

Twenty Third Annual Report  
**Pharmaids**  
Pharmaceuticals limited  
2011-12

# Pharmaids Pharmaceuticals Limited

REGD.OFF:4-4-211/212/3, 1<sup>st</sup> Floor, Inderbagh, Sultan Bazar,  
Hyderabad-500 095 India (A.P)

## TWENTY THIRD ANNUAL REPORT 2011-12

### BOARD OF DIRECTORS

Dr.Ghisulal Jain  
Shri Subhash Lalwani  
Shri Hasmukh Lalwani  
Shri Mahendra K. Ranka  
Shri M. Sudheer Anand  
Shri G. Uday Kumar

Chairman & Managing Director  
Executive Director  
Director  
Independent Director  
Independent Director  
Independent Director

#### REGISTERED OFFICE

4-4-211/212/3,1<sup>st</sup> Floor,  
Inderbagh,Sultan Bazar,  
Hyderabad-500 095

#### E-MAIL

[mailpharmaids@yahoo.co.in](mailto:mailpharmaids@yahoo.co.in)

#### WEBSITE

[www.pharmaids.com](http://www.pharmaids.com)

#### FACTORY

Sy. No:533, (v) Kondamadugu  
(M) Bibinagar, Dist, Nalgonda  
Tel No. 9247058492

#### AUDITORS

M/s. Laxminiwas & Jain  
Chartered Accountants

#### LISTING AT

Bombay Stock Exchange Ltd.,  
REGISTERAR & SHARE TRANSFER AGENTS  
M/s. Venture Capital & Corporate Services Ltd.,  
12-10-167,Bharat Nagar,  
Hyderabad 500 018.

#### BANKERS

A P Mahila Co-op Urban Bank LTD  
HDFC,Lakdi ka Pool  
SBI, Barkatpura

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## NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of M/s. PHARMAIDS PHARMACEUTICALS LIMITED will be held on Saturday, 29<sup>th</sup> September, 2012 at 10.30 A.M. at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad - 500 001 to transact the following business:

### **ORDINARY BUSINESS:**



1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit and Loss Account for the year ended 31st March 2012, together with the reports of the Directors and Auditors' thereon.
2. To appoint a Director in the place of Sri.Uday Kumar Gadge, who retires by rotation and being eligible offers him self for re-appointment.
3. To appoint a Director in the place of Sri M. Sudheer Anand, who retires by rotation and being eligible offers him self for re-appointment.
4. To appoint M/s. Laxminiwas & Jain, Chartered Accountant, Hyderabad as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting till conclusion of the next Annual General Meeting and authorize Board of Directors of the company to fix their remuneration.

Place: Hyderabad  
Date: 21.08.2012

By order of the Board of Directors  
Sd/-  
(DR. GHISULAL JAIN)  
Chairman & Managing Director

### **NOTES FOR MEMBERS ATTENTION:**

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 MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Members are requested to notify immediately any change in their address to the share transfer agents and incase their shares are held in dematerialized form, this information should be passed on to their respective depository participants with out delay.
3. Register of members of the Company and Share Transfer Books will remain closed from, Tuesday, 25th September, 2012 To Saturday 29<sup>th</sup> September, 2012 (both days inclusive).
4. Members who have multiple accounts are requested to intimate to the company, the folios of such accounts, to enable the company to consolidate all their share holdings in to one account.
5. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easier identification of attendance at the meeting.

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6. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E-COMMUNICATION REGISTRATION FORM inserted in the Annual Report.
  7. Pursuant to the requirements of the listing agreement of stock exchanges, the information of the directors proposed to be appointed or Re-appointed is given in the annexure to the notice.
  8. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
  9. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.

**Additional Information on retiring directors as required under provisions of Listing Agreement:**

**Brief Profile of Sri Uday Kumar Gadge**

Sri G. Uday Kumar, B. Pharmacy, aged 39 years, is a qualified Pharmaceuticals Manufacturing Chemist, having experience in Marketing and does not hold directorship in any other companies.

**Brief Profile of Sri. M. Sudheer Anand**

Sri. M. Sudheer Anand, aged about 38 years is having wide experience and expertise in corporate finance and does not hold Directorship in any other Companies.

Place: Hyderabad  
Date: 21.08.2012

By order of the Board of Directors  
Sd/-  
(DR. GHISULAL JAIN)  
Chairman & Managing Director

## DIRECTOR'S REPORT

To

The Members,

M/s Pharmaids Pharmaceuticals Limited

Your Directors are pleased to present herewith the 23<sup>rd</sup> Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31<sup>st</sup> March 2012.

### 1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31<sup>st</sup> March 2012 as compared with the previous year are as under:

#### 1. FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	2011-12	2010-11
Sales	123.52	78.40
Other Income	0.15	0.00
Total Income	123.68	78.40
Total expenses other than interest	110.15	83.08
Profit before Depreciation	9.85	(4.69)
Less : Depreciation	7.58	7.72
Less : Provision for Tax	0.00	0.00
Deffered Tax	1.42	1.37
Profit (loss) for the year	3.69	(11.80)
Less : Prior period adjustment	0	0.77
Add : Profit b/f from earlier years	(138.13)	(126.33)
Profit/ Loss carried to Balance sheet	(134.44)	(138.13)

The Operational performance of the Company is discussed in detail under Management Discussion and Analysis Report.

### 2. PUBLIC DEPOSITS:

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956 and there are no outstanding deposits as on 31st March, 2012.

### 3. OUTLOOK FOR THE CURRENT YEAR:

The Company is taking adequate steps to strengthen the marketing department with a view to launch new products and is in the process of searching new avenues for marketing the same.

### 4. STATUTORY DISCLOSURES:

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo: Particulars pursuant to the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure A.

5. **DIRECTORS:**

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Sri. Uday Kumar Gadge and Sri .M. Sudheer Anand, Directors retire by rotation and being eligible offer themselves for re-appointment.

6. **AUDITORS:**

M/s Laxminiwas and Jain, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

7. **AUDIT COMMITTEE:**

In accordance with Clause 49 of the Listing Agreement, the company has constituted an Audit Committee, which consists of Three Independent and Non Executive Directors of the company Viz Sri.M.Sudheer Anand, Sri.Mahendra K Ranka and Sri. G Uday Kumar. The Audit committee functions in terms of the role and powers delegated by the Board of Directors keeping in view of the Provisions of Clause 49 of Listing Agreement and Section 292A of the Companies Act 1956.

8. **PARTICULARS OF EMPLOYEES:**

There are no employees in the organization coming under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.



9. **EXPLANATION TO AUDITORS OBSERVATION:**

The observations made by the Auditors in their report referring to the notes forming part of the Accounts are self-explanatory to the extent necessary and do not require any further elucidation.

Sl. No.	Auditors Obseavtions	Directors Clarification
1.	Non confirmation/reconciliation of balance shown Sundry debtors, Sundry creditors, Un-secured Loans, Loans and Advances, the impact of which is unascertained	Letters have been sent to all parties for confirmation & reply is awaited
2.	The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, customs duty, cess and other Material statutory due applicable to it except Service tax, (GTA)	The Company is taking steps to deposit the service tax and is in the process of registration with authorities

10. **DIRECTOR'S RESPONSIBILITY STATEMENT**

In accordance with sub-section (2AA) of section 217 of the Companies Act, 1956, the Directors of the Company state:

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- a. That in the preparation of the accounts for the financial year ended 31st March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures.
  - b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
  - c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - d. That the Directors have prepared the accounts for the financial year ended 31st March 2012 on a 'going concern basis.

**11. DISCLOSURE AS PER LISTING AGREEMENT:**

Clause 32 : The Cash Flow Statement in accordance with accounting standard of Cash Flow Statement (AS-3) issued by ICAI is appended to this Annual Report.

Clause 43A : The Companies shares are listed on the Bombay Stock Exchange Ltd., It is further informed that the Annual Listing Fees to the Stock Exchange is paid up to 2012-13.

**12. CORPORATE GOVERNANCE:**

A separate report on corporate governance along with Auditor's Certificate on its compliance is attached to this report.

**13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A Separate Report of Management Discussion and Analysis as required under the Provisions of listing agreement attached to this report.

**14. INDUSTRIAL RELATIONS:**

Industrial relations continue to be cordial and the management places on record its appreciation for the devotion and commitment demonstrated at all times particularly during the critical times, which the company had to pass through.

**15. HUMAN RESOURCES:**

The Board of Directors would like to place on record its deep appreciation to all the employees for their dedicated services to the company. Our organizational culture and work environment is central to our ability to complete effectively.

**16. COMPLIANCE CERTIFICATE:**



Company has taken initiative to appoint Qualified Company Secretary to comply with the provision of Section 383A of the companies Act, 1956 and Listing Agreement. The efforts of the company were not fruitful, however company is availing the services from a Practicing Company Secretary. M/s. A.S. Ramkumar & Associates, Company Secretaries, confirming that the Company has complied with all the provisions of the Companies Act, 1956, copy of the same is annexed hereto.

**17. ACKNOWLEDGMENTS:**

Your Directors wish to express their appreciation for the cooperation and continued support received from all concern, Your Director's also take this opportunity to place on record their appreciation for the dedicated services rendered by the executives, managers, officers, employees and workers for the dedication and sense of commitment shown by the employees at all levels and their contribution towards the performance of the Company.

Place : Hyderabad  
Date : 21-08-2012

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director



## ANNEXURE TO THE DIRECTOR'S REPORT

Particularly required under the Companies & Disclosures of particulars in the Report of Board of Directors Rules, 1988.

### 1. Conservation of energy

Energy conservation measures taken as:

- i. Standard operating process is being implemented for Plant & Machinery.
- ii. Capacitors are used to improve power efficiency.
- iii. Total energy consumption per unit of production is as per Form-A  
The Annexure to the rules in respect of Industries specified the schedule there to;

### FORM - A (SEE RULE 2)

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	2011-12	2010-11
<b>A. Power &amp; Fuel consumption</b>		
<b>ELECTRICITY:</b>		
1. Purchase		
Total Units (KWH)	7659	6156
Total amount (Rs. In lacs)	59744	48020
Rate per unit in Rs.	7.80	7.80
2. Own Captive Generation through	-	-
Diesel Generator	-	-
Unit (KWH)	-	-
Unit per Ltd.,	-	-
Cost per Unit (Rs.)	-	-
<b>B. Consumption per unit of production</b>	NA	NA
Electricity (unit/kg)		

Since the company manufactures different types of Drug formulations it is not practicable to give consumption per unit of product.

### FORM B (See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption (R&D)

Disclosures of particulars with respect to technology absorption research and development (R&D).

In house development works is carried out by the company by implementing GMP guidelines. No significant expenditure is incurred.

Place : Hyderabad  
Date : 21-08-2012

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY OVER VIEW:

Indian pharmaceutical industry can be defined as a success story providing employment for millions and ensuring that essential drugs are available at affordable prices to the vast population of Indian sub-continent.

The Indian pharmaceutical industry has witnessed a growth rate of about 10% over the last few years. Pharmaceutical industry has given employment to approximately 2.86 million people and has around 20,053 units. Globally, India is 4th in terms of volume (8% of world's production), 13th in terms of value, and 17th in terms of pharmaceutical export value.

As in the present scenario, only a few people can afford costly drugs, which have increased price sensitivity in the pharmaceutical market, the companies are trying to capture the market by introducing high quality and low price medicines and drugs. Driven by growing number of pharmaceutical units, increased knowledge skills, improved quality and increasing national as well as international demand, India is now recognized as a leading global player.

### COMPANY OVERVIEW:

Pharmaid's Pharmaceuticals Limited is primarily engaged in manufacture of affordable life saving drugs in various forms like Tablets, Capsules, Liquids and Powders etc., in allopathic and herbal Ayurvedic and Natural drug formulation.

### OPPORTUNITIES:

With the Product Patent Act, coming into operation, the industry is able to attract big MNCs to India. Earlier these big firms had apprehensions in launching new drugs in the Indian market. Contract research and pharmaceutical outsourcing are the new avenues in the pharmaceutical market. Contract manufacturing is growing at a very fast pace and is estimated to grow to US \$30 billion, whereas contract research is estimated to reach US\$6-10 billion. Approvals given by Foods and Drugs Administration (FDA) and ANDA (Abbreviated New Drug Application)/DMF (Drug Master File) have played an important role in making India a cost-effective and high quality product manufacturer. Furthermore, the changes that took place in the patent law, change of process patent to product patent, have helped in reducing the risk of loss for intellectual property. This presents immense growth prospects to the Company.

### THREATS, RISKS & CONCERNS:

The risks involving the Pharmaceutical industry are two fold, macro-risks and micro-risks. While macro-risk usually affects a whole industry or state and thus needs joint and collaborative efforts, micro-risks can be de-risked at the company level. The key macro-risks are local political developments, policy of the Government, and change in laws of the land, economic and inflationary trends.

While at the Micro level, the Company's Main concern is the implementation of the govt policies as well as guidelines mentioned in Schedule 'M' of W.H.O G.M.P Standards which give general and specific requirements for factory premises and materials, plant and equipment and minimum recommended areas for basic installation for certain categories of drugs.



### SEGMENT WISE PERFORMANCE:

As the Company operates in only one segment i.e production and marketing of Pharmaceutical formulations, segment wise analysis of performance is not required.

### OUTLOOK:

The future of Indian pharmaceutical sector is very bright as the dream of Indian pharmaceutical companies for marking their presence globally and competing with the pharmaceutical companies from the developed countries like Europe, Japan, and United States is now coming true. By revising its R&D policies the government is trying to boost R&D in domestic pharma industry. It is giving tax exemption for a period of ten years and relieving customs and excise duties of all the drugs and material imported or exported for clinical trials to promote innovative R&D.

The company at the growth from the contract manufacturing facility operations in excise free zone in Northern India. Therefore company had achieved synergistic growth in the process and expects to perform better in the future.



## **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review the Company has achieved a Sales of Rs123.52 Lakhs as against Rs. 78.40 Lakhs in the previous year registering a rise of Rs.45.12 lakhs. During the year the Company has registered a Net Profit before tax of Rs. 2.27 Lakhs as against net loss of Rs.12.40 Lakhs in the previous year. The Company has not made any provision for income tax for the year under consideration.

## **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company recognizes the importance and contribution of its employees to the growth and development of the Company. The Company continued to maintain cordial relations with employees and staff, as they are key to companies growth

## **INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Company continues to place considerable emphasis and efforts on the internal control systems. Periodical internal audits, limited reviews by the Management and Audit Committee meetings is focusing on the quality of the internal checks and balances in the finance and accounting aspect. Directors have taken all steps for recovery of old dues and in some cases, company has taken legal cases and also lodged a legal complaint regarding our trade mark of the Dicloplus Tab & Tulsicof.

Also the company is bound to profitability sources like focus on waste reduction, cost reduction and improvement in productivity efficiently.

## **CAUTIONARY STATEMENT:**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be considered to be forward looking statements and actual results could differ materially from those expressed or implied. Important factors which could make a significant difference to the Company's operations include downtrend in the pharmaceutical sector, demand supply conditions, market prices, input component costs and availability, changes in government regulations and tax laws besides other factors such as litigation, over which the Company may not have any control.

## **SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of Section 383A (1) of the Companies Act, 1956

Name of the Company	:	PHARMAIDS PHARMACEUTICALS LIMITED
Registration Number of the Company	:	U52520AP1989PLC009679
Authorized Capital of the Company	:	Rs. 4,00,00,000/-
Paid-up Capital of the Company	:	Rs. 34,055,000/-

To

The Members of M/s PHARMAIDS PHARMACUTICALS LIMITED

We have examined the Registers, Records, Books and Papers of M/s PHARMAIDS PHARMACUTICALS LIMITED as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made there under and all entries have been duly recorded.

2. The Company has duly filed the Forms and Returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a Public Listed Company comments are not required, however the total number of members as on 31st March 2012 are Four Thousand and Five Hundred Sixty One (4561) only.
4. The Board of Directors duly met Five (5) times on 13.05.2011, 30.07.2011, 02.09.2011, 14.11.2011, and 14.02.2012 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from Thursday 22nd day of September, 2011 to Monday 26th day of September, 2011 (both days are inclusive) during the financial year for the purpose of AGM.
6. The Annual General Meeting for the financial year ended on 31st March, 2011 was held on 26-09-2011 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was conducted during the year under review.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to provisions of Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that Section.
10. The Company has made necessary entries in the registrar maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any Duplicate Share Certificates during the financial year.
13. The Company has:
  - (i) Not allotted any shares during the year. However, 1000 Equity Shares were transferred and 5 Transmissions were made during the year.
  - (ii) No Dividend was declared during the financial year.
  - (iii) No Dividend warrants were posted as no dividend was declared during the financial year.
  - (iii) As the Company has not issued any debentures and has not accepted any deposits, the question of transfer of application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to Investor Education and Protection Fund does not arise.
  - (iv) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of directors/additional directors/ and directors to fill the casual vacancy during the financial year under review.
15. The Company has re appointed the Managing Director of the Company on 02.09.2011. However there is no appointment of Whole time director or Manager during the financial year.
16. The Company has not appointed any sole-selling agents during financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Registrar, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity shares during the financial year
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference share/debentures does not arise during the financial year under review.

22. There were no transactions necessitating the Company to keep in abeyance the Rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the company from the other Companies, Banks and Financial Institutions during the financial year are within the Borrowing Limits of the Company.
25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has not altered its articles of association with respect to share capital of the company during the financial Year and complied with the provisions of the Act.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year under scrutiny.
33. The Company is covered by the provisions under Employees Provident Fund and is not covered by 418 of the Act.

Place: Hyderabad  
Date: 21.08.2012

For A.S.Ramkumar & Associates  
Company Secretaries  
Sd/-  
A.S. Ramkumar  
Partner  
CP.NO:9228

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Name of the Company : PHARMAIDS PHARMACEUTICALS LIMITED  
Registration Number of the Company : U52520AP1989PLC009679  
Authorized Capital of the Company : Rs. 4,00,00,000/-  
Paid-up Capital of the Company : Rs. 3,40,55,000/-

### **REGISTERS AS MAINTAINED BY THE COMPANY:**

- 1.Register of Charges u/s 143
- 2.Register of Members u/s 150
- 3.Register of Contracts u/s 301
- 4.Register of Directors u/s 303
- 5.Register of Directors shareholding u/s 307
- 6.Register of Investments u/s 372A (5)
- 7.Minutes Book Board Meeting.
- 8.Minutes Book- General Meeti. gs.
- 9.Register of Share Transfers.
- 10.Register of Application and Allotment of Shares

Place: Hyderabad.  
Date: 21.08.2012

For A.S.Ramkumar & Associates  
Company Secretaries  
SD/-  
A.S. Ramkumar  
Partner  
CP.NO:9228

Returns / Documents / Forms filed with the Registrar of Companies, Regional Directors, Central Governments or other authorities during the financial year ended March, 31, 2012.

SI No	Form No	Filed under Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No	SRN No
1.	23	192	Registration of resolution	01/10/2011	Yes	No	B21982251
2	25C	269	Appointment of Managing Director	01/10/2011	Yes	No	B21982459
3	32	303	Change in designation of Director	01/10/2011	Yes	No	B21982665
4	23	192	Registration of resolution	01/10/2011	Yes	No	B21982376
5	20B	159(1)	Annual Return	16/11/2011	Yes	No	P79283362
6	23B	224(1A)	Intimation of Auditors Appointment	25/11/2011	NA	NA	S07141559
7	23AC/ ACAX BRL	220(1)	Balance sheet	20/12/2011	Yes	No	P83460469

# REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange)



## 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Pharmaids Pharmaceuticals limited believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of affairs of the Company and help the Company to achieve goal of maximizing value for all its stake owners. Your Company's business objective is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners. Your Company is conscious of the fact that the success of a Company is a reflection of the professional conduct and ethical values of its management & employees. Your Company affirms its commitment to follow good corporate governance practices proactively.

## 2. BOARD OF DIRECTORS

- (i) The Company has Three Promoter Directors & and Three Independent Directors, out of which two Promoter Directors are Whole Time Directors. The Chairman is Promoter and Managing Director, The Board of the Company is in conformity with Clause 49 of the Listing Agreement. The Company has an optimum combination of Executive and Non-executive Directors.
- (ii) None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as at 31<sup>st</sup> March 2012 have been made by the Directors.
- (iii) The details relating to the names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings during the Year 2011-12		Whether attended last AGM held on 26 <sup>th</sup> September 2011	No. of Direct or ships in other Public comp anies	No. of Committee positions held in other public companies	
		Held	Atte nded			Chair man	Mem ber
Dr. Ghisulal Jain	Managing Director and Non Independent Director	5	5	Yes	Nil	Nil	Nil
Sri Subhash Jain	Executive and Non independent Director	5	5	Yes	Nil	Nil	Nil
Sri Hasmukh Jain	Director	5	5	Yes	Nil	Nil	Nil
Sri Mahendra K Ranka	Independent Director	5	5	Yes	1	Nil	Nil
Sri M. Sudheer Anand	Independent Director	5	4	Yes	Nil	Nil	Nil
Sri G. Uday Kumar	Independent Director	5	1	No	Nil	Nil	Nil



Five (5) Board Meetings were held during the year 2011-12 and intervening period between the Board Meetings were within the maximum time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement. The dates on which the Board Meetings held were 13.05.2011, 30.07.2011, 02.09.2011, 14.11.2011 and 14.02.2012

- (iv) Apart from receiving the sitting fees, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgment of the Director.
- (v) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.
- (vi) The Board members are given in advance the appropriate documents and information of each Board and Committee meetings so as to enable them to participate effectively and contribute to the smooth functioning of the Company.



### 3. AUDIT COMMITTEE

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act 1956.
- (ii) The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive Independent Directors and are financially literate:

- 1. Sri M.Sudheer Anand - Chairman
- 2. Sri Mahendra K Ranka - Member
- 3. Sri Uday Kumar - Member

- (iii) The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
  - Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
  - Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    - b. Changes, if any, in accounting policies and practices and reasons for the same
    - c. Major accounting entries involving estimates based on the exercise of judgment by management
    - d. Significant adjustments made in the financial statements arising out of audit findings
    - e. Compliance with listing and other legal requirements relating to financial statements
    - f. Disclosure of any related party transactions
    - g. Qualifications in the draft audit report.

Reviewing, with the management, the quarterly financial statements before submission to the board for approval

- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.



- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising three Non-Executive and independent Directors. Sri. M.Sudheer Anand, who is heading the Audit Committee as Chairman is having vast experience in Banking, Industrial Finance, and Project Implementation & Management. The Chairman of the Audit Committee was present at the previous Annual General Meeting.

- (iv) During the year 2011-12 the Audit Committee met Four (4) times. The statutory auditors and whole-time directors were invited for the meetings. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the Year 2011-12	
		Held	Attended
Sri. M.Sudheer Anand – Chairman	Independent, Non Executive	4	3
Sri. Mahendra K Ranka – Member	Independent, Non Executive	4	4
Sri. Uday Kumar – Member	Independent, Non Executive	4	1

#### 4. REMUNERATION COMMITTEE:

The Company had constituted a Remuneration Committee in terms of Schedule XIII of the Companies Act, 1956 read with clause 49 of the listing agreement. The Committee is headed by Dr. Ghisulal Jain and consists of Sri. Mahendra K Ranka and Sri. G.Uday Kumar. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights & any compensation payment to be paid to the Company's Managing / Whole-Time-Director's.

Remuneration policy: The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee. The Executive Directors and Non- independent Directors of the Company are not entitled to sitting fees. The Non Executive Independent Directors are not paid any remuneration except sitting fees for attending Board/ Committee meetings. During the year 2011-12 the Committee was not required to meet.

#### 5. REMUNERATION OF DIRECTORS

Details of remuneration/sitting fees paid to the Directors for the year 2011-12 are given below.

Name	Sitting Fee Rs.	Salary, perquisites and allowances Rs.
Dr. Ghisulal Jain	N.A	150,000
Sri. Subhash Jain	N.A	60,000
Sri. Hasmukh Jain	N.A	N.A
Sri. Mahendra K Ranka	N.A	N.A
Sri. M.Sudheer Anand	---	N.A
Sri. G.Uday Kumar	---	N.A

No pecuniary relationship exists between the Company and its Non Executive Directors except for the sitting Fees as mentioned above.

The Company does not have any stock option plan or performance incentives.

Details of Shares of the Company held by the Directors as on March 31, 2012 are as below:

Name	No. of Shares
Dr. Ghisulal Jain	18030
Sri Subhash Jain	16400
Sri Hasmukh Jain	3500
Sri Mahendra K Ranka	100
Sri M.Sudheer Anand	-
Sri G.Uday Kumar	-

#### 6. SHARE TRANSFER & INVESTOR'S GRIEVANCE COMMITTEE:

This committee comprises of 3 members Dr.Ghisulal Jain, Sri.Subhash Jain and Sri.Hasmukh Jain. The Chairman of the Committee is Dr.Ghisulal Jain. The Committee looks into transfer and transmission, issue of duplicate share certificate, consolidation and sub-division of shares and investors grievance. The committee oversees the performance of the Registrars and Transfer agents and recommends measures for overall improvement in the quality of investor services.

The committee met 4 times during the year 2011-12

Investor Grievance status chart

PARTICULARS	RECEIVED	RESOLVED
Non receipt of Dividends	Nil	Nil
Transmission	5	5
Change of Address	3	3
Request for Demat	Nil	Nil
Request for Remat	Nil	Nil

Investor Service letters

PARTICULARS	RECEIVED	RESOLVED
Transfers (shares)	1000	1000
Request for Demat (shares)	8500	8500

There were no transfers or transmissions or demat/remat requests pending as on 31<sup>st</sup> March 2012.

## 7. GENERAL BODY MEETINGS:

a. Location & Time of Last 3 Annual General Meetings:

Year	Venue	Date	Time
2010-2011	APCDA,5-9-262/1,King Kothi,Hyderabad	26.09.2011	10.30 A.M
2009-2010	APCDA,5-9-262/1,King Kothi,Hyderabad	30.09.2010	10.30 A.M
2008-2009	APCDA,5-9-262/1,King Kothi,Hyderabad	30.09.2009	10.30 A.M

b) During the year none of the resolutions had been passed through postal ballot.

## 8. DISCLOSURES:

During the year 2011-12 the Company had no materially significant related party transactions, which is considered to have potential conflict with the interest of the Company at large. The disclosures as to relate party transaction are disclosed in the notes to accounts.

There were no instances of non-compliance, penalties, structures imposed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter relating to the capital markets during the last 3 years.

## 9. MEANS OF COMMUNICATION:

The Board of Directors of the Company approves and takes on record of unaudited financial results in proforma prescribed by the stock exchange. Where the shares of the Company are listed, within one month of the close of the quarter and announces forthwith the results to the stock exchange. The audited/unaudited results will be published usually in the newspapers and will be available with company's website [www.pharmaids.com](http://www.pharmaids.com).

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Information on Management Discussion and Analysis is given in the Directors' Report.

## 11. NON-MANDATORY REQUIREMENTS :

As regards adoption of Non-Mandatory requirement of Corporate Governance. It is submitted that the Company does not send the half yearly results to each of the shareholders.

## 12. GENERAL SHAREHOLDERS INFORMATION:

a. 23<sup>rd</sup> Annual General Meeting

Date and Time: Saturday, the 29<sup>th</sup> September, 2012 at 10.30 A.M

Venue : Andhra Pradesh Chemists and Druggists Association,  
5-9-262/1, King Kothi, Hyderabad.

b. Financial Calendar (tentative)

Financial Year	:	1st April to 31st March
First Quarter Results	:	July/August 2012
Second Quarter and Half yearly results	:	October/November 2012
Third Quarter Results	:	January/February 2013
Last Quarter Results /Audited Results	:	May/June 2013

c. Dates of Book closure : Tuesday, the 25<sup>th</sup> day of September 2012  
Saturday, the 29<sup>th</sup> day of September 2012

d. Dividend payment date: Not applicable

e. Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai  
Stock Code : 524572

ISIN Numbers in NSDL &

CDSL for Equity Shares : INE117D01018

The Company has paid its annual listing fees to the stock exchange for the financial year 2011-12

f. Market Price Data : High/Lowprice quotation in each Month of the last financial year 2011-12 on the Stock Exchange, Mumbai is given below.

Month	High (Rs.)	Low (Rs.)
Apr' 11	6.17	5.33
May' 11	5.32	3.50
Jun' 11	4.43	2.93
Jul' 11	4.30	3.05
Aug' 11	4.40	3.57
Sep' 11	5.07	3.62
Oct' 11	3.70	2.62
Nov' 11	3.38	2.88
Dec' 11	3.05	1.91
Jan' 12	2.30	1.82
Feb' 12	2.54	1.88
Mar' 12	3.40	2.33

Source: [www.bseindia.com](http://www.bseindia.com)

Registrars and Transfer Agents (RTA): M/s Venture Capital &  
Corporate Investments Limited,  
12-10-167, Bharat Nagar,  
Hyderabad 500 004.

### 13. SHARE TRANSFER SYSTEM:

In pursuance of SEBI notification No.D&CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> December 2002 the Company had appointed M/s Venture Capital & Corporate Investment Ltd as single agency for share registry work. Share transfers and communications regarding share certificates, change of address, etc., must be forwarded to the RTA.

Shares Sent for physical transfer are generally registered and returned with in period of 15days from the date of receipt, if the documents are clear in all respects. the shares of the company have been placed by the SEBI under compulsory dematerialization ("DEMAT"). The company has, as per SEBI guidelines with effect from said date offered the facility of transfer cum Demat.

### 14. SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH 2012:

Sl.No	Category	No.of Shares	% of Shareholding
1.	Promoters	239095	7.02
2.	Mutual Funds and UTI	0	0
3.	Banks, Financial Institution, Insurance Companies	0	0
4.	Private Corporate Bodies	129640	3.81
5.	Indian Public	2948759	86.60
6.	NRIs/OCBs	88006	2.58
	<b>Total</b>	<b>3405500</b>	<b>100.00</b>

### 15. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>st</sup> MARCH 2012

Share or debenture holding of Nominal value of Rs.	Share / Debenture Holders		Shares / Debenture Amount	
	Number	% to	In Rs.	% of
(1)	(2)	(3)	(4)	(5)
1 - 5000	3471	76.1	8,88,351	26.09
5001 - 10000	652	14.3	5,60,859	16.47
10001 - 20000	207	4.54	3,22,011	9.46
20001 - 30000	83	1.82	2,19,958	6.46
30001 - 40000	30	0.66	1,05,916	3.11
40001 - 50000	24	0.53	1,14,837	3.37
50001 - 100000	57	1.25	4,21,672	12.38
100001 - Above	37	0.81	7,71,896	22.67
<b>TOTAL</b>	<b>4561</b>	<b>100.00</b>	<b>3405500</b>	<b>100.00</b>

## 16. DE-MATERIALIZATION OF SHARES AND LIQUIDITY

Trading in equity shares of the Company is permitted only in dematerialized form as per notification issued by SEBI. Dematerialization of shares is done through M/s Venture Capital and Corporate Investments Ltd., and on an average the dematerialization process is completed within a period of 7 days from receipt of a valid demat request along with all documents.

## 17. Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

## 18. SECRETARIAL AUDIT

The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Secretarial Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are Listed.

19. PLANT LOCATIONS : Sy.No-533,(V) Kondamadugu,  
Bibinagar Mandal, Nalgonda Dist, India (A.P.)

## 20. ADDRESS FOR CORRESPONDENCE

Sl. No.	Shareholders Correspondence for	Address to
1.	Transfer/Dematerialization/consolidation/split of shares, issue of Duplicate share certificates, change of address of members and beneficial owners and any other query relating to the shares of the Company.	M/s.Venture Capital and Corporate Investments Ltd, 12-10-167,Bharat Nagar, Hyderabad-500 004
2.	Investor Correspondence/queries on Annual Report etc.	M/s.Pharmaids Pharmaceuticals Ltd 4-4-211/212/3,1st floor, Inderbagh,Hyderabad-500 095 Email:mailpharmaids@yahoo.co.in Website: www.pharmaids.com

## 21. DEPOSITORY SERVICES

For guidance on Depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.  
Trade World, A wing, 4th & 5th Floors.  
Kamala Mills Compound,  
Lower Parel, Mumbai - 400 013.  
Tel: (022) 2499 4200 (60 lines)  
Fax: (022) 2497 6351  
Email: info@nsdl.co.in

Central Depository Services (India) Ltd.  
Phiroze Jeejeebhoy Towers, 28th Floor,  
Dalal Street, Senapati Bapat Marg, Mumbai - 400 023  
Tel: 091-022-24972964-7  
Fax: 091-022-22723199  
Email: investors@cdsindia.com



## 22. NOMINATION FACILITY

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

## 23. COMPANY'S POLICY ON PREVENTION OF INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

Place: Hyderabad.  
Date: 21.08.2012

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

## DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

Pursuant to Circular No.SEBI/CFD/DIL/CG/1/2004/12/10 dated 29<sup>th</sup> October 2004, it is hereby declared that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. I hereby confirm that the Company has in respect of the financial year ended March 31<sup>st</sup>, 2012, received from the senior management personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Place: Hyderabad.  
Date: 21.08.2012

Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director





**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE**

To  
The Members  
**PHARMAIDS PHARMACEUTICALS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Pharmaids Pharmaceuticals Limited for the year ended 31st March 2012 as stipulated in Clause 49 of the Listing Agreements of the said company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

On the basis of representation received from Registrars and Share Transfer Agents and as per the records maintained by the Company which are presented to the Shareholders/Investors grievance committee, we state that during the year ended 31st March, 2012 no investor grievance were pending for a period exceeding one month.

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 Laxminiwas & Jain  
Chartered Accountants  
Firm Reg No. 001859S

Sd/-  
Suresh Kumar Jain  
Partner  
(M. No.:018465)

Place: Hyderabad  
Date : 21-08-2012

**CERTIFICATE BY MANAGING DIRECTOR AND SENIOR  
MANAGER FINANCE & ACCOUNTS OF THE COPMANY**

We, Dr.Ghisulal Jain, Chairman and Managing Director and Mrs. Bhavani Manager, Finance & Accounts of M/S.Pharmaida's Pharmaceuticals Limited, hereby certify to the Board that

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.
- i) These statements do not contain any materially untrue statement for the year or omit any material fact or contain statements that might be misleading.
- ii) These statements together present a true and fair view of the Company's Affairs in the compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors, audit committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or proposed to take rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee:
  - i) Significant changes in internal control during the year
  - ii Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
- e) We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct)
- f) We further declare that all board members and designated senior management have performed compliance with the code of conduct for the current year.

Place: Hyderabad  
Date: 21-08-2012

Sd/-  
(DR.Ghisulal Jain)

Chairman & Managing Director

Sd/-  
(Mrs Bhavani )  
Manager (F&A)

## AUDITORS REPORT

To

The member,

**M/s. PHARMAIDS PHARMACEUTICALS LIMITED, HYDERABAD.**

1. We have audited the attached Balance Sheet of PHARMAIDS PHARMACEUTICALS LIMITED as at 31st March 2012 the Profit And loss Account and also the Cash Flow Statement for the year ended on that 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 conducted our audit in accordance with the auditing standards generally accepted India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on 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 statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-sec (4A) of Sec.227 of the companies Act.1956 of India. We enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to 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 purpose of our audit;
  - (b) In our opinion. Proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report 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 standard referred to in Sub Sec (3C) of Sec.211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on 31.03.2012 and taken on record by the board of Directors, we report that none of the Director is disqualified as on 31-03-2012 from being appointed as a Director in terms of clause (g) of sub section (1) of the section 274 of the Companies Act 1956.
  - (f) In our opinion and to the best of our information and according to the explanation given to us, the said account read with the accounting policies and notes forming part of accounts appearing in Subject to note No. 14.2 regarding non confirmation / reconciliation of balances shown Sundry debtors, Sundry Creditors, Un-Secured Loans, Loans and Advances, the impact of which is unascertained, give the Information required by 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 31.03-2012
    - (ii) In the case of Profit and Loss account of the Profit for the year ended on that date and
    - (ii) In the case of Cash flow statement, of the Cash flows for the year ended on that date.

Place: Hyderabad  
Date: 21-08-2012

For Laxminiwas & Jain  
Chartered Accountants  
Firm Reg No. 001859S

Sd/-  
Suresh Kumar Jain  
Partner  
(M. No.:018465)

**ANNEXURE TO AUDITOR'S REPORT**  
**Ref. PHARMAIDS PHARMACEUTICALS LIMITED**  
(Referred to in paragraph 3 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) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations furnished to us, the company has not disposed off a substantial part of its fixed assets during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of the business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has not granted loans, secured or unsecured, to Companies, Firms, or other parties covered in the register maintained under Sec. 301 of the Companies Act. 1956.
- (b) During the year the Company has taken unsecured loans, amounting to Rs 3097500/- from 7 parties covered in the register maintained under section 301 of the Companies Act, 1956. The balance payable as on 31.03.2012 is Rs. 1150337/-.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans were taken from Companies, Firms, or other parties covered under the register maintained under Sec. 301 of the Companies Act. 1956, are not prima facie, prejudicial to the interest of the Company.
- (d) According to the information and explanation given to us, the company is regular in repayment of the principle and interest wherever applicable.
- (IV) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Sec. 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 is no transaction made in pursuance of contracts or arrangements entered in the register maintained under Sec. 301 of the Companies Act. 1956 and exceeding the value of Rs. Five lakhs in respect of any party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A & 58 AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, The Company has an internal audit system by their own staff, which needs to be further strengthened.

- (viii) We have broadly reviewed the books of accounts relating to material labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Sec. 209(i)(d) and are of the opinion that prima-facie prescribed accounts and records have been made and maintained. 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 the records of The company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident Fund investor education and protection fund, employees state Insurance, Income tax, wealth tax, sales tax, customs duty, cess and other Material statutory dues applicable to it, except Service Tax, (Goods transport Agencies
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, Customs duty, wealth tax, excise duty, service tax and cess, which have not been deposited on account of any dispute.
- (x) In our opinion the accumulated losses of the company at the end of the year are less than fifty percent of its net worth. It has not incurred cash losses in the current year, where as there were cash losses in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institution, Bank and Debenture holders as at Balance Sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, Debentures and other securities. Accordingly the provisions of Clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion, the company is not a chit Fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4 (xiii) of the Companies (Auditor's 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, the provision of Clause 4(xiv) of the Companies (Auditor's Report) Order is not applicable to the company.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were raised.
- (xvii) According to the information and explanations given to us and on the overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- (xviii) According to the information and explanation given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4 (xviii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xix) According to the information and explanation given to us, during the year the company has not issued any debentures. There fore, the provision of Clause 4 (xix) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) According to the information and explanation given to us, the company has not raised any money by public issues during the year. Therefore, the provision of Clause 4 (xx) of Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad  
Date: 21-08-2012

For Laxminiwas & Jain  
Chartered Accountants  
Firm Reg No. 001859S

Sd/-  
Suresh Kumar Jain  
Partner  
(M. No.:018465)

**PHARMAIDS PHARMCEUTICALS LTD**  
**Balance Sheet as at March 31, 2012**

	Notes No.	Amount in Rs.	
		As on 31/03/2012	As on 31/03/2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	33,630,850	33,630,850
Reserves and Surplus	3	(12,450,783)	(12,819,616)
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	2,381,434	2,381,484
Deferred Tax Liability (Net)		1,261,208	1,402,855
<b>Current Liabilities</b>			
Short term Borrowings	5.1	2,951,230	7,645,427
Trade Payables	5.2	2,608,195	1,961,979
Other Current Liabilities	5.3	585,923	137,657
<b>TOTAL</b>		<b>30,968,057</b>	<b>34,340,636</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	6.1	6,175,179	6,881,206
Capital Work-in-Progress		1,477,161	1,477,161
Long term Loans and advances	7	7,182,662	9,534,444
<b>Current Assets</b>			
Inventory	8.1	1,785,608	1,479,161
Trade Receivables	8.2	14,275,738	12,630,950
Cash and Cash Equivalents	8.3	71,709	2,337,664
<b>TOTAL</b>		<b>30,968,057</b>	<b>34,340,586</b>

Summary of significant accounting policies 1

Notes on Financial statements 14

This is the Balance Sheet referred to in our report of even date

For Laxminivas & Jain  
Chartered Accountants  
Firm Registration Number: 001859S

For and on behalf of the Board

Sd/-  
(Suresh Kumar Jain)  
Partner  
Membership Number: 018465

Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

Sd/-  
Hasmukh Lalwani  
Director

Place: Hyderabad  
Date : 21-08-2012

**PHARMAIDS PHARMCEUTICALS LTD**

**Statement of Profit and Loss for the year ended March 31, 2012**

		Amount in Rs.	
		As on	As on
		31/03/2012	31/03/2011
<b>Revenue</b>			
Revenue from Operations	9	12,352,048	7,840,189
Other Income	10	15,998	-
<b>Total Revenue</b>		<u>12,368,046</u>	<u>7,840,189</u>
<b>Expenses</b>			
(Increase) /Decrease in stock		(306,447)	(26,612)
Cost of material consumed		8,241,475	6,534,719
Employee Benefits expense	11	776,498	334,858
Finance Costs	12	381,946	8,226
Depreciation & Amortisation Expense		757,887	771,763
Other expenses	13	2,289,501	1,457,510
<b>Total Expenses</b>		<u>12,140,860</u>	<u>9,080,464</u>
<b>Profit before Exceptional, Extraordinary items &amp; Taxation</b>		227,186	(1,240,275)
Exceptional items		-	-
<b>Profit before Extraordinary items &amp; Taxation</b>		227,186	(1,240,275)
Extra ordinary items		-	-
Prior Period Items		-	77,342
<b>Profit before Taxation</b>		<u>227,186</u>	<u>(1,317,617)</u>
<b>Tax Expense:</b>			
Current Tax			
Deferred Tax Charge		(141,647)	(136,992)
<b>Profit/(Loss) for the period from continuing operations</b>		368,833	(1,180,625)
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
<b>Profit/(Loss) from discontinuing operations (after tax)</b>		-	-
<b>Profit for the period</b>		<u>368,833</u>	<u>(1,180,625)</u>
<b>Basic / Diluted Earnings Per Share (Face value of Rs.10 each)</b>		0.11	(0.35)

**Summary of significant accounting policies**

1

The accompanying notes are an integral part of the financial statements.

This is the Profit and Loss Account referred to in our report of even date

**For Laxminivas & Jain**  
Chartered Accountants  
Firm Registration Number: 001859S

**For and on behalf of the Board**

Sd/-  
(Suresh Kumar Jain)  
Partner  
Membership Number: 018465

Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

Sd/-  
Hasmukh Lalwani  
Director

Place: Hyderabad  
Date : 21-08-2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**

	2011-12	2010-11
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net Profit before Tax	227,186	(1,317,617)
Adjustment for		
Depreciation	757,887	771,763
Interest Expenditure	367,791	-
Interest Income	(2,691)	-
Adjustment for		
Inventory	(306,447)	1,404,894
Debtors	(1,644,788)	(104,191)
Loans & Advances	2,351,782	682,421
Current Liabilities & Provisions	1,094,482	(246,704)
Less: Tax paid	-	-
Prior Period Adjustments	-	-
<b>Cash Flow From Operating Activities</b>	<b>2,845,202</b>	<b>1,190,566</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Decrease in Fixed Assets	-	-
Increase in Fixed Assets	(51,860)	(13,500)
Interest Income	2,691	-
<b>Cash Flow From Investing Activities</b>	<b>(49,169)</b>	<b>(13,500)</b>
<b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b>		
Increase in Share Capital	-	116,600
Secured Loans	(5,844,534)	-
Unsecured Loans	(4,694,197)	(35,276)
Interest Expenditure	(367,791)	-
<b>Cash Flow From Investing Activities</b>	<b>(10,906,522)</b>	<b>81,324</b>
Cash outflow during the year	<b>(8,110,489)</b>	<b>1,258,390</b>
Cash & Equivalent at the beginning of the year	2,337,664	1,079,274
<b>Cash &amp; Equivalent at the end of the year</b>	<b>71,709</b>	<b>2,337,664</b>



## SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of Accounting:

Financial Statements are prepared under the historical cost convention .

### 1.2 Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles. Require estimate and assumption to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates and recognized in the period in which the result materialize.

### 1.3 Fixed Assets:

Fixed Assets are valued at cost of acquisition inclusive of inward Freight, Duties, Taxes and incidental and trail run expenses relating to acquisition. Exchange Fluctuation on conversion of Outstanding foreign currency Loans for acquisition of Fixed Assets are adjusted to the Cost of Assets.

### 1.4 Depreciation:

Depreciation has been provided on Written Down Value method at the rates prescribed under schedule XIV of the companies act, 1956. In respect of additions/deletions, depreciation has been provided on pro-rata basis with reference to the month of addition/disposal.

### 1.5 Inventories:

Inventories are valued as under:

- Raw Materials: Weighted Average cost or Net Realizable value whichever lower.
- Work In process: Weighted average cost or net realizable value whichever is lower.
- Finished Goods: Weighted average cost or net realizable value whichever is lower.

### 1.6 Sales:

Sales have been accounted net of Duties, taxes and discount and purchases have been accounted net of discounts.

### 1.7 Retirement Benefits for Employees:

Contribution to provident fund, ESI and Gratuity are charged to revenue on accrual basis.

### 1.8 Earnings per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares in to equity shares.

### 1.9 Impairment of Assets:

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exist, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of accounts.

### 1.10 Taxes on Income:

income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company.

Deferred Tax is recognized, Subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed Depreciation and carry forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

PHARMAIDS PHARMCEUTICALS LTD

Notes to the Accounts for the year ended March 31, 2012

Amount in Rs.

	Amount in Rs.	
	As on 31/03/2012	As on 31/03/2011
<b>2 Share Capital</b>		
<b>Authorised</b>		
40,00,000 Equity Shares of Rs.10/- each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
34,05,500 Equity Shares of Rs.10/- each fully paid up.	34,055,000	34,055,000
Less: Calls in arrears	424,150	424,150
	<u>33,630,850</u>	<u>33,630,850</u>

a. Reconciliation of the number of shares outstanding

	31/03/2012		31/03/2011	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity shares</b>				
Number of equity shares at the beginning of the Year	3,405,500	34,055,000	3,405,500	34,055,000
Equity shares issued during the year	-	-	-	-
Less Shares bought back during the year	-	-	-	-
Number of equity shares at the end of the Year	<u>3,405,500</u>	<u>34,055,000</u>	<u>3,405,500</u>	<u>34,055,000</u>

**3 Reserves and Surplus**

	Amount in Rs.	
	As at 31/03/2012	As at 31/03/2011
Capital Subsidy	993,750	993,750
Profit & Loss Account		
As per last Balance Sheet	(13,813,366)	(12,632,741)
Add: Profit / (Loss) for the year	368,833	(1,180,625)
	<u>(12,450,783)</u>	<u>(12,819,616)</u>

**4 Non-Current Liabilities**

4.1 Long Term Borrowings

Unsecured Loan

Sales Tax Deferral (refer note) 2,381,434 2,381,484

**Total** 2,381,434 2,381,484

**NOTES:**

Represents 14 years interest free sales tax deferral loan received from Government of Andhra Pradesh. Repayment commences from 2014-15 based on deferral availed in the respective years.

**PHARMAIDS PHARMCEUTICALS LTD**

Notes to the Accounts for the year ended March 31, 2012

	As on <u>31/03/2012</u>	Amount in Rs. As on <u>31/03/2011</u>
<b>5. Current Liabilities</b>		
<b>5.1. Short Term Borrowings</b>		
<b>Secured</b>		
Term Loan from Bank (refer note)	1,800,893	7,645,427
<b>Unsecured</b>		
Loans from Directors and Relatives	1,150,337	.
	<u>2,951,230</u>	<u>7,645,427</u>

A. Term Loan from schedule Bank viz Central Bank Of India are secured against Hypothecation of stores/stocks, collateral security of factory land and buildings, exclusive charge on plant and machinery and the personal Guarantee of Directors of the company.

**5.2. Trade Payables**

Trade Payables	2,608,195	1,961,979
	<u>2,608,195</u>	<u>1,961,979</u>

Note: Out of the said amount NIL amount pertains to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The information has been given in respect of such vendors to the extent they could be identified as Micro, Small enterprises on the basis of information available with the company on records.

**5.3. Other Current Liabilities**

Interest accrued but not due		
Interest accrued and due		
Due to Directors		
Other Liabilities	585,923	137,657
	<u>585,923</u>	<u>137,657</u>

PHARMAIDS PHARMCEUTICALS LTD

Notes to the Accounts for the year ended March 31, 2012

6. Fixed Assets

6.1. Tangible

(Figures in Rs)

S No.	Particular	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at	Additions	Deletion/	As at	As at	For the	Deletion/	As at	As at	As at
		31/03/2011		Adjustments	31/03/2012	31/03/2011	year	Adjustments	31/03/2012	31/03/2012	31/03/2011
1	Land	201,852	-	-	201,852	-	-	-	-	201,852	201,852
2	Buildings	5,996,699	-	-	5,996,699	3,093,147	200,290	-	3,293,437	2,703,262	2,903,552
3	Electrical Installations	244,947	13,310	-	258,257	169,469	12,666	-	182,135	76,122	75,478
4	Plant and Machinery	10,753,798	14,300	-	10,768,098	7,103,650	512,038	-	7,615,688	3,152,410	3,650,148
5	Computer	674,953	-	-	674,953	674,953	-	-	674,953	-	-
6	Furniture and Fixture	761,224	-	-	761,224	730,551	30,673	-	761,224	-	30,673
7	Printer	-	7,250	-	7,250	-	783	-	783	6,467	-
8	Vehicle	953,470	-	-	953,470	953,470	-	-	953,470	-	-
9	Air conditioner	-	17,000	-	17,000	-	113	-	113	16,887	-
10	Type writer	14,376	-	-	14,376	8,208	683	-	8,891	5,485	6,168
11	Office Equipment	13,500	-	-	13,500	165	641	-	806	12,694	13,335
	<b>Total</b>	<b>19,614,819</b>	<b>51,860</b>	<b>-</b>	<b>19,666,679</b>	<b>12,733,613</b>	<b>757,887</b>	<b>-</b>	<b>13,491,500</b>	<b>6,175,179</b>	<b>6,881,206</b>
	Previous Year	19,601,319	13,500	-	19,614,819	11,961,850	771,563	-	12,733,613	6,881,206	7,639,469

**PHARMAIDS PHARMCEUTICALS LTD**

Notes to the Accounts for the year ended March 31, 2012

	As on <u>31/03/2012</u>	Amount in Rs. As on <u>31/03/2011</u>
<b>7. Long term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Advance recoverable in cash or kind	5,883,941	8,231,573
Others:		
Balance with Statutory/Government Authorities	1,298,721	1,302,871
	<u>7,182,662</u>	<u>9,534,444</u>
<b>8. Current Assets</b>		
<b>8.1 Inventory</b>		
Raw Material / Packing Material	324,694	651,216
Work In Process	120,824	-
Finished Goods	1,340,090	827,945
	<u>1,785,608</u>	<u>1,479,161</u>
<b>8.2. Trade Receivables</b>		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	11,424,910	11,721,093
Less: Provision for Doubtful Debts	-	-
	<u>11,424,910</u>	<u>11,721,093</u>
Others		
Considered Good	2,850,828	909,857
	<u>14,275,738</u>	<u>12,630,950</u>
<b>8.3. Cash and Cash Equivalents</b>		
Balances with Banks:		
On Current accounts (Book Overdrafts)	(177,660)	1,442,527
On Deposit account	25,000	-
Cash on Hand	224,369	895,137
	<u>71,709</u>	<u>2,337,664</u>
<b>9. Revenue from Operations</b>		
Sales	12,352,048	7,840,189
	<u>12,352,048</u>	<u>7,840,189</u>
<b>10. Other Income</b>		
Interest Income	2,691	-
Other Non Operating Income:	13,307	-
	<u>15,998</u>	<u>-</u>

**PHARMAIDS PHARMCEUTICALS LTD**

**Notes to the Accounts for the year ended March 31, 2012**

	Amount in Rs.	
	As on 31/03/2012	As on 31/03/2011
<b>11. Employee Benefits Expenses</b>		
Salaries and Wages	697,536	322,068
Contribution to Provident and Other Funds	72,614	1,979
Staff Welfare expenses	6,348	10,811
	<u>776,498</u>	<u>334,858</u>
<b>12. Finance Cost</b>		
Interest	367,791	-
Bank Charges	14,155	8,226
	<u>381,946</u>	<u>8,226</u>
<b>13. Other Expenses</b>		
Printing & stationery	63,421	13,822
Advertisement Expenses	130,623	108,209
Conveyance	95,619	30,401
Electricity Charges	103,261	48,020
Professional Charges	93,051	66,803
Rent	87,477	58,052
Rates and Taxes	43,964	42,868
Telephone Charges	46,021	20,731
Travelling Expenses	154,963	137,492
Freight Charges	312,343	198,132
Directors remuneration	210,000	210,000
Amount Written Off	2,795	8,913
Professional tax	5,000	-
Auditor's Remuneration:		
Audit Fees	15,000	15,000
Tax Audit Fees	10,000	7,500
Other Matters	12,000	7,500
Service Tax	4,573	3,090
Discount	129,576	74,321
General Expenses	118,105	38,907
Analytical Charges	55,482	-
Marketing Expenses	24,806	76,246
Business promotion	257,284	161,345
Damage & Expiry Goods W/o	101,298	-
Secretarial Expenses	19,200	20,400
Annual listing fees	72,765	-
Repairs & Maintenance Others	10,790	20,460
Repairs & Maintenance Plant & Machinery	46,322	33,728
Consumables	18,494	-
Factory Maintenance	45,268	55,570
	<u>2,289,501</u>	<u>1,457,510</u>

**Note-14 Notes Forming Part of Accounts**

**14.1 Details of Managerial Remuneration:**

	Managing Director		Executive Director	
	2011-12	2010-11	2011-12	2010-11
Salary	150000	150000	60000	60000
Total	150000	150000	60000	60000

- 14.2 Balance of sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation/reconciliation.
- 14.3 The Company has entered into One time settlement with Central Bank of India for Rs. 75 Lakhs payable in instalments. The last instalment is due in the financial year 2012-13. Keeping in view the one time settlement, company has accounted for interest.
- 14.4 The company has not received intimation from the vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to their outstanding amount and interest has not been made.
- 14.5 The Company's operation mainly consist of only one segment i.e. Drug formulations and therefore the figures relate to that segment only.
- 14.6 Related party disclosures ( as indentified by the management) as per accounting standard – 18 are given below:

**Name of the parties**

- Ø Dr. Ghisulal Jain
- Ø Subhash Jain
- Ø M/s Tejas Labs
- Ø M/s The Paras Agencies

NAME OF THE TRANSACTIONS RELATED TO THE PARTY	TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATIVES	
	2011-12	2010-11
PURCHASES	62708	40169
SALES	753100	583837
MANAGERIAL REMUNERATION	210000	210000
LOAN - GIVEN	3138891	-
LOAN - ACCEPTED	1804110	-

14.7 Deferred Tax:

Deferred Tax liability consists of:

	2011-12	2010-11
Timing Difference on account of Depreciation	1261208	1402855
Others - DTA	NIL	NIL
Net Deferred Tax Liability	1261208	1402855

14.8 EARNING PER SHARE (EPS)

	2011-12	2010-11
The computation of EPS is set out below:		
Earning		
Net Profit for the period	368833	(180625)
Shares		
Number of Shares at the Beginning of the period	3405500	3405500
Add: Shares issued during the period	0	0
Total number of equity shares outstanding at the end of the period	3405500	3405500
Weighted average number of equity shares outstanding during the period	3405500	3405500
Earning per share of par value Rs. 10/- Basic & Diluted (Rs)	0.11	(0.33)

14.9. Additional information pursuant to paragraph 3.4C & 4D of part II of Schedule-VI of the companies Act, 1956

UNITS	2011-12	2010-11
a. Licensed Capacity	NA	NA
b. Installed Capacity		
Ayurvedic formulation Capsules (in lacs)	72	72
Allopathic formulation		
Tablets (in lacs)	0	4680
Capsules (in lacs)	979	360
Syrup (in ltrs)	23400	8640

c. Actual production, Turnover, Opening Stock & Closing Stock of Finished Goods

SN	Product	Unit	Opening Stock	Purchases	Sales	Closing
			Value	Value	Value	Value
A.	ALLOPATHIC					
	1	Tablets Thousands	547101	4547229	2982106	669036
	2	Capsules Thousands	34629	166750	119287	79607
		Total	581730	4693979	3101393	748643

d. Details of Consumption of Raw Materials and Packing Materials

DESCRIPTION	UNIT	31-03-2012	31-03-2011
		VALUE	VALUE
<b>RAW MATERIALS</b>			
Ayurvedic	Kg	1302210	837022

14.10. In Accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the Fixed assets during the year ended 31st March 2012.



**PHARMAIDS PHARMCEUTICALS LTD****Balance Sheet Abstract And Company's General Business Profile**

Additional Information Pursuant to Part IV of Schedule VI of Companies Act, 1956 (as amended)

**I. Registration Details**

Registration No.	19671	State Code	1
Balance Sheet	31st March 2012		

**II. Capital Raised during the year (Amount in Rs. Lacs)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
Reissue of Forfeited Shares	NIL		

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)**

Total Liabilities	30,968,057	Total Assets	30,968,057
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**Sources of Funds**

Paid-up Capital	33,630,850	Reserves & Surplus	(12,450,783)
Non-current Liabilities	3,642,642	Current Liabilities	6,145,348

**Application of Funds**

Net Fixed Assets	6,175,179	Investments	500,700
Current Assets	75,215,265	Misc. Expenditure	-

**IV. Performance of the Company (Amount in Rs. Thousands)**

Total Income	12,368,046	Total Expenditure	12,140,860
Profit Before Tax	227,186	Profit After Tax	368,833
Earnings Per Share (In Rs.)	0.11	Dividend (%)	NIL

**V. Generic Name of Principal Product / Service of the Company**

Item Code No. (ITC Code)	Production Description
300410.04	Cold CC
300410.03	Diclo Plus
293500.01	Nimis

**For Laxminivas & Jain**

Chartered Accountants

Firm Registration Number: 001859S

For and on behalf of the Board

Sd/-

(Suresh Kumar Jain)

Partner

Membership Number: 018465

Sd/-

(Dr. Ghisulal Jain)

Chairman &amp; Managing Director

Sd/-

Hasmukh Lalwani

Director

Place: Hyderabad

Date : 21-08-2012

Dear Shareholder,

**Sub: Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by Companies through electronic mode. In accordance with the circular no.17/2011 dated 21.04.2011 and circular No 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to great extent and allow share holders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of PHARMAIDS PHARMACEUTICALS LIMITED to contribute to the corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below and send it back to us in the attached postage prepaid envelope.

Let's be part of this 'Green Initiative'

Please note that as a member of the company you will be entitled to receive all such communication in physical form, upon request.

**E-COMMUNICATION REGISTRATION FORM**

(In terms of circular no. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No./Dp ID & Client ID .....

Name of 1<sup>st</sup> Registered Holder .....

Name of joint Holder(s) .....

.....

Registered Address .....

E-mail ID(to be registered) .....

I/we shareholder(s) of Pharmaida Pharmaceuticals Limited agree to receive Communication from the Company in electronic mode. Please Register my above e-mail id in your for sending communication through e-mail.

Date .....

Signature.....

**Note:**

Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.



# Pharmaids Pharmaceuticals limited

Reg. Off: 4-4-211/212/3, 1st Floor, Inderbagh, Sultan Bazar, Hyderabad 500 095

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Regd. Folio No:

No.of Shares Held:

Name of the Shareholder \_\_\_\_\_

Name of the Proxy \_\_\_\_\_

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held on 29<sup>th</sup> September, 2012 at 10.30 am at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad.

Signature of the member / Proxy \_\_\_\_\_

NOTE: The Copy of this AGM Notice may please be brought to the meeting hall. No duplicate will be entertained. You are requested to bring your copy of the Annual Report to the meeting.

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## PHARMAIDS PHARMACEUTICALS LIMITED

Reg.Off: 4-4-211/212/3, 1st Floor, Inderbagh, Sultan Bazar, Hyderabad 500 095

## PROXY FORM

Regd. Folio No:

No.of Shares Held:

I/We \_\_\_\_\_ of \_\_\_\_\_

Being a member / members of M/s. Pharmaids Pharmaceuticals Limited hereby appoint \_\_\_\_\_ as my / our proxy to vote for

me/ us on by our behalf of at the Twenty Third Annual General Meeting of Company to be held on 29-09-2012 at 10.30 am at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad.

Signature :

Date :

Affix  
Revenue  
Stamp

NOTE: Proxies must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. A proxy need not be a member.

# Back to Nature



Pharmaid is a GMP certified company



**Pharmaid,  
Pharmaceuticals limited**

Plot No. 44/24/2/26, 1st floor,  
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[www.pharmaid.com](http://www.pharmaid.com)

