

18th
ANNUAL REPORT
2006 - 2007



YENKEY

DRUGS AND PHARMACEUTICALS LTD

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

SRI N.V.NARENDER	: Chairman and Managing Director
SRI G. GOPAL YADAV	: Director
Miss. M. USHA RANI	: Technical director
DR. A. RAMAKRISHNAIAH	: Director
DR. R. MALLIKARJUN RAO	: Director
SRI MILIND DESAI	: Additional Director
SRI MSR AYYANGAR	: Additional Director
SRI NITESH VIJAY VARGIYA	: Additional Director

AUDITORS

M/S. JAWAHAR AND ASSOCIATES

C-5, SKY LARK APATMENTS,
BASHEERBAGH, HYDERABAD-500 029.

REGISTERED OFFICE

A-8, MADHURA NAGAR,
AMEERPET, HYDERABAD-500 038.

FACTORY

SURVEY NO.14, GADDA POTHARAM,
JINNARAM MANDAL, MEDAK DIST.

STOCK EXCHANGES

THE STOCK EXCHANGE, MUMBAI.

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of the **M/s. Yenkey Drugs & Pharmaceuticals Limited** will be held on Monday the 31st December, 2007 at J.S. Krishnamurthy Hall, FAPCI Building, A.C.Guards, Red Hills, Hyderabad, A.P. at 3.00 P.M. to transact the following items of business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Balance Sheet of the Company as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date and the report of Directors' and the Auditors' Report thereon.
2. To appoint a Director in place of Dr. R. Mallikarjuna Rao, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors of the Company and to consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT **M/s.Jawahar & Associates**, Chartered Accountants, the retiring Auditors, who have offered their services and who are not disqualified to act as Auditors of the company under section 224 (1B) of the Companies Act, 1956 be and hereby appointed as Auditors of the company and hold office until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS:

4. APPOINTMENT OF Mr. NITESH VIJAY VARGIYA, AS DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution.

"RESOLVED THAT Mr. Nitesh Vijay Vargiya who was co-opted as Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the companies Act, 1956, and who holds office as such until the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing in compliance with the provisions of the Section 257 of the Companies Act, 1956 proposing his candidature for the office of a director be and is hereby appointed as Director of the company, liable to retire by rotation".

5. APPOINTMENT OF Mr. MILIND S DESAI, AS DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution.

"RESOLVED THAT Mr. Milind S Desai who was co-opted as Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the companies Act, 1956, and who holds office as such until the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing in compliance with the provisions of the Section 257 of the Companies Act, 1956 proposing his candidature for the office of a director be and is hereby appointed as Director of the company, liable to retire by rotation".

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

6. APPOINTMENT OF Mr. MSR AYYANGAR AS DIRECTOR OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution.

"RESOLVED THAT Mr. MSR Ayyangar who was co-opted as Additional Director of the Company by the Board of Directors pursuant to the provisions of Section 260 of the companies Act, 1956, and who holds office as such until the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing in compliance with the provisions of the Section 257 of the Companies Act, 1956 proposing his candidature for the office of a director be and is hereby appointed as Director of the company, liable to retire by rotation".

BY ORDER OF THE BOARD

For YENKEY DRUGS AND PHARMACEUTICALS LIMITED

Place: Hyderabad

Date : 07th December, 2007

N.V.NARENDAARR

Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books remained closed from 29th December, 2007 TO 31st DECEMBER, 2007 (both days inclusive).
3. Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
4. Members are requested to intimate any change of address to the Company / Share Transfer Agents.
5. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on corporate governance, the information about the Directors proposed to be appointed/ re-appointed is given in the annexure to the Notice.
6. All the documents referred to in this Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days up to date of Annual General Meeting and shall also be available at the Meeting.
7. Individual shareholders can take the facility of nomination, For further details in the regard shareholders may contact the Registrars / Company.

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 4

The Board inducted Sri. Nitesh Vijay Vargiya, as an additional Director of the Company in order to broad-base the Board with effect from 29th September, 2006. Pursuant to Section 260 of the Companies Act, 1956 Sri. Nitesh Vijay Vargiya, holds office of Director up to the date of the ensuing Annual General Meeting

Further, Sri. Nitesh Vijay Vargiya, is MBA (Finance) by qualification, having very good experience in Share market and in finance.

Due to his rich experience, the Board feels that he should be a director liable to retire by rotation. Further, the Company has also received a special notice in writing from a member along with an amount of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956. Since the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting the board recommends this resolution for your approval.

None of the Directors except Sri. Nitesh Vijay Vargiya are interested in the resolution.

ITEM NO.5

The Board inducted Sri. Milind S Desai, as an additional Director of the Company in order to broad-base the Board with effect from 29th September, 2006. Pursuant to Section 260 of the Companies Act, 1956 Sri. Nitesh Vijay Vargiya, holds office of Director up to the date of the ensuing Annual General Meeting.

Further, Sri. Milind S. Desai, B.Com., LL.B and ACA served as Vice President in Birla Global Finance Limited and also as Senior Vice President in Corporate Finance & Merchant Banking. The Following are Directorships/ Memberships held in Committees held in other Companies. Directorships: Vybra Automet Limited.

Due to his rich experience, the Board feels that he should be a director liable to retire by rotation. Further, the Company has also received a special notice in writing from a member along with an amount of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956. Since the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting the board recommends this resolution for your approval.

None of the Directors except Sri. Milind S Desai are interested in the resolution.

ITEM NO.6

The Board inducted Sri. MSR Ayyangar as an additional Director of the Company in order to broad-base the Board with effect from 29th September, 2006. Pursuant to Section 260 of the Companies Act, 1956 Sri. Nitesh Vijay Vargiya, holds office of Director up to the date of the ensuing Annual General Meeting.

Further, Sri. MSR Ayyangar, having vast experience in the field of pharma. At present he is Managing Director of M/s. Ennessar Biotech & Nutrition Ltd. The following are Directorships/ memberships held in committees held in other companies.

Directorships : Erudite Capital Creations Ltd, and Twilight Litaka Pahram limited.

Due to his rich experience, the Board feels that he should be a director liable to retire by rotation. Further, the Company has also received a special notice in writing from a member along with an amount of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956. Since the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting the board recommends this resolution for your approval.

None of the Directors except Sri. MSR Ayyangar are interested in the resolution.

BY ORDER OF THE BOARD

For YENKEY DRUGS AND PHARMACEUTICALS LIMITED

Place: Hyderabad

Date : 07th December, 2007

N.V.NARENDAARR

Chairman & Managing Director

YENKEY DRUGS AND PHARMACEUTICALS LIMITED

DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the 18th ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS :

	For the Financial Year 2006-2007	For the Financial Year 2005-2006
Income from Operations	545.31	227.49
Other Income	117.36	208.51
Total Expenditure	512.92	298.61
Profit/Loss before Depreciation and Taxation	149.75	137.39
Interest	9.96	9.70
Depreciation	20.45	19.21
Provision for Tax	0.28	--
Net Profit / (Loss)	119.06	108.48
Paid up Equity Share Capital	528.53	463.53
Reserves & Surplus	73.87	25.31

REVIEW OF OPERATIONS:

During the year under review, your company has achieved a turnover of Rs.545.31 Lacs and incurred a profit of Rs.119.06 Lacs. The OTS benefits from financial institutions were taken in to consideration. Your Directors agree that the Company turn around the operations.

Your Directors hope to introduce the new products and tie up with International Companies. The Company has become debt free Company. The Management is making efforts to mobilize the Working Capital Facilities.

B I F R:

The Company has made an application to BIFR and the Draft Rehabilitation Package as approved by Monitoring Agency is pending with BIFR for final sanction.

DIVIDEND :

Since the Company is still under B I F R , Company deferred the dividend declaration.

FIXED DEPOSITS :

The Company has neither accepted not renewed any deposits falling within the provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

The Company has not invited / accepted any fixed deposits during the year under review.

YENKEY DRUGS AND PHARMACEUTICALS LIMITED**DIRECTORS:**

Dr. R. Mallikarjun Rao, Director of your company retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

The Board has also appointed Sri. Nitesh Vijay Vargiya (wef 29.9.06), Sri. Milind S Desai (wef 29.9.06) and Sri. MSR Ayyangar (wef 29.9.06) as Additional Directors of the Company. As Additional Directors Sri. Nitesh Vijay Vargiya, Sri. Milind Desai and Sri. MSR Ayyangar, hold office till the ensuing Annual General Meeting and seeking election as directors in the ensuing Annual General Meeting. Hence, their appointment as Directors have been included Item No. 4,5, and 6 of the Notice and in the relevant Explanatory Statement.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- (i) That in preparation of Annual Account for the financial year ended 31st March, 2007, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) That the directors 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 ended 31st March, 2007 and of the profit and loss of the company for that period;
- (iii) That the directors have 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 a fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

AUDITORS:

M/s Jawahar and Associates, Chartered Accountants, the Statutory Auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have submitted a Certificate pursuant to the provisions of section 224(1B) of the Companies Act, 1956, that if their re-appointment be made for another term will be within the prescribed limits. Your directors recommend their appointment.

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

A Statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in Form - 'A' and Form - 'B' which is enclosed as Annexure - I to this report.

PARTICULARS OF EMPLOYEES:

Pursuant to Section 217 (2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, no employee of your Company is in receipt of remuneration exceeding Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the financial year.

----- YENKEY DRUGS AND PHARMACEUTICALS LIMITED -----

AUDITORS'S QUALIFICATIONS – EXPLANATION :

Non Confirmation of Balances : Efforts are being made to obtain confirmations.
Non provision of Gratuity : In the absence of profits gratuity has not been provided.
Gratuity shall be provided in the next financial year.

CORPORATE GOVERNANCE:

In terms of Clause 49 of the Listing agreement, a separate Report on corporate Governance is enclosed as Annexure – B to this report.

LISTING FEE :

Your Company 's shares are listed on the Hyderabad Stock Exchange and Bombay Stock Exchange. Your Company has paid the Listing fee to the Bombay Stock Exchange for the period 2007-08. The ISIN no. of the Company is INE 154 G 01014.

ACKNOWLEDGEMENTS:

Your directors would like to place on record their sincere appreciation and gratitude to the Company's Customers, Bankers, shareholders for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the company.



FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Hyderabad

Date : 07th December, 2007

N.V.NARENDAARR

Chairman & Managing Director

----- YENKEY DRUGS AND PHARMACEUTICALS LIMITED -----

**ANNEXURE - A
FORM - "A"
ANNEXURE TO THE DIRECTORS REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of directors) Rules, 1988, and forming part of the Directors Report.

A. Conservation of Energy

- a) Energy conservation measures taken: The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- c) Impact of the clause (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods: N.A.

Sl. No.		Current Year	Previous Year
1.	Electricity		
	a. Purchased Units	3,38,682	1,87,439
	Total Amount	Rs.13,97,520/-	Rs.8,74,098/-
	Rate per Unit	Rs.4.13	Rs.4.66
	b. Own Generations		
	- Through Diesel Generator		
	Units	9,239 Lts.	1,060 Lts.
	Total Amount	Rs.3,27,506/-	Rs.33,913/-
	Cost per Unit	Rs.35.45	Rs.31.99/
2.	Coal		
	Quantity	93.61 MT	20.77 MT
	Total Cost	Rs.3,36,989/-	Rs.62,300/-
	Average Rate	Rs.3,600/-	Rs.3,000/-
3.	Furness Oil		
	Quantity	NIL	NIL
	Total Cost	NIL	NIL
	Average Rate	NIL	NIL
4.	Other Internal Generations		

B. Consumption per unit of Production

Year	Standards (If Any)	Current Year	Previous Year
Products/Per Ton	Nil	-	-
Electricity	Nil	-	-
Furnace Oil	Nil	-	-
Coal	Nil	-	-
Others	Nil	-	-

Since there are Number of stages involved in production, it is not practicable to ascertain product wise consumption

----- YENKEY DRUGS AND PHARMACEUTICALS LIMITED -----

B.Technology absorption

FORM B

(Disclosure of Particulars with respect to technology absorption to the extent applicable)

1.Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : specialty high valued and margin products were developed.
2. Benefits derived as a result of the above R & D : Better yields in Trityl Chloride
Lorsarton Potassium and Fluconazole
3. Future plan of action : Developing Veterinary Drugs
4. Expenditure on R & D
 - a. Capital : Rs.-
 - b. Recurring : Rs.5,69,453.40
 - c. Total : Rs.5,69,453.40
 - d. Total Expenditure on R&D
as a percentage of total turnover : 1.03%

2. Technology Absorption, Adaptation and Innovation.

- a. Efforts, in brief, made towards technology absorption, adoption and innovation : Process development Trityl Chloride, 4 CRS and Phloroglucinol has resulted reasonable margins.
- b. Benefits derived as a result of the above efforts, Ex: Product improvement, cost reduction product development, import substitution etc: Profit Margins have increased better quality acceptable to European market.
- c. Imported Technology: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- A. Earnings : Nil
- B. Out go : Nil

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Hyderabad

Date : 07th December, 2007

N.V.NARENDAARR

Chairman & Managing Director