

ANNUAL REPORT | 2007-2008



 **JENBURKT**

Delivering Excellence in Life Sciences

Delivering Excellence in Lifesciences

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

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

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

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

Board Of Directors

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

Company Secretary

Ashish R. Shah

Auditors

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

Bankers

Bank of Baroda
ICICI Bank

Registered Office

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

Plant

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

Index

Notice	02
Directors' Report	06
Management Discussion & Analysis Report	10
Corporate Governance Report	12
Auditors' Report	20
Cash Flow Statement	23
Balance Sheet	24
Profit & Loss Account	25
Schedules	26

NOTICE

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

ORDINARY BUSINESS :

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

SPECIAL BUSINESS :

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

A. Salary:

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

B. Perquisites :

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

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

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

C. Others :

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

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

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

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

By Order of the Board of Directors
For JENBURKT PHARMACEUTICALS LTD

Mumbai, 24th June, 2008.

ASHISH R. SHAH
Company Secretary

NOTES :

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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

Item No.6 of the Notice :

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

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

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

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

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

I. General Information:

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

(Rs. in lacs)

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

5) Export performance and net foreign exchange collaborations:

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

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

The Company has not entered in to any foreign collaboration.

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

II. Information about the appointee:

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

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

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

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

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

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

III. Other Information:

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

IV. Disclosures:

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

By Order of the Board of Directors
For JENBURKT PHARMACEUTICALS LTD

ASHISH R. SHAH
Company Secretary

Mumbai, 24th June, 2008.

Directors' Report

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

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

DIVIDEND :

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

FINANCIAL PERFORMANCE :

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

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

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

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

PLANT :

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

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

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

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

CRISIL RATING :

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

DIRECTORS :

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

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

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

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

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

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

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

AUDITORS :

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

REPORT ON CORPORATE GOVERNANCE :

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

REPORT ON MANAGEMENT DISCUSSION & ANALYSIS :

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

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :

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

PARTICULARS OF THE EMPLOYEES :

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

DIRECTORS RESPONSIBILITY STATEMENT :

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

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

FIXED DEPOSIT :

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

APPRECIATION :

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

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

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

Uttam N. Bhuta
Chairman and Managing Director

Mumbai, 24th June, 2008.

ANNEXURE - I TO THE DIRECTORS' REPORT

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

I. CONSERVATION OF ENERGY :

(a) Energy conservation measures taken :

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

Specific energy conservation measures are :

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

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

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

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

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy

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

B Consumption per Unit of production :

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