BOARD OF DIRECTORS :

Mr VINAY RAMAKANT SAPTE	Chairman
Mr MANEESH R. SAPTE	Managing Director
Mr Y. N. BHASKARA RAO	Executive Director
Mr C.SRINIVAS	Director
Mr P.VIJAYASARADHI	Director

REGISTERED OFFICE :

16, Phase III, I. D. A., Jeedimetla
HYDERABAD - 500 055
Email: phaarmasia@yahoo.com
Email: phaarmasia @gmail.com
Telephone : 040-23095002/23095690

AUDITORS :

M/s. K. S. Ramakrishna & Co.
Chartered Accountants
5-9-22/38/2 , Adarsh Nagar
HYDERABAD - 500 063

BANKERS :

HDFC Bank
S.D.Road,
SECUNDERABAD-500003.

SHARE TRANSFER & DEMAT AGENTS :

M/s.VENTURE CAPITAL
AND CORPORATE INVESTMENTS PVT LTD
No. 12-10-167 , BHARATNAGAR
HYDERABAD-5000018
Tel. No. 040-23818476 / 23818475
Fax No. 040-23868024
Email id : info@vccilindia.com

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of the Company will be held on Wednesday the 29th September,2010 at 2.30 P.M. at Regd.Offlice of the Company situated at Plot No.16 , Phase III, I.D.A. Jeedimetla , Hyderabad – 500 0055 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended as on that date and the reports of Directors' and Auditors' thereon.
2 To appoint a Director in place of Mr P.Vijayasaradhi who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/S. K.S. Ramakrishna & Co., Chartered Accountants be and are hereby re-appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be fixed by the Board of Directors".

BY ORDER OF THE BOARD
For PHAARMASIA LIMITED

Place: Hyderabad
Date: 27.08.2010

(MANEESH R.SAPTE)
MANAGING DIRECTOR

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/ herself and such proxy need not be a member of the company.
2. Proxy forms, in order to be effective, must be deposited at the Registered Office of the Company OR at Share Transfer & Demat Agents Office M/s.VENTURE CAPITAL & CORPORATE INVESTMENTS PVT LTD, H.No.12-10-167, Bharatnagar, Hyderabad-500018 not later than forty-eight hours before the commencement of the Meeting.
3. The Register of Members of the company will remain closed from 24.09.2010 to 29.09.2010 (both days inclusive)
4. The Members are requested to intimate any change in their address quoting their registered folio number to our registered office address.
5. The Members are requested to bring their Annual Report along with them at the time of Annual General Meeting and are also requested to send their queries, if any, on the adoption of Accounts well in advance to enable to place relevant records and information at the time of Annual General Meeting.
6. Members are requested to quote Folio No. / DP ID and Client ID in all correspondence and intimate any change in their address to the Company's Share Transfer Agents promptly.
7. Members are requested to avail the facility of converting their physical shareholdings into electronic mode of holding for their own convenience coupled with increased flexibility in dealing with such shares.

PARTICULARS OF DIRECTORS RE-APPOINTED/APPOINTED IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT

1. Mr P.Vijayasaradhi , aged about 39 years is Law Graduate and has more than 12 yeas of experience in Practicing as Advocate in High Court of A.P. on original as well as appellate side. He does not hold any Directorships in any other company.

DIRECTORS' REPORT

Dear members,

Your Directors herewith present to you this report for the financial year 2009-10

FINANCIAL PERFORMANCE OF THE COMPANY :

Your Company's working results for the year ended 31st March 2010 have been summarized hereunder:.

Rs. In Lakhs

		2009-10	2008-09
1.	Sales & Other Income	**1143.17**	1374.90
2.	Profit / (Loss) before Interest & Depreciation	**69.26**	100.13
	Less: Interest & Depreciation	**59.16**	60.82
3.	Profit / (Loss)	**10.10**	39.30
4.	Add/Less. Previous year Adjustment	**2.57**	1.97
5.	Profit for the year	**12.67**	41.27
6.	Less. Provision for Taxation	**1.84**	4.08
7.	Net Profit during the year	**10.83**	37.19

OPERATIONS

During the year under review there was a decrease in Turnover by 16.86% over previous year. The profit for the year registered at Rs.10.83 Lakhs as against Rs.37.19Lakhs (previous year). The reduction of the Turnover and Profit is due to low operation in formulations unit as there were no orders

FUTURE OUT LOOK

Management is putting their best efforts to procure orders from Govt. of India , Nepal and other countries for manufacturing of Oral Contraceptive Pills. Presently your company is undertaking Job work order from Himalaya Drug Company, Bangalore in addition to principle to principle sale of Cosmetics Products.

AUDITORS:

M/s.K.S.RAMAKRISHNA & Co., Chartered Accountants, of the Company who retires at this Annual General Meeting are eligible for reappointment. They have signified their willingness for reappointment and have confirmed their eligibility under Section 224(1B)of the Companies Act, 1956.

REPLIES TO AUDITORS' REPORT

With reference to the observations made in the Auditors' report the notes on accounts as contained in Schedule 17 of the Balance sheet are self explanatory and therefore do not call for any further comments U/S 217(3) of the Companies Act, 1956.

DIRECTORS

Mr P.Vijayasaradhi who retires by rotation in the ensuing Annual General meeting, being eligible, offers himself for reappointment.

PARTICULARS OF DIRECTR'S SHIP IN OTHER COMPANES.

1. Mr Maneesh R.Sapte is holding Directorship in . M/s.Maneesh Pharmaceuticals Ltd, Meghdoot Chemicals Ltd, Mantech Counting & Systems Pvt Ltd , Svizera Labs Pvt Ltd, Svzera Pharma Pvt Ltd, Fairjob Group Investment India Pvt Ltd,Intelligent Trading Pvt Ltd ,Svizera Pharmatech Pvt Ltd.
2. Mr Y.N.Bhaskar Rao does not hold any Directorship in any other company.
3. Mr C.Srinivas does not hold any Directorship in any other company.
4. Mr P.Vijayarasadhi does not hold any Directorship in any other company .
5. Mr Vinay Ramakant Sapte is holding Director ship in M/s.Maneesh Pharmaceuticals Ltd, Meghdoot Chemicals Ltd, Mantech Counting & Systems Pvt Ltd , Pure Health Products Pvt Ltd, Svizera Labs Pvt Ltd, Svzera Pharma Pvt Ltd, Fairjob Group Investment India Pvt Ltd, Intelligent Trading Pvt Ltd Svizera Pharmatech Pvt Ltd.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, Your Directors wish to confirm that:

* in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures , if any;
* such Accounting policies have been selected and applied consistently and judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
* proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities has been taken.
* Accounts for the financial year ended on 31st March 2010 are prepared on a going-concern basis.

AUDIT COMMITTEE :
Audit Committee consists of the following Directors as on Date of this Report

1). Mr C.Srinivas, Chairman 2) Mr P.Vijayasaradhi 3) Mr Y.N.Bhaskar Rao

FIXED DEPOSITS
The Company has not raised any fixed Deposits as on 31st March 2010 so as to attract the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time. There is no amount outstanding or due to any deposit holder.

INSURANCE
Your Company's movable and immovable assets have been adequately insured against various risks.

PARTICULARS OF EMPLOYEES
In pursuance of section 217(2A) of the Companies Act, 1956 none of the employees of the Company was drawing a remuneration exceeding the limits stated in section 217 (2A) of the Companies Act, 1956

CORPORATE GOVERNANCE
A report on the Corporate Governance and Report on Management Discussions and Analysis Report as required under Listing Agreement are annexed herewith.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY AND ABSORPTION, FOREIGN EXCHANGE OUTGO
Particulars with respect to Conservation of Energy as required under section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed herewith and forms part of this report.

PERSONNEL
Your Directors place on record their appreciation for the services rendered by the employees. The relation between the management and the workers has been cordial through out the year.

ACKNOWLEDGEMENTS
Your Directors take this opportunity to place on record their sincere appreciation and wish to express their thanks for the guidance and assistance received from State & Central Government agencies, Company's bankers, Business Associates and Share holders for their continued support and faith in the Company.

BY ORDER OF THE BOARD
For PHAARMASIA LIMITED

Place: Hydeabad
Date : 27 .08.2010

(VINAY RAMAKANT SAPTE)
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUT GO:
Information under Section 217 (1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

FORM – A
CONSERVATION OF ENERGY: -
PARTICULARS U/s 217 (1) (e) OF THE COMPANIES ACT, 1956

A. Conservation of Energy: (a) Energy conservation measures taken (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the Cost of production of goods; (d) Total energy consumption and energy consumption per unit of production	The Company continues its efforts to reduce energy costs. Towards this end, it strives for sequential starting of motors and have capacitor banks, wherever possible to ensure uniform load.

FORM – A
(See Rule 2)
Form for Disclosure of Particulars with respect to Conservation of Energy

	For the year ended **31.03.2010**	**31.03.09**
A. Power and Fuel consumption		
1. Electricity		
a) Purchased units	295087	242999
Total amount Rs.	17,71,005	13,81,505
Rate Rs. / Unit	6.00	5.69
b) Own generation		
Through diesel generator in Units	24450	29610
Unit per-ltr. of diesel oil	3	3
Cost in Rs. / Unit	12.52	12.84
2. Coal (specify quality and where used)	28	13
Quantity (Tones)		
Total Cost Rs.	1,28,715	43,985
Average rate in Rs./Ton	4,597	3,383

B. Computation of Consumption per unit of production is not practicable.

FORM – B

TECHNOLOGY ABSORPTION & ADOPTION:
The Company is working to improve the existing technology.

Form for disclosure of particulars with respect to absorption:

Research and development (R & D) : Nil

1 Specific areas in which R&D carried out by the Company : The Company is carrying out Research and Development in Formulations.

Technology absorption, adaptation and innovation: Nil

FORM – C

FOREIGN EXCHANGE EARNINGS AND OUTGO;

Rs. In lakhs

	For the year end	
	31.03.2010	31.03.2009
Total Foreign Exchange Used	27.95	9.62
Total Foreign Exchange Earned	112.60	127.74

BY ORDER OF THE BOARD
For **PHAARMASIA LIMITED**

Place: Hyderabad
Date : 27. 08.2010

(VINAY RAMAKANT SAPTE)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT:

CORPORATE GOVERNANCE REPORT AS ON 31-03-2010

1. COMPANY'S PHILOSOPHY

Corporate Governance assumes a great deal of importance in the business life of Phaarmasia Limited. The driving forces of Corporate Governance at Phaarmasia Limited are its core values - Belief in people, entrepreneurship, customer orientation and the pursuit of excellence.

2. BOARD OF DIRECTORS

Composition and category of Directors:

Name	Designation	No. of meetings Held during the Last financial Year	No. of meetings attended
1. Mr. Vinay Ramakanth Sapte	Chairman	7	2
2. Mr. Maneesh R. Sapte	Managing Director	7	5
3. Sri Y.N. Bhaskar Rao	Executive Director	7	7
4. Mr. C. Srinivas	Independent Director	7	7
5. Mr. P. Viyanasardhi	Independent Director	7	7

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2009-10, the Board of Directors met 7 times, on the following dates:

1	30.04.2009	5.	25.09.2009
2.	16.05.2009	6.	30.10.2009
3.	30.07.2009	7.	30.01.2010
4.	26.08.2009		

3. AUDIT COMMITTEE

The Audit Committee consists of the following independent Directors

1. Mr. C. Srinivas ,Chairman 2. Mr. P. Vijayasaradhi 3. Mr. Y.N. Bhaskar Rao

During the year under review, the Audit Committee met 5 times and all members of the committee attended all meetings.

4. COMPENSATION COMMITTEE

There is no compensation committee meeting during the year, since there was no business in this regard.

Remuneration Policy
Details of Remuneration to Directors

Name	Particulars	(Rs.) per annum
1. Mr Maneesh R.Sapte, M.D.	Remuneration	-Nil –
2. Mr Y.N.Bhaskara Rao,E.D	Salary	480000
	PF contribution	57600

Non-Executive Directors: Sitting fees is paid for attending the meetings.

5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Share holders/Investors grievance committee consists of 1) Mr C.Srinivas, 2) Mr P.Vijayasaradhi 3) Mr Y.N.Bhaskara Rao . The committee reviews redressing of Shareholders and Investors complaints like transfer of shares, non-receipt of Balance Sheet etc. besides complaints from SEBI, Stock Exchanges and various Investor forums. The committee also oversees the performance of Registrar and share transfer Agents and recommends measures for overall improvement in the quality of Investor's services.

The functions of the Committee include:
To specifically look into redressing investors' grievances pertaining to:

1. Transfer of shares
2. Dividends
3. Dematerialization of shares
4. Replacement of lost/stolen/mutilated share certificates
5. Any other related issues

The sub committee will focus on strengthening investor relations.
There are no valid requests pending for share transfers as on the date of Directors' Report.

6. Management Discussions and Analysis Report:

A) Industry structure and developments, opportunities and threats, performance, outlook, risks and concerns:
Generally the Pharmaceutical Industry is registering better performance inspite of severe competition from multinational companies. There are many opportunities in 3rd world countries for export of various formulations and drugs. The efforts to supply Oral Contraceptive Pills to 3rd world countries have fetched an order for supply of Oral Contraceptive Pills to Nepal. The management is confident of improving the operations by focusing on manufacturing of Cosmetics and Oral Contraceptive Pills.

B) Internal Control and their Adequacy:
Sufficient Internal Control Systems are in place.

C) Financial and Operational Performance:
Current year's operational performance is satisfactory compared to previous years, and Finance details are given in Directors" Report..

D) Human Resources Development and Industrial relations:
Industrial relations are satisfactory.

Cautionary Statement:

Certain statement made in the Management Discussion and analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether expressed or implied. Several factors could make a significant difference to the Company's operations.

These include climatic conditions, economic conditions affecting demand and supply, Government Regulations and taxation, natural calamities etc, over which the Company does not have any control.

7. DATE, VENUE AND TIME OF THE LAST 3 ANNUAL GENERAL MEETINGS

Date	Venue	Time	No. of Special Resolutions
28.09.2007	16, Phase - III I.D.A. Jeedimetla, Hyderabad	2.30 p.m	-
30.09.2008	16, Phase-III, I.D.A. Jeedimetla, Hyderabad	2.30 p.m	1
25.09.2009	16, Phase-III, I.D.A. Jeedimetla, Hyderabad	2.30 p.m	-

There were no special resolutions passed through postal ballet in the previous year

8. Disclosures

There are no transactions, which may have potential conflict with the interests of the Company Schedule of the Annual Accounts contains the details of related party transactions as required by the Accounting Standard 18(AS-18) on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.

There is no non-compliance by the company and no penalties, strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to Capital markets, during the last three years.

The Company has complied with all the mandatory requirements of Clause 49 and is in the Process of implementation of Non-mandatory requirements.

9. Means of Communication

The Quarterly Un-audited results are regularly given to the stock exchanges where shares are listed and published in English and Telugu News papers.

10. Code of conduct:

The Phaarmasia code of conduct as adopted by the Board of Directors, is applicable to the Directors both executives and non-executives and Senior management team comprising of members of management one level below the Executive Director including all functional heads.

11. General Information for Shareholders

i) Date , time and venue of the 29th Annual General Meeting :

Friday the 29th day of SEPTEMBER, 2010 at 2.30 P.M. at the Registered Office of the Company Plot No.16, Phase – III, IDA, Jeedimetla, Hyderabad - 500 055.

ii) The Financial Year of the Company is from April 1st, to March 31st

iii) Date of Book Closure: From 24th of September,2010 to 29t September,2010 (both days inclusive) in connection with the Annual General Meeting.

iv) Presently the shares of the Company are listed on The Bombay Stock Exchange and the listing fees is paid update.

Since Hyderabad Stock exchange is derecognized by SEBI, the shares are not listed on Hyderabad Stock Exchange

As the shares are not traded on Ahmedabad Stock Exchanges for a very long time and to reduce the administration cost, it has been proposed to delist the shares on Ahemdabad Stock Exchange. A resolution was approved at the Annual General Meeting held on 30-09-2003.

v) Stock Co : 523620 (Bombay Stock Exchange)

vi) DEMAT A/C. No. : ISIN No. INE 486I01016

The shares of your company have been admitted by both NSDL, CDSL to facilitate demating of Shares under ISIN No. INE 486I01016. Investors who wish to exercise the option of dematerialization of their shares are required to submit Dematerialization Request Form (DRF) duly filled along with the original share certificate to the Depository Participant (DP). For guidance on Depository services, shareholders may write to Registrars and Share Transfer Agents.

The Share holders are requested to note that as per SEBI Circular No.MRD/DoP/SE/Cir-32/08 Dated 21.11.2008 trading in Securities of any Company may not be shifted to rolling settlement subject condition that at lease 50% of non-promoter holdings as per clause 35 of Listing Agreement are in demat mode before shifting the trading in the securities of the company from TFTS TO rolling settlement . As on Date only 3.19% of Public holding is Demated and share holders may convert physical mode into Demat so that BOMBAY STOCK EXCHANGE may consider to shift your company shares from TPTS to rolling settlement.

Share Transfer System:

The Managing Director, Executive Directors and Compliance Officers have been individually authorized to attend to share transfers and issue of duplicate share certificates once a fortnight. The Investors' Grievance & Share Transfer Committee shall approve the share transfers affected by the above under the delegated authority once in a quarter.

The average time taken for processing of share transfers including dispatch of share certificates was approximately 15 days if the documents are clear in all respects. As the Company's shares are currently traded in dematerialized from the transfers are processed and approved in electronic form by NSDL / CDSL through their depository participants.

There are no pending share transfer requests as on 31st March, 2010

vii) Distribution of Share holding as on 31st March, 2010 is as follows:

Nominal Value		No.of Folios	% to Folios	No. of Shares	% to Shares
Upto	500	22,865	99.07	1148478	16.82
501	1000	134	0.59	96869	1.42
1001	2000	40	0.18	60730	0.89
2001	3000	10	0.04	24284	0.35
3001	4000	3	0.01	10718	0.15
4001	5000	4	0.01	18511	0.27
5001	10000	7	0.03	49960	0.73
10001	and above	17	0.07	5417380	79.37
Grand Total		**23080**	**100.00**	**6826960**	**100.00**

Categories of share holders as on 31st March, 2010is as follows:

Category	No. of Shares	%
Indian Promoters	5014232	73.45
Mutual Funds & UTI	3760	0.06
Domestic Companies	13163	0.19
Resident Individuals	1795805	26.30
Total	**6826960**	**100.00**

viii) Market Price Data:

The shares are regularly not traded on Bombay Stock Exchange though there were small Quantities in two trading days in whole of the year. Hence the details are not given.

Share Transfer & Demat Agents:
M/s.VENTURE CAPITAL AND CORPORATE INVESTMENTS PVT LTD
H.No.12-10-167, BHARATNAGAR, HYDERABAD-500018
Tel. No. 040- 23818476 / 23818475 , Fax No.040-23868024
Email id : info@vccilindia.com

xi) There are no outstanding GDRs/ADRs / Warrants or any Convertible Instruments due for conversion.

xii) Nomination Facility:
Share holders 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's Share Transfer & Demat Agents M/s. M/s.VENTURE CAPITAL AND CORPORATE INVESTMENTS LTD, H.No.12-10-167, BHARATNAGAR, HYDERABAD-500018, Prescribed (Form 2B) is annexed to this report. Nomination facility in respect of shares held in Electronic Form is also available with the Depository Participant (DP) as per the Byelaws and Business rules applicable to NSDL and CDSL.

xiv) Address for Correspondence
Registered Office: 16, Phase III, I.D.A. Jeedimetla,Hyderabad - 500 055.
Phone No. 040 23095002
Plant Location: 16, Phase – III, IDA, Jeedimetla, Hyderabad – 500 055.

xv) Compliance Officers: Mr V.S.N.MURTHY and Mr N.E.V.Prasada Rao
Tel # :040-23095002 E-mail: phaarmasia @yahoo.com
Tel # 040-23095690 E-mail: phaarmasia @gmail.com

xvi) For any Grievenance email : phaarmasiagrd@gmail.com

xvii) Compliance:

The Company shall obtain a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges and annexure the certificate with the Directors' Report, which is sent annually to all the shareholders of the company.

Auditor's Certificate is annexed to the Report of the Directors.
M.D and E.D certification is provided in the annual report.

BY ORDER OF THE BOARD
For **PHAARMASIA LIMITED**

Place: Hyderabad
Date : 27.08.2010

(VINAY RAMAKANT SAPTE)
CHAIRMAN

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To
The Share holders

I hereby declare that all the Board members and Senior Management personal have affirmed compliance with code of conduct adopted by the company and have submitted declarations in this behalf for the year ended 31st March, 2010

Place : HYDERABAD
Date : 27.08.2010

(Y.N.BHASKAR RAO)
EXECUTIVE DIRECTOR

To
The Board of Directors
PHAARMASIA LTD
Plot No.16, Phase III, IDA, JeedimetlaHYDERABAD-500055.

ANNUAL CERTIFICATION

We undersigned Mr Maneesh R.Sapte, Managing Director and Mr Y.N.Bhaskar Rao, Executive Director responsible for the finance function certify that:

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010and to the best of my knowledge and belief:

   i) These Statements do not contain any materially untrue statement 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 and are in compliance with existing accounting standards, applicable laws and regulations.

b) To the best of our knowledge and belief , no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct:

c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

d) We further certify that:
   a) There have been no significant changes in internal control system during the year
   b) There have been no significant changes in accounting policies during the year
   c) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal Control system over financial reporting.

Place : HYDERABAD
Date : 27.08.2010

MANEESH R.SPATE
Managing Director

Y.N.BHASKAR RAO
Executive Director

AUDITORS' CERTIFICATE

To the Members of M/s. Phaarmasia Limited
Hyderabad.

We have examined the compliance of conditions of Corporate Governance by Phaarmasia Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company. 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 **K.S. RAMAKRISHNA & CO**
CHARTERED ACCOUNTANTS
FRN. 002888S

Place : Hyderabad
Date : 27.08.2010

(K.S.RAMAKRISHNA)
PARTNER

AUDITORS' REPORT

To
The Members of **M/s. PHAARMASIA LIMITED,**

We have audited the attached Balance Sheet of M/s. PHAARMASIA LIMITED, as at 31st March 2010 and also the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date 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.

We conducted our audit 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order,2003 as amended by Companies (Auditors Report) (Amendment) Order 2004, issued by the Central Government in terms Section 227 (4A) 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.

2. Further to our comments in the annexure referred in paragraph (1) above, we report that:

   i) We have obtained all the information and explanations which to the best of our knowledge and belief where necessary for the purpose of our audit.

   ii) 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 such books.

   iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   iv) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v) On the basis of written representation received from Directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   vi) In our opinion and to the best of our information and according to the explanation 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.

      a. In the case of the Balance Sheet, of the sate of the affairs of the company as at 31st March 2010

      b. In the case of the Profit & Loss Account, of the profit for the year ended on that date; and

      c. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Place : Hyderabad
Date:27.08.2010

For **K.S. RAMAKRISHNA & CO.,**
Chartered Accountants
FRN. 002888S

(K.S.RAMAKRISHNA)
PARTNER
M.No.021154

ANNEXURE TO THE AUDITORS REPORT

(Referred to the paragraph 3 of our report of even date)

(i) In respect of its Fixed Assets :

(a) The company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.

(b) As per the information and explanation given to us, the Fixed Assets have been physically verified by the management according to the phased programme, which is designed to cover all the Fixed Assets verified according to this programme considered reasonable, no material discrepancies were noticed on such verification.

(c) As per the information and explanations given to us, during the year that no substantial part of Fixed Assets of the Company are disposed off which will affect the going concern status of the Company

(ii) In respect of its Inventories:

(a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

(iii) In respect of the Loans Secured or Unsecured, granted or taken by the Company to/from Companies, Firm of Other Parties covered in the register maintained under section 301 of the Companies Act,1956.

(a) The company has not taken loans secured or unsecured, to/from the Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 .

(b) As the Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained is under section 301 of the Companies Act, 1956, the (iii) (b),(c) and (d) of the order not 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 purchase of inventory and fixed assets and for the sale of goods. 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 and as confirmed by us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) The transactions in pursuance of such contracts or arrangements have been made at prices reasonable having regard to the prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the company has not accepted any deposits during the year from the public covered by the directions issued by the Reserve Bank of India and provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under where applicable and issuance of order by the Company Law Boards in this regard does not arise.

(vii) As per the information and explanations given to us by the management, the Company has an internal audit system commensurate with the size of the company and the nature of its business.

(viii) We have broadly reviewed the Books of account relating to materials, labour and other items of cost maintained by Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Sec.209(1) (d) of the Companies Act,1956 and we are of the Opinion that prima facie the prescribed accounts and records have been made and maintained. And, the Central government has directed the company to have Cost audit for the Company and the Company has not appointed Cost auditors for the Company for the period under audit.

(ix) (a) According to the information and explanation given to us and the records examined by us, the company is not regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax , Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the Information and explanations given to us, no undisputed arrears of statutory dues were Outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

(b) According to the records of the company, there are no dues of Sale Tax, Income Tax, of any Customs, Wealth Tax, Service Tax Excise Duty, Cess, and deposit of the same with the forum does not arise.

(x) The company had no accumulated losses at the end of the year under report and it did not incur cash losses during the said year or in the immediately precedingfinancial year. (The accumulated losses are wiped out in earlier years, by a scheme of arrangement approved by High Court of Andhra Pradesh)

(xi) According to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of any dues to the bank

(xii) Based on our examination of the records and the information and explanation given to us, the company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, as the company is not a chit fund or a Nidhi or Mutual benefit fund or society, the provisions of clause 4(xiii) of the Companies (Audit Report) Order 2003 are not applicable to the company for this year.

(xiv) According to the records of the company, there are no investments made in the nature of shares in other companies and maintenance of records of transactions and contracts in respect of shares does not applicable.

(xv) According to the information and explanation given to us, the terms and conditions of guarantees given by the company for loans taken by others from bank or financial institutions are, in our opinion, prima facie, not prejudicial to the interest of the company. However, there are no guarantees outstanding as on 31st March 2010.

(xvi) According to the records of the company and information and explanation given to us the company has not raised terms loans during the year.

(xvii) As per the information and explanations given to us and on overall examination of the balance sheet and cash flow statement of the company, we report that no funds raised on short term basis have been used for long term investment and vice versa.

(xviii) Accounting to the information and explanations furnished to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The company has not issued any debentures during the year, which requires the creation of security.

(xx) During the year the company has not made any public issues for which the management has to disclose the end use of money raised through that public issue.

(xxi) As per the representation given by the company and relied on by us, no fraud on or by the company has been noticed or reported during the year.

For **K.S. RAMAKRISHNA & CO.,**
Chartered Accountants
FRN. 002888S

Place : Hyderabad
Date26.08.2010

(K.S.RAMAKRISHNA)
PARTNER
M.No.021154

BALANCE SHEET AS ON 31st March 2010

	PARTICULARS	Sch No.	As at 31.03.2010	As at 31.03.2009
			Rs	Rs.
I.	**SOURCES OF FUNDS**			
A.	SHARE HOLDER FUNDS			
	Share Capital	1	68,269,600	68,269,600
	Reserves & Surpluses	2	18,744,901	24,992,327
	TOTAL "A"		87,014,501	93,261,927
B.	SECURED LOANS :	3		
			437,481	651,000
	TOTAL "B"		437,481	651,000
	TOTAL ("A+B")		87,451,982	93,912,927
II.	**APPLICATION OF FUNDS**			
A.	FIXED ASSETS			
	Gross Block	4	292,207,396	290,109,107
	Less : Depreciation		152,885,957	140,786,263
	NET BLOCK TOTAL "A"		139,321,439	149,322,844
B.	CURRENT ASSETS, LOANSS & ADVANCES			
	Inventories	5	17,354,011	34,506,051
	Sundry Debtors	6	24,684,787	6,521,839
	Cash & Bank Balance	7	1,302,263	1,664,358
	Loans & Advances	8	1,327,479	1,865,647
			44,668,540	44,557,895
	Less: Current Liabilities & Provision	9	97,184,453	100,614,268
	TOTAL "B"		(52,515,913)	(56,056,373)
C.	DEFERRED TAX ASSETS (LIABILITY)/NET		646,456	646,456
	TOTAL (A+B+C)		87,451,982	93,912,927
	NOTES ON ACCOUNTS	17		

As per our report even date attached
For K.S. RAMAKRISHNA & CO.,
CHARTERED ACCOUNTANTS
FRN. 002888S

(K.S. RAMAKRISHNA)
PARTNER M.No. 021154

Place : HYDERABAD
Date : 27-08-2010

for and on behalf of Board of Directors

VINAY RAMAKANT SAPTE
CHAIRMAN

MANEESH R. SAPTE
MANAGING DIRECTOR

Y.N. BHASKAR RAO
EXECUTIVE DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2010

PARTICULARS	Sch No.	For the year ended 31.03.2010	31.03.2009
		Rs	Rs.
I. INCOME			
Sales	10	114,144,826	137,445,963
Other Income	11	172,241	44,301
Increase / (Decrease) in stock	12	(9,135,533)	10,063,501
		105,181,534	147,553,765
II. EXPENDITURE			
Material Consumed	13	60,463,916	90,535,870
Employee Remuneration & Benefit	14	7,283,526	5,909,119
Manufacturing Admn & Selling Expenses	15	11,751,210	11,413,767
Excise Duty and Sales Tax	16	18,756,280	29,682,386
		98,254,932	137,541,142
III. Profit before Depreciation (I-II)		6,926,602	10,012,623
IV Depreciation	4	5,916,656	6,082,602
V Profit / (Loss) for the year (III-IV)		1,009,946	3,930,021
Add: Prior Period Adjustments		256,889	197,306
		1,266,835	4,127,327
Less : Fringe Benefit Tax		0	(49,099)
Less : Provision for Advance income Tax (MAT)		(183,590)	(358680)
		1,083,245	3,719,548

As per our report even date attached
For K.S. RAMAKRISHNA & CO.,
CHARTERED ACCOUNTANTS
FRN. 002888S

(K.S. RAMAKRISHNA)
PARTNER M.No. 021154

Place : HYDERABAD
Date : 27-08-2010

for and on behalf of Board of Directors

VINAY RAMAKANT SAPTE
CHAIRMAN

MANEESH R. SAPTE
MANAGING DIRECTOR

Y.N. BHASKAR RAO
EXECUTIVE DIRECTOR

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

	As on 31-03-2010	As on 31-03-2009
	Rs.	Rs.
SCHEDULE - 1		
AUTHORISED SHARE CAPITAL :		
1,00,00,000 Equity Shares of Rs. 10/- each	100,000,000	10,000,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
68,26,960 Equity Shares of Rs.10/- each fully paid up	68,269,600	68,269,600
SCHEDULE - 2		
RESERVES & SURPLUS		
At the beginning		
Capital Reserve	9,687,063	9,687,063
Revaluation Reserve	0	3,240,160
Free Reserves	15,305,264	16,764,272
	24,992,327	29,691,495
Less Transfer to Depreciation A/c	7,330,671	8,418,716
	17,661,656	21,272,779
Add. Transfer from current year surplus in profit & Loss A/c.	1,083,245	3,719,548
	18,744,901	24,992,327
SCHEDULE - 3		
Acceptance against Hypothecation of Vehicle	437,481	651,000
(Lone taken from HDFC Bank)	437,481	651,000

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

SCHEDULE - 4

FIXED ASSETS AND DEPRECIATION

(Amount in Rs.)

Sl. No.	Name Of The Asset	GROSS BLOCK Original Cost as on 1.4.2009	Additions/ During the year	Deletions During the period	Total up to 31.03.2010	DEPRECIATION Up To 31.03.2009	Adjustment During the year	Provided During the period	Total Up To 31.03.2010	NET BLOCK Total As On 31.03.2010	Total As On 31.3.2009
1	Good Will	335,000	0	0	335,000	0	0	0	0	335,000	335,000
2	Land	46,890,000	0	0	46,890,000	0	0	0	0	46,890,000	46,890,000
3	Building	93,818,908	266,893	0	94,085,801	50,171,781	0	4,376,693	54,548,474	39,537,327	43,647,127
4	Plant & M/c	24,072,994	0	172,550	23,900,444	14,069,572	(123,223)	1,384,615	15,330,964	8,569,480	10,003,422
5	Tanks & Vessels	19,067,393	32,025	771,104	18,328,314	12,017,236	(694,988)	973,909	12,296,157	6,032,157	7,050,157
6	Pumps & Motors	1,756,712	0	0	1,756,712	1,100,052	0	91,341	1,191,393	565,319	656,660
7	Packaging Eqpt	31,265,298	325,037	300,785	31,289,550	19,602,265	(288,974)	1,627,834	20,941,125	10,348,425	11,663,033
8	Service Eqpt	40,938,675	2,057,492	41,341	42,954,826	25,212,957	(40,448)	2,416,546	27,589,055	15,365,771	15,725,718
9	Weighing M/c	1,221,235	0	0	1,221,235	716,965	0	70,144	787,109	434,126	504,270
10	Lab Equipment	8,891,160	123,317	0	9,014,477	5,165,321	0	527,534	5,692,855	3,321,622	3,725,839
11	Air Conditioners	3,301,831	281,917	0	3,583,748	1,484,533	0	280,728	1,765,261	1,818,487	1,817,298
12	Electrical Instn.	12,371,477	0	0	12,371,477	7,602,942	0	953,707	8,556,649	3,814,828	4,768,535
13	Office Eqpt	2,391,249	157,453	0	2,548,702	1,986,550	0	75,271	2,061,821	486,881	404,700
14	Furniture&Fitting	2,929,035	139,935	0	3,068,970	1,654,199	0	247,322	1,901,521	1,167,449	1,274,836
15	Vehicle	858,140	0	0	858,140	1,890	0	221,683	223,573	634,567	856,250
	TOTAL	290,109,107	3,384,069	(1,285,780)	292,207,396	140,786,263	(1,147,633)	13,247,327	152,885,957	139,321,439	149,322,845
	Previous Year	288,348,828	1,760,279	0	290,109,107	126,284,945	0	14,501,318	140,786,263	149,322,844	162,063,884

Rs. 13,247,327/-:-- Rs.7330671/- Depreciation on revalued portion on Fixed Assets is debited to revaluation reserves A/c.
Balance Rs. 5,916,656

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

	As on 31-03-2010	As on 31-03-2009
	Rs.	Rs.
SCHEDULE - 5		
INVENTORIES		
(As verified, valued and certified by the Management)		
1. Raw Materials	5,470,705	9,338,154
2. Packing Material	9,810,569	13,959,627
3. Work in Process	0	397,766
4. Finished Goods	2,072,737	10,810,504
	17,354,011	34,506,051
SCHEDULE - 6		
SUNDRY DEBTORS		
(Un secured and considerd good)		
1. Less than six months	24,662,707	6,499,759
2. More than six months	22,080	22,080
	24,684,787	6,521,839
SCHEDULE - 7		
1. Cash on Hand	44,812	45,033
2. Balance with Scheduled banks in cash at Bank		
- Current Accounts	943,156	1,317,831
- Fixed Deposit (against B.G.)	314,295	301,494
	1,302,263	1,664,358
SCHEDULE - 8		
A. LOANS & ADVANCES		
(Unsecured, considered good & recoverable in Cash or in kind or for value to be received)		
1. Advance for packing materials, Spares & Services	111,567	245,426
2. Advance for Excise Duty	3,079	301,645
3. Prepaid Expenses	83,236	83,108
4. Income-tax deducted at source	81,351	54,929
5. Advance for Building & Machinery	101,069	267,345
6. Advance for Others	12,983	4,000
TOTAL "A"	393,285	956,453
B. DEPOSIT		
With Govt. Department	934,194	909,194
TOTAL "B"	934,194	909,194
TOTAL A+B	1,327,479	1,865,647

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

		As on 31-03-2010	As on 31-03-2009
		Rs.	Rs.
SCHEDULE - 9			
CURRENT LIABILITIES & PROVISIONS			
A. CURRENT LIABILITIES			
1. Creditors for Capital Goods		3,332,549	3,419,381
2. Creditors for Raw Material		36,253,738	32,540,832
3. Creditors for Services		3,350,984	1,543,377
4. Creditors for Packing Materials		9,161,851	16,411,011
5. Creditors for Other Expenses		1,312,812	686,520
6. Advances Received		31,566,067	34,460,996
7. Liability for Gratuity		1,871,229	1,307,032
8. Other Liabilities		10,333,222	10,245,032
	TOTAL	97,184,453	100,614,268
SCHEDULE - 10			
A. Gross Sales (Including Excise Duty & Sales Tax)		111,090,160	137,430,394
		111,090,160	137,430,394
B. Processing & conversion Charges		3,054,666	15,569
	TOTAL	114,144,826	137,445,963
SCHEDULE - 11			
OTHER INCOME			
A. Interest Earned		22,241	19,302
B. Misc. Income		150,000	24,999
	TOTAL	172,241	44,301
SCHEDULE - 12			
INCREASE / DECREASE IN STOCK			
Opening Stocks :			
Finished Goods	10,810,504		1,086,269
Stock in progress	397,766	11,208,270	58,500
		11,208,270	1,144,769
Closing Stocks :			
Finished Goods	2,072,737		10,810,504
Stock in Process	0	2,072,737	397,766
		2,072,737	11,208,270
	TOTAL	(9,135,533)	10,063,501

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

	As on 31-03-2010	As on 31-03-2009
	Rs.	Rs.
SCHEDULE - 13		
A. Raw Materials :		
Opening Stocks	9,338,154	7,051,082
Add : Purchases	29,800,684	50,949,740
	39,138,838	58,000,822
Less : Closing Stocks	5,470,705	9,338,154
TOTAL "A"	33,668,133	48,662,668
B. Packing Materials :		
Opening Stocks	13,959,627	5,654,016
Add: Purchase	22,646,725	50,178,812
	36,606,352	55,832,828
Less : Closing Stocks	9,810,569	13,959,627
TOTAL "B'	26,795,783	41,873,202
TOTAL A+B	60,463,916	90,535,870

SCHEDULE - 14

EMPLOYEES REMUNERATION & BENEFITS :

Directors Remuneration	480,000	180,000
Salaries & Warges	3,047,221	2,493,356
ESI Company Contribution	94,259	91,164
Staff Welfare Expenses	739,125	648,313
PF Company contribution	321,365	255,755
Bonus	103,678	59,477
Labour Charges	1,929,768	2,124,401
Exgratra	4,000	1,000
Gratuity	564,110	55,653
TOTAL	7,283,526	5,909,119

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2010

	As on 31-03-2010	As on 31-03-2009
	Rs.	Rs.
SCHEDULE - 15		
Manufacturing Admn & Selling Expenses :		
Laboatory chemical & Analysis Charges	394,015	135,216
Freight Outward & Cartage	1,172,216	2,784,431
Power & Fuel	2,587,565	2,034,526
Insurance	181,901	196,100
Repairs & Maintenance	2,672,550	2,000,783
Consumable Stores	510,963	386,133
Licence Fees, Rates & Taxes	431,956	469,459
Travelling Expenses		
- Directors	183,768	0
- Others	299,353	268,079
Consultancy Charges	544,410	289,108
Conveyance Expenses	873,591	899,045
Postage, Telegram & Telephone	453,201	567,086
Books & Periodicals	475	20,454
Subscriptions	18,236	10,750
Advertisement	36,140	62,096
Bank Charges	223,761	115,370
Office Expenses	45,611	37,272
Audit Fees	76,239	76,239
Miscellaneous Expenses	2,700	3,653
Sitting Fee	32,000	12,500
Printing and stationery	363,857	422,559
Security Charges	613,742	591,559
AGM Expenses	32,960	31,350
TOTAL	11,751,210	11,413,767

SCHEDULE -16		
Excise Duty	17,035,102	26,450,273
Sales Tax	1,721,178	3,232,113
TOTAL	18,756,280	29,682,386

SIGNIFICANT ACCOUNTING POLICIES:

1	Basis of Accounting	:	Accounts are prepared under historical cost Convention and on the assumption of going concern and on accrual basis.
2.	Fixed Assets	:	Fixed Assets up to 31st March 2006 are stated at Revalued cost and Fixed Assets purchased after 1st April 2006 are stated at Historical Cost inclusive of duties, Sales Tax, freight and installation Cost.
3.	Depreciation	:	Depreciation is provided as per Written Down Value method at the rates specified in the Schedule – XIV of the Companies Act, 1956 on Single Shift Basis on the value excluding Revaluation amount.
4.	Current Assets	:	INVENTORIES: 1. Raw Materials are valued at cost on first in first out method. 2. Packing Materials are valued at cost on first in first out method. 3. Stock in process is valued at cost, including manufacturing expenses. 4. Finished Goods are valued at cost of material and process.
5.	Sundry Debtors	:	Sundry Debtors are taken at book value after Providing for un-realisable.
6.	Retiring Benefits	:	Gratuity has been provided as per the payment of Gratuity Act for all the eligible employees upto 31st March,10. No provision has been made for leave encashment as company's H.R.Policy does not allow encashment
7.	Income & Expenditure	:	Accounted on accrual concept.
8.	Revenue Recognition	:	Sales include Excise Duty and Sales Tax.

SCHEDULE – 17

NOTES ON ACCOUNTS

1. Contingent Liability in respect of Guarantee given by the company against Bank Guarantee not provided for Rs.2,90,000/- (Previous year – Rs.2,90,000)

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for : Rs. NIL. (Previous Year – NIL)

3. All Outstanding balances for creditors, debtors, acceptances and other advances are subject to confirmation from the parties.

4. With regards to the compliance of the Provisions relating to the dues to Micro, Small and Medium Enterprises the Company explained that it sent letters to the creditors to confirm whether they are Micro , Small and Medium Enterprises and the replies are yet to be received by the Company. Hence it could not quantify the dues if any, to Micro, Small and Medium Enterprises Units.

5. Income Tax returns of the Company are filed up to the accounting year ending 31st March 2009, and there are no material demands or disputed amounts pending as on date.

6. The Sales Tax Assessment of the Company is completed up to accounting year 2007-08. For the Year 2008-09, 2009-10 assessments are pending. Management is of the opinion that there will be no additional liability will arise other than that provided for.

7. Gratuity is provided only for the completed period of service. No provision has been made for leave encashment as company's H.R. Policy does not allow encashment..

8. The Company operates in a solitary business segment i.e., pharmaceuticals, comprising mainly manufacture of formulations and creams which as per Accounting Standard – AS17 is considered as the only one reportable business segment. The company also manufactures skin/face Creams and tooth paste both covered under Drugs & Cosmetics Act, with valid Drug Licenses obtained and there are also treated as same business segment. Accordingly, no further financial information for business segment is required to be given. The company also Exported Formulations to Nepal for Rs.1.12Crores and the balance Rs.10.29Crores as domestic sale as required for the geographical segmentation..

9. In accordance with the Accounting Standard on "Earnings per Share" AS – 20, issued by the Institute of Chartered Accountants of India, Earnings per Share has been computed as under :

Net Profit / Loss for the year (Rs / lakhs)	10.83
No. of Equity Shares	6826960
(Face value of Rs. 10/- each)	
Basic and Diluted EPS (Rs.)	0.16

10. As per the Accounting Standard on "Related Party Disclosures" AS – 18, issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

A. Key Management Personnel :

- Mr. Vinay R.Sapte -- Chairman
- Mr. Maneesh R. Sapte -- Managing Director
- Mr. Y.N. Bhaskara Rao -- Executive Director
- Mr. C.Srinivas -- Director
* Mr P.Vijayasradhi – Director

The nature and volumes of transactions of the Company during the year, with the above-related parties were as follows:

— Remuneration - Rs. 480000/- p.a. to Mr Y.N.Bhaskar Rao and Rs.32,000/- to Non working Directors towards Sitting Fees.

Details of related party Transactions:

Sl.No.	Name of the Transaction	Company Name where Directors are interested	Amount(Rs.)
01.	Purchase of Materials	M/s.Maneesh Pharmaceuticals Ltd	1,91,16,010/-
02.	Sale of Finished Goods	Svizera Health Remedies (A division of Maneesh Pharmaceuticals Ltd	3,77,02,184/-

11 . The components of Deferred Tax balance as per "AS-22" issued by ICAI are set out below :

	Rs. In lakhs 2009-10
DEFERRED TAX ASSET/(LIABILITY)	
Opening Balance as on 01.04.2009	6.46
Add: Current year 2009-10	
-Timing difference on account of Depreciation is an Deferred Tax Asset but the same is not Created as the availement is unlikely in near future	0
Net Deferred Tax Asset as on 31.03.2010	6.46

12. Previous year's figures are regrouped wherever necessary to make them comparable with current year figures.

13. The Depreciation on the revalued portion of value of fixed assets for the period ended 31st March 2010 of Rs.73,30,671/-- (Previous year Rs. 84,18,716/-) is adjusted in Reserve & Surplus A/c..

14. Remuneration paid to Directors

	2009-10 Rs.	2008-09 Rs.
. Executive Director	**4,80,000**	1,80,000
TOTAL	**4,80,000**	1,80,000

15. Payment to Auditors :

	2009-10 Rs.	2008-09 Rs.
Statutory Audit Fee	40,000	40000
Tax Audit Fee	20,000	20000
Service Tax	7,415	7,415
Total	67,415	67415
Internal Audit Fee	8,000	8,000
Service Tax	824	824
Total	8,824	8,824

16. Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of ScheduleVI of Companiess Act, 1956.

QUANTITATIVE INFORMATION

Class of goods manufactured	2009-10	2008-09
Liquid Orals, Tablets & Powders :		
1. Licensed Capacity	N.A.	N.A
2. Installed Capacity on Single Shift Basis		
--Liquids in KL	6000 P.A	6000 P.A.
--Tablets in Millions	5400 P.A	5400 P.A
-- Capsules in Millions	3000 P.A	3000 P.A
-- Pastes, Creams & Ointments in M.T	4500 P.A	4500 P.A

(As certified by the management and not verified by the Auditors being a Technical subject)

3. Actual Production

	Qty	Qty
a) For conversion :		
Liquids	00.00 KL	00.00 KL
Tablets	00.00 Mill	00.00 Mill
Pastes & Creams	181.22 MT	00.00MT
b) Own Production :		
Liquids	69.93 KL	72.35 KL
Tablets	199.00 Mill	57.05Mill
Pastes & Creams	37.85 MT	1038.80MT
4. Opening Stock of Finished Goods :		
Liquids	11.36 KL	2.00 KL
Tablets	0.00 Mill	0.00 Mill
Pastes & Creams	97.56 MT	3.20 MT
5. Closing Stock of Finished Goods :		
Liquids	2.01 KL	11.36 KL
Tablets	0.00 MIl	0.00 Mill
Pastes & Creams	21.93 MT	97.56 MT

6. Sales Turnover & Processing Charges :

	Qty.	Value	Qty.	Value
		(Rs.000)		(Rs.000)
Liquides (KL)	79.28KL	33,391.15	62.99	24,399.85
Tablets (Mill)	199.00 Mill	28,298.83	57.05	17,654,00
Pastes & Creams	413.48MT	49,191.28	944.44	95,028.07
Processing Conversion Charges & Others		3,263.56		364.04
Total		1,14,144.82		1,37,445.96

7. Consumption of Raw Materials & Packing Materials :

	Qty	Value (Rs. 000)	Qty	Value (Rs.000)
1. Sorbitol	54633	2079.27	310635	8928.09
2. SLS Powder	7240	754.61	30086	3175.24
3. Smyle Herbal Compound	2541	1830.57	9545	6469.92
4. Smyle Herbal Compound A.C`	795	551.76	1050	713.90
5. Calcium Carbonate	79480	1427.83	407252	4838.21
6. Alovera Gel	10285	3068.83	7050	207.78
7. Hydrogenated Polydecene	897	1152.80	600	767.87
8. Potassium Sorbate	207	133.45	140	91.17
9. Oliem 800 flackes	1220	1538.90	1552	883.85
10. Lanolin Alcohol	1008	3358.30	687	1556.82
11. Glyeerine	4067.55	490.07	5693	500.06
12. Ptrcipitated Silica Sident	9070.00	455.60	29520	1365.81
13. Light Liquid Parafin	14215.74	1001.10	22073	1009.98
14. Lactose	12265.71	1059.75	5423	943.62
15. Levonogestrel	21.33	2786.35	3	319.30
16. Ethenylestradial	5.60	761.65	1.29	128.36
17. Ferrous Fumarate	3562.73	364.51	1094	106.05
18. Norgestrel	10.5	1094.45	11.55	927.56
Essence Chemical & Others		9758.19		13858.98
Total	(A)	33.668.13		48662.67
Consumption of Packing Materials like Laminated Tubes, Cartons & Others		26795.78		41873.10
Total	(B)	26795.78		41873.10
Total	(A+B)	60463.91		90535.87

8. Value of Imported Raw Materials, spare parts & components consumed:

	C.I.F. Value (Rs. 000)	%	Value (Rs. 000)	%
1. Raw Materials				
NORGESTREL	900.619	0.0267	868.712	0.952
LEVONORGESTREL	1430.988	0.0425	0	0
ETHENYLEATRADIAL	463.267	0.0137	93.831	0.104

9. Exports & Import

	Value (Rs. 000)	Value (Rs. 000)
a) Export of Goods (FOB)	11260.00	12774.00
B) Import (C/F) Value Raw Materials	2794.87	962.54

10. Expenditure in foreign currency during the financial Year on account of traveling etc., Nil

11 Previous Year's figures have been regrouped And rearranged wherever necessary

12. Figures are rounded off to the nearest rupee.

Signature to Schedules 1 to 17

As per our Report of even date attached
for **K.S. RAMAKRISHNA & CO.,**
CHARTERED ACCOUNTANTS
FRN. 002888S

(K.S. RAMAKRISHNA)
PARTNER M.No. 021154

PLACE : HYDERABAD
DATE : 27-08-2010

for and on behalf of Board of Directors

VINAY RAMAKANT SAPTE
CHAIRMAN

MANEESH R. SAPTE
MANAGING DIRECTOR

Y.N. BHASKAR RAO
EXECUTIVE DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / Loss before tax and extraordinary item	1009946	3930021
Adjustments for:		
Add / Ded: Depreciation	5916656	6082602
Interest Paid	0	0
Interest Received	(22241)	-19302
Other Income	150000	-24999
Misc: Exp. Written Off	0	0
Operating Profit before Working Capital Changes	70544361	9968322
Adjustments for:		
Trade & Other Receivables	-18162948	9551453
Inventories	17152040	-20656184
Loans & Advances	538168	-388557
Trade Payables	-3341713	3718721
Cash Generated From Operations	3239908	2193755
Other Income	0	44301
Capital Reserve	0	0
Prior Period Adjustments	256889	197306
Direct Taxes Paid	-421692	-358680
FBT Paid	0	-49099
NET CASH FLOW / (USED) FORM OPERATING ACTIVITIES (A) :	3097346	2027583
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sale of Fixed Assets (Net)	138147	0
Purchase of Fixed Assets	-3384069	-1760279
NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)	-3245922	-1760279
C. CASH FLOW FROM FINANCING ACTIVITES		
Increase / Decrease in Long Term Borrowings	-213519	651000
Issue of Share Capital	0	0
NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C) :	-213519	651000
Net Increase/ (Decrease) in cash and Cash equivalents (A+B+C)	-362095	918304
Cash and Cash equivalents as on 01.04.2009	1664358	746054
Cash and Cash equivalents as at 01.04.2010	1302263	1664358

As per our Report of even date attached
for K.S. RAMAKRISHNA &CO.,
CHARTERED ACCOUNTANTS
FRN. 002888S

(K.S. RAMAKRISHNA)
PARTNER M.No. 021154
PLACE : HYDERABAD
DATE : 26.08.2010

for and on behalf of Board of Directors

VINAY RAMAKANT SAPTE
CHAIRMAN

MANEESH R. SAPTE
MANAGING DIRECTOR

Y.N.BHASKAR RAO
EXECUTIVE DIRECTOR

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

The information required pursuant to Schedule VI (Part IV) to the Companies Act, 1956 is given below :

I. **REGISTRATION DETAILS :**

Registration No.:	**U24239AP1981PTC0002915**
State (Andhra Pradesh) Code :	**01**
Balance Sheet Date :	**31.03.2010**

II. **CAPITAL RAISED DURING THE YEAR :** (Rs. In '000s)

Public Issue	**NIL**
Rights Issue	**NIL**
Bonus Issue	**NIL**
Private Placement	**NIL**

III. **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :**

Total Liabilities	87452
Total Assets	87452
Source of Funds :	
Paid-up Capital	68269
Reserves & Surplus	18745
Secured Loans	437
Un-secured Loans	0
Application of Funds :	
Net Fixed Assets	139321
Investments	**NIL**
Net Current Assets	(53516)
Differed Tax Asset (Net)	646
Accumulated Losses	0

IV. **PERFORMANCE OF THE COMPANY :**

Turnover (inclusive of other income/Increase in stocks)	114317
Total Expenditure	113307
Profit before Tax	1266
Profit after Tax	1083
Earnings per Share (in Rs.)	0=16
Dividend Rate	**NIL**

V **GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY**

Item Code No. (ITC Code)	**NIL**
Product Description	**Pharmaceutical Formulation & Cosmetics**

for and on behalf of Board of Directors

VINAY RAMAKANT. SAPTE
CHAIRMAN

Place: HYDERABAD
Date : 27.08.2010

MANEESH R.SAPTE
MANAGING DIRECTOR

Y.N.BHASKAR RAO
EXECUTIVE DIRECTOR