



ANKUR

Report Junction.com

GROWTH

A CHALLENGE ..

THIRTEENTH ANNUAL REPORT - 2007

BOARD OF DIRECTORS

Mr. Purnandu Jain
Mr. Girraj Vijayvargiya
Mr. Lalit Agarwal
Mr. Dileep Shinde
Dr. Manisha Jhaveri
Dr. Clifton Zimmermann

Chairman & Managing Director
Wholetime Executive Director
NED - I
NED - I
NED - I
NED - I [w.e.f. April 28, 2007]
NED - I - Non Executive Director - Independent

REGISTERED OFFICE

C-306, Crystal Plaza, Andheri Link Road,
Andheri [West] Mumbai - 400 053.
Tel : [022]-26733683; Fax : [022]-26733687
Email : sheetal@ankurdrugs.com
Website : www.ankurdrugs.com

AUDITORS

M. G. Vashi & Co.
Chartered Accountants
801/A, Sunflower, Gundecha's Valley of
Flowers, Thakur Village,
Kandivali [East] Mumbai - 400 101.

MANUFACTURING UNITS

1] Plot No. 3 & 4, Survey No. 168,
Dabhel Industrial Co-operative Society Ltd.
Village Dabhel, Nani Daman [U.T.] 396 210.

2] Village Makhnu Majra, Taluka - Nalagarh,
District : Solan, P. O. Baddi,
Himachal Pradesh - 173 205.

COMPANY SECRETARY

Mr. S. C. Rane

BANKERS

Citibank N.A
Corporation Bank
ICICI Bank Ltd.
Indian Overseas Bank
ING Vysya Bank Ltd.
State Bank of India
State Bank of Indore

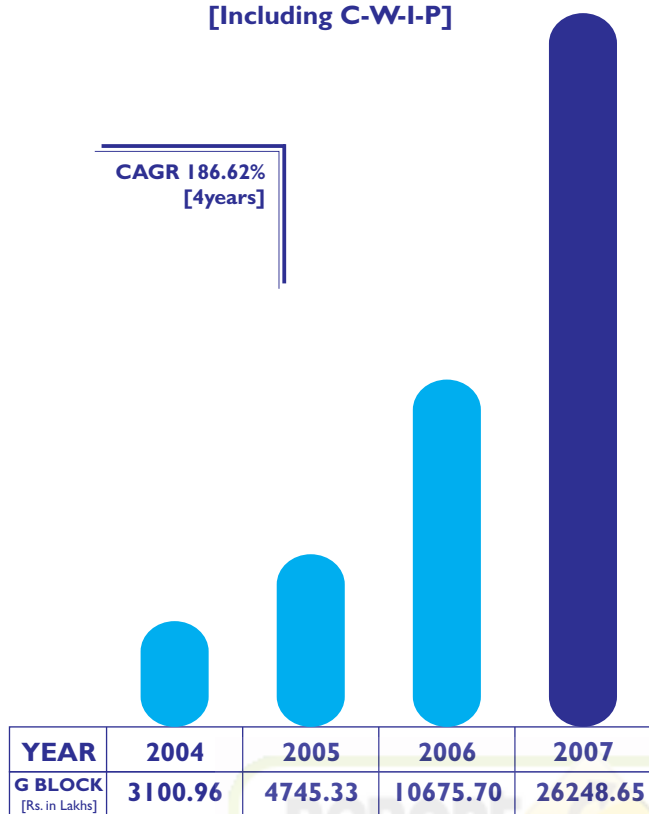
CONTENTS

- 2 Graphs of Financial Highlights
- 3 Notice,
- 9 Directors' Report
- 15 Management Discussion & Analysis
- 18 Corporate Governance Report
- 26 Auditor's Report
- 27 Annexure to Auditors Report
- 30 Balance Sheet
- 31 Profit & Loss Account
- 32 Schedules I to 17
- 45 Balance Sheet Abstract
- 46 Cashflow Statement
- 47 Auditor's Certificate
- Attendance Slip

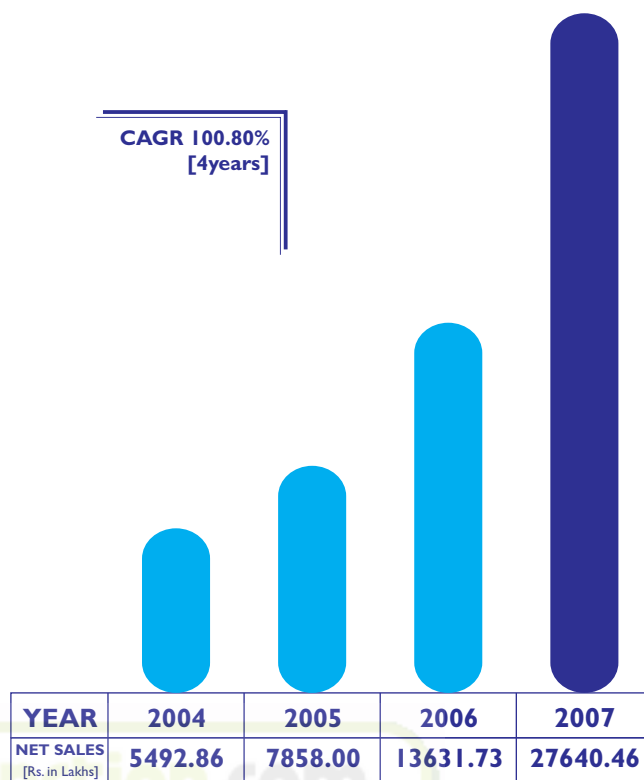
REGISTRAR & SHARE TRANSFER AGENT

Choksh Infotech Limited
Unit : Ankur Drugs and Pharma Limited
106, MHADA Commercial Complex Building,
New Link Road, Jogeshwari [West],
Mumbai - 400 102.
Tele : [022]-26303348,
Fax : [022]-26303342,
Email : choksh@vsnl.com

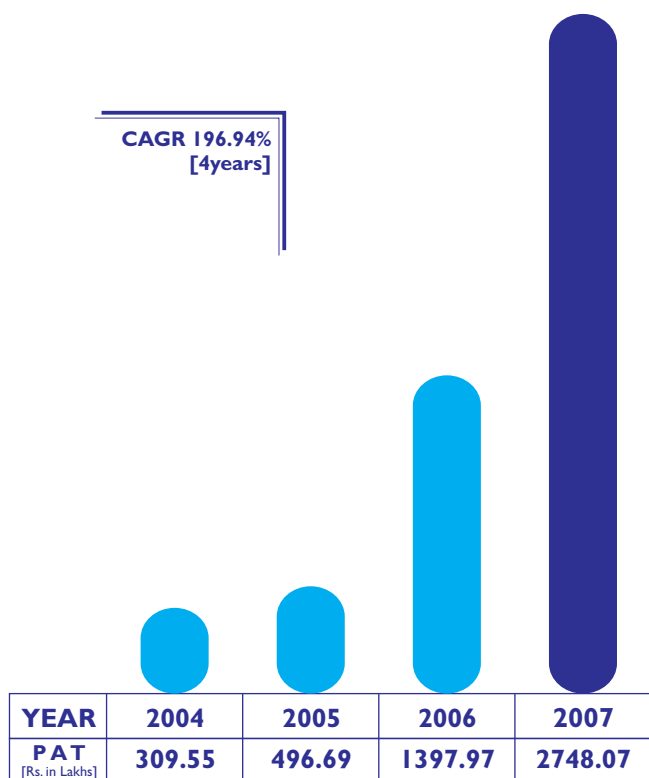
FINANCIAL HIGHLIGHTS

GROSS BLOCK
[Including C-W-I-P]CAGR 186.62%
[4years]

NET SALES

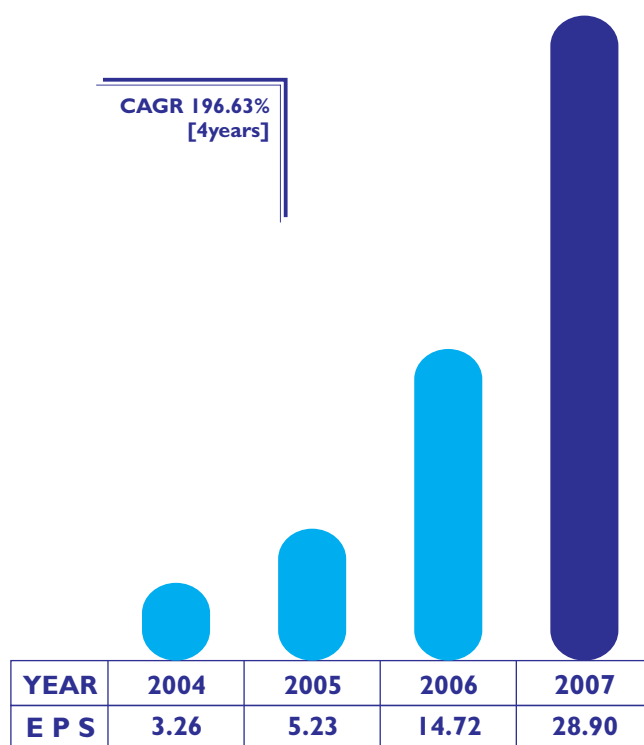
CAGR 100.80%
[4years]

PROFIT AFTER TAX

CAGR 196.94%
[4years]

EARNING PER SHARE

Face Value Rs. 10 per Share

CAGR 196.63%
[4years]

NOTICE

NOTICE is hereby given that the **Thirteenth Annual General Meeting** of the Members of **ANKUR DRUGS AND PHARMA LIMITED** will be held on Monday, December 31, 2007 at Garden Court, Veera Desai Road, Andheri [West], Mumbai- 400 053, at 10.30A.M. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and the Profit & Loss Account of the Company for the year ended on that date along with the reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares for the financial year 2006-2007.
3. To appoint a Director in place of Dr. Manisha Jhaveri who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint M. G. Vashi & Co., Chartered Accountants as statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification[s], the Following Resolution as an **Ordinary Resolution** :
"RESOLVED THAT Dr. Clifton Zimmermann, who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold the office under Section 260 of the Companies Act, 1956, and the Company has received a notice in writing under Section 257 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, who will be liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution** :
"RESOLVED THAT in partial modification of the resolution passed at the Tenth Annual General Meeting of the Company held on September 30, 2004 and in accordance with the provisions of Sections 198, 269, 309 and 310 other applicable provisions, if any, of the Companies Act, 1956 read with the limits and conditions under Schedule XIII and other applicable provisions of the said Act and Articles of Association of the Company, the ceiling on remuneration of Mr. Purnandu Jain, Chairman and Managing Director of the Company, be and hereby with effect from April 01, 2007 for the remaining tenure of his appointment as set out below :
 - 1] Salary Rs. 9 00 000 p.m. till March 31, 2008 and Rs. 11 00 000 p.m. from April 01, 2008 to August 22, 2008.
 - 2] Contribution to Provident Fund as per the Company's rules.
 - 3] Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - 4] Leave encashment at the end of the tenure of the employment.**AND** on the terms and conditions as set out in the agreement entered into between the Company on one hand and Mr. Purnandu Jain on the other hand, with the discretion to the Board of Directors to alter and vary the terms and conditions of the aforesaid appointment and remuneration payable to the said Chairman and Managing Director from time to time."
"RESOLVED FURTHER THAT all other terms and conditions of the appointment of Mr. Purnandu Jain, Chairman and Managing Director as approved by the Board members at Board meeting held on 30th November, 2007 shall remain unchanged."
"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any Financial Year the remuneration payable to Mr. Purnandu Jain shall be governed by Section II of Part II of Schedule XIII of The Companies Act, 1956 or any Statutory modification thereof."
"RESOLVED FURTHER THAT in the event of any statutory amendment or modification or relaxation by the Central Government of Schedules XIII of The Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or to increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid agreement entered into between the Company and Mr. Purnandu Jain be suitably amended to effect such modification, relaxation or variation without any further reference to the Company in the General Meeting."
7. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution** :
"RESOLVED THAT in accordance with the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, ["the Act"], the following Articles be inserted, altered & substituted in the existing Articles of Association of the Company.



Following Article be inserted in Article 3 after "Share"

"Shareholders Agreement" means the Share Subscription and Shareholders Agreement dated August 31, 2007 entered into between the Company and Kampani Finance Limited [KFL], BRLP Mauritius Holdings II [BRLP] and BROMLP Mauritius Holdings II [BROMLP] [All i.e. KFL, BRLP and BROMLP collectively referred to as Investors and each individually as an Investor] and the Promoters of the Company. - **"Shareholders Agreement"**

Existing **Article 14** be substituted by the following:

- 14.** Subject to the provisions of these Articles and of the Act and Articles 15A and 15B below, the shares [including any shares forming part of any increased capital of the Company] shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons in such proportion on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either [subject to the provisions of Sections 78 and 79 of the Act] at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be Filed the returns as to allotment provided for in Section 75 of the Act.

Existing **Article 15** be substituted by the following:

- 15.** In addition to and without derogation from the powers for that purpose conferred on the Board under Articles 13 and 14, the Company in General Meeting may subject to Articles 15A and 15B below by special resolution and subject to the provisions of Section 81 of the Act, determine that any shares [whether forming part of the original capital or of any increased capital of the Company] shall be offered to such person [whether member or not] in such proportion and on such terms and conditions and either [subject to compliance with the provisions of Section 78 and 79 of the Act] at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person [whether a member or not] the option to call for or be allotted shares of any class of the Company either [subject to compliance with the provisions of Section 78 and 79 of the Act] at a premium or at par or at a discount. Such option being exercisable at such times and for such consideration as may be directed by such General Meeting. The Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Article 15A & 15B be inserted after Article 15

- 15A** The Company shall not during the Term of the Shareholders Agreement without the prior written consent of each "Investor" issue any Equity Shares of any other equity interests [other than the Permitted Issuance as per the Shareholders Agreement] or any instruments convertible into or exercisable or exchangeable for Equity Shares or any other equity interests, whether by way of rights issue, preferential issue, public issue, issue of other equity related securities, free distribution, bonus issue, stock split or otherwise.
- 15B** The Company shall not issue any equity shares below the Subscription Prices being paid by the "Investor" for a period of 3 years from the Closing Date as per the Shareholders Agreement. In the event the Company issues equity shares to other investors [for the purpose of this clause "Other Investors"] below the Subscription Price being paid by the Investors, the Company shall take all necessary steps to issue additional equity shares to the "Investors" on a pro rata basis, so as to maintain the shareholding of each "Investor" prior to the issue of equity shares by the Company to the "Other investors" upon payment of the lowest price permitted by applicable Law for the issuance of such additional equity shares to the Investors.

Article 128A be inserted after Article 128

- 128A a.** During the Term of the Shareholders Agreement, the KFL Investor shall have the right to nominate one [1] non-retiring Director [the "KFL Investor Director"] on the Board and on every committee and sub-committee of the Board. During the Term of the Shareholders Agreement, the KFL Investor shall have the right to appoint the KFL Investor Director [including an alternate on account of resignation or vacancy]. The KFL Investor Director shall be reimbursed reasonable actual expenses incurred by him for attending the meetings of the Board and of every committee and sub-committee of the Board.
- b.** The KFL Investor Director shall not be required to hold any qualification shares. The KFL Investor Director shall not be liable to retire by rotation. The KFL Investor Director may nominate an alternate Director for himself and the Board shall nominate and appoint such person as an alternate for such KFL Investor Director. Such Director may attend any Board Meeting in the place of the KFL Investor Director and any vote cast by such alternate Director shall be considered the vote of the KFL Investor Director.
- c.** The KFL Investor Director shall be a non-executive independent Director and shall have no responsibility of the day-to-day management of the Company. The Company shall nominate Directors or persons other than the KFL Investor

Director as “persons in charge” as contemplated under applicable Law and shall ensure that the KFL Investor Director is not included within the scope of “Office[s] who is in default” under applicable Law. The Company shall at all times appoint a compliance officer or a designated officer[s] of the Company who shall be the officer in default for the purpose of applicable Law. In the event that any notice or proceeding have been filed against the KFL Investor Director by reason of him/them being included within the scope of “Officer[s] who is in default” the Company and the Promoters shall take all necessary steps to ensure that the name of KFL Investor Director is excluded / deleted and the charges / proceedings against the KFL Investor Director are withdrawn and shall also take all steps to defend the KFL Investor Director against such proceedings and shall pay all cost, damages, fines, levies, etc. that may be levied against the KFL Investor Director.

Article 137A be inserted after Article 137

137A At least seven [7] days written notice shall be given to all directors of the Company for any meeting of the Board provided always that a shorter period of notice may be given with the prior written consent of the KFL Investor. Such written notice to the KFL Investor Director shall be given at the address as notified by the concerned KFL Investor Director as valid address for the service of notices for the time being. A copy of any document[s] to be reviewed and discussed at such meeting shall accompany such notice unless otherwise agreed by such KFL Investor Director in writing. Every notice convening a meeting of Board shall set out the agenda in full and sufficient details of the business to be transacted there at. No business shall be transacted at the meeting of the Board if it is not contained in the agenda unless quorum is present and agrees to allow transaction of such business.

Article 150 be substituted by the following :

150 Subject to section 287 of the Act and Article 150A below, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two Directors, whichever is higher; provided that where at any time the number of interested Directors exceeded or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two shall be the quorum during such time

Article 150A be inserted after Article 150

150A The attendance of the KFL Investor Director or his alternate shall be necessary to constitute a quorum at any meeting of the Company's Board or committee / sub-committee formed by the board only for the matters specified in Article 160B below. If a quorum [as aforesaid] is not present at such a meeting, duly convened in accordance with the aforesaid notice the meeting shall stand adjourned to the same day in the next week [or such other later date as the chairman of the relevant Board meeting may decide] at the same time & place and the Directors present at such adjourned meeting shall constitute a quorum provided that:

- A Written notice of the adjournment was given to each Director and his / her alternate at their usual address for service of notices of Board Meetings not less than Five[5] days before the date of the adjourned meeting;
- B No agenda Items are considered at the adjourned meeting which were not on the agenda for the meeting which was adjourned; and
- C The requisite quorum as per the Act is present.

Article 160B be inserted after Article 160

160B Notwithstanding anything contrary provided in these Articles, the decisions of the Board shall be taken by a simple majority, provided however that the consent/affirmative vote of the KFL Investor Director will be required for following matters to be decided :

- a. acquisition of any business or assets, in a single transaction or series of related transaction in excess of 10% of the net worth of the Company; and
- b. issue of further Equity shares by the Company save and except the permitted Issuance as per the Shareholders Agreement or due to a reorganization of the share capital of the Company pursuant to the proposed merger between the Company and Vaibhav Healthcare Private Limited.



Article 201 be substituted by the following:

- 201** The Company shall indemnify and hold the KFL Investor Director harmless from and against any direct losses, reasonable costs [including without limitation the fees, disbursements and other charges of counsel], expenses, claims, damages, penalties and liabilities [collectively "LOSSES"] that the KFL Investor Director may occur or suffer as a result of, arising out of or in connection with his duties as director on the Board.

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.
Date : November 30, 2007.

For Ankur Drugs and Pharma Ltd.
By Order of the Board of Directors

S. C. RANE
 Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
2. Relative Explanatory Statements pursuant to Section 173[2] of the Companies Act, 1956, in respect of the business under Item Nos. 5, 6 and 7 set out above and the relevant details pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed above.
3. **The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, December 24, 2007 to Monday, December 31, 2007 [both days inclusive].**
4. Members / Proxies should bring the Attendance Slips sent herewith duly filled in, for attending the Meeting.
5. Corporate Members intending to send their authorized representative/s to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative/s to attend and vote at the meeting.
6. All documents referred in the accompanying notice are open for inspection at the Registered Office of the Company between 3 pm and 5 pm on all working days upto the date of the Annual General Meeting.
7. Members desiring any information on accounts or operations of the Company are requested to forward his / her queries to the Company at least Eight days prior to the date of the Meeting, so that the required information is made available at the Meeting.
8. As members are aware, equity shares of the Company are traded in electronic form for all shareholders. Members who hold shares in physical form may dematerialize the same. ISIN allotted to the Company for this purpose is **INE238D01012**.
9. Shareholders are requested to immediately notify any change in their address or bank mandate to the depository participants with whom they are maintaining their demat account or to the Company's Registrar and Transfer Agents, namely, Choksh Infotech Limited Unit : Ankur Drugs And Pharma Ltd. 106, MHADA Commercial Complex Building, New Link Road, Jogeshwari [West], Mumbai – 400 102 if shares are held in physical form.
10. Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made on or after December 31, 2007, to those Members, whose names are on the Register of Members as on December 20, 2007.
11. At the ensuing Annual General Meeting Dr. Manisha Jhaveri is seeking re-appointment as Director of the Company and Dr. Clifton Zimmereman who is additional Director and will be appointed as Director of the Company. The details pertaining to these Directors required to be provided pursuant to Clause 49 of the listing agreement are furnished as above.

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.
Date : November 30, 2007.

For Ankur Drugs and Pharma Ltd.
By Order of the Board of Directors

S. C. RANE
 Company Secretary

ANNEXURE TO NOTICE

As required by section 173[2] of the Companies Act, 1956, the following Explanatory Statement set out all material facts relating to business mentioned under Item No[s]. 5, 6 and 7 of the accompanying notice dated November 30, 2007.

ITEM No.5

Dr. Clifton Zimmerman was appointed as an additional Director of the Company in the meeting of Board of Director held on April 28, 2007. According to provisions of Section 260 of the Companies Act, 1956 he holds office upto the date of this meeting. As required by section 257 of the Companies Act, 1956 a notice has been received along with the deposit from a member signifying his intention to propose his appointment as a Director.

None of the Directors except Dr. Clifton Zimmerman is deemed to be interested or concerned in the above resolution.

Your Directors recommend the resolution for your approval.

ITEM No.6

The resolutions are in respect of remuneration payable and increase in remuneration to Mr. Purnandu Jain as Chairman and Managing Director of the Company.

The Board of Directors at its meeting held on August 23, 2003 decided to appoint Mr. Purnandu Jain as Chairman and Managing Director of the Company with effect from August 23, 2003 with mutual consent for a period of 5 [Five] years from August 23, 2003 with the remuneration of Rs. 1 50 000 p.m. and the permissible perquisites.

The Board of Directors at its meeting held on August 31, 2003 passed a resolution to increase the remuneration of Mr. Purnandu Jain, Chairman and Managing Director of the Company from Rs. 1 50 000 p.m. to Rs. 3 00 000 p.m. with effect from April 1, 2004 which is in scale of Rs. 1 50 000 - 3 00 000 - 4 50 000 - 6 00 000. The same is further revised to Rs. 9 00 000 p.m. w.e.f. April 01, 2007 to March 31, 2008 and Rs. 11 00 000 p.m. from April 01, 2008 to August 22, 2008.

As the total monthly remuneration of Mr. Purnandu Jain is within the limits prescribed in the Act and relevant provisions, in terms of Part I of Schedule XIII of The Companies Act, 1956 hence prior approval of the Central Government is not required. The terms and conditions of appointment as set out in the agreement may be altered or varied from time to time by the Board of Directors of the Company at its discretion, deem fit, so as not to exceed any statutory modification or re-enactment thereof, for the time being or enforced or any amendments made thereof.

None of the Directors except Mr. Purnandu Jain is deemed to be interested or concerned in the above resolution relating to his remuneration.

Your Directors recommend the resolution for your approval.

Item No.7

The alteration in the Articles of Association is based on the requirement and terms and conditions of the Shareholders Agreement dated August 31, 2007 with the investors who have invested in the Preferential Issue of the Equity Share of the Company,

None of the Directors of the Company is deemed to be interested or concerned in the above resolution.

Your Directors recommend the resolution for your approval.



DETAILS OF DIRECTORS, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT, SEEKING RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING.

Name of the director	Dr. Manisha Jhaveri	Dr. Clifton Zimmerman
Date of Birth	June 20, 1971	July 13, 1950
Date of Appointment	April 02, 2006	April 28, 2007
Expertise in specific Functional Areas	Practicing Homeopathy	Pharma Research
Qualifications	DHMS	Doctorate in Pharmacy
Directorships held in other companies as on March 31, 2007	NIL	NIL

Registered Office :
C-306, Crystal Plaza, Andheri Link Road,
Andheri [West], Mumbai - 400 053.
Date : November 30, 2007.

For Ankur Drugs and Pharma Ltd.
By Order of the Board of Directors

S. C. RANE
 Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirteenth Annual Report on the business and operations together with the Audited Accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS

[For the year ended March 31]

[Rs. in Lakhs]

Particulars	2007	2006
EARNINGS BEFORE INTEREST, DEPRECIATION AND TAX	4134.02	2199.11
Less : Interest and Finance Charges	837.30	408.07
Less : Depreciation	252.03	249.67
PROFIT BEFORE TAXATION	3044.69	1541.37
Less : Current Tax including Fringe Benefit Tax	345.58	145.76
[Add] / Less : Deferred Tax	[32.66]	4.74
[Add] / Less : Prior period adjustments	[16.30]	[7.11]
PROFIT AFTER TAXATION	2748.07	1397.98
Surplus brought forward from Previous Year	1583.05	597.56
Amount Available for appropriation Total	4331.12	1995.54
APPROPRIATIONS :		
Proposed Dividend on Equity Shares	190.17	142.50
Tax on Proposed Corporate Dividend	32.01	19.99
Transfer to General Reserve	500.00	250.00
Surplus carried over to Next Year	3608.94	1583.05
Total	4331.12	1995.54

OPERATIONS / OVERVIEW

2004, 2005 & 2006 had been years when growth and capacity expansion were planned and implemented in phased manner. 2007 has been a year of "Expanding for Growth" which is visible in the results achieved by your Company. **Growth is a challenge.** For us at Ankur **Sustainable Growth is an opportunity** for still better performance.

Contract manufacturing market has shown sizeable growth in the last fiscal as well. The business has performed well with productivity gains, growth in volumes and sustained margins notwithstanding rise in input cost. The Company's business continues to be successful inspite of several constraints. The Company's ability to neutralize cost increase and improve margins together with purchasing efficiencies, improvements in manufacturing yields / usage and expenses control helped in increasing profitability.

The year under review has overall been a challenging yet encouraging year. Your Company continued to improve its performance on almost every parameter like productivity, product mix, quality, etc which have resulted in better results for the year. Infact the performance has established a new milestone for the Company.