

JAGSONPAL
28th ANNUAL REPORT
2006-07



JAGSONPAL PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

J.S. Kochhar – Chairman
A.C. Chakrabortti
S. Mukhopadhyay
Dr. S.K. Goyal
R.P.S. Kochhar – Managing Director

GENERAL MANAGER

S.K. Dudeja

BANKERS

Punjab & Sind Bank
Central Bank of India

AUDITORS

P.P. Thukral & Co.
Chartered Accountants

REGISTERED OFFICE

T-210 J, Shahpur Jat,
New Delhi-110049

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Notice

NOTICE is hereby given that the 28th Annual General Meeting of the members of JAGSONPAL PHARMACEUTICALS LIMITED will be held on Saturday, the 29th day of September, 2007 at 10.00 A.M. at Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi - 110003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007 and the Profit and Loss Account for the year ended on that date along with the reports of Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. S. Mukhopadhyay who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board

Place : New Delhi

S.K. Mata

Dated : 25.08.2007

Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2007 to 29th September, 2007 (both days inclusive).
3. The dividend, if declared at the meeting, will be payable on or after October 7, 2007.
4. In order to ensure safety against fraudulent encashment of dividend warrants, Members holding shares in physical form are requested to furnish to the Company or Company's R&T Agents bank account details which will be printed on the dividend warrants. In case you wish to receive dividend through Electronic Clearing Service (ECS), please

provide your bank account details along with a photocopy of the cancelled cheque slip bearing the 9 digit MICR code number of the bank where the account is held so that the dividend can be remitted to the credit of your bank account through ECS facility, provided such facility is available in your locality.

5. Members who have not encashed or claimed their dividend for the financial year ended March 31, 2000, and/or subsequent financial years are requested to forward their claim to the Company or to the R&T Agents for encashment of unclaimed dividend.

Members are requested to note that dividends not encashed or claimed within 7 years from the date of transfer to the Company's unpaid dividend account will as per section 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund, established under section 205 C of the Companies Act, 1956.

Please note that the dividend for the year ended March 31, 2000 will be transferred to the Investors Education and Protection Fund in November 2006, hence Members are requested to claim the said dividend before November 2007, thereafter no claim shall lie with the Company in respect of such amount.

6. Members attending the meeting are requested to complete the enclosed Attendance slip and deliver the same at the entrance of the meeting place.
7. Profile of Mr. S. Mukhopadhyay, the director retiring by rotation.

Mr. S. Mukhopadhyay is a former member of the Central Board of Excise and Customs. He is on the Board of directors of the Company since January 2002. He is Chairman of the Audit Committee and a member of Investors Grievance Committee. He does not hold any share in the Company. Mr. Mukhopadhyay is a director and committee member in the following companies

Company	Designation
Grieves Cotton Limited	Director

None of the Director except Mr. S. Mukhopadhyay is interested in the resolution.

By Order of the Board

Place : New Delhi

S.K. Mata

Dated : 25.08.2007

Company Secretary

Directors' Report

To the members of Jagsonpal Pharmaceuticals Limited

Your Directors have the pleasure in presenting their Twenty Eighth Annual Report of the Company and the Audited Accounts, for the period ended 31st March, 2007.

Financial highlights

The financial performance of the company is as under:

Particulars	(Rs. in Lacs)	
	Current Year	Previous Year
Sales	14525.62	17213.43
Operating Expenditure	13331.86	15750.02
Profit before interest, depreciation and tax	1193.76	1463.41
Financial Expenses	563.02	469.86
Depreciation	165.20	150.93
Profit before Tax	465.54	842.62
Provision for taxation	161.86	282.36
Deferred Tax	-5.43	0.79
Fringe Benefit Tax	28.82	63.07
Profit after tax	280.29	496.40
Balance brought forward	885.04	702.37
Profit available for appropriation	1165.34	1198.77
Appropriations:		
Proposed Dividend	26.20	26.20
Additional Income tax on Dividend	4.45	3.67
Transfer to General Reserve	50.00	50.00
Income Tax for earlier years	-	233.86
Balance carried forward	1084.69	885.04

Operations

During the period ended March, 2007 sales of the Company decreased by 16% to Rs.14525.62 lakhs as compared to 17213.43 lakhs for the year ended March, 2006. The profit before tax decreased from Rs. 842.62 lacs to Rs. 465.54 lacs. The performance of the Company for the period under review was below then expected.

The year 2006-07 was not a good year for the industry. However, Company has been able to achieve the above results against heavy odds, such as, sluggish market trends, lower growth rate of the industry in general and in particular adverse impact caused by the major product

line coming in the ambit of DPCO price regulation in previous year. It was sheer determination and hard labour put in by the management and staff, which saw us sail through severe competition, cut throat discounting and under cutting. Your company introduced various measures to counter these adverse factors. These measures helped to sustain the company during the year.

The Company launched/re-launched a few products and increased the area for many other products during the period and the same have been well received in the market. The benefit of the same will be seen in coming years.

The marketing strategies deployed during the year are likely to yield still better results in the future.

Dividend

Your Directors are pleased to recommend for your consideration a dividend of 2%. This will absorb a sum of Rs. 26,19,800/- (Sum for previous period Rs. 26,19,800/- exclusive of Corporate tax thereon).

Employees

The Company continued to maintain cordial relations with its employees at all levels. No man-days were lost during the period due to industrial strife. The information as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is enclosed in Annexure 'B' and forms part of this Report.

Directors

Mr. S.Mukhopadhyay, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Corporate Governance

As per the listing agreement with the Stock Exchanges, your Company has complied with the regulations of Corporate Governance. A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

Auditors

M/s. P.P. Thukral & Co., Chartered Accountants retire as auditors at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors.

Energy, Technology & Foreign Exchange

As stipulated under the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the (Disclosure of Particulars in the Report of Board of Directors) rules, 1988, Annexure 'A' contains the particulars pertaining to Conservation of Energy, Technology absorption and Foreign Exchange earning and outgo.

Directors Responsibility Statement

Your Directors confirm that:

1. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The accounting policies are consistently applied and reasonable, prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the period.
3. Sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

Acknowledgment

The Board of Directors would like to record their appreciation and gratitude to all employees of the organisation for their active co-operation and involvement. Thanks are also due, to Jagsonpal customers, dealers, suppliers and bankers.

For and on behalf of the Board of Directors

Place : New Delhi.

J. S. Kochhar

Dated : 25.08.2007

Chairman

Annexure 'A' To The Directors' Report

Information pursuant to The Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

FORM 'A'

(See Rule 2)

Form for Disclosure of Particulars with respect to conservation of energy.

A. Power and fuel consumption

	01.04.2006	01.04.2005
	to 31.03.2007	to 31.03.2006

1. Electricity

a) Purchased Units Kwh	10,71,034	12,03,838
Total amount Rs.	44,87,775	51,15,489
Avg. Rate/Unit Rs.	4.19	4.24

b) Own generation**i) Through diesel Generation**

Units Kwh	5,98,100	7,36,124
Units/litre of diesel oil Kwh	3.58	3.26

ii) Through Steam turbine

generator	N.A.	N.A.
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2. Coal

	N.A.	N.A.
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3. Furnace oil

Quantity K.Ltr.	3,20,000	3,12,000
Total cost Rs.	93,48,771	83,14,991
Average Rate Rs.	29.21	26.65

4. Others/Internal generation

	N.A.	N.A.
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B. Consumption

It is not feasible to maintain energy consumption data by product category because of the very large number and variety of products with significantly different energy requirements.

FORM 'B'
(See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption.

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company.

The R & D Centre carries out Research and Development in the area of Bulk Drugs, Drugs Intermediaries and Pharmaceuticals.

2. Benefits derived as a result of the above R & D

During the current year the following projects were successfully accomplished by the R&D team. These projects are expected to contribute significantly towards the profitability of the company.

<i>Product</i>	<i>Application</i>
CycloReg	Regulates menstrual cycle ... improves quality of life.
LycorRed Syrup	Keeps stress away... the natural way.

The R&D activities of the Company have resulted in manufacturing process upgradation, improving packagings and cost containment.

3. Future Plan of Action

R & D efforts will be continued in the areas of Bulk drugs and Drug formulations. These will be geared towards development of new product technologies which can be commercialised in future.

4. Expenditure on R & D

	(Rs. in lacs)	
	Mar. 2007	Mar. 2006
a) Capital Expenditure	20.99	18.90
b) Revenue Expenditure	61.64	72.54
TOTAL	82.63	91.44
c) Total R & D expenditure as a percentage of total turn-over.	0.56%	0.53%

5. Foreign Exchange Earnings

	457.41	432.36
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For and on behalf of the Board of Directors

Place : New Delhi.
Dated : 25.08.2007

J. S. Kochhar
Chairman

Annexure 'B' To The Directors' Report

Statement under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies' (Particulars of Employee's) Rules, 1975 as amended upto Date :

S.N.	Name & Age of the Employee	Designation	Qualification & Experience	Gross Remuneration Rs.	Net Remuneration Rs.
1.	Mr.Jagmohan Singh Kochhar (78 years)	Chairman	Experience in Senior Management (57 years)	28,80,000	19,98,384
2.	Mr.Rajpal Singh Kochhar (52 years)	Managing Director	M.Sc.(Pharmacy) USA (27 years)	28,80,000	19,98,384
1.	Gross Remuneration includes : Salary, Bonus, Commission, Allowances and perquisites as per the Rules of the Company.				
2.	Net Remuneration excludes : Contribution towards Recognised Provident Fund, Income Tax deducted at source-value of taxable perquisites.				
3.	Mr. Jagmohan Singh Kochhar is the father of Mr. Rajpal Singh Kochhar.				

For and on behalf of the Board of Directors

Place : New Delhi.
Dated : 25.08.2007

J. S. Kochhar
Chairman

Annexure to the Directors' Report

Corporate Governance Report

The Securities and Exchange Board of India has stipulated Corporate Governance standards for listed companies through Clause 49 of the listing agreement of the stock exchanges. Your company has put in place systems and procedures and is fully compliant with the standards.

1. Company's Philosophy on code of Governance:

The Company's philosophy on Corporate Governance is to conduct its business affairs in a professional and transparent manner while adhering to high ethical values and morals and always striving for optimizing Shareholder' value. The Company considers good corporate governance to be a pre-requisite for meeting the objective of maximizing shareholders wealth in a sustained manner.

2. Board of Directors

- a) The Board comprises of Executive and Non-executive Directors. The present strength of the Board of Directors is five Directors. The Chairman and the Managing Director are two whole time directors, the remaining three being non-executive Directors, who are independent Directors and are professionals and have expertise in their fields.
- b) The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year of the Company was as under:

Name of Director	Category	Attendance at		Membership of other Board (excluding Alternate Directorship & Directorship in Pvt. Companies)	No. of Committees in which member (excluding Pvt. Companies)
		Board Meetings	Last AGM		
Mr. Jagmohan Singh Kochhar	Chairman	5	Yes	2	1
Mr. Rajpal Singh Kochhar	Managing Director	4	Yes	1	-
Mr. A. C. Chakrabortti	Non-Executive	1	No	13	5
Mr. S. Mukhopadhyay	Non-Executive	5	Yes	1	2
Dr. S.K.Goyal	Non-Executive	5	N.A.	-	2

- c) During the year five board meetings were held on following dates:

May 18, 2006

June 14, 2006

July 31, 2006

October 30, 2006

January 30, 2007

- d) Information placed before the Board of Directors

The following information is regularly placed before the Board of Directors

- Annual budgets/plans
- Capital budgets
- Quarterly results
- Minutes of the Committees
- Information on recruitment etc of Senior officer just below the Board level
- Material communications from Government bodies
- Fatal or serious accidents, dangerous occurrences and pollution problems, if any
- Material financial obligations
- Significant labor problems, if any
- Sale of assets, investments etc. which is not in the normal course of business
- Material transactions
- Compliance with statutory requirements

Besides above all major decisions are considered by the Board.

3. Audit Committee

The terms of reference and the role of the Audit Committee include inter-alia reviewing with management the quarterly and annual financial statements, adequacy of internal control systems and frequency and scope of internal audit, overseeing of company's financial reporting process, discussions with internal and external auditors of the company on the audit undertaken, recommending the audit fee, reviewing the internal audit undertaken and its findings, to review the functions of the whistle blower mechanism .

The Audit Committee was formed in January 2002 and it had three Non-executive Independent Directors as members - Mr. A.C.Chakrabortti, Mr. S.K.Goyal and Mr. S. Mukhopadhyay. The Chairman of the Committee is Mr. S. Mukhopadhyay. At present it has two members as Mr. A.C.Chakrabortti ceased to be a member of the Committee in 2006. The Company Secretary Mr. S.K.Mata, acts as the Secretary of the Committee. The Internal Auditor and/or Statutory Auditors are invitees to the meeting. The quorum for the Committee meeting is two Directors.

The Committee has met four times during the financial year in June, July, October and January months of 2006-07

4. Remuneration Committee and remuneration of Directors

The managerial remuneration including perquisites thereof payable to Directors are determined by the shareholders. The remuneration of the directors during the period 1st April, 2006 to 31st March, 2007 was as follows:

a) Whole time Directors:

Name	Remuneration
Jagmohan Singh Kochhar	Rs. 28.80 lacs
Rajpal Singh Kochhar	Rs. 28.80 lacs

The above remuneration includes Salary, Bonus, Commission, Allowances and perquisites as per the rules of the Company.

b) Non-Executive Directors:

The Non-Executive Directors were paid remuneration by way of Sitting Fees for attending board and committee meetings plus reimbursement of related actual travel and out of pocket expenses. They are entitled up to 1% commission as and when approved by the Board of Directors. During the year remuneration paid to non-executive directors was as follows:

Director	Sitting Fee	Commission
Mr. A.C.Chakrabortti	Rs. 5,000	1,20,000
Mr. S. Mukhopadhyay	Rs. 42,500	1,20,000
Dr. S.K.Goyal	Rs. 39,000	1,20,000

5. Shareholders'/Investors' Grievances Committee

In order to give the appropriate level of focus to the shareholder and investor related matters this Committee was constituted in January, 2002. At present Mr. S. Mukhopadhyay and Mr. Jagmohan Singh Kochhar are its members. Mr. S. Mukhopadhyay is chairman of the Committee. Mr. S.K.Mata, Company Secretary, is the Compliance Officer of the Company.

The complaints/queries/requests received from the shareholders have been duly attended to and resolved by furnishing requisite information/documents by the Company. A summary of complaints received and resolved by the Company during the financial year is given below:

	Received	Cleared
Non –Receipt of Share Certificates duly transferred	Nil	N.A.
Non– Receipt of Dividend warrants	86	86
Miscellaneous queries/requests	107	107
Letter from Stock Exchanges, SEBI and Ministry of Corporate Affairs	Nil	N.A.

Share Transfer Committee

To expedite the transfer of shares and other related matters the power of share transfer and other matters (transmission and issue of duplicate shares etc.) has been delegated to the Share Transfer Committee comprising of Chairman and top officials of the Company. The committee meet at least once in a fortnight. No investors' complaint was pending for a period exceeding one months except cases which are sub judice.

6. General Body Meetings

Details of the last three years' General Meetings is given below:

Year ended	Date & Time	Place	Resolutions Passed
31.03.2006	30.09.2006 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road New Delhi 110003	Ordinary – 5 Special – 3
31.03.2005	30.09.2005 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary – 4 Special – 1
31.03.2004	01.09.2004 03.00 pm	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary – 4 Special – 1
EGM	16.06.2004 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary – 2 Special – 2

All the resolutions set out in the notices were passed by the members. No resolutions were put through Postal ballot last year. Presently the Company does not have any proposal for Postal Ballot.

7. Disclosures

There were no transactions of material nature with the Directors or the Management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.

The company has complied fully with the requirements of the regulatory authorities on capital market. There have been no instances of non-compliance by the company on any matter related to the capital markets nor has any penalty or stricture been imposed on the company by the stock exchanges and SEBI.

The company has generally followed the accounting standards, laid down by the Institute of Chartered Accountants of India.

The Audit Committee regularly reviews the risk management strategy of the company to ensure the effectiveness of risk management policies and procedures.

The Chief Executive Officer and Managing Director and the Chief Financial Officer and General Manager of the company have furnished the requisite certificate to the board of directors under the Clause 49 of the Listing Agreement

8. Means of communications

As the quarterly results are published in one English daily newspaper (The Pioneer) and one Hindi newspaper (Veer Arjun) published from Delhi. The half yearly report was not sent to the shareholders. The quarterly results are available on the internet site of BSE & NSE.

During the financial year the Company has not made any presentations to the institutional investors or analysts. The Management Discussion and Analysis Report forms a part of this Annual Report.

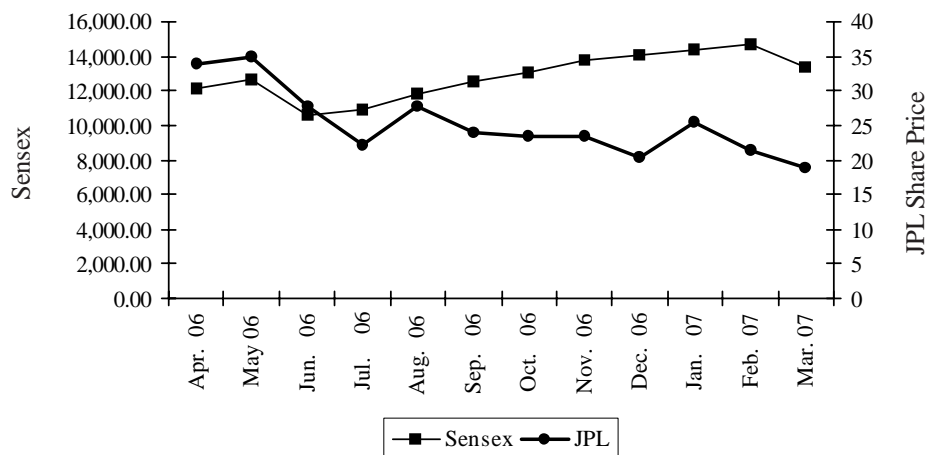
9. General Shareholder Information

- Annual General Meeting : Saturday, 29th September, 2007
Vanita Samaj, 13, Institutional Area, Lodi Road,
New Delhi 110003

- Dates of Book Closure : September 25 to September 29, 2007 (both days inclusive)
- Dividend Payment Date : Within Stipulated Time, if declared.
- Financial Calendar (tentative)
Results for the quarter ending
June 2007 28.07.2007
September 2007 4th week of October 2007
December 2007 4th week of January 2007
March 2008 4th week of April 2008
- Share Price :

Month	BSE				NSE			
	Share Price		Sensex		Share Price		Nifty	
	High (Rs)	Low (Rs)	High	Low	High (Rs)	Low (Rs)	High	Low
Apr. 06	33.50	29.55	12,102.00	11,008.43	34.00	28.00	3598.95	3290.35
May 06	35.45	25.00	12,671.11	9,826.91	34.95	24.50	3774.15	2896.40
Jun. 06	27.95	18.25	10,626.84	8,799.01	27.75	18.00	3134.15	2595.65
Jul. 06	21.50	17.00	10,940.45	9,875.35	22.20	17.60	3208.85	2878.25
Aug. 06	28.20	17.00	11,794.43	10,645.99	27.70	17.95	3452.30	3113.60
Sep. 06	24.00	20.00	12,485.17	11,444.18	24.00	20.00	3603.70	3328.45
Oct. 06	23.20	20.50	13,075.85	12,178.83	23.40	20.10	3782.85	3508.65
Nov. 06	22.00	18.90	13,799.08	12,937.30	23.50	18.75	3976.80	3737.00
Dec. 06	19.70	17.05	14,035.30	12,801.65	20.50	17.20	4046.85	3657.65
Jan. 07	25.30	18.00	14,325.92	13,303.22	25.50	18.30	4167.15	3833.60
Feb. 07	21.20	17.50	14,723.88	12,800.91	21.50	17.55	4245.30	3674.85
Mar. 07	18.60	16.20	13,386.95	12,316.10	18.75	16.40	3901.75	3554.50

- Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai
The National Stock Exchange of India Limited, Mumbai
The company has paid the listing fee for 2006-07 & 2007-08.
- Stock Code : JAGSNPHARMEQ at NSE and 507789 at BSE
ISIN No. for NSDL & CDSL INE048B01027
- Stock Performance in comparison to Sensex index.



- Address for correspondence and Registrar and Transfer Agents

The company has appointed M/s. MCS Limited as Registrar and Share Transfer Agents. For matters related to the shares following may be contacted.

Company Secretary
Jagsonpal Pharmaceuticals Ltd.
T-210 J, Shahpur Jat,
New Delhi 110049.

MCS Limited
 Unit: Jagsonpal Pharmaceuticals Ltd.
 W-40, Okhla Industrial Area, Ph. -II
 New Delhi 110020

- Distribution of shareholding as on 31.03.2007

Range (Shares)	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	6849	65.88	1412875	5.38
501 – 1000	2432	23.39	1967774	7.51
1001 – 10000	1062	10.22	2762585	10.55
10001 – 20000	20	00.19	266077	1.02
20001 & above	33	00.32	19788689	75.54

- Dematerialisation of Securities

Shares of the Company are actively traded on the Bombay Stock Exchange Ltd., Mumbai and the National Stock Exchange of India Limited. Approximately 92.82% of the Company's total shares have been dematerialized.

- Plant Location

20 K.M. Mathura Road, Post Office Amar Nagar, Faridabad - 121003

10. Reappointment/appointment of Directors

Name of Director : Mr. Sukumar Mukhopadhyay
 Date of Birth : 18.04.1937
 Date of Joining the Board : 03.01.2002
 Expertise : Mr. Sukumar Mukhopadhyay who retires by rotation at this Annual General Meeting was member of Central Board of Excise & Customs. He is fellow member of Indian Council of Arbitration. He is a Tax Consultant in Excise and Customs and has vast experience in the area.
 List of outside Directorships held : Greeves Cotton Limited, Mumbai

Management Discussion and Analysis Report

Industry Structure and developments

The SME sector in the pharmaceutical industry is expected to register modest growth in the current fiscal, and maintain it's current levels of market share.

It is expected that this segment of the industry will enlarge its business in the semi urban and rural markets of the country, with rising disposable incomes.

Low production costs are the trigger for providing India with an edge over other companies, particularly MNC's. It would be easier for SME manufacturers to seize a larger market share of B and C class markets than in the domestic market where price controls are likely to continue.

Opportunities and threats

Having invested substantial time and effort into understanding the changing dynamics of the industry, Jagsonpal has undertaken suitable measures to create a more impactful market presence. Clearly demonstrated presence in the therapeutic groups of today and tomorrow is the key denominator for the current fiscal.

The company had to face adverse impact caused by major product line coming in the ambit of DPCO price regulations and its performance for the past two years was not satisfactory.

Product performance

CycloReg has emerged as the forerunner amongst the star performers for the formulations business. The market presence of CycloReg has indeed shaken the brand leader out of its slumber and in the process inspiring an undoubtedly large number of similar products, from the unorganized sector.

LycoRed continues to reign supreme in the rapidly expanding antioxidant market. With both the solid and liquid dosage forms of the brand enjoying leadership status in their individual market segments, the brand has a great future ahead.

The company has already put vibrant strategies in place to project its current star performers in a new light before existing as well as new customers, which is expected to pay dividends during the year.

Initial market offtake of the new products is extremely encouraging and a harbinger of a great future.

Outlook

The focus for 2007-08 will be to cater to the specific needs of the doctors from various specialties.

The Company will continue to consolidate it's position during the immediate future.

Internal Control systems and their adequacy

JPL has adequate internal control systems and processes to safeguard its assets and all the transactions are recorded and reported as per the generally accepted or prescribed norms. The internal control systems are well documented and rigidly implemented. There are clearly defined systems and authority and responsibilities in place which ensure accuracy and reliability of all financial and other data for effective and efficient management. The systems and processes are reviewed periodically and upgraded under the guidance of Audit committee and external auditors/agencies.

Financial performance with respect to operational performance

Loans

During the period the Loans increased by Rs.732.29 lacs.

Results from operations

Particulars	(Rs. in Lacs)	
	01.04.2006 31.03.2007	01.04.2005 31.03.2006
Sales	14525.62	17213.43
Operational expenditure	13331.86	15750.02
PBIDT	1193.76	1463.41
Interest	563.02	469.87
Depreciation	165.20	150.92
PBT	465.54	842.62

Interest

The interest cost increased by Rs.93.15 lacs during the year.

Net Profit

During the current year for the various reasons stated elsewhere the Company could achieve lower net profit.

Receivables

The receivables increased during the year under review.

Human Resources and Industrial relations

The human resource of JPL is one of its biggest assets. In order to achieve overall development of its people and to ensure greater accountability and responsibility continuous training with respect to work and other areas is imparted. The opportunities are created to encourage employees to develop multi functional skills and gear so as to meet the challenging assignments in the company. The industrial relations continue to be very cordial.

Cautionary Statement

The report is based on certain estimates, assumptions and expectations, which may or may not be accurate or realised. The risks factors stated in the report are not exhaustive. So the actual results could materially differ from those expressed or implied. Important factors such as economic conditions, government policies, subsequent developments and other incidental factors etc could make material difference to company’s operations.

Auditors’ Report on Corporate Governance

To the members of Jagsonpal Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by Jagsonpal Pharmaceuticals Limited for the period ended on 31st March, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was 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 statement 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 aspect with the conditions of Corporate Governance as stipulated by the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Investors’ Grievances Committee.

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

For P.P.Thukral & Company
Chartered Accountants

Place : New Delhi
Date : 25.08.2007

Suresh Sethi
Partner

Auditors' Report

To the members of Jagsonpal Pharmaceuticals Limited

1. We have audited the attached balance sheet of Jagsonpal Pharmaceuticals Limited as at March 31, 2007 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date both annexed thereto. 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 carried out our examinations in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit also 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, 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 above, 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 purposes 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 the books;
 - c) The Balance Sheet and Profit and Loss Account and cash flow statement are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards under sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) None of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
- ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date: and
- iii) in the case of Cash flow statement, of the cash flows for the year ended on that date.

For P. P. Thukral & Co.
Chartered Accountants

Place : New Delhi
Dated : 25.08.2007

Suresh Sethi
Partner

Annexure To The Auditors' Report

(Referred to in Paragraph (1) of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of a major portion of fixed assets as at March 31, 2007 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operations of the company and on the basis of explanations received, in our opinion, the net differences found on physical verification were not significant.
- (ii) (a) The inventory of the Company has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the company.
- (iii) In our opinion, the company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act,

1956. As the Company has not granted/taken any loans, secured or unsecured, to/from parties listed in the registers maintained under Section 301 of the Companies Act, 1956 clauses iii(b), iii(c) and iii(d) of paragraph 4 of the order are not applicable.

- (iv) In our opinion and according to the explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no such transactions exceeding Rs. Five lakhs each which have been made at prices, which are not reasonable having regard to the prevailing market prices, for such goods, materials or services at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, where applicable, with regard to deposits accepted from the public. As per the information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board on the company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business
- (viii) We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, custom duty, excise duty, cess and other as applicable have been regularly deposited by the company during the year with the appropriate authorities.
- (b) As at 31st March, 2007 according to the records of the Company, there are no dues of wealth tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The company has neither accumulated losses as at 31st March, 2007 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders during the year.
- (xii) 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) The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the order are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in securities.
- (xv) The company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions, whereof, in our opinion are prima facie, prejudicial to the interest of the Company.
- (xvi) The company has not obtained any term loans that were not applied for the purpose for which these were raised.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) According to the information and explanations given to us, during the year, no fraud by the company has been noticed or reported.

For P. P. Thukral & Co.
Chartered Accountants

Place : New Delhi
Dated : 25.08.2007

Suresh Sethi
Partner

Balance Sheet As on 31.03.2007			
PARTICULARS	SCHEDULE NO.	AS ON 31.03.2007 Rs.	AS ON 31.03.2006 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Capital	'1'	13,09,90,000	13,09,90,000
Reserves & Surplus	'2'	59,39,90,085	57,13,63,830
		72,49,80,085	70,23,53,830
Loan Funds			
Secured loans	'3'	43,52,60,772	34,92,79,129
Unsecured Loans	'4'	5,86,98,659	7,14,50,909
Deferred Tax liability (Net)		2,52,62,961	2,58,06,422
TOTAL		1,24,42,02,477	1,14,88,90,290
APPLICATION OF FUNDS			
Fixed Assets			
Net Block	'5'	30,69,07,914	32,00,77,655
Capital Work In Progress		13,03,41,608	4,68,59,657
Investments	'6'	5,031	5,031
Current Assets Loans and Advances			
Inventories		44,20,78,469	54,46,34,286
Sundry Debtors		45,59,24,303	36,52,14,238
Cash & Bank Balances		3,55,55,784	3,88,80,147
Loans and advances		10,39,98,375	9,98,63,299
		1,03,75,56,931	1,04,85,91,970
LESS:			
Current Liabilities & Provisions	'8'	23,06,09,007	26,66,44,023
Net Current Assets		80,69,47,924	78,19,47,947
TOTAL		1,24,42,02,477	1,14,88,90,290
NOTES TO ACCOUNTS	'13'		
As per our report of even date			
For P.P. Thukral & Co. <i>Chartered Accountants</i>	J.S. Kochhar <i>Chairman</i>	S. Mukhopadhyay <i>Director</i>	
Suresh Sethi <i>Partner</i>	A.C. Chakrabortti <i>Director</i>	Dr. S.K. Goyal <i>Director</i>	
Place : New Delhi Dated : 25.08.2007	Sanjiv Kumar Dudeja <i>General Manager</i>	S.K. Mata <i>Company Secretary</i>	

Profit and Loss Account for the year ending 31.03.2007			
PARTICULARS	SCHEDULE NO.	01.04.06 to 31.03.2007 Rs.	01.04.05 to 31.03.2006 Rs.
INCOME			
Sales		1,45,25,61,930	1,72,13,43,044
Less:Excise Duty		15,91,58,233	16,33,94,747
Net Sales		1,29,34,03,697	1,55,79,48,297
Other Income	'9'	77,27,832	48,82,128
Increase (decrease) in finished goods stock & work in progress		(10,28,75,585)	(9,61,11,316)
TOTAL		1,19,82,55,944	1,46,67,19,109
EXPENDITURE			
Cost of Materials	'10'	65,88,04,475	82,23,82,378
Other Expenditure	'11'	42,00,75,622	49,79,95,771
TOTAL		1,07,88,80,097	1,32,03,78,149
Profit before Interest, Depreciation and Tax		11,93,75,847	14,63,40,960
Financial Expenses	'12'	5,63,02,459	4,69,86,516
Depreciation		1,65,19,322	1,50,92,879
Profit before Tax		4,65,54,066	8,42,61,565
Provision for Tax		1,61,85,627	2,82,36,183
Deferred Tax		-5,43,461	78,857
Fringe Benefit Tax		28,82,494	63,06,743
Net profit after tax Carried Down		2,80,29,406	4,96,39,782
Balance brought forward from 31.03.06		8,85,04,258	7,02,37,430
Balance Available for Appropriation		11,65,33,664	11,98,77,212
Appropriation :			
Proposed Dividend		26,19,800	26,19,800
General Reserve		50,00,000	50,00,000
Add. income tax on proposed dividend		4,45,235	3,67,427
Income tax for earlier years			2,33,85,727
Balance carried over to Schedule '2'		10,84,68,629	8,85,04,258
		11,65,33,664	11,98,77,212
NOTES ON ACCOUNTS	'13'		
As per our report of even date For P.P. Thukral & Co. <i>Chartered Accountants</i>	J.S. Kochhar <i>Chairman</i>		S. Mukhopadhyay <i>Director</i>
Suresh Sethi <i>Partner</i>	A.C. Chakrabortti <i>Director</i>		Dr. S.K. Goyal <i>Director</i>
Place : New Delhi Dated : 25.08.2007	Sanjiv Kumar Dudeja <i>General Manager</i>		S.K. Mata <i>Company Secretary</i>

Schedules		
Annexed to and forming part of the Accounts		
	31.03.2007	31.03.2006
	Rs.	Rs.
SCHEDULE '1'		
SHARE CAPITAL		
AUTHORISED		
3,00,00,000 Equity Shares of Rs. 5/- each	15,00,00,000	15,00,00,000
2,00,00,000 unclassified shares of Rs. 5/- each	10,00,00,000	10,00,00,000
ISSUED, SUBSCRIBED & PAID UP		
2,61,98,000 Equity Shares of Rs. 5/- each	13,09,90,000	13,09,90,000
TOTAL	13,09,90,000	13,09,90,000
SCHEDULE '2'		
RESERVES & SURPLUS		
Share Premium Account		
	60,00,000	60,00,000
Revaluation Reserve		
Balance as on 31.3.06	15,02,99,115	
Less : Excess amount of depreciation adjusted	23,38,116	15,02,99,115
General Reserve		
Balance as on 31.3.06	32,65,60,457	32,15,60,457
Add : Additions during the year	50,00,000	50,00,000
	33,15,60,457	
Profit & Loss Account		
Balance as on 31.3.06	8,85,04,258	
Less : Transferred to Profit & Loss Account	8,85,04,258	
Add: Transferred from Profit & Loss Account	10,84,68,629	8,85,04,258
TOTAL	59,39,90,085	57,13,63,830
SCHEDULE '3'		
SECURED LOANS		
Short Term Loan as Cash credit facility from Banks, secured by hypothecation of Book Debts and Inventories comprising of raw materials, work in process and finished goods.	35,52,60,211	34,92,79,129
Long Term Loan	8,00,00,561	—
TOTAL	43,52,60,772	34,92,79,129
SCHEDULE '4',		
UNSECURED LOANS		
Fixed deposits	5,86,98,659	7,14,50,909
TOTAL	5,86,98,659	7,14,50,909

SCHEDULE '5' FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION & IMPAIRMENT			NET BLOCK			
	Balance as at 31.03.06	Additions	Adjustment	Balance as at 31.03.07	Balance as at 31.03.06	For the Year	Balance as at 31.03.07	Balance as at 31.03.07	Depreciation without Revaluation	Balance without Revaluation as at 31.03.2007
Goodwill	3,00,000			3,00,000				3,00,000		3,00,000
Free Hold Land	8,75,93,625			8,75,93,625				8,75,93,625		20,20,808
Building	13,25,37,473	63,528		13,26,01,001	1,81,17,134	44,42,111	2,25,59,245	11,00,41,756	27,33,725	6,55,62,801
Plant & Machinery	9,22,28,235	38,89,474		9,61,17,709	3,28,12,237	47,40,611	3,75,52,848	5,85,64,862	44,94,838	4,62,70,289
Vehicles	1,78,02,006		6878	1,78,08,884	57,30,990	17,15,746	74,46,736	1,03,62,148	17,15,746	1,03,62,148
Other Assets	10,09,70,920	17,27,817		10,26,98,737	5,46,94,244	79,58,970	6,26,53,214	4,00,45,523	75,75,013	2,49,95,960
Total	43,14,32,259	56,80,819	6878	43,71,19,956	11,13,54,605	1,88,57,438	13,02,12,043	30,69,07,914	1,65,19,322	14,95,12,006
Previous year's	40,94,05,896	2,20,26,363	0	43,14,32,259	9,39,23,610	1,74,30,995	11,13,54,605	32,00,77,655	1,50,92,879	16,20,41,631

31.03.2007

31.03.2006

Rs.**Rs.****SCHEDULE '6'****INVESTMENTS**

Quoted (at cost)

5,031

5,031

(Refer notes to accounts in Schedule '13')

TOTAL**5,031****5,031****SCHEDULE '7'****CURRENT ASSETS, LOANS & ADVANCES****Stock-in-Trade**

(At cost or market price whichever is less as certified by one of the Directors).

Raw Materials

9,05,89,108

9,02,69,340

Work in process

7,43,38,613

9,82,97,753

Finished Goods

27,71,50,748**35,60,67,193****44,20,78,469****54,46,34,286****Sundry Debtors**

(unsecured but Considered good)

Debts outstanding for a period

exceeding 6 months

87,35,302

56,25,992

Other Debts

44,71,89,001

35,95,88,246

45,59,24,303**36,52,14,238****Cash and Bank Balances**

Cash and Imprest in hand

55,33,502

37,72,385

Balances with Scheduled Banks

3,00,22,282**3,51,07,762****3,55,55,784****3,88,80,147****Loans & Advances**

(Unsecured but considered Good)

Advances recoverable in cash or

in kind or for value to be received

Advance Income Tax

2,18,09,671

3,81,36,344

7,79,68,992

5,78,92,594

Security Deposit

42,19,712

38,34,361

10,39,98,375**9,98,63,299****TOTAL****1,03,75,56,931****1,04,85,91,970**

	31.03.2007 Rs.	31.03.2006 Rs.
SCHEDULE '8'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	8,69,91,181	11,27,82,245
Other liabilities	4,22,78,797	6,81,44,081
Interest Accrued but not due	<u>19,63,499</u>	24,88,096
Provisions		
Provision for taxation	9,67,55,730	8,06,09,801
Proposed Dividend	<u>26,19,800</u>	26,19,800
TOTAL	<u>23,06,09,007</u>	<u>26,66,44,023</u>
SCHEDULE '9'		
OTHER INCOME		
Miscellaneous Income	77,16,748	48,71,044
Dividend received from other companies	11,084	11,084
TOTAL	<u>77,27,832</u>	<u>48,82,128</u>
SCHEDULE '10'		
COST OF MATERIALS		
Opening Stocks	9,02,69,340	10,77,74,330
Add: Purchases	<u>65,91,24,243</u>	<u>80,48,77,388</u>
	74,93,93,583	91,26,51,718
Less: Closing Stocks	<u>9,05,89,108</u>	9,02,69,340
TOTAL	<u>65,88,04,475</u>	<u>82,23,82,378</u>
SCHEDULE '11'		
OTHER EXPENDITURE		
Power and Fuel	1,87,98,825	1,98,06,551
Rent	60,35,578	67,52,098
Repair and Maintenance	83,60,617	1,43,26,877
Personnel Expenses		
– Salaries, Wages, Bonus & Contribution to Provident and other funds	19,06,15,178	23,99,30,074
– Welfare	27,43,768	39,20,029
Insurance	74,31,257	75,10,769
Miscellaneous Expenses	2,62,08,904	3,56,37,322
Auditor's Remuneration	1,60,000	1,60,000
Travelling Expenses	5,92,12,412	4,26,49,822
Sales Administration Expenses	7,91,92,786	10,20,66,618
Freight outward	<u>2,13,16,297</u>	<u>2,52,35,611</u>
TOTAL	<u>42,00,75,622</u>	<u>49,79,95,771</u>
SCHEDULE '12'		
FINANCIAL EXPENSES		
Fixed deposits	5,63,02,459	4,69,86,516
TOTAL	<u>5,63,02,459</u>	<u>4,69,86,516</u>

SCHEDULE '13'**NOTES TO ACCOUNTS**

Notes annexed to and forming part of the Balance Sheet as at 31st March 2007 and Profit & Loss Account for the Year ended on that date.

	31.03.2007	31.03.2006
	Rs.	Rs.
1. Contingent Liabilities		
Bank guarantees	3,00,000	3,00,000

2. Significant Accounting Policies

The significant accounting policies followed by the Company are as follows:

- I. The Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 consistently and are in consonance with generally accepted accounting principles.
 - II. Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses to acquisition and installation. In case of write up due to revaluation the fixed assets are shown at such higher amounts. The carrying amount of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate.
 - III. The Company follows the straight line method (S.L.M.) of charging depreciation on all assets. Consequent to the insertion of schedule XIV in Companies Act, 1956 with effect from 2nd April, 1987, depreciation has been provided at the S.L.M. rates prescribed in schedule XIV in respect of additions to fixed assets from and after the said date and in respect of additions to fixed assets prior to said date, the depreciation has been provided at older rates. Pursuant to the notification of department of Company affairs dated 16.12.1993, depreciation on assets acquired on and after the said date is provided at new rates.
 - IV. Capital work in progress, is stated at cost.
 - V. Long term investments are stated at cost.
 - VI. Inventories are valued at the lower of cost and estimated net realisable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
 - VII. Revenue is recognised on completion of sale of goods.
 - VIII. Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities (other than relating to fixed assets) are restated at the rates prevailing at year end or at the forward rates where forward cover has been taken and the difference between the year end rates/forward rate and exchange rates at the date of transaction. Transaction is recognised as income or expense.
 - IX. Research and Development costs, (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.
 - X. Contribution to Provident Fund is made monthly at a pre-determined rate to the provident fund authorities and accounted on an accrual basis.
 - XI. Company has affected an arrangement with Life Insurance Corporation of India under Group Gratuity cum Life Assurance Scheme so as to cover future payment of Gratuity to retiring and other employees and is making the contribution to them as per the premium sought.
 - XII. a) Sales comprise of sale of goods and internal transfers, net of trade discount, goods returns, breakages.
b) Dividend on Shares, Insurance and other claims as and when received.
3. Reserve and Surplus includes an amount of Rs.10,00,00,000 as revaluation of:-
- | | |
|----------|-----------------|
| Land | Rs. 6,00,00,000 |
| Building | Rs. 4,00,00,000 |
- (As on 31.3.2001)
- An amount of Rs.23,38,116 has been debited to revaluation reserve in 2006-07 (previous year 23,38,116).

	31.03.2007	31.03.2006
4. Capital Work in Process	Rs. in lacs	Rs. in lacs
Land	428.06	350.66
Civil Works	620.56	
Preoperative Expenses :		
Salary & Wages	58.60	22.44
Travelling & Conveyance	22.42	7.39
Interest	100.00	47.36
Others	73.77	40.75
Total	1303.41	468.60
5. Provision for payment to Whole time Directors including Managing Director :	Rs.	Rs.
Salary	57,60,000	57,60,000
Commission	-	36,42,000
Payment to other Directors :		
Meeting Fees	86,500	90,000
Commission	3,60,000	3,60,000
6. Market Value of quoted long term (non-trade) investments:		
1304 Fully Paid Equity Shares of Ranbaxy Laboratories Ltd.	4,58,878	5,63,784
7. Repairs & Maintenance includes:		
Plant & Machinery	42,28,873	66,51,291
Building	5,94,975	38,74,238
Others	35,36,769	38,01,349
8. As per the Companies Act 1956 the managerial personnel are not eligible for commission. An application under Section 310 is being made to the Central Government for protection of Managerial Remuneration.		
	Rs. in Lacs	Rs. in Lacs
Profit before tax	465.54	842.62
Directors' Remuneration	61.20	97.62
Net Profit under section 198	526.74	940.24
Commission payable to Wholetime Directors' @ 4%	-	75.21
Restricted to	-	36.42
Commission payable to Independent Directors' @ 1%	5.26	9.40
Restricted to	3.60	3.60
9. Payment & provisions for Auditors relating to:	Rs.	Rs.
Audit Fee	1,20,000	1,12,725
Other Matters	40,000	40,000
10. The Tax assessment of the Company under the Income Tax Act, 1961 has been completed up to the accounting year ending 31.03.2004 and there are no tax dues standing against the Company in respect of the above.		
	31.03.2007	30.03.2006
11. Balance with Scheduled Banks Include :	Rs.	
Current Accounts	1,93,77,623	2,14,19,247
Deposit Accounts	1,06,44,659	1,36,88,515
12. Payment of provident fund	47,96,805	50,77,432
13. Excise duty payable on finished goods is accounted in the year of manufacture. The treatment has no impact on the profit.		

14. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (As certified by a Director and accepted by the Auditors).

A. PARTICULARS OF GOODS MANUFACTURED:

Goods manufactured	Unit of Measure	Actual Production	
		01.04.2006 to 31.03.2007	01.04.2005 to 31.03.2006
Capsules	Millions	398.87	382.86
Tablets	Millions	248.84	273.21
Syrups	Kl Ltrs.	729.61	839.48
Ampoules	Kl Ltrs	5.13	6.05
Vials	Kl Ltrs	18.12	84.08
Ointments	M. Tonnes	32.63	42.82
Bulk Drugs & Intermediates	M. Tonnes	65.19	51.93
Dry Powder	M. Tonnes	0.20	2.27

B. STOCKS OF FINISHED GOODS.

(Rs. lacs)

Class of Goods	Unit of Measure	31.03.2007				31.03.2006	
		Qty.		Value		Qty.	Value
Capsules	Millions	50.30	786.93	71.56	981.87		
Tablets	Millions	37.60	660.43	41.86	738.21		
Syrups	Kl Ltrs.	188.55	477.68	152.97	443.96		
Ampoules	Kl Ltrs	2.25	610.87	2.02	1049.34		
Vials	Kl Ltrs	0.73	9.37	7.18	44.51		
Ointments	M. Tonnes	5.94	54.61	7.20	66.59		
Bulk Drugs & Intermediates	M. Tonnes	0.79	148.50	6.38	101.95		
Dry Powder	M. Tonnes	0.08	11.38	0.38	66.28		
Infusion	Kl Ltrs.	3.44	11.73	15.73	67.96		

C. TURNOVER OF FINISHED GOODS.

(Rs.lacs)

Class of Goods	Unit of Measure	01.04.2006 to 31.03.2007		01.04.2005 to 31.03.2006	
		Qty.		Value	
Capsules	Millions	445.93	5984.66	633.36	7427.16
Tablets	Millions	289.43	2916.73	380.48	3837.68
Syrups	Kl Ltrs.	811.25	1559.89	939.76	1340.56
Injectables:					
Ampoules	Kl Ltrs	5.14	1554.58	7.45	2369.08
Vials	Kl Ltrs	27.44	135.63	113.38	354.21
Ointments	M. Tonnes	44.66	353.87	72.18	455.12
Bulk Drugs & Intermediates	M. Tonnes	70.78	1803.54	53.98	1154.80
Dry Powder	M. Tonnes	1.34	103.79	1.97	125.01
Infusion	Kl Ltrs.	33.18	112.93	56.42	149.81

D. PURCHASE OF FINISHED GOODS

(Rs. lacs)

Class of Goods	Unit of Measure	01.04.2006 to 31.03.2007		01.01.2005 to 31.03.2006	
		Qty.		Value	
Capsules	Millions	25.80	460.81	94.71	1936.96
Tablets	Millions	36.33	435.36	66.25	925.71
Syrup	Kl Ltrs	117.22	281.00	105.08	354.00
Ampoules	Kl Ltrs.	0.24	141.71	2.07	773.09
Vials	Kl Ltrs.	2.87	39.11	17.70	106.20
Ointment	M.Tonnes	10.77	92.86	20.19	157.76
Bulk Drugs	M.tonnes				
Dry Powder	M. Tonnes	0.84	93.21		
Infusions	Kl Ltrs.	20.89	39.46	63.32	149.31

E. INSTALLED CAPACITY					
Class of Goods	Unit of Measure	31.03.2007		31.03.2006	
Capsules	Millions	1300		1300	
Tablets	Millions	1300		1300	
Syrup	Kl Ltrs.	2400		2400	
Injectables:					
Ampoules	Kl Ltrs	33		33	
Vials	Kl Ltrs	406		406	
Ointment	M. Tonnes	164		164	
F. CONSUMPTION OF RAW MATERIAL					
Item	Unit of Measure	01.04.2006 to 31.3.2007		01.04.2005 to 31.3.2006	
		Qty.	Value	Qty.	Value
D L Oxyphene Base	M. Tonnes	39.01	1181.44	37.7	1041.09
Others*	-		5406.60		7182.82
Total			6588.04		8223.82
* No single item constitutes more than 10% in value terms of total consumption					
G. BREAK-UP OF CONSUMPTION OF MATERIALS					
Indigenous (Rs lacs)		5843.64		7478.99	
As % age of total		88.70		90.94	
Imported (Rs lacs)		744.40		744.83	
As % age of Total		11.30		9.06	
H. VALUE OF IMPORTS ON CIF BASIS					
Raw Materials (Rs lacs)		735.35		659.65	
I. VALUE OF FINISHED GOODS PURCHASED (Rs lacs)					
		1583.52		4403.30	
J. EXPENDITURE IN FOREIGN EXCHANGE					
Travelling (Rs lacs)		31.07		51.55	
Subscription		0.58		Nil	
Others		93.81		44.64	
K. EARNINGS IN FOREIGN EXCHANGE					
Export FOB value (Rs lacs)		457.41		432.36	
15. Deferred tax adjustment has been made upto 31.03.2007 No affect of section 43B liabilities have been made as they are permanent differences.					
16. Segment Reporting					
The company operates in the Pharmaceutical segment. The segment results are as under:-					
Sales (Rs. in lacs)		14525.61		17213.43	
Profit after tax (Rs. in lacs)		280.29		496.39	
17. Disclosure of Earning per Share :					
Basic and diluted Earning per Share		Rs.1.07		Rs. 1.89	
18. Related party disclosures – AS 18					
A) The company does not have any subsidiary company and or related companies.					
B) Directors:-					
Jagmohan Singh Kochhar	28,80,000	– Remuneration			
Rajpal Singh Kochhar	28,80,000	– Remuneration			
Related parties:-					
Prithipal Singh Kochhar	8,39,400	– Remuneration			
19. Previous years' figures have been re-grouped and rearranged wherever necessary.					
20. The names of small scale industries to whom the Company owes dues outstanding for more than 30 days at the Balance Sheet date, computed on unit-wise basis, are: M/s. Classic Bottle Caps Pvt. Ltd , Jay Kay Printers, Lasersec India Pvt. Ltd. New Age Aqua Pvt. Ltd., Nitin Life Sciences Ltd.					
As per our report of even date					
For P.P. Thukral & Co. Chartered Accountants		J.S. Kochhar Chairman		S. Mukhopadhyay Director	
Suresh Sethi Partner		A.C. Chakrabortti Director		Dr. S.K. Goyal Director	
Place : New Delhi Dated : 25.08.2007		Sanjiv Kumar Dudeja General Manager		S.K. Mata Company Secretary	

Part IV of Schedule VI of The Companies Act, 1956**Balance Sheet Abstract and Company's General Business Profile**

I. Registration Details			
Registration No.	: 9181	State Code	: 55
Balance Sheet Date	: 31.03.2007		
II. Capital Raised During the year (Amount in Rs. thousand)			
Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement/Others	: NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousand)			
Total Liabilities	: 1474811	Total Assets	: 1474811
SOURCES OF FUNDS			
Paid-Up Capital	: 130990	Reserves & Surplus	: 593990
Secured Loans	: 435261	Unsecured Loans	: 58699
Deferred Tax Liability	: 25263		
APPLICATION OF FUNDS			
Net Fixed Assets	: 437250	Investments	: 5
Net Current Assets	: 806948	Misc. Expenditure	: NIL
Accumulated Losses	: NIL		
IV. Performance of Company (Amount in Rs. thousand)			
Turnover	: 1452562	Total Expenditure	: 1406008
Profit/Loss Before Tax	: 46554	Profit/Loss After Tax	: +28029
Earning Per Share	: Rs. 1.07	Dividend Rate	: 2%
V. Generic names of three principal products/services of Company (As per monetary terms)			
Item Code No. (ITC Code)	: 294200		
Product Description	: Dextropropoxyphene Hydrochloride		
Item Code No. (ITC Code)	: 300410		
Product Description	: Ampicillin		
Item Code No. (ITC Code)	: 300490		
Product Description	: Nandrolone Decanoate		

As per our report of even date

For P.P. Thukral & Co.
*Chartered Accountants***J.S. Kochhar**
*Chairman***S. Mukhopadhyay**
*Director***Suresh Sethi**
*Partner***A.C. Chakrabortti**
*Director***Dr. S.K. Goyal**
*Director*Place : New Delhi
Dated : 25.08.2007**Sanjiv Kumar Dudeja**
*General Manager***S.K. Mata**
Company Secretary

Cash Flow Statement		
for the Period Ended 31st March, 2007		
(Pursuant to Clause 32 of the Listing Agreement)		
	31.03.2007	31.03.2006
	(Rs.)	(Rs.)
A. Cash Flow From operating activities		
Net Profit before tax and extraordinary items	4,65,54,066	8,42,61,566
Add: Adjustment for Depreciation	1,65,19,322	1,50,92,879
Total	6,30,73,388	9,93,54,444
Add: Interest	5,63,02,459	4,69,86,516
Operating profit before working capital changes	11,93,75,847	14,63,40,960
Less: Increase in Inventories	(10,25,55,817)	(12,85,19,705)
Increase in Sundry Debtors	9,07,10,065	16,13,78,307
Increase in Loans & Advances	41,35,076	(3,20,69,751)
Increase in Balances with Scheduled Bank	(50,85,479)	1,21,50,326
	13,21,72,002	13,34,01,783
Add: Increase in Current Liabilities & Provisions	(3,65,78,476)	(94,80,585)
Increase in Short term borrowings from banks	59,81,081	4,98,95,091
	10,15,74,607	17,38,16,289
Less: Payment of Interest	5,63,02,459	4,69,86,516
Income Tax, Deferred Tax & Fringe Benefit Tax	1,85,24,660	5,80,07,511
Dividend & Tax on Dividend	30,65,035	29,87,227
Cash flow before extra ordinary items	2,36,82,453	6,58,35,036
B. Cash Outflow for investing activities		
Additions to fixed assets	8,91,69,648	6,88,86,020
	(6,54,87,195)	(30,50,984)
C. Cash Flow from financing activities		
Add: Proceeds from long term borrowings	8,00,00,561	-
Proceeds from Fixed deposits	(1,27,52,250)	53,24,879
	17,61,116	22,73,895
Add: Cash & Imprest in Hand as on 31.03.06	37,72,385	14,98,490
Balance of Cash & Imprest in Hand as on 31.03.07	55,33,501	37,72,385
<p>We have verified the above Cash Flow Statement for the year ended 31st March 2007 with the audited accounts for the year ended on that date and found the same to be in agreement therewith</p>		
As per our report of even date		
For P.P. Thukral & Co.	J.S. Kochhar	S. Mukhopadhyay
<i>Chartered Accountants</i>	<i>Chairman</i>	<i>Director</i>
Suresh Sethi	A.C. Chakrabortti	Dr. S.K. Goyal
<i>Partner</i>	<i>Director</i>	<i>Director</i>
Place : New Delhi	Sanjiv Kumar Dudeja	S.K. Mata
Dated : 25.08.2007	<i>General Manager</i>	<i>Company Secretary</i>

JAGSONPAL PHARMACEUTICALS LIMITED
PROXY

Folio No./Client ID No. DP ID No. No. of Shares held.....

I/Weof

.....

being a Member/Members of Jagsonpal Pharmaceuticals Limited hereby appoint of

..... or failing him

..... of

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the 28th Annual

General Meeting of the Company to be held on 29.09.2007



Signed by the said

Notes : The proxy must be deposited at the Registered Office of the Company at T-210J, Shahpur Jat, New Delhi-110049, not less than 48 hours before the time for holding the Meeting.

-----Tear here-----

JAGSONPAL PHARMACEUTICALS LIMITED
ATTENDANCE SLIP

**THIS ATTENDANCE SLIP, DULY FILLED IN, IS TO BE HANDED OVER AT
THE ENTRANCE OF THE MEETING HALL**

Name of the attending Member
(in Block Letters)

Folio Number/Client ID No. DP ID No.

Name of Proxy (In Block Letters, to be filled
in if the Proxy attends instead of the Member)

No. of shares held

I hereby record my presence at the 28th Annual General Meeting at Vanita Samaj, 13 Institutional Area, Lodi Road, New Delhi-110003 at 10.00 am on 29.09.2007

Member's/Proxy's Signature*

* To be signed at the time of handing over this slip.

Past Record

(Rs. in Lacs)

Particulars	Financial Year Ending														
	03 / 1993	03 / 1994	12 / 1994 (9 mths)	12 / 1995 (12 mths)	03 / 1997 (15 mths)	03 / 1998	03 / 1999	03 / 2000	03 / 2001	09 / 2001 (6 mths)	12 / 2002 (15 mths)	03 / 2004 (15 mths)	03 / 2005	3/2006	3/2007
Fixed Assets	572.00	948.80	1101.01	1173.10	1424.40	1475.95	1583.51	1659.45	2816.91	2794.12	2845.6	3076.02	3154.82	3669.37	4372.50
Investments	0.00	9.70	9.71	299.10	299.10	0.10	0.10	0.10	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Net Current Assets	309.80	402.90	763.59	915.50	1196.60	1952.59	2744.99	3689.50	4465.56	4790.28	4223.88	4031.09	4320.64	4326.69	4516.88
Total Capital Employed	881.80	1361.30	1874.98	2387.70	2921.10	3428.63	4328.60	5349.05	7282.52	7584.45	7069.53	7107.16	7475.51	7738.05	7836.79
Share Holders' Funds	717.10	1183.20	1434.17	2018.50	2361.80	2810.68	3256.16	4066.42	6023.78	5919.38	6157.61	6601.21	6814.25	7023.54	7249.80
Sales	3448.00	4089.00	4125.75	5970.90	7561.20	7908.75	9146.08	11846.29	13651.87	5690.26	15446.93	17278.09	14801.11	17213.43	14525.62
Other income	8.00	34.00	29.81	10.50	12.60	28.27	35.65	43.26	21.74	28.11	63.25	81.46	25.86	48.82	77.28
Operating Profit	343.40	501.90	558.28	984.90	1251.40	1216.83	1314.23	1852.59	1975.24	606.31	1435.74	1710.50	1288.11	1463.41	1193.76
Interest	139.20	181.80	139.20	283.60	541.00	403.11	458.68	444.81	509.19	283.77	570.34	405.12	329.80	469.87	563.02
Depreciation	11.40	18.80	18.82	30.20	52.00	55.15	67.32	78.34	89.95	50.57	129.74	144.66	131.71	150.93	165.19
Tax	66.50	66.80	107.29	150.00	188.00	190.00	217.00	388.00	361.00	90.00	220.00	366.00	280.14	282.36	161.86
Profit After Tax	126.40	234.50	292.97	431.10	470.40	568.57	571.22	941.44	1015.10	181.98	515.66	794.71	546.47	497.18	280.29
Retained Earnings	95.40	199.00	259.69	386.60	137.30	460.51	455.69	820.49	885.97	109.37	282.25	473.08	236.43	470.20	249.64
Dividend (Including Tax)	31.00	35.50	33.28	44.50	112.70	108.06	108.06	119.86	108.26	72.17	138.15	295.54	295.38	29.87	30.65
Dividend (%)	17.50	20.00	18.75	25.00	25.00	30.00	30.00	30.00	30.00	20.00	37.50	80.00	20.00	2.00	2.00
Earning Per Share (Rs.)	7.13	13.22	16.50	13.17	14.35	17.36	17.44	28.75	31.00	5.56	15.75	23.45	2.03	1.89	1.07

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