Government and the shareholders shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.
8. The Company have transferred the unpaid or unclaimed amount for dividend pertaining to F.Y. 1999-2000, to the Investors Education and Protection Fund of the Central Government during the year.
9. For Profile of a) Shri Rameshchandra J. Vora and b) Shri Uttam N. Bhuta, Directors being appointed/re-appointed, kindly refer to the Corporate Governance Report, attached to the Directors' Report.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT

As required under section 173(2) of the Companies Act, 1956

#### Item No.6 of the Notice :

Shri Uttam N. Bhuta was elevated as Chairman and Managing Director by the Board of Directors in their meeting held on 31<sup>st</sup> July 2007, due to the resignation of Shri Harshad N. Bhuta as the Chairman of the Company. The current tenure and remuneration of Shri Uttam N. Bhuta up to 31<sup>st</sup> March 2009 was approved by the Members at their Annual General Meeting held on 28<sup>th</sup> July 2006.

Consent of Members of the Company is required under the provision of section 198, 269, 309 schedule XIII of the Companies Act 1956 and other applicable provisions of the said act, for the appointment of Shri Uttam N. Bhuta as Chairman and Managing Director, and payment of remuneration to him from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2012. His term of appointment as set out in the draft agreement and it's abstract as mentioned in the proposed resolution will be subject to approval of Members in the ensuing Annual General Meeting. The terms and conditions of Shri Uttam N. Bhuta's appointment as set out in the proposed resolution may also be treated as an abstract of the term of draft agreement between Shri Uttam N. Bhuta and the Company under section 302(2) of the Companies Act, 1956.

A brief resume of Shri Uttam N. Bhuta, as required under Clause 49 of the Standard Listing Agreement of Stock Exchange is set out in the section of Corporate Governance Report, appearing in this Annual Report.

The Board accordingly recommends the resolution in item No.6 of the notice for approval of the Members of the Company. Except Shri Uttam N. Bhuta and Shri Ashish U. Bhuta, none of the Directors is to be considered interested or concerned in the proposed resolution.

Information as required under Schedule XIII of the Companies Act 1956:

#### I. General Information:

- 1) Nature of Industry: The Company is a manufacturer of Pharmaceutical formulations.
- 2) Date or expected date of commencement of commercial production: The Company was incorporated on 10/06/1985.
- 3) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.
- 4) Financial performance based on given indicators:

(Rs. in lacs)

PARTICULARS	Financial Year ended 31-3-2008	Financial Year ended 31-3-2007
Sales	4014.08	3786.16
Net Profit after tax	130.29	120.35

#### 5) Export performance and net foreign exchange collaborations:

For the financial year 2007-08: Rs.275.19 lacs

For the financial year 2006-07: Rs.186.27 lacs.

The Company has not entered in to any foreign collaboration.

#### 6) Foreign investments or collaborators, if any: N.A.

#### II. Information about the appointee:

1. Background details: Shri Uttam N. Bhuta is one of the Promoters / Directors of the Company and presently is the Chairman and Managing Director of the Company.

Having started his career by joining family business of export and import of groundnuts, cashewnuts and spices, Shri Uttam N. Bhuta started a very successful textile and travel business and a chemical company with his brothers, apart from many other ventures, before forming Jenburkt.

Today, your company which was started with 6 products and 2 employees, is a 60 brand and 600 employees company, with over 50 international product registrations, a domestic customer base of nearly 30,000 doctors and a distribution network of 40,000 chemist shops and over 1000 stockists. Your company's products command a high respect for its quality amongst medical fraternity, and for its transparent and ethical work culture among all its associates.

Shri Uttam N. Bhuta is also founder trustee in various well known Charitable Trusts devoted to Education and Healthcare.

Shri Uttam N. Bhuta holds, as on 31-03-2008, 279040 Equity Shares of the Company.

2. Past remuneration drawn (F.Y. 2007-08): Rs. 10.80 lacs per annum.
3. Recognition or awards: Shri Uttam N. Bhuta has received various felicitation from various bodies for his contribution for social and charitable causes.
4. Job profile and his suitability: Shri Uttam N. Bhuta, posses substantial executive power, under the control of Board of Directors. He is the leading force behind the present status of the Company. He is instrumental in making Strategies and Plans for the growth of the Company. He has managed, through out his career, to create among the employees, an atmosphere full of values and ethics and since Company is in the healthcare business, the volume growth comes next to value and ethical growth. Since all the major departments within the Company are directly controlled by him and his association with company is since inception as a promoter / director, he is most suitable for the job.
5. Remuneration proposed: up to Rs.2,50,000/- per month with effect from 01.04.2009. This includes the salary, perquisites, benefits, allowances subject to the discretion of the board and/or remuneration committee thereof. His terms of Remunerations are valid for a period of three years from 01-04-2009.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The proposed remuneration is comparatively lower than the similar designated / positioned employees in the industry and size of the Company.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel: Shri Uttam N. Bhuta does not have any pecuniary relationship with the company whether directly or indirectly. His son Shri Ashish U. Bhuta is the Whole Time Director.

### III. Other Information:

- 1) Reasons of loss or inadequate profits: The Company falls under SME group and is under a growing stage. The expenditures on manpower recruitment, training and retention and on marketing is very high, but at the same time are important too. The Company had to spend heavily on product registration at various countries.
- 2) Steps taken or proposed to be taken for improvement: The Company has successfully certified its plant as WHO GMP compliant, the plant is also approved under Schedule-M of Drug and Cosmetic rules, 1945. The Company is focusing in exports and has established an International Business Division and expects to register sizable bottom line growth in years to come. Further the Company has adopted mechanism for rationalisation of product and shifting of product to excise free zone.
- 3) Expected increase in productivity and profits in measurable terms: During the year the Company reported an improvement in financial results. As mentioned above, with improvement in exports (which depends on the registration of products and plant by various Government authorities in different countries), the company shall expect a better and improved performance in years to come. The benefits of expenditures in product registration will be seen in years to come by way of increase in export turn over.

### IV. Disclosures:

- 1) A draft resolution and detailed explanatory statement about the appointment and remuneration package of Shri Uttam N. Bhuta is presented under the Notice convening the ensuing Annual General Meeting.
- 2) The details regarding remuneration package, service contract period, etc. of all the directors, are produced in the Corporate Governance Report, annexed to Directors' Report.

By Order of the Board of Directors  
For **JENBURKT PHARMACEUTICALS LTD**

ASHISH R. SHAH  
Company Secretary

Mumbai, 24<sup>th</sup> June, 2008.

## Directors' Report

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2008.

### FINANCIAL PERFORMANCE :

Rs. (lacs)

PARTICULARS	Year ended 31-3-2008	Year ended 31-3-2007
Sales and Other income	4056.98	3831.45
Profit before depreciation, interest and tax	377.28	355.28
Less : Interest	97.63	85.57
Depreciation	64.09	66.65
Profit before tax	215.56	203.06
Less : Provision for taxation /Deferred ax	85.27	82.71
Net Profit after tax	130.29	120.35
Less : Excess provision of earlier years, now written back	(3.12)	0.50
Add : Balance b/f from previous year	232.20	182.59
Profit available for appropriation	359.36	303.44
APPROPRIATIONS :		
Dividend	58.12	58.12
Dividend Tax	9.88	9.88
Transfer to General Reserves	3.26	3.25
Balance C/f to Balance Sheet	288.10	232.19
<b>Total</b>	<b>359.36</b>	<b>303.44</b>

### DIVIDEND :

Your Directors recommend a Dividend of 12.5% or Rs. 1.25 per equity share of Rs. 10/- each, subject to approval of shareholders at the ensuing Annual General Meeting. Rs. 68 lacs will be absorbed out of profits towards payment of dividend and tax thereon and Rs. 3.26 lacs will be transferred to Reserves out of profits. The Dividend for the previous financial year i.e. 2006-07 was paid at the rate of 12.5%.

### FINANCIAL PERFORMANCE :

The turn over of the Company for the Financial Year 2007-08 rose to Rs. 4014.08 lacs from Rs. 3786.16 lacs registered last year, an increase of 6%. The net profit jumped by 8.26% amounting to Rs. 130.29 lacs from Rs. 120.35 lacs registered last year.

The performance, of the International Business, was encouraging with a rise in Sale by 47.74%. The sales in the domestic market which is currently the major contributor, was significantly affected, because of a policy mooted by Drug Authorities, which affected an estimated 4000 fixed dose combination brands in India.

A solution could not be worked between the industry and the Drug Authorities and the matter is currently in Chennai High Court. This unprecedented scenario, affected the sales of your company, especially in the 3<sup>rd</sup> and 4<sup>th</sup> quarter. Moreover, 6 brands of your company remain under DPCO. Despite the above, your company has registered net sales of Rs. 4014.08 lacs and total income of Rs. 4056.98 with a net profit of Rs. 130.29 lacs.

Your company expects the International Business Division to contribute substantially to the top line and bottom line of the Company's financial performance.

### PLANT :

A new modern R & D division for developing new dosage forms is being established at our Sihor Plant. New equipments being ordered along with Air Handling Systems to make the new R and D unit to meet international regulatory requirements. A new microbiology section also envisaged to do in-house stability testing of air outsourced parenteral products.

The Plant upgradation continued with the installation of new equipments and instruments in the Manufacturing and Quality Control Departments. Prime importance being given to strengthen our quality control and assurance departments to have stricter compliance of our products manufactured in-house as well as outsourced products.

New products were launched after stability studies under specified conditions. Our sugar substitute NOCAL both in Tablet and Powder forms launched for International Market has got wide acceptance in various countries and the volumes are picking up.

The Plant has been regularly audited by Technical Experts of various Regulating Authorities of various countries and received accreditations for exports of our products.

### CRISIL RATING :

Your Company has been awarded a prestigious rating by NSIC-CRISIL rating as "SE1A", indicating "Highest Performance Capability and High Financial Strength".

### DIRECTORS :

Shri Rameshchandra J. Vora and Shri Uttam N. Bhuta retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri Uttam N. Bhuta was elevated as Chairman and Managing Director of the Company with effect from 31.07.2007.

A Resolution regarding Shri Uttam N. Bhuta's further appointment for 3 years and payment of remuneration is recommended to be passed by the Members in the ensuing Annual General Meeting of the Company.

The above appointments are subject to Members approval at the ensuing Annual General Meeting.

Shri Harshad N. Bhuta resigned from the Board with effect from 04.01.2008, as the Promoter / Director of the Company.

Brief resume of the Directors proposed to be re-appointed are set out in the section of Corporate Governance, as stipulated under clause 49 of the listing agreement with Stock Exchange.

Consequent to resignation of Shri Harshad N. Bhtua from the Board and the Membership he possessed in the Audit Committee and Remuneration Committee of the Board, Shri Arun R. Raskapurwala, independent director was appointed as a member in both the Committees.

#### AUDITORS :

M/s D. L. Arora and Co. Chartered Accountants, Mumbai, Auditors of the Company will retire at the ensuing Annual General Meeting and have offered themselves for re-appointment. The Auditors have, furnished certificate under Section 224(1B) of the Companies Act, 1956 of their eligibility for re-appointment.

#### REPORT ON CORPORATE GOVERNANCE :

A brief report on corporate governance and the relative Auditors Certificate thereto is attached to this report.

#### REPORT ON MANAGEMENT DISCUSSION & ANALYSIS :

A Report on Management discussion and Analysis is attached to this report.

#### CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :

As required under section 217(1)(e) of the Companies Act 1956 and by the Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure - I forming part of this report.

#### PARTICULARS OF THE EMPLOYEES :

In terms of provision of section 217(2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) rules 1975, as amended, the names and other particulars of the employees of the Company are required to be disclosed as annexure to Directors' Report. However, according to provision of section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding above information is being sent to all the Members of the Company including other entitled person/s. Member who is interested in obtaining such particulars may write to Company Secretary at the registered office.

#### DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the Section 217 (2AA) of the Companies Act, 1956, your directors state that :

- a) in the preparation of annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same.
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year under review, and of the profit of the company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the Annual Accounts on a going concern basis.

#### FIXED DEPOSIT :

The Company has not accepted any deposits from the public within the meaning of section 58-A of the Companies Act, 1956.

#### APPRECIATION :

The Board of Directors extend their gratitude to the outgoing director Shri Harshad N. Bhuta for his long stint at Jenburkt and appreciate his leadership quality for the achievements made by Jenburkt since inception till date, the Board of Directors wishes him best of luck for his future.

Your Directors also extend their gratitude and appreciation for assistance and co-operation extended by Government Authorities, Banks, Stockists and Members of the Company. Your Directors also would like to express their appreciation to all the employees of the Company.

By Order of the Board of Directors  
For **JENBURKT PHARMACEUTICALS LTD**

Uttam N. Bhtua  
Chairman and Managing Director

Mumbai, 24<sup>th</sup> June, 2008.

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## ANNEXURE - I TO THE DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

## I. CONSERVATION OF ENERGY :

## (a) Energy conservation measures taken :

Energy conservation continues to receive top priority in the Company. Energy audits are carried out, consumption monitored, maintenance systems improved and distribution losses are reduced to remain more competitive.

Specific energy conservation measures are :

1. Monitoring of boiler fuel gases, analysis and daily cleaning of burner block and improved quality of boiler feed water has helped in reducing the fuel consumption.
2. Use of Fuel additives for improvement in combustion efficiency of boiler.
3. Cooling water treatment.
4. Rationalisation of transformer capacity.
5. Minimised pressure fluctuations in air lines.
6. Power capacitors used in the main sub-station and power factor improved to reduce the wastage of power.
7. Periodic checking and monitoring of electrical loading of all motors and repair of the defective ones.
8. Use of soft starts for large size motors to improve energy efficiency.

## (b) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods :

1. Energy conservation measures as stated above have resulted in bringing down the cost of production.
2. Significant savings in energy consumption due to the above stated measures has created awareness in the employees and workers of the company.

## (c) Total energy consumption and energy consumption per unit of production :

## FORM - A

Form for disclosure of particulars with respect to Conservation of Energy

A	Power and Fuel Consumption	Year ended 31 <sup>st</sup> March, 2008	Year ended 31 <sup>st</sup> March, 2007
1.	Electricity		
	a) Purchased Units	402664	395989
	Total Amount Rs.	1924307	2017579
	Rate / Unit Rs.	4.70	5.11
B	Own Generation		
	(i) Through generator 160 KVA	872	1200
	Units per litre of diesel oil	1.53	1.80
	Cost / Unit Rs.	20.50	17.98
	(ii) Through generator 250 KVA	5312	5496
	Units per litre of diesel oil	1.17	0.78
	Cost / Unit Rs.	26.70	39.78
	(iii) Through steam turbine /generator	Nil	Nil
2.	Coal	Nil	Nil
3.	Furnace Oil	Nil	Nil
4.	Others / internal generation	Nil	Nil

## B Consumption per Unit of production :

Electricity (Units)	There is no specific standard followed by the company for the current year as well as for previous year, as per the records and books of the company maintained in accordance with Companies Act, 1956.
Coal	
Others	

## II. TECHNOLOGY ABSORPTION :

### FORM B

Form for disclosure of particulars with respect to absorption :

(a) EFFORTS MADE IN TECHNOLOGY ABSORPTION :

Specific areas in which R and D carried out in the Company :

- Simplification of manufacturing process, thereby reducing the cost of production of the existing formulations.
  - A modified manufacturing / packaging operation was implemented for NOCAL Tablets / NOCAL Powder.
  - Development of new injectibles for Export.
  - New Analytical methods developed for testing of new formulation and simplification of packaging operation to contain the cost.
  - Increase the shelf life of existing formulations by ongoing stability studies.
- Benefits derived from R and D
- Launch of new formulations both in domestic and international operations.
  - Cost reduction in manufacturing / packaging operations.
  - Increase in shelf life of some of the existing formulations.

Future Plans

- Submission of Technical DOSSIERS continued to various countries for International Business.
- Operation of new state of the art R and D unit with microbiology section.

(b) TECHNOLOGY ABSORPTION, ADAPTATION and INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

- a) Continuous adaptation research and development of products and processes with the objective of import substitution and cost containment in an inflationary environment is carried out.
- b) Extensive work was carried out, for the adaptation of process relating to formulation to suit local conditions.
- c) Development of ancillary technology, for packaging materials and machinery is undertaken.

2. Benefits derived as the result of the above efforts:

- a) Product improvement, cost reduction, import substitution, standardised analytical methods which are reflected in the productivity of resources and better quality and stability of products.
- b) Development of new products/packaging materials/line extensions.
- c) Quality improvement.

3. Imported technology :

The Company has not imported any technology on payment of consideration in the last five years.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products:

The Company is continuously exploring different markets, for its products. The GMP Certification as per WHO, has provided major boost in the area of export. The foreign exchange earnings by the Company : Rs.275.19 lacs.

The foreign exchange expenditure of the Company : Capital Goods 2.59 lacs, Other Expenditures 29.72 lacs and dividend paid 0.13 lacs. Aggregating to Rs.32.44 lacs.

By Order of the Board of Directors  
For **JENBURKT PHARMACEUTICALS LTD**

Uttam N. Bhtua  
Chairman and Managing Director

Mumbai, 24<sup>th</sup> June, 2008.

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### Industry structure and development

The Indian pharmaceutical industry has shown tremendous progress in terms of infrastructure development, technology base creation offering a wide range of dosage forms and enhancement of production capacities. Even while undergoing restructuring, it has established its presence and determination to flourish in the changing environment. The Indian pharmaceutical and healthcare market is undergoing a spurt of growth in its coverage, services, and spending in the public and private sectors.

### Opportunity and Threats

The Indian Pharmaceutical Industry today is in the front rank of India's science-based industries with wide ranging capabilities in the complex field of drug manufacturing and technology. It ranks very high, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously. Your company's manufacturing facility has got WHO Certification and Approvals from many countries and therefore is poised to take advantage of this opportunity, providing a boost to our exports.

With growing population and increase in spending power, the per capita healthcare spending is increasing in the domestic market. With well-established brands and new launches, the company is firmly placed on the growth trajectory.

However, Government's proposed pharmaceutical policy, pending for couple of years, Drug Price Control Order (DPCO) and the final decision on the controversial fixed dose combination issue could hamper the growth. Also, increase in raw material and packing cost may put pressure on profitability of the company.

### Risks and concerns

With implementation of GATT from 2005, India started recognizing product patents from 1st January 2005, thus reducing process reverse engineering opportunities. Indian companies that have not prepared for this reality will face intense competition and perhaps de-grow over the coming years. This curtails new product launches and in turn growth driven by new brand launches. Also, the slowdown in global economy led by downturn in US economy puts pressure on market share and profitability, which may affect your company indirectly.

The company has risk management mechanism covering above aspects. The increase in middle class population with increasing income and concern for healthcare would increase the per capita spending enabling the company to improve on turnover and bottom line.

### Segment wise or Product wise performance

The Company is exclusively in pharmaceutical formulations business segment.

### Internal control systems

The Company has in place adequate internal control systems. The Enterprise Resource Planning System makes sure a speedy and proper documentation, accurate reporting of financial transactions and optimising assets utilisation. These ensure that all corporate policies are strictly adhered to and absolute transparency is followed in accounting and all its business dealings. The Internal Auditors appointed by the Company take care to see that adequate internal controls are followed and all mandatory accounting policies are complied with. The Audit Committee of the Board, reviews, periodically the financial of the company, observation and recommendation of auditors.

### Human Resources :

The growth of the organization presents unique challenges for the Human Resource function. We have strengthened our team in order to meet these challenges. We have developed robust human resource information system and policies, enhancing transparency across the organization and attracting and retaining skilled manpower.

With the focus on training and development of its work force throughout the year, we have managed to meet business challenges. Employees are also given performance based rewards and better job. We continue to maintain amiable relation with our employees.

### Financial performance

The turn over of the Company for the Financial Year 2007-08 rose to Rs.4014.08 lacs from Rs. 3786.16 lacs registered last year, an increase of approximately 6%.

The profit of the company stood at Rs. 130.29 lacs as against Rs. 120.35 registered last year, a jump of approximately 8.26%.

### Future Outlook

Jenburkt's short-term and long-term outlook is encouraging for the following reasons:

- Expansion of product portfolio in various therapeutic segments
- A focus on expanding to overseas markets organically
- Building capabilities and nurturing a talent pool comprising diverse skill sets to deliver results in short term.

For and on behalf of the Board  
For **JENBURKT PHARMACEUTICALS LTD**

Mumbai: 24<sup>th</sup> June, 2008.

UTTAM N. BHUTA  
Chairman and Managing Director

## CORPORATE GOVERNANCE REPORT

### 1. A brief Statement on Company's Philosophy on Corporate Governance :

We, at Jenburkt, are committed to the philosophy and concept of Corporate Governance and it is carried out in all the core activities of company, which are Accountability, Responsibility and Transparency. Apart from that the ethical business conduct and integrity in functioning have enabled the company to achieve excellence in Corporate Governance, and enhancement in value of all stake holders. In addition, the Code of Business ethics Code on Prohibition of Insider Trading, Whistle Blower Policy, Policy for Pollution Control and Employee friendly policies have set a very high ethical and moral standards among employees with honest and transparent work atmosphere. Your company has always remained and shall remain committed towards it's responsibility of fair and transparent interaction with Government Bodies, Stock Exchange and all stake holders with disclosure of all information to the regulators and compliance with all applicable rules and regulations.

### 2. Board of Directors :

#### A. Composition of Board :

The Chairman of the Board is an executive director. The Board represents blend of executive, non executive and Independent Directors, as required. The Board has more than 50% of non-executive Directors. While the board consists of two executive directors i.e. the Chairman and Managing Director and a Whole Time Director, the rest of three directors out of total strength of five directors are non-executive and independent directors.

The details of composition and category of directors, their attendance of Board Meeting / Annual General Meeting, other positions in Board / Committee of Board are as under :-

Name of Director	Designation/ category of Directorship	No.of Board Meeting attended F.Y. 2007-08	Whether last AGM attended.	No.of Directorship held in other Company
Uttam N. Bhuta	Chairman and Managing Director	5	Yes	1
Bharat V. Bhate	Non-Executive /Independent	5	Yes	1
Rameshchandra J.Vora	Non-Executive/ Independent	4	Yes	-
Arun R. Raskapurwala	Non-Executive/ Independent	4	Yes	-
Ashish U. Bhuta	Whole Time Director	3	Yes	1
Harshad N. Bhuta * (upto 04.01.2008)	Non-executive	2	Yes	1

\* Resigned as director on 04.01.2008.

None of the Director is a Member of any Committee of Board of any other company. Shri Uttam N. Bhuta is one of the Promoters of the Company.

Shri Uttam N. Bhuta, Chairman and Managing Director and Shri Ashish U. Bhuta, Whole Time Director are related to each other. None of the other directors are related to each other.

#### B. Number of Board Meetings held during the year with dates :

The Board of Directors met five times in the financial year 2007-08. The Board Meetings were held on 20/04/2007, 02/06/2007, 31/07/2007, 30/10/2007 and 30/01/2008. The maximum time gap between any two board meetings was not more than four calendar months.

#### C. All relevant informations as suggested under clause 49 of the listing agreement are furnished to the Board from time to time.

### 3. Audit Committee :

Due to resignation of Shri Harshad N. Bhuta, director and member of Audit Committee, the Board of Directors in their meeting held on 30.01.2008, made changes in the members of the committee. Shri Arun R. Raskapurwala, director was appointed as a new member of the committee. The existing members are Bharat V. Bhate, Chairman and Shri Rameshchandra J. Vora.

Now the Audit Committee comprises of all the non-executive and independent directors.

The terms of reference of the Audit Committee are in accordance of the clause 49 of the listing agreement with stock exchange and interalia includes :

- i. Overseeing the Company's financial reporting process and ensuring that the financial statement is correct, sufficient and credible.
- ii. Recommending the Board, the appointment, removal of the statutory auditors and fixation of their fees and payment for any other services rendered.
- iii. Reviewing with management the annual financial statements before submission to the board with reference to matters required to be included in the Directors' Responsibility Statement under section 217 of the Companies Act, 1956, changes, if any, in accounting policies and practices, compliance with accounting standards, listing and other legal requirements pertaining to financial statements.
- iv. Reviewing the adequacy of audit, discuss about nature and scope of audit and to ensure the compliance as per regulations.
- v. Review Management discussion and analysis of financial condition, status, if any, of related party transactions, etc.
- vi. Reviewing with management, external and internal auditors, the adequacy of internal control system.
- vii. Review functioning of Whistle Blower Mechanism.
- viii. Discussion with internal auditors, any significant finding and report thereon.
- ix. Carrying out any other function as per direction of the Board of Directors.

The Audit Committee met 4 times in the year 2007-08, on 02/06/2007, 31/07/2007, 30/10/2007 and 30/01/2008. Shri Bharat V. Bhate and Shri Rameshchandra J. Vora attended all the four meetings held during the year, Whereas, Shri Harshad N. Bhuta attended two meetings.

#### 4. Remuneration Committee :

The Remuneration Committee of the Board is set up to formulate and recommend, from time to time, the salary, compensation payable to the executive directors of the company. It refers to all the rules, regulations and acts pertaining to the payment of compensation to the executive Directors on Board.

Shri Harshad N. Bhuta, member of the committee and director of the company resigned from the Committee, during the year. The Board, consequent to his resignation, appointed Shri Arun R. Raskapurwala – non-executive and independent director as a new member of the Committee on 30/01/2008. Hence, the committee with effect from 30/01/2008 comprises of Shri Rameshchandra J. Vora – Chairman, Shri Bharat V. Bhate and Shri Arun R. Raskapurwala as it's Members. All the members are non-executive and independent director. The committee met once during the year, i.e. on 27<sup>th</sup> April 2007.

The Remuneration Committee determines and recommend, to the Board, the Remuneration payable to Executive Directors. The policy of the committee for deciding remuneration is based on fair and transparent decisions. The Remuneration is decided on the Director's past track, performance and the remuneration in the peer group.

#### Details of the Remuneration of Directors for the F.Y.2007-08.

Rs. in Lacs.

Name	Remuneration including all benefits	Commission	Sitting Fees	Total	Service Contract Period	Eq. Shares held as on 31.03.2008.
Uttam N. Bhuta	10.80	N.A.	N.A.	10.80	20.01.2006 to 31.03.2009	279040
Rameshchandra J. Vora	N.A.	N.A.	0.20	0.20	N.A.	500
Bharat V. Bhate	N.A.	N.A.	0.20	0.20	N.A.	2500
Harshad N. Bhuta *	N.A.	N.A.	0.10	0.10	N.A.	111950
Arun R. Raskapurwala	N.A.	N.A.	0.12	0.12	N.A.	100
Ashish U. Bhuta	18.13	N.A.	N.A.	18.13	02.06.2007 to 01.06.2012	172121

Notes :

- i. \* Resigned as a director on 04.01.2008.
- ii. The Company has not entered into any pecuniary transactions with the non-executive directors.

#### 5. Investors / Shareholders Grievance Committee :

The Committee is comprised of three Members. The Chairperson of Committee is Shri Bharat V. Bhate who is a non-executive and Independent Director. Shri Uttam N. Bhuta and Shri Rameshchandra J. Vora are other Members of the Committee. Shri Ashish R. Shah, Company Secretary is the Compliance Officer of the company.

The Share Transfer and Investor's / Shareholder's Grievance Committee monitors the Registrar and Transfer Agent's activities and approves transfers, transmissions, splitting, etc. The committee also take note of dematerialisation of shares. It also monitor the redressal of shareholders complaints relating to transfer of shares, non-receipt of Dividend, Annual Report, etc.

The committee have empowered Company executives to approve the share transfer, in case of their non-availability, to avoid delay. The Board is periodically been briefed about the Share Transfer and related activities.

The Share Transfer and Investor's / Shareholder's Grievance Committee meets, once in a fortnight, to approve the transfer of shares and related activities.

The said committee met 22 times during the year. The details of attendance by members is as follows :

Name of the Members	No.of Meeting attended in F.Y. 2007-2008
1. Bharat V. Bhate	22
2. Uttam N. Bhuta	22
3. Rameshchandra J. Vora	21

During the year 5 complaints regarding transfers / demats, 09 complaints regarding non receipt of annual report, 10 complaints regarding non receipt of dividend, 15 requests for revalidation of dividend warrants and 07 complaints of other nature were received and all of them were resolved. No complaints were pending / outstanding as on 31/03/2008. No Share Transfers was pending as on 31/03/2008.

#### 6. General Body Meetings :

Location and Time of last three Annual General Meetings held by Company :

Financial Year	Venue	Date	Time	Special Resolution Passed
2006-07	Juhu Jagruti Auditorium, Vile Parle	31/07/2007	4.30 p.m.	i) u/s 309 of Companies Act 1956, payment of commission to non-executive directors. ii) u/s 198,269,309,Schedule XIII of Companies Act 1956, appointment and payment of remuneration to Whole Time Director.
2005-06	Juhu Jagruti Auditorium, Vile Parle	28/07/2006	4.30 p.m.	–
2004-05	Juhu Jagruti Auditorium, Vile Parle	17/08/2005	4.30 p.m.	–

No Special Resolution was passed through Postal Ballots during the financial year and no special resolution is being proposed to be conducted through Postal Ballot.

#### 7. Disclosure :

- The Company has not entered into any materially significant related party transaction with its Promoters, Directors or Management, that may have potential conflict with the interest of the company at large.
- No penalties or stricture has been imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.
- A Whistle Blower Policy has been formulated, which interalia, provide liberty to employee of the company to have direct access to the Chairman of the Audit Committee.

## 8. Compliance with other mandatory requirements :

i. Management Discussion and Analysis : A Management Discussion and Analysis Report forming part of the Directors' Report, laying down various matters under provision of Clause 49 of listing agreement, is annexed to the Directors' Report.

ii. Disclosures :

a) Risk Management :

The Company has laid down procedures to inform the Board Members about risk assessment and minimisation procedures. A Risk Management Committee reviews periodically these procedures, to ensure that executive management controls risk through properly defined framework.

b) Proceeds from Public Issue, Right Issue, Preferential Issue, etc. :

The Company has not raised any amount through any such issue, during the financial year.

c) CEO / CFO Certificate :

A certificate from Managing Director and person heading the finance department on the financial statements for the financial year 2007-08, was placed before the Board.

d) Code of Conduct :

A Code of Business Conduct and Ethics have been formed and is placed on the website of the Company. The Code is applicable to all the Directors and Senior Management Personnel of the Company. All the Board Members and Senior Management Personnel have affirmed their compliance. A declaration to this effect is given below :

It is hereby declared that the Company has obtained from all the Members of Board and all the Senior Management Personnel affirmation that they have complied with the code of business conduct, for the financial year 2007-08.

By Order of the Board of Directors

For **JENBURKT PHARMACEUTICALS LTD**

Uttam N. Bhtua

Chairman and Managing Director

Mumbai, 24<sup>th</sup> June, 2008.

## 9. Means of Communication :

The quarterly results are generally published in "The Free Press Journal-English" and in "Navshakti-Marathi" News Papers. Also all the declared results are placed on the edifar section of SEBI's site viz. "www.sebi.gov.in" and also are displayed at companies website viz. "www.jenburkt.com". The Company has not displayed any news release and has not made any presentation to the institutional investor or to the analysts. The Management discussion and Analysis report is part of the Annual Report and published in this Annual Report.

#### 10. Compliance with Non-Mandatory Requirements :

The Company complies with following non-mandatory requirements of Clause 49 of the listing agreements:

- a) Remuneration Committee : A detailed note on Remuneration Committee is furnished above, in this Report.
- b) Audit Qualifications : The Company has unqualified financial statement.
- c) Whistle Blower Policy : The Company has formulated a Whistle Blower Policy. It is a mechanism whereby the employees of the Company will be free to have access to the immediate Supervisor / Chairperson of Audit Committee to report violation of laws, unethical conduct, etc. in the Company.

#### 11. Profile of Directors being Appointed / Re-appointed :

Shri Uttam N. Bhuta

Shri Uttam N. Bhuta is one of the Promoters and Directors of the Company. He is appointed as Chairman and Managing Director of the Company, for a further period of three years, subject to the approval of the Members in the ensuing Annual General Meeting.

He is instrumental in bringing up the mere loan and license based drug manufacturing unit to the present level company having WHO Certified and schedule - M compliant Plant and a professionally managed company. Shri Uttam N. Bhuta along with his brother ventured into pharmaceuticals product business, with a background of successful Chemicals, textile and travelling business. He has successfully made the Company's presence felt in various therapeutic segments.

Shri Uttam N. Bhuta is the founder trustee in trusts engaged in running school, college and hospital in Gujarat.

He does not hold any Membership in Committee of the Board of any other Company. He is a director in Bhuta Holdings Private Limited. He does not hold any other Directorship in any other Public Limited Company.

Shri Rameshchandra J. Vora

Shri Rameshchandra J. Vora is a businessman engaged in manufacturing various tobacco products and has a successful construction business. Having vast experience in the construction business with good business contacts, has benefited the Company immensely, especially in the modernisation and expansion activity of the Sihor Plant.

Shri Rameshchandra J. Vora, is also involved in managing a charitable hospital and is also Trustee on various Charitable Education Trusts. He does not hold any other Directorship in any other Company.

#### 12. A. General Shareholders Information :

AGM :	
• Date and Timing	31 <sup>st</sup> July, 2008 at 4.00 p.m.
• Venue	Juhu Jagruti Auditorium, A.J. College of Commerce and Economics, Opp. Shri Bhaidas Maganlal Hall, Swami Bhaktivedanta Marg, JVPD Scheme, Vile Parle (West), Mumbai - 400 056
Financial Calendar (Proposed)	Results for Q1 ( June 30, 2008) By 4 <sup>th</sup> Week of July, 2008 Results for Q2 ( Sept 30, 2008) By 4 <sup>th</sup> Week of Oct, 2008 Results for Q3 ( Dec 31, 2008) By 4 <sup>th</sup> Week of Jan, 2009 Results for Q4 ( Mar 31, 2009) By 4 <sup>th</sup> Week of June, 2009
Date of Book Closure	25 <sup>th</sup> July to 31 <sup>st</sup> July, 2008 (both days inclusive).
Date of Dividend Payment	On or after 31 <sup>st</sup> July, 2008
Listing of equity shares on Stock Exchanges at	The Mumbai Stock Exchange (BSE). The Certificate of delisting of equity shares of the company from MP Stock Exchange, Indore is still awaited, even after complying with the delisting procedure twice. The Listing fees for F.Y. 2008-09 is paid to BSE.
Stock Code	Trading Code "524731" at the Mumbai Stock Exchange.
Security ISIN No.	INE354A01013

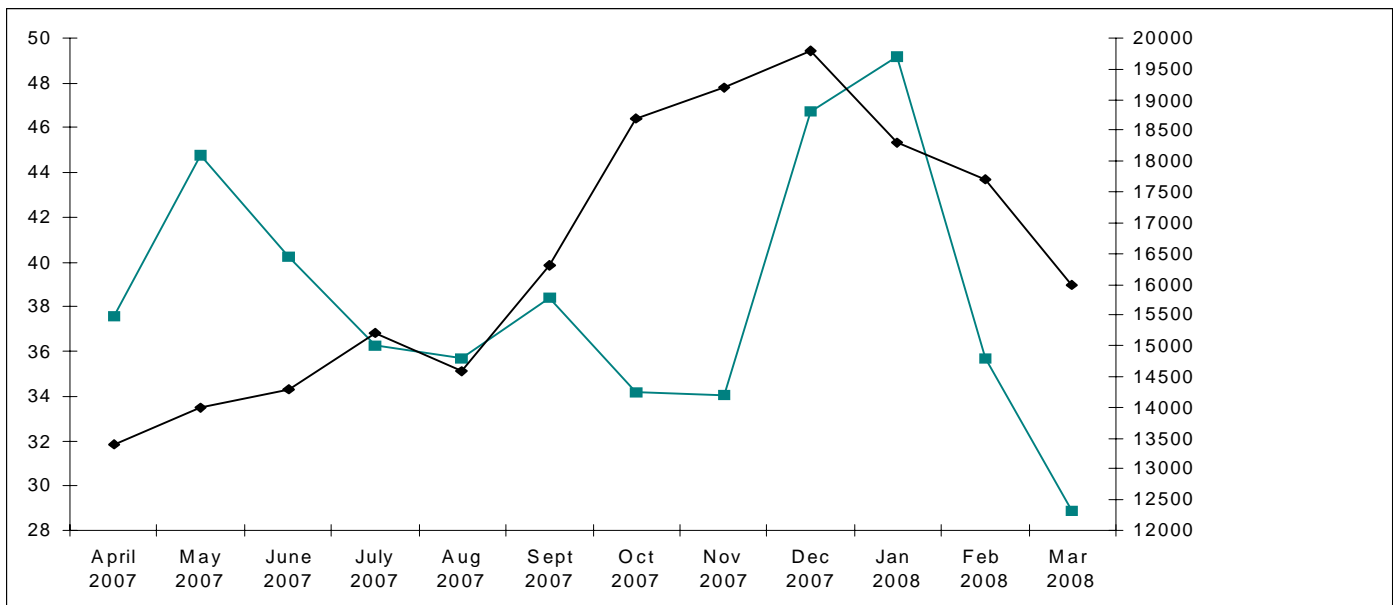
### B. Market Price data, Performance Chart :

High / Low of the Market Price per month of the Company's share traded at BSE and the High / Low of the BSE Sensex for the financial year 2007-08 is as follows :

Month	Company's Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2007	43.65	31.55	14,383.72	12,425.52
May 2007	51.55	38.00	14,576.37	13,554.34
June 2007	45.40	34.50	14,683.36	13,946.99
July 2007	39.50	33.00	15,868.85	14,638.88
August 2007	39.95	31.50	15,542.40	13,779.88
September 2007	43.15	33.70	17,361.47	15,323.05
October 2007	38.75	29.60	20,238.16	17,144.58
November 2007	38.00	30.15	20,204.21	18,182.83
December 2007	59.80	33.60	20,498.11	18,886.40
January 2008	61.90	36.50	21,206.77	15,332.42
February 2008	39.80	31.55	18,895.34	16,457.74
March 2008	33.75	24.00	17,227.56	14,677.24

Market Price Performance relative to BSE Sensex :

- Average BSE Sensex Movement
- Average Market Price of Jenburkt



## C. RTA Details :

Registrar and Transfer Agent	M/s.Bigshare Services Pvt. Ltd., E-2 and 3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072. Tel. No. 40430200. e-mail Id : bss@bigshareonline.com OR investor@jenburkt.com
Share Transfer System	The duly constituted share transfer and grievance committee holds its' meeting fortnightly to consider the matter related to transfer of shares and other related matters. The requests for share transfers are processed expeditiously.

D. Shareholding Pattern as on 31<sup>st</sup> March, 2008.

Category	No. of Shares held	% of shareholding
A. Indian Promoter's Holding	1899251	40.850
B. Private Corporate Bodies	252017	5.421
C. Indian Public	2474099	53.214
D. NRIs	18719	0.403
E. Others (Clearing Members)	5214	0.112
GRAND TOTAL	46,49,300	100.000

E. Distribution of Shareholding as on 31<sup>st</sup> March, 2008.

No. of Eq. Shares held	No. of Share holders	% of Share-holders	No. of Shares	% of Shareholding
1 to 500	5758	88.10	938995	20.20
501 to 1000	403	6.17	355129	7.64
1001 to 2000	165	2.52	258529	5.53
2001 to 3000	83	1.27	216172	4.66
3001 to 4000	28	0.43	101222	2.18
4001 to 5000	24	0.37	114470	2.46
5001 to 10000	40	0.61	301276	6.48
10001 and above	35	0.53	2363507	50.85
<b>TOTAL</b>	<b>6536</b>	<b>100.00</b>	<b>4649300</b>	<b>100.00</b>
Physical Mode	2541	38.88	502020	10.80
CDSL	1311	20.06	1027668	22.10
NSDL	2684	41.06	3119612	67.10
<b>TOTAL</b>	<b>6536</b>	<b>100.00</b>	<b>4649300</b>	<b>100.00</b>

**F. Other Details :**

Dematerialisation of shares and liquidity	The company shares are available for trading in dematerialisation form with both the Depositories viz. National Securities Depository Ltd. and Central Depository Securities Ltd. Total 4147280 shares stand dematerialised, representing 89.20% of the total paid up equity capital of the company.
Plant Location	The Company's Plant is located at : Plot No.11-12, GIDC, Phase-I, Bhavnagar Road, Sihor, Gujarat - 364 240.
Investor Correspondence be addressed to	1. M/s.Bigshare Services Pvt. Ltd. at address provided above, 2. The Company Secretary at the Registered office of the Company. e-mail Id : investor@jenburkt.com

**13. Auditors Certificate on Corporate Governance :**

The Auditors Certificate on Compliance with Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, is annexed to this Report.

By Order of the Board of Directors  
For **JENBURKT PHARMACEUTICALS LTD**

Uttam N. Bhtua  
Chairman and Managing Director

Mumbai, 24<sup>th</sup> June, 2008.

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.**

To the Members of **Jenburkt Pharmaceuticals Ltd.,**

We have examined the compliance of conditions of Corporate Governance by **Jenburkt Pharmaceuticals Ltd.,** for the year ended 31<sup>st</sup> March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending as on 31/03/2008 against the Company as per the records maintained by the Shareholder's / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For D.L.Arora & Co.  
Chartered Accountants

(D.L.Arora)  
Proprietor  
M. No.36152.

Mumbai: 24<sup>th</sup> June, 2008.

## AUDITORS' REPORT

To  
The Members,  
Jenburkt Pharmaceuticals Ltd.,

1. We have audited the attached Balance Sheet of Jenburkt Pharmaceuticals Ltd. as at 31<sup>st</sup> March, 2008 and Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on this Financial Statements based on our Audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the Audit to obtain reasonable assurance about whether the Financial Statement are free of any material misstatements. An Audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An Audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in Paragraph 4 and 5 of the said order to the extent applicable to the company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) in our opinion, proper books of accounts, as required by law, have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) in our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in Sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2008 and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2008, from being appointed as director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act 1956.
5. In our opinion and to the best of our information and according to explanations given to us, the said Financial Statements read together with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the Accounting Principles generally accepted in India:
  - i. In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2008;
  - ii. In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
  - iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For D.L.Arora & Co.  
Chartered Accountants

(D.L. Arora)  
PROPRIETOR  
M.NO.36152

Place : Mumbai  
Date : 24<sup>th</sup> June, 2008.

## ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT TO THE MEMBERS OF **JENBURKT PHARMACEUTICALS LIMITED** ON THE ACCOUNTS FOR THE YEAR ENDED OF 31<sup>ST</sup> MARCH, 2008.

1. In respect of its Fixed Assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets on the basis of information available.
  - b) According to the informations and explanations given to us, the fixed assets have been physically verified by the Managements and no discrepancies have been noticed. In our opinion method adopted by the Management for physical verification is reasonable.
  - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its Inventories :
  - a) The stocks of finished goods, stores and spares parts, raw and packing material of the Company in its possession have been physically verified by the management at reasonable intervals. Stock in possession and in custody of third party have been verified by the management with reference to confirmatory statement of Accounts by them and or Its physical verification by the management at regular interval.
  - b) The procedures as explained to us, which are followed by the Management for physical verification of the above referred stocks are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
  - c) According to information and explanations given to us no material discrepancies were noticed on physical verification of stocks as compared to book records. Minor discrepancies noticed were properly dealt with, in the books of accounts, which were not material considering the size of the Company's operations.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - a) The Company has not taken any secured or unsecured loans from the companies, firms or other parties listed in the register maintained under the section 301 of the Companies Act, 1956.
  - b) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in register maintained under section 301 of the Companies Act, 1956.
  - c) The parties including employees to whom loans or advances in the nature of loan have been given by the Company are repaying the principal amounts as stipulated and contracted, and are also regular in payment of interest wherever applicable;
4. There are adequate internal control procedure commensurate with the size of Company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a) According to information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the companies Act, 1956, have been so entered.
  - b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. The Company has an Internal Audit System commensurating with the size and nature of its business.

8. We have broadly reviewed the books of accounts maintained by the Company relating to manufacturing of formulations, pursuant to the Orders made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detail examination of the records with a view to determining whether they are accurate or complete.
9. In respect of statutory dues:
  - a) According to the records of the Company, Provident Funds, Custom duty, Sales Tax, Education cess and Employee's State Insurance dues have been regularly deposited by the Company with appropriate authorities.
  - b) According to information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and Excise duty were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company has maintained proper records of transactions and contracts in respect of trading in securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanation given to us, there are no funds raised on a short-term basis which have been used for long-term investment, and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not raised funds by way of debentures, hence, clause no. 19 is no applicable.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

For D.L.Arora and Co.  
Chartered Accountants

(D.L. Arora)  
PROPRIETOR  
M.NO.36152

Place : Mumbai  
Date : 24<sup>th</sup> June, 2008.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008**

(Amount in Lacs)

	2007-2008	2006-2007
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before taxes and extraordinary item	215.56	203.06
Adjustments for :		
Depreciation	64.09	66.65
Investment (Interest, Dividend Income)	-28.43	-26.38
Interest paid	97.63	85.57
Provision for leave encashment & gratuity	0.33	0.09
Provision for Income Tax- FBT	-14.00	-14.00
Operating profit before working capital changes	335.18	315.00
Adjustments for :		
Trade & other receivables	13.31	-5.89
Inventories	42.91	-198.05
Trade & other payables	-190.40	156.91
Cash generated from operation	200.99	267.97
Interest paid	-97.63	-85.57
Direct Taxes paid	-40.14	-28.31
Cash Flow before extraordinary items	63.21	154.09
Extraordinary item	-2.43	0.50
Profit/Loss on sale of fixed assets	0.03	0.47
Profit /Loss on sale of investment	-7.26	-14.40
Net cash from operating activities (A)	53.55	140.65
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital work in progress	0.00	9.53
Purchase of fixed assets	-46.15	-139.60
Sales of fixed assets	3.65	7.85
Changes in investments	31.34	-6.49
Interest & Dividend received	28.43	26.38
Changes in loan & advances	-35.26	-57.69
Net cash used in investing activities (B)	-17.98	-160.02
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term & long term borrowing	52.81	61.58
Dividend	-58.12	-58.12
Dividend tax	-9.88	-9.88
Net cash used in finance activities (C)	-15.18	-6.41
<b>D NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT [A+B+C]</b>	20.39	-25.78
Cash and cash equivalent as at 1st April (Opening balance)	304.30	330.08
Cash and cash equivalent as at 31st March (Closing balance)	324.69	304.30

As per our report of even date  
For D.L.Arora &Co.  
Chartered Accountants

D.L.Arora  
Proprietor, M. No.:36152

Place : Mumbai  
24<sup>th</sup> June, 2008

For and on behalf of the Board

Uttam N. Bhuta - Chairman and Managing Director  
Ashish U. Bhuta - Whole Time Director  
Bharat V. Bhate - Director  
Rameshchandra J. Vora - Director  
Arun R.Raskapurwala - Director  
Ashish R. Shah - Company Secretary

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2008

	Schedule	AS ON 31-3-2008		(Amt. in Lakhs) AS ON 31-3-2007	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
SHARE CAPITAL	1	464.93		464.93	
RESERVES & SURPLUS	2	316.36	781.29	257.19	722.12
DEFERRED TAX LIABILITY			51.26	—	49.99
LOAN FUNDS					
SECURED LOANS	3	718.42		694.67	
UNSECURED LOANS	4	234.10	952.52	205.04	899.71
TOTAL			1,785.07		1,671.82
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK	5	1,061.74		1,025.49	
LESS:DEPRECIATION		453.04	608.70	395.17	630.32
INVESTMENTS	6		39.28		63.36
CURRENT ASSETS, LOANS & ADVANCES					
STOCK IN TRADE	7	684.27		727.18	
SUNDRY DEBTORS	8	500.86		514.17	
CASH & BANK BALANCES	9	324.69		304.30	
LOANS & ADVANCES	10	398.44		309.04	
		1,908.26		1,854.68	
LESS: CURRENT LIABILITIES & PROVISIONS					
CURRENT LIABILITIES	11	527.91		718.32	
PROVISIONS	12	243.26		158.22	
		771.17		876.54	
NET CURRENT ASSETS			1,137.09		978.14
TOTAL			1,785.07		1,671.82
NOTES TO ACCOUNTS	20				

As per our report of even date  
For D.L.Arora & Co.  
Chartered Accountants

D.L.Arora  
Proprietor, M. No.:36152  
Place : Mumbai

For and on behalf of the Board

Uttam N. Bhuta - Chairman and Managing Director  
Ashish U. Bhuta - Whole Time Director  
Bharat V. Bhate - Director  
Rameshchandra J. Vora - Director  
Arun R.Raskapurwala - Director  
Ashish R. Shah - Company Secretary

24<sup>th</sup> June, 2008

**PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2008**

(Amt. in Lakhs)

	Schedule	AS ON 31-3-2008		AS ON 31-3-2007	
		Rs.	Rs.	Rs.	Rs.
INCOME	13				
SALES		4,014.08		3,786.16	
OTHER INCOME		42.90	4,056.98	45.30	3,831.45
EXPENDITURE					
MATERIAL COST & INVENTORY ADJ.	14	1,735.99		1,615.54	
MANUFACTURING EXPENSES	15	108.34		117.57	
EXCISE DUTY		175.17		243.63	
EMPLOYEES COST	16	717.73		637.14	
SELLING & DISTRIBUTION EXPENSES	17	717.08		686.82	
ADMINISTRATIVE & GENERAL EXP.	18	225.38		175.47	
DEPRECIATION		64.09		66.65	
INTEREST	19	97.63	3,841.42	85.57	3,628.39
PROFIT BEFORE TAXATION			215.56		203.06
PROVISION FOR TAXATION			—		—
INCOME TAX		68.00		64.00	
FRINGE BENEFIT TAX		16.00		17.00	
DEFFERRED TAX		1.27	85.27	1.71	82.71
NET PROFIT AFTER TAX			130.29		120.35
ADD : EXCESS PROV. FOR EXPENSES OF PREVIOUS YR WRITTEN BACK			(3.13)		0.50
PROFIT AFTER PRIOR PERIOD ADJUSTMENTS			127.16		120.85
BALANCE B/F FROM PREVIOUS YEAR			232.20		182.59
AMOUNT AVAILABLE FOR APPROPRIATION			359.36		303.44
LESS : TRANSFER TO GENEREL RESERVE			3.26		3.26
LESS : DIVIDEND			58.12		58.12
LESS :DIVIDEND TAX			9.88		9.88
BALANCE C/FD. TO NEXT YEAR			288.10		232.19

As per our report of even date  
For D.L.Arora &Co.  
Chartered Accountants

D.L.Arora  
Proprietor, M. No.:36152

Place : Mumbai  
24<sup>th</sup> June, 2008

For and on behalf of the Board

Uttam N. Bhuta - Chairman and Managing Director  
Ashish U. Bhuta - Whole Time Director  
Bharat V. Bhate - Director  
Rameshchandra J. Vora - Director  
Arun R.Raskapurwala - Director  
Ashish R. Shah - Company Secretary

## SCHEDULES ANNEXED TO THE ACCOUNTS

	(Amt. in Lakhs)	
	As on 31-3-2008	As on 31-3-2007
<b>SCHEDULE-1 : SHARE CAPITAL</b>		
Authorised :		
50,00,000 EQUITY SHARES OF RS. 10 EACH	500.00	500.00
ISSUED,SUBSCRIBED & PAID UP CAPITAL 4,649300 EQUITY SHARES OF RS.10 EACH FULLY PAID UP	464.93	464.93
<b>SCHEDULE-2 : RESERVES &amp; SURPLUS</b>		
GENERAL RESERVES	28.25	25.00
PROFIT & LOSS ACCOUNT	288.10	232.19
	316.35	257.19
<b>SCHEDULE-3 : SECURED LOANS</b>		
S.B.S.OVERDRAFT A/C VILE PARLE BRANCH (SECURED AGAINST LIEN ON FIXED DEPOSITS)	46.42	45.00
BANK OF BARODA OVERDRAFT A/C (SECURED AGAINST LIEN ON FIXED DEPOSITS)	95.09	89.16
BANK OF BARODA C.C.A/C - BHAVANAGAR BRANCH (SECURED AGAINST HYPOTHECATION OF INVENTORIES & BOOK DEBTS)	173.73	361.57
BANK OF BARODA F.C.N.R.A/C - BHAVANAGAR BRANCH (SECURED AGAINST HYPOTHECATION OF INVENTORIES & BOOK DEBTS)	200.00	—
KOTAK MAHENDRA LOAN A/C (SECURED AGAINST MORTGAGE OF MUMBAI OFFICE)	11.00	18.53
B.O.B. BHAVNAGAR PACKING CREDIT	86.07	37.78
BANK OF BARODA TERM LOAN (SECURED AGAINST EQUITABLE MORTGAGE OF PLANT AND MACHINERY)	98.52	138.71
HDFC CAR LOANS (SECURED AGAINST HYPOTHECATION OF CAR)	7.59	3.90
	718.42	694.65
<b>SCHEDULE-4 : UNSECURED LOANS</b>		
TRADE DEPOSITS	234.10	205.04
	234.10	205.04

**SCHEDULE-5 : FIXED ASSETS**

CALCULATION OF DEPRECIATION AS PER COMPANIES ACT 1956 FOR F.Y. 2007-08. (Amt. in lakhs)

Particular	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Bal.	Addition	Deletion	Total Bal.	Upto Last Year	Current Year	Written Back	Total	As On 31-03-08	As On 31-03-07
Intangible Assets	31.97	0.15	0.00	32.12	26.31	1.42	0.00	27.73	4.39	5.66
Land	36.05	0.33	0.00	36.38	0.00	0.00	0.00	0.00	36.38	36.05
Factory Building	220.40	1.46	0.00	221.86	64.72	7.37	0.00	72.09	149.77	155.68
Office Building	113.31	1.98	0.00	115.29	2.41	1.85	0.00	4.26	111.03	110.90
Godown Building	6.26	0.00	0.00	6.26	1.04	0.10	0.00	1.14	5.12	5.22
Plant & Machinery	452.78	20.73	0.00	473.51	220.96	32.49	0.00	253.45	220.06	231.83
Furniture & Fixture	62.20	0.09	0.00	62.29	27.46	6.29	0.00	33.75	28.54	34.74
Office Equipment	24.58	1.93	0.00	26.51	9.16	2.17	0.00	11.33	15.18	15.42
Electric Fittings	0.00	3.27	0.00	3.27	0.00	0.04	0.00	0.04	3.23	0.00
Computer	58.71	3.61	0.00	62.31	35.17	9.54	0.00	44.71	17.61	23.54
Vehicle	19.23	12.60	9.89	21.94	7.94	2.83	6.22	4.55	17.39	11.29
<b>Total</b>	<b>1025.49</b>	<b>46.15</b>	<b>9.89</b>	<b>1061.74</b>	<b>395.17</b>	<b>64.09</b>	<b>6.22</b>	<b>453.04</b>	<b>608.70</b>	<b>630.32</b>
Previous Year	895.67	139.60	9.79	1025.49	329.99	66.65	1.47	395.17	630.32	565.69

(Amt. in Lakhs)

As on 31-3-2008

As on 31-3-2007

**SCHEDULE-6: LONG TERM INVESTMENTS**

Equity Shares (Quoted) :

NAME OF THE SCRIP		
3I INFOTECH LTD	0.68	—
ASSAM COMPANY LTD.	1.01	—
BALAJI DISTILLARIES LTD.	0.34	0.10
BARTRONICS INDIA LTD.	0.32	—
BHARTI SHIPYARD LTD.	0.10	0.10
CENTURIAN BANK LTD	0.11	—
G E CAPITAL TRANSPORT LTD	0.31	—
G T L INFRASTRUCTURE LTD	0.43	—
HDFC BANK LTD.	0.10	0.10
HIM FUTR COM LTD	0.32	—
HINDUSTAN MOTORS LTD.	0.73	—
HOTEL LEELA VENTURES LTD.	0.34	—
HOTEL RUGBY LTD	0.38	—
I C I C I BANK LTD.	1.64	—
I D B I LTD.	0.60	—
I F C I LTD	0.18	0.18
I K F TECHNO LTD	0.56	—
INFRA DEV FINANCE LTD	1.11	—

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	(Amt. in Lakhs)	
	As on 31-3-2008	As on 31-3-2007
ISPAT INDUSTRIES LTD.	0.84	-
JAIPRAKASH ASSOCIATES LTD.	0.48	-
K E I INDUSTRIES LTD.	3.44	-
K L G SYSTEL LTD.	0.90	-
M R F LTD.	0.30	-
MANGALORE REFINERIES LTD.	0.17	-
N.T.P.C. LTD.	2.18	2.18
P N B GILT LTD.	0.44	-
POWER GRID CORPORATION LTD.	2.09	-
RAIN COMMODITY LTD.	0.38	-
REC LTD.	0.20	-
RELIANCE PETROLIUM LTD	1.90	0.63
SPICE JET LTD.	0.75	-
SHRI DIGVIJAY CEMENT LTD.	0.04	-
TANEJA AEROSPAC LTD.	1.11	-
VIJAYA BANK LTD.	1.06	1.06
ZEE ENTERTAINMENT LTD.	-	0.35
<b>TOTAL A</b>	<b>25.53</b>	<b>4.70</b>
(Market value of quoted investments as at 31.03.08 : Rs. 40,68 )		
(Market value of quoted investments as at 31.03.07 : Rs. 18,58)		
Mutual Funds		
: D S P MERILL LYNCH MICRO CAP FUND	1.50	-
D S P MERILL LYNCH EQUITY FUND	0.25	-
FIDELITY INDIA SP.SITU.FUND	-	3.00
FRANKLIN TEMPLETON PRIMA FUND	0.25	7.86
HDFC LONG TERM EQUITY GROWTH FUND	5.00	10.67
HDFC MID CAP OPPORTUNITY FUND	1.50	-
PRUDENTIAL ICICI FUSION FUND	2.50	-
PRUDENTIAL ICICI INFRA.GROWTH FUND	0.25	15.45
RELIANCE	-	13.18
SUNDRAM BNP PARIBAS SMALL CAP	2.50	2.50
STATE BANK OF INDIA .	-	1.00
RURAL ELECTRIC CORPN.	-	5.00
<b>TOTAL B</b>	<b>13.75</b>	<b>58.66</b>
<b>TOTAL A + B</b>	<b>39.28</b>	<b>63.36</b>
<b>SCHEDULE-7 : STOCK IN TRADE (AT COST)</b>		
(AS VALUED & CERTIFIED BY DIRECTORS)		
RAW MATERIAL	52.12	95.97
PACKING MATERIAL	53.67	64.64
FINISHED GOODS	577.49	563.51
WORK-IN-PROGRESS	0.99	3.05
	<b>684.27</b>	<b>727.17</b>

	(Amt. in Lakhs)	
	As on 31-3-2008	As on 31-3-2007
<b>SCHEDULE-8 : SUNDRY DEBTORS</b>		
DEBTORS(LESS THAN SIX MONTHS)	497.49	508.10
OUTSTANDING FOR MORE THAN SIX MONTHS (CONSIDERED GOOD)	3.37	6.07
	<u>500.86</u>	<u>514.17</u>
<b>SCHEDULE-9 : CASH &amp; BANK BALANCES</b>		
CASH ON HAND	1.48	2.16
WITH SCHEDULED BANK		
I) IN CURRENT ACCOUNT	12.07	13.28
II) IN FIXED DEPOSIT ACCOUNT	311.14	288.85
(WITH INTEREST ACCRUED)	<u>324.69</u>	<u>304.29</u>
<b>SCHEDULE-10 : LOANS &amp; ADVANCES</b>		
(UNSECURED CONSIDERED GOOD)		
ADVANCES RECOVERABLE IN CASH OR IN KIND FOR THE VALUE TO BE RECEIVED	360.37	272.74
DEPOSITS	—	—
I) OFFICE PREMISES	30.00	30.00
II) OTHER DEPOSITS	8.07	6.30
	<u>398.44</u>	<u>309.04</u>
<b>SCHEDULE-11 : CURRENT LIABILITIES</b>		
CREDITORS FOR GOODS	338.58	415.86
CREDITORS FOR EXPENSES	84.38	189.13
ADVANCES RECEIVED FROM CUSTOMERS	—	23.90
INTEREST PAYABLE ON SECURITIES	27.55	12.84
UNPAID DIVIDEND	9.41	8.60
PROPOSED DIVIDEND	58.12	58.12
PROPOSED DIVIDEND TAX	9.88	9.88
	<u>527.91</u>	<u>718.33</u>
<b>SCHEDULE-12 : PROVISIONS</b>		
INCOME TAX & F B T	240.20	155.50
LEAVE SALARY & GRATUITY	3.06	2.72
	<u>243.26</u>	<u>158.22</u>

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	(Amt. in Lakhs)	
	As on 31-3-2008	As on 31-3-2007
<b>SCHEDULE-13 : SALES &amp; OTHER INCOME</b>		
SALES	3,738.89	3,599.89
EXPORT SALES	<u>275.19</u>	<u>186.27</u>
	4,014.08	3,786.16
OTHER INCOME		
DEPB INCOME	7.24	—
DISCOUNT	—	1.15
DIVIDEND	1.32	3.42
EXPORT INCENTIVE	—	5.00
GOVERNMENT SUBSIDY	—	4.80
INTEREST	27.11	16.81
INTEREST ON BONDS	—	—
LONG TERM CAPITAL GAIN ON INVESTMENTS	—	2.41
MISCELLANEOUS INCOME	—	0.18
PROFIT ON SALE OF FIXED ASSETS	(0.03)	(0.47)
PROFIT ON SALE OF SHARES	2.72	—
SAMPLE DUTY REFUND	—	—
SHORT TERM CAPITAL GAIN ON INVESTMENTS	<u>4.54</u>	<u>12.00</u>
	<u>4,056.98</u>	<u>3,831.46</u>
<b>SCHEDULE-14 : MATERIAL COST &amp; INVENTORY ADJUSTMENTS</b>		
RAW MATERIALS :		
OPENING STOCK	95.97	77.81
ADD : PURCHASES	213.94	401.23
FREIGHT & OTHER EXPENSES	<u>24.04</u>	<u>25.06</u>
	333.94	504.10
LESS : CLOSING STOCK	<u>52.12</u>	<u>95.97</u>
	281.82	408.13
	281.82	408.13
PACKING MATERIALS :		
OPENING STOCK	64.64	58.45
PURCHASES	<u>168.87</u>	<u>195.40</u>
	233.51	253.85
LESS : CLOSING STOCK	<u>53.67</u>	<u>64.64</u>
	179.84	189.21
FINISHED GOODS PURCHASED	<u>1,286.25</u>	<u>1,191.90</u>
	<u>1,747.91</u>	<u>1,789.24</u>
INCREASE/DECREASE IN FINISHED GOODS :		
OPENING STOCK :		
WORK-IN-PROGRESS	3.05	2.95
FINISHED GOODS	<u>563.51</u>	<u>389.92</u>
	566.56	392.87
LESS : CLOSING STOCK :		
WORK-IN-PROGRESS	0.99	3.05
FINISHED GOODS	<u>577.49</u>	<u>563.51</u>
	578.48	566.56
	<u>(11.92)</u>	<u>(173.69)</u>
	<u>1,735.99</u>	<u>1,615.55</u>

	As on 31-3-2008	(Amt. in Lakhs) As on 31-3-2007
<b>SCHEDULE-15 : MANUFACTURING EXPENSES</b>		
ANALYSIS CHARGES	0.88	2.05
CLEARING & FORWARDING CHARGES	—	2.46
CONVERSION & SERVICE CHARGES	20.40	20.43
EQUIPMENT VALIDATION CHARGES	1.68	1.66
EXPORT FREIGHT & INSURANCE	7.05	10.49
FACTORY EXPENSES	14.81	13.46
FACTORY WAGES	22.41	21.26
LABORATORY CHEMICALS	3.22	4.21
POWER,FUEL & ELECTRICITY	20.89	25.33
REPAIRS TO FACTORY BUILDING	1.50	3.55
REPAIRS TO PLANT & MACHINERY	9.23	5.54
RESEARCH AND DEVELOPMENT	3.80	1.93
STORES & SPARES	2.47	5.21
	<u>108.34</u>	<u>117.58</u>
<b>SCHEDULE-16 : EMPLOYEES COST</b>		
CONTRIBUTION TO E.S.I.C.	11.95	10.58
CONTRIBUTION TO EDLIS	1.09	0.19
CONTRIBUTION TO GROUP GRATUITY	13.00	4.08
CONTRIBUTION TO LEAVE ENCASHMENT SCHEME	1.00	5.50
EMPLOYEES REMUNERATION	642.22	567.30
FAMILY PENSION SCHEME	22.91	19.55
PROVIDEND FUND	18.70	18.32
STAFF WELFARE	3.53	8.37
SUPER ANNUATION FUND	3.33	3.24
	<u>717.73</u>	<u>637.13</u>
<b>SCHEDULE-17 : SELLING &amp; DISTRIBUTION EXPENSES</b>		
COMMISSION ON SALES	79.40	60.35
CONFERENCE EXPENSES	19.23	21.20
CONSIGNMENT EXPENSES	31.90	23.04
DESIGN,ART & PRINT WORK	4.93	8.31
EXCHANGE RATE DIFFERENCE	0.89	—
GODOWN EXPENSE	1.19	—
MARKET DEVELOPMENT	10.27	20.35
MARKET RESEARCH EXPENSES	9.50	6.10
MR,FM & RSM EXPENSES	293.86	255.96
OCTROI & FREIGHT ON SALES	63.73	51.81
OTHER SALES EXPENSES	4.30	20.55
OUTWARD DELIVERY CHARGES	0.13	0.30
RATE DIFFERENCE	0.14	—
SALES PROMOTION EXPENSES	151.59	175.43
TAX COMPENSATION	11.81	—
TRAINING EXPENSES	1.38	3.88
TRAVELLING EXPENSES	32.82	39.53
	<u>717.08</u>	<u>686.81</u>

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	(Amt. in Lakhs)	
	As on 31-3-2008	As on 31-3-2007
<b>SCHEDULE-18 : ADMINISTRATION &amp; GENERAL EXP</b>		
ADVERTISING EXPENSES	4.97	1.26
AGM EXPENSES	0.12	0.12
AUDITORS REMUNERATION	1.97	1.12
BANK CHARGES & COMMISSION	5.43	6.57
BOARD MEETING FEES	0.52	0.75
BOOKS PERIODICALS & SUBSCRIPTION	0.43	0.69
CONSULTANCY CHARGES	12.48	10.30
CONVEYANCE EXPENSES	1.23	0.94
COURIER CHARGES	6.65	8.65
DEMAT EXPENSES	0.46	0.39
DISCOUNT	(0.27)	—
DONATION	2.04	1.51
ELECTRIC CHARGES	6.81	4.68
ENTERTAINMENT EXPENSE	0.66	—
FIELD EXPENSE	3.60	—
INSURANCE CHARGES	19.08	12.99
INTEREST ON CAR LOAN	0.81	0.58
INTERNET CHARGES	3.46	—
LEGAL & PROFESSIONAL CHARGES	2.88	2.46
LICENSE FEES	0.66	0.42
LISTING FEES STOCK EXCHANGE	0.10	0.10
MEMBERSHIP FEES	0.97	0.72
MISCELLANEOUS EXPENSE	1.29	—
OFFICE EXPENSES	5.61	5.00
PLANT REGISTRATION	2.34	0.52
POST & TELEGRAM CHARGES	3.22	4.75
PRINTING ,STATIONERY & ZEROX	53.21	38.24
PRODUCT REGISTRATION	8.63	13.54
PROFESSIONAL TAX (COMPANY)	—	0.04
RENT, RATES & TAXES	29.99	19.56
REPAIRS & MAINTENANCE CHARGES	12.92	4.38
SALES TAX EXPENSE	0.33	0.94
SECURITY EXPENSE	2.56	—
STAFF RECRUITMENT EXPENSES	7.78	13.20
TRADE MARK RENEWAL FEES	0.48	—
TELEPHONE CHARGES	17.70	18.44
VEHICLE EXPENSES	4.23	2.62
	<u>225.38</u>	<u>175.47</u>
<b>SCHEDULE-19 : INTEREST</b>		
BANK INTEREST	81.01	68.20
INTEREST ON ADVANCES FROM STOCKISTS	16.63	17.37
	<u>97.63</u>	<u>85.57</u>

**SCHEDULE 20**
**NOTES FORMING PART OF THE ACCOUNTS :**
**1. ACCOUNTING POLICIES**
**a) SYSTEM OF ACCOUNTING :**

The Company follows accrual System of Accounting for all the items of revenue and cost.

**b) INFLATION :**

Assets and Liabilities are shown at historical cost. No adjustment are made for changes in purchasing power of money.

**c) FIXED ASSETS :**

Fixed assets are recorded at cost net of modvat / cenvat.

**d) DEPRECIATION :**

Depreciation on fixed asset have been provided on the written down value method at the rate prescribed in the Schedule XIV of the Companies Act, 1956 except with reference to factory building and godown at Sihor on which depreciation has been provided on straight line basis. The depreciation on fixed assets have been provided on pro-rata basis commencing from the date of purchase / acquisition/ installation/ from the date it is put to use.

**e) INVENTORIES :**

Items of inventories are valued (as per guidelines laid down by the Institute of Chartered Accountants of India in Accounting Standard - 2 (Revised) titled "Valuation of Inventories" as follows :

i	Raw and Packing Materials	At cost on the basis of First in First out Method.
ii	Work in progress	At cost or net realisable value whichever is lower including appropriate overheads incurred thereon.
iii	Finished Goods	At cost or net realisable value whichever is lower inclusive of cost of materials, labour and other related overheads. Stock of finished goods includes stock of samples valued at cost.

**f) SALES :**

Sales is inclusive of excise duty, excluding Sales Tax.

**g) FOREIGN CURRENCY TRANSACTION :**

Foreign currency transactions remaining unsettled at the end of year are translated at year end rates and foreign currency transactions pertaining to raw material, settled during the year are accounted on the basis of actual payment made.

**h) INVESTMENTS :**

Investments that are readily realisable and intended to be held for more than 1 year are classified as long term investments and valued at cost.

**i) RESEARCH AND DEVELOPMENT :**

Revenue Expenditure pertaining to Research and Development is charged to Profit and Loss Account.

**j) REVENUE RECOGNITION:**

Revenue in respect of insurance/other claims, commission etc. is recognised only when it is reasonably certain that the ultimate collection will be made.

**k) RETIREMENT BENEFITS :**

As per Accounting Standard 15 (Revised) "Employee benefits", the disclosure of employee benefits payable at the time of their retirement or otherwise are as follows :

Contribution to defined contribution plan, recognized as an expense for the year are as under

Employer's contribution to provident fund for the year 2007-2008 is Rs. 41,10,188 /-

Employer's Contribution to Super Annuation fund for the year 2007-2008 is Rs. 3,01,935/-.

## Annual Report 2007-2008

### DEFINED BENEFIT PLAN:

In respect of Gratuity payable to employees of the company at the time of their retirement or otherwise, company has made an arrangement with L.I.C. of India on the basis of actuarial valuation done by L.I.C of India. The contribution made to the said fund are charged to Profit & Loss Account .We have been informed by the company that the company has not been able to determine on actuarial basis, the gratuity payable to their employees on their retirements or otherwise in respect of their past as well as current year's liability on account of non availability of timely data by L.I.C of India.. The company also follows the similar method for leave encashment as well, on account of amount payable to the employees toward earned leave to their credit at the time of their retirement or otherwise. However, on the basis of information made available to us, as against the current liability and current service cost for gratuity and leave encashment payable to their employees at the time of their retirement or otherwise, company has contributed Rs.23.58Lacs, which is sufficient to cover up the liability in respect of gratuity and leave encashment up to 31<sup>st</sup> March, 2008. We have been informed by the company that they are in the process of getting the actuarial valuation being done in respect of liability towards gratuity and leave encashment payable to their employees at the time of their retirement or otherwise, by independent actuary.

- The liability for excise duty on finished goods lying in stock at the close of the year estimated at Rs 22.04 lacs (as at 31<sup>st</sup> March 2007 Rs.34.66 Lacs) has not been provided for in the Accounts and hence not included in the valuation of inventory of such products. However the said liability, if accounted, would have no impact on profit for the year.
- Micro, Small and Medium Enterprises under the micro , Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosures are given below:

Rs (in Lacs)

Particulars	2007-08	2006-07
a Principal amount remaining unpaid as on 31 <sup>st</sup> March	265.11	222.04
b Interest due thereon as on 31 <sup>st</sup> March	Nil	Nil
c Interest paid by the Company in terms of Section 16 of Micro ,Small and medium Enterprises Development Act ,2006 , along with the amount of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
d Interest due and payable for the period of delay in making payment ( which have been paid beyond the appointed day during the year ) but without adding the interest specified under the Micro , Small and Medium Enterprises Development Act , 2006.	Nil	Nil
e Interest accrued and remaining unpaid as at 31 <sup>st</sup> March	Nil	Nil
f Further Interest remaining due and payable even in succeeding years , until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

#### 4. Payments to Auditors

Particulars	31.03.2008 (Rs. in lacs)	31.03.2007 (Rs.in lacs)
As auditors	0.84	0.84
For Tax Audit	0.28	0.28
For Other Matters	0.84	0.84
TOTAL	1.96	1.96

- Additional information pursuant to paragraph 3,4,4A,4C and 4D of Part II of schedule VI of the Companies Act, 1956.

#### A) PARTICULARS OF INSTALLED CAPACITY AND PRODUCTION :

Goods Manufactured	Units	Installed Capacity p.a.	Production	
			31.03.2008	31.03.2007
Tablets	Lacs	3450	246.51	334.55
Capsules	Lacs	624	25.98	15.15
Powders	Tonnes	312	48.39	52.56
Oral Liquid	Kilo Litres	468	107.58	130.73
Ointments	Tonnes	156	53.82	31.21

Notes :

- Since the Industrial licensing has been abolished in respect of bulk drugs and its formulations and therefore the company is out of the purview of Industrial licensing.
- The installed Capacities of productions on single shift basis have been computed on the basis of 312 working days in a year.
- The installed Capacities being technical in nature is not verifiable by the Auditors.
- Production of pharmaceutical preparation includes production of physician samples.
- The closing stocks stated below are after adjustments on account of free goods, breakages / damages and date expired goods.

**B. STOCK OF EACH CLASS OF FINISHED GOODS :**

Particulars	Units	31.03.2008		31.3.2007	
		Qty.	Rs. (Lacs)	Qty.	Rs. (Lacs)
Tablets	Lacs	133.983	240.08	189.40	289.89
Capsules	Lacs	44.75	126.34	27.11	59.90
Injectable	Lacs	1.83	22.23	3.51	40.24
Powders	Tonnes	6.85	51.83	9.09	41.61
Ointments	Tonnes	18.85	73.65	7.80	66.48
Oral Liquids	Kilo Litres	25.87	63.37	31.19	65.40
<b>TOTAL</b>			<b>577.49</b>		<b>563.51</b>

**C. SALES IN RESPECT OF EACH CLASS OF FINISHED GOODS :**

Particulars	Units	31.03.2008		31.3.2007	
		Qty.	Rs. (Lacs)	Qty.	Rs. (Lacs)
Tablets	Lacs	741.38	1560.47	829.78	1648.32
Capsules	Lacs	339.37	1008.42	271.98	781.38
Injectable	Lacs	10.08	217.35	10.18	211.52
Powders	Tonnes	56.21	179.09	54.22	219.93
Ointments	Tonnes	75.98	750.59	64.45	639.03
Oral Liquids	Kilo Litres	124.50	283.09	118.74	285.98
<b>TOTAL</b>			<b>3999.00</b>		<b>3786.16</b>

**D. RAW MATERIALS/PACKING MATERIALS CONSUMED :**

Particulars	Units	31.03.2008		31.3.2007	
		Qty.	Rs. (Lacs)	Qty.	Rs. (Lacs)
Amoxicilline	Tones	1.33	26.56	3.88	54.93
Protein Mix	Tones	31.02	49.84	31.02	25.01
Chlorozoxazone	Tones	0.20	0.82	0.43	1.71
Ofloxacin	Tones	0.27	7.37	0.74	21.87
Cefixime	Tones	0.16	28.07	0.26	46.50
Glucosamine	Tones	3.33	16.95	2.19	11.36
Cloxacillin	Tones	1.25	14.85	3.71	44.74
Pseudoephedrine	Tones	0.28	5.37	0.38	6.85
Rabeprazole	Tones	0.02	2.60	0.04	6.50
Others			309.23		378.06
<b>TOTAL</b>			<b>461.66</b>		<b>597.33</b>

## Annual Report 2007-2008

### E. IMPORTED and INDIGENOUS RAW MATERIAL CONSUMPTION :

RAW MATERIALS	31.03.2008		31.3.2007	
	(Rs. in Lacs)	%	(Rs. in Lacs)	%
Imported	0.00	0.00	0.00	0.00
Indigenous	461.66	100.00	597.33	100.00
TOTAL	461.66	100.00	597.33	100.00

### F. EXPENDITURE IN FOREIGN CURRENCY

C.I.F. Value of imports	31.03.2008 (Rs. in Lacs)	31.3.2007 (Rs. in Lacs)
Raw Materials	0.00	0.00
Capital Goods	2.59	11.28
Other Revenue Expenditure	29.72	34.74

#### Remittance in Foreign Currency on Account of Dividend :

The company has paid dividend in respect of shares held by Non-Residents on repatriation basis. The amount remitted in this respect is given as below :	31.03.2008	31.3.2007
(a) Number of Non-Resident Shareholders	2	2
(b) Number of Equity Shares held by them	10500	10500
(c) (i) Amount of Dividend Paid (Gross) (in lacs)	0.13	0.13
(ii) Tax Deducted At Source	Nil	Nil
(iii) Year to which dividend relates	2006-2007	2005-2006

### G. EARNING IN FOREIGN CURRENCY

Particulars	31.03.2008 (Rs. in Lacs)	31.3.2007 (Rs. in Lacs)
Export at F.O.B. Value	264.78	175.19
Freight and insurance on exports	10.40	11.08

#### 6. Payments and Provisions on account of remuneration to Managerial Personnel included in Profit and Loss A/c.

Particulars	31.03.2008 (Rs. in Lacs)	31.3.2007 (Rs. in Lacs)
Salaries	28.26	5.40
Perquisites	0.67	2.21
Commission (Proposed)	0.00	2.08
	28.93	9.69

#### Computation of net profit in accordance with section 349 of the Companies Act, 1956.

Particulars	31.03.2008 (Rs. in Lacs)	31.3.2007 (Rs. in Lacs)
Profit before tax as per Profit and Loss Account	215.56	203.06
Add : Directors' remuneration (including proposed Commission)	28.93	9.69
	244.49	212.75
Less : Depreciation as per Section 350 of the Companies Act, 1956		
Cash Assistance from Gujarat Government	0.00	4.80
Profit on sale of Fixed Assets	(0.03)	(0.47)
	244.46	208.42
Commission payable to Non-executive Director @1% of the net profit calculated as above.	0.00	2.08



## Annual Report 2007-2008

### 10. Earnings Per Share:

The company has reported basic earnings per share of Rs.2.80 in accordance with AS-20, "Earnings Per Share". The basic earning per equity share has been computed by dividing the profit after tax by no. of equity shares.

11. In the opinion of the Board of Directors, all the Current Assets, Loans and Advances have value on realisation at least of an amount equal to the amount at which they are stated in the Balance Sheet.

12. Loans and advances includes amount due from the employees of the Company.

A. Advances paid for expenses	Rs 19.35 Lacs
B. Loans given to the Employees	Rs 2.75 Lacs

13. Previous year's figures have been regrouped and rearranged wherever necessary.

As per our report of even date  
For D.L.Arora &Co.  
Chartered Accountants

For and on behalf of the Board

Uttam N. Bhuta - Chairman and Managing Director  
Ashish U. Bhuta - Whole Time Director  
Bharat V. Bhate - Director  
Rameshchandra J. Vora - Director  
Arun R.Raskapurwala - Director  
Ashish R. Shah - Company Secretary

D.L.Arora  
Proprietor, M. No.:36152

Place : Mumbai  
24<sup>th</sup> June, 2008





**JENBURKT PHARMACEUTICALS LIMITED**

Regd. Office : Nirmala Apartments, 93 Jayprakash Road, Andheri (W), Mumbai 400 058.

**ENTRANCE PASS**

**(To be presented at the entrance)**

23<sup>RD</sup> ANNUAL GENERAL MEETING ON THURSDAY, THE 31<sup>ST</sup> JULY, 2008 AT 4.00 P.M  
at Juhu Jagruti Auditorium, A.J.College of Commerce & Economics, Opp. Shri Bhaidas Maganlal Hall,  
Swami Bhaktivedanta Marg, JVPD Scheme, Vile Parle (West), Mumbai-400 056

Folio No : ....., DP ID No : ....., Client ID No. : .....

Name of the Shareholder : .....

Signature of the Shareholder : .....

(only Shareholders / Proxies are allowed to attend the meeting)

**PROXY FORM**

I / We..... of ..... being a member(s)  
of JENBURKT Pharmaceuticals Ltd. hereby appoint ..... of .....  
in the district of..... as my /our proxy to attend and vote for me / us and on my / our  
behalf at the 23<sup>rd</sup> Annual General Meeting of JENBURKT Pharmaceuticals Ltd.  
to be held on Thursday, the 31<sup>st</sup> July, 2008 at 4.00 p.m and at any adjournment thereof.

Folio No : ....., DP ID No : ....., Client ID No. : .....

No. of Shares held : .....

Signed this .....day of ....., 2008.

**NOTE :** The Proxy form must be deposited at the Registered Office of the Company at  
Nirmala Apartments, 93, J.P. Road, Andheri (W), Mumbai - 400 058 not less than 48 hours  
before the time for holding the Meeting.



Signature  
across Revenue Stamp

**BANK ACCOUNT PARTICULARS / ECS MANDATE FORM**

I / We ..... do hereby authorise  
JENBURKT PHARMACEUTICALS LTD. to either print the following details on my / our dividend warrant or credit  
my / our dividend amount directly to my / our Bank account by ECS.

My / Our Folio No : ....., DP ID No : ....., Client ID No. : .....

**Particulars of Bank Account :**

**A. Bank Name** : .....

**B. Branch Name** : .....

**C. Address** : .....

**D. 9 Digit Code number of the Bank &  
Branch as appearing on the MICR Cheque** : .....

**E. Account Type (Saving / Current)** : .....

**F. Account No. as appearing on the cheque book** : .....

**G. STD Code & Telephone No.** : .....

I / We shall not hold the Company responsible if the ECS could not be implemented or the Company discontinue(s) the ECS, for any reason.

.....  
Signature of the Shareholder

**In case you are holding shares in demat form, kindly advise your Depository Participant (DP) to take note of your Bank  
Account particulars / ECS mandate / Change of Address.**

BOOK POST



Jenburkt Pharmaceuticals Limited

Nirmala Apartments, 93 Jayprakash Road, Andheri (West), Mumbai - 400 058  
Tel : +91-22-66943121 (8 lines) Fax : +91-22-66943127 Web : [www.jenburkt.com](http://www.jenburkt.com)