

MOVING BEYOND HORIZON  
**ABOVE CONVENTIONAL**



Delivering Excellence in Life Sciences

Annual Report 2018-2019



## MOVING BEYOND HORIZON BEYOND CONVENTIONAL

It's surprising when we look back at our own history. Over two decades ago, we started this journey, with nothing but a firm belief in our ideals and the drive to excel. The competition was tough then, as it is now. And yet, we have managed to weather every storm and come out stronger, better and more resilient than ever. Today Jenburkt is resolute and high spirited to forge ahead.

What has led us to this moment is an adherence to our vision, and a clear roadmap built with the future in mind. It has allowed us to identify our business goals and set benchmarks. And that in turn has helped us improvise and advance, making us often question convention in the process. What we have achieved over the years, as a consequence to this approach, is there for the world to see.

Our job isn't done. Our pursuit is by no means, over. Jenburkt continues to forge ahead, with a relentless drive that was set into motion over two decades ago. With the vision of our founders, the support of our partners, stakeholders and customers, and the strength of our institution and our people, we continue to move beyond horizons, and beyond the conventional. To create products and services for an ever-evolving medical community, and making a difference to the world at large. Come, discover what we have achieved so far, and what the future holds for us all.

## Founders

Hemendra N. Bhuta  
Uttam N. Bhuta

## Board of Directors

Ashish U. Bhuta	Chairman and Managing Director
Dilip H. Bhuta	Whole Time Director & Chief Financial Officer
Bharat V. Bhate	Non-Executive and Independent Director
Rameshchandra J. Vora	Non-Executive and Independent Director
Arun R. Raskapurwala	Non-Executive and Independent Director
Anjali S. Dalvi	Non-Executive and Independent Director

## Company Secretary

Ashish R. Shah

## Auditors

D. R. Mehta & Associates  
Chartered Accountants, Mumbai.

## Bankers

Bank of Baroda

## Registered Office

Nirmala Apartments, 93, Jayprakash Road, Andheri (W), Mumbai – 400 058.  
CIN: L24230MH1985PLC036541  
Tel. No.: +91-22-67603603 • Fax. No.: +91-22-66943127  
E-mail: investor@jenburkt.com • Website: www.jenburkt.com

## Plant

11-12, GIDC, Phase - I, Bhavnagar Road, Sihor, Gujarat - 364240.

## Registrar & Transfer Agents

Bigshare Services Pvt. Ltd  
1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059.  
Tel. No.: +91-22-62638200, 62638222/23 • E-mail:ujata@bigshareonline.com • Website: www.bigshareonline.com

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## Notice

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of **Jenburkt Pharmaceuticals Limited** will be held on Tuesday, the 30<sup>th</sup> July, 2019 at 3.30 p.m. at the ISKCON Auditorium, Hare Krishna Land, Juhu, Mumbai - 400049 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended on 31<sup>st</sup> March, 2019, together with the Board of Directors' and Auditors' report thereon.
2. To declare final dividend of ₹10.20 (102%) per equity share of ₹10/- each, for the financial year ended on 31<sup>st</sup> March, 2019.
3. To appoint Shri Ashish U. Bhuta, (DIN-00226479), director liable to retire by rotation and being eligible, offers himself for re-appointment as a director.

### SPECIAL BUSINESS:

4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modifications or re-enactments thereof for the time being in force, the Cost Auditors' remuneration as approved by the Board of Directors of the Company, of ₹2,05,000/- (Rupees Two Lacs Five Thousand Only) to conduct the audit of cost records of the Company for the financial year 2019-20, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts and take appropriate steps as may be necessary and proper to give effect to this resolution.”

By order of the Board of Directors

Ashish R. Shah  
Company Secretary

Mumbai, 28<sup>th</sup> May, 2019.

### 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.** A person can act as a proxy on behalf of not exceeding fifty members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder. Duly completed proxy form, as enclosed, in order to be effective, must be received at the registered office of the Company, not less than 48 hours before the scheduled time of the annual general meeting (AGM).
2. Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of special business to be transacted at the AGM is annexed to this Notice.
3. The Company is providing facility for voting by electronic means. The business set out in the Notice may also be transacted through electronic voting system and the e-voting related instructions and other information including User ID and Password are given herein below.
4. Member / proxy should bring the filled-in attendance slip

to attend the AGM, along with the annual report to the venue. Notice of the 34<sup>th</sup> AGM is also available on the website of the Company viz. [www.jenburkt.com](http://www.jenburkt.com) and also at viz. [www.evotingindia.com](http://www.evotingindia.com).

5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send in advance, to the Company, a certified copy of the board resolution, authorizing their representatives to attend and vote on their behalf at the meeting.
6. Members who wish to seek any information on the financial statements and operations are requested to write to the Company, so as to reach the registered office of the Company at least one week before the date of the AGM, so that the information required can be made available at the AGM. All the information /clarification shall be provided only at the AGM.
7. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members who have not registered their bank details or have not yet registered their e-mail address are requested to provide the same to their depository participant, if shares are held in demat form OR with the Company/ Bigshare Services Pvt. Ltd. (RTA), if shares are held in physical certificate form and participate in green initiative by receiving dividends directly into registered bank account and all communication from the company viz.

- annual report, notices, circulars, etc., electronically.
9. Members holding shares in electronic (demat) form may note that bank particulars registered against their respective depository accounts will be used by the Company for the payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant, by the member.
  10. Members holding shares in single name and in physical certificate form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from “Investors” section in the Company's website, [www.jenburkt.com](http://www.jenburkt.com).
  11. The register of members and the share transfer books of the Company will remain closed from Wednesday, 24<sup>th</sup> July, 2019 to Tuesday, 30<sup>th</sup> July, 2019 (both days inclusive).
  12. The dividend on equity shares as recommended by the Board, if declared at the AGM, will be paid by NACH /NEFT or by dividend warrants which will be dispatched on or after 11<sup>th</sup> August, 2019.
  13. Non Resident Indian (NRI) members are requested to inform the RTA regarding (a) change in their residential status and (b) particulars of their bank accounts with complete details viz. name of the bank, branch address with pin code, account type, account number, MICR, IFSC, etc.
  14. During the current year, the Company will be transferring the unpaid or unclaimed amount of dividend pertaining to financial year 2011-12, to the Investors' Education and Protection Fund (IEPF) of the Central Government. Shareholders, who have not yet claimed their dividend for the financial year 2011-12 and thereafter, are requested to do so at the earliest. Shareholders' attention is invited to the IEPF rules, under which the Company shall transfer those equity shares to IEPF Authority, against which dividends are not claimed for seven consecutive years by the shareholders. The dividend amount and equity shares transferred to IEPF can be claimed back by the shareholders from the IEPF authority.
  15. The instructions for members for voting electronically are as under:-
    - i) The voting period begins on 9:00 a.m. on Saturday, 27<sup>th</sup> July, 2019 and ends on 05:00 p.m. on Monday, 29<sup>th</sup> July, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) on Tuesday, 23<sup>rd</sup> July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

- iii) Click on Shareholders
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

**For Members holding shares in Demat Form and Physical Form**

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker / postal ballot Form / mail) in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</p>

- viii) After entering these details appropriately, click on “SUBMIT” tab.
- ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote,



provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii) If demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of

Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **In case of members receiving the physical copy:**

- A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
  - B) The voting period begins on 9:00 a.m. on Saturday, 27<sup>th</sup> July, 2019 and ends on 05:00 p.m. on Monday, 29<sup>th</sup> July, 2019. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Tuesday, 23<sup>rd</sup> July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
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- 16 a) M/s. Nilesh Shah & Associates, Practicing Company Secretaries represented by Mr. Nilesh Shah, (Membership No. FCS 4554), or in his absence, Ms. Hetal Shah (Membership No. 8063) has been appointed as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - b) The Scrutinizer after scrutinizing the votes cast at the Annual General Meeting and through remote e-voting will prepare a consolidated scrutinizer’s report, not later than three days of the conclusion of AGM and submit the same to the Chairman.
  - c) The results of the voting at AGM declared along with the scrutinizer’s report shall be placed on the Company’s website [www.jenburkt.com](http://www.jenburkt.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com).
  - d) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company held by them as on Tuesday, 23<sup>rd</sup> July, 2019 (the cut-off date).

By order of the Board of Directors

Ashish R. Shah  
Company Secretary

Mumbai, 28<sup>th</sup> May, 2019.

## Annexure to the Notice

### EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013 (the Act), setting out all material facts relating to the Special Business:

#### **For item number 4 of the Notice:**

In terms of the Section 148 (3) of the Act, read with Company (audit and auditors) Rules 2014, as amended, the cost accountants is to be appointed by the board and the approval of their remuneration need to be ratified by the members of the Company.

During their respective meetings held on 28<sup>th</sup> May, 2019, the audit committee recommended and the board approved the appointment and payment of remuneration to M/s. Jagdish R. Bhavsar, cost accountants, in practice having valid registered membership number: 8000, as the cost auditor of the Company to carry out the audit of the cost records of the Company, relating to its drug formulations, for the financial year 2019-20.

Consent of members is sought by passing a resolution as set out at the item no.4 of the Notice for ratifying the amount of remuneration mentioned therein, payable to the cost auditors of the Company for the financial year 2019-20.

Mr. Jagdish R. Bhavsar, the proprietor of M/s. Jagdish R. Bhavsar, cost accountants, is independent of the management of the company and does not hold any share of the Company, in his individual capacity.

None of the directors or key managerial personnels of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution at item number 4 of the Notice.

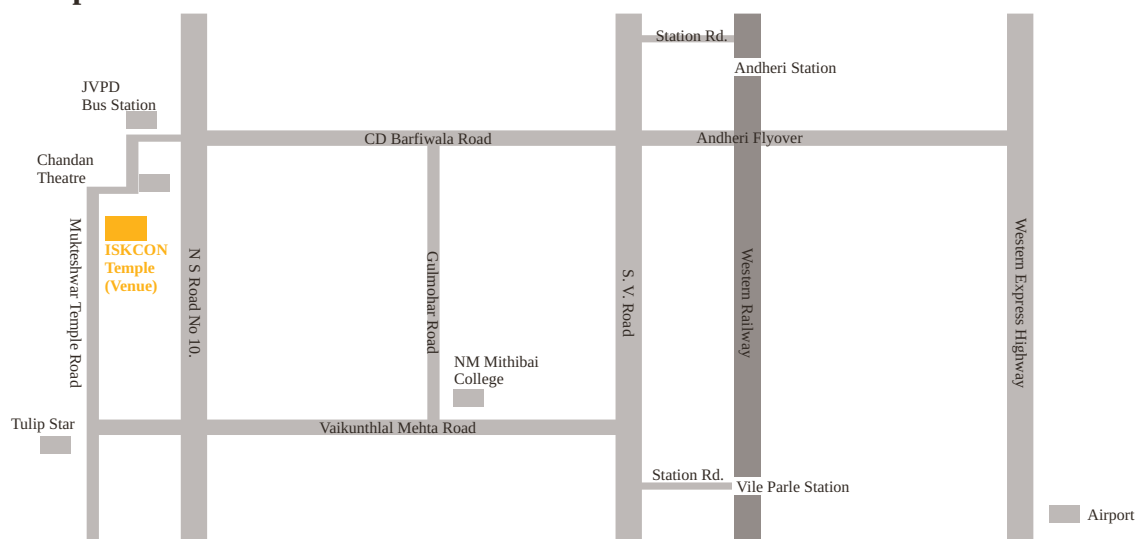
The board recommends the ordinary resolution as set out at item number 4 of the Notice, for the approval of the members.

By order of the Board of Directors

Ashish R. Shah  
Company Secretary

Mumbai, 28<sup>th</sup> May, 2019.

### Route Map of AGM Venue



## Directors' Report

Your directors, with pleasure, present their report on the business and operation of your Company ("the Company" or "Jenburkt") along with the audited financial statements of the Company and auditors' report thereon for the financial year ended on 31<sup>st</sup> March, 2019.

### 1. Summary of Financial Performance: (₹ in lac)

Particulars	Year ended 31 <sup>st</sup> March 2019	Year ended 31 <sup>st</sup> March 2018
Revenue from operations	12264.43	11467.43
Other income	340.97	339.40
Cost of sales	9942.06	9279.94
Profit before tax	2663.34	2526.89
Tax expenses	683.56	805.67
Profit after tax	1979.78	1721.22
Other comprehensive income	-27.29	-70.41
Total other comprehensive income, net of tax	1952.49	1650.80
Earnings per share (EPS)		
(Basic & Diluted in ₹)	43.14	37.50
Reserves and Surplus	7287.61	5667.09

The above financial figures for the financial year ended 31<sup>st</sup> March, 2018 and 2019 are in accordance to Indian Accounting Standards (IND-AS). Your Company has adopted IND-AS with effect from 1<sup>st</sup> April, 2017.

The total revenue from the operations of the Company stood at ₹12264.43 lac for the financial year 2018-19, as against ₹11467.43 lac, recorded for the financial year 2017-18, registering a growth of 6.95%.

The profit before tax stood at ₹2663.34 lac for the financial year 2018-19, as against ₹2526.89 lac recorded for the previous financial year 2017-18, registering a growth of 5.4%. The profit after tax stood at ₹1979.78 lac for the financial year 2018-19, as against ₹1721.22 lac recorded for the financial year 2017-18, registering a growth of 15.02%. The EPS of the Company for the financial year 2018-19, stood at ₹43.14 as compared to ₹37.50 recorded for the financial year 2017-18.

### 2. Dividend and Reserves:

Your Directors are pleased to recommend, based on the Company's financial performance for the year under review, a dividend of ₹10.20 (102%) on 4589378 equity shares of ₹10/- paid-up of the Company, subject to approval of the shareholders at the ensuing 34<sup>th</sup> Annual General Meeting (AGM).

The aggregate dividend for financial year 2018-19 amounting to ₹ 468.12 lac is equivalent to 23.64% of the net profit of the Company. The dividend distribution tax thereon amounts to ₹95.26 lac. The aggregate amount of dividend and tax thereon is ₹563.38 lac.

As on 31<sup>st</sup> March, 2019, the reserves and surplus amount stood at ₹7287.61 lac as compared to ₹5667.09 lac as on 31<sup>st</sup> March, 2018 a rise of 28.60%. No amount has been proposed to be transferred to reserves.

The aggregate dividend paid by your company for the financial year 2017-18 was ₹9.00 (90%) per equity share of ₹10/- each. ₹3.00 (30%) per equity shares was declared and paid as interim dividend and ₹6.00 (60%) per equity shares was declared and paid as the final dividend.

The register of members and share transfer books will remain closed from 24<sup>th</sup> July, 2019 to 30<sup>th</sup> July, 2019 for the purpose of dividend and 34<sup>th</sup> AGM. The AGM is scheduled on Tuesday, 30<sup>th</sup> July, 2019.

### 3. Management Discussion & Analysis Report:

#### a. Overview of Indian pharmaceutical industry structure, development and important changes:

Pharmaceutical industry is gearing up for the next level of growth driven by shift towards specialty products, customer centricity, focus on improving quality, operational efficiency and productivity and selective mergers & acquisitions. Even though growth has slowed down recently, we believe it will be in the top 10 global markets by 2020.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level.

Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicines in UK.

The union cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions, resultantly the industry attracted sizeable FDI inflows in the country.

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- The Indian pharmaceutical market grew by 10 per cent, year-on-year.
- Between Jul-Sep 2018, Indian pharma sector witnessed 39 PE investment deals worth US\$ 217 million.
- Investment (as % of sales) in research & development by Indian pharma companies increased



from 5.3 per cent in FY 12-13 to 8.5 per cent in FY 18-19.

- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The allocation to the Ministry of Health and Family Welfare has increased by 13.1 per cent to ₹61,398 crore (US\$ 8.98 billion) in Union Budget 2019-20.
- In October 2018, the Uttar Pradesh Government announced that it will set up six pharma parks in the state and has received investment commitments of more than ₹5,000-6,000 crore (US\$ 712-855 million) for the same.
- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to ₹5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information, to give a push to the make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government has mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Medicine spending in India is projected to grow 9-12 per cent over the next five years, leading India to become one of the top 10 countries in terms of medicine spending.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic diseases.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

## b. Business performance, opportunities and outlook:

The industry performed better in 2018, in comparison, even after major changes in taxation by way of GST. The impact of the ban on 344 fixed-dose combination (FDC) drugs, too, was limited to about ₹1,040 crores, on the industry.

According to the data released by market research firm AIOCD-AWACS, the domestic pharmaceutical market showed a year-on-year growth of 9.8 per cent in December 2018 with the dermatology segment growing the fastest among therapy areas at 10.5 per cent.

Your company launched the alternatives to FDC banned products that have DCGI approval. Also the good market growth of Dermatology segment has helped your company with a significant contribution of 18% of Dermatology portfolio to total sales.

Your company has launched a new division named **"BRENZ"** with effect from April 1, 2019 in Mumbai, Thane, Panvel and Gujarat State with the estimated field strength of 60 sales people, to begin with the focus is on the "Zix" range of products.

This has offloaded the product burden of the existing division. This will help the existing division to focus more on the Company's other brands. Also **BRENZ** can fully exploit the market potential of the transferred products with focused approach both in terms of therapeutic segment and the target doctors. Your company has also generated additional jobs for the youth of India by way of **BRENZ**.

Your company has continued the good practices of:-

- Training and development of its field managers and medical representatives on a continuous basis.
- Participation in national, state and district level conferences of super specialties like Orthopedicians, Neurologists, Pediatricians, Consulting Physicians and Dermatologists.
- Conducting CME (Continuing Medical Education) programmes, and RTM (Round Table Meetings) of various specialties of doctors to build relationship with the local doctors.

Increase in the size of middle-class households coupled with the improvement in medical infrastructure and jump in the penetration of health insurance in the country are expected to boost domestic demand for pharmaceutical products. By 2020, India is anticipated to become the top three pharmaceutical markets by incremental growth and 6<sup>th</sup> largest market globally in absolute size. India's focus on providing complex and speciality products, customer centricity, regulatory compliance, quality improvement

and operational efficiency are expected to enhance exports.

The Indian pharmaceutical industry is well-positioned to reinforce its position as a global pharmaceutical provider. As per industry estimates, India's pharmaceutical industry is expected to expand at a CAGR of 12.89% over 2015–20 to reach USD 55 billion and by 2025 to grow to USD 100 billion.

With rising income levels, growing health awareness and better access to healthcare, emerging markets like the one in India offer significant growth potential for the pharmaceutical industry.

The African pharmaceutical industry is the fastest growing in the world. The market size is estimated to be worth USD 40-60 billion a year by 2020. The size of the Francophone (French-speaking) African pharmaceutical market was estimated at more than USD 2.5 billion and is anticipated to grow at close to 10% a year until 2022.

Africa is a crucial market and it has its set of challenges like macroeconomic landscape, political complexities, poverty, lack of health literacy and limited spending by governments for national healthcare due to weak economic growth and a high reliance on donor funding.

#### Company Overview

Your Company is a speciality pharmaceutical formulation Company engaged in the development, manufacture and marketing of quality finished dosages. Your Company is focused on the branded formulation in India, Asia and Africa. With revenue being generated from a wide range of products and more than 13 countries, the Company's business is well-diversified and de-risked.

Your Company's competitive edge is its strong focus on customised products for every market where it operates. This high level of innovation has been achieved on the foundation of research & development (R & D) with robust infrastructure, strong scientific knowledge base and latest technology.

#### Performance Highlights

Your Company's India business continued to perform well steered by strong focus on high growth speciality segments. Within the speciality segments that the Company operates in major products recorded higher than industry growth. Your Company continues to strengthen product portfolio through new launches. Apart from that many of the Company's existing products continue to grow their market share.

Your company has launched Oxicojen cream and lotion in Dermatology segment and Powergesic 2X Gel in the

Orthopedic segments towards the end of the financial year and has high sales expectations from the same.

#### c. Risk, Concerns & Threats:

The pharmaceutical product prices in India are regulated by National Pharmaceuticals Pricing Authority (NPPA). The NPPA vide its standing orders declare the ceiling price of the formulations mentioned in NLEM (National List of Essentials Medicines), beyond which the companies are restrained to fix their products' MRP. NPPA vide its notification dated 10<sup>th</sup> March 2017 has amended Schedule-I of DPCO, 2013 by substituting NLEM 2011 with NLEM 2015. As per this notification, few more products have been brought under price control, while removing few. However, the Company's products under price control contribute a very small amount to the total revenue.

Followings are the details of Company's legal matters pending at courts:

- NPPA had served a show cause notice to your Company alleging that a Company's product was violating a NPPA's standing order. However, after a personal hearing and detailed submission, NPPA passed a written order stating that your Company's product did not violate the standing order. Subsequently, NPPA reviewed its own order, without having any power to review, issued show cause notices and demand notice to your Company. Your Company subsequently filed a writ petition against the demand of NPPA, at the Hon'ble High Court of Bombay. The matter was settled in favor of your company. The NPPA after over a year filed a Special Leave Petition (SLP) (demanding ₹16.45 crore) at the Hon'ble Supreme Court. DPCO, 1995, explicitly debars NPPA to review its own order, the very reason cited by Hon'ble High Court of Bombay, while quashing the show cause notices and demand notice in their judgment dated 08<sup>th</sup> August, 2013 and 26<sup>th</sup> September, 2013. Your Company has been legally advised, that based on the facts and merits of the case, the demand raised by NPPA is not likely to crystallize.

The matter is pending at Supreme Court after being admitted for further hearing.

- The Ministry of Health and Family Welfare, Government of India, vide its notification dated 10<sup>th</sup> March, 2017, based on the recommendation of Kokate Committee banned 344 Fixed Dose Combinations (FDCs) with immediate effect. Your Company's seven products are affected by the said notifications which in terms of value and volume do not have substantial impact on the sales and profitability of the Company. Many Companies including your Company

challenged the said notifications at the Hon'ble High Court of Delhi. The Hon'ble High Court, Delhi passed an order on 1<sup>st</sup> December, 2017 quashing all the notifications of the Ministry. Subsequently, the Ministry filed a special leave petition at The Hon'ble Supreme Court against the said judgment of the Hon'ble High Court, Delhi. The Hon'ble Supreme Court provided its judgment on 15<sup>th</sup> December, 2017, by setting aside the said judgment of Delhi High Court dated 1<sup>st</sup> December, 2017. However, the Hon'ble Supreme Court said that the court was not clear about the conclusion arrived at by Kokate Committee for banning 344 + 5 FDCs. In order to analyse in greater depth the court felt that these cases should go to the Drug Technical Advisory Board (DTAB) and / or its sub-committee formed for the said purpose, for having relook into these matters. The Hon'ble Supreme court instructed the DTAB/its sub-committee to provide report after hearing the petitioners in the said 344 (+5) FDCs, the sub-committee was formed to relook into the cases of banning drugs after hearing the concerned parties, including your Company. In September 2018, the sub-committee's report was lodged at Supreme Court indicating that 343 drugs out of (344+5) drugs, after evaluation, be prohibited and that 6 drugs may be restricted/regulated. Your Company's seven products falls under the said 343 prohibited drugs list. Soon thereafter the Government issued fresh standing orders, prohibiting manufacturing & marketing of the said banned drugs. Your company filed petition at Hon'ble High court of Delhi against such fresh standing orders. Your Company prayed for stay against the said prohibition by filing suit against Union of India, at Hon'ble High Court of Delhi in September, 2018. The Court had after hearing stayed the standing orders and instructed the Government that no coercive steps be taken against the Company, their stockiest and dealers and asked the companies to cease manufacturing and allowed marketing of existing stocks till further order. Your Company await the judgement of the Hon'ble High court of Delhi. The management of the Company is of the opinion that the said restrictions will not substantially impact the sales and profitability of the Company.

Apart from above, in case of any change in policies, affecting the Company/industry, by the Government of India and any delays in product approvals can have undesirable effect on the industry.

Likewise, any new policy or changes in existing policies, if introduced by the foreign government and political unrest in those countries where the products of your Company are being exported or will be exported in future, could hamper the export turnover of the Company.

Any further increase in the number of FDC's ban or in the number of National List of Essential Medicines (NLEM), may hamper the sales and profitability of the Company.

The rising input cost, especially of raw material and transportation cost is a matter of concern. As the Indian Rupee got weaker against the US Dollar and the Euro, the cost of imported raw material has increased. The rate of fluctuation of the foreign currency, make it more difficult to take procurement decisions.

Due to the weak Indian Rupee and increase in fuel price most input cost have increased.

Even when there is an increase in input cost, we can increase our Maximum Retail Price only up to 10 %, in a 12 months period. This makes the balancing act to be a challenge.

As we are in knowledge based industry, attracting and retaining talent is of a paramount importance. The cost incurred in doing so, is mounting as there is a scarcity of good talent. There seems to be no immediate respite to curtail employee cost.

As an organization, we have developed competencies and capabilities to emerge resilient in a tough industrial environment.

#### **d. Internal Control system and their adequacy:**

Your company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition.

Your company's policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorized, recorded and reported correctly.

The CFO, internal auditor together with external auditor verify that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee reviews audit reports and financial statements for the quarter and year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations, if any, are brought to the notice of the audit committee following which corrective action is taken for implementation.

Your company continue to invest in automation and latest technology in its business operations, in order to improve efficiencies and drive down costs. The existing ERP system has been replaced by SAP based ERP system. The Company has invested and implemented

the latest offering of the world-renowned organization-SAP, S/4 software with its very high end, newly developed HANA database. Your company's manufacturing and supply chain and key supporting functions like finance and accounts, marketing, sales, HR, etc. are integrated in the new system. All statutory and other dues and payments are made within the stipulated time limit.

All compliances are taken care by dedicated software to enhance the timely compliance process, it generates alerts for timely compliance with an escalation process. A robust internal audit system at the registered office and plant is in place. The internal auditors independently evaluate transactions and the activities carried out by the Company during the year, on quarterly basis and submit their reports periodically. Based on the internal auditor's reports the CFO along with accounts head and head of other departments ensures rectification and initiates corrective steps. As needed the Company follows maker and checker concept and it has standard operating procedure for various activities. Accounting of various financial activities is done by dedicated employees and monitored by accounts head.

Your company reviews and evaluate its internal control systems with the audit committee and discuss relevant issues with internal and statutory auditors.

Based on the financial statements of financial year 2018-19 and on recommendations of the audit committee, the board has stated in its responsibility statement, that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.

Your company has in place a well-defined whistle blower policy under its vigil mechanism.

The audit committee of the Company carries out inter-alia, the functions specified under the Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015 (SEBI-LODR).

Based on internal financial control policy frame work established and followed by the Company, the audit work performed by the Company's internal auditors, statutory auditors, cost auditors and secretarial auditors and based on reviews of the management and the audit committee, the board is of the opinion that the Company's internal financial controls are adequate and effective.

#### e. Research and Development (R&D):

1. Some of the notable new formulations developed by your Company's R&D team are (a) Nervijen NP

Tablet (b) Eberjen sol. cream (c) Powergesic 2X Gel, (d) Powergesic 2X Spray, (e) Zixflam Tablet (f) Powergesic K tablet (g) Oxicojen Cream and Lotion.

2. Your company will continue to work towards formulating new formulations and improving existing ones, for domestic and international markets, for efficient and cost saving treatment of diseases.

#### f. Material Development in Human Resources:

At Jenburkt, the approach is to engage, enable and grow each individual towards a collective purpose. It is our belief that the progress of our people and business are interlinked. In support of this philosophy, we have created a work culture that presents a unique mix of our core values and functional expertise. At the heart of Jenburkt success is a pool of highly talented and motivated personnel that comprise the Jenburkt family.

By virtue of Company's progressive people-centric HR policies, practices and compelling employee experiences, the Company's has been performing consistently. Individual's with ability to excel and contribute exceptionally and consistently deserves special recognition.

We believe that our people are our competitive edge and we empower them with initiatives to develop these edge on professional or personal advancement.

Jenburktians believe in new challenges and new opportunities, new horizons every day, to excel, outperform and outshine.

Your company has always focused on building team work, development and growth among its employees at all levels. In addition to regular basic training programmes, reorientation workshops were held. In keeping with the changing business pattern the company has facilitated workshops for its middle level managers, wherein the key competency skills, business acumen etc., got enhanced in them.

A special workshop viz. "PUNNAHABEEJAROPAN" was conducted for QUEST Team, covering conflict management, etc. to synergise team work.

#### g. International Business:

During the year your company has registered 24.70% growth in exports turnover, over the previous year. Your company's business in the international market is growing steadily.

Some established markets are facing local political challenges which is affecting routine sales promotion,



product stocking and ordering pattern. Product registration and renewal is in process for many products in existing and new markets as well. Product registration and renewal process has become very slow in existing and new markets due to increasing barriers and changes in regulatory guidelines of respective countries. We are expecting to get registrations & renewals of few products during the current financial year. In addition, few more registrations of existing products in African countries are expected.

Your Company is expecting rise in the revenue from exports in coming years.

#### **h. Segment-wise Performance:**

Your Company operates exclusively in one segment i.e. pharmaceutical formulations.

#### **i. Details of significant changes in key financial ratios:**

Debtors turnover ratio decreased by 30.75% from ₹11.61 lac during previous year to ₹8.04 lac during current year due to increased domestic and export sales, as a result of launch of new products during last quarter of the current year.

Net worth increased from ₹6126.03 lac as on 31<sup>st</sup> March, 2018 to ₹7746.55 lac as on 31<sup>st</sup> March, 2019 i.e. by 26.45% due to addition of profit in reserves.

#### **4. Management:**

Shri Ashish U. Bhuta (DIN: 00226479), director of the Company is liable to retire on rotation basis at the ensuing 34<sup>th</sup> Annual General Meeting (AGM) of the Company. Being eligible, he has offered his candidature for re-appointment. His proposed appointment by a resolution is subject to the members' approval at the ensuing AGM.

At the 32<sup>nd</sup> AGM of the Company held on 31<sup>st</sup> July, 2017, Shri Ashish U. Bhuta was appointed as the Chairman and Managing Director of the Company for a period of three years from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2021. His re-appointment is subject to retirement by rotation.

Shri Dilip H. Bhuta (DIN: 03157252) was appointed as the Whole Time Director and CFO of the Company at the 33<sup>rd</sup> AGM of the Company held on 31<sup>st</sup> July, 2018 for a period of three years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022. His re-appointment is subject to retirement by rotation.

#### **Independent Directors:**

All the independent directors on the board of directors of the Company have confirmed and declared their independence from the management of the Company.

Kindly refer to report on Corporate Governance in this annual report, for a note on independent directors of the Company.

#### **Number and date of Board Meetings:**

Board of directors of the Company met four times during the year under review, on 29<sup>th</sup> May, 2018, 31<sup>st</sup> July, 2018, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.

For further details in this regard, kindly refer report on Corporate Governance in this annual report.

#### **Details of the committees of the board of directors of the Company with number of meetings held during the year, with dates, are as follows:**

1. Audit Committee: This committee met four times during the year under review, on 29<sup>th</sup> May, 2018, 31<sup>st</sup> July, 2018, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.
2. Stakeholders Relationship Committee: This committee met four times during the year under review, on 29<sup>th</sup> May, 2018, 31<sup>st</sup> July, 2018, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.
3. Corporate Social Responsibility Committee: This committee met three times during the year under review, on 29<sup>th</sup> May, 2018, 31<sup>st</sup> July, 2018 and 5<sup>th</sup> February, 2019.
4. Nomination and Remuneration Committee: This committee met four times during the year under review, on 29<sup>th</sup> May, 2018, 31<sup>st</sup> July, 2018, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.

For details about above committees, kindly refer to report on Corporate Governance in this annual report.

These committees recommend their decisions to the board and the directors at their subsequent board meeting consider the recommendation forwarded by the committees for taking appropriate decisions. All the recommendations of all the committees have been accepted for consideration by the board and none were rejected by them during the year.

#### **Annual performances evaluation procedure:**

In terms of section 134(3) (p) read with rule 8 (4) of companies (Accounts) Rules, 2014, section 178(2), Schedule IV and other applicable provision of the Act and regulation 17(10) and 19(4) and other applicable regulation(s) of SEBI-LODR, annual evaluations of performance of board, its committees and individual directors were carried out based on set criteria.

The evaluation by the board was carried out, after seeking inputs from all directors at the board and committee meetings, observance of governance, quality of deliberation and effectiveness of the procedures adopted by the board. In evaluating the performance of individual directors, criteria such as qualifications, knowledge, attendance at the meetings and participation in long-term strategic planning, leadership qualities, responsibility shouldered, interpersonal relationship and analytical decision making ability were taken in to consideration. The board carried out performance evaluation of independent director without the participation of the director being evaluated. The



performance of the committees were evaluated by the board, by seeking feedback/inputs on set criteria, from the members of the respective committees.

**Salient features of Company's policies on directors' appointment and remuneration:**

- (a) For selection of directors and determining directors' independence:

The policy contain guiding principles for the Nomination and Remuneration Committee for identifying directors with requisite qualification, experience and determine their independence of the management of the Company, in case of independent director.

The basic criteria which the Nomination and Remuneration Committee take in to account for selection of the person to be a director of the Company, contains, his education and professional background, his knowledge, experience and understanding about Company's business and industry, in general, his personal and professional ethics, integrity and values and willingness to shoulder his duties, attendance at the board and committee meetings, perform his role with responsibility, analytical decision making ability, interpersonal relationship qualities and participation in long-term strategic planning, his adherence to the company's policies and codes, provision of all acts, rules and regulations, as applicable, to act as the director on the board of the Company. In case of independent directors, his independence of the management of the Company, no conflict of interest in any transaction entered in to or to be entered in to by the Company with any person(s), firms, Companies, body corporates, whether directly or indirectly.

- (b) For remuneration of directors, key managerial personnel and other employees:

The Nomination and Remuneration Committee of the Company propose the remuneration of all the directors, key managerial personnels and other employees of the Company including the sitting fees of the independent directors, to the board to take its decision on such proposal of remuneration. The remuneration packages are designed in such a manner that they are not only attractive but are competitive enough to retain the talent in the Company. This package basically include salary, perquisites, allowances, bonus and other benefits, etc., as applicable. Your company has also insured all its directors and officers, under D&O liability insurance, for indemnifying them from any liability that may occur while performing their role, duties, responsibilities etc. The premium towards the said policy is borne by the Company.

**Directors Responsibility Statement:**

Pursuant to Section 134 (5) of the Act, in relation to the financial statements for the financial year 2018-19, your board of directors state that:

- in the preparation of the annual accounts, the Company has adopted and followed the Indian Accounting Standards (IND-AS), as applicable;
- the estimates and judgments relating to financial statements have been made on a prudent and reasonable basis in order to ensure that financial statements reflect, in a true and fair manner, the form and substance of the transactions and reasonably present the Company's state of affairs and profit for the year;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls, which are adequate and operating effectively. The internal auditors have conducted periodic audits of the Company's financials and
- the systems are in place to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

**Key Managerial Personnel**

Shri Ashish U. Bhuta (DIN:00226479), Chairman and Managing Director, Shri Dilip H. Bhuta(DIN:03157252), Whole Time Director and CFO and Shri Ashish R. Shah, Company Secretary and Compliance Officer of the Company are the Key Managerial Personnels, as on 31<sup>st</sup> March, 2019, in accordance to the provisions of the Section 203(1) of the Act.

**5. Statutory Auditors and Report:**

M/s. D. R. Mehta & Associates, chartered accountants (Reg. No.:106207W), were appointed as the statutory auditors of the Company, for a consecutive period of five years, from the conclusion of the 32<sup>nd</sup> AGM held on 31<sup>st</sup> July, 2017 to the conclusion of the AGM to be held in the year 2022.

The auditors have confirmed their eligibility to act as auditors of the Company for the period from conclusion of the ensuing AGM till conclusion of 35<sup>th</sup> AGM of the Company, for auditing the financial statements of the Company for the financial year 2019-20.

The auditors' report as submitted by them for the financial year 2018-19 is with unmodified opinion i.e. does not contain any qualification, reservation or adverse remark.

**6. Secretarial Auditors and Report:**

M/s. Nilesh Shah & Associates (C.P. No.: 2631), practicing

Company Secretaries, Mumbai, were appointed to carry out the secretarial audit of the Company. They have confirmed their eligibility to act as the secretarial auditors of the Company for the financial year 2019-20. Their secretarial audit report for the financial year 2018-19 is attached to this report in prescribed format No.: MR-3, as “**Annexure-A**”. Their annual secretarial compliance report under regulation 24A of SEBI-LODR was also received by the Company.

Company’s replies to the secretarial auditors’ observations:

- (a) The delay in payment of listing fees to BSE Ltd. by nine days
  - the delay was by oversight,
- (b) delay in few cases of transfer of shares by Bigshare Services Pvt. Ltd., RTA beyond stipulated time limit
  - the Company is in receipt of a confirmation letter from RTA stating that the delay in processing was due to sudden spurt in the volume of requests for transfers and dematerializations during the month of March, 2019, pursuant to SEBI’s notification of banning physical transfer of shares after 31<sup>st</sup> March, 2019,
- (c) delay in transferring of shares to IEPF
  - since then the relevant shares were transferred to IEPF.

## 7. Cost Auditors:

Pursuant to the order of the Central Government, your company is required to maintain cost records under section 148(1) of the Act and Companies (Accounts) Rules, 2014 as amended. Accordingly the statement of cost accounts and records are made and maintained by the Company and the same are periodically audited by a practicing Cost Accountants.

The board of directors has appointed M/s. Jagdish R. Bhavsar, (membership No.:8000) Cost Accountants, Mumbai, as the auditors of the cost records of the Company, for the financial year 2019-20. Their remuneration as fixed by the board of directors of the Company is to be ratified by the members at the ensuing 34<sup>th</sup> AGM of the Company.

Their cost audit report without any qualification or adverse remarks for the previous financial year has been submitted to Ministry of Corporate Affairs, as required.

## 8. Annual Return:

In pursuance to section 92(3) of the act, Company’s annual return, containing particulars, as they stood on the close of the financial year 2017-18, as duly submitted to the Ministry of Corporate Affairs is placed on the website of the Company, viz. [www.jenburkt.com](http://www.jenburkt.com). The web link for the same is: [http://www.jenburkt.com/Other\\_Info/20182019/Form\\_MGT\\_7\\_Annual\\_Return\\_2017\\_18.pdf](http://www.jenburkt.com/Other_Info/20182019/Form_MGT_7_Annual_Return_2017_18.pdf).

## 9. Particulars of loans, guarantees or investments made by the Company:

During the financial year 2018-19, no loan or guarantee was given to any person or body corporate directly or indirectly by the Company, nor were any investments made by the Company.

## 10. Particulars of related party transactions:

There was no materially significant related party transaction made by the Company, during the year, with its promoters, directors, KMPs or other designated persons which may have a potential conflict with the interest of the Company at large. None of the directors have any material pecuniary relationships or transactions vis-à-vis the Company. There was no related party transaction, during the financial year 2018-19 as covered under Section 188 of the Act and rules made thereunder.

The policy on related party transactions of the Company is uploaded on the Company’s website, viz. [www.jenburkt.com](http://www.jenburkt.com) at link: <http://jenburkt.com/OtherInfo/20152017/Policy%20on%20RPT.pdf>

In an existing transaction, your Company had made two agreements with M/s. Bhuta Holdings Private Ltd., the Promoter of the Company (holding shares of the Company in excess of 10%), at the arm’s length basis and in ordinary course of business during financial year 2014-15 having validity up to 31st March 2019. Pursuant to section 188 (1) of the Act, the same transaction have been disclosed and presented in the prescribed form No. AOC-2, by the Company and annexed to this report as “**Annexure-B**”, which forms part of this report.

Your company does not have any holding or subsidiary or associate Company, nor it is a subsidiary or associate of any other Company, hence, the disclosure under Schedule V(A)(2) of SEBI-LODR relating to the accounts of holding company and subsidiary company is not applicable to the Company.

## 11. Corporate Social Responsibility (CSR) initiative:

A brief note on CSR policy of the Company, CSR expenditures made and other details in that regard are set out in a report as annexed, in prescribed format under the Companies (Corporate Social Responsibility Policy) Rules 2014. The CSR policy of the Company is uploaded on the website of the Company, viz. [www.jenburkt.com](http://www.jenburkt.com).

The said report is annexed as “**Annexure-C**” to this report.

## 12. Award, Recognition, Achievements:

### (a) FE-CFO of the Year Award 2019:

Financial Express, India’s oldest and one of the trusted leading financial publication, recognized the company

and its Chief Financial Officer, Shri Dilip H. Bhuta, for “FE-CFO of the year award 2019”. He received the award from Mr. Deepak Parekh, a leading financial luminary.

**(b) Recognition for adoption of new technology:**

Shri Ashish U. Bhuta, Chairman and Managing Director of the Company was invited by Zee Business, at their event, viz. “Dare to Dream Awards”, Mumbai edition to share the inspirational journey of your company, over a fire side chat. The audience, was fascinated by your company’s journey, values, work culture and how new technologies are adopted.

**13. Investors' Education and Protection Fund (IEPF):**

Pursuant to IEPF's Rules, as amended from time to time, your Company had taken steps for intimating those shareholders, who had not encashed their dividend for the period of seven consecutive years, ending at financial year 2016-17 and 2017-18, about their unclaimed dividend and corresponding shares that were liable to be transferred to IEPF account. After due date the unclaimed dividend amount and corresponding shares were transferred to IEPF. The amount that were lying in the bank account against unclaimed dividend, pertaining to financial year 2010-11, were transferred to IEPF authority during the financial year 2018-19 and transfer of corresponding shares to IEPF authority has also been completed.

The shareholder are hereby informed that the dividend amount and equity shares transferred to IEPF can be claimed back by the shareholders from the IEPF authority by following procedure mentioned in the above said notifications of IEPF. The shareholders are requested to claim their dividend, if not encashed yet, for the period from financial year 2011-12 onwards, to avoid hardship of claiming later from IEPF, along with corresponding shares, if any.

The details of the shareholders whose dividend and shares are transferred to IEPF is uploaded on the website of the Company, viz. [www.jenburkt.com](http://www.jenburkt.com).

**14. Secretarial Standards:**

Your Company has complied with, during the financial year 2018-19, the secretarial standard-1 on meetings of board of director and it’s committees, and secretarial standard-2 on general meetings, issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government.

Your Company has also voluntarily complied with the majority of provisions of the Secretarial Standard-3 on dividend and secretarial standard-4 on boards’ report which are recommendatory in nature.

**15. Report on Corporate Governance:**

A detailed report on the Corporate Governance of the Company and the auditor’s certificate regarding Company’s compliances with Corporate Governance norms are attached to this annual report.

**16. Green initiative- restriction on physical transfer of shares:**

Securities and Exchange Board of India (SEBI) has vide its notification PR no.:51/2018 dated 03<sup>rd</sup> December, 2018, restricted transfer of physical shares after 31<sup>st</sup> March, 2019. Further, as a clarification SEBI has vide its PR No.12/2019 dated 27<sup>th</sup> March, 2019, informed that there is no prohibition on holding of shares in physical format even after 1<sup>st</sup> April, 2019, transfer of shares thereafter will be only in electronic mode (dematerialized shares).

The shareholders, thus are hereby informed that they can continue to hold equity shares of the Company in physical form, but need to dematerialize them in order to transfer them any time in future. In the interest of the shareholders, it will be prudent to get their shares dematerialized, at the earliest.

Shareholders are once again requested to provide their bank details, in the form enclosed, to receive all the dividends directly into their bank account, to overcome any hardship of depositing dividend warrant and possibilities of misuse or fraud in relation to the physical dividend warrants.

**17. Vigil Mechanism**

Pursuant to section 177(9) of the Act and rules made thereunder and Regulation 22(1) of SEBI-LODR your Company had established a vigil mechanism of the Company by forming a whistle blower policy of the Company, providing adequate safeguard against any victimization of any employee and / or director of the Company, for disclosure by them about genuine concern, regarding wrongful misconduct (as defined in said policy), including provisions to enable employees to report instances of leak of unpublished price sensitive information of the Company, as required under regulation 9A(6) of SEBI-LODR. There was no reporting of any such event during the year. No employee or director of the Company was denied access to the audit committee. The said whistle blower policy of the Company is uploaded on the website of the Company, viz. [www.jenburkt.com](http://www.jenburkt.com).

**18. Audit Committee**

A detailed note on audit committee including its composition, role and number of meetings held etc. is included in the report on Corporate Governance, which is forming part of this annual report. All the recommendations made by the audit committee during the year, were accepted by the board.

## 19. Internal Financial Control

The Company has in place adequate internal financial controls with reference to financial statements. During the year, no reportable material weaknesses in the operations were observed. For further details, kindly refer to a section “internal control and their adequacy” in the report of management discussion and analysis in this directors' report.

## 20. Other Information:

- A detailed information on conservation of energy and technology absorption, foreign exchange earnings and outgo is annexed as “**Annexure-D**”, to this report.
- Risk management policy: Your Company has formulated a risk management plan and have constituted a risk management committee. The risks are classified in different areas such as market, finance, operational, etc. These risks are reviewed regularly to mitigate the risk, if any.
- Employee's details, pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are annexed herewith as “**Annexure-E**” to this report.

## 21. General:

Your directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company, under any scheme.
- No significant or material orders were passed by the regulators or courts or tribunals which may impact the going concern status and Company's operations in future. However, two legal matters are pending at different courts, details of which are mentioned herein above.
- Your company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act 2013. No complaint, in this regard, was received by the Committee.
- As certified by the RTA, no shares are lying with them which are under demat suspense account or unclaimed suspense account, in terms of Schedule-V- Clause-F of the SEBI- LODR.

## 22. Cautionary Statement:

Statements in this report particularly that pertains to management discussion and analysis may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in

the statement as unforeseen factors could influence the Company's operations such as domestic or international government's policies, political and economic developments, risks inherent to the Company's growth and such other factors.

## 23. Appreciation:

Your directors thank the various Government Departments and Agencies and the Government of India for their co-operation. The directors also thank all the employees, vendors, super stockists, investors for their continuous support. The directors also appreciate the valuable support of the independent directors.

For and on behalf of the Board of Directors

Ashish U. Bhuta,  
(DIN:00226479)

Chairman and Managing Director

Mumbai, 6<sup>th</sup> June, 2019.

## Annexure A

### Form No. MR-3: Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**JENBURKT PHARMACEUTICALS LIMITED**  
Nirmala Apartments, 93, Jay Prakash Road, Andheri (west), Mumbai 400 058.

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by Jenburkt Pharmaceuticals Limited (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31<sup>st</sup> March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to reporting made hereinafter:

We herewith report that maintenance of proper and updated books, papers, minutes books, filing of forms and returns with applicable regulatory authorities and maintaining other records is responsibility of management and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon. We have examined on test check basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31<sup>st</sup> March, 2019, as per the provisions of:

- i) The Companies Act, 2013 and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under (to the extent applicable to the Company);
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

We have in-principally verified systems and mechanism which is in place and followed by the Company to ensure Compliance of the following specifically applicable Laws / Orders (in addition to the above mentioned Laws (i to iv) and applicable to the Company since the company is engaged in dealing of Pharmaceutical products) and we have also relied on the representation made by the Company and its officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

- Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics (6<sup>th</sup> Amendments) Rules, 2016
- The Drug (Price Control) Order, 2013
- Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954



We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

We further report that, during the year, it was not mandatory on the part of the Company to comply with the following Regulations / Guidelines as covered under MR-3:

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (to the extent applicable);
- (e) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- (f) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB);

Based on the aforesaid information and explanation provided by the officers and employees of the Company, we report that during the financial year under review, save and except delay in payment of listing fees payable to Stock Exchange by 9 days, delay in giving effect of transfer of shares due to surge in volume of application at the RTA's end and delay in transferring shares to IEPF, the Company has generally complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and Rules, Regulations, Standards etc. mentioned above and we have not found material observation / instances of material non Compliance in respect of the same:

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. There was no change in the composition of the Board of Directors during the year under review.

We also report that adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a reasonable system exists for Board Members to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

It is noted that majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the Minutes.

Based on representation made by the Company and its officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, We report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules and regulations

We further report that during the audit period under review, there were no specific event / action that can have a major bearing on the Company's affairs.

**For Nilesh Shah & Associates**

**Hetal Shah**  
FCS : 8063  
C.P. : 8964

Mumbai, 6<sup>th</sup> June, 2019

Note: This Report has to be read with "Annexure", appearing on next page.

## 'Annexure' to the Secretarial Audit Report.

To  
 The Members,  
**JENBURKT PHARMACEUTICALS LIMITED**  
 Nirmala Apartments,  
 93, Jay Prakash Road,  
 Andheri (west),  
 Mumbai 400 058.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis (by verifying records made available to us) to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- Wherever required, we have obtained Management representation about the compliance of laws, rules and regulations and occurrence of events.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. Our examination was limited to the verification of process followed by Company to ensure adequate Compliance.
- The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Nilesh Shah & Associates**

**Hetal Shah**  
 FCS : 8063  
 C.P. : 8964

Mumbai, 6<sup>th</sup> June, 2019

## Annexure B

### Form No.AOC-2: Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered in to by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

The Company has not entered into any contract/arrangement/transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2018-19. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013, the corresponding rules thereunder and the applicable provisions of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015.

- Details of contracts or arrangements or transactions not at arm's length basis during F.Y. 2018-19: None.
- Details of contracts or arrangement or transactions at arm's length basis during F.Y. 2018-19: None.

However, following are the detail of the Contracts of leave and license agreements entered into by the Company in financial year 2014-15 at arm's length and in ordinary course of business with a related party.

Name of the Related Party and Relationship	Nature of Contract	Duration	Salient Terms	Aggregate Amount
Bhuta Holdings Pvt. Ltd. (A Promoter Company holding more than 10% of Company's Shares, in which directors of the Company are directors / members)	Ongoing two Leave and License Agreements	From 01.04.2014 To 31.03.2019	On arm's length basis and in ordinary course of business	(i) Security Deposit: ₹30.00 lacs (ii) Rent: ₹48.00 lacs (For F.Y. 2018-19)

For and on behalf of the Board of Directors

Mumbai, 6<sup>th</sup> June, 2019.

Ashish U. Bhuta  
 Chairman and Managing Director.

## Annexure C

### Report on Corporate Social Responsibility (CSR) for the Financial Year 2018-19.

1. A brief outline of the Company's CSR Policy, including overview of projects or programs undertaken:  
Your Company believe in philanthropy i.e. giving back to the society and this culture has been inculcated by its promoters' viz. Bhuta family. Even before the CSR provisions by way of statute came in existence, the Company was involved, in its own way, into social responsibilities. Based on these principles the CSR policy of the Company was framed, in pursuance of the applicable provisions of the Companies Act, 2013. The CSR Committee of the Company identifies the project to be funded under CSR, preferably in and around the local area of it's registered office and plant and after careful analysis, the committee recommend its proposal to the Board for their consideration and decision thereon. The Board takes final decision about sanctioning the proposal and amount to be spent as CSR, based on the calculation of allocable amount in terms of the provision of the Companies Act, 2013.

Kindly refer to web-link: [http://jenburkt.com/Other\\_Info/20152016/Policy%20on%20CSR.pdf](http://jenburkt.com/Other_Info/20152016/Policy%20on%20CSR.pdf) for the Company's policy on CSR. Kindly refer corporate governance section for further details regarding CSR Committee, its role etc.

2. Composition of CSR committee: The CSR committee comprises of three directors, Shri Arun R. Raskapurwala, Chairman of the committee is a non-executive independent director of the Company. The other two members are: Shri Ashish U. Bhuta, the Chairman and Managing Director of the Company and Shri Dilip H. Bhuta, the Whole Time Director and CFO of the Company.

(₹ in lac)

3	Average net profit of the Company for last three financial years for the purpose of computation of CSR	2056.52
4	Prescribed CSR expenditure (two percent of the amount as in item 3 above):	41.13
5	Details of CSR amount spent during the F.Y. 2018-19: (a) Total amount spent (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year:	25.00 16.13 As detailed below

Details of CSR amount spent during Financial Year 2018-19:

(₹ in lac)

S. No.	CSR Project or Activity identified	Sector in which the project is covered	Area where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads: 1.Direct expenditure 2.Overheads	Cumulative expenditure upto the reporting period in F.Y. 2018-19	Amount spent: Direct or through implementing agency
1.	To set-up e-learning for doctors by providing them complete details of podiatry by Daabster Podiatry Academy	Preventive Healthcare (for foot healthcare) for patients suffering from foot complications and diabetic foot syndrome.	Borivali West, Mumbai-92, Maharashtra.	4.00	4.00	4.00	Direct
2.	To set-up a natural gas based furnace instead of usage of wooden log at the only Crematorium at Sihor and to create other infrastructural benefits in the Crematorium managed by Sihor Seva Samaj Trust, Sihor, Bhavnagar, Gujarat.	To sustain pollution and balance the environment of Sihor region by saving trees and reduce pollution from their usage in Crematorium, development in rural area and providing benefit to economically backward section of the Society of Sihor region.	Local Area: Sihor District: Bhavnagar, Gujarat.	21.00	21.00	21.00	Direct

6. The CSR amount of ₹16.13 lac, were not spent since certain projects, though identified are under multipurpose preventive healthcare programs and are of long term in nature.
7. Company's CSR responsibility:  
We hereby affirm that implementation and monitoring of the CSR policy are in compliance with the CSR objectives of the Company.

Sd/-  
Arun R. Raskapurwala  
Independent Director  
(Chairman, CSR Committee)

Sd/-  
Ashish U. Bhuta  
Chairman and Managing Director.  
(Member, CSR Committee)

Mumbai, 6<sup>th</sup> June, 2019.

## Annexure D

### Conservation of Energy, Technology Absorption, Foreign exchange earnings and outgo:

[Particulars pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule (8)(3) of Companies (Accounts) Rules, 2014 and forming part of the Directors' Report, for the financial year ended on 31<sup>st</sup> March, 2019.]

#### (A) Conservation of energy:

- i. **The steps taken or impact on conservation of energy.**
  - a. Audit of plant electrical systems and energy has been conducted by qualified auditor and steps are being undertaken to comply with the recommendation and suggestions. Various stages of upgradations and modifications are underway in this direction.
- ii. **The steps taken by company to utilise alternate source of energy.**
  - a. Rain water harvesting system has been strengthened and modified to maximise ground water table recharging during this monsoon season.
- iii. **The capital investment on energy conservation equipments:**  
No capital investment undertaken during the FY 2018-19.

#### (B) Technology absorption, adoption and innovation:

- i. **Efforts in brief made towards technology absorption.**
  - a. Development of a new drug spray delivery vehicle in place of conventional pressurised aerosol based system. A few new molecules are being tried and planned to be commercialised.
  - b. Continued improvement in existing products and processes and development of new products and dosage forms.
- ii. **The benefits derived like product improvement, cost reduction, product development or import substitution.**
  - a. New drug sprays delivery system does not require imported aerosol delivery vehicle.
  - b. Continued compliance to national and international drug regulatory agencies.
  - c. Introduction of aqueous film coating system for tablet products eliminates use of costly polluting organic solvents.
- iii. **The details of imported technology (imported during last 3 years)**
  - a. The details of technology imported: NIL
  - b. The year of import: NIL
  - c. Whether the technology been fully absorbed: NIL
  - d. If not fully absorbed, areas where absorption has not taken place and the reasons thereof: NIL
- iv. **The expenditure incurred on research and development.**  
Capital Expenditure: ₹Nil, Recurring Expenditure: ₹82.81 lac.
- v. **Foreign exchange earnings and outgo.**  
During the year under review, the foreign exchange earnings by the Company was ₹1748.04 lacs and the foreign exchange expenditure of the Company was ₹258.62 lac (including ₹0.18 lac towards dividend on equity shares).

For and on behalf of the Board of Directors

Ashish U. Bhuta  
Chairman and Managing Director

Mumbai, 6<sup>th</sup> June, 2019.

## Annexure E

### Details of Employees

[Details Pursuant to Section 197(12) Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

- The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year, 2018-19 and
- The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary in the financial year 2018-19 are as under:

Sr. No.	Director / Key Managerial Personnel	Remuneration for the Year 2018-19 (₹ In lacs)	Percentage increase in Remuneration in 2018-19	Ratio of remuneration to median remuneration
1	Ashish U. Bhuta	147.51	17.80	59.24
2	Dilip H. Bhuta	43.53	12.12	17.48
3	Bharat V Bhate	0.25	-0.50	0
4	Rameshchandra J Vora	0.55	0	0.02
5	Arun R. Raskapurwala	0.55	0	0.02
6	Anjali S. Dalvi	0.52	0	0.02
7	Ashish R. Shah	32.62	11.07	13.10

- The percentage increase in the median remuneration of employees in the financial year 2018-19 is: 10.70%.
- The number of permanent employees on the roll of the Company at the end of the financial year 2018-19 is: 736.
- Average percentage increase in the remuneration of employees other than the managerial personnel in the financial year 2018-19 was: 11.07% as against increase in remuneration of the managerial personnel for the Financial Year 2018-19 was: 11.45%.
- Shri Ashish U. Bhuta's remuneration include salary of ₹134.27 lac and commission of ₹13.24 lac.
- The statement containing particulars of the employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

Name, designation, age, date of joining and remuneration of top 10 employees of the Company, in terms of remuneration drawn (₹ in lac). (1) Ashish U. Bhuta, Chairman and Managing Director, 46, 01.06.1994, ₹147.51; (2) Mahender Paul Singh, Sr. VP, 59, 06.04.2001, ₹146.43; (3) Vinay Bhatt, Head-International Business, 51, 01.04.2006, ₹63.74; (4) Uday Kalele, VP, 63, 13.03.2009, ₹55.79; (5) Dilip H. Bhuta, WTD & CFO, 67, 16.07.2013, ₹43.53; (6) Jayesh D. Tanna, GM, 54, 01.07.1997, ₹33.53; (7) Ashish R. Shah, CS, 55, 01.12.1999, ₹32.63; (8) Virender Bangar, GM, 59, 08.04.2002, ₹30.00; (9) Bharat Gajjar, Head Engineering, 57, 01.04.1995, ₹18.07; (10) Mahendra Patil, Senior Sales Manager, 49, 05.12.1991, ₹16.98. Only two employees viz. Shri Mahender Paul Singh and Shri Ashish U. Bhuta have drawn remuneration in excess of ₹102.00 lacs during financial year 2018-19.

For and on behalf of the Board of Directors

Mumbai, 6<sup>th</sup> June, 2019.

Ashish U. Bhuta  
Chairman and Managing Director.



## Corporate Governance Report

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

"Corporate Governance" is a term with a very wide connotation, but in its most general sense, it means the system or rules, practices and processes by which a company is directed and controlled. It essentially involves working in the best interests of the company while balancing the interests of the many stakeholders in a company.

Since corporate government also provides the framework for attaining a Company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure. So essentially, corporate governance is the application of best management practices, compliance of law in its true spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

### 2. Board of Directors:

The board of directors at Jenburkt has optimum combination of executive and non-executive directors having the required skills, knowledge, experience and gender mix, in accordance to the requirements of the applicable provisions of the Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI-LODR). Total strength of directors at Jenburkt are six directors out of which four are independent and non-executive directors, providing optimum level of mix of executive and non-executive independent directors. A woman director is part of the team of independent and non-executive directors on the board. Rest of the two directors are executive directors on the board.

The board meets at least once in every quarter in order to, inter alia, consider the quarterly financial results of the Company. The four independent directors have had submitted their individual confirmation and declaration about their independence of the management of the Company. They do not have any relationship with the Company, nor any individual director has any relationship with any other director on the board of the Company. Their independence does not materially influence their judgment while taking business decisions of the Company.

The board is actively involved in strategic supervision, guidance, direction and overseeing the management of the Company. It also ensure exercising fiduciary duties with highest standard of ethics and transparency. The committees formed by the board, recommend their decision to the board vide their respective meetings and the board consider their respective recommendation in its meetings. All the recommendations made by all the committees were accepted for consideration by the board. Interest of all the stakeholders of the Company are well nurtured, enhanced and equally protected by the board.

As stipulated in applicable laws, the Company maintain the gap between two board meetings which does not exceed one hundred and twenty days. Four board meetings were held by the company, during the financial year 2018-19, on 29<sup>th</sup> May, 31<sup>st</sup> July, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019. Requisite quorum was present throughout all the board meetings of the Company.

In compliance with the applicable laws, the notice convening the board meetings and other relevant documents are sent to all the directors of the Company well in advance, to enable each of them to take their decisions in an efficient manner. The draft financial statements for each quarter and for the end of financial year are first presented to the audit committee for their review and then recommended to the board for their consideration and decision.

The details of composition and category of directors, their attendance at board meetings and at Annual General Meeting (AGM) and their individual positions on board of the Company during the financial year 2018-19 are as under:-

Name of Director	Category of directorship / designation	No. of Board meetings in f.y. 2018-19		Attendance at last AGM	No. of directorships held in another Company
		Held	Attended		
Shri Ashish U. Bhuta	Promoter / Chairman and Managing Director	4	4	Yes	1
Shri Bharat V. Bhate	Non- Executive/ Independent Director	4	2*	Yes	1
Shri Rameshchandra J. Vora	Non- Executive/ Independent Director	4	4	Yes	Nil
Shri Arun R. Raskapurwala	Non- Executive/ Independent Director	4	4	Yes	Nil
Shri Dilip H. Bhuta	Whole Time Director / Chief Financial Officer	4	4	Yes	1
Ms. Anjali S. Dalvi	Non- Executive/ Independent Director	4	4	Yes	1

Notes:

- The directorships held by directors, as disclosed above, are in private limited companies only. None of the director is a director in any other listed entity.
- Details of the directors, chairmanship or membership in various committees of board of the Company are provided in this report.
- None of the directors has any membership in any committee of any other listed entity.

- None of the directors, is inter-se related to any other director on the board of the Company.
- "\*" Shri Bharat V. Bhate was absent in two board meetings held on 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019. The Company was informed by him in advance about his inability to attend the meeting.

### 3. **Matrix setting out the list of core skills/expertise/competencies identified by the board of directors, in context of Company's business and sector, to function effectively and those actually available with the board:**

In today's age, when things change at a lightning pace, especially in the field of technology and in the age where functions evolve from an area of speciality to super-speciality, especially in our pharmaceutical industry, it becomes not too material of what are a person's educational qualifications and past experiences are at the level of board of directors and committees. The most important skills, expertise and competence (collectively referred below as "ability") required are a mix of:

1. Ability to compete and collaborate, a contrasting ability, based on situations.
2. Ability to identify and retain right talent and delegate key functions to them, to accomplish company's vision and business goals.
3. Ability to create an environment of ownership among employees, and promote team work while also being a good team member.
4. Ability to identify opportunities and pursue them.
5. Ability to take calculated risks.
6. Ability to be firm to company's core values and beliefs.
7. Ability to embrace and adopt change in the industry.
8. A basic conceptual understanding and an ability to grasp changes among the key functional area of the Company.

Apart from above abilities, the role, responsibilities, duties and obligations of directors as laid down in the Act and SEBI-LODR, are being followed by the directors of the Company.

### 4. **Independent Directors:**

In accordance to section 149(6) and other applicable provisions of the Act and rules thereunder and regulation 16(1) and all other applicable provisions of SEBI-LODR an independent director is a non-executive director, other than a managing director or a whole time director or a nominee director on the board of the Company possessing certain qualities as listed out in the said regulation.

Your Company has four independent directors on its board, Ms. Anjali S. Dalvi (DIN: 03293810) was appointed for her second term for the period from 24<sup>th</sup> July, 2018 to 23<sup>rd</sup> July, 2023. as the independent director (woman director) and Shri Bharat V. Bhate (DIN:00112361), Shri Rameshchandra J. Vora (DIN:00112446) and Shri Arun R. Raskapurwala (DIN:00143983), were appointed for their second term for the period from 30<sup>th</sup> May, 2019 to 29<sup>th</sup> May, 2024, as the independent directors of the Company. Their appointments are not subject to retirement by rotation and are subject to applicable provisions of section 149, 150, Schedule-IV and other applicable provision of the Act and SEBI-LODR. Their role, duties and power are as described under the said provisions of the Act and SEBI-LODR. During the year under review, none of the independent directors had any pecuniary relationship with the Company or other directors of the company, other than the sitting fees for attending the board and committee meetings, which they are entitled to and the divided they receive on their respective shareholdings.

Each of the independent directors has submitted a confirmation and declaration to the board in terms of regulation 25(8) of SEBI-LODR stating that (i) He/She meets the criteria of independence as provided under regulation 16(1)(b) of SEBI-LODR and (ii) He/She is not aware of any circumstances or situation, which exists or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgment and without any external influence.

The Company has voluntarily insured its all directors and senior officers by a D&O policy.

The nomination and remuneration committee, for the selection of a person as an independent director, consider the Company's policy on selection of directors and determining directors' independence. A copy of appointment letter of independent director is available on the Company's website, viz. [www.jenburkt.com](http://www.jenburkt.com).

The board has formulated a familiarization program for the independent directors of the Company. Such programs enables the independent directors to have fair understanding about the operations and affairs of the Company, including various policies, codes, systems and procedures of the Company. A familiarization policy has been framed by the Company and hosted on the Company's website at [http://jenburkt.com/Other\\_Infor/20152017familiarisation.pdf](http://jenburkt.com/Other_Infor/20152017familiarisation.pdf).

The independent directors of the Company met once, during the year under review, in their separate meeting held on 29<sup>th</sup> May, 2018 to evaluate the performances of the non-independent directors viz. (i) the Chairman and Managing Director with the views of other executive director, (ii) the Whole Time Director & Chief Financial Officer, (iii) the board as a whole; and (iv) for the evaluation of the quality, content and timeline of the flow of information between management and the board to

effectively and reasonably perform its duties. All the independent directors attended the said meeting. All the independent directors of the Company are evaluated annually by the entire board, except the independent director being evaluated.

## 5. Committees of the Board:

### A) Audit Committee:

Pursuant to the provisions of Section 177 (2) of the Act and Regulation 18 of SEBI-LODR, the Company has constituted a qualified and independent audit committee and has framed its terms of reference and role in the Company. The committee consist of four directors, three of them are non-executive and independent directors while one is an executive director.

Shri Bharat V. Bhate the non-executive and independent director, is the Chairman of the Committee. The other three members of the Committee consists of Shri Rameshchandra J. Vora and Shri Arun R. Raskapurwala, both non-executive and independent director and Shri Dilip H. Bhuta, an executive director of the Company.

The Company Secretary of the Company acts as the secretary to the Committee and remains present in all the meetings of the committee.

During the financial year 2018-19, the audit committee met four times on: 29<sup>th</sup> May, 31<sup>st</sup> July, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.

The details of the meetings of the audit committee held and attended by the members during financial year 2018-19, are as follows:

Name of director	Category of directorship	No. of Meetings in F.Y. 2018-19	
		Held	Attended
Shri Bharat V. Bhate	Non- Executive/ Independent Director	4	2*
Shri Rameshchandra J. Vora	Non- Executive/ Independent Director	4	4
Shri Arun R. Raskapurwala	Non- Executive/ Independent Director	4	4
Shri Dilip H. Bhuta	Whole Time Director and Chief Financial Officer	4	4

Note: “\*” Shri Bharat V. Bhate was absent in two Audit Committee meetings held on 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019. The Company was informed by him in advance about his inability to attend the meetings.

Shri Bharat V. Bhate, the Chairman of the audit committee attended the 33<sup>rd</sup> AGM of the Company held on 31<sup>st</sup> July, 2018. The minutes of the meetings of the audit committee are noted at the subsequent board meetings.

The terms of reference of the audit committee, inter-alia are as under:

- (1) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible;
- (2) Recommendation for appointment, remuneration and terms of appointment of internal and statutory auditors of the Company;
- (3) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to the following items:-
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of section 134(3)(c) of the Act;
  - (b) changes in accounting policies and practices, if any;
  - (c) compliance with listing and other legal requirements relating to financial statements;
  - (d) disclosure of any related party transactions and
  - (e) quarterly financial statements.
- (4) Scrutiny of any inter-corporate loans and investments;
- (5) Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
- (6) Discussion with internal auditors of any significant findings and follow-up thereon;
- (7) Discussion with statutory auditors about the nature and scope of audit as well as to ascertain any area of concern;
- (8) To review the functioning of the whistle blower mechanism;
- (9) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (10) Carrying out any functions as is mentioned in the role of the audit committee in SEBI-LODR and
- (11) To further review the following information: (a) management discussion and analysis report, (b) statement of significant related party transaction, if any, (c) appointment and terms of remuneration of internal auditors.

### B) Nomination and Remuneration Committee:

In compliance with Section 178(1) of the Act, and Regulation 19 of SEBI-LODR the Nomination and Remuneration Committee (NRC) was constituted by the board of the Company.

Under the terms of reference of NRC, it has inter-alia formulated two policies, one for selection of directors and determining director's independence and another for remuneration of directors, KMP and other senior employees of the Company. The NRC oversees the process of recruiting directors and the senior managerial personnel of the Company, including recommending their remuneration.

The Chairman of NRC is Shri Rameshchandra J. Vora. Shri Bharat V. Bhate and Shri Arun R. Raskapurwala are the other two members of the NRC. All of them are non-executive and independent directors on the board of directors of the Company.

The NRC met four times during the financial year 2018-19 on: 29<sup>th</sup> May, 31<sup>st</sup> July, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.

Followings are the details of meetings held and attended by the members of NRC, during the financial year 2018-19:

Name of director	Category of directorship	No. of Meetings in F.Y. 2018-19	
		Held	Attended
Shri Rameshchandra J. Vora	Chairman & non-executive / independent director.	4	4
Shri Bharat V. Bhate	Member & non-executive / independent director.	4	2*
Shri Arun R. Raskapurwala	Member & non-executive / independent director.	4	3

Note: “\*” Shri Bharat V. Bhate was absent in two Nomination and Remuneration Committee meetings held on 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019. The Company was informed by him in advance about his inability to attend the meetings.

The Chairman of the NRC attended the 33<sup>rd</sup> AGM of the Company held on 31<sup>st</sup> July, 2018.

The minutes of the meetings of the NRC are noted at the subsequent board meetings.

The role of NRC, inter alia, include the followings:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration of the directors, key managerial personnels and other employees;
- Formulation of criteria for evaluation of independent directors, the board and it's committees and carryout performance evaluation of all the directors and the manner in which their performance evaluation to be carried out;
- Devising a policy on board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board about their appointment and removal, if required.
- Decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form payable to senior management.

The remuneration of all the directors and senior management personnel and terms of appointment of all of the directors, including independent directors, is recommended by the NRC to the board, subject to the criteria laid down in the policy viz. remuneration of directors, key managerial personnels and other employees of the Company. The policy of NRC has laid down the criteria for performance evaluation of the independent directors. These criteria are included in Company's "Policy on Remuneration of Directors, Key Managerial Personnel and other Employees", web link of which is: [http://www.jenburkt.com/Other\\_Info/20152016/Policy%20on%20Remuneration%20of%20Directors,%20KMP.pdf](http://www.jenburkt.com/Other_Info/20152016/Policy%20on%20Remuneration%20of%20Directors,%20KMP.pdf)

The details of the remuneration paid to the directors of the Company during the period under review are as follows: (₹ in lac)

Name of director	Remuneration including salary, perquisites and all benefits	Sitting fees	Total	Present service contract	No. of equity shares held as on 31 <sup>st</sup> March 2019
Shri Ashish U. Bhuta	147.51	Nil	147.51	01.04.2018 to 31.03.2021	261127
Shri Dilip H. Bhuta	43.53	Nil	43.53	01.04.2016 to 31.03.2019	600
Shri Bharat V. Bhate	Nil	0.25	0.25	N.A.	2500
Shri Rameshchandra J. Vora	Nil	0.55	0.55	N.A.	500
Shri Arun R. Raskapurwala	Nil	0.55	0.55	N.A.	100
Ms. Anjali S. Dalvi	Nil	0.525	0.525	N.A.	Nil

**Notes:**

- i. “\*” Remuneration paid to Shri Ashish U. Bhuta for the period from 1<sup>st</sup> April 2018 to 11<sup>th</sup> September, 2018 was in accordance to the approval of the Central Government. Shri Ashish U. Bhuta’s appointment and remuneration for the period from 1<sup>st</sup> April 2018 till 31<sup>st</sup> March, 2021, was consented by members by a special resolution passed at 33<sup>rd</sup> AGM held on 31<sup>st</sup> July, 2018. Subsequently, due to amendment in Section 197, rules thereunder and Schedule-V of the Act, his remuneration for the said period was re-affirmed by the members of the Company, by a special resolution passed through postal ballot, result of which was announced on 30<sup>th</sup> January, 2019. Thereafter, his new remuneration was made effective from 12<sup>th</sup> September, 2018 till 31<sup>st</sup> March 2021, including payment of a commission. The above figures of his remuneration is aggregate of his salary and perquisites for the period from 1<sup>st</sup> April, 2017 to 11<sup>th</sup> September, 2018 and salary, perquisites and commission for the period from 12<sup>th</sup> September, 2018 to 31<sup>st</sup> March, 2019.
- ii. All the non-executive and independent directors receive sitting fees for attending the board and committee meetings. No other pecuniary benefits or remuneration is paid to them by the Company nor was any financial transaction entered into by the Company with the independent and non-executive directors.

### C) Stakeholders’ Relationship Committee:

In compliance with the provisions of Section 178 (5) of the Act and regulation 20 of SEBI-LODR, the Company has constituted a Stakeholders Relationship Committee (SRC). Its total strength is of three members, two of them are non-executive and independent directors. Shri Bharat V. Bhate, a non-executive and independent director is the chairman of the committee. The other two members are Shri Rameshchandra J. Vora, a non-executive and independent director and Shri Ashish U. Bhuta who is an executive director of the Company.

The activities relating to transfer, transmission, splitting, dematerialization, etc. of shares and issuance of duplicate share certificates, etc. are handled by M/s. Bigshare Services Private Ltd., the Registrar and Transfer Agent (RTA). The RTA also carry out all other activities related to above and redress all types of complaints of the investors including those related to transfer of shares, non-receipt of annual report and dividend. The aforesaid activities of RTA are monitored by the Company Secretary and compliance officer, who is authorized by the SRC, to do so. The SRC also formulates and implements steps to better the service standards towards the investors.

Shri Ashish R. Shah is the Company Secretary and compliance officer of the Company.

The share transfer, etc. and related activities, carried out by the SRC are periodically informed to the board. The minutes of the meetings of the SRC are noted at the subsequent board meetings.

The Chairman of the SRC attended the 33<sup>rd</sup> AGM of the Company held on 31<sup>st</sup> July, 2018.

Total eight complaints were received from the shareholders by the Company and RTA during the year and all the complaints were resolved. No complaint was outstanding as on 31<sup>st</sup> March, 2019.

The SRC met four times during the financial year 2018-19, i.e. on 29<sup>th</sup> May, 31<sup>st</sup> July, 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019.

The details of the Committee’s meetings held and attended by its members during the financial year 2018-19 are given below:

Name of director	Category of directorship	No. of meetings in f.y. 2018-19	
		Held	Attended
Shri Bharat V. Bhate	non-executive / independent director	4	2*
Shri Rameshchandra J. Vora	non-executive / independent director	4	4
Shri Ashish U. Bhuta	promoter / executive director	4	4

Note: “\*” Shri Bharat V. Bhate was absent in two Stakeholders Relationship Committee meetings held on 30<sup>th</sup> October, 2018 and 5<sup>th</sup> February, 2019. The Company was informed by him in advance about his inability to attend the meetings.

The role of the Stakeholders’ Relationship Committee, inter-alia, include the followings:

- (1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non- receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- (2) Review measures taken for effective exercise of voting rights by shareholders.
- (3) Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and
- (4) Review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

### D) Corporate Social Responsibility Committee:

The Company has constituted the Corporate Social Responsibility (CSR) committee in compliance to the provisions of Section 135(1) of the Act. The CSR committee has strength of three directors. Shri Arun R. Raskapurwala, a non-executive and independent director is the chairman of the CSR committee and its other two members are Shri Ashish U. Bhuta and Shri Dilip H. Bhuta, both of them are the executive directors of the Company.

The Committee met thrice in the financial year 2018-19 on: 29<sup>th</sup> May, 31<sup>st</sup> July, 2018 and 5<sup>th</sup> February, 2019.



All the three committee members were present in all three meetings. The minutes of the CSR committee meetings held during the financial year 2018-19 were noted at the subsequent meetings of the board.

The role of CSR Committee inter-alia includes the followings:

- To formulate and recommend to the board, a CSR policy indicating activities to be undertaken by the Company in compliance with provisions of the Act and rules made thereunder;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the implementation of the CSR policy of the Company, from time to time and
- To carry out any other function as is mandated by the board, from time to time, and/or enforced by any statutory notification, amendment or modification as may be applicable or as may be necessary or appropriate for performance of its duties.

## 6. General Body Meetings:

Location, date, time and details of the last three Annual General Meetings held by the Company:

Financial Year	Venue	Date	Time	Special resolutions passed
2017-18 33 <sup>rd</sup> AGM.	ISKCON Auditorium, Juhu, Mumbai.	31 <sup>st</sup> July, 2018	3.30 p.m.	Re-appointment of Shri Bharat V. Bhate, Shri Rameshchandra J. Vora, Shri Arun R. Raskapurwala as independent directors and re-appointment of Shri Dilip H. Bhuta as Whole Time Director and CFO of the Company.
2016-17 32 <sup>nd</sup> AGM.	ISKCON Auditorium, Juhu, Mumbai.	31 <sup>st</sup> July, 2017	3.30 p.m.	Re-appointment of Shri Ashish U. Bhuta as the Chairman and Managing Director and re-appointment of Ms. Anjali S. Dalvi as an independent director.
2015-16 31 <sup>st</sup> AGM.	ISKCON Auditorium, Juhu, Mumbai.	27 <sup>th</sup> July, 2016	3.30 p.m.	None

Details of the special resolution(s) passed in last year through postal ballot with voting result pattern:

During the financial year, in pursuance of Section 110 of the Act, read with the Companies (Management and Administration) Rules, 2014, the Company had successfully completed the postal ballot process of voting through ballot papers and remote e-voting by members of the Company on a special resolution for obtaining approval for payment of remuneration to Shri Ashish U. Bhuta, Chairman and Managing Director of the Company, the result of which was announced on 30<sup>th</sup> January, 2019.

The Company Secretary conducted the postal ballot exercise, on behalf of the Company and the procedure of postal ballot was mentioned in details in the notes to notice of the postal ballot and on the reverse of the postal ballot form and e-mail sent to shareholders.

According to Shri Nilesh G. Shah, the scrutinizer's report, the special resolution was carried with the requisite majority. The following was the voting pattern for the special resolution passed under postal ballot process:

Resolution No.	No. of valid Members Voted	No. of votes in favor	No. of votes against	% by which the resolution was passed
1	39	1998904	503	99.98

Note: The Company does not propose any special resolution to be conducted through postal ballot in financial year 2019-20.

## 7. Other Disclosures:

- Related Party Transactions:** The Company has not entered into any materially significant related party transactions with its promoters, directors, or management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large. No related party transaction was entered into during financial year 2018-19. A related party transaction entered into was in financial year 2014-15 for two leave and license agreements for a period from 01<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2019. The said transaction was made in ordinary course of business and at arm's length basis.

The Company has formulated and adopted a policy on dealing with the related party transactions and the same is displayed under the "investors" section on the website of the Company, viz. "www.jenburkt.com".

The senior managerial personnel of the Company have not entered into any material financial and commercial transactions in which they or their relatives may have a personal interest. Transactions with the related parties as per requirement of IND-AS are disclosed in the financial statements in the annual report and they are not in conflict with the interest of the Company at large.

The audit committee is entrusted to review the related party transactions as required under the relevant provisions of the Act, rules made thereunder and the SEBI-LODR. Kindly refer to directors' report for further information in this regard.

- ii. Penalties / Strictures: No penalties or stricture has been imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.
- iii. Vigil Mechanism: The vigil mechanism of the Company as required u/s 177 (9) of the Act and a whistle blower policy of the Company, as required under SEBI-LODR, is in place. Accordingly, the directors and employees of the Company are free to report their concerns about any unethical behaviors, actual or suspected fraud or violation in the Company. The said mechanism provides adequate safeguards against victimization and direct access to the chairman of the audit committee of the Company, in exceptional cases. No event was occurred, during the year, invoking the policy. No person/personnel has been denied access to the chairman of Audit Committee.

Kindly refer to directors' report for further details in this regard and for the content of the policy kindly refer the website of the Company.

- iv. The Company is in receipt of a certificate from Mr. Nilesh G. Shah, Practicing Company Secretary, stating that none of the director on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company, by Ministry of Corporate Affairs, SEBI or any such statutory authority.
- v. Code of prohibition of insider trading and code on fair disclosure: Pursuant to SEBI-LODR, the Company has framed a code on prohibition of insider trading, prohibiting trading in equity shares of the Company, by certain persons while in possession of Undisclosed Price Sensitive Information (UPSI) and during closure of window. The code applies to all the insiders, including designated and connected persons of the Company, who are required to pre-clear their transaction while the trading window is open for transaction, for which a threshold limit is specified in the code. Trading window remains closed, regularly, in accordance to the said code. The Company have also framed "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)".
- vi. There has been no incident when the board has not accepted any recommendation of any of its committees, which was mandatory in nature, in the financial year under review.
- vii. Policy on criteria for determining materiality of events: This policy has been framed in accordance to the provisions of SEBI-LODR. The objective of the policy is to determine materiality of event or information and ensure its dissemination, as required and provide overall governance with regard to timely dissemination of such an event or information.
- viii. The statutory auditors of the Company viz. M/s. D. R. Mehta & Associates, were paid a total fees of ₹9.40 lac for all the services rendered by them, during the financial year 2018-19.
- ix. The Company has in place a policy on preservation, archives management and destroying of documents. The objectives of this policy are to establish the frame work needed for effective record management and ensure best practices in this regard, as per regulatory requirements.
- x. The Company is in compliance with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Work place (Prevention Prohibition and Redressal) Act, 2013.

No complaint was filed with the committee during the year under review or there before, under the said Act.

- xi. Management discussion and analysis: A report on management discussion and analysis as required under regulation 34(1) (e) and Schedule-V of SEBI-LODR, forms a part of the directors' report.
- xii. Risk Management: The Company has a risk management frame work, by which the information of any risk assessment and minimization activity would be informed to the board. A risk management plan of the Company is in place prescribing various probable risks, their assessment and mitigation.

- xiii. Code of Conduct: The Company has in place a comprehensive code of business conduct (the code) applicable to all the directors on the board and the senior management of the Company, to an extent as may be applicable to them depending on their roles and responsibilities. The code gives guidance and support needed for ethical conduct of business. The code has been uploaded on the Company's website.

All the directors and senior management personnel have affirmed their compliance for the financial year 2018-19 and a declaration signed by the Company's Chairman and Managing Director to this effect is as below:

It is hereby declared that the Company has obtained, from all the members of the board and all the senior management personnel, an affirmation that they have complied with the code of business conduct of the Company, for the financial year 2018-19.

For Jenburkt Pharmaceuticals Ltd.

Ashish U. Bhuta  
Chairman and Managing Director

Mumbai, 28<sup>th</sup> May, 2019

- xiv. The Company has not raised any amount through public issue, right issue and preferential issue or any issuance of any other securities, etc. during the financial year, under review.
- xv. CEO / CFO certificate: In pursuance of the regulation 17(8) of SEBI-LODR, a certificate from the managing director and CFO on the financial statements for the financial year 2018-19, was placed before the board and was noted by the board, is reproduced below:

To  
The Board of Directors,  
Jenburkt Pharmaceuticals Ltd.  
Nirmala Apts., 93. J.P. Road, Andheri (W), Mumbai - 58.

Certificate in pursuance of Regulation 17(8) and Part "B" of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year 2018-19.

1. We have reviewed financial statements and the cash flow statement for the financial year ended on 31<sup>st</sup> March, 2019 and that to the best of our knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept our responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee that there is no deficiency in the design or operation of such internal controls of which we are aware and hence, no steps have been taken or proposed to be taken to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee that none of the following events occurred during the financial year:
  - significant changes, if any, in internal control over financial reporting;
  - significant changes, if any, in accounting policies and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-  
ASHISH U. BHUTA  
Chairman and Managing Director.

Sd/-  
DILIP H. BHUTA  
Whole Time Director & CFO.

Mumbai, 28<sup>th</sup> May, 2019

## 8. Mandatory Requirements:

The Company is in compliance of disclosing details as required under mandatory requirements and additional disclosures are made pursuant to regulation 34 and schedule V of SEBI-LODR. The Company have complied with corporate governance requirements specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 45 of SEBI-LODR.

## 9. Means of Communication:

The Company, generally publish the quarterly/annual financial results in “The Free Press Journal”-English and in “Navshakti” –Marathi newspapers. All the declared results are submitted to BSE Ltd. and are placed on the Company’s website viz. “www.jenburkt.com”. A separate segment viz. “investors” containing financial and investor related details is available on the Company’s website. The notice calling board and general meeting are uploaded in this segment along with the quarterly /annual results and the annual reports which are available in the downloadable formats. The annual reports uploaded under this segment on Company’s website, contains details of audited annual accounts, auditors’ report, directors’ report including management discussion and analysis, corporate governance report and other important information for the stakeholders.

The Company has not displayed any news release and has not made any presentation to the institutional investor or to the analysts. Results / reports mentioned above and official news releases are sent to the BSE Ltd., where the shares of the Company are listed. BSE Ltd. also hosts the said results and other updation on its website viz. www.bseindia.com.

The Company has provided an exclusive e-mail address viz. investor@jenburkt.com, for communications by the investors.

## 10. Profile of the directors being appointed/re-appointed:

Shri Ashish U. Bhuta is one of the promoters of the Company, and son of founder promoter Shri Uttam N. Bhuta. He has masters degree in financial management and postgraduate diploma in patent law & practice. He has gained immense experience in operations, purchase, manufacturing, marketing, finance, etc. by working across all sectors and departments of the company since 1994. Shri Ashish U. Bhuta has many achievements to his credits like obtaining ISO 9002 and WHO GMP certification for the plant, setting up a R&D unit approved by the Central Government and international business department to foray in to new countries. He is also shouldering responsibilities of selecting talent for the Company and overall supervision of operations and departments of finance, purchase, manufacturing, marketing and human resources development along with developing various strategies and their implementation. He has coordinated commissioning of Sihor plant and the formulation development center at Sihor and has established batch costing system, precise MIS system at senior level and budgeting system in the Company. He is also responsible for computerization of the organization including setting-up and commissioning SAP based ERP system. He is part of the team to decide new products, expansion of territories and appointment of super stockists and distributors in India and abroad. He created and is still very active in the development of the cross functional team-QUEST & QUEST-II. He was instrumental in Company’s receiving two awards for its cost management and the recent award for best CFO of the Company.

Recently, he was invited by Zee Business, at their event, viz. “Dare to Dream Awards”, Mumbai edition to share the inspirational journey of your company.

Shri Ashish U. Bhuta is the member of the corporate social responsibility committee.

## 11. A. General Shareholders’ Information:

AGM : • Date and Timing • Venue	Tuesday, 30 <sup>th</sup> July, 2019 at 3.30 p.m. ISKCON Auditorium, Hare Krishna Land, Juhu, Mumbai – 400049
Financial Calendar (Proposed) for F.Y. 2018-19.	Results for Q1 (June 30 <sup>th</sup> , 2019) - By 4 <sup>th</sup> week of July, 2019 Results for Q2 (Sept 30 <sup>th</sup> , 2019) - By 4 <sup>th</sup> week of Oct, 2019 Results for Q3 (Dec 31 <sup>st</sup> , 2019) - By 4 <sup>th</sup> week of Jan, 2020 Results for Q4 (Mar 31 <sup>st</sup> , 2020) - By 4 <sup>th</sup> week of May, 2020
Cut-off Date	23 <sup>rd</sup> July, 2019.
Date of book closure	24 <sup>th</sup> July, 2019 to 30 <sup>th</sup> July, 2019 (both days inclusive).
Expected date of dividend payment	On or after 11 <sup>th</sup> August, 2019.
Listing of equity shares on Stock Exchanges at	The BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Kala Ghoda, Fort, Mumbai, Maharashtra 400001.  The Listing fee for financial year 2019-20 is paid to the BSE Ltd., Mumbai. The custodial fees are paid to the National Securities Depository Ltd. (NSDL) and the Central Depository Securities Ltd. (CDSL), for the financial year 2019-20.
Stock Code	Trading code “524731” at the BSE Ltd., Mumbai.
Security ISIN No.	INE354A01013
Company’s Registration No.	The Corporate ID No. (CIN) allotted by the Ministry of Corporate Affairs (MCA) is L24230MH1985PLC036541.

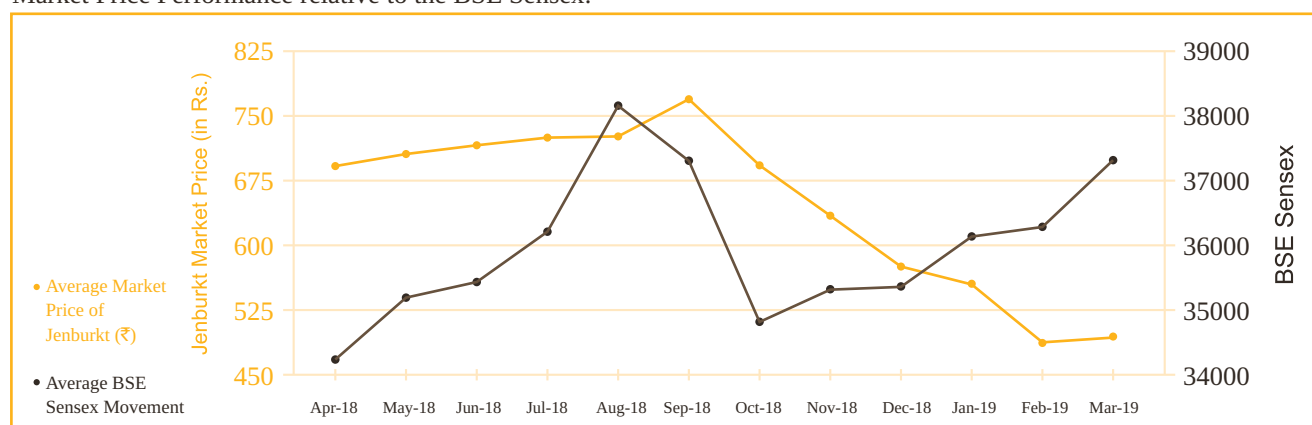
## B. Market price data, performance chart:

High / low of the market price per month of the Company's share traded at the BSE and the high / low of the BSE sensex for the financial year 2018-19 are as follows:

2018-2019	Company's share price		BSE Sensex	
Month	High (₹)	Low (₹)	High	Low
April	759.45	604.00	35,213.30	32,972.56
May	764.90	631.00	35,993.53	34,302.89
June	761.00	650.00	35,877.41	34,784.68
July	785.00	675.00	37,644.59	35,106.57
August	768.00	700.00	38,989.65	37,128.99
September	880.00	690.00	38,934.35	35,985.63
October	767.25	598.00	36,616.64	33,291.58
November	678.00	610.00	36,389.22	34,303.38
December	632.50	520.00	36,554.99	34,426.29
January 2019	589.80	500.00	36,701.03	35,375.51
February	538.95	451.55	37,172.18	35,287.16
March	535.95	468.10	38,748.54	35,926.94

Market Price Performance relative to the BSE Sensex:

Source: [www.bseindia.com](http://www.bseindia.com)



## C. Registrar and Transfer Agent (RTA) and Share transfer system:

Details of RTA	M/s. Bigshare Services Pvt. Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (E), Mumbai – 400 059. • Tel. No.: +91-22-62638200/62638222/62638223. e-mail: <a href="mailto:ujata@bigshareonline.com">ujata@bigshareonline.com</a> OR <a href="mailto:investor@jenburkt.com">investor@jenburkt.com</a>
Share Transfer and Dematerialisation System	<p>The board has authorized stakeholders relationship committee (SRC) to approve and monitor the activities related to both physical and electronic share transfers (which includes dematerializations, transmissions, transpositions, issuance of duplicate shares and replacement of certificates, etc.). The SRC has authorized the Chairman and Managing Director or the Company Secretary and compliance officer, in their individual capacity to monitor and approve the above stated transfer related activities being carried out by the RTA. The summary of the share transfer activities is presented in each meeting of the board.</p> <p>A half yearly compliance certificate under section 7(3) of the SEBI-LODR, jointly signed by compliance officer and RTA, certifying that all the above stated activities are being carried out by RTA, is regularly submitted to BSE Ltd.</p> <p>The formalities pertaining to transfer of shares are attended to at least once in 15 days. The Company submit to BSE Ltd. a certificate obtained from the practicing Company Secretary, every half year, stating the status of transfer of physical shares and demat requests.</p>



#### D. Shareholding pattern as on 31<sup>st</sup> March, 2019:

	Category	No. of Shares held	% of shareholding
a	Promoters and Promoters Group	2092984	45.61
b	Corporate Bodies	117240	2.55
c	Indian Public	2184570	47.60
d	NRIs	186888	4.07
e	Others (clearing members)	7696	0.17
	<b>Total</b>	<b>4589378</b>	<b>100.00</b>

#### E. Distribution of Shareholding as on 31<sup>st</sup> March, 2019:

No. of equity Shares held	No. of share holders	% of shareholders	No. of shares	% of shareholding
1 to 500	5753	91.32	637167	13.88
501 to 1000	255	4.05	203162	4.43
1001 to 2000	128	2.03	192626	4.20
2001 to 3000	55	0.87	139017	3.03
3001 to 4000	29	0.46	102052	2.22
4001 to 5000	12	0.19	54529	1.19
5001 to 10000	24	0.38	158251	3.45
10001 and above	44	0.70	3102574	67.60
<b>Total</b>	<b>6300</b>	<b>100.00</b>	<b>4589378</b>	<b>100.00</b>

	No. of share holders	% of shareholders	No. of shares	% of shareholding
Physical Mode	595	9.45	221320	4.82
Electronic - CDSL	1832	29.08	1412005	30.77
Electronic - NSDL	3873	61.47	2956053	64.41
<b>Total</b>	<b>6300</b>	<b>100.00</b>	<b>4589378</b>	<b>100.00</b>

#### F. Other details:

Dematerialisation of equity shares and liquidity	The Company's shares are available for trading in dematerialisation form with National Securities Depository Ltd. (NSDL) and Central Depository Securities Ltd. (CDSL). Almost 95.18% of shares are dematerialized. The shares of the Company are actively traded at the BSE Ltd, providing liquidity to the shareholders.
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. (RTA) at the address provided above or by e-mail at : <a href="mailto:ujata@bigshareonline.com">ujata@bigshareonline.com</a> 2. The Company Secretary at the registered office of the Company or by e-mail at : <a href="mailto:investor@jenburkt.com">investor@jenburkt.com</a>

#### Non-Mandatory and discretionary requirements:

- The Company publish, half yearly financial results, in the newspapers, as stated above and upload the same on its website under the section of "investors". Hence, the same results are not separately circulated to the members.
- Reporting by the internal auditors is as per the terms of reference of the audit committee, as stated above.

#### 12. Web-link of policies and codes:

In accordance to the various provisions of the Act and SEBI-LODR, your Company has formulated and adopted many policies and codes. Key policies /codes are available at the "investors" section in the website of the Company viz. "[www.jenburkt.com](http://www.jenburkt.com)". These are subject to review by the board and are amended or updated as and when required.

Followings are the links of the policies, codes and other items, as required:-

Sr. No.	Name of the policy / code and other items	web link
1	Policy on whistle blower	<a href="http://jenburkt.com/Other_Info/20172018/Policy%20on%20whistle%20blower.pdf">http://jenburkt.com/Other_Info/20172018/Policy%20on%20whistle%20blower.pdf</a>
2	Policy on remuneration of directors, key managerial personnel and other employees	<a href="http://jenburkt.com/Other_Info/20172018/Policy%20on%20Remuneration%20of%20Directors,%20KMP.pdf">http://jenburkt.com/Other_Info/20172018/Policy%20on%20Remuneration%20of%20Directors,%20KMP.pdf</a>
3	Policy on selection of directors	<a href="http://jenburkt.com/Other_Info/20172018/Policy%20for%20Selection%20of%20Directors.pdf">http://jenburkt.com/Other_Info/20172018/Policy%20for%20Selection%20of%20Directors.pdf</a>
4	Policy on corporate social responsibility	<a href="http://jenburkt.com/Other_Info/20172018/Policy%20on%20CSR.pdf">http://jenburkt.com/Other_Info/20172018/Policy%20on%20CSR.pdf</a>
5	Policy on related party transactions	<a href="http://jenburkt.com/Other_Info/20172018/Policy%20on%20RPT.pdf">http://jenburkt.com/Other_Info/20172018/Policy%20on%20RPT.pdf</a>
6	Policy on criteria for determining materiality of events	<a href="http://jenburkt.com/Other_Info/20172018/policy%20on%20criteria%20for%20determining%20materiality%20of%20events.pdf">http://jenburkt.com/Other_Info/20172018/policy%20on%20criteria%20for%20determining%20materiality%20of%20events.pdf</a>
7	Policy on preservation, archives management and destroying of documents	<a href="http://jenburkt.com/Other_Info/20172018/policy%20on%20preservation%20of%20documents.pdf">http://jenburkt.com/Other_Info/20172018/policy%20on%20preservation%20of%20documents.pdf</a>
8	Terms and conditions of appointment of independent directors.	<a href="http://jenburkt.com/Other_Info/Terms%20&amp;%20Conditions%20of%20Independent%20Directors-2.pdf">http://jenburkt.com/Other_Info/Terms%20&amp;%20Conditions%20of%20Independent%20Directors-2.pdf</a>
9	Familiarization programme for independent directors	<a href="http://jenburkt.com/Other_Info/20152017/Familiarisation.pdf">http://jenburkt.com/Other_Info/20152017/Familiarisation.pdf</a>
10	Code of business conduct	<a href="http://www.jenburkt.com/Other_Info/20152016/CODE%20OF%20BUSINESS%20CONDUCT.pdf">http://www.jenburkt.com/Other_Info/20152016/CODE%20OF%20BUSINESS%20CONDUCT.pdf</a>
11	Fair disclosure of UPSI	<a href="http://jenburkt.com/Other_Info/20152017/Code%20of%20UPSI%20done.pdf">http://jenburkt.com/Other_Info/20152017/Code%20of%20UPSI%20done.pdf</a>
12	Annual Return	<a href="http://www.jenburkt.com/Other_Info/20182019/Form_MGT_7_Annual_Return_2017_18.pdf">http://www.jenburkt.com/Other_Info/20182019/Form_MGT_7_Annual_Return_2017_18.pdf</a>

### 13. Auditors' Certificate on Corporate Governance:

In pursuance of Schedule V-E of SEBI-LODR, the auditors' certificate on compliance with corporate governance, is annexed to this report.

For and on behalf of the Board of Directors

Ashish U. Bhuta  
(DIN: 00226479)

Chairman and Managing Director

Mumbai, 28<sup>th</sup> May, 2019.

### Auditors' certificate on Corporate Governance to the members of Jenburkt Pharmaceuticals Limited.

We have examined the compliance of conditions of Corporate Governance by **JENBURKT PHARMACEUTICALS LIMITED** (the 'Company'), for the financial year ended on 31<sup>st</sup> March, 2019, as stipulated in Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The compliance with conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 the representations made by the management, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned SEBI Listing Regulations.

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

For Nilesh Shah & Associates  
Company Secretaries

Nilesh Shah  
Partner (FCS-4554)  
C.P. No. 2631

Mumbai, 28<sup>th</sup> May, 2019.

## Independent Auditor's Report

### To The Members of JENBURKT PHARMACEUTICALS LIMITED Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **JENBURKT PHARMACEUTICALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31<sup>st</sup>, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics of ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following matters were identified as key audit matters in our audit.

Sr.No.	Key Audit Matter	Auditors Response
1	Revenue Recognition in accordance with IND AS 115 and recognition of government benefits from exports.	We have assessed the companies process of revenue recognition, internal controls and various SOP's for recognition of sales, export benefits and other income.  We have drawn samples of various types of sales based on systematic analysis of Local sales, Exports and Credit/ Debit notes. The same are verified.
2	Purchase Accounting and Internal Controls	We verified the process of requisition and procurement of raw-materials, packing materials and traded goods. The internal controls systems and standard operating procedures of procurement, receipt and payments for purchases, implemented at factory and head office were reviewed.  A systematic sample was drawn of purchases made from various vendors, documentation and accounting for the same were verified
3	Stock valuation and physical verification of inventory	The company has a system of periodical stock count of stock at both the factory and its depots in Mumbai. We have joined the company staff in physical verification of stock on 31 <sup>st</sup> March 2019 at the godown and the internal auditor had jointed the company staff at the factory at Sihor and have satisfied ourself that there are no variation in the quantity as appearing in the stock register and the physical count.  The valuation of various items have been verified by us with regard to the landed cost of goods and necessary evidence is taken on record.
4	Ascertainment of tax accounting and liabilities of the Company.	Obtained details of completed tax assessments and demands for the year, previous years from management and verified the accounting of the same.  We involved our internal experts to consider the accounting systems for GST and considered the management's underlying assumptions in estimating the tax provision and the possible outcome of the estimates and assumptions.

#### Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance, conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) on the basis of the written representations received from the directors of the Company as on March 31<sup>st</sup>, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup>, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March 2019
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **D. R. Mehta & Associates**  
Chartered Accountants  
(Firm's Registration No. 106207W)

**Ashok Mehta**  
Partner  
(Membership No. 101746)

Mumbai, 28<sup>th</sup> May, 2019.



## Annexure-A to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Jenburkt Pharmaceuticals Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **JENBURKT PHARMACEUTICALS LIMITED** ("the Company") as of March 31<sup>st</sup>, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting

were operating effectively as at March 31<sup>st</sup>, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **D. R. Mehta & Associates**  
Chartered Accountants  
(Firm's Registration No. 106207W)

**Ashok Mehta**  
Partner  
(Membership No.101746)

Mumbai, 28<sup>th</sup> May, 2019.

## Annexure-B to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of JENBURKT PHARMACEUTICALS LIMITED of even date)

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings other than self-constructed immovable property, which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. The physical verification of inventory excluding stocks with third parties, have been conducted at reasonable intervals by the management during the year. In respect of inventory lying with the third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under the section 189 of the Act. Therefore, the provisions of Clause (iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Sections 186 in respect of grant of loans and making investments as applicable. The company has not provided any guarantees or security in respect of any loans to any party covered u/s 185 of the Act.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the Order is not applicable to the Company
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) Details of undisputed amounts payable in respect Income Tax dues in arrears as at March 31<sup>st</sup>, 2019 for a period of more than six months are listed in table below. There are no undisputed amounts in respect of Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31<sup>st</sup>, 2019 for a period of more than six months from the date they became payable.

Statute	Amount (₹)	Period
Income Tax Act	17,640	A.Y. 2014-15

- c) Details of dues of Sales Tax, and Employees State Insurance which have not been deposited as at March 31, 2019 on account of dispute are given below:

Statute	Nature of Dues	Amount (₹ in lac)	Period	Forum where dispute is pending
Central Sales Tax	CST	5.34	2005-06	Departmental Authorities
ESIC	Contribution	20.42 (amount deposited 10.21)	2013-14	Employee State Insurance Court

- viii. According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or government as at the Balance Sheet date.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans were applied for the purposes for which those are raised.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **D. R. Mehta & Associates**  
Chartered Accountants  
(Firm's Registration No. 106207W)

**Ashok Mehta**  
Partner  
(Membership No.101746)

Mumbai, 28<sup>th</sup> May, 2019.

## Balance Sheet as at 31<sup>st</sup> March, 2019

(₹ in lac)

Particulars	Note	31/03/2019	31/03/2018
<b>ASSETS</b>			
<b>1) Non Current Assets</b>			
(a) Property, Plants & Equipments	1	943.16	944.91
(b) Goodwill	2	0.14	0.14
(c) Other Intangible assets	2	15.89	11.79
(d) Capital Work In Progress	2	99.00	-
(e) Financial Assets			
i) Investments	3	185.61	162.81
ii) Loans	4	16.78	10.30
(f) Deferred tax assets (Net)	5	36.82	-
(g) Other non-current assets	6	18.31	25.03
<b>2) Current assets</b>			
(a) Inventories	7	983.12	680.44
(b) Financial Assets			
i) Investments	8	352.11	378.77
ii) Trade receivables	9	2,289.49	1,253.78
iii) Cash and cash equivalents	10	122.68	118.37
iv) Bank balance other than (iii)	11	5,047.33	3,992.97
v) Loans	12	31.64	28.85
vi) Others	13	59.80	53.41
(c) Other current assets	14	80.63	85.57
<b>Total Assets</b>		<b>10,282.49</b>	<b>7,747.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	15	458.94	458.94
(b) Other Equity - Reserves & Surplus	16	7,287.61	5,667.09
<b>LIABILITIES</b>			
<b>1) Non current liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	17	-	23.59
(b) Deferred tax liabilities (Net)	18	-	11.79
(c) Other non-current liabilities	19	274.38	278.79
<b>2) Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	20	746.94	0.53
ii) Trade payables			
(A) Total outstanding dues of Micro Enterprises and Small Enterprises; and	21	21.49	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises.	21	633.41	412.21
iii) Other financial liabilities	22	626.92	677.78
(b) Other current liabilities	23	177.86	189.18
(c) Provisions	24	41.52	18.62
(d) Current tax liabilities (Net)	25	13.42	8.62
<b>Total Equity and Liabilities</b>		<b>10,282.49</b>	<b>7,747.14</b>

The accompanying notes 1 to 52 are integral part of these Financial Statements

In terms of our report attached  
For **D.R. Mehta & Associates**  
Chartered Accountants  
Firm's Registration No : 106207W

**Ashok Mehta**  
(Membership No. 101746)  
Mumbai, 28<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors

**Ashish U. Bhuta** - Chairman & Managing Director  
**Dilip H. Bhuta** - Whole Time Director & CFO  
**Bharat V. Bhate** - Director  
**Rameshchandra J. Vora** - Director  
**Arun R. Raskapurwala** - Director  
**Anjali S. Dalvi** - Director  
**Ashish R. Shah** - Company Secretary

## Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2019

(₹ in lac)

Particulars	Note	31/03/2019	31/03/2018
<b>INCOME</b>			
Revenue from operations	26	12,264.43	11,467.43
Other Income	27	340.97	339.39
<b>Total Income</b>		<b>12,605.40</b>	<b>11,806.82</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	28	1,184.31	986.21
Purchase of Stock-in-Trade	29	2,690.71	2,064.62
Changes in Inventories of Finish Goods, Stock in Trade and WIP	30	(249.39)	348.30
Employee Benefit Expense	31	3,120.49	2,769.17
Finance Cost	32	38.59	41.21
Depreciation & Amortization Expense	33	135.31	150.02
Other Expenses	34	3,022.05	2,920.40
<b>Total Expense</b>		<b>9,942.06</b>	<b>9,279.93</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>2,663.34</b>	<b>2,526.89</b>
Exceptional Items		-	-
<b>Profit/(Loss) before Tax</b>		<b>2,663.34</b>	<b>2,526.89</b>
<b>Tax Expense:</b>			
i) Current Tax	37	752.00	830.00
ii) Income Tax for Previous Years	37	(37.52)	14.24
iii) Deferred Tax Asset	37	(30.92)	(38.57)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>1,979.78</b>	<b>1,721.22</b>
Profit/(Loss) from discontinued operations			
Tax Expense of discontinued operations			
Profit/(Loss) from discontinued operations (after Tax)			
<b>Profit/(Loss) for the period</b>		<b>1,979.78</b>	<b>1,721.22</b>
<b>Other Comprehensive Income</b>			
1) i) Items that will not be reclassified to profit or loss	38	(44.97)	(70.38)
ii) Income tax relating to items that will not be reclassified to profit or loss	38	17.69	(0.04)
2) i) Items that will be reclassified to profit or loss		-	-
ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the period (Comprising Profit/Loss and Other Comprehensive Income for the period)</b>		<b>1,952.49</b>	<b>1,650.80</b>
Earnings per Equity Share (for continuing operation)			
Basic & Diluted (Face Value: Rs 10/-)	39	43.14	37.50

The accompanying notes 1 to 52 are integral part of these Financial Statements

In terms of our report attached  
For **D.R. Mehta & Associates**  
Chartered Accountants  
Firm's Registration No : 106207W

**Ashok Mehta**  
(Membership No. 101746)  
Mumbai, 28<sup>th</sup> May, 2019.

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**Bharat V. Bhate** - Director  
**Rameshchandra J. Vora** - Director  
**Arun R. Raskapurwala** - Director  
**Anjali S. Dalvi** - Director  
**Ashish R. Shah** - Company Secretary



## Statement of Changes in Equity

for the year ended 31<sup>st</sup> March, 2018

(₹ in lac)

Particulars	Reserve and Surplus			Equity instruments through OCI	Other Income of OCI	Total
	Other Reserves	Capital Redemption Reserve	Retained Earnings			
Balance at the beginning of the reporting period 01/04/2017	334.62	-	4,570.09	-	74.04	4,978.75
Changes in accounting policy or prior period errors	-	-	0.10	-	-	0.10
Restated balance at the beginning of the reporting period	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	1,721.22	-	(70.41)	1,650.80
Dividends	-	-	(618.97)	-	-	(618.97)
Transfer to retained earnings	-	-	-	-	(4.43)	(4.43)
Any other changes - Premium on BUY BACK	-	-	(339.16)	-	-	(339.16)
Any other changes - Buy Back of Shares	-	5.99	(5.99)	-	-	-
<b>Balance at the end of the reporting period 31/03/2018</b>	<b>334.62</b>	<b>5.99</b>	<b>5,327.29</b>	<b>-</b>	<b>(0.81)</b>	<b>5,667.09</b>

for the year ended 31<sup>st</sup> March, 2019

(₹ in lac)

Particulars	Reserve and Surplus			Equity instruments through OCI	Other Income of OCI	Total
	Other Reserves	Capital Redemption Reserve	Retained Earnings			
Balance at the beginning of the reporting period 01/04/2018	334.62	5.99	5327.29	97.18	(97.99)	5667.09
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	1979.78	50.43	(77.71)	1952.49
Dividends	-	-	(331.97)	-	-	(331.97)
Transfer to retained earnings	-	-	(33.52)	1.32	32.19	-
Any other changes - Premium on BUY BACK	-	-	-	-	-	-
Any other changes - Buy Back of Shares	-	-	-	-	-	-
<b>Balance at the end of the reporting period 31/03/2019</b>	<b>334.62</b>	<b>5.99</b>	<b>6941.57</b>	<b>148.93</b>	<b>(143.50)</b>	<b>7287.61</b>

In terms of our report attached  
For **D.R. Mehta & Associates**  
Chartered Accountants  
Firm's Registration No : 106207W

**Ashok Mehta**  
(Membership No. 101746)  
Mumbai, 28<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors

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**Bharat V. Bhate** - Director  
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**Arun R. Raskapurwala** - Director  
**Anjali S. Dalvi** - Director  
**Ashish R. Shah** - Company Secretary

## Cash Flow Statement as at 31<sup>st</sup> March, 2019

(₹ in lac)

Particulars	31/03/2019	31/03/2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>a Net Profit before tax</b>	<b>2,663.34</b>	<b>2,526.89</b>
Adjustments for :		
i Depreciation and Amortisation Expense	135.31	150.02
ii Profit on sale/written off of property, plant & equipment and intangible assets, net	3.48	(0.56)
iii Finance Cost	38.59	41.21
iv Interest Income	(320.50)	(289.50)
v Dividend income	(23.37)	(4.39)
vi Gain on sale of Investment (Short/Long Term Capital Gain)	-	(4.43)
vii Provision/write off for doubtful trade receivables/advances	0.34	(27.80)
viii Net unrealised foreign exchange gain	1.28	(31.86)
<b>Operating profit (Loss) before working capital changes</b>	<b>2,498.47</b>	<b>2,359.58</b>
<b>b MOVEMENTS IN WORKING CAPITAL</b>		
i Increase or (Decrease) in Inventories	(302.68)	394.13
ii Increase or (Decrease) in Trade Receivables	(1,036.05)	(291.84)
iii Increase or (Decrease) in Other (Current & Non Current) Assets	5.27	(47.35)
iv Increase or (Decrease) in Trade Payables	242.69	(189.41)
v Increase or (Decrease) in Bank Borrowings	723.34	-
vi Increase or (Decrease) in Other (Current & Non Current) Liabilities	(67.88)	313.34
vii Increase or (Decrease) in Provisions	(54.80)	(81.56)
<b>c Cash used in operation</b>	<b>2,008.37</b>	<b>2,456.89</b>
i Income Taxes paid	(709.68)	(838.51)
<b>Net cash used in operating activities (A)</b>	<b>1,298.68</b>	<b>1,618.38</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
i Payments for purchase of Property, Plant and Equipment (Including Capital Work in Progress, Intangible Assets and Intangible Assets in Development)	(240.14)	(45.35)
ii Proceeds from disposal of property, plant and equipment and intangible assets	0.00	1.69
iii Purchase of Investments	(5,010.66)	(1,596.28)
iv Proceeds from Sale / Redemption of Investments	5,047.29	1,276.00
v Other Bank balances not considered as cash and cash equivalents		
Bank Fixed Deposit made during the year	(3,750.25)	(6,983.32)
Bank Fixed Deposit matured during the year	2,611.36	7,100.65
vi Current & Non Current Financial Loans (Net employee loans given / recovered)	(9.27)	6.42
vii Interest Received	275.67	335.58
viii Dividend Received	23.37	4.39
<b>Net cash generated by investing activities (B)</b>	<b>(1,052.64)</b>	<b>99.78</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
i Borrowings - Others	(0.53)	(613.36)
Payment for Buyback of Equity Shares	-	(5.99)
ii Finance Cost	(38.59)	(41.06)
Current Tax Liabilities	-	(32.75)
iii Dividend paid	(146.00)	(661.44)
iv Tax on Dividend paid	(56.61)	(104.69)
v Payment towards Buyback with premium	-	(339.16)
<b>Net cash used in financing activities (C)</b>	<b>(241.74)</b>	<b>(1,798.45)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>4.31</b>	<b>(80.29)</b>
Cash and cash equivalent at the beginning of the year (1 <sup>st</sup> April, 2018)	118.37	198.66
Cash and cash equivalent as at the end of the year (31 <sup>st</sup> March, 2019)	122.68	118.37
	<b>4.31</b>	<b>(80.29)</b>

In terms of our report attached  
For **D.R. Mehta & Associates**  
Chartered Accountants  
Firm's Registration No : 106207W

**Ashok Mehta**  
(Membership No. 101746)  
Mumbai, 28<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors

**Ashish U. Bhuta** - Chairman & Managing Director  
**Dilip H. Bhuta** - Whole Time Director & CFO  
**Bharat V. Bhate** - Director  
**Rameshchandra J. Vora** - Director  
**Arun R. Raskapurwala** - Director  
**Anjali S. Dalvi** - Director  
**Ashish R. Shah** - Company Secretary

## Significant Accounting Policies

### A. CORPORATE INFORMATION

Jenburkt Pharmaceuticals Limited (“the Company”) is a listed entity incorporated in India and is listed on BSE Limited.

The registered office of the company is situated at Nirmala Apartments, 93, Jayprakash Road, Andheri (W), Mumbai – 400 058.

The Company is in the business of manufacturing, producing, developing and marketing a wide range of branded Pharmaceuticals and health care products.

The Financial Statements are approved for issue by the Board of Directors of the Company on 28<sup>th</sup> May, 2019

### B. SIGNIFICANT ACCOUNTING POLICIES

#### B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- (i) Certain financial assets and liabilities
- (ii) Defined benefit plans - plan assets and

The financial statements of the Company have been prepared to comply with the Indian Accounting standards (‘Ind AS’), including the rules notified under the relevant provisions of the Companies Act, 2013 (the Act) and guidelines issued by Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 and relevant amendment rules issued thereafter.

Company’s financial statements are presented in Indian Rupees (₹), which is also its functional currency.

#### B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

##### b) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition/ construction, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost, any non-refundable taxes or levies and any cost directly attributable to bringing the assets to its working condition for its intended use and adjustments arising from exchange rate variations attributable to the assets.

Leasehold land is acquired by the company from Gujarat Industrial Development Corporation (GIDC) for a lease period of 99 years. The said leasehold land is stated in the balance-sheet under property plant and equipment at its cost of acquisition and it is not depreciated.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in – Progress.

Depreciation on Property, Plant and Equipment is provided using written down value method except in case of building and godowns which are depreciated using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II;

Particular	Depreciation
Renovation Expenses on Leasehold Property in Mumbai	Over ten year on SLM

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Fully depreciated property, plant and equipment are retained in the financial statements at estimated realisable value until they are no longer in use and disposed off.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible fixed assets recognised as of April 01<sup>st</sup>, 2016 i.e. transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date as per INDAS 101.

##### c) Leases

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Leased assets: Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

#### **d) Intangible assets**

Intangible Assets that are acquired by the Company and that have finite useful lives are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

A summary of amortisation policies applied to the Company's intangible assets to the extent of depreciable amount is, as follows:

Particular	Depreciation
Goodwill Acquired	Fully depreciated only 5% residual value retained.
Computer Software	Over a period of 3 (three) years
Trademarks	Over the period of 10 (ten) years.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 01<sup>st</sup>, 2016 i.e. transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **e) Research and Development Expenditure**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss. Research and Development expenditure incurred on capital assets are depreciated over its useful life as determined by the management by complying with the requirement of Schedule II of Companies Act, 2013.

#### **f) Finance Cost**

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### **g) Inventories**

Items of inventories consisting of raw-material, packing material, work in progress, finished goods and stock in trade are measured at lower of cost and net realisable value after providing for obsolescence, if any, based on first in first out method for raw-material, packing material and stock in trade and batch costing method for work in progress and finished goods.

Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads (taken at standard cost derived from the actual cost as on 31<sup>st</sup> March, 2018) net of recoverable taxes incurred in bringing them to their respective present location and condition.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

#### **h) Impairment of non-financial assets - property, plant and equipment and intangible assets**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### **i) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Decommissioning liability**

The Company records a provision for decommissioning costs towards site restoration activity. Decommissioning costs are provided at the present value of future expenditure using a current pre-tax rate expected to be incurred to fulfil decommissioning obligations and are recognized as part of the cost of the underlying assets. Any change in the present value of the expenditure, other than unwinding of discount on the provision, is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the Statement of Profit and Loss.

#### **j) Employee Benefits Expense**

##### **Short Term Employee Benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

##### **Post-Employment Benefits**

##### **Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is

recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

#### **Defined Benefit Plans**

##### **Gratuity**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary (Basic Salary) for every completed year of service as per the Payment of Gratuity Act 1972.

Liabilities with regard to Gratuity Plan are determined by actuarial valuation performed by an independent actuary at the end of each Balance Sheet date using the projected unit credit method. The Company makes contributions as per the ascertained liability, and the contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law.

The Company recognizes the net obligation of the defined benefit plan in its Balance Sheet as asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit and loss in subsequent periods.

The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss.

##### **Leave Encashment**

The Company also pays Leave Encashment to the Employees as follows:

Office Employees – 21 days leave salary (Basic Salary) for every completed year of service upto a maximum of 120 days.

Field Employees - 30 days leave salary (Basic Salary) for every completed year of service upto a maximum of 120 days.

The liability in respect of leave encashment is calculated using the projected unit credit method with actuarial valuations being carried out by at the end of each annual reporting period by the Life Insurance Corporation. The Company makes contributions as per the ascertained liability, and the contributions are invested in a scheme with Life Insurance Corporation of India.



The Company recognizes the net obligation of the defined benefit plan in its Balance Sheet as asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in the profit and loss account.

#### **k) Tax Expenses**

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

#### **Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax statement used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

#### **l) Foreign currencies transactions and translation**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

#### **m) Revenue Recognition**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods are recorded net of trade discounts, rebates, central sales tax, value added tax, goods and service tax and gross of excise duty.

#### **Interest income**

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and applicable interest rate.

#### **Dividends**

Revenue is recognised when the Company's right to receive the payment has been established.

#### **Export Benefits**

The Company recognises export benefits only when there is reasonable assurance that the conditions attached to them will be complied with, and the benefits will be received.

#### **n) Financial Instruments**

##### **i) Financial Assets**

##### **A. Initial recognition and measurement**

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

##### **B. Subsequent measurement**

##### **a) Financial assets carried at amortised cost (AC)**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are carried at amortized cost using the effective interest method. For trade and other receivables and loans and advances maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments. Also receivables, loans and advances below transaction value of ₹50 lakhs are taken at carrying amount as the effect of amortization is immaterial.

##### **b) Financial assets at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **c) Financial assets at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

### **C. Equity Investments**

All equity investments are measured at fair value, with value changes recognised in 'Other Comprehensive Income'.

All fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. On sale of investment the gain or loss arising are reclassified to profit and loss account.

### **Impairment of financial assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

### **ii) Financial liabilities**

#### **A. Initial recognition and measurement**

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

#### **B. Subsequent measurement**

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### **Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **o) Share Capital**

Equity instruments are contracts that evidence a residual interest in the net assets of a company after deducting all of its liabilities. Ordinary shares are classified as equity. Equity instruments are recorded at the proceeds received.

#### **p) Dividend Distribution**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors.

#### **q) Buy Back of Shares**

The Company bought back 59,922 equity shares during the year 2017-18. As a result of this buyback the paid-up equity share capital of 4649300 equity shares of ₹10/- each was reduced to 4589378 equity shares of ₹10/- each. All the 59922 equity shares were extinguished, on 3rd January, 2018.

#### **r) Segment Reporting**

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

The company operates only in single type of product i.e. pharmaceutical formulations and therefore there is a single primary segment as required by IND AS 108. The secondary segmental reporting in the case of the company is on the basis of geographical location of customers as under: (₹ in lac)

Sales	2018-19 ₹	2017-18 ₹
Local	10,457.17	10,030.27
Exports	1,748.04	1,401.40

### s) Contingent Liabilities

A provision is recognized when the Company has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Liabilities are not recognized but are disclosed in notes.

1. NPPA had served a show cause notice to your Company alleging that a Company's product was violating a NPPA's standing order. However, after a Personal Hearing and detailed submission, NPPA passed a written order stating that your Company's product did not violate the standing order. Subsequently, NPPA reviewed its own order, without having any power to review, issued show cause notices and demand notice to your Company. Your Company subsequently filed a writ petition against the demand of NPPA, at the Hon'ble High Court of Bombay. The matter was settled in favor of your company. The NPPA after over a year filed a Special Leave Petition (SLP) (demanding ₹16.45 crore) at the Hon'ble Supreme Court. DPCO, 1995, explicitly debars NPPA to review its own order, the very reason cited by Hon'ble High Court of Bombay, while quashing the show cause notices and demand notice in their judgment dated 08<sup>th</sup> August, 2013 and 26<sup>th</sup> September, 2013. Your Company has been legally advised, that based on the facts and merits of the case, the demand raised by NPPA is not likely to crystallize.

2. The Ministry of Health and Family Welfare, Government of India, vide its notification dated 10<sup>th</sup> March, 2017, based on the recommendation of Kokate Committee banned 344 Fixed Dose Combinations (FDCs) with immediate effect. Your Company's seven products are affected by the said notifications which in terms of value and volume do not have substantial impact on the sales and profitability of the Company. Many Companies including your Company challenged the said notifications at the Hon'ble High Court of Delhi. The Hon'ble High Court, Delhi passed an order on 1<sup>st</sup> December, 2017 quashing all the notifications of the Ministry. Subsequently, the Ministry filed a special leave petition at The Hon'ble Supreme Court against said the Judgment of the Hon'ble High Court, Delhi. The Hon'ble Supreme Court provided it's judgment on 15<sup>th</sup> December, 2017, by setting aside the said judgment of Delhi High Court dated 1<sup>st</sup> December, 2017. However, the Hon'ble Supreme Court said that the court was not clear about the conclusion arrived at by Kokate Committee for banning 344 + 5 FDCs. In order to analyse in greater depth the court felt that these cases should go to the Drug Technical Advisory Board

(DTAB) and / or its sub-committee formed for the said purpose, for having relook into these matters. The Hon'ble Supreme Court instructed the DTAB/its sub-committee to provide report after hearing the petitioners in the said 344 (+5) FDCs, the sub-committee was formed to relook into the cases of banning drugs after hearing the concerned parties, including your Company. In September 2018, the sub-committee's report was lodged at Supreme Court indicating that 343 drugs out of (344+5) drugs, after evaluation, be prohibited and that 6 drugs may be restricted/regulated. Your Company's seven products falls under the said 343 prohibited drugs list. Soon after the Government issued fresh Standing Orders, prohibiting manufacturing & marketing the said banned drugs. Your company filed petition at Hon'ble High Court of Delhi against such orders. The Management is of the opinion that the said restrictions will not substantially impact the sales and profitability of the Company. Your Company prayed for stay against the said prohibition by filing suit against Union of India, at Hon'ble High Court of Delhi in September, 2018. The Court had after hearing the Company instructed the Government that no coercive steps be taken against the Company, their stockiest and dealers. The Company had to cease manufacturing the products, till further order. Your Company await the Hon'ble High Court of Delhi. The Hon'ble High Court of Delhi stayed the order but asked the companies to cease manufacturing and allowed marketing of existing stocks.

3. The Assistant Director, Employee State Insurance Corporation (ESIC), had on 18.05.2018, issued order under Section 45A of E.S.I. Act 1948, ordering the Company to pay ₹75,296/- being contribution @6.50% on alleged omitted wages for the month of March 2013 and to pay ₹19,66,946/- being contribution @6.50% on Head Quarter allowance and other expenses during the year 2013-14 and 2014-15. Your company has been regular in paying contribution to ESIC. However, the subject order is based on alleged wrong interpretation by the Assistant Director ESIC, that Head Quarter Allowance paid by the company to its Field Force cadre is a part of wages. As the Company is not in agreement with the interpretation of ESIC, has filed petition on 23.10.2018 at Employees Insurance Court, Mumbai, challenging the order of the Assistant Director, ESIC. The Company has also deposited on 05.10.2018, an amount of ₹10,21,121/- as 50% of the Demand as per requirement. The company has got an Interim Order from the ESIC Court, Mumbai, staying the Demand under Section 45A and restraining the ESI Corporation from proceeding to recover any amount on the basis of said orders pending hearing and disposal of main application.

4. Performance bank guarantees issued to Government Medical Store Depot against supply orders of medicines is amounting to ₹1267822 as on 31<sup>st</sup> March 2019.

**t) Micro Small and Medium Enterprises:**

Based on the information and/ or the copy of MSME registration certificate submitted by the vendor, the Company, has identified Micro, Small and Medium Enterprises, The Company has paid interest on pending payments made to Micro & Small Enterprises beyond 45 days, from the date, they have furnished the certificate of registration with MSME to the company.

**u) Cash and Cash Equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**C. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Company's financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

**a) Decommissioning Liabilities**

The liability for decommissioning costs are recognized when the Company has obligation to perform site restoration activity. The recognition and measurement of decommissioning provisions involves the use of estimates and assumptions. These include; the timing of abandonment of well and related facilities which would depend upon the ultimate life of the field, expected utilization of assets by other fields, the scope of abandonment activity and pre-tax rate applied for discounting.

**b) Depreciation / amortisation and useful lives of property plant and equipment / intangible assets**

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

**c) Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**d) Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**e) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**f) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



## Notes forming part to Balance Sheet as at 31<sup>st</sup> March, 2019

### 1. Property, Plant And Equipments

Following are the changes in the carrying value of Property, Plant and Equipment

(₹ in lac)

Particulars	Factory Land	Factory Building	Office Building	Godown Building	Plant & Equipment General	Plant & Equipment R&D	Furniture & Fixtures	Electrical Fixtures	Computers	Office Equipment	Vehicle	Total
<b>At cost or deemed cost</b>												
As at 31 <sup>st</sup> March, 2017	40.02	672.60	274.38	6.26	797.43	130.32	164.32	42.85	168.43	86.23	107.14	2,490.00
Additions	-	9.03	-	-	3.38	-	0.28	0.68	1.78	5.55	20.01	40.70
Disposals	-	-	-	-	1.05	-	0.21	-	3.45	3.35	13.60	21.67
As at 31 <sup>st</sup> March, 2018	40.02	681.63	274.38	6.26	799.76	130.32	164.38	43.53	166.76	88.43	113.56	2,509.03
Additions	-	-	-	-	66.44	-	4.95	-	54.29	5.63	-	131.31
Disposals	-	-	-	-	1.46	-	4.31	0.03	8.66	3.49	-	17.95
As at 31 <sup>st</sup> March, 2019	40.02	681.63	274.38	6.26	864.74	130.32	165.02	43.50	212.39	90.57	113.56	2,622.39
<b>Accumulated depreciations and impairment</b>												
As at 31 <sup>st</sup> March, 2017	-	267.77	39.90	2.15	627.25	82.36	114.95	33.23	157.12	62.68	52.77	1,440.19
Additions	-	39.02	10.16	0.13	35.12	9.87	13.21	3.05	3.55	11.63	18.72	144.48
Disposals	-	-	-	-	0.99	-	0.21	-	3.40	2.76	13.19	20.54
As at 31 <sup>st</sup> March, 2018	-	306.80	50.06	2.28	661.38	92.23	127.95	36.29	157.27	71.56	58.30	1,564.12
Additions	-	39.24	10.16	0.13	33.49	7.81	10.44	2.21	2.73	7.74	17.09	131.03
Disposals	-	-	-	-	1.40	-	2.68	0.03	8.56	3.25	-	15.92
As at 31 <sup>st</sup> March, 2019	-	346.04	60.22	2.42	693.48	100.04	135.71	38.47	151.44	76.04	75.39	1,679.24
<b>Carrying Amount</b>												
As at 31 <sup>st</sup> March, 2018	40.02	374.83	224.32	3.98	138.38	38.09	36.43	7.24	9.49	16.87	55.26	944.91
As at 31 <sup>st</sup> March, 2019	40.02	335.59	214.16	3.85	171.26	30.28	29.32	5.03	60.95	14.53	38.17	943.16

#### Foot Notes:

- Building includes ₹0.01 lacs as on March 31<sup>st</sup>, 2019 towards cost of shares in a Co-operative Housing Society. (₹0.01 lacs as on March 31<sup>st</sup>, 2018)
- Office Building includes ₹29.05 lacs as WDV as on March 31<sup>st</sup>, 2019 towards Renovation Expense (As on March, 2018 : ₹32.68 lacs)
- The aggregate amortisation has been included under depreciation and amortisation expense in the statement of Profit & Loss.
- The Company has elected to measure all its tangible assets at the previous GAAP carrying amount at the date of transition to Ind AS.
- Land is taken on Lease for a period of 99 years from GIDC in June 1997. Unexpired lease period is more than 77 years.
- Vehicle is taken on Finance lease (WDV ₹15.43 lacs) against hypothecation of the said Vehicle
- Factory Land & Building, Plant & Machinery are mortgaged against Cash Credit, Bill Discounting, LC and Bank Guarantees availed by the company.
- Refer note B.2 (b)

### 2. Intangible Assets (Other than internally generated)

Following are the changes in the carrying value of Intangible Assets for the year ended 31<sup>st</sup> March, 2019

(₹ in lac)

Particulars	Goodwill	Trademark	Computer Software	Total	Capital WIP Software
<b>At cost or deemed cost</b>					
As at 31 <sup>st</sup> March, 2017	25.00	23.81	6.47	55.27	-
Additions	-	1.88	2.76	4.64	-
Disposals	-	-	-	-	-
As at 31 <sup>st</sup> March, 2018	25.00	25.69	9.23	59.92	-
Additions	-	7.31	2.52	9.83	99.00
Disposals	-	-	2.76	2.76	-
As at 31 <sup>st</sup> March, 2019	25.00	33.00	8.99	66.98	99.00
<b>Accumulated amortisation and impairment</b>					
As at 31 <sup>st</sup> March, 2017	24.86	13.39	4.20	42.45	-
Additions	-	2.80	2.74	5.55	-
Disposals	-	-	-	-	-
As at 31 <sup>st</sup> March, 2018	24.86	16.19	6.94	47.99	-
Additions	-	2.85	1.42	4.27	-
Disposals	-	-	1.31	1.31	-
As at 31 <sup>st</sup> March, 2019	24.86	19.04	7.05	50.95	-
<b>Carrying Amount</b>					
As at 31 <sup>st</sup> March, 2018	0.14	9.49	2.29	11.92	-
As at 31 <sup>st</sup> March, 2019	0.14	13.96	1.93	16.03	99.00

#### Footnotes:

- The aggregate amortisation has been included under depreciation and amortisation expense in the statement of Profit & Loss.
- The Company has elected to measure all its Intangible assets at the previous GAAP carrying amount at the date of transition to Ind AS.
- Refer note B.2 (d)



### 3. Non-current Investments

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018			Face Value
	Units	Market Val.	Cost	Units	Market Val.	Cost	
Investments measured at Amortised Cost							
HUDCO Bonds							
HUDCO Tax Free Bonds	3,012	30.12	30.12	3,012	30.12	30.12	1,000
Total - A		30.12			30.12		
Investments measured at Fair Value through Other Comprehensive Income							
Equity Shares (Quoted)							
Bharti Shipyard Ltd.	151	0.00	0.10	151	0.01	0.10	10
H D F C Bank Ltd.	5,000	115.83	0.21	5,000	94.57	0.21	2
I C I C I Bank Ltd.	550	2.19	1.29	550	1.53	1.29	10
I D B I Bank Ltd.	200	0.09	0.24	200	0.14	0.24	10
I F C I LTD	2,000	0.28	0.47	2,000	0.40	0.47	10
I D F C Ltd.	500	0.23	1.11	500	0.24	1.11	10
I D F C Bank Ltd	500	0.28	-	500	0.24	-	10
J S W Steel Ltd	130	0.38	0.83	130	0.37	0.83	10
Jaiprakash Associates	150	0.01	0.47	150	0.03	0.47	2
M R F Ltd.	5	2.90	0.30	5	3.62	0.30	10
National Thermal Power Corp Ltd	4,222	5.71	2.18	3,519	5.97	2.18	10
Power Grid Corporation	1,500	2.97	2.09	1,500	2.91	2.09	10
Reliance Industries Ltd.	372	5.07	1.90	372	3.28	1.90	10
Taal Enterprises Ltd	62	0.16	-	62	0.09	-	10
Taneja Aerospace & Aviation	500	0.17	1.10	500	0.25	1.10	5
Vijaya Bank Ltd.	3,400	1.57	1.06	3,400	1.76	1.06	10
Non Convertible Debentures							
National Thermal Power Ltd	3,519	0.44	0.00	3,519	0.45	0.00	13
Mutual Funds (Quoted)							
Reliance Gold ETF	613	17.20	17.84	613	16.83	17.84	-
Total - B	23,374	155.49	31.21	22,671	132.69		
Total (A+B)		185.61			162.81		

### 4. Non-current Loans (Unsecured and Considered Good)

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(a) Loans Receivables considered good - Secured;	-	-
(b) Loans Receivables considered good - Unsecured;		
Loan to Employee - Home Loan	16.78	10.30
(c) Loans Receivables which have significant increase in Credit Risk; and	-	-
(d) Loans Receivables - credit impaired.	-	-
<b>Total</b>	<b>16.78</b>	<b>10.30</b>

### 5. Deferred Tax Assets (Net)

The movement on the deferred tax account is as follows:

At the start of the year	(11.79)	-
Charge/(credit) to Statement of Profit/Loss	48.61	-
<b>Total</b>	<b>36.82</b>	-

### Component of Deferred tax liabilities / (asset)

Property, plant and equipment	30.92	-
Financial assets	17.69	-

### 6. Other Non Current Assets

Prepaid Expenses	18.31	25.03
<b>Total</b>	<b>18.31</b>	<b>25.03</b>

### 7. Inventories

Raw Material	161.50	102.77
Packing Material	111.26	116.70
Work in Progress	-	9.90
Finished Goods	168.30	130.77
Stock in Trade	542.06	320.30
<b>Total</b>	<b>983.12</b>	<b>680.44</b>

## 8. Current Investments

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019			As at 31 <sup>st</sup> March, 2018		
	Units	Market Val.	Cost	Units	Market Val.	Cost
<b>Investments measured at Fair Value through Other Comprehensive Income</b>						
HDFC Balance Fund - RP - Growth	-	-	-	10,681	15.57	16.00
HDFC Liquid Fund - RP - Dividend Monthly	-	-	-	1,995	20.50	20.58
HDFC Hybrid Eq. Fund Regular - Growth	70,352	38.30	36.53	-	-	-
Rel. Liquid Fund - TP - Monthly Dividend Option	-	-	-	566	8.99	8.97
Rel. Quarterly Interval Fund-Series II-GP-Gr Opt	-	-	-	359,813	85.90	85.00
Rel. Reg Savings Fund-Bal Plan-Direct GP-Gr Opt	-	-	-	12,877	7.28	7.50
Rel. Short Term Fund - GP - Growth Option	-	-	-	43,334	14.15	13.01
Rel. Top 200 fund - GP - Growth Option	1,635	25.96	25.98	15,283	4.74	5.00
Rel. Eq. Hybrid Fund-Dir Gr-Gr-Option	37,403	22.12	21.72	-	-	-
Rel. Large Cap Fund Grwth - Grwth Opt	88,788	31.47	29.00	-	-	-
ICICI Prudential Balanced Fund - Growth	-	-	-	3,871	4.83	5.00
ICICI Prudential Liquid Plan - Monthly Div	-	-	-	18,095	18.14	18.21
ICICI Pru Eq and Debt Fund - Growth	18,270	24.56	23.17	-	-	-
L&T Floating Rate Fund - Monthly Dividend	-	-	-	456,453	52.12	52.01
L&T India Prudence Fund - Growth	-	-	-	21,034	5.38	5.50
L&T India Value Fund - Growth	2,541	0.29	0.29	14,546	5.23	5.50
L & T Hybrid Equity - Growth	122,231	31.92	31.50	-	-	-
L & T India Value Fund Growth	88,325	31.92	31.50	-	-	-
ABSL Cash Plus - Daily Dividend - RP	-	-	-	35,332	35.43	35.40
ABSL Equity Fund - Daily Dividend - RP	21,853	21.65	22.43	2,919	2.96	3.00
ABSL Equity Fund - Growth - RP	2,849	20.81	20.00	289	1.99	2.00
DSP Blackrock Equity Opportunities Fund-RP-Gr	17,158	38.29	36.50	2,947	6.23	6.50
DSP Blackrock Liquidity Fund-RP-Weekly Div	484	4.85	4.84	3,388	33.91	33.91
Kotak Liquid RP - Daily Dividend	-	-	-	4,096	50.08	50.08
Kotak Select Focus Fund - Growth (RP)	2,116	25.89	25.88	16,773	5.34	5.50
KM Std Multicap Fund - Grwth - Reg	95,264	33.80	31.50	-	-	-
Baroda Dyn. Eq. Fund - Reg. - Growth	2,500	0.26	0.25	-	-	-
<b>Total</b>		<b>352.11</b>			<b>378.77</b>	

1. Above Investments in Mutual Funds have been fair valued at closing net asset value (NAV)

## 9. Trade Receivables

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
(a) Trade Receivables considered good - Secured;		-		-
(b) Trade Receivables considered good - Unsecured;		2,289.49		1,253.78
(c) Trade Receivables which have significant increase in Credit Risk; and		-		-
(d) Trade Receivables - credit impaired	10.88		11.22	
Less: Provision for Doubtful Debts	(10.88)	-	(11.22)	-
<b>Total</b>		<b>2,289.49</b>		<b>1,253.78</b>

1. Bookdebts are hypoticated as security against Cash Credit, Bill Discounting, LC and Bank Guarantees availed by the company.

## 10. Cash and Cash Equivalents

Balance with Bank	79.24	109.71
Fixed Deposit Receipt (Maturity less than 3 months)	34.00	
Cash in Hand	7.81	6.48
Forex Currency in Hand	1.63	2.18
<b>Total</b>	<b>122.68</b>	<b>118.37</b>

## 11. Other Bank Balance

Unpaid Dividend Accounts	66.61	195.97
<b>Bank Fixed Deposits</b>		
FDR Maturity less than 1 year	1,374.66	2,335.36
Accrued Interest (Current)	139.38	108.73
FDR Maturity more than 1 year	3,383.00	1,283.41
Accrued Interest (non current)	83.68	69.50
Bank Fixed Deposit	4,980.72	3,797.00
<b>Total</b>	<b>5,047.33</b>	<b>3,992.97</b>

1. Bank Overdraft are secured against FDR kept in lein amounting to ₹213 lacs as on March 31<sup>st</sup>, 2019 (₹645 lacs as on March 31<sup>st</sup>, 2018)

## 12. Current Loans (Unsecured and Considered Good)

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(a) Loans Receivables considered good - Secured;	-	-
(b) Loans Receivables considered good - Unsecured;		
Loans to Employees	13.04	10.43
Loans to Others	18.60	18.42
(c) Loans Receivables which have significant increase in Credit Risk; and	-	-
(d) Loans Receivables - credit impaired.	-	-
<b>Total</b>	<b>31.64</b>	<b>28.85</b>

## 13. Other Financial Assets - Current

Interest Accrued on Investment	0.53	0.53
Related Party Deposit	30.00	27.78
Other Deposits	13.96	12.96
Others Receivables	15.31	12.14
<b>Total</b>	<b>59.80</b>	<b>53.41</b>

## 14. Other Current Assets

Balance with VAT & GST	7.51	8.23
Provision for Gravity (Excess Paid)	9.23	26.83
Advance to Suppliers considered good	0.15	10.49
Advance to Others	10.21	-
Other Recoverable	0.38	-
Prepaid Expenses	48.98	36.85
Export Incentive Receivable	4.16	3.17
<b>Total</b>	<b>80.63</b>	<b>85.57</b>

## 15. Share Capital

<b>Authorized Share Capital</b>		
10000000 Equity Shares of ₹10/- each	1,000	1,000
<b>Issued, Subscribed and Fully Paid Equity Share Capital</b>		
4589378 Equity Shares of ₹10/- each	458.94	464.93
Less: Calls in Arrears	-	-
Less: Shares Bought Back : 59922 Shares @ ₹10/- each	-	5.99
<b>Total</b>	<b>458.94</b>	<b>458.94</b>

The reconciliation of the number of shares outstanding is set out below :

	No. of Shares	No. of Shares
Equity Share at the beginning of the year	4,589,378	4,649,300
Less: Shares bought back during the year	-	59,922
Equity Shares at the end of the year	4,589,378	4,589,378

The details of shareholders holding more than 5% shares

Name of Shareholder	No. of Shares	% Held	No. of Shares	% Held
Bhuta Holdings Pvt. Ltd.	610,324.00	13	610,324	13
Ashish Uttam Bhuta	261,127.00	6	261,127	6
Jayshee Uttam Bhuta	536,480.00	12	536,480	12
Kalindi Hemendra Bhuta	399,700.00	9	399,700	9

## 16. Other Equity - Reserves & Surplus

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
<b>Capital Redemption Reserve</b>				
As per last Balance Sheet:	5.99		-	
Transfer from Retained Earnings on Buyback of Shares	-		5.99	
<b>Total (A)</b>		<b>5.99</b>		<b>5.99</b>
<b>General Reserve</b>				
As per last Balance Sheet:	334.62		334.62	
Transfer from	-		-	
<b>Total (B)</b>		<b>334.62</b>		<b>334.62</b>
<b>Retained Earnings</b>				
As per last Balance Sheet:	5,327.29		4,570.09	
Add: Profit for the year	1,979.78		1,721.22	
Add: Transferred from OCI	(33.52)		-	
Less: Appropriations:				
PLA - Share Buyback	-		(345.15)	
PLA - Dividend	(275.36)		(376.59)	
PLA - Interim Dividend on Equity Shares	-		(137.68)	
PLA -Tax on Dividend	(56.61)		(104.69)	
PLA - Prior Period Adjustment	-		0.10	
<b>Total (C)</b>		<b>6,941.57</b>		<b>5,327.29</b>
<b>Other Comprehensive Income</b>				
As per last Balance Sheet:	(0.81)		74.04	
Add: Movement in OCI (Net) - Equity Instruments	32.74		27.61	
Add: Movement in OCI (Net) - Leave Encashment	(77.71)		(65.79)	
Add: Movement in OCI (Net) - Gratuity	-		(32.19)	
Less: Transferred to Retained Earnings	33.52		(4.43)	
Less: Tax Effect on OCI	17.69		(0.04)	
<b>Total (D)</b>		<b>5.43</b>		<b>(0.81)</b>
<b>Total (A+B+C+D)</b>		<b>7,287.61</b>		<b>5,667.09</b>

### Nature and Purpose of each reserve

1. Capital Redemption Reserve: The Company has recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of equity shares bought back.
2. General Reserve: The reserve arises on transfer of portion of the net profit pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
3. Other Comprehensive Income: The Company has elected to recognise changes in fair value of certain investments in equity instruments in other comprehensive income. Also the actuarial gain/loss on Employee Defined Benefit plans (Gratuity) is recognised in other comprehensive income.

## 17. Borrowings - Non Current

<b>Secured – At armotised cost</b>		
Daimler Financial Services - (Motor Car)	-	23.59
<b>Total</b>	-	<b>23.59</b>

## 18. Deferred Tax Liabilities (net)

The movement on the deferred tax account is as follows:

At the start of the year	-	50.27
Charge/(credit) to Statement of Profit/Loss	-	(38.48)
<b>Total</b>	-	<b>11.79</b>

Component of Deferred tax liabilities / (asset)

Property, plant and equipment	-	(38.62)
Financial assets	-	0.04
Loan and advances	-	0.80
Provisions	-	(0.70)

## 19. Other Non-current Financial Liability

Security Deposit	274.38	278.79
<b>Total</b>	<b>274.38</b>	<b>278.79</b>

1. Other Non Current Liabilities represents security deposits received from Super Stockists.

## 20. Borrowings – Current

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Bank Loan - Bill Discounting	723.34	-
Loan from Others	23.59	0.53
<b>Total</b>	<b>746.94</b>	<b>0.53</b>

- Secured against Hypothecation of Vehicles (wdv ₹15.43 lacs)
- Bank Overdraft are secured against FDR kept in lein amounting to ₹213 lacs as on March 31<sup>st</sup>, 2019 (₹645 lacs as on March 31<sup>st</sup>, 2018)
- Factory Building, Plant & Machinery, Inventories and Bookdebts are mortgaged / hypoticated as security against Cash Credit, Bill Discounting, LC and Bank Guarantees availed by the company.

## 21. Trade Payables

(A) Total outstanding dues of Micro Enterprises and Small Enterprises; and Raw-Materials	-	-	-	-
Packing Material	-	-	-	-
Stock in Trade	21.49	21.49	-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises.				
Raw-Materials	141.78		52.05	
Packing Material	46.40		37.90	
Stock in Trade	445.22	633.41	322.26	412.21
<b>Total</b>		<b>654.89</b>		<b>412.21</b>

### Micro, Small and Medium Enterprises

- The Company has paid interest on payments made to Micro & Small Enterprises beyond 45 days from the date, they have furnished the information / certificate of registration with MSME to our company.
- The principal amount of ₹5.44 lacs is paid to Micro & Small enterprises beyond 45 days, interest on the same is not paid, however a sum of ₹0.05 lacs has been provided on the same payments as on 31<sup>st</sup> March, 2019.

## 22. Other Financial Liabilities

A) Total outstanding dues of Micro Enterprises and Small Enterprises; and	-	-
B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises.	-	-
Interest on Security Advance Payables	40.77	41.82
Unclaimed Dividends	66.61	195.97
Other payables	519.54	439.99
<b>Total</b>	<b>626.92</b>	<b>677.78</b>

- Unclaimed Dividends do not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund

## 23. Other Current Liabilities

Statutory Remittances	175.89	139.96
Advance Received From Customers	1.97	49.22
<b>Total</b>	<b>177.86</b>	<b>189.18</b>

## 24. Provisions - Current

Provision for Leave Encashment (Refer Note 47)	41.52	18.62
<b>Total</b>	<b>41.52</b>	<b>18.62</b>

## 25. Current Tax Liabilities (Net)

Provision For Income Tax - AY 10-11	-	15.53
Provision For Income Tax - AY 11-12	-	1.43
Provision For Income Tax - AY 14-15	0.18	0.18
Advance Tax For A.Y.: 2017-18 (Net)	-	(0.01)
Advance Tax For A.Y.: 2018-19 (Net)	(8.51)	(8.51)
Advance/SA/TDS Tax For A.Y.: 2019-20	21.75	-
<b>Total</b>	<b>13.42</b>	<b>8.62</b>

### Provision for Income Tax (Net of Tax Paid)

At start of year	8.62	35.64
Charge for the year	752.00	830.00
Others	-	14.24
Tax paid during the year	747.20	871.26
<b>Total</b>	<b>13.42</b>	<b>8.62</b>



## Notes forming part of Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2019

### 26. Revenue From Operations

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Sale of Products	12,205.22	11,431.67
Sale of Services	-	-
Other Operating Revenue	59.21	67.42
<b>Total</b>	<b>12,264.43</b>	<b>11,499.09</b>
Less: Excise Duty	-	31.66
<b>Total</b>	<b>12,264.43</b>	<b>11,467.43</b>

### 27. Other Income

<b>Interest Income:</b>				
Bank Deposits	301.93		282.45	
Debt Instruments at amortised cost	2.12		2.12	
Loans at amortised cost	1.80		1.80	
Interest Income at amortised cost	14.64		3.13	
Dividend Income		320.50		289.50
Profit on sale of Investment measured at Fair Value through OCI		23.37		4.39
restated to Profit & Loss		-		4.43
Net Gain on Foreign Currency Translation & Transactions		-		31.86
Other Sales Account - Old Scrap		0.18		0.12
Profit /(Loss) on Sale / Derecognition of Fixed Assets		(3.48)		0.56
Insurance Claim Received		0.41		1.07
Miscellaneous Balances Written Off (Net)		-		4.35
Miscellaneous Income		-		3.11
<b>Total</b>		<b>340.97</b>		<b>339.39</b>

### 28. Cost of Material Consumed

<b>Raw Materials</b>				
Opening Stock	102.77		138.22	
Purchases	879.30		629.53	
Freight & Other Expense	50.94	<b>1,033.01</b>	40.13	<b>807.88</b>
Less: Closing Stock		161.50		102.77
<b>Total A :</b>		<b>871.51</b>		<b>705.11</b>
<b>Packing Materials</b>				
Opening Stock	116.70		127.08	
Purchases	307.35	<b>424.05</b>	270.72	<b>397.80</b>
Less: Closing Stock		111.26		116.70
<b>Total B :</b>		<b>312.80</b>		<b>281.10</b>
<b>Total (A+B)</b>		<b>1,184.31</b>		<b>986.21</b>

### 29. Purchase of Stock-in-trade

Stock in Trade Purchased	2,690.71	2,064.62
<b>Total</b>	<b>2,690.71</b>	<b>2,064.62</b>

### 30. Changes in Inventories of Finished Goods, Stock in Trade, Work-in-progress

<b>Inventory at Close</b>		
Work in Progress	-	9.90
Finished Goods	168.30	130.77
Stock in Trade	542.06	320.30
<b>Inventory at Start</b>		
Work in Progress	9.90	32.94
Finished Goods	130.77	103.57
Stock in Trade	320.30	672.76
<b>Changes in Inventory</b>		
Work in Progress	9.90	23.04
Finished Goods	(37.53)	(27.20)
Stock in Trade	(221.76)	352.46
<b>Total</b>	<b>(249.39)</b>	<b>348.30</b>

### 31. Employee Benefits Expense

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Salaries and Wages	2,804.16	2,559.19
Contribution to Provident Fund and Other Funds	302.25	191.91
Staff Welfare Expenses	14.07	18.07
<b>Total</b>	<b>3,120.49</b>	<b>2,769.17</b>

Refer Note 46

### 32. Finance Cost

Interest Expense	35.17	33.53
Bank Charges	3.42	7.68
<b>Total</b>	<b>38.59</b>	<b>41.21</b>

### 33. Depreciation and Amortisation Expenses

Depreciation	135.31	150.02
<b>Total</b>	<b>135.31</b>	<b>150.02</b>

Refer Schedule 1 & 2

### 34. Other Expenses

Power & Fuel	58.84	61.31
Manufacturing Expenses	80.30	47.43
Training Expense	37.16	41.96
Travelling Expense	263.45	257.46
Freight & Handling Charges	164.20	149.48
Commission on Sales	341.91	341.86
Selling and Distribution Expenses	1,214.53	1,163.42
Rent Rates & Taxes	66.81	71.01
Legal, Professional & consultancy Charges	202.10	201.24
Payment to Auditors (Refer Note 35)	9.40	9.40
Printing Stationary & Xerox	184.15	207.28
Repairs & Maintenance Expense	42.82	36.75
Insurance Charges	28.67	28.35
Expenditure on CSR & Donation	30.61	12.68
Telephone, Post & Internet Expense	36.75	42.57
Administrative and General Expenses	176.62	139.67
Applicable loss on Foreign Currencies transactions & translation	1.28	-
Writeoff of Receivables	-	20.92
Provision of Doubtful Trade Receivables	(0.34)	11.22
Research and Development Expenses (Refer Note 36)	82.81	76.39
<b>Total</b>	<b>3,022.05</b>	<b>2,920.40</b>

### 35. Payment to Auditors Included in Other Expense

Statutory Audit Fees	5.40	5.40
VAT / GST Audit Fees	2.50	2.50
Certification and Consultation Fees	1.50	1.50
<b>Total</b>	<b>9.40</b>	<b>9.40</b>

### 36. Research and Development Expense

Material Consumption	3.61	1.72
Employee Cost	71.10	66.03
Laboratory Chemicals	1.01	0.66
Power & Fuel	3.10	3.05
Repair & Maintenance	1.45	2.17
Printing & Stationary Expense	0.25	0.31
Misc. Expense	2.28	2.45
<b>Total</b>	<b>82.81</b>	<b>76.39</b>

### 37. Taxation

Income tax recognised in Statement of Profit and Loss

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Current Tax	752.00	830.00
Deferred Tax (with IND AS effect)	(30.92)	(38.57)
Previous Year Income Tax	(37.52)	14.24
<b>Total</b>	<b>683.56</b>	<b>805.67</b>

The income tax expenses for the year can be reconciled to the accounting profit as follows:

Profit before tax	2,663.34	2,526.89
Applicable Tax Rate	29.12	34.61
Computed Tax Expense	775.56	874.52
<b>Tax effect of :</b>		
Exempted income	6.81	66.07
Expenses disallowed	71.20	20.17
Expenses allowed	88.08	-
Additional allowances net of MAT Credit	-	-
<b>Tax payable</b>	<b>751.88</b>	<b>828.61</b>
<b>Current Tax Provision (A)</b>	<b>752.00</b>	<b>830.00</b>
Incremental Deferred Tax Liability/(Asset) on a/c of Tangible and Intangible Assets	(30.92)	(38.62)
Incremental Deferred Tax Liability /(Asset) on a/c of Financial Assets and Other Items	(17.69)	0.15
<b>Deferred tax Provision (B)</b>	<b>(48.61)</b>	<b>(38.47)</b>
<b>Tax Expenses recognised in Statement of Profit and Loss (A+B)</b>	<b>703.39</b>	<b>791.53</b>
<b>Effective Tax Rate</b>	<b>26.41</b>	<b>31.32</b>

### 38. Other Comprehensive Income

OCI - Equity Shares	22.79	26.03
OCI - Mutual Fund	9.95	1.58
OCI - Gratuity	(77.71)	(65.79)
OCI - Leave Salary	-	(32.19)
OCI - Tax Effect	17.69	(0.04)
<b>Total</b>	<b>(27.28)</b>	<b>(70.41)</b>

### 39. Earnings Per Share

Net Profit after Tax as per Statement of P&L attributable to Shareholders	1,979.78	1,721.23
Number of equity shares used as denominator for calculating EPS	4,589,378	4,589,378
Basic and Diluted EPS	43.14	37.50
Face Value per equity share	10	10

### 40. Remittance in Foreign Currency on Account of Dividend

Number of Non-Resident Share Holders	1	1
Number of Equity Shares held by them	3,000	3,000
Amount of Dividend paid (₹)	0.18	0.33

### 41. Remittance in Foreign Currency For Other Expenses

Commission on Export Sales	182.70	186.31
Fixed Assets	19.07	-
Field Expenses	37.07	-
Rate Difference	0.88	-
Incentive / Field Expense	-	8.69
Product Registration Charges	11.65	18.64
Sales & Business Promotion Expense	4.19	4.08
Subscription	1.35	-
Legal Fees	1.53	3.09
Travelling Expense	-	4.83
<b>Total</b>	<b>258.44</b>	<b>225.64</b>

### 42. Earnings in Foreign Exchange

FOB Value of Exports	1,748.04	1,401.40
<b>Total</b>	<b>1,748.04</b>	<b>1,401.40</b>

### 43. Corporate Social Responsibility

CSR amount required to be spent as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof by the Company during the year is ₹41.13 lacs (Previous Year ₹34.79 lacs).

Actual Expenditure towards CSR during the year is ₹25 lacs (Previous Year ₹12 lacs).

Details of Amount spent towards CSR given below:

(₹ in lac)

	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Daabster Podiatry Academy	4.00	-
Sihor Seva Samaj	21.00	-
Om Shri Ram Mantra Mandir Trust, Bhavnagar	-	12.00
<b>Total</b>	<b>25.00</b>	<b>12.00</b>

### 44. Related Party Disclosures

List of related parties with whom transactions have taken place and relationships

Name of the Related Party	Relationship
Ashish U Bhuta	Key Managerial Person
Dilip H Bhuta	Key Managerial Person
Ashish R Shah	Key Managerial Person
Jayshree U.Bhuta	Relative of Key Managerial Person
Kunti Gala	Relative of Key Managerial Person
Bhavika A. Bhuta	Relative of Key Managerial Person
Bhuta Holdings Pvt Ltd	Enterprise under significant influence of Key Managerial Person

Details of transactions with related parties

<b>Dividend</b>		
Ashish U Bhuta	15.67	28.99
Jayshree U.Bhuta	32.19	59.55
Kunti Gala	3.08	5.69
Bhavika A. Bhuta	3.10	5.73
Bhuta Holdings Pvt. Ltd.	36.62	67.75
<b>Rent</b>		
Bhuta Holdings Pvt. Ltd.	48.00	48.00

### Compensation of Key Management Personnel

The remuneration of director and other member of key management personnel during the year was as follows:

<b>Managerial Remuneration</b>		
Ashish U Bhuta	147.51	125.22
Dilip H Bhuta	43.27	35.91
Ashish R Shah	32.62	29.48

- Key Managerial Personnel who are under the employment of the company are entitled to post employment benefits and other long term employee benefits recognised as per IndAS 19 - "Employee Benefits" in the financial statements. As these employee benefits are lumpsum amounts provided on the basis of actuarial valuation, the same are not included above and there are no share-based payments to key managerial personnel of company.

Balance outstanding at the end of the year

<b>Security Deposit</b>		
Bhuta Holdings Pvt. Ltd.	30.00	30.00

### 45. Contingent Liabilities and Commitments

Claims against the Company / disputed liabilities not acknowledged as debts*	1,645.16	1,645.16
Bank Guarantees given to Government Medical Store	12.68	16.10
Other Commitments	-	-

- \* The Company has been advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision is considered necessary. Refer note B.2 (s)

## 46. Employee Benefits

As per Indian Accounting Standard 19 “Employee benefits”, the disclosures as defined are given below:

### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Employer’s Contribution to Provident Fund	61.25	54.63
Employer’s Contribution to Superannuation Fund	8.97	8.16

### Defined Benefit Plans

Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	GRATUITY	
	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Defined Benefit Obligation at beginning of the year	0.00	277.06
Current Service Cost	28.54	43.55
Interest Cost	24.16	18.19
Actuarial (Gain) / Loss	79.29	(12.81)
Benefits Paid	(16.10)	(10.47)
Defined Benefit Obligation at year end	115.90	315.51

Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Fair value of Plan Assets at beginning of year	342.35	249.08
Expected Return on Plan Assets	26.21	20.91
Actuarial Gain / (Loss)	1.58	(1.17)
Employer Contribution	86.60	84.00
Benefits Paid	(0.00)	(10.47)
Fair value of Plan Assets at year end	0.00	342.35
Actual return on Plan Assets	0.00	20.91

Reconciliation of fair value of Assets and Obligations

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Fair value of Plan Assets	0.00	342.35
Present value of Obligation	115.90	315.51
Amount recognised in Balance Sheet (Surplus/(Deficit))	(115.89)	26.83

Expenses recognised during the year

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>In Income Statement</b>		
Current Service Cost	28.54	26.35
Interest Cost	(2.05)	(0.86)
Past Service Cost- (vested benefits)	-	17.20
Return on Plan Assets	-	-
<b>Net Cost</b>	<b>26.48</b>	<b>42.69</b>
<b>In Other Comprehensive Income</b>		
Actuarial (Gain) / Loss	79.29	(12.81)
Return On Plan Assets	(1.58)	(1.87)
<b>Net (Income)/ Expense For the period Recognised in OCI</b>	<b>77.71</b>	<b>(14.68)</b>

Investment Details:

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Amount	% Inv	Amount	% Inv
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
State Government Securities	-	-	-	-
Insurance Policies	0.00	100	342.35	100
Others (including bank balances)	-	-	-	-
<b>Total</b>	<b>0.00</b>	<b>100</b>	<b>342.35</b>	<b>100</b>



## Actuarial assumptions Mortality Table (IALM)

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Discount Rate (per annum)	7.76%	7.52%
Expected rate of return on Plan Assets (per annum)	7.76%	8.00%
Rate of escalation in Salary (per annum)	7.00%	8.00%

## Sensitivity Analysis

Particulars	GRATUITY			
	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Decrease	Increase	Decrease	Increase
Change in discounting rate (delta effect of +/- 0.5%)	33.12	38.72	347.30	288.44
Change in rate of salary increase (delta effect of +/- 0.5%)	32.87	37.79	288.69	346.57

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

## Notes:

- › Gratuity is payable as per company's scheme as detailed in the report.
- › Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
- › Opening liability, assets and assumptions are taken from company's financials & Previous Actuarial Report.
- › Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.
- › Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.
- › Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.
- › Value of asset provided by the client is considered as fair value of plan asset for the period of reporting as same is not evaluated by us.

## Qualitative Disclosures

### Para 139 (a) Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund.

The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

### Para 139 (b) Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

**Interest Rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality Risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration Risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

### Para 139 (c) Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

### Para 147 (a)

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

#### 47. Capital Management

The Company's objectives when managing capital are to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements. The capital structure of the Company consists of equity attributable to equity holders, comprising share capital, reserves and retained earnings.

The Company's Board of Directors takes full responsibility for managing the Company's capital and does so through board meetings, review of financial information, and regular communication with Officers and Senior Management.

The Company expects its current capital resources will be sufficient to carry out its plans and operations through its current operating year. The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital management as at 31<sup>st</sup> March, 2019.

#### 48. Financial Instruments

##### Valuation

- All financial instruments are initially recognized and subsequently re-measured at fair value as described below:
- The fair value of investment in quoted Equity Shares, Debentures, Government Securities and Mutual Funds is measured at quoted price or NAV.
- The fair value of the remaining financial instruments are determined using discounted cash flow analysis. Or the fair values of these financial instruments are estimated to approximate their carrying values due to their immediate or short-term nature.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Categories of financial instruments are:

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Fair Value through other comprehensive Income Amount	Amortised Cost Amount	Fair Value through other comprehensive Income Amount	Amortised Cost Amount
<b>Financial Assets:</b>				
Investment:				
HUDCO Bonds		30.12		30.12
Equity Instruments / Mutual Fund	507.59		511.48	
Trade Receivables		2289.49		1253.78
Loans to Employee / others		48.42		39.15
Interest Accrued		0.53		0.53
Deposits		43.96		40.74
Other Receivables		15.31		12.14
Cash and cash equivalents		122.68		118.37
Other Bank Balance		5047.33		3992.98
<b>Financial Liabilities:</b>				
Borrowings		746.94		24.13
Trade and Other Payables		654.89		412.21
Interest Accrued		40.77		41.83
Unclaimed Dividend		66.61		195.97
Other Financial Liabilities		519.54		439.99

#### 49. Financial Risk Management:

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

##### Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

### Investments:

The Company limits its exposure to credit risk by generally investing in liquid securities such as bank fixed deposits, Mutual Funds, etc. The Company does not expect any losses from such investments and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

### Trade receivables:

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

(₹ in lac)

Financial assets for which loss allowances is measured using the expected credit loss	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Trade receivables	-	-
less than 180 days	-	-
180 - 365 days	-	-
beyond 365 days	10.88	32.14
<b>Total</b>	<b>10.88</b>	<b>32.14</b>

Movement in the expected credit loss allowance on trade receivables	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Balance at the Beginning of the year	11.22	-
Additions	7.37	32.14
Write-offs	-	20.92
Recoveries	7.71	-
<b>Balance at the end of the year</b>	<b>10.88</b>	<b>11.22</b>

### Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company has unutilised working capital loans from Bank, apart from that the Company maintains sufficient cash and other Bank Balances, hence it does not face any significant liquidity risk. Most of the surplus funds are kept in bank fixed deposits on long-term basis and the company's borrowings are in foreign currency under bill discounting at very low interest rate.

The table below provides details regarding the contractual maturities of significant financial liabilities:

(₹ in lac)

Particulars	Less than 1 year	1-3 years	More than 3 years	As at 31 <sup>st</sup> March, 2019
Borrowings	746.94	-	-	746.94
Trade Payables	654.89	-	-	654.89
Other Financial Liabilities	626.92	-	-	626.92

Particulars	Less than 1 year	1-3 years	More than 3 years	As at 31 <sup>st</sup> March, 2018
Borrowings	0.53	23.59	-	24.12
Trade Payables	412.21	-	-	412.21
Other Financial Liabilities	677.77	-	-	677.77

### Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

### Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rates between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses non-derivative financial instruments such as foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its Debtors and other recognized assets and liabilities.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents, borrowings and trade payables

(₹ in lac)

Particulars	US \$ (converted in ₹)	EURO (converted in ₹)	SG \$ (converted in ₹)	Total as at 31 <sup>st</sup> March, 2019
<b>Financial Assets</b>				
Trade Receivables	305.78	484.45	0	790.23
Cash and Cash Equivalents	1.22	0.42	0	1.63
<b>Financial Liabilities</b>				
Trade Payables	15.30	112.44	0	127.74
Borrowings	187.40	391.43	0	578.83

Particulars	US \$ (converted in ₹)	EURO (converted in ₹)	SG \$ (converted in ₹)	Total as at 31 <sup>st</sup> March, 2018
<b>Financial Assets</b>				
Trade Receivables	58.05	146.19	0	204.24
Cash and Cash Equivalents	0.09	0.50	0.78	2.18
<b>Financial Liabilities</b>				
Trade Payables	12.75	71.21	0	83.96
Borrowings	0	0	0	0

### b) Sensitivity

For the years ended March 31<sup>st</sup>, 2019 & March 31<sup>st</sup>, 2018 every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets/liabilities would increase the Company's loss and decrease the Company's equity by approximately ₹4.26 & ₹6.12 lacs respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk

The company rarely utilizes overdraft/ cash credit facilities which are at floating rate of interest, hence it is not exposed to high interest rate risk.

### Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate over short periods of time. Commodity price risk exposure is evaluated and managed through operating procedures.

Few of the products of the company come under National List of Essential Medicines (NLEM). The company follows the procedure laid down by the implementing authority i.e. National Pharmaceutical Pricing Authority (NPPA) with regards to NLEM products.

### Going Concern:

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 50. Details of Loans given, Investments made and Guarantee given covered un/s 186 (4) of the Companies Act, 2013.

### Loan Given

(₹ in lac)

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Advances to A C Developers	18.60	18.42

Interest at the rate of 12% is charged on the above loan

### Investments made by the company

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
HUDCO Bonds	30.12	30.12
Equity Instruments / Mutual Fund	507.59	511.48

Refer note 3 and 8 for details

## 51. Events after the reporting period

There are no events after the balance sheet date that requires disclosures.

## 52. Approval of Financial Statements

The financial statements were approved for issue by the board of directors on 28<sup>th</sup> May, 2019.

In terms of our report attached  
For **D.R. Mehta & Associates**  
Chartered Accountants  
Firm's Registration No : 106207W

**Ashok Mehta**  
(Membership No. 101746)  
Mumbai, 28<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors

<b>Ashish U. Bhuta</b>	- Chairman & Managing Director
<b>Dilip H. Bhuta</b>	- Whole Time Director & CFO
<b>Bharat V. Bhate</b>	- Director
<b>Rameshchandra J. Vora</b>	- Director
<b>Arun R. Raskapurwala</b>	- Director
<b>Anjali S. Dalvi</b>	- Director
<b>Ashish R. Shah</b>	- Company Secretary





**JENBURKT PHARMACEUTICALS LIMITED**

CIN: L24230MH1985PLC036541

Nirmala Apartments, 93, Jayprakash Road, Andheri (W), Mumbai - 400 058. • Tel. No : +91-22-66943121 / 67603603

• Fax :+91-22-66943127• Email : Investor@jenburkt.com • Website : www. jenburkt.com

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s) : .....

Registered address : .....

E-mail Id : .....

Folio No/ Client Id : .....

DP ID : .....

I/We, being the member (s) of \_\_\_\_\_ shares of the above named company, hereby appoint

Name : .....

Address : .....

E-mail Id : ..... Signature:.....

or failing him / her

Name : .....

Address : .....

E-mail Id : .....Signature:.....

or failing him / her

Name : .....

Address : .....

E-mail Id : .....Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the company, to be held on 30<sup>th</sup> July, 2019 at 3.30 p.m. at the ISKCON Auditorium, Hare Krishna Land, Juhu, Mumbai – 400049 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional *	
		For	Against
	<b>Ordinary Business:</b>		
1	To adopt the financial statement for the financial year ended on 31 <sup>st</sup> March, 2019.		
2	To approve dividend for the financial year ended on 31 <sup>st</sup> March, 2019.		
3	To re-appoint Shri Ashish U. Bhuta, as a director of the Company retiring by rotation.		
	<b>Special Business:</b>		
4	To ratify remuneration of the Cost Auditors of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy Holder(s)

Affix  
Revenue  
Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For resolutions and explanatory statements of special business, kindly refer to the Notice of 34<sup>th</sup> Annual General Meeting.

\* It is optional to put a "X" in the appropriate column against the Resolutions indicated in the box. If you leave the "For" or "Against" column blank against any or all Resolution(s), your proxy will be entitled to vote in the manner he/she thinks appropriate.



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

34<sup>th</sup> ANNUAL GENERAL MEETING ON 30<sup>th</sup> JULY, 2019 AT 3.30 p.m.  
at ISKCON Auditorium, Hare Krishna Land, Juhu, Mumbai – 400049.

NAME AND ADDRESS OF THE SHAREHOLDER	
FOLIO NO./DP ID & CLIENT ID	
NUMBER OF SHARES	
SIGNATURE OF THE SHAREHOLDER / PROXY	

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

Kindly fill correct details of your folio number, DP ID / CL ID and number of shares.  
Your signature shall match with Company's records.

# Financial Highlights

(₹ in Lac)

Description	2018-19 (IND-AS)	2017-18 (IND-AS)	2016-17 (IND-AS)	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>Profit &amp; Loss Account</b>										
Revenue from operations	12264.43	11467.42	10330.60	9429.95	8634.02	7737.97	7043.03	6068.28	5727.34	5191.05
Other Income	340.97	339.40	295.52	337.77	226.48	163.62	141.47	123.53	91.45	68.83
Gross Revenues /Income	12605.40	11806.82	10626.12	9767.72	8860.50	7901.59	7184.50	6191.81	5818.79	5259.88
Profit before depreciation, interest and tax (PBDIT)	2837.23	2718.13	2267.60	1919.81	1735.55	1314.69	1124.47	1030.74	1059.40	707.88
Profit before Tax	2663.34	2526.89	2047.89	1682.83	1434.00	1032.88	882.38	852.06	908.97	572.71
Profit after Tax (PAT)	1979.78	1721.22	1350.77	1077.90	964.92	750.63	621.53	599.52	601.52	377.89
Dividend & dividend distribution tax	331.97	618.97	-	402.90	352.53	275.58	226.94	190.39	189.76	163.19
Dividend (Rs.) on 10/- paid-up	10.20	9.00	8.10	7.20	6.30	5.10	4.20	3.50	3.50	3.00
<b>Balance Sheet</b>										
Share Capital	458.94	458.94	464.93	464.93	464.93	464.93	464.93	464.93	464.93	464.93
Reserves & Surplus	7287.61	5667.09	4978.74	3553.94	2878.94	2265.73	1800.17	1405.58	990.95	568.33
Net worth	7746.55	6126.03	5443.67	4018.87	3343.87	2730.66	2265.10	1870.51	1455.88	1033.26
Deferred Tax Liability	-36.81	11.79	50.27	63.14	76.25	119.68	112.00	115.15	113.23	69.78
Long Term Loans / Provision	274.38	302.39	316.86	312.51	269.92	261.23	252.73	481.40	457.29	486.60
Capital Employed (A+B+E):	7763.41	6242.05	5621.67	4333.21	3625.57	3595.15	3113.70	2643.46	1947.07	1532.43
Net fixed assets (A)	959.18	956.83	1062.64	1210.65	1160.45	1357.05	1422.64	1312.01	1026.93	736.35
Capital Work in Progress (B)	99.00	0.00	0.00	0.00	0.00	0.00	0.00	23.87	51.86	104.67
Current Assets (C)	8966.79	6592.16	6388.60	4530.93	4860.35	3818.06	3441.36	2643.60	2424.98	1764.28
Current Liabilities (D)	2261.56	1306.94	1829.57	1408.37	2395.23	1579.96	1750.30	1336.02	1556.70	1072.87
Net Current Assets (C-D)= (E)	6705.23	5285.22	4559.03	3122.56	2465.12	2238.10	1691.06	1307.58	868.28	691.41
Investments	185.61	162.82	138.64	61.32	31.21	31.21	31.21	52.80	79.32	57.20
<b>Ratio &amp; Statistics</b>										
PBDIT as % of gross revenue	22.51	23.02	21.34	20.36	20.10	16.99	15.97	16.99	18.50	13.64
PAT as % of gross revenue	15.70	14.58	12.71	11.43	11.18	9.70	8.82	9.88	10.50	7.28
ROCE %	25.50	27.57	24.03	24.88	26.61	20.88	19.96	22.89	31.74	26.47
RONW %	25.56	28.10	24.81	26.82	28.86	27.49	27.44	32.05	41.32	36.57
Current Ratio	3.96	5.04	3.49	3.22	2.03	2.42	1.97	1.98	1.56	1.64
Earning per share (Rs.)	43.14	37.50	29.05	23.18	20.75	16.15	13.37	12.89	12.94	8.13
Book Value per equity share (Rs.)	168.79	133.49	117.09	86.44	71.92	58.73	48.72	40.23	31.31	22.22

Book-Post

**Jenburkt Pharmaceuticals Limited**

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Andheri (West), Mumbai-400058.  
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