

14th Annual Report 2007-2008

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SANJIVANI PARENTERAL LIMITED



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**BOARD OF DIRECTORS**

A.H. Khemka
Ashwin Khemka
Sanjiv T. Satam
Narmadeshwar R. Chaube
Mahendra Kalwankar
Dr. Vinod R. Goyal

AUDITORS

M/s. M. K. Mehta & Co.
Chartered Accountant
Mumbai.

BANKERS

Axis Bank Ltd.
The Shamrao Vithal Co-Op. Bank Ltd.

REGISTERED OFFICE

205, P. N. Kothari Industrial Estate,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai - 400 078.

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present herewith the 14th Annual Report together with the Audited statement of accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

(Rs.in Lakhs)

PRTICULARS	AS AT 31.03.2008	AS AT 31.03.2007
Sales & Other Income	9194.48	6944.44
PBID	814.77	671.91
Interest	279.44	171.96
Depreciation	51.86	50.41
PBT	483.47	449.54
Provision for Tax (Net)	110.84	157.00
PAT	372.63	292.54

PERFORMANCE REVIEW:

During the year under review, your Company has strengthen its operations and activities and made steady progress in all spheres of its activities. This is reflected in the healthy growth in both its Top Line i.e. an increase of approx. 32% on last year and a corresponding jump in PAT by approx. 27%

The management has consistently taken initiative to raise the efficiency of its operations to be cost competitive and the same time focused on making its mark in niche segment of Pharmaceuticals Industry as a manufacturer of specially products in injectable form.

OPPORTUNITIES:

Your Company's various initiative undertaken during the year 2007-08, like focus on Institutional Supply, successful product launches etc. have laid a very strong foundation for the future growth plans of the Company both in India and globally.

The new product pipeline being developed by the in-house R&D wing of the Company has given upper edge in the market. The strong and focused R&D pipeline has more than 20 new formulations under various stages which shall further strengthen the Company's product basket enabling it to launch volume building brands in the coming two years.

INTERNAL CONTROL SYSTEM :

The Company has adopted well established procedures for purchase of materials and stores, manufacturing of finished goods as well as for its distribution. Proper procedure exists for receipt/transfer of raw materials, stores and finished products as well as their proper accounting including frequently physical verification thereof. The Company has appointed a team of professionals and also initiated implementation of new software so as to reduce the risk of revenue leakage, increase the production efficiency and for better management decision making.

The Audit Committee of the Board reviews the procedures periodically and the action recommended by the Audit Committee is initiated to remedy any weakness in the system.

HUMAN RESOURCES

The well qualified employees including staffs & workers have been recruited in the organization to carry out day to day work. All type know-how and training is provided to these employees to explore their talent for the benefits of the organization.

**DIVIDEND:**

Your Directors do not recommend any dividend to conserve the resources for future plans.

FIXED DEPOSITS

During year under review the company has not accepted any deposit within the meaning of section 58A of the Companies' Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as amended.

DIRECTORS

Shri Mahendra Kalwankar, retires by rotation at ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Dr.Vinod R. Goyal was appointed as Additional Directors on 30th July, 2008. He holds the office until the ensuing Annual General Meeting. Notice has been received from members under section 257 of the companies Act, 1956, proposing his name for appointment to the office of Director.

STATEMENT OF DIRECTORS' RESPONSIBILITY:

Pursuant to the requirement of section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

(a) in preparation of annual accounts, the applicable accounting standard had been followed along with proper explanation relating to material departure;

(b) the directors had selected such accounting policies and applied them consistently and made judgement 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 and of the profit or loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of Listing Agreement, a Report on Corporate Governance is given in Annexure A.

AUDIT COMMITTEE:

Pursuant to section 292A of the Companies Act, 1956, an audit committee was constituted comprising the following Directors

Name of Directors

A.H. Khemka	Chairman
Ashwin Khemka	Member
Narmdeshwar R. Chaube	Member

AUDITORS :

M/S, M.K.Mehta & Co., Chartered Accountants, auditors of the company retire as Auditors of the company at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment

DISCLOSURES :**A) PARTICULARS OF EMPLOYEES**

Since the company does not have any employees drawing remuneration in excess of Rs. 24,00,000 p.a. or Rs. 2,00,000 per month the information required pursuant to provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, have not been given.

**B. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Additional information as required in terms of the provisions of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rule, 1988 in respect to above matters is given below:

	<u>2007-08</u>	<u>2006-07</u>
Power and Fuel Consumption		
1. Gas and Electricity		
a) (i) Gas	—	—
(ii) Electricity :		
Unit :	618591	760191
Total Amt. (Rs.)	3047786	3887221
Average Rate/per unit	4.92	5.11
(b) Own Generation :	—	—
2. Coal	—	—
3. Furnace Oil, LSHS & L.D. Oil :		
Quantity (Ltrs.)	49125	57573
Total Cost (Rs.)	1437326	1862874
Average Rate/Litre	29.26	32.35
4. Other /Internal Generation:	—	—

C. RESEARCH & DEVELOPMENT

The Company has no specific Research and Development Department. However, the Company is outsourcing the R&D work for the development of new monocular and also has a in-house Quality Control Department to check the quality of different products manufactured.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and Earned	(In Rupees)	
	<u>2007-08</u>	<u>2006-07</u>
Used	42,41,775	11,40,920
Earned	1,26,29,890	24,22,893

ACKNOWLEDGEMENT :

Your board of Director is grateful to the Company's Bankers, Government Authorities, Customers, Suppliers, Distributors, the Shareholders and Business Associates for their continued and valued support. The Directors also wish to place on record their appreciation to company's personnel at all levels for the contribution made by them towards the working of your Company.

For and on behalf of the Board of Directors

PLACE: MUMBAI

DATE : 12TH AUGUST'2008

A .H .KHEMKHA
Chairman

**'ANNEXURE A' TO DIRECTORS' REPORT****CORPORATE GOVERNANCE:****COMPANY'S PHILOSOPHY**

The Board of Directors of the company is firmly committed to the adoption of fair business practice in the pursuit of its corporate goal of protection of the interest of its stakeholders. The Board of Directors acknowledges it is primarily responsible for devising and implementing good business practices that meets the above objective. Towards this it has adopted corporate policies, which are in harmony with the guidelines prescribed in the listing agreement.

BOARD OF DIRECTORS:

The Board of Directors comprises of six non-executive Directors. The composition of the Board, the attendance of Directors at the Board meetings during the last financial year, attendance at the last annual general meeting and directorship in other companies are listed below:

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorship	No. of other committees other then Domestic Company in which Member/ Chairman
Mr. A. H. Khemka	Chairman	7	Yes	2	NIL
Mr. Ashwin Khemka	Director	7	Yes	2	NIL
Mr.NR.Chaube	Non-Executive Independent Director	5	Yes	NIL	NIL
Mr. Sanjiv T.Satam	Non-Executive Independent Director	4	Yes	NIL	NIL
Mr.Mahendra Kalwankar	Non-Executive Independent Director	7	Yes	NIL	NIL
Dr.Vinod R Goyal (w.e.f. 30 th July,08)	Non-Executive Independent Director	-	N.A.	1	NIL

A total of 7 Board meetings and 4 Audit Committee meetings were held during the year 2007-2008. The maximum interval between any two meetings was not more than 3 months. The Board meetings were held on 30th April'2007, 30th July'2007, 6th August,2007, 30th October'2007, 28th December'2007, 30th January'2008 and 29th February,2008 .

All the Board meetings were held in Mumbai.

Relationship of Directors with each other, if any. Mr. A. H. Khemka, Chairman and Mr. Ashwinn Khemka, Director are related to each other.

No loans or advances were given to any of the directors of the company.

CODE OF CONDUCT:

The Company has formulated and implemented a Code of Conduct for all Board Members and Senior Management of the Company with Clause 49 (1) (D) of the Listing Agreement.



AUDIT COMMITTEE:

Terms of reference:

The role and terms of reference of the Audit committee covers the areas mentioned in the clause 49 of the Listing Agreement with stock exchange and section 292A of the Companies Act, 1956, which among other things include:

1. A periodical reviews of efficacy of the internal control systems and procedures and suggests improvement therein.
2. Review of operating results on a quarterly basis, prior to their submission to the Board for its consideration and adoption.
3. Advise the Board on appointment / removal of statutory auditors and fix their remuneration.
4. Review with the statutory auditors their audit findings and suggest measures to address any areas of concern cited by them.
5. Assure the Board on the adequacy of company's risks management measures and implementation of financial policies and procedures.

The Audit committee met 4 times during the year i.e on 30th April, 2007, 30th July, 2007, 30th October, 2007 and 30th January, 2008.

COMPOSITION OF AUDIT COMMITTEE:

Name of the Member	Status
Mr.A.H. Khemka	Chairman
Mr.Ashwin Khemka	Member
Mr. Narmdeshwar R. Chaube	Member

REMUNERATION COMMITTEE:

Terms of reference:

The remuneration committee of the Board was set up on 30th October, 2003 comprising of 3 independent non-executive directors with Mr. Sanjiv T. Satam its chairman, to suggest remuneration that may be paid to the executive Director.

COMPOSITION OF REMUNERATION COMMITTEE:

Name of the Member	Status
Mr. Sanjiv Satam	Chairman
Mr.Narmdeshwar R. Chaube	Member
Mr. Mahendra Kalwankar	Member

Remuneration Policy:

Remuneration of employees largely consists of salary and perquisites. The objectives of remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit.

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Terms of reference:

To address shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other dues etc.

A committee was in existence to address the above issue and it was renamed and re- constituted as shareholders/ investors Grievances Committee

COMPOSITION

It consists of 3 independent non-executive directors.



COMPOSITION OF SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Name of the Member	Status
Mr. Sanjiv T.Satam	Chairman
Mr. Narmadeshwar R. Chaube	Member
Mr. Mahendra Kalwankar	Member

During the year, 3 complaints were received from shareholders the same was resolved in stipulated and all requests for share transfer and transmission were completed within the stipulated time.

GENERAL BODY MEETING:

Particulars of last three Annual General Meetings:

Financial Year	Date	Time	Location
2004 -2005	19 th Sept., 2005	10.00 a.m.	Natioal High School Auditorium, Bhandup,Mumbai.
2005 -2006	25 th Sept., 2006	10.00 a.m.	Jainam Banquet Hall, LBS Marg, Bhandup(W), Mumbai.
2006 -2007	28 th Sept., 2007	9.30 a.m.	Jainam Banquet Hall, LBS Marg, Bhandup(W), Mumbai.

No special resolutions were passed through postal ballot at any of the general meetings of the members. No resolution is proposed to be passed by postal ballot at the ensuing Annual General Meeting.

Notes on Directors seeking re-appointment:

Pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Mahendra Kalwankar, Director, retire by rotation at the ensuing annual general meeting to be held on 29th September, 2008 and is being eligible, he is seeking re-appointment at this meeting.

RESUME :

Mr.Mahendra Kalwankar (M.Sc.) has a vide experience in the field of Manufacturing and Quality Control of Pharmaceutical products over a period of 12 years. He is also a member of Remuneration Committee and shareholders/Investors Grievance Committee.

Dr.VinodGoyal, an Eye Surgeon, practicing for last 3 decades in Mumbai and recognized by National and International associations for best practice in the field of Eye Care, performed thousands of successful eye surgeries, specialist in LASER and Microsurgery of the Eye. He is s founder and Medical Director of Surya Eye Institute & Research Centre, Mumbai's 1st ISO 9001 2000 certified Eye Hospital. He has also occupied senior positions in many organizations such as President of Bombay Ophthalmic Association (2004-2005), Ex.Hon. Ophthalmic of MCGB, Special Executive Officer, Ex.-District chairman of Rotary International - District - 3140. He has the requisite qualification and experience for the responsibilities as a Director for successful continuous growth of the Company.

DISCLOSURES:

The company has not entered into any transactions of material nature with any of its Promoters, Directors, their relatives, management or its subsidiaries that may have potential conflict of interest during the last financial year.

MEANS OF COMMUNICATION:

The company communicates its Quarterly/Half Yearly and Annual Results by publishing them in 2 leading newspapers in Mumbai — Free Press Journal (English) and Maharashtra Times (Local Marathi language). The company has no system of mailing such results to its shareholders.