

leveraging our  
**STRENGTHS**



Fourteenth Annual Report

2008

## BOARD OF DIRECTORS

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

Chairman and Managing Director  
Wholetime Executive Director  
NED - I  
NED - I  
NED - I [upto July 26, 2008]  
NED - I  
NED - I : Non Executive Director - Independent

## REGISTERED OFFICE

20th Floor, Lotus Business Park,  
Off Andheri Link Road,  
Andheri [West] Mumbai - 400 053.  
Tel : +91-22-40682300; Fax : +91-22-40682323  
Email : srane@ankurdrugs.com  
Website : www.ankurdrugs.com

## MANUFACTURING UNITS

### Himachal Unit I

Village Manakpur, Taluka - Nalagarh,  
P.O. Lodhimajra, District : Solan,  
Himachal Pradesh - 174 101.

### Himachal Unit II

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

### Daman Unit

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

## COMPANY SECRETARY

Mr. S. C. Rane

## AUDITORS

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

## BANKERS

Citibank N.A.  
Corporation Bank  
ICICI Bank Limited  
Indian Overseas Bank  
ING Vysya Bank Limited  
Oriental Bank of Commerce  
Standard Chartered Bank  
State Bank of India  
State Bank of Indore  
Syndicate Bank  
The Shamrao Vithal Co-op. Bank Limited  
The South Indian Bank Limited

## REGISTRAR & SHARE TRANSFER AGENT

Choksh Infotech Limited  
Unit : Ankur Drugs and Pharma Limited  
106, Oshiwara Link Plaza Commercial Complex,  
2nd Floor, New Link Road, Oshiwara,  
Jogeshwari [West], Mumbai - 400 102.  
Tele : +91-22-26303348, 26303342  
Fax : +91-22-26349264  
Email : choksh@vsnl.com  
website : www.choksh.com

 Notice	3
 Directors' Report	8
 Management Discussion & Analysis	14
 Corporate Governance Report	17
 Auditors' Report	25
 Annexure to Auditors' Report	26
 Balance Sheet	28
 Profit & Loss Account	29
 Cashflow Statement	30
 Auditors' Certificate	31
 Schedules I to 17	32
 Balance Sheet Abstract	47

### 14th Annual General Meeting

Day : Saturday  
Date : September 27, 2008  
Time : 12.30 p.m.  
Venue : Garden Court, Veera Desai Road,  
Andheri [West] Mumbai - 400 053.

#### Safe Harbour Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

## NOTICE

**NOTICE** is hereby given that the **Fourteenth Annual General Meeting** of the Members of **ANKUR DRUGS AND PHARMA LIMITED** will be held on Saturday, September 27, 2008 at Garden Court, Veera Desai Road, Andheri [West] Mumbai 400 053, at 12.30 p.m. to transact the following business :

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit & Loss Account of the Company for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares for the Financial Year 2007-2008.
3. To appoint a Director in place of Mr. Lalit Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M. G. Vashi & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and 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 a **Special Resolution** :

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with the limits and conditions under Schedule XIII to the said Act, approval of members of the Company be and is hereby accorded to the re-appointment of Mr. Purnandu Jain as Chairman and Managing Director of the Company for a period of 5 years with effect from August 23, 2008 on the terms and conditions of remuneration and perquisites as set out below :

- 1] Rs. 12 00 000 p.m. consolidated [in the scale of Rs. 12 00 000 - 14 00 000 - 16 00 000 - 18 00 000 - 20 00 000]
- 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] One month Leave encashment for each completed year of service to the extent on unavailed leave.
- 5] Car with driver for official as well as personal use.
- 6] Mobile phone for official and personal use.
- 7] Telephone at residence for official and personal use.

**And** on the terms and condition as set out in the agreement entered into between the Company on one hand and Mr. Purnandu Jain on the other, with the discretion to the Board to alter and vary the terms and conditions of the aforesaid appointment and remuneration payable to the said Managing Director from time to time.”

**“RESOLVED FURTHER THAT** the re-appointment of Mr. Purnandu Jain as Chairman and Managing Director of the Company for a period of 5 years with effect from August 23, 2008 for a consolidated remuneration plus the perquisites as mentioned above, proposed and accepted at the meeting of the Board of Directors of the Company held on August 27, 2008 in exercise of the powers vested in the Board to appoint the Chairman and Managing Director, be and is hereby approved, confirmed and ratified.”

**“RESOLVED FURTHER THAT** in the event of absence or inadequacy of profit in any financial year, the remuneration payable to Mr. Purnandu Jain shall be governed by Section II of Part II of Schedule XIII to 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 Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary 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 give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.”

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 Twelfth Annual General Meeting of the Company held on September 30, 2006 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. Girraj Vijayvargiya, Wholetime Executive Director of the Company, be and hereby revised with effect from April 01, 2008 for the remaining tenure of his appointment as set out below :

- 1] Salary Rs.2 00 000 p.m.
- 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] One month Leave encashment for each completed year of service to the extent on unavailed leave.

AND on the terms and conditions as set out in the agreement entered into between the Company on one hand and Mr. Girraj Vijayvargiya 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 Wholetime Executive Director from time to time.”

**“RESOLVED FURTHER THAT** all other terms and conditions of the appointment of Mr. Girraj Vijayvargiya, Wholetime Executive Director as approved by the Board members at Board meeting held on August 27, 2008 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. Girraj Vijayvargiya 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 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. Girraj Vijayvargiya 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 an **Ordinary Resolution** :

**“RESOLVED THAT** the consent of the company be and is hereby accorded to the Board of Directors pursuant to Section 293 [1] [d] of the Companies Act, 1956 to borrow monies from time to time, either by way of rupee loans or by way of foreign currency loans or by way of issue of debentures or by issue of any other instruments and either from Company's Bankers or from any other Bank/Financial Institution or from any other Lending Institution or Bodies Corporate or other persons, on such terms and conditions and covenants stipulated and as may be considered appropriate by the Board of Directors, not exceeding in the aggregate at any point of time Rs.1000 crores [Rupees One Thousand Crores] notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company [apart from temporary loans obtained from the Company's Bankers in the ordinary course of business] exceeds the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution, the Board of Directors of the Company be and is hereby authorized to finalize, settle and execute all documents/deeds/agreements as may be required to take all necessary steps and to do all acts, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard to creating the aforesaid mortgages/charges or otherwise considered by the Board of Directors to be in the best interest of the Company.”

**Registered Office :**  
**20th Floor, Lotus Business Park,**  
**Off Andheri Link Road,**  
**Andheri [West] Mumbai - 400 053.**  
**Date: August 27, 2008.**

**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 to 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 Tuesday, September 23, 2008 to Saturday, September 27, 2008 [both days inclusive] for the purpose of the Annual General Meeting.**
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 11.00 am to 4.00 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 Seven 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, Oshiwara Link Plaza Commercial Complex, 2nd Floor, New Link Road, Oshiwara, Jogeshwari [West], Mumbai – 400 102 if shares are held in physical form.
10. Payment of Dividend as recommended by the Board of Directors, if approved at the Meeting, will be made on or after September 27, 2008, to those Members, whose names are on the Register of Members as on September 22, 2008.
11. Shareholders who have not yet encashed their dividend warrants for the financial year 2004, 2005, 2006 and 2007 are requested to approach the Company's Registrar and Transfer Agent for revalidation / issue of duplicate dividend warrants quoting their Ledger Folio / DP- Client ID Number.

Pursuant to Section 205A[5] of the Companies Act, 1956 the unpaid dividends that are due for transfer to the Investor Education Fund are as follows :

Dividend for the Year Ended	Date of Declaration	Due for Transfer on
March 31, 2004	September 30, 2004	November 6, 2011
March 31, 2005	September 30, 2005	November 6, 2012
March 31, 2006	September 30, 2006	November 6, 2013
March 31, 2007	December 31, 2007	February 5, 2015

12. At the ensuing Annual General Meeting Mr. Lalit Agarwal is seeking re-appointment as Director of the Company and Mr. Purnandu Jain is seeking re-appointment as the Chairman and Managing Director of the Company. The details pertaining to these directors as required to be provided pursuant to Clause 49 of the Listing agreement are furnished, in the annexure to the Notice.

**Registered Office :**  
**20th Floor, Lotus Business Park,**  
**Off Andheri Link Road,**  
**Andheri [West] Mumbai - 400 053.**  
**Date: August 27, 2008.**

**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 sets out all material facts relating to business mentioned under Item no[s] 5 and 6 of the accompanying notice dated August 27, 2008.**

### **Item No 5.**

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

Mr. Purnandu Jain, a Chartered Accountant is associated with the Company since October 1996. Under his visionary leadership the Company has made excellent all-round progress in terms of business growth, scalability of operations and profitability. He has been the Chairman and Managing Director of the Company from August 23, 2003.

The Board of Directors at its meeting held on August 27, 2008 decided to re-appoint Mr. Purnandu Jain as Chairman and Managing Director of the Company with effect from August 23, 2008 with mutual consent and immediately appointed him as such for a period of 5 [Five] years from August 23, 2008 with the permissible remuneration and perquisites etc. as specified in Section I, Part II of Schedule XIII to the Companies Act, 1956. In accordance with the said Schedule, a Company having profits in a financial year may pay any remuneration by way of Salary, Dearness Allowance, perquisites, commission and other allowances which shall not exceed 5% of its profits for one such managerial person, and if there is more than one such managerial person, 10% for all of them together. In terms of Part I of Schedule XIII of the Companies Act, 1956 Mr. Purnandu Jain is eligible for re-appointment as Chairman and Managing Director.

The terms and conditions of appointment and remuneration as set out in the agreement, may be altered and varied from time to time, by the Board of Directors of the Company, at its discretion, deem fit, so as to not to exceed any statutory modification or re-enactment thereof, for the time being in force or any amendments made thereto.

The Board of Directors at its meeting held on August 27, 2008 passed a resolution to re-appoint Mr. Purnanadu Jain as Chairman and Managing Director with remuneration of Rs. 12 00 000 p.m. consolidated [in the scale of Rs. 12 00 000 - 14 00 000 - 16 00 000 - 18 00 000 - 20 00 000] and the permissible perquisites.

This may be regarded as an abstract of the agreement entered into between the Company and Mr. Purnandu Jain, Chairman and Managing Director of the Company pursuant to Section 302 of the Companies Act, 1956. The Agreement is available for inspection by the members at the registered office of the Company during all working days, except holidays, between 11.00 a.m. to 4.00 p.m. upto the date of Annual General Meeting.

None of the directors except Mr. Purnandu Jain is concerned or interested in the above resolution relating to his appointment as Chairman and Managing Director.

### **Item No.6**

The resolutions are in respect of remuneration payable and increase in remuneration to Mr. Girraj Vijayvargiya as Wholetime Executive Director of the Company.

The Board of Directors at its meeting held on August 27, 2008 passed a resolution to increase the remuneration of Mr. Girraj Vijayvargiya as Wholetime Executive Director of the Company from Rs. 1 25 000 p.m. to Rs. 2 00 000 p.m. with effect from April 1, 2008.

As the total monthly remuneration of Mr. Girraj Vijayvargiya 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.

This may be regarded as an abstract of the agreement entered into between the Company and Mr. Girraj Vijayvargiya Wholetime Executive Director of the Company pursuant to Section 302 of the Companies Act, 1956. The Agreement is available for inspection by the members at the registered office of the Company during all working days, except holidays, between 11.00 a.m. to 4.00 p.m. upto the date of Annual General Meeting.

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

The Board recommend the resolution for your approval.

## Item No.7

Section 293[1][d] of the Companies Act, 1956 requires the consent of the shareholders in General Meeting for authorizing the Board of Directors to borrow money from time to time, for the purposes of the Company, where money to be borrowed together with the money already borrowed by the Company [apart from temporary loans/facilities obtained from the Company's Bankers in the ordinary course of Business] will exceed the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

The members in the Extra Ordinary General Meeting of the Company held on May 23, 2007 have authorised the Board of Directors to borrow money up to a sum of Rs. 600 crores. [Rupees Six Hundred Crores] Keeping in view the capital expenditure requirements and growth plan of the Company, the existing borrowing limits needs to be enhanced to pursue the growth plans. Therefore approval of the members is sought enabling the Board of Directors to borrow amount up to Rs. 1000 crores.

None of the Directors of the Company is in anyway interested in this resolution. The resolution proposed is in the interest of the company and the Board recommends the resolution for your approval.

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

Name of the director	Mr. Lalit Agarwal	Mr. Purnandu Jain	Mr. Girraj Vijayvargiya
Date of Birth	September 12, 1968	May 20, 1964	December 12, 1968
Date of Appointment	August 20, 2003	August 23, 2003	April 2, 2006
Qualifications	M.Com	B.Com, FCA	B.Com, FCA
Expertise in specific Functional Areas	Marketing	Projects, Manufacturing & Marketing	Finance
Directorships held in other companies as on March 31, 2008	<ul style="list-style-type: none"> <li>Bombay Baroda Roadways [India] Ltd.</li> <li>Dwarka Infrastructure [India] Ltd.</li> <li>Agarwal Petrochem Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Aakanksha Securities Pvt. Ltd.</li> <li>Anodyne Remedies [India] Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Anodyne Remedies [India] Ltd.</li> </ul>
Chairman / Member of the Committee of the Board of other companies in which he is a Director as on March 31, 2008	Member of : <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Remuneration Committee</li> <li>Share Transfer Committee / Investors Grievance Committee</li> </ul>	Member of : <ul style="list-style-type: none"> <li>Share Transfer Committee / Investors Grievance Committee</li> </ul>	Member of : <ul style="list-style-type: none"> <li>Audit Committee</li> <li>Remuneration Committee</li> <li>Share Transfer Committee / Investors Grievance Committee</li> </ul>
Relationship between Directors inter-se	Not related to any Director of the Company	Not related to any Director of the Company	Not related to any Director of the Company
Number of Equity Shares held	Nil	14 12 014	100

**Registered Office :**  
**20th Floor, Lotus Business Park,**  
**Off Andheri Link Road,**  
**Andheri [West] Mumbai - 400 053.**  
**Date: August 27, 2008.**

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

**S. C. RANE**  
 Company Secretary



Dear Shareholders,

Your Directors have pleasure in presenting the Fourteenth Annual Report on the business and operations together with the Audited Accounts of the Company for the year ended March 31, 2008. The previous years figures have also been consolidated and re-grouped to incorporate amalgamation / merger of Vaibhav Healthcare Pvt. Ltd. with your company.

## FINANCIAL RESULTS

[Rs. in Lakhs]

[ For the year ended March 31 ]

Particulars	2008	2007	
		Incorporating Results of VHPL	Stand alone of ADPL
<b>EARNINGS BEFORE INTEREST, DEPRECIATION AND TAX</b>	<b>10833.95</b>	5828.81	4134.02
Less : Interest and Finance Charges	<b>2493.15</b>	1291.78	837.30
Less : Depreciation	<b>840.40</b>	601.64	252.03
<b>PROFIT BEFORE TAXATION</b>	<b>7500.40</b>	3935.40	3044.69
Less : Current Tax including Fringe Benefit Tax	<b>877.63</b>	446.82	345.58
[Add] / Less : Deferred Tax	<b>273.85</b>	231.78	[32.66]
[Add] / Less : Prior period adjustments	<b>[1.30]</b>	[16.65]	[16.30]
<b>PROFIT AFTER TAXATION</b>	<b>6350.22</b>	3273.45	2748.07
Surplus brought forward from Previous Year	<b>4160.11</b>	1708.84	1583.05
Amount Available for appropriation <b>Total</b>	<b>10510.33</b>	4982.29	4331.12
<b>APPROPRIATIONS :</b>			
Proposed Dividend on Equity Shares	<b>418.85</b>	190.17	190.17
Tax on Proposed Corporate Dividend	<b>71.18</b>	32.01	32.01
Dividend and Tax on Dividend for 2006-2007	<b>75.01</b>	--	--
Transfer to General Reserve	<b>1000.00</b>	600.00	500.00
Surplus carried over to Next Year	<b>8945.29</b>	4160.11	3608.94
<b>Total</b>	<b>10510.33</b>	4982.29	4331.12

## OPERATIONS / OVERVIEW

The year gone by has been a momentous one for the Company. Your Company continued its march on the growth path in a strong and steady way during the year. In view of planned growth in the core business, your Company has posted highest ever turnover and profits for fiscal 2008. It was a year in which we **leveraged** many of **our Strengths** and we believe we can continue to leverage those strengths to grow our business in fiscal 2009 and beyond.

Robust business model, expanding manufacturing capacity, focused business development capabilities and approach, scalability, dedicated and committed staff and our strong Balance Sheet demonstrate some of our strengths which we have leveraged in 2008.

Contract Manufacturing [CM] of pharma products is our core business. The strong domestic demand and continuous attention to operational efficiencies have helped in making 2007-2008 a yet another excellent year for your Company.

- ❖ Net Sales increased by more than 80 percent to Rs. 673.49 Crores.
- ❖ Earnings Before Depreciation, Interest and Tax [EBDIT] increased by more than 86 percent to Rs. 108.34 Crores.
- ❖ Profit After Tax [PAT] rose by more than 93 percent to Rs. 63.50 Crores.
- ❖ Earnings per share [EPS] has gone up by 56.23 percent to Rs.53.79 on increased capital

## DIVIDEND

Keeping in view the substantially improved business performance and the enhanced profitability of the Company and also to conserve the resources to meet the exponential future growth plans of the Company, the Board of Directors, recommend payment of dividend of Rs.2.25 per Equity Share on the increased Share Capital for the year ended March 31, 2008 [previous year - Rs.2.00 per share] subject to the approval of shareholders. The dividend if approved, at the Annual General Meeting will be tax free in the hands of the shareholders.

The payment of dividend will entail a cash outflow of Rs.490.03 Lakhs including dividend distribution tax of Rs.71.18 Lakhs.

## RESERVES

The reserves at the end of the year were Rs.19803.87 Lakhs up from Rs.9452.65 Lakhs at the beginning of the year.

## CAPACITY EXPANSION

Your Company has relentlessly pursued the path of capacity expansion and sustainable growth and has emerged stronger with new accomplishments during the last four years. This excellence is the outcome of sound business processes and a strong customer focus - Both of which are strongly evident in our scale of operations. This milestone stands tall upon a legacy that has brought a new meaning to all our stakeholders. We have been continuously planning and implementing the corporate growth plans by leveraging all our strengths to take your company to the next orbit of growth.

Our strategy is primarily focused on **leveraging our strengths** in product innovation technology upgradation, rationalisation of cost structure and increasing our production capacity and also automization of process where ever feasible. In-house designing facilities, lower turnaround time, constant product innovation, good industrial relations, operational efficiency and focused growth in the contract manufacturing business are our competitive domain strengths.

Ankur is now an established major player in the pharma contract manufacturing arena. It has been a breakthrough year in terms of scope of expansion achieved and facilities set up for future growth. During the year under review there has been addition to Gross Block including Capital work-in progress of Rs. 18653.98 Lakhs. The new plant at Baddi conforms to International cGMP standards and complies with almost all regulatory requirements wherein manufacture of high value products on contract basis have been lined up for Global Pharma Multinationals in the current year.

While the recent facilities at Baddi are being looked forward for meeting the business of expectations, the opportunity of upgrading the originally existing facility at Daman is also looked upon to bring it to the requisite GMP standards.

The current trend in product development especially in combination products lay heavy emphasis on enviro controls and end product quality assurance for which the upgradation of Cephalosporin Block at Himachal Unit I for humidity control and installation of online non destructive leak test machine spells the intent of meeting the product specific requirements in future. This will also enable the Company to manufacture Cepha +Pot. Clav products which is the latest range launched in the market.

The Company is on track to implement its strategic plan to set up a network of dedicated units / capacities for contract manufacturing of pharma products for companies of high repute. The Company's top most priority is "safety first", follow strict environmental norms and establish itself as a leader in its chosen field. The Company has already reached the productivity level comparable to the best in global standards.

## CHANGE IN THE REGISTERED OFFICE

During the year the Registered Office of the Company has been shifted to 20th Floor, Lotus Business Park, Off Andheri Link Road, Andheri [West] Mumbai - 400 053 from C-306, Crystal Plaza, Andheri Link Road, Andheri [West] Mumbai - 400 053.

## MERGER OF VAIBHAV HEALTHCARE PRIVATE LIMITED

The merger of Vaibhav Healthcare Private Limited with your Company has been successfully completed. With completion of the merger your Company shall be in position to command enhanced market share in the coming years. The final order of the merger was passed by the Hon. High Court, Mumbai on December 14, 2007. The Scheme became effective on listing of the order with the Registrar of Companies, Mumbai on January 29, 2008.

This merger will allow your Company to capitalised on the synergy in terms of revenue enhancement and cost savings. By merging the two entities, your Company hopes to benefit from improved market reach and visibility.

## AUTHORISED CAPITAL

In The Extra-ordinary General Meeting held on May 23, 2007 the Authorised Share Capital of the Company was increased from Rs 21 Crores to 28 Crores divided into 2.8 Crore Equity Shares of Rs. 10 each.

## ALLOTMENT OF EQUITY SHARES

The Equity shares allotted by the Company after the year ended March 31, 2008 are as follows :

Date of Allotment	No of Shares Allotted	Reason for Allotment
2008 April 23	50 00 000	Shares allotted to the shareholders of Vaibhav Healthcare Private Ltd on Amalgamation
April 23	4 56 784	Shares allotted on conversion of 1500 FCCB
April 30	1 52 375	Shares allotted on conversion of 500 FCCB
May 24,	3 05 358	Shares allotted on conversion of 1000 FCCB

## FOREIGN CURRENCY CONVERTIBLE BONDS

### Issued and / or converted into Equity Shares after March 31, 2008

US \$ 3 million FCCB's [3000 Bonds of US \$ 1000 each] were converted into 914517 equity shares at a conversion rate of Rs. 165/- per share [at the then prevailing exchange rate of \$ 1 = Rs. 45.895], out of the outstanding balance of US \$ 12 million FCCB's issued during the previous year. The details of the same are as under :

No. of Bonds Converted	Name of Allottee	No of Shares Allotted	Date of Conversion	Date of Allotment
1500	Grant Investments Limited - FCCB	4 56 784	April 17, 2008	April 23, 2008
500	Gold Sach Investment [Mauritius] India Ltd	1 52 375	April 23, 2007	April 30, 2008
1000	Grant Investments Limited - FCCB	3 05 358	May 9, 2008	May 24, 2008

In December 2007, the Company has raised US \$ 20 million i.e. Rs 79.09 Crores in pursuance the resolution passed at the Extra-ordinary General Meeting. The details of the same are as under :

Name of the Allottee	Amount US \$	Date of Conversion
BRPL [Mauritius]	12 million	December 27, 2012
BROMPL [Mauritius]	8 million	December 27, 2012

The above FCCB is to be converted into equity shares of Rs. 350/- each on or before December 27, 2012.

## LISTING OF SHARES

Your Company's equity shares continue to be listed on The Bombay Stock Exchange Limited. With effect from May 22, 2007 the equity shares of the Company were listed at The National Stock Exchange of India Limited. The annual listing fee for the year 2008-2009 has been duly paid to both the Stock Exchanges.

## PUBLIC DEPOSITS

The Company has neither accepted any public deposits nor it intends to accept any public deposits during the ensuing year.

## DIRECTORS

Mr. Lalit Agarwal, retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

Mr. Purnandu Jain is re-appointed as the Chairman and Managing Director of the Company in the Board Meeting held on August 27, 2008 with mutual consent for a period of five years w.e.f. August 23, 2008.

The above re-appointments form part of the Notice of the Annual General Meeting and the resolutions are recommended for your approval.

Dr. Manisha Jhaveri, Non Executive Director-Independent, resigned on July 1, 2008. Her resignation was accepted by the Board of Directors on July 26, 2008. The Board places on record its deep appreciation of the valuable services rendered by Dr. Manisha Jhaveri during her tenure as the director of the Company.

## AUDITORS

M/s. M. G. Vashi & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received confirmation from them that their re-appointment, if made, would be within the limits prescribed under Section 224[1-B] of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of section 226 of the said Act.

## INDUSTRIAL RELATIONS

Industrial relations continue to be cordial and harmonious at all the manufacturing units.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the listing agreement with The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai is annexed as Annexure II forming part of this report.

## CORPORATE GOVERNANCE

In terms of corporate governance disclosures as required by clause 49 of the listing agreement, details are provided in this report as Annexure III. The certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges is also annexed.

## CODE OF BUSINESS CONDUCT AND ETHICS

As prescribed by the listing guidelines the Board has framed a "Code of Conduct" for the Board Members and Senior Management. The said code has been implemented

## RELATED PARTY DISCLOSURES

The Company has made disclosures in compliance with the accounting standard on related party disclosures as required by clause 32 of the listing agreement with the Stock Exchange.

## DIRECTORS' RESPONSIBILITY STATEMENT

[As per amended section 217[2AA] of the Companies Act, 1956]

The Board of Directors of the Company confirms :

1. that in the preparation of Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
2. that they have selected such accounting policies and applied them consistently and made judgements 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 for the profit and loss account for that period;
3. that 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; and
4. that the attached annual accounts for the year ended March 31, 2008 are prepared on going concern basis.

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

### [A] Conservation of Energy and Technology Absorption

Particulars as required under Section 217 [1] [e] of the Companies Act, 1956 read with rule 2 the Companies [Disclosure of particulars in the Report of the Board of Directors] Rules, 1988 are given in the Annexure – I to this report.

### [B] Foreign Exchange Earned and Used

[Rs. In Lakhs]

Particulars	2007-2008	2006-2007
Earned	69.95	78.68
Used	7439.71	5762.03

## PARTICULARS OF EMPLOYEES

[Information as per Section 217 [2A] [b] [II] read with Companies [Particulars of Employee's] Rule 1975]

Name	Age	Designation	Date of Employment	Remuneration [Incl. P.F. & Other Benefits] Rs.	Qualification	Experience	Previous Employment
Mr. Purnandu Jain	44 years	Chairman & MD	Aug. 23, 2003	1 22 69 872	B.Com.FCA	18 Years	Self Employed
Mr. Asraf Hossain	51 years	President - Technical	April 18, 2007	26 03 188	M.Pharm.	25 Years	Montajat Vet. Pharma Ltd., Dammam, Saudi Arabia

None of the other employees of the Company are in receipt of remuneration in excess of the limits prescribed under Section 217 [2A] of the Companies Act, 1956 read with Companies [Particulars of Employees Rules 1975]

## ACKNOWLEDGEMENTS

This year your Company has switched over to ERP Package of System Application Product in Data Processing [SAP]. The package was implemented by OBT Global Private Limited [Implementation Partners of SAP] with active support from M/s. Mahavir Computer n Data Securities and a dedicated team of employees of the Company. The implementation was completed in record period of 86 days. The Board of Directors place on record their appreciation to each and every member of the team who have made this task possible.

The Directors take this opportunity to place on record their appreciation and sincere gratitude for the continued support, guidance and co-operation extended to the Company by the Banks and Business Associates.

The commitment and the dedication of the employees at all levels is the biggest strength of your Company. The Board appreciates the zeal and enthusiasm of each one of them.

The Board express their gratitude to all the customers who have been a source of strength in our growth / progress.

We also thank the members / shareholders for their continued confidence and faith reposed in the Company and its management.

**Registered Office :**  
**20th Floor, Lotus Business Park,**  
**Off Andheri Link Road,**  
**Andheri [West] Mumbai - 400 053.**  
**Date : August 27, 2008.**

**For and on behalf of the Board of Directors**

**PURNANDU JAIN**  
 Chairman and Managing Director

## ANNEXURE - I FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2008

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 for the year ended March 31, 2008.

### A] ENERGY CONSERVATION MEASURES TAKEN:

I] Power and Fuel Consumption	Unit	2007-2008	2006-2007
a] <u>Electricity</u>			
Consumed	KWH	8531164	4426626
Total Amount	Rs.	3 37 35 249	1 44 53 049
Average rate per unit	Rs./KWH	3.95	3.27
b] <u>L.D.O./Diesel</u>			
Consumed	Ltrs	1362839	1942339
Total Amount	Rs.	3 99 20 820	4 21 78 892
Average rate per unit	Rs./Ltr.	29.29	29.24

#### II] Consumption per unit of Production

It is not practicable to give consumption per unit of production, since the Company manufactures wide/different types of pharmaceutical formulations.

### B] TECHNOLOGY ABSORPTION

At the Quality Control Laboratory maintained by the Company, normal quality control activities are carried out with reference to quality of raw materials and finished goods.

The Company continues to run its Plant on Time Tested Standard Technology. However, no capital expenditure for technology has been incurred except for some routine and necessary revenue expenditure.

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Date : August 27, 2008.

**For and on behalf of the Board of Directors**

**PURNANDU JAIN**  
Chairman and Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Directors' have pleasure in presenting the Management Discussion and Analysis report for the year ended March 31, 2008.

### **I. Industry Structure and Overview**

The Indian economy witnessed robust growth for the fifth successive year. In FY 2007-2008, India achieved GDP growth of 8.7% compared to 9.4% growth in the previous year. The events of the last quarter of FY 2007-2008 and the first quarter of FY 2008-2009 have ruffled the economic progress plans of the country. In spite of numerous external and internal influences / challenges, India continues to be on the growth path.

According to ORG IMS April 2008 MAT' report - the Indian pharmaceutical industry [consisting of Indigenous and Multinational companies] grew by 14.70% to touch Rs. 3 24 09 Crores during the year 2007-2008 [last year the growth was 14.30% on Y-O-Y basis]. On the whole Indian Pharmaceutical companies, consisting of Domestic Companies outgrew the market by 15.68%, while Multinational Companies registered a growth of 9.77%.

According to the Associated Chambers of Commerce and Industry of India [ASSOCHAM] Contract-Manufacturing and clinical market in India is expected to reach \$900 million and \$1 billion by 2010 respectively. Global manufacturers are eyeing India in terms of significant opportunity in contract manufacturing and contract research due to cost advantage as compared to western countries. This market is growing at an accelerated pace. This is mainly attributed to the low manpower cost, expert technical staff, excellent infrastructure in terms of clinical trial laboratories and contract manufacturing, readily available world class accredited state of the art manufacturing facilities. Liberalisation in the foreign laws has led to infusion of Foreign Direct Investment [FDI] by multinational giants in the research and development areas. India is enjoying these benefits in terms of joint ventures, mergers, acquisitions, licensing, technology sharing arrangement, co-marketing tie-ups, to leverage on the partner's expertise in drug developments, research and development, product filings and regulatory compliances. India is witnessing the early stages of a solid and sustainable growth trend across all industries. Indian corporates are in the midst of M & A renaissance both inbound and outbound as they are becoming global entities. Brand India is now an international name.

With large number of products going off patent, the generic market is expected to be in the forefront. Globally it is expected that the generic market will grow at a CAGR of 11 % between 2006-2010 and touch \$94 billion by 2010. India has a 10% share in this market. [Source: KPMG]

Despite a healthy growth of the industry and a promising future, with loads of opportunities ahead, the pharma sector still faces some concerns. The stringent drug price control regime had led to some companies close business or bear the losses. The new pharmaceutical policy which is expected to cover around 354 essential drugs which is yet to see the light of the day is strongly opposed by the pharma players. Public health care funding and insurance has yet to display some healthy numbers. Infrastructure in terms of hospitals, retail outlets in the urban, semi-urban and rural areas are yet to be strengthened.

The entire staff of the Company will remember FY 2007-2008 as a year of continued growth and exciting transformation. By all counts, it has been an extra ordinary year for our country, our industry, our business and our Company. Given Ankur's strength in the pharma Contract Manufacturing space / Industry, it is imperative that the Company steps up the momentum, particularly in expansion of manufacturing base and set-up facilities with all necessary approvals. We have extended our leadership in contract manufacturing space by starting our baddi plant and we have merged Vaibhav Healthcare Pvt. Ltd. [VHPL] with Ankur Drugs and Pharma Ltd. [ADPL] to create dominant contract manufacturing facilities nationally. These events sharpen our focus and position us to set standards in the contract manufacturing industry for years to come. We now have the scale, technology, capital and people we need to compete and leverage to win successfully in the rapidly expanding market place.

With the confidence and experience we have gained, we can now look forward to a new phase of accelerated growth and expansion to reap the advantages of the burgeoning economy by making substantial investment in adding to our capacity and having a pan India presence.

**Recent developments :** As reported last year, new technology agreements were signed and new projects have been planned to continue the growth momentum of the organization. The Commercial launch of these products are expected to begin from the first quarter of the year 2009.

A new production facility was completed in the second Quarter of Current Year. The manufacturing lines at Baddi plant are further enhanced to address the increased demand from our present & prospective customers. In Addition to products like Tablets, Capsules, Liquid Orals and Dry Syrups, the Company is going to manufacture Injectables, Effervescent Tablets / Powders, Water for Injection, Eye & Ear Drops and Ointments at Baddi. The new state of art manufacturing facility at Baddi is unique in India in terms of capacities, production facility and product diversity. The said plant has world class facilities with quality system of International c G M P standards which can face challenges of International Accreditation. Your Company seized by the tremendous opportunity in contract manufacturing, has positioned itself by initiating and completing quality and capacity upgrades as per the International standards and requirements. With Supply Demand Economics in the Company's favour, it already has entered in big size contracts lined up for its upcoming capacities.

Besides focussing on improving internal efficiencies the main thrust during the current year has been to have full fledged operations of all the sections at Himachal Unit II. Your management has been able to quickly ramp-up the production which is possible because of quality of equipments and support services of vendors. This should improve sales and profitability driven by lower operating costs and the fiscal incentives / concessions / benefits in respect of excise duty, income tax etc.

This is only the spurting of the new "Ankur" into the future. The leap is big and ambitious. Our thrust for 2009 and beyond is :-

- 1] Driving margins through new products and value addition.
- 2] Making in roads into large overseas customer accounts.
- 3] Starting / expanding the project at Baddi which will be the one of the largest CM unit in the country.

The benefits from this greenfield plant have started, your Company is fully geared to gain and grow substantially for the next three years by tapping the healthy business momentum, vast market potential, by leveraging its core strength that is Sustainable Growth.

## 2. Segment-wise/Product-wise performance

The Company's Business segment is Pharmaceutical Formulations in the Form of Tablets, Capsules, Liquid Orals, Dry Syrups, Both Manufactured and Outsourced. The Net Sales during the year is Rs. 673.49 Crs [Rs. 373.24 ] Crs in the previous year. A growth of more than 91% compared to previous year.

## 3. Risks and Concerns

Quality is the hallmark of our Company's products. It will continue to be so. Presently the Company's products are largely intended for sale in the domestic market. Increase in cost of raw materials and major input and inflation related increase in expenses are likely to put pressure on margins. Apart from normal risks as applicable to an Industrial Undertaking, price reductions and revisions from the much awaited drug price control Order which is expected to affect profit margins is a cause of concern for All Pharma Companies. The Company has adequate insurance coverage of all its assets. Due to limited exposure to Foreign Exchange, at present this risk is minimal. Compliance of safety requirements and norms placed by different government agencies is a top priority of your management.

## 4. Opportunities and Threats

Your Company continues to enjoy increasing confidence from its valued customers for providing quality products. To withstand the market challenges with its committed team of associates, your Company has made thrust into additional dosage form at its plants at Baddi, Himachal Pradesh. In the changing landscape your Company is adopting a combination of alternative and additional Business Models to navigate competition and opportunity.

## 5. Outlook

Your Directors are pleased to report that during the First Quarter of the Current Financial Year 2008-2009, your Company has made a net profit of Rs. 21.58 Crs. on a Turnover of Rs. 211.14 Crs. as against a net profit Rs. 12.31 Crs. on a Turnover of Rs. 135.78 Crs. in corresponding First Quarter of the previous year. The outlook for contract manufacturing in the current year is positive given the initiatives that we have successfully implemented in the recent past which has started giving inspiring results. Going forward the outlook for your company for the next year is hopefully more positive despite daunting economic problems faced by the country.

## 6. Widening Horizons

Having gained a substantial position in Contract Manufacturing which is also on a growth trajectory, the Company also envisages a full fledged R & D Centre to complete the CRAM loop which opens out avenues to Global Companies looking for outsourcing opportunities in CRAM.



## **7. Internal Control System and their adequacy**

Your Company has adopted internal control system commensurate with its size. Through the Audit committee, your Company ensures its implementation and compliance so that assets and business interests of your Company are adequately safeguarded.

## **7. Human Resources**

Employees are the key to achievement of the Company's objectives and strategies. The Company provides employees with a fair and equitable work environment and support to develop their capabilities. With the added emphasis placed on the safe operation, the training given to employees not only covers knowledge and technical skills but also lays stress on behavioral areas, like creating a 'safety mindset', and 'attitude building'. A number of HR initiatives have been taken for the well being and continuous development of the employees. We are also focusing on bringing a new talent and competencies of people in the organisation and building on the existing strength of the employees to move the company to be a key player in the Indian market. The relations between the employees and the Company continued to be cordial and healthy at the Manufacturing Units. As on March 31, 2008 the employee strength of your Company was 459 [excluding contract work force].

## **8. ERP**

Your Company has successfully implemented Enterprise Resource Planning [ERP] package under contract with SAP India Systems Application and Products in Data Processing Private Limited. This business support initiative has improved the quality of information and agility of decision making throughout the organisation. It has also considerably helped control cost and achieve process standardisation.

**Registered Office :**  
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**Date : August 27, 2008.**

**For and on behalf of the Board of Directors**

**PURNANDU JAIN**  
Chairman and Managing Director

## ANNEXURE - III FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2008

### CORPORATE GOVERNANCE REPORT

#### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE CODE

The Clause 49 of the Listing Agreement incorporates certain disclosure requirements related to Corporate Governance with the purpose of enhancing statutory compliances and disclosure related thereto, together with a thrust on the Company's value system.

Your Company has complied with all the Corporate Governance requirements stipulated under clause 49 of the Listing Agreement. Your Company is committed to the consistent adherence to the said corporate governance code to maintain a greater degree of responsibility and accountability.

#### II. BOARD OF DIRECTORS

##### 1] COMPOSITION

The following Directors were on the board during the year ended March 31, 2008.

- 1 Chairman and Managing Director [CMD]
- 1 Wholetime Executive Director [WED]
- 4 Non Executive Directors [NED - I]

The Non Executive Directors are professionals with specialisation in their respective fields who bring in a wide range of skill and experience. The composition and attendance of Director's at Board Meetings and the AGM held in the year as under

Sr. No.	Name of Director	Category	No of Other Directorships	No of Committee Memberships		No of Board Meetings attended	Last AGM attended [Yes/No]
				Chairman	Member		
1.	Mr.Purnandu Jain	CMD	2	-	1	14	Yes
2.	Mr.GirrajVijayvargiya	WED	1	1	2	14	Yes
3.	Mr.Dileep Shinde	NED-I	-	2	3	13	Yes
4.	Mr.LalitAgarwal	NED-I	3	-	3	13	Yes
5.	Dr.Manisha Jhaveri*	NED-I	-	-	2	13	Yes
6.	Dr.Cliffon Zimmerman	NED-I	-	-	-	-	No

\* Resigned as on July 1, 2008 resignation accepted in board meeting held on July 26, 2008.

##### 2] MEETINGS OF THE BOARD OF DIRECTORS

During the year 2007-08, the Board met **Fourteen** times on

- |                   |                      |                       |                       |
|-------------------|----------------------|-----------------------|-----------------------|
| 1] April 5, 2007  | 5] July 12, 2007     | 9] November 6, 2007   | 13] January 30, 2008  |
| 2] April 28, 2007 | 6] July 28, 2007     | 10] November 30, 2007 | 14] February 23, 2008 |
| 3] June 4, 2007   | 7] September 5, 2007 | 11] December 24, 2007 |                       |
| 4] June 20, 2007  | 8] October 31, 2007  | 12] December 31, 2007 |                       |

At least one Board Meeting was held during every quarter.

#### III. THE BOARD COMMITTEES

##### 1] AUDIT COMMITTEE

###### A] Terms of Reference

The committee discusses and reviews interalia the following matters :

- 1] Internal control system.
- 2] Compliance with accounting standards.
- 3] Related party transactions.

- 4] Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- 5] Quarterly financial statements with a view to comply with all legal requirements.
- 6] 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.

#### **B] Composition and Attendance of Audit Committee**

During the year 2007-08, the Audit committee met **Five times** on April 28, 2007; July 28, 2007; October 31, 2007; November 30, 2007 and January 30, 2008

The composition and attendance of the Audit committee meeting during the year 2007-08

<b>Sr.No.</b>	<b>Name of the Director</b>	<b>Category</b>	<b>Meetings Attended</b>
1.	Mr.Dileep Shinde	NED - I [Chairman]	5
2.	Dr.Manisha Jhaveri *	NED - I	5
3.	Mr.Lalit Agarwal	NED - I	5
4.	Mr.GirrajVijayvargiya	WED	5

The Statutory Auditor and CMD are permanent invitee to this committee.

All members of the Audit Committee are financially literate and Two Members have Accounting Expertise.

At least one Audit Committee Meeting was held during every quarter.

Mr. S. C.Rane Company Secretary is the Secretary of Audit Committee.

\* Resigned as on July 1, 2008 resignation accepted in board meeting held on July 26, 2008.

## **2] REMUNERATION COMMITTEE**

### **A] Terms of Reference**

The Remuneration Committee determines the Company's policy on specific remuneration packages for Wholtime Director / Managing Director including pension rights and any other compensation related matters and issues within the framework of the provisions and enactments governing the same.

### **B] Composition of the Committee**

The Remuneration Committee comprises of the following Directors namely :

Mr.Dilip Shinde - NED - I - Chairman

Mr.Lalit Agarwal - NED - I - Member

Dr.Manisha Jhaveri - NED - I - Member \*

Mr.GirrajVijayvargiya - WED - Member

\* Resigned as on July 1, 2008 resignation accepted in board meeting held on July 26, 2008.

### **C] Attendance during the year**

The Committee met once during the Financial Year 2007-08 and all the members of the Committee attended the same.

### **D] Remuneration Policy**

The Remuneration Committee of the Board constituted in compliance with the SEBI guidelines has framed the compensation structure for the Working Directors and the Committee reviews the same from time to time based on certain performance parameters like growth in business, profitability and is comparative with the best practices prevailing in the industry.

### **E] Details of Remuneration paid to all Directors in Financial Year 2007-08**

1] Chairman and Managing Director - Mr.Purnandu Jain - Rs. 1 22 69 872 consolidated.

2] Wholtime Executive Director - Mr.Girraj Vijayvargiya Rs. 17 14 149 consolidated

## **3] SHAREHOLDERS' GRIEVANCE / SHARE TRANSFER COMMITTEE**

### **A] Terms of Reference**

The Company has formed a Shareholders' Grievance / Share Transfer Committee with the following terms of reference :

- 1] To ensure redressal of the Shareholders / Investors complaints relating to transfer of shares, non-receipt of Annual Report, etc.
- 2] To ensure redressal of Shareholders complaints in respect of non-receipt of dividends.
- 3] To monitor transfer / transmission / transposition / issue of duplicate shares and related activities.

## B] Composition of the Committee

The Committee comprises of the following Directors namely:

- 1] Mr.Girraj Vijayvargiya -W E D - Chairman
- 2] Mr.Purnandu Jain - C M D - Member
- 3] Mr.Lalit Agarwal - N E D - I - Member
- 4] Mr.Dileep Shinde - N E D - I - Member

C] During the F.Y. 2007-08, 32 complaints were received from the shareholders out of which 29 complaints were satisfactorily resolved / replied and 3 complaints were pending to be resolved at end of the year.

## IV.GENERAL MEETINGS

Details of Annual General Meetings:

a] The particulars of last three Annual General Meetings of the Company are as under:

Financial Year	Date	Time	Venue
2006 - 2007	December 31, 2007	10.30 a.m.	Garden Court, Veera Desai Road, Andheri [West] Mumbai - 400 053
2005 - 2006	September 30, 2006	10.30 a.m.	
2004 - 2005	September 30, 2005	10.30 a.m.	Papillon Park, Opp.Tata Power House, Andheri [West] Mumbai - 400 053

Thirteenth Annual General Meeting was held on December 31, 2007.

An Extra Ordinary General Meeting was held at Garden Court, Veera Desai Road, Andheri [West] Mumbai - 400 053. On Wednesday May 23, 2007. None of the items transacted at the said meeting were required to be passed by postal ballot.

A Court convened meeting held on October 8, 2007 for approval of the scheme of Amalgamation of Vaibhav Healthcare Private Limited with Ankur Drugs and Pharma Limited.

b] The particulars of special resolutions passed in the last three Annual General Meetings are as under :

Financial Year	No. of Special Resolutions
2006 - 2007	Two
2005 - 2006	One
2004 - 2005	Nil

c] There were no special resolutions required to be passed through postal ballot at any of the above Annual General Meetings.

d] No resolutions proposed for the ensuing Annual General Meeting need to be passed by postal ballot.

e] The Chairman and the Managing Director of the Company have certified to the Board the compliance with the code of conduct as required under Clause 49 [V] of the listing agreement.

## V. MEANS OF COMMUNICATION TO SHAREHOLDERS

Timely disclosure of information on business and financial performance of the Company is an integral part of good governance. Your Company disseminates information about its operations, business and financial performance to Stock Exchanges, Media, Shareholders, Analysts and Society at large. The Quarterly / Half yearly results were announced within a period of 30 days of the end of each quarter.

The Quarterly Unaudited Financial results and Annual Audited results are normally published in "Economic Times" and "Maharashtra Times", Mumbai Edition.

Regular updates and developments impacting the business and financials together with Data on Shareholding pattern etc. are made available to The Bombay Stock Exchange Ltd., Mumbai in the form which would enable them to place them on their website i.e. www.bseindia.com and The National Stock Exchange of India Limited. on its website : www.nseindia.com

No presentation have been made to Institutional Investors / Analyst during the year.

## VI.DISCLOSURES

- a] During the period, there were a few transactions with Promoters, Directors and their relatives, but it has no potential conflict with the interest of the Company. [refer to note 6 of Schedule 17]
- b] **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory authority, on any matter related to capital markets, during the last three years :** Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture been imposed by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

### c] **ISSUE OF SHARES AND SHARE WARRANTS DURING THE YEAR AND THERE-AFTER**

The Company has issued Equity Shares on Preferential basis and on account of conversion of FCCB and also issued equity share warrants during the year, as per details given below :

Date of Allotment	No. of shares Alloted	Authorised Capital	Paid-up capital
June 4, 2007	1 02 817 [1]	[2] 28 00 00 000	10 65 78 740
September 5, 2007 [3]	21 24 400 [Share Warrants]	28 00 00 000	12 70 08 740
September 5, 2007	20 43 000 [4]	28 00 00 000	12 70 08 740
<b>After March 31, 2008</b>			
April 23, 2008	50 00 000 [5]	28 00 00 000	17 70 08 740
April 23, 2008	4 56 784 [6]	28 00 00 000	18 15 76 580
April 30, 2008	1 52 375 [6]	28 00 00 000	18 31 00 330
May 24, 2008	3 05 358 [6]	28 00 00 000	18 61 53 910

[1] Additional Shares issued and allotted on conversion of 4000 FCCB on account of reset price and accretion @ 5% p.a.

[2] The authorised share capital increased to Rs.28 Crores after shareholders' approval in the EGM on May 23, 2007

[3] Company has also allotted 21 24 400 Equity Share Warrants on September 5, 2007 at a premium of Rs. 165/- per Equity Share Warrant.

[4] Shares issued on preferential basis at a premium of Rs.224/- per share.

[5] Shares issued to the share holders of Vaibhav Healthcare Pvt.Ltd.pursuant to scheme of amalgamation.

[6] Shares issued on conversion of 3000 FCCB's of US \$ 1000 each at a conversion price of Rs. 165 per share.

### **LISTING APPROVALS FROM BSE AND NSE :**

#### **I. For Preferential allotment of Equity Shares made on September 5, 2007**

Listing approval from NSE has been received on December 10, 2007 for 2043000 Equity Shares issued on preferential basis

In-principle approval for listing from BSE has been received on November 6, 2007 for 2043000 Equity Shares issued on preferential basis.

#### **II. For allotment of Equity Shares pursuant to Scheme of Amalgamation with Vaibhav Healthcare Private Limited**

In-principle approval for listing from NSE has been received on July 31, 2008 for allotment of 5000000 Equity Shares pursuant to the scheme of amalgamation of Vaibhav Healthcare Private Limited.

In-principle approval for listing from BSE has been received on July 10, 2008 for allotment of 5000000 Equity Shares pursuant to the scheme of amalgamation of Vaibhav Healthcare Private Limited.

#### **III. For allotment of Equity Shares upon conversion of US \$ 3 million FCCB**

Necessary application for listing and trading has been made to BSE and NSE for 914517 Equity Shares allotted upon conversion of US \$ 3 million FCCBs.

- d] Non-mandatory requirements of corporate governance have not been adopted.

## VII. GENERAL SHAREHOLDER INFORMATION

Date of Incorporation	February 9, 1995
Corporate Identity Number [CIN]	L24230MH1995PLC085410
Registered Office	20th Floor, Lotus Business Park, Off Andheri Link Road, Andheri [West] Mumbai - 400 053. Tel : +91-22-40682300, Fax : 91-22-40682323 Email : info@ankurdrugs.com
Manufacturing Units	<p><u>Himachal Unit I</u></p> <p>Village Manakpur, Taluka - Nalagarh, P.O. Lohimajra, District : Solan, Himachal Pradesh - 174 101.</p> <p><u>Himachal Unit II</u></p> <p>Village Makhnu Majra, Taluka - Nalagarh, P.O. Baddi, District : Solan, Himachal Pradesh - 173 205.</p> <p><u>Daman Unit</u></p> <p>Plot No. 3 &amp; 4, Survey No. 168, Dabhel Industrial Co-operative Society Ltd. Village Dabhel, Nani Daman [U.T.] 396 210.</p>
Day and Date of the Annual General Meeting	Saturday, September 27, 2008
Time & Venue of the Annual General Meeting	12.30 p.m. at Garden Court, Veera Desai Road, Andheri [West], Mumbai - 400 0053
Date of Book Closure	Both days inclusive
Financial Calendar : 2008-2009	From September 23, 2008 to September 27, 2008
Financial Results for First Quarter ending June 30, 2008	April 1 - March 31
Financial Results for Second Quarter ending September 30, 2008	Already declared on July 26, 2008
Financial Results for Third Quarter ending December 31, 2008	Last week of October, 2008
Financial Results for Fourth Quarter ending March 31, 2009	Last week of January, 2009
Listing on Stock Exchanges	Last week of April, 2009
[Listing fees for 2008-2009 has been paid of both the Stock Exchanges]	<p>The Bombay Stock Exchange Limited 25th floor, P J Towers, Dalal Street, Mumbai 400 001 Tel : +91-22-22721233 / 34 Fax : +91-22-22722082 / 2132 Website : www.bseindia.com</p> <p>The National Stock Exchange of India Limited Exchange Plaza, Bandra-kurla complex, Bandra [East] Tel : +91-22-26598235 / 36 Fax : +91-22-26598347 / 48 Website : www.nseindia.com</p>
Stock Code	<b>BSE - 531683</b>
International Security Identification Number [ISIN] Code	<b>NSE - ANKURDRUGS - EQ</b>
Dividend Payment / Credit Date	<b>INE238D01012</b>
Outstanding GDR / ADR / FCCB	On or After September 27, 2008
	US \$ 29 Million FCCB with 50 13 414 underlying equity shares. [US \$ 9 Million is convertible into equity shares on or before May 31, 2011 and US \$ 20 million FCCB are due for conversion on or before December 27, 2012.] [These FCCB are listed at Singapore Stock Exchange]

VIII. Registrar and Transfer Agents  
[For physical and Demat]

Choksh Infotech Limited  
Unit : Ankur Drugs and Pharma Limited  
106, Oshiwara Link Plaza Commercial Complex,  
2nd Floor, New Link Road, Oshiwara, Jogeshwari [West] Mumbai - 400 102.  
Tele : +91-22-26303348, 26303342, Fax : +91-22-26349264,  
Email : choksh@vsnl.com, website : www.choksh.com  
Business hours : 10 a.m. to 5 p.m.

IX. Share Transfer System : Share Transfer requests received in physical form are registered within an average period of 30 days. A Share Transfer Committee comprising of members of the Board meets once a week to consider the transfer of shares. Request for dematerialization received from the shareholders are affected within an average period of 30 days.

#### X. COMPLIANCE OFFICER'S DETAILS

**Mr. S. C. Rane**  
Company Secretary

Telephone Number  
Fax Number  
Email

Registered Office :  
20th Floor, Lotus Business Park, Off Andheri Link Road,  
Andheri [West] Mumbai - 400 053.  
+91-22-40682362  
+91-22-40682323  
srane@ankurdrugs.com

The shareholders are requested to address their communication / suggestions / grievances / queries at the Registered Office of the Company.

#### XI. MARKET PRICE DATA : [Monthly High/Low Quotation in comparison with BSE Sensex]

Year / Month	BSE Market Price [Rs.]		BSE Sensex		NSE Market Price [Rs.]	
	High	Low	High	Low	High	Low
2007 April	264.90	190.00	14383.72	<b>12425.52</b>	--	--
May	299.00	240.00	14576.37	13554.34	306.90	257.00
June	363.00	297.10	14683.36	13946.99	367.00	296.00
July	<b>486.90</b>	335.25	15868.85	14638.88	<b>484.80</b>	333.00
August	459.20	365.50	15542.40	13779.88	462.90	368.00
September	464.90	378.00	17361.47	15323.05	468.20	379.00
October	428.90	364.90	20238.16	17144.58	429.80	365.60
November	397.00	271.00	20204.21	18182.83	389.90	304.00
December	401.00	298.00	20498.11	18886.40	392.00	304.00
2008 January	438.00	206.25	<b>21206.77</b>	15332.42	436.90	207.30
February	345.00	238.25	18895.34	16457.74	318.50	235.00
March	261.00	<b>151.60</b>	17227.56	14677.24	279.00	<b>153.30</b>

The Equity Shares of the Company were listed at the National Stock Exchange of India Limited w.e.f. May 22, 2007

At the BSE : Closing Share Price as on March 31, 2008 was Rs. 180.80

At the NSE : Closing Share Price as on March 31, 2008 was Rs. 179.00

#### XII. DISTRIBUTION OF EQUITY SHAREHOLDING AS ON MARCH 31, 2008

Share Holding Range	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	6797	85.71	802407	6.32
501 - 1000	505	6.37	424686	3.34
1001 - 2000	264	3.33	416859	3.28
2001 - 3000	91	1.15	236208	1.86
3001 - 4000	62	0.78	224846	1.77
4001 - 5000	46	0.58	220623	1.74
5001 - 10000	74	0.93	525353	4.14
10001 and above	91	1.15	9849892	77.55
Total	7930	100.00	12700874	100.00

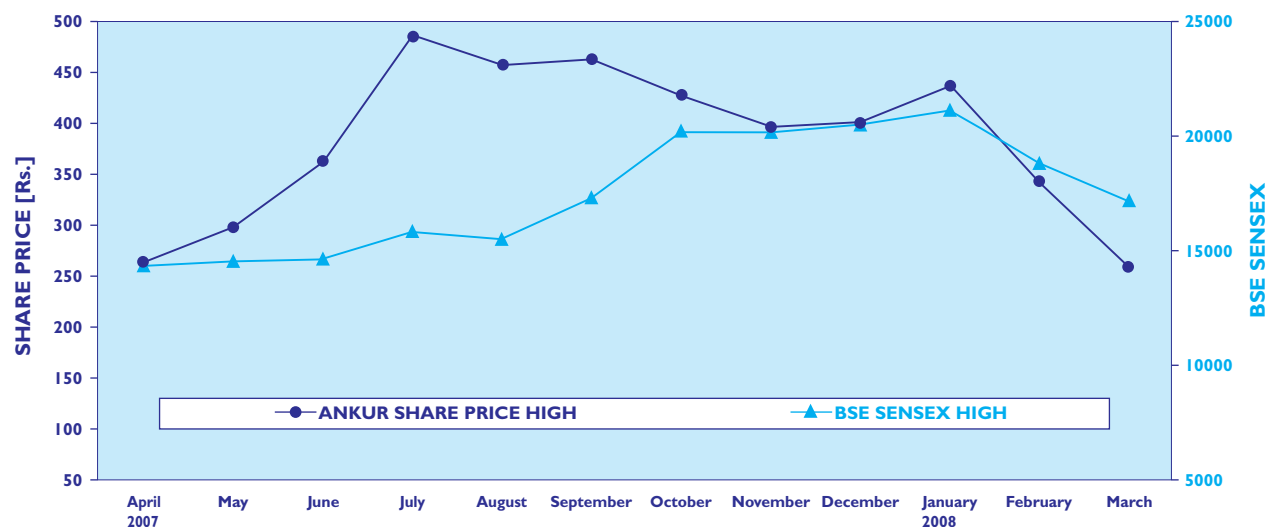
### XIII. SHAREHOLDING PATTERN AS ON MARCH 31, 2008

Category	No. of Shareholders	No. of shares held	% of shareholding
Indian Promoters	5	3530992	27.80
Mutual Funds and UTI	3	588922	4.64
Foreign Institutional Investors	6	823054	6.48
Corporate Bodies	428	2461024	19.38
Indian Public	7317	3822995	30.10
NRI/OCB	171	1473887	11.60
Clearing Members	Nil	Nil	Nil
<b>Total</b>	<b>7930</b>	<b>12700874</b>	<b>100.00</b>

98.92% of the equity shares were held in Dematerialised form as on March 31, 2008.

Trading in equity shares is permitted only in Demat form.

### XIV. CHART SHOWING PERFORMANCE OF ANKUR SHARE PRICE IN COMPARISON TO BSE SENSEX



### XV. OUTSTANDING GDR/ADR/FCCB/WARRANTS OR ANY LIKELY CONVERTIBLE INSTRUMENT - CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Out of the outstanding balance of US \$ 12 million FCCB's issued on May 26, 2006, US \$ 3 million FCCB's [3000 Bonds of US \$ 1000 each] were converted into 914517 equity shares at a conversion rate of Rs. 165/- per share [at the then prevailing exchange rate of \$ 1 = Rs. 45.895]. Out of US \$ 3 million FCCB's - 1.5 million FCCB's with 456784 equity shares have been issued on April 23, 2008 at a conversion price of Rs. 165/- to Grants Investment Ltd. [Mauritius] - 0.5 million FCCB's with 152375 equity shares have been issued on April 30, 2008 at a conversion price of Rs. 165/- to Goldman Sachs Investment [Mauritius] Ltd. - 1 million FCCB's with 305358 equity shares have been issued on May 24, 2008 at conversion price of Rs. 165/- Grants Investment Ltd. [Mauritius]. The balance of US \$ 9 million FCCB's underlying 27 53 700 Equity Shares were outstanding as on March 31, 2008.

In December 2007, the Company has further issued US \$ 20 million FCCB's i.e. Rs. 79.09 Crores in pursuance of the resolution passed at the Extra-ordinary General Meeting held on May 23, 2007. Out of US \$ 20 million FCCB's - 12 million FCCB's underlying 13 55 829 equity shares were issued to BRPL [Mauritius] and 8 million FCCB's underlying 9 03 886 equity shares were issued to BROMPL Mauritius. The above FCCB is to be converted into Equity Shares of Rs. 350/- each on or before December 27, 2012.

**Registered Office :**  
20th Floor, Lotus Business Park,  
Off Andheri Link Road,  
Andheri [West] Mumbai - 400 053.  
Date : August 27, 2008.

**For and on behalf of the Board of Directors**

**PURNANDU JAIN**  
Chairman and Managing Director



## DECLARATION BY CMD OF CODE OF CONDUCT

I Purnandu Jain, Chairman and Managing Director of the Company do hereby declare that pursuant to provisions of clause 49 [I] [D] [II] of the listing agreement all the members of Board of Directors and the Senior Management personnel have affirmed compliance with the code of conduct of the Company for the year 2007-2008

For Ankur Drugs and Pharma Limited

Place : Mumbai  
Date : August 27, 2008

Purnandu Jain  
Chairman and Managing Director

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
Ankur Drugs and Pharma Ltd.

We have examined the compliance of the conditions of corporate governance by Ankur Drugs and Pharma Ltd., for the year ended on March 31 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

During the year under review 2007-08, 32 complaints were received from the shareholders out of which 29 complaints were satisfactorily resolved / replied and 3 complaints were pending to be resolved at end of the year.

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

CA.M.G.VASHI  
ICAI M.No.30217  
Proprietor

Place : Mumbai  
Date : August 27, 2008

For M.G.VASHI & Co.  
Chartered Accountants

## **AUDITORS' REPORT**

### **To the Members of Ankur Drugs and Pharma Limited.**

1. We have audited the attached Balance Sheet of **ANKUR DRUGS AND PHARMA LIMITED** as at March 31, 2008, the Profit and Account and Cash Flow Statement for the year ended on that date annexed thereto [together referred to as 'Financial Statements']. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditor's Report] Order, 2003 issued by the Government of India in terms of sub-section [4A] of section 227 of the Companies Act, 1956 [the Act], and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3, we report that:
  - [a] We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - [b] In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - [c] The Balance Sheet and Profit and Loss Account, dealt with by this report are in agreement with the books of account.
  - [d] In our opinion the Balance Sheet and Profit and Loss Account and Cash Flow statement comply with accounting standard referred to sub-section [3C] of section 211 of the Companies Act 1956.
  - [e] On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2008 from being appointed as a Director of the Company under clause [g] of sub-section [1] of Section 274 of the Companies Act, 1956.
  - [f] In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; in case of
    - [i] The Balance Sheet, of the State of affairs of the Company, as at March 31, 2008;
    - [ii] The Profit & Loss Account, of the Profit of the Company for the year ended on that date;
    - [iii] The Cash Flow Statement, of the cash flows of the company for the year ended on that date.

**CA. M.G. VASHI**  
**ICAI M.No.30217**  
Proprietor

**Place : Mumbai**  
**Date : August 27, 2008**

**For M.G.VASHI & Co.**  
Chartered Accountants

## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in para 3 of our Report of even date]

- i.
  - [a] The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - [b] The fixed assets are physically verified by the Management at reasonable intervals having regard to size of the Company and nature of its assets. We have been informed that no material discrepancies were noticed during such physical verification.
  - [c] The Company has not disposed off any significant part of fixed assets during the year and accordingly going concern status of the Company is not affected.
- ii. In respect of inventories :
  - [a] As explained to us, physical verification of inventory was carried out at reasonable intervals by the management.
  - [b] In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate, in relation to the size of the Company and the nature of its business.
  - [c] In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventory, and the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- iii.
  - [a] In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any Company, firm or parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - [b] The Company has taken unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The loans are interest free and the terms of the loans are, prima facie, not prejudicial to the interest of the Company. The repayment of the loan was not specified and no interest has been paid.
- iv. In our opinion and according to the information given to us, the Company has adequate internal control procedures, commensurate to the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods. Further based on our examinations and according to the information and explanations given to us, we have neither come across nor have we been observed of any major weakness in the internal control.
- v. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into a register in pursuance of section 301 of the Companies Act, 1956 have been so entered. We are of the opinion that each of these transactions have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed there under as applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature its business.
- viii. As explained to us, the Central Government has not prescribed maintenance of cost records under section 209 [1] [d] of the Companies Act, 1956, for any of the products of the Company.
- ix. In respect of statutory dues:
  - [a] According to the records of the Company and information and explanation given to us, the Company has been regular depositing undisputed statutory dues including Provident Fund, Income tax, Sales Tax, Custom Duty, Excise duty, Cess and other material statutory dues applicable to it with appropriate authorities.
  - [b] According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2008 for a period of more than six months from the date on which they became payable.
  - [c] According to the records of the Company, the dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which had not been deposited by the Company on account of disputes and the Forum where the dispute is pending are as under:

Sr.No.	Nature of Statute	Nature of the Dues	Amount Pending [Rs. In Lakhs]	Forum where Dispute is pending
1.	Income Tax Act, 1961	Demand for A.Y.2004-05	10.35	ITAT
2.	Income Tax Act, 1961	Demand for A.Y.2003-04	8.27	ITAT

- x. The Company has no accumulated loss at the end of financial year and has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.

- xi. On the basis of our examination and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any bank or financial institution. The Company has not obtained any borrowings by way of debentures.
- xii. Based on our examination of records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual benefit fund/ society. Therefore, the provisions of clause [xiii] of the Companies [Auditors Report] Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, provisions of paragraph 4 clause [xiv] of the Companies [Auditors Report] Order, 2003 relating to maintenance of proper records, timely entries and holding investments in own name are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained.
- xvi. In our opinion, and on the basis of our examination and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie used the funds borrowed on short term basis during the year for long term investments and vice versa.
- xvii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xviii. The Company has not issued any debentures during the year. Therefore, the question of creating security in respect of debentures does not arise.
- xix. The Company has raised USD 20.00 Millions by issuing 20000 Foreign Currency Convertible Bonds [FCCBs] of USD 1,000 each for the purpose of funding of expansion project at Himachal Pradesh. On the basis of our examination and according to the information and explanations given to us, we are of the opinion that the part of the funds are utilized for the concerned project and balance funds to the tune of € 8 million and GBP 0.967 million were lying in fixed deposit accounts with banks outside India.
- xx. To the best of our knowledge and belief and according to information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

**CA. M.G. VASHI**  
**ICAI M.No. 30217**  
Proprietor

**Place : Mumbai**  
**Date : August 27, 2008**

**For M.G.VASHI & Co.**  
Chartered Accountants

## BALANCE SHEET AS AT MARCH 31, 2008

[Figures in Rupees]

Particulars	Schedule No.	As at March 31, 2008		As at March 31, 2007
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Equity Share Capital	1	12 70 08 740		10 55 50 570
Equity Share Warrants Application Money		3 71 77 000		3 07 30 000
Equity Share Application Money		5 00 00 000		5 00 00 000
Reserves & Surplus	2	1 98 03 87 147		94 52 64 864
			2 19 45 72 887	1 13 15 45 434
<b>LOAN FUNDS</b>				
Secured Loans	3	4 05 87 58 772		2 27 94 45 961
Unsecured Loans	4	2 12 26 04 747		1 23 84 79 067
			6 18 13 63 519	3 51 79 28 028
			9 87 43 480	7 13 58 806
<b>DEFERRED TAX LIABILITY</b>				
			8 47 46 79 886	4 72 08 29 268
<b>TOTAL</b>				
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block	5	2 28 04 46 272		1 27 95 95 629
Less: Depreciation		23 88 81 186		15 57 90 026
Net Block			2 04 15 65 086	1 12 38 05 603
<b>CAPITAL WORK IN PROGRESS</b>				
			3 31 48 70 808	2 45 03 23 369
<b>INVESTMENTS</b>				
	6		5 23 77 001	2 10 990
<b>CURRENT ASSETS, LOAN AND ADVANCES</b>				
Inventories	7	1 23 15 27 460		62 18 04 761
Sundry Debtors		1 63 90 89 041		76 89 72 661
Cash and Bank Balances		59 05 78 284		2 55 52 511
Loans and Advances		12 40 29 849		5 74 09 908
		3 58 52 24 634		1 47 37 39 841
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>				
Current Liabilities	8	38 77 69 016		26 40 88 541
Provisions	9	13 67 65 534		6 69 00 056
		52 45 34 550		33 09 88 597
<b>NET CURRENT ASSETS</b>				
			3 06 06 90 084	1 14 27 51 244
<b>MISCELLANEOUS EXPENDITURE</b>				
[To the extent not written off or adjusted]	10		51 76 907	37 38 062
<b>TOTAL</b>				
			8 47 46 79 886	4 72 08 29 268
Notes forming part of the accounts	17			

As per our report of even date attached

**CA. M.G.VASHI**  
ICAI M. No. 030217  
Proprietor

For **M.G.VASHI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : August 27, 2008

For and on behalf of the Board of Directors

**PURNANDU JAIN** - Chairman and Managing Director

**GIRRAJ VIJAYVARGIYA** - Wholetime Executive Director

**S. C. RANE** - Company Secretary

Place : Mumbai  
Date : August 27, 2008

## PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2008

[Figures in Rupees]

Particulars	Schedule No.	For the Year ended March 31, 2008	For the Year ended March 31, 2007
<b>INCOME</b>			
Gross Sales		6 70 77 46 044	3 72 06 06 650
Job Charges		4 84 30 176	4 22 94 950
		<b>6 75 61 76 220</b>	<b>3 76 29 01 600</b>
Less : Excise Duty		2 12 01 584	3 05 08 289
<b>Net Sales</b>		<b>6 73 49 74 636</b>	<b>3 73 23 93 311</b>
Other Income	11	1 49 24 393	31 50 976
Increase in Inventory	12	3 29 77 323	6 61 92 750
<b>TOTAL</b>		<b>6 78 28 76 352</b>	<b>3 80 17 37 037</b>
<b>EXPENDITURE</b>			
Materials Consumed	13	5 42 23 74 751	3 02 76 33 764
Manufacturing Expenses	14	21 62 23 388	15 97 61 347
Administrative, Sales and Other Expenses	15	6 08 83 359	3 14 60 651
Interest and Financial Charges	16	24 93 15 116	12 91 77 724
Depreciation	5	8 40 40 460	6 01 63 920
<b>TOTAL</b>		<b>6 03 28 37 074</b>	<b>3 40 81 97 406</b>
<b>Profit Before Tax</b>		<b>75 00 39 278</b>	<b>39 35 39 631</b>
Add : Profit on Sale of Fixed Assets		1 29 080	34 647
Excess Provision of Income Tax / Dividend Tax written back		1 117	16 66 362
Fringe Benefit Tax [A.Y. 2006-2007]		--	[35 987]
		<b>75 01 69 475</b>	<b>39 52 04 653</b>
Less: Provision for taxation			
- Current Tax		8 70 52 372	4 41 57 856
- Deferred Tax		2 73 84 675	2 31 77 590
- Fringe Benefit Tax		7 10 239	5 24 238
<b>Profit After Tax</b>		<b>63 50 22 189</b>	<b>32 73 44 969</b>
Add: Balance brought forward		41 60 11 019	17 08 84 012
Amount Available for Appropriations	<b>TOTAL</b>	<b>1 05 10 33 208</b>	<b>49 82 28 981</b>
Proposed Dividend		4 18 84 630	1 90 17 343
Tax on Dividend		71 18 293	32 00 619
Dividend for 2006-2007		63 84 405	--
Tax on Dividend for 2006-2007		11 16 408	--
Transfer to General Reserve		10 00 00 000	6 00 00 000
Balance carried to Balance Sheet		89 45 29 472	41 60 11 019
<b>TOTAL</b>		<b>1 05 10 33 208</b>	<b>49 82 28 981</b>
Earning per share [Basic]		<b>53.79</b>	34.43
Earning per share [Diluted]		<b>27.50</b>	17.62
Notes forming part of the accounts	17		

As per our report of even date attached

**CA. M.G.VASHI**  
ICAI M. No. 030217  
Proprietor

For **M.G.VASHI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : August 27, 2008

For and on behalf of the Board of Directors

**PURNANDU JAIN** - Chairman and Managing Director

**GIRRAJ VIJAYVARGIYA** - Wholetime Executive Director

**S. C. RANE** - Company Secretary

Place : Mumbai  
Date : August 27, 2008

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxes and extraordinary items	75 00 39 278	39 35 74 278
Adjustment for:		
Depreciation [Including Depreciation debited to Pre-Operative Exp.]	8 40 40 460	6 09 38 367
Miscellaneous Expenditure written off	25 76 488	12 38 044
[Profit] Loss on sale of fixed assets	[1 29 080]	34 647
Other income	[1 49 24 393]	[31 50 976]
Financial charges	24 93 15 116	12 91 77 724
<b>Operating profit before working capital changes</b>	<b>1 07 09 17 869</b>	<b>58 17 42 790</b>
Adjustments for:		
Increase in Trade receivables	[87 01 16 380]	[53 98 84 935]
Increase in other advances [excluding TDS]	[1 75 23 212]	[2 12 20 980]
Increase in Inventories	[60 97 22 699]	[32 16 13 944]
Increase in Current Liabilities	12 36 80 475	17 42 49 917
Increase in Working Capital Borrowings	86 08 69 374	51 46 78 247
<b>Cash generated from / [used in] operations</b>	<b>55 81 05 427</b>	<b>38 79 51 095</b>
Direct Taxes paid [including FBT & TDS]	[9 37 62 346]	[3 01 99 202]
Financial Charges Paid	[24 93 15 116]	[12 91 77 724]
<b>Net Cash from Operating Activities</b>	<b>21 50 27 965</b>	<b>22 85 74 169</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets [Including Capital work-in-progress]	[1 87 02 80 865]	[1 88 09 10 046]
Sale of fixed assets	50 11 863	4 75 424
Additions to Miscellaneous Expenditure	[49 64 633]	[1 20 001]
Additions to Investments	[5 21 66 011]	[99 900]
Other Income	1 49 24 393	31 50 976
<b>Net cash used in investing activities</b>	<b>[1 90 74 75 253]</b>	<b>[1 87 75 03 54 7]</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Secured term loans [net of repayment]	91 84 43 437	57 17 85 608
Unsecured loans :		
- From Banks and others	9 32 25 680	14 74 91 829
- Foreign Currency Convertible Bonds	79 09 00 000	73 43 20 000
Fresh Issue of Equity Shares including Share Premium	47 80 62 000	18 35 80 000
Issue of Share Warrants	64 47 000	3 07 30 000
Tax on Distributed Profit	[43 17 027]	[19 98 563]
Dividend paid	[2 54 01 748]	[1 42 50 000]
<b>Net cash available from financial activities</b>	<b>2 25 73 59 342</b>	<b>1 65 16 58 874</b>
<b>Net Increase/[decrease] in cash and cash equivalents [A+B+C]</b>	<b>56 49 12 054</b>	<b>27 29 496</b>
<b>Opening balance of cash and cash equivalents</b>	<b>2 55 52 511</b>	<b>2 28 23 015</b>
<b>Closing balance of cash and cash equivalents</b>	<b>59 05 78 284</b>	<b>2 55 52 511</b>

**Notes to Cash Flow Statement for the year ended March 31, 2008**

[Figures in Rupees]

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
1. Cash and Cash Equivalent includes		
Cash on hand	97 70 472	65 08 552
Balance with Scheduled Banks on CurrentAccounts	1 32 42 768	42 79 065
on Margin MoneyAccounts	2 11 44 658	1 47 64 894
on Fixed DepositAccounts	54 64 20 385	--
<b>TOTAL</b>	<b>59 05 78 283</b>	<b>2 55 52 511</b>

2. The above Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard - 3 on "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.
3. Previous year's figures have been re-arranged / regrouped wherever necessary
4. Significant non-cash transactions:  
The Company has converted 4000 FCCBs into 1055057 Equity Shares of Rs.10 each, fully paid-up at a premium of Rs.164 per share on March 29, 2007

As per our report of even date attached

**CA. M.G.VASHI**  
ICAI M. No. 030217  
Proprietor

**For M.G.VASHI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : August 27, 2008

For and on behalf of the Board of Directors

**PURNANDU JAIN** - Chairman and Managing Director

**GIRRAJVIJAYVARGIYA** - Wholetime Executive Director

**S. C. RANE** - Company Secretary

Place : Mumbai  
Date : August 27, 2008

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Ankur Drugs and Pharma Limited for the year ended March 31, 2008. The statement has been prepared by the company in accordance with the requirement of Clause 32 of the listing agreement with the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai subject to re-allocations made by the company is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of August 27, 2008 to the members of the company.

**CA. M.G.VASHI**  
ICAI M. No. 30217  
Proprietor

Place : Mumbai  
Date : August 27, 2008

**For M.G.VASHI & Co.**  
Chartered Accountants



**Schedules forming part of Balance Sheet as at March 31, 2008**
**[Figures in Rupees]**

Particulars	As at March 31, 2008		As at March 31, 2007
<b>SCHEDULE 1 : SHARE CAPITAL AUTHORISED</b>			
2 80 00 000 Equity Shares of Rs.10/- each [P.Y. 2 10 00 000 Equity Shares of Rs. 10/- each]		<b>28 00 00 000</b>	21 00 00 000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>			
I 27 00 874 [P.Y. I 05 55 057] Equity Shares of Rs.10/- each		<b>12 70 08 740</b>	10 55 50 570
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>			
Capital Reserve		<b>22 44 000</b>	22 44 000
<u>Deferred Taxation Reserve</u>			
As per last Balance Sheet	--		1 25 415
Less Transferred to General Reserve	--		1 25 415
		--	--
<u>Share Premium Account</u>			
As per last Balance Sheet	<b>43 43 84 430</b>		17 30 29 430
Add Transfer on amalgamation of Vaibhav Healthcare Pvt. Ltd.	--		26 13 55 000
Add Received during the year	<b>45 66 03 830</b>		--
		<b>89 09 88 260</b>	43 43 84 430
<u>General Reserve</u>			
As per last Balance Sheet	<b>9 26 25 415</b>		3 25 00 000
Add Transfer on amalgamation of Vaibhav Healthcare Pvt. Ltd.	--		1 00 00 000
Add Transferred from deferred Taxation Reserve	--		1 25 415
Add Transferred from Profit & Loss Account	<b>10 00 00 000</b>		5 00 00 000
		<b>19 26 25 415</b>	9 26 25 415
Balance in Profit & Loss Account		<b>89 45 29 472</b>	41 60 11 019
<b>TOTAL</b>		<b>1 98 03 87 147</b>	94 52 64 864
<b>SCHEDULE 3 : SECURED LOANS</b>			
<b>A. TERM LOANS</b>			
a. From Banks [For Daman Unit]	<b>2 81 76 082</b>		6 97 27 875
b. From Banks [For Himachal Unit-I]	<b>81 65 86 205</b>		64 91 61 094
c. From Banks [For Himachal Unit-II]	<b>1 41 45 22 374</b>		67 28 36 264
d. From Bank [For Office]	<b>10 95 95 150</b>		6 02 71 415
		<b>2 36 88 79 811</b>	1 45 19 96 648
<b>B. WORKING CAPITAL LOAN</b>			
From Banks		<b>1 68 33 43 554</b>	82 24 74 180
<b>C. VEHICLE LOAN</b>			
From Banks [For details of securities refer Note No. 3 to Schedule 17]		<b>65 35 407</b>	49 75 133
<b>TOTAL</b>		<b>4 05 87 58 772</b>	2 27 94 45 961

**Schedules forming part of Balance Sheet as at March 31, 2008**

[Figures in Rupees]

Particulars		As at March 31, 2008	As at March 31, 2007
<b>SCHEDULE 4 : UNSECURED LOANS</b>			
From Directors		1 32 77 721	1 87 00 448
Intercorporate Loans		4 34 85 154	8 35 46 130
From Banks and Others		72 42 01 872	58 54 92 489
Foreign Currency Convertible Bonds		1 34 16 40 000	55 07 40 000
<b>TOTAL</b>		<b>2 12 26 04 747</b>	<b>1 23 84 79 067</b>
<b>SCHEDULE 6 : INVESTMENTS</b>			
At cost [Trade, unquoted]			
333	Equity Shares of Rs.30/- each fully paid-up of Bombay Mercantile Co-operative Bank Limited	9 990	9 990
40	Equity Shares of Rs.25/- each fully paid-up of Rupee Co-operative Bank Limited	1 000	1 000
10000	Equity Shares of Rs.10/- each fully paid-up of The Shamrao Vithal Co-op Bank Limited	1 00 000	1 00 000
4000	Equity Shares of Rs. 25/- each fully paid-up of The Thane Janta Kalyan Sahakari Bank Limited	1 00 000	1 00 000
Investments in Mutual Funds [As detailed below]		5 21 66 011	--
<b>TOTAL</b>		<b>5 23 77 001</b>	<b>2 10 990</b>
<b>INVESTMENTS IN MUTUAL FUNDS</b>			
Units	Particulars	As at March 31, 2008	As at March 31, 2007
159765	DSP Merrill Lynch - Tiger Fund - Dividend	50 00 000	--
91324	HDFC Equity Fund - Dividend	50 00 000	--
1910379	SBI Arbitrage Opportunities Fund - Dividend Reinvestment	2 10 85 698	--
1006	Reliance Liquid Plus Fund - Weekly Dividend Reinvestment	10 62 432	--
1977075	Reliance Natural Resources Fund	2 00 17 881	--
<b>TOTAL</b>		<b>5 21 66 011</b>	<b>--</b>

Schedule forming part of the Balance Sheet as at March 31, 2008

**SCHEDULE 5 : FIXED ASSETS**

[Figures in Rupees]

PARTICULARS	GROSS BLOCK [AT COST ]			ACCUMULATED DEPRECIATION						NET BLOCK	
	As at April 1, 2007	On Assets acquired on merger [refer schedule I.1 note no. 17]	Additions during the year	Transfers during the year	As at March 31, 2008	Upto March 31, 2007	On Transfers	For the Year	Upto March 31, 2008	As at March 31, 2008	As at March 31, 2007
Freehold Land and Site development	22744272	42850267	27201187	55136	92740590	-	-	-	-	92740590	22744272
Borewell	1056670	1254890	1181531	-	3493091	42332	48008	125659	125659	3367432	1014338
Factory Building [including CRP]	83086293	271350602	430054963	-	784491858	13689245	19506739	46736414	46736414	737755444	69397048
Flats	1524343	988240	55136	1043376	1524343	126074	24847	150921	150921	1373422	1398269
Office Premises	169780478	-	67354531	-	237135009	-	410493	410493	410493	236724516	169780478
Plant and Machinery	268311375	292314462	352366006	3351512	909640331	80425831	50825010	157902526	157902526	751737805	187885544
Furniture and Fixture	15537676	25847628	35346961	-	76732265	5832047	3297318	11231665	11231665	65500600	9705629
Office and General Equipment	4511080	5307506	17210178	-	27028764	1734975	769914	2784033	2784033	24244731	2776105
Computers, Printers & Software	7074387	9220949	8660039	-	24955375	1402041	3170792	6456625	6456625	18498750	5672346
Testing & Measuring Equipment	5233590	22343375	46394700	-	73971665	1557305	3077904	6523676	6523676	67447989	3676285
Miscellaneous Fixed Assets	2805900	7533752	11953931	-	22293583	69785	913088	1644202	1644202	20649381	2736115
Vehicles	13453404	5464491	10169040	2647537	26439398	2650507	1996347	4914972	4914972	21524426	10802897
Current Year Total	595119468	684476162	1007948204	7097561	2280446272	107530142	84040460	238881186	238881186	2041565086	487589326
Previous Year Total	411443562	-	183675906	-	595119468	81553014	25977128	107530142	107530142	487589326	329890548

Note : Freehold Land and Site Development [as at April 1, 2007]

Rs.

Freehold Land - Daman Unit	4 83 220
Freehold Land - Himachal Unit II	2 22 61 052
Freehold Land and Site Development - Himachal Unit I	4 28 50 267
<b>TOTAL</b>	<b>6 55 94 539</b>

**Schedules forming part of Balance Sheet as at March 31, 2008**

[Figures in Rupees]

Particulars	As at March 31, 2008	As at March 31, 2007
<b>SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Inventories</b> [Value as certified by the management]		
Raw materials	95 22 02 281	45 92 42 582
Packing materials	15 30 29 469	6 71 19 584
Finished goods	3 77 01 930	2 59 06 717
Semi-finished goods	8 25 30 201	6 13 48 091
Fuel	8 81 689	8 33 935
Stationery	6 24 506	8 84 659
Lab Chemicals & Glasswares	19 68 924	25 86 914
Stores and spares parts	25 88 460	38 82 279
Sub Total [a]	1 23 15 27 460	62 18 04 761
<b>Sundry Debtors</b> [Unsecured considered good]		
Over six months	2 78 85 748	67 49 790
Others	1 61 12 03 293	76 22 22 871
Sub Total [b]	1 63 90 89 041	76 89 72 661
<b>Cash and Bank Balances</b>		
Cash on hand [including cash given on imprest]	53 15 982	50 55 391
Balance with scheduled Banks		
In current accounts	1 32 42 768	42 79 065
In margin money accounts	2 11 44 658	1 47 64 894
In fixed deposits	54 64 20 385	--
Cheques in hand	44 54 491	14 53 161
Sub Total [c]	59 05 78 284	2 55 52 511
<b>Loans and Advances</b>		
Advance recoverable in cash or kind for value to be received	3 25 35 817	2 18 92 559
Cenvat Credit and Balance in PLA	61 53 880	6 36 608
Prepaid expenses	1 02 62 477	87 58 491
Security deposits	48 32 398	37 22 222
Advance to Staff and Others	21 06 742	33 58 222
Advance Tax and TDS	6 81 38 535	1 90 41 806
Sub Total [d]	12 40 29 849	5 74 09 908
<b>TOTAL</b>	[a] + [b] + [c] + [d] 3 58 52 24 634	1 47 37 39 841
<b>SCHEDULE 8 : CURRENT LIABILITIES</b>		
Sundry Creditors	23 39 70 312	22 00 57 960
Sundry Creditors for Expenses	3 75 66 152	3 24 22 345
Advances from Customers	--	8 60 086
Other Current Liabilities [including unclaimed dividend - Rs. 19 59 476]	11 62 32 552	1 07 48 150
<b>TOTAL</b>	38 77 69 016	26 40 88 541
<b>SCHEDULE 9 : PROVISIONS</b>		
Provision for Income Tax and Fringe Benefit Tax	8 77 62 611	4 46 82 094
Proposed Dividend [including dividend tax]	4 90 02 923	2 22 17 962
<b>TOTAL</b>	13 67 65 534	6 69 00 056

Schedules forming part of Balance Sheet as at March 31, 2008

[Figures in Rupees]

Particulars	As at March 31, 2008	As at March 31, 2007
<b>SCHEDULE 10 : MISCELLANEOUS EXPENDITURE</b> [To the extent not written off or adjusted]		
Preliminary Expenses	14 22 486	20 91 925
Brand Assignment Charges	--	10 834
Public Issue Expenses	10 77 532	16 35 303
Exhibition Expenses	26 76 889	--
<b>TOTAL</b>	<b>51 76 907</b>	<b>37 38 062</b>

**Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008**  
[Figures in Rupees]

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>SCHEDULE 11 : OTHER INCOME</b>		
Dividend Income [From Mutual Funds and Co-op. Banks]	42 97 510	20 500
Interest on Bank Deposit	82 06 554	6 37 890
Other Interest	12 898	99 452
Miscellaneous Income	1 05 100	38 030
Commission and Discount	--	3 83 291
Sale of scrap	23 02 331	19 71 813
<b>TOTAL</b>	<b>1 49 24 393</b>	<b>31 50 976</b>
<b>SCHEDULE 12 : INCREASE IN INVENTORY</b>		
Closing Stock:		
Finished Goods	3 77 01 930	1 13 41 281
Semi-Finished Goods	8 25 30 201	7 59 13 527
	<b>12 02 32 131</b>	<b>8 72 54 808</b>
Less: Opening Stock		
Finished Goods	1 13 41 281	54 38 075
Semi-Finished Goods	7 59 13 527	1 56 23 983
	<b>8 72 54 808</b>	<b>2 10 62 058</b>
Increase in Inventory	<b>3 29 77 323</b>	<b>6 61 92 750</b>
<b>SCHEDULE 13 : MATERIALS CONSUMED</b>		
Opening Stock	52 63 62 166	23 09 83 107
Add: Purchases during the year [incl. excise duty on stock transfers]	6 00 12 44 335	3 32 30 12 823
	<b>6 52 76 06 501</b>	<b>3 55 39 95 930</b>
Less: Closing Stock	1 10 52 31 750	52 63 62 166
<b>MATERIALS CONSUMED TOTAL</b>	<b>5 42 23 74 751</b>	<b>3 02 76 33 764</b>
<b>SCHEDULE 14 : MANUFACTURING EXPENSES</b>		
Carriage Inward	1 44 22 328	1 02 73 144
Consumable stores & Accessories	1 03 74 892	66 16 003
Contract Labour charges	2 67 80 814	1 92 91 397
Factory cleaning charges	1 24 01 021	76 65 131
Insurance charges	50 32 996	42 42 817
Lab, Chemicals and Glasswares	56 63 323	16 88 624
Labour, Wages and Salaries	6 21 87 983	4 59 36 372
Other Manufacturing Expenses	34 82 556	21 07 766
Power and Fuel charges	6 45 20 794	5 23 04 859
Repairs & Maintenance	14 15 439	9 78 855
Security charges	70 88 673	25 14 110
Testing charges	28 52 569	61 42 269
<b>TOTAL</b>	<b>21 62 23 388</b>	<b>15 97 61 347</b>

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2008

[Figures in Rupees]

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
<b>SCHEDULE 15 : ADMINISTRATIVE SALES AND OTHER EXPENSES</b>		
Central Sales Tax	--	10 142
Advertising and publicity expenses	14 35 180	8 86 597
Payment to Auditors	3 54 305	1 40 450
Conveyance, travelling and motor car expenses	48 73 478	35 76 249
Director's Remuneration	78 39 085	52 83 073
Carriage Outward	10 29 592	9 943
Keyman Insurance Premium	19 06 427	14 15 086
Donation	1 70 102	24 903
Director Sitting Fees	20 000	--
Commission, Rebate and Discount	38 16 449	3 17 576
Membership and Subscription	17 482	5 110
Miscellaneous Expenditure Written off	25 76 488	12 38 044
Office electricity expenses	5 38 812	2 38 700
Other Miscellaneous Expenses	9 02 220	4 04 786
Postage and courier expenses	6 31 093	5 10 738
Printing and stationery	43 35 620	32 07 484
Professional and consultancy charges	67 78 303	21 95 465
Rent, rates and taxes	41 39 430	25 05 098
Repairs and maintenance	24 64 658	10 42 241
Salaries etc.	69 16 547	24 61 901
Business Development Expenses	10 44 418	5 81 377
Staff and labour welfare expenses	66 76 684	34 33 924
Telephone charges	24 16 986	19 71 764
<b>TOTAL</b>	<b>6 08 83 359</b>	<b>3 14 60 651</b>
<b>SCHEDULE 16 : INTEREST AND FINANCIAL CHARGES</b>		
Bank charges, commission, up-front fees and documentation Expenses	71 50 477	66 77 220
Interest on working capital	16 47 72 355	6 31 32 630
Interest on term loans	6 40 22 570	3 91 35 373
Interest on car loans	5 23 733	1 22 331
Interest to others	1 28 45 981	2 01 10 170
<b>TOTAL</b>	<b>24 93 15 116</b>	<b>12 91 77 724</b>

## **SCHEDULE – 17: NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008**

### **I. SIGNIFICANT ACCOUNTING POLICIES:**

#### **I. Merger:**

During the year under review, Vaibhav Healthcare Private Limited was merged with the company:

- a] In the Court Convened Extra-ordinary General Meeting of the company held on October 8, 2007 the proposal for merger was duly approved by the Shareholders of the company.
- b] On December 14, 2007 The Hon'ble Bombay High Court sanctioned the said scheme of merger.
- c] It is confirmed by the management that all relevant legal formalities pertaining to the said merger have been fulfilled.
- d] The accounts of the company reflects the Assets and Liabilities of the said merged Company in the financials under review. The accounts of the previous year also reflect consolidated figures of Vaibhav Healthcare Private Limited.

#### **II. Basis of Accounting:**

The financial statements are prepared under the historical cost convention on a going concern basis. The Company generally follows the mercantile system of accounting and recognises the income and expenditure on accrual basis except those with significant uncertainties and comply with accounting standards issued by The Institute of Chartered Accountants of India and the relevant provisions of The Companies Act, 1956.

#### **III. Fixed Assets:**

Fixed Assets are stated at costs of acquisition availed or constructed, including taxes and pre-operative expenses capitalised less accumulated depreciation.

#### **IV. Impairment of assets:**

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which the Asset is identified as being impaired.

#### **IV. Depreciation:**

- a] The Depreciation on Fixed Assets is provided on straight-line method, in accordance with the Schedule XIV of the Companies Act, 1956.
- b] The Depreciation on assets added during the year has been provided on pro-rata basis with reference to the date on which the assets was put to use.
- c] No depreciation has been provided on the fixed assets, which have not been put to use during the year.

#### **V. Valuation of Inventories:**

- a] Raw material, Packing material, Consumable Stores and spares are valued at lower of cost or net realisable value.
- b] Work-in-Progress and Finished goods are valued at lower of cost or net realisable value.
- c] Work-in-Progress and Finished goods include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **VI. Investments:**

The long term investments [unquoted] are stated at cost. The Income from investments is accounted for when received. Provision for diminution in value of Long Term Investments is made only if such decline is not temporary in the opinion of management.

#### **VII. Provisions:**

The provisions are recognized when the Company has a present obligation as a result of past events; it is more likely than an outflow of resources will be required to settle the obligation and the amount have been reliably estimated.

#### **VIII. Employees Benefits:**

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

All employee benefits payable within twelve months of rendering service are recognized in the period in which the employee renders the related service.



### **Post Employment / Retirement Benefits**

Contribution to Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss Account as incurred.

### **Gratuity**

According to the management, in consultation with the actuary, it is neither practical nor feasible to actuarially value the Gratuity liability in the absence of any guidance from the Actuarial Society of India, as also due to the fact that the rate of interest as notified by the Government can vary annually. Accordingly the company is currently not in a position to provide other related disclosures as required by the aforesaid AS-15 [revised] 2005 of ICAI read with ASB guidance.

### **IX. Borrowing Cost :**

The interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalized with the respective fixed assets.

### **X. Revenue Recognition :**

The gross sales are inclusive of excise duty, but net of sales tax, returns and trade discounts. The Company recognizes sales when significant risks and rewards related to ownership are transferred to the buyers.

### **XI. Foreign Exchange Transactions :**

The transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Exchange differences relating to fixed assets are adjusted in the cost of the respective asset. Any other exchange difference is dealt with in the Profit and Loss Account.

### **XII. Taxation :**

The Provision for current income tax liability is ascertained on the basis of assessable profits computed in accordance with the provisions of Income tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, on timing of differences, being the difference between taxable income and accounting income that originate in one period and are capable of being reversed in one or more subsequent periods.

The provision for Fringe Benefit Tax is ascertained on the basis of Fringe Benefits assessable value as per the provisions of the Income Tax Act, 1961.

In case where the tax assessments have been completed but the appeals are pending, the tax payments have been set-off against the provision in the Balance Sheet. The appropriate disclosures have been made towards Contingent liabilities, if any.

### **XIII. Miscellaneous Expenditure :**

1/10th of Preliminary and Public Issue expenses & 1/3 of Brand Assignment Charges and Exhibition Expenses of Ankur Drugs and Pharma Limited and 1/5th of preliminary expenses of Vaibhav Healthcare Private Limited have been written off during the year.

### **XIV. Accounting for CENVAT Credit:**

CENVAT benefit is accounted for by reducing the purchase cost of Materials/ Fixed Assets, where CENVAT credit is available.

### **XV. Earnings Per Share:**

The earnings considered in ascertaining the Company's EPS are computed as per Accounting Standard 20 on "Earning Per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

## **2. Contingent Liabilities:**

### **Ankur Drugs and Pharma Limited**

- a] In respect of guarantees given by banks on behalf of the Company Rs. 183.04 Lakhs [Previous Year Rs. 73.04 Lakhs]. The Company has kept Rs. 103.82 Lakhs [Previous Year Rs. 54.19 Lakhs] in Fixed Deposit with Banks.
- b] Claims against the Company not acknowledged as debts: Income Tax Demand Rs. 18.62 Lakhs [Previous Year Rs. 18.62 Lakhs] represents the claims where the dispute is pending with the ITAT, Mumbai.
- c] Estimated amount of contracts remaining to be executed on capital account [net of advance] for Rs. 2378 Lakhs [Previous Year Rs. 5783 Lakhs]

### 3. Securities for Secured Loans

#### I. Term Loan

##### a] For Daman Unit

Term Loans amounting to Rs.2,81,76,082/- [Corporation Bank-Rs.63,68,458/- and State Bank of Indore-Rs.2,18,07,624/-] secured by way of first charge/assignment ranking pari-passu interse the lenders,are as under :

- i] First charge by mortgage on all the movable and immovable fixed assets situated at Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Limited, Village Dabhel, Nani Daman [U.T.] - 396 210
- ii] Second charge over all the movable and immovable fixed assets situated at Village Makhnu Majra, Taluka - Nalagarh, P.O. Baddi, District Solan [H.P.] - 173 205 along with working capital bankers.
- iii] Second charge over current assets of the Company along with other term lenders;
- iv] Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company.

##### b] For Himachal Unit II

Term Loans amounting to Rs.1,41,45,22,374/- [State Bank of Indore- Rs.9,68,11,169/-, State Bank of India-Rs.58,92,82,419/-, Indian Overseas Bank Rs.25,51,18,966/-, ICICI Bank Rs.20,22,59,326/- and External Commercial Borrowings from ICICI Bank - Rs.27,10,50,494/- ] secured by way of first charge/assignment ranking pari-passu interse the lenders,are as under :

- i] First charge over all the movable and immovable fixed assets situated at Village Makhnu Majra, Taluka - Nalagarh, P.O. Baddi, District Solan [H.P.] - 173 205
- ii] Second charge by mortgage on all the movable and immovable fixed assets situated at Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Limited, Village Dabhel, Nani Daman [U.T.] - 396 210 along with working capital bankers
- iii] Second charge over current assets of the Company along with other term lenders.
- iv] Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company.

##### c] For Himachal Unit I

Term Loans amounting to Rs.81,65,86,205/- [Corporation Bank Rs.20,22,48,375/-, Oriental Bank of Commerce Rs.23,39,34,112/-, Syndicate Bank Rs.19,00,62,466/-, The Shamrao Vithal Co-operative Bank Limited Rs.14,51,25,523/- and The South Indian Bank Limited Rs.4,52,15,729/-] secured by way of first charge/assignment ranking pari-passu interse the lenders,are as under :

- i] First charge over all the movable and immovable fixed assets situated at Village Manakpura, P.O. Lodhimajra, Nalagarh, District Solan [H.P.] - 174 101.
- ii] Second charge over Current Assets of the company along with other term lenders
- iii] Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company.

##### d] For Office Premises

Term Loans amounting to Rs.10,95,95,150/- from Citibank N.A. secured by way of first charge / assignment interse the lenders,are as under :

- i] First charge over office premises at 20th Floor, Lotus Business Park, Off Link Road, Andheri [west], Mumbai - 400 053.
- ii] Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company

#### II. Working Capital Loan

##### a] For Daman and Himachal Unit II

Cash Credit amounting to Rs.1,12,64,92,872/- [Citibank - Rs. 21,07,41,002/-, Corporation Bank- Rs. 15,93,51,119/-, ICICI Bank Limited - Rs. 9,66,85,804/-, Indian Overseas Bank - Rs.4,77,65,325/-, ING Vysya Bank Limited - Rs. 22,81,79,997/-, State Bank of India- Rs.30,30,32,098/- and State Bank of Indore - Rs.8,07,37,527/-] is secured by way of first charge/assignment ranking pari-passu interse the lenders are as under:

- i] Respective First charge over Current assets of the Company.
- ii] Second charge over all the movable and immovable fixed assets situated at Village Makhnu Majra, Taluka - Nalagarh, P.O. Baddi, District Solan [H.P.] - 173 205 along with other term lenders.
- iii] Second charge over all the movable and immovable fixed assets situated at Plot No. 3 & 4, Survey No. 168, Dabhel Industrial Co-operative Society Limited, Village Dabhel, Nani Daman [U.T.] - 396 210, along with term lenders.
- iv] Personal Guarantee of Mr. Purnandu Jain, Chairman and Managing Director of the Company

#### b] For Himachal Unit I

Cash Credit and Bills Discounting amounting to Rs.55,68,50,682/- [Corporation Bank- Rs. 10,71,14,593/-, ICICI Bank Limited- Rs. 9,98,89,833/-, Standard Chartered Bank Rs. 7,98,51,971/-, Syndicate Bank Rs. 18,99,06,255/-, The Shamrao Vithal Co-op. Bank Ltd. Rs. 3,24,23,285/- and The South Indian Bank Ltd. Rs. 4,76,64,745/-] is secured by way of first charge / assignment ranking pari-passu interse the lenders are as under:

- i] Respective First charge over Current assets of the Company.
- ii] Second charge over all the movable and immovable fixed assets situated at Village Manakpur, P.O. Lodhimajra, Nalagarh, District Solan [H.P.]-174 101.
- iii] Personal Guarantee of Mr.Purnandu Jain, Chairman and Managing Director of the Company.

#### III. Vehicle Loan

Vehicle Loan of amounting to Rs.65,35,408/- [Kotak Mahindra Prime Ltd.- Rs. 37,82,688/-, State Bank of Indore- Rs.25,90,516/- and Citibank-N.A. Rs. 1,62,204/-] is secured by hypothecation of specific Vehicle against which the loans have been taken.

#### 4. Deferred Tax

[A] In accordance with “Accounting Standard 22” on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, the Company has Deferred Tax liability of Rs. 9 87 43 480/- which is arrived after Deferred Tax charge of Rs.2 73 84 675/- to profit & loss account.

[B] In compliance of Accounting Standard-22 on “Accounting for Taxes on Income” issued by The Institute of Chartered Accountants of India, the break up of deferred tax Assets and liability are given below: [Figures in Rupees]

Particulars	Closing as at March 31, 2008	Closing as at March 31, 2007
Deferred Tax Liability	9 87 43 480	7 13 58 806

#### 5. Earning per Share

In compliance of Accounting Standard-20 on “Earning Per Share” issued by The Institute of Chartered Accountants of India, the computation of Earning per share [Basic and Diluted] is as under :

Particulars		2007-2008	2006-2007
a.	Profit after tax	Rupees 63 50 22 189	32 74 44 969
b.	The weighted average number of Ordinary Shares for Basic EPS	Nos 1 1806526	9508671
c.	The nominal value per Ordinary Share	Rupees 10	10
<b>d.</b>	<b>Earnings Per Share [Basic]</b>	<b>Rupees 53.79</b>	34.43
e.	Profit after tax for Basic EPS	Rupees 63 50 22 189	32 74 44 969
f.	Add : Interest payable on outstanding Foreign Currency Convertible Bonds	Rupees Nil	Nil
g.	Profit after tax for Diluted EPS	Rupees 63 50 22 189	32 74 44 969
h.	Number of Shares outstanding	Nos 1 1806526	9508671
i.	Add : Adjustment for Options relating to Foreign Currency Convertible Bonds and warrants	Nos 1 1287639	9065055
j.	The weighted average number of Ordinary Shares for Diluted EPS	Nos 23094165	18573726
<b>k.</b>	<b>Earnings Per Share [Diluted]</b>	<b>Rupees 27.50</b>	17.62

## 6. Related Party Transactions

In accordance with the Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the transactions with the related parties of the Company are disclosed below :

Name of the related party with whom transactions have been made	Description of relation with the party	Nature of Transaction	Amount 2007-2008	Amount outstanding as at March 31, 2008
Purnandu Jain	Chairman and Managing Director	Unsecured Loan Repaid	68 65 947	1 18 51 332
		Remuneration *	1 22 69 872	Nil
Purnandu Jain HUF	HUF of Chairman and Managing Director	Rent Paid	14 21 250	Nil
		Purchase of Office premises	3 32 00 000	Nil
Anupama Jain	Wife of Chairman and Managing Director	Rent Paid	3 47 813	Nil
		Purchase of Office premises	83 00 000	Nil
Girraj Vijayvargiya	Executive Director	Unsecured Loan Received	5 75 000	14 26 389
		Remuneration	17 14 149	75 436
Vaibhav Jain	Son of Chairman and Managing Director	Rent	1 87 000	Nil

\* 50% of the Managing Director's remuneration and Provident Fund Contribution have been capitalized under the head of pre-operative expenses, as most of his time was spent for implementation of the project at Baddi.

## 7. Computation of Net Profit under Section 349 of the Companies Act, 1956

[Figures in Rupees]

Particulars	2007-08
Profit Before Tax as per Profit and Loss Account	75 01 68 358
Add: Managerial Remuneration [Excluding Sitting Fees]	1 39 84 021
Net Profit under Section 349 of the Companies Act, 1956.	76 41 52 379
<b>Managerial Remuneration permissible maximum</b>	<b>7 64 15 238</b>

## 8. Managerial Remuneration

Managerial Remuneration under section 198 of Companies Act, 1956 paid or payable during the financial year is as under :

[Figures in Rupees]

Particulars	2007-2008	2006-2007
Remuneration to Managing Director [Including Provident Fund Contribution]	1 22 69 872	81 75 846
Remuneration to Whole Time Director [Including Provident Fund Contribution]	17 14 149	11 95 150
Directors' Sitting Fees	20 000	Nil
<b>Total Managerial Remuneration</b>	<b>1 40 04 021</b>	<b>93 70 996</b>

## 9. Payment to Auditor's

[Figures in Rupees]

Particulars	2007-2008	2006-2007
Audit fees	2 00 000	85 00 0
Tax Audit fees	25 000	15 000
Certification work	50 000	15 000
Out of pocket expenses	40 330	10 000
Service Tax on above payment	38 975	15 450
<b>TOTAL</b>	<b>3 54 305</b>	<b>1 40 450</b>

## 10. Capacity and Production

Product Formulation	Units	Installed Capacity [Based on 300 days & 2 Shifts]	Actual production	
			Sales	Job
Tablets	Million Nos.	<b>14400.00</b> [5400.00]	<b>7149.75</b> [5425.10]	<b>500.18</b> [689.93]
Capsules	Million Nos.	<b>2579.00</b> [1125.00]	<b>1715.80</b> [1274.07]	<b>65.43</b> [70.50]
Dry Syrups	Million Bottles	<b>48.00</b> [36.00]	<b>42.43</b> [28.93]	<b>6.55</b> [5.03]
Liquid	Million Bottles	<b>54.00</b> [54.00]	<b>44.52</b> [39.22]	<b>0.85</b> [0.77]

[Figures in bracket are for the year ended March 31, 2007]

Note: Himachal Unit II went into commercial production w.e.f. October 5, 2007 with operations of Tablet section on single shift basis. The installed capacity is 9000 million Tablets and 912 million Capsules of the plant. The Capsule section has commenced production in the current year.

## 11. Details of Sales and Job Work

Product Formulation	Units	Sales		Job Work	
		Quantity	Amount [Rs.]	Quantity	Amount [Rs.]
<b>[A] Manufacturing Sales</b>					
Tablets	Nos. Million	<b>7149.75</b> [5425.10]	<b>475 01 42 380</b> [2 58 31 52 156]	<b>500.18</b> [689.93]	<b>3 08 46 363</b> [3 33 28 833]
Capsules	Nos. Million	<b>1715.80</b> [1274.07]	<b>94 07 64 239</b> [56 42 70 731]	<b>65.43</b> [70.50]	<b>41 33 405</b> [45 40 179]
Dry Syrups	Bottles Million	<b>42.43</b> [28.93]	<b>61 07 13 456</b> [30 09 13 828]	<b>6.55</b> [5.03]	<b>1 00 20 342</b> [37 48 059]
Liquid Orals	Bottles Million	<b>44.52</b> [39.22]	<b>38 27 03 217</b> [23 96 50 041]	<b>0.85</b> [0.77]	<b>17 95 044</b> [6 77 879]
Oral Powder	Sachets Million	<b>Nil</b> [Nil]	<b>Nil</b> [Nil]	<b>1.23</b> [Nil]	<b>16 35 022</b> [Nil]
<b>TOTAL [A]</b>		<b>8952.50</b> [6767.32]	<b>6 68 43 23 292</b> [3 68 79 86 756]	<b>574.24</b> [766.23]	<b>4 84 30 176</b> [4 22 94 950]
<b>[B] Trading Sales</b>					
Bulk Drug			<b>22 21 168</b> [21 11 605]		<b>Nil</b> [Nil]
<b>TOTAL [B]</b>			<b>22 21 168</b> [21 11 605]		<b>Nil</b> [Nil]
<b>TOTAL [A] + [B]</b>			<b>6 68 65 44 460</b> [3 69 00 98 361]		<b>4 84 30 176</b> [4 22 94 950]

[Figures in bracket are for the year ended March 31, 2007]

**12. Details of Raw Materials Consumed:**  
[Active Bulk Drugs and Other Materials]

Particulars	Units	2007-2008		2006-2007	
		Quantity	Amount [Rs.]	Quantity	Amount [Rs.]
Opening Stock	KGs./Ltrs	988767	45 92 42 582	693476	23 09 83 107
Add : Purchases/Stock Transfer[net]	KGs./Ltrs	9757895	5 01 10 31 766	6285096	2 75 14 89 454
<b>TOTAL</b>	KGs./Ltrs	<b>10746662</b>	<b>5 47 02 74 348</b>	6978572	2 98 24 72 561
Less : Closing Stock	KGs./Ltrs	1904268	95 22 02 281	988767	45 92 42 582
Raw Materials Consumed	KGs./Ltrs	8842934	4 51 80 72 067	5989805	2 52 32 29 979
Packing Materials Consumed			90 43 02 684		50 44 03 785
<b>Materials Consumed</b>			<b>5 42 23 74 751</b>		3 02 76 33 764

Notes : [a] It is not practicable to furnish quantitative information in respect of individual items in view of the wide/ different types of pharmaceutical formulations.

[b] As the Company maintains its records in quantity only, the figures shown as consumption are balancing figures, ascertained on the basis of opening stock, purchases and closing stock.

[c] The above figures are after adjustment of excesses and shortages ascertained on physical count and write off of obsolete and other items.

**13. Value of Imported/Indigenous Materials Consumed:**

[Figures in Rupees]

Particulars	2007-2008		2006-2007	
	Amount	Percentage	Amount	Percentage
1. Indigenous	5 38 00 42 207	99.22 %	3 00 51 98 942	99.26 %
2. Imported [Exclusive on High seas basis]	4 23 32 544	0.78 %	2 24 34 822	0.74 %
<b>TOTAL</b>	<b>5 42 23 74 751</b>	<b>100.00 %</b>	3 02 76 33 764	100.00 %

**14. Value of Imported/Indigenous stores and spare parts consumed:**

[Figures in Rupees]

Particulars	2007-2008		2006-2007	
	Amount	Percentage	Amount	Percentage
1. Indigenous	1 03 74 892	100%	66 16 003	100%
2. Imported	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>1 03 74 892</b>	<b>100%</b>	66 16 003	100%

### 15. Expenditure in foreign currency

[Figures in Rupees]

Particulars	2007-2008	2006-2007
Foreign traveling expenses	69 87 977	47 43 869
FCCBs issue expenses	1 31 88 668	1 07 42 328
Exhibition expenses	32 64 027	Nil
Sitting fees	20 000	Nil
Interest on External Commercial Borrowings	1 71 96 336	Nil
Technical know-how fees	76 20 737	Nil
<b>TOTAL</b>	<b>4 82 77 745</b>	<b>1 54 86 197</b>

### 16. Earnings in foreign exchange

[Figures in Rupees]

Particulars	2007-2008	2006-2007
Interest Income	69 94 557	78 67 879

### 17. Value of Imports on CIF Basis

[Figures in Rupees]

Particulars	2007-2008	2006-2007
Capital Goods	65 33 60 642	53 82 82 430
Raw Materials, Stores and Spares	4 23 32 544	2 24 34 822
<b>TOTAL</b>	<b>69 56 93 186</b>	<b>56 07 17 252</b>

18. The Company operates in a single business segment viz. "Pharmaceutical Formulations" and therefore in the context of Accounting Standard No. 17, disclosure of segment wise information is not applicable.

19. The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertaking/ Small Scale Industrial Undertakings holding permanent registration certificate issued by the Directorate of Industries of a State or Union Territory. Consequently the liability, if any, of interest which would be payable under 'The Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993', cannot be ascertained. However, the Company has not received any claims in respect of such interest.

20. In the opinion of the Board of Directors, the current assets and loans and advances have value on realisation at least equal to the amount at which they are stated in the Balance Sheet and provision for all known and determined liabilities is adequate and not in excess of amount reasonably required.

21. The unsecured loans, current liabilities, sundry debtors and loans and advances are subject to reconciliation with the parties.

22. The previous year's figures have been regrouped wherever considered necessary.

As per our report of even date attached

**CA. M.G.VASHI**  
ICAI M. No. 030217  
Proprietor

For **M.G.VASHI & CO.**  
Chartered Accountants

Place : **Mumbai**  
Date : **August 27, 2008**

For and on behalf of the Board of Directors

**PURNANDU JAIN** - Chairman and Managing Director

**GIRRAJ VIJAYVARGIYA** - Wholetime Executive Director

**S. C. RANE** - Company Secretary

Place : **Mumbai**  
Date : **August 27, 2008**

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Balance Sheet Dated March 31, 2008

Registration No. 11-85410  
State Code 11

### II. Capital raised during the year

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Issue	2 14 58 170

### III. Position of Mobilisation and Deployment of Funds [Amount Rs.inThousand]

Total Liabilities	8 47 46 80	Total Assets	8 47 46 80
<b>Sources of funds</b>		<b>Application of funds</b>	
Paid-up Capital *	21 41 85	Net Fixed Assets **	5 35 64 36
Reserves & Surplus	1 98 03 87	Investments	5 23 77
Secured Loans	4 05 87 59	Net Current Assets	3 06 06 90
Unsecured Loans	2 12 26 05	Miscellaneous Expenditure	51 77
Deferred Tax Liability	9 87 44		

\* Includes Equity Share Warrants Application money Rupees 871 77 [8 07 30] thousand

\*\* Includes Capital Work In Progress of Rupees 3 30 78 76 [2 45 03 23] thousand.

### IV. Performance of Company [Amount Rs.inThousand]

Turnover [Net]	6 73 49 75	Profit Before Tax [including prior period and net of extraordinary items]	75 01 68
Total Expenditure	5 98 48 07	Profit After Tax [including prior period]	63 50 22
Earning per share [Rs.]	53.79	Dividend Rate	22.50 %

### V. Generic Names of Three Principal Products/service of Company [as per monetary Term]

Item Code No. [ITC Code]	<b>3 0 0 3 3 9 - 0 0</b>
Product Description	Tablets - Formulations Capsules - Formulations Dry Syrups - Formulations Liquid Orals - Formulations Ointments - Formulations Oral Powders - Formulations Insta-use Suspension - Formulations

As per our report of even date attached

**CA. M.G.VASHI**  
ICAI M. No. 030217  
Proprietor

For **M.G.VASHI & CO.**  
Chartered Accountants

Place : Mumbai  
Date : August 27, 2008

For and on behalf of the Board of Directors

**PURNANDU JAIN** - Chairman and Managing Director

**GIRRAJ VIJAYVARGIYA** - Wholetime Executive Director

**S. C. RANE** - Company Secretary

Place : Mumbai  
Date : August 27, 2008



