



PHAARMASIA

**27th
ANNUAL REPORT
2007-2008**



PHAARMASIA LIMITED

Regd. Office : 16, Phase-II, I.D.A.
Jeedimetla, Hyderabad - 500 055.



PHAARMASIA LIMITED

BOARD OF DIRECTORS :

Sri L.V. VITHAL RAO	Chairman
Sri MANEESH R. SAPTE	Managing Director
Sri Y.N. BHASKAR RAO	Executive Director
Prof. V.B. DESAI	Director
Dr. T.V. SUBBAIAH	Director
Mr. C. SRINIVAS	Director

REGISTERED OFFICE :

16, Phase III, I. D. A., Jeedimetla
HYDERABAD - 500 055
Email: phaarmasia@yahoo.com
Email: phaarmasia@g mail.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.

COST AUDITORS :

M/s. DZR & Co.,
104, Praveen Residency
D.D. Colony,
HYDERABAD - 500 007.

SHARE TRANSFER & DEMAT AGENTS :

**M/s.VENTURE CAPITAL
AND CORPORATE INVESTMENTS PVT LTD**
H.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 27th Annual General Meeting of the members of the Company will be held on Tuesday on the 30th September, 2008 at 2.30 P.M. at Regd.Office 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 2008 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 Dr T.V.Subbaiah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Prof.V.B.Desai who retires by rotation and being eligible offers himself for re-appointment.
4. 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”.

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr C. Srinivas who was appointed as Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the company, liable to retire by rotation.”

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

Place : Hyderabad
Date : 30.08.2008

(**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. Proxy forms should be duly completed, signed and stamped before depositing at the Registered Office of the Company.
3. The Register of Members of the company will remain closed from 26.09.2008 to 30.09.2008 (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. Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 with respect to special business is herewith annexed.
7. 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.
8. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 for

Item No.5:

Mr Ch .Srinivas was appointed as Additional Director of the company who retires at this Annual General Meeting as per Section 260 of the Companies Act, 1956 and Articles of Association of the company. His induction into the Board would immensely benefit the company in overall perception and strategic growth. As required under section 257 of the companies act, 1956 a notice from a



PHAARMASIA LIMITED

shareholder proposing his candidature along with Rs.500/- has been received.

The Board recommends the resolution for your approval

None of the Directors is interested in the above resolution except Mr Ch.Srinivas.

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

Place : Hyderabad
Date : 30.08.2008

(MANEESH R.SAPTE)
MANAGING DIRECTOR

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

1. Dr T.V.Subbaiah is a Ph.D in Bio-Chemistry and has more than 45 years of experience in Pharma Industry. He does not hold any Directorships in any other company.
2. Prof.V.B.Desai is a M.Pharm and has more than 45 years of Experience in Pharmaceutical field . He is aged about 74 years and holding Directorship in M/s.M.s.Ramaiah Drugs & Allied Products Testing Laboratory, Bangalore.
3. Mr C. Srinivas, aged about 42 years is Law Graduate and has more than 17 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 2007-08

FINANCIAL PERFORMANCE OF THE COMPANY :

Your Company's working results for the year ended 31st March 2008 have been summarized hereunder:

	Rs. In Lakhs	
	2007-08	2006-07
1. Sales & Other Income	1112.16	994.57
2. Profit / (Loss) before Interest & Depreciation	56.31	97.01
Less: Interest & Depreciation	65.63	50.93
3. Profit / (Loss)	(9.32)	46.07
4. Add/Less. Previous year Adjustment	13.52	0.38
5. Profit for the year	4.20	46.45
6. Less. Provision for Taxation	1.12	5.33
7. Net Profit after Tax	3.08	41.12
8. Deferred Tax Liability (Net)	4.43	0.49
9. Net Profit during the year	7.51	41.61

OPERATIONS

During the year under review there was an increase in Turnover by 11.82% over previous year. However profit for the year registered at Rs.7.51Lakhs as against Rs.41.61 lakhs (previous year). The reduction of profit is due to lack of orders from Ministry of Health & Family Welfare, Govt. of India has which good Margins. Presently your company is undertaking principle to principle sale of Cosmetics products

FUTURE OUT LOOK

Management is putting their best efforts to procure orders from Bangladesh and other countries for manufacturing of Oral Contraceptive Pills. Your company has bagged an order of Rs.1.09 Crores for manufacture of Oral Contraceptive Pills for onward supply to Ministry of Health & Population, Nepal .

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 16 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

Dr T.V.Subbaith, Prof. V.B.Desai who retire by rotation in the ensuing Annual General meeting, being eligible, offer themselves for reappointment.

Mr. Ch.Srinivas who retires at the ensuing Annual General meeting, being eligible, offers himself for appointment.

Sri D.L.Rao expired due to ill health during the year under review and your Directors wish his soul be rest in peace.

PARTICULARS OF DIRECTOR'S SHIP IN OTHER COMPANY'S.

1. Dr T.V.Subbaiah does not hold any Directorship in any other company.
2. Prof V.B.Desai holding Directorship in M/s.M.s.Ramaiah Drugs & Allied Products Testing Laboratory, Bangalore.
3. Mr C. Srinivas does not hold any Directorship in any other company

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 judgements 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 2008 are prepared on a going-concern basis.

AUDIT COMMITTEE :

Audit Committee consists of the following Directors as on Date of this Report
1). Sri T.V.Subbaiah, Chairman 2) Prof. V.B.Desai 3) Mr C. Srinivas



FIXED DEPOSITS

The Company has not raised any fixed Deposits as on 31st March 2008 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 : Hyderabad
Date : 30.08.2008

(**L.V.VITHALRAO**)
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
31.03.08 31.03.07

A. Power and Fuel consumption			
1. Electricity			
a) Purchased units	209211	301060	
Total amount Rs.	11,16,143	13,33,307	
Rate Rs. / Unit	5.33	4.43	
b) Own generation			
Through diesel generator in Units	15900	33600	
Unit per-ltr. of diesel oil	3	3	
Cost in Rs. / Unit	11.34	11.65	
2. Coal (specify quality and where used)			
Quantity (Tones)	37.45	23.5	
Total Cost Rs.	1,79,883	64,892	
Average rate in Rs./Ton	4803	2761	

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



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TECHNOLOGY ABSORPTION & ADOPTION:

The Company is working to improve the existing technology.

FORM – B

(See Rule 2)

Form for disclosure of particulars with respect to absorption

Research and development (R & D) : NIL

Technology absorption, adaptation and innovation: NIL

FORM - C

FOREIGN EXCHANGE EARNINGS AND OUTGO;

	Rs. In lakhs	
	For the year ended	31.03.2008
	31.03.2008	31.03.2007
Total Foreign Exchange Used	NIL	NIL
Total Foreign Exchange Earned	NIL	NIL

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

Place: Hyderabad

Date : 30.08.2008

(**L.V.VITHALRAO**)

CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT:

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. Sri L.V.Vithal Rao	Chairman	6	2
2. Mr Maneesh R.Sapte	Managing Director	6	4
3. Sri Y.N. Bhaskara Rao	Executive Director	6	6
4. Prof. V.B. Desai	Independent Director	6	6
5. Dr. T.V. Subbaiah	Independent Director	6	6
6. Sri D.L. Rao	Independent Director	6	0



Mr C. Srinivas appointed as Independent Director w.e.f. 30.01.2008 in place of Sri D.L.Rao who expired during the year Due to ill health.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2007-08, the Board of Directors met 6 times, on the following dates:

- | | |
|---------------|---------------|
| 1. 28.04.2007 | 4. 28.09.2007 |
| 2. 30.07.2007 | 5. 30.10.2007 |
| 3. 01.09.2007 | 6. 30.01.2008 |

AUDIT COMMITTEE

The Audit Committee consists of the following independent Directors

1. Dr. T.V. Subbaiah ,Chairman 2. Prof. V.B. Desai 3. Mr. D.L. Rao*

During the year under review, the Audit Committee met 5 times. Dr.T.V. Subbaiah, Chairperson & Prof. V.B. Desai attended all the meetings and Sri D.L.Rao did not attend any meetings, due to ill health who expired during the year

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

(Rupees.)

Particulars	Mr. Y.N. Bhaskara Rao Executive Director
Salary	180000.00
PF contribution	21600.00

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

5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

Share holders/Investors grievance committee consists of

- 1) Sri T.V.Subbaiah 2) Prof. V.B. Desai 3) Sri. L.V.Vithal 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.

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
30.12.2005	16,Phase - III,I.D.A Jeedimetla, Hyderabad	10.30 a.m	1
30.11.2006	16, Phase - III I.D.A. Jeedimetla, Hyderabad	12.00 noon	-
28.9.2007	16, Phase-III, I.D.A. Jeedimetla, Hyderabad	2.30 p.m	1

8. Disclosures

There are no transactions, which may have potential conflict with the interests of the Company Schedule 16 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 27th Annual General Meeting :

The 30th day of SEPTEMBER, 2008 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 31, 2008
- iii) Date of Book Closure: From 26th of September, 2008 to 30th September, 2008 (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 Code : 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.INE486I01016. 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.

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 form 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, 2008



PHAARMASIA LIMITED

vii) Distribution of Share holding as on 31st March, 2008 is as follows:

Nominal Value	No. of Folios	% to Folios	No. of Shares	% to Shares
Upto 5000	23221	99.05	1158324	16.96
5001 - 10000	134	0.57	97255	1.43
10001 - 20000	42	0.17	62660	0.92
20001 - 30000	8	0.03	19884	0.30
30001 - 40000	5	0.03	17758	0.26
40001 - 50000	4	0.02	17971	0.26
50001 -100000	6	0.03	43960	0.64
100001 and above	23	0.10	5409148	79.23
Grand Total	23,443	100.00	6826960	100.00

The Bombay Stock Exchange has given its approval vide its letters Dated 12th May, 2008 and 23rd May, 2008 for Listing & Trading of 6826960 Shares after approval of restructure of the Company, by the Hon'ble High Court of Andhra Pradesh.

viii) Categories of share holders as on 31st March, 2008 is as follows:

Category	No. of Shares	%
Indian Promoters	467598	6.85
Mutual Funds & UTI	5620	0.08
Domestic Companies	2502560	36.66
Resident Individuals	3851182	56.41
Total	6826960	100.00

ix) Market Price Data:

Since Shares are not traded during the year, hence no data is available.

x) **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 PVT. 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

xiii) 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 / E.D CERTIFICATION IS PROVIDED IN THE ANNUAL REPORT.

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

Place : Hyderabad

Date : 30.08.2008

(L.V.VITHALRAO)
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, 2008

Place : HYDERABAD

Date : 30.08.2008

(Y.N.BHASKAR RAO)

EXECUTIVE DIRECTOR

To
The Board of Directors
PHAARMASIA LTD
Plot No.16, Phase III, IDA, Jeedimetla
HYDERABAD-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,2008 and 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, 2008 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 : 30.08.2008

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, 2008, 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

Place : Hyderabad
Date : 30.08.2008

(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 2008 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 of 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 subsection (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representation received from Directors as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 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 state of the affairs of the company as at 31st March 2008.
 - 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.

For **K.S. RAMAKRISHNA & CO**
CHARTERED ACCOUNTANTS

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

Place : Hyderabad
Date : 30.08.2008



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 was 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 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, 2008 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, which have not been not deposited on account dispute.
- (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 preceding financial 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



PHAARMASIA LIMITED

- (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 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 2008.
- (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 the company has not raised any long term/Short term loan funds during the year. However there is an increase in Current Liabilities and an investment/increase in the Fixed Assets of the Company, indicating Long Term investment, out of Short Term funds to that extent.
- (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

Place : Hyderabad
Date : 30.08.2008

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

**PHAARMASIA LIMITED****BALANCE SHEET AS AT 31st MARCH 2008**

PARTICULARS	Sch No.	As at	As at
		31.03.2008	31.03.2007
		Rs	Rs
I SOURCES OF FUNDS			
A. SHARE HOLDERS FUNDS			
Share Capital	1	68,269,600	68,269,600
Reserves & Surpluses	2	29,691,495	38,615,610
TOTAL "A"		<u>97,961,095</u>	<u>106,885,210</u>
TOTAL		<u>97,961,095</u>	<u>106,885,210</u>
II APPLICATION OF FUNDS			
A. FIXED ASSETS			
Gross Block	3	288,348,828	284,806,751
LESS: Depreciation		126,284,945	110,045,561
NET BLOCK TOTAL "A"		<u>162,063,883</u>	<u>174,761,190</u>
B. CURRENT ASSETS, LOANS & ADVANCES			
Inventories	4	13,849,867	3,336,515
Sundry Debtors	5	16,073,292	6,324,809
Cash & Bank Balances	6	746,054	1,056,036
Loans & Advances	7	1,477,090	1,928,591
		<u>32,146,303</u>	<u>12,645,950</u>
Less : Current Liabilities & Provisions	8	96,895,547	80,724,618
TOTAL "B"		<u>(64,749,244)</u>	<u>(68,078,668)</u>
C. DEFERRED TAX ASSET ..NET		646,456	202,688
TOTAL A+B+C		<u>97,961,095</u>	<u>106,885,210</u>

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

For and on behalf of Board of Directors

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

Y.N.BHASKAR RAO
EXECUTIVE DIRECTOR

MANEESH R. SAPTE
MANAGING DIRECTOR

Place : HYDERABAD
Date : 30.08.2008

**PHAARMASIA LIMITED****PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2008**

PARTICULARS	Sch. No.	For the year ended	
		31.03.2008	31.03.2007
		Rs	Rs
I INCOME			
Sales and Conversion Charges	9	109,852,730	100,139,825
Other Income	10	218,985	37,157
Increase/(Decrease) in stocks	11	1,144,769	(720,000)
		<u>111,216,484</u>	<u>99,456,982</u>
II EXPENDITURE			
Material Consumed	12	64,812,207	48,856,707
Employee Remuneration & Benefits	13	6,193,773	13,508,389
Manufacturing, Admn & Selling Expenses ¹⁴		11,660,638	14,705,664
Excise Duty and Sales Tax	15	22,918,495	12,684,716
		<u>105,585,113</u>	<u>89,755,476</u>
Profit before Depreciation (I - II)		5,631,371	9,701,506
IV Depreciation	3	<u>6,563,866</u>	<u>5,093,648</u>
V Profit / (Loss) for the year (III - IV)		(932,495)	4,607,858
Add : Prior Period Adjustments		1,352,638	38,372
Less. Fringe Benefit Tax		(112,508)	(143,135)
Less Advance incom Tax paid (MAT)		0	(390,000)
Add. Deffered Tax		443,768	48,889
		<u>751,403</u>	<u>4,161,984</u>
Notes on Accounts	16		

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

For and on behalf of Board of Directors

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

Y.N.BHASKAR RAO
EXECUTIVE DIRECTOR

MANEESH R. SAPTE
MANAGING DIRECTOR

Place : HYDERABAD

Date : 30.08.2008



PHARMASIA LIMITED

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2008

	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.

SCHEDULE - 1

AUTHORISED SHARE CAPITAL

1,00,00,000 Equity Shares of Rs.10/-each 100,000,000 100,000,000

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

Capital Reserve :

At the beginning 38,615,610

Less.: Transfer to Depreciation A/c 9,675,518

28,940,092

Add. Transfer from current year

surplus in Profit & Loss A/c 751,403 29,691,495 38,615,610

TOTAL

29,691,495 38,615,610

SCHEDULE - 3 : FIXED ASSETS AND DEPRECIATION

(Amount in Rs.)

Sl. No.	Name Of the Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Original Cost as on 1.4.2007	Additions / Deletions During the period	Total up to 31.03.2008	Up To 31.03.07	Provided During the period	Total Up To 31.03.2008	Total As On 31.03.2008	Total As On 31.03.07
1	Good Will	335,000	0	335,000	0	0	0	335,000	335,000
2	Land	46,890,000	0	46,890,000	0	0	0	46,890,000	46,890,000
3	Building	92,063,981	1,754,927	93,818,908	40,006,826	5,307,133	45,313,959	48,504,949	52,085,830
4	Plant & M/c	24,072,994	0	24,072,994	10,566,403	1,882,513	12,448,916	11,624,078	13,506,591
5	Tanks & Vessels	19,010,984	31,096	19,042,080	9,685,151	1,250,194	10,935,345	8,106,735	9,356,986
6	Pumps & Motors	1,592,745	163,967	1,756,712	1,756,712	891,038	102,606	993,644	701,707
7	Packaging Eqpt	30,921,665	0	30,921,665	15,693,435	2,119,637	17,803,072	13,118,593	15,238,230
8	Service Eqpt	39,383,916	1,364,834	40,748,750	19,958,259	2,729,338	22,687,597	16,061,153	19,816,176
9	Weighing M/c	1,213,360	7,875	1,221,235	551,035	88,601	639,636	581,599	662,325
10	Lab Equipment	8,835,346	0	8,835,346	3,874,195	690,709	4,564,904	4,270,442	4,961,151
11	Air Conditioners	3,301,831	0	3,301,831	845,192	343,566	1,188,758	2,113,073	2,456,639
12	Electrical Instn.	11,276,004	855,019	12,131,023	5,096,836	1,316,045	6,412,881	5,718,142	6,382,356
13	Office Eqpt	2,329,849	14,400	2,344,249	1,858,269	65,637	1,923,906	420,344	471,581
14	Furniture&Fitting	2,925,547	3,488	2,929,035	1,028,922	343,405	1,372,327	1,556,708	1,896,625
TOTAL		284,153,222	4,195,606	288,348,828	110,045,561	16,239,384*	126,284,945	162,063,883	174,761,190
Previous Year		253,759,665	31,047,086	284,806,751	93,823,429	16,222,132	110,045,561	174,761,190	159,936,236

* Rs. 16,239,384 :- Rs. 9,675,518/- Depreciation on revalued portion on Fixed Assets is debited to revaluation reserves A/c. Balance Rs. 6,563,866/- only debited to P & L A/c.



PHAARMASIA LIMITED

Schedules Annexed & Forming part of Balance Sheet as at 31.03.2008

	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.

SCHEDULE - 4

INVENTORIES :

(As verified, valued and Certified by the Management)

1. Raw Materials	7,051,082	2,308,297
2. Packing Materials	5,654,016	1,028,218
3. Work In Process	58,500	0
4. Finished Goods	1,086,269	0
	<u>13,849,867</u>	<u>3,336,515</u>

SCHEDULE - 5

SUNDRY DEBTORS

(Un secured and considered good)

1. Less than six months	16,051,212	6,324,809
2. More than six months	22,080	0
	<u>16,073,292</u>	<u>6,324,809</u>

SCHEDULE - 6

CASH & BANK BALANCES

1. Cash on Hand	37,106	27,535
2. Cash at Bank	708,948	1,028,501
	<u>746,054</u>	<u>1,056,036</u>

SCHEDULE - 7

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	168,695	121,454
2. Advance for Excise Duty	101,366	3,079
3. Prepaid Expenses	105,105	136,781
4. Income-tax deducted at source	50,953	253,982
5. Advances for Building Machinery	141,777	548,638
TOTAL "A"	<u>567,896</u>	<u>1,063,934</u>

**PHAARMASIA LIMITED****Schedules Annexed & Forming part of Balance Sheet as at 31.03.2008**

	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.
B. DEPOSITS		
With Govt. Departments	909,194	864,658
TOTAL "B"	<u>909,194</u>	<u>864,658</u>
TOTAL A + B	<u><u>1,477,090</u></u>	<u><u>1,928,591</u></u>
SCHEDULE - 8		
CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
1. Creditors for Capital Goods	3,892,320	3,688,347
2. Creditors for Raw Material	28,432,822	15,574,665
3. Creditors for Services	1,807,098	2,169,023
4. Creditors for Packing Material	17,472,008	26,916,632
5. Creditors for Other Expenses	604,267	897,493
6. Advances Received	31,544,731	20,758,506
7. Liability for Gratuity	1,251,466	1,136,695
8. Other Liabilities	11,890,835	9,583,255
TOTAL	<u><u>96,895,547</u></u>	<u><u>80,724,618</u></u>
PROFIT & LOSS ACCOUNT		
Profit / (Loss) at the Beginning of the Year	0	0
Add: Profit/(Loss) during the year	<u>751,403</u>	<u>4,161,984</u>
	751,403	4,161,984
Net Profit/(Loss) transferred to Reserves & Surplus	<u><u>751,403</u></u>	<u><u>4,161,984</u></u>
	0	0
SCHEDULE - 9		
A. Sales (Including Sales Tax)	<u>107,221,750</u>	<u>84,867,547</u>
	107,221,750	84,867,547
B. Processing & conversion Charges	<u>2,630,980</u>	<u>15,272,279</u>
TOTAL	<u><u>109,852,730</u></u>	<u><u>100,139,825</u></u>
SCHEDULE - 10		
OTHER INCOME		
A. Interest Earned	19,285	16,872
B. Misc. Income	<u>199,700</u>	<u>20,285</u>
TOTAL	<u><u>218,985</u></u>	<u><u>37,157</u></u>

**PHAARMASIA LIMITED****Schedules Annexed & Forming part of Balance Sheet as at 31.03.2008**

	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.
SCHEDULE - 11		
INCREASE/DECREASE IN STOCKS		
Opening Stocks:		
Finished Goods	0	0
Stock in Process	0	720,000
	<u>0</u>	<u>720,000</u>
Closing Stocks:		
Finished Goods	1,086,269	
Stock in Process	58,500	0
	<u>1,144,769</u>	<u>(720,000)</u>
	<u>1,144,769</u>	<u>(720,000)</u>
SCHEDULE - 12		
A. Raw Materials		
Opening Stocks	2,308,297	903,701
Add: Purchases	35,594,394	24,390,457
	<u>37,902,691</u>	<u>25,294,158</u>
Less: Closing Stocks	7,051,082	2,308,297
TOTAL "A"	<u>30,851,609</u>	<u>22,985,861</u>
B. Packing Materials		
Opening Stocks	1,028,218	613,785
Add: Purchases	38,586,396	26,285,279
	<u>39,614,614</u>	<u>26,899,064</u>
Less: Closing Stocks	5,654,016	1,028,218
TOTAL "B"	<u>33,960,598</u>	<u>25,870,846</u>
TOTAL A + B	<u>64,812,207</u>	<u>48,856,707</u>
SCHEDULE - 13		
EMPLOYEES REMUNERATION & BENEFITS		
Directors Remuneration	180,000	180,000
Salaries & Wages	2,219,090	4,294,145
ESI Company Contribution	121,953	206,337
Staff Welfare Expenses	637,681	1,302,574
Company's Contribution to PF	232,647	382,176
Bonus	96,193	183,938
Labour Charges	2,493,733	2,894,413
Exgratia	2,000	0
Gratuity	210,476	4,064,806
TOTAL	<u>6,193,773</u>	<u>13,508,389</u>

**PHAARMASIA LIMITED****Schedules Annexed & Forming part of Balance Sheet as at 31.03.2008**

	As on 31.03.2008	As on 31.03.2007
	Rs.	Rs.
<u>SCHEDULE - 14</u>		
Manufacturing, Admn & Selling Expenses		
Laboratory chemicals & Analysis Charges	176,791	282,235
Freight Outward & Cartage	2,372,460	1,938,247
Power & Fuel	1,660,817	2,443,895
Insurance	258,733	226,828
Repairs & Maintenance	2,399,505	3,675,576
Consumable Stores	259,154	570,074
Licence Fees, Rates & Taxes	621,332	877,923
Travelling Expenses		
- Directors	34,746	0
- Others	660,399	1,062,606
Consultancy Charges	251,279	991,553
Conveyance Expenses	821,284	865,657
Postage, Telegram & Telephones	890,939	362,665
Books & Periodicals	25,615	8,349
Subscriptions	12,699	33,315
Advertisement & Publicity	14,676	49,024
Bank Charges	83,461	93,819
Office Expenses	107,416	57,679
Audit Fees	67,415	67,344
Miscellaneous Expenses	2,051	5,100
Sitting Fee	5,000	8,000
Printing and stationery	442,128	602,206
Security Charges	467,144	459,845
AGM Expenses	25,595	23,725
TOTAL	11,660,638	14,705,664
<u>SCHEDULE - 15</u>		
Excise Duty	19,721,376	12,301,775
Sales Tax	3,197,119	382,941
TOTAL	22,918,495	12,684,716



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 upto 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. .
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 on first in first out method.
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,08.
7. Income & Expenditure : Accounted on accrual concept.
8. Revenue Recognition : Sales include Excise Duty and Sales Tax. Conversion charges are accounted on the basis of billing to customers including excise duty.



SCHEDULE - 16

NOTES ON ACCOUNTS

1. Contingent Liability in respect of Bank Guarantee, not provided for Rs. NIL (Previous year - Rs. Nil)
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 the SSI units in terms of the Companies Amendment Act, 1999, the Company explained that it sent letters to the creditors to confirm whether they are SSI Units and the replies are yet to be received by the Company. Hence it could not quantify the dues if any, to the SSI Units.
5. Income Tax returns of the Company are filed up to the accounting year ended 31st March 2007, 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 2006-07. For the Year 2007-08 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.
8. The Company operates in a solitary business segment i.e., pharmaceuticals, comprising mainly manufacture of formulations and cosmetics which as per Accounting Standard - AS17 is considered as the only one reportable business segment. Accordingly, no further financial information for business segment is required to be given. The geographical segmentation is not relevant, as there are no exports.
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)	7.51
No. Of Equity Shares	6826960
(Face value of Rs. 10/- each)	
Basic and Diluted EPS (Rs.)	0.11

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. L.V.Vithal Rao	-	Chairman & Director
Mr. Maneesh R. Sapte	-	Managing Director
Mr. Y.N. Bhaskara Rao	-	Executive Director
Prof. V.B. Desai	-	Director
Dr. T.V. Subbaiah	-	Director
Mr. C.Srinivas	-	Director



PHAARMASIA LIMITED

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

- Remuneration - Rs. 180000/- p.a.
- Sales Rs.7,99,37,899/- and purchases Rs. 87,22,173/- with Company in which one of the Director, is interested.

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

	Rs. In lakhs 2007-08
DEFERRED TAX ASSET/(LIABILITY)	
Opening Balance as on 01.04.2007	2.02
Add: Deferred Tax Asset on account of Timing Difference in Depreciation	3.72
Deferred Tax asset on account of Provision for Gratuity	0.72
Net Deferred Tax Asset as on 31.03.2008	<u>6.46</u>

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 2008 of Rs.9675518/- (Previous year Rs. 11228484/-) is adjusted in Capital Reserve.

14. Remuneration paid to Directors

	2007-08 Rs.	2006-07 Rs.
Executive Director	<u>1,80,000</u>	<u>1,80,000</u>
TOTAL	<u>1,80,000</u>	<u>1,80,000</u>

15. Payment to Auditors :

	2007-08 Rs.	2006-07 Rs.
Statutory Audit Fee	40,000	40000
Tax Audit Fee	20,000	20000
Service Tax	7,415	7344
TOTAL	<u>67,415</u>	<u>67344</u>

16. Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of Companies Act, 1956.



QUANTITATIVE INFORMATION

	2007-08	2006-07
Class of goods manufactured		
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	96.97 KL
Tablets	00.00	0.00
Pastes & Creams	26.38 M.T	172.30 MT
b) Own Production :		
Liquids	9.30 KL	0.00 KL
Tablets	13.69 Mill	652.40 Mill
Pastes & Creams	856.25 MT	7.72 MT
4. Opening Stock of Finished Goods :		
Liquids	0.00 KL	0.00 KL
Tablets	0.00 Mill	0.00 Mill
Liquids	0.00 MT	0.00 MT
5. Closing Stock of Finished Goods :		
Liquids	2.00 KL	0.00 KL
Tablets	0.00 Mill	0.00 Mill
Pastes & Creams	3.20 MT	0.00 MT

6. Sales Turnover & Processing charges :

	Qty	Value (Rs.'000)	Qty	Value (Rs.'000)
Liquids (KL)	7.30	3,991.84	0.00	0.00
Tablets (Mill)	13.69	18,113.73	652.40	77645.00
Pastes & Creams (MT)	853.05	84,050.47	7.73	7222.55
Processing Conversion charges & others		3,696.69		15272.27
TOTAL		109852.73		100139.82

**PHARMASIA LIMITED****7. Consumption of Raw Materials & Packing Materials:**

	Qty Kg.	Value (Rs.'000)	Qty	Value (Rs.'000)
1. Sorbitol	245090	6324.45	0.00	0.00
2. SLS Powder	27205	2516.83	0.00	0.00
3. Smyle Herbal Compound	3525	2670.37	0.00	0.00
4. Smyle Herbal Compound A.C	6428	4509.64	0.00	0.00
5. Calcium Carbonate	360680	3600.85	0.00	0.00
6. Alovera Gel	1740	512.85	0.00	0.00
7. Hydrogenated Polydecene	294	374.20	0.00	0.00
8. Potassium Sorbate	29	18.09	0.00	0.00
9. Oliem 800 flakes	147	155.39	0.00	0.00
10. Lanolin Alcohol	228	511.12	0.00	0.00
11. Lactose	6520	1406.43	4719	5018.45
12. Levonogestrel	15.55	1462.14	74.58	7661.58
13. Ethenylestradiol	2.99	303.89	17.03	1831.81
14. Ferrrous Fumarate	2473.27	233.39	18611.98	1749.99
Essence Chemical & Others		<u>6251.96</u>		<u>6824.02</u>
Total (A)		<u>30851.60</u>		<u>22985.85</u>
Consumption of Packing Materials like Laminated Tubes, Cartons & others		<u>33960.60</u>		<u>25870.86</u>
Total (B)		<u>33960.60</u>		<u>25870.86</u>
TOTAL (A +B)		<u>64812.20</u>		<u>48856.71</u>

8. Value of Imported Raw Materials, Spare Parts and Components Consumed

	Value (Rs.'000)	%	Value (Rs.'000)	%
Raw materials : Imported	0	0	0	0

9. Exports & Imports

	Value (Rs.'000)	Value (Rs.'000)
a) Export of Goods (FOB)		
b) Imports (C/F) Value Raw Materials	0	0

10. Expenditure in foreign currency during the financial Year on account of travelling etc., NIL

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

12. Figure have been rounded off to the nearest rupee.

17. Signature to Schedules 1 to 16

As per our Report of even date attached

for and on behalf of Board of Directors

For **K.S. RAMAKRISHNA & CO.,**
CHARTERED ACCOUNTANTS

MANAGING DIRECTOR

(K.S.RAMA KRISHNA)
PARTNER M No. 021154

EXECUTIVE DIRECTOR

PLACE : HYDERABAD
DATE : 30.08.2008



PHARMASIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	Year Ended	Year Ended
	31.03.2008	31.03.2007
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and extraordinary item	-932495	4607858
Adjustments for:		
Add / Ded: Depreciation	6563866	5093648
Interest Paid	0	0
Interest Received	-19285	-16872
Other Income	-199700	-20285
Misc: Exp. Written Off	0	0
Operating Profit before Working Capital Changes	5412386	9664349
Adjustments for:		
Trade & Other Receivables	-9748484	-5271235
Inventories	-10513353	-1099030
Loans & Advances	451501	-184792
Trade Payables	16170930	25157154
Cash Generated From Operations	1772980	28266446
Other Income	218985	37157
Capital Reserve	0	0
Prior Period Adjustments	1352638	38372
Direct Taxes Paid	0	-390000
FBT Paid	-112508	-143135
NET CASH FLOW / (USED) FORM OPERATING ACTIVITIES (A) :	3232095	27808840
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-3542077	31047087
NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)	-3542077	31047287
C. CASH FLOW FROM FINANCING ACTIVITES		
Increase / Decrease in Long Term Borrowings	0	0
Issue of Share Capital	0	0
NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C) :	0	0
Net Increase/ (Decrease) in cash and Cash equivalents (A+B+C)	-309982	-3238247
Cash and Cash equivalents as at 01.04.2007	1056036	4294283
Cash and Cash equivalents as at 01.04.2008	746054	1056036

As per our Report of even date attached for and on behalf of Board of Directors
for **K.S. RAMAKRISHNA & CO.,**
CHARTERED ACCOUNTANTS

(K.S. RAMAKRISHNA)
PARTNER M.No. 021154
PLACE : HYDERABAD
DATE : 30.08.2008

Y.N.BHASKAR RAO **MANEESH R. SAPTE**
EXECUTIVE DIRECTOR MANAGING DIRECTOR



PHAARMASIA LIMITED

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 : **31.03.2008**

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 97961
Total Assets 97961
Source of Funds :
Paid-up Capital 68269
Reserves & Surplus 29691
Secured Loans 0
Un-secured Loans 0
Application of Funds :
Net Fixed Assets 162063
Investments **NIL**
Net Current Assets -64749
Differed Tax Asset (Net) 0
Accumulated Losses 0

IV. PERFORMANCE OF THE COMPANY :

Turnover (inclusive of other income : Rs.) 111216
Total Expenditure 112148
Profit before Tax (932)
Profit after Tax 751
Earnings per Share 0.11
Dividend Rate **NIL**

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

Item Code No. (ITC Code) **NIL**
Product Description **Pharmaceutical Formulations and Cosmetics**

for and on behalf of Board of Directors

Place : HYDERABAD
Date : 30.08.2008

Y.N.BHASKAR RAO
EXECUTIVE DIRECTOR

MANEESH R.SAPTE
MANAGING DIRECTOR



FORM 2B

Account No.

No. of Shares

NOMINATION FORM

(To be filled by individual(s) applying singly or jointly)

I/We.....

And.....

the Members of Pharmasia Limited holding shares bearing Distinctive Number.....wish to make a nomination In respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

Name :

Address :

Date of Birth :

(in nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a Minor)

Name :

Address :

SHAREHOLDERS' INFORMATION	1. Signature	
	Name	
	Address	
	Date	
	2. Signature	
	Name	
	Address	
	Date	
	3. Signature	
Name		
Address		
Date		

Name, Address and Signature of two Witnesses

	Name and Address	Signature with Date
1.		
2.		



PHAARMASIA LIMITED

16, PHASE III, I.D.A. Jeedimetla, Hyderabad-500055

TWENTY SEVENTH ANNUAL GENERAL MEETING ATTENDANCE SLIP

Folio No.
No. of Shares
(To be filled by the Share holder)

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company being held on Tuesday, the 30th September, 2008 at 2.30 P.M. at 16, Phase III, IDA, Jeedimetla, Hyderabad-500055.

Member / Proxy's
Signature

Note:

1. A member / Proxy attending the meeting must complete this attendance slip and hand it over at the entrance.
2. Member intending to appoint a Proxy, should complete the Proxy form below and deposit it at the Company's Registered Office or at the Share Transfer Agents Office not later than 48 hours before the commencement of the meeting



PHAARMASIA LIMITED

16, PHASE III, I.D.A. Jeedimetla, Hyderabad-500055

PROXY FORM

No. of Shares

Folio No.
(To be filled by the Share holder)

I/We of
..... in the district of being a Member / Members
of PHAARMASIA LIMITED, hereby appoint of in
the district of or failing him of
..... in the district of as
my / our Proxy to vote for me/us on my/ our behalf at the Twenty Seventh Annual General
Meeting of the Company to be held on Tuesday, the 30th September, 2008 and at any
adjournment thereof.

Affix
0.15 Paise
Revenue
Stamp

Signature

Signed this day of 2008

Note: The Proxy form should be deposited at the Registered Office of the Company or at the Share Transfer Agents Office not later than 48 hours before the commencement of the meeting.

BOOK - POST
PRINTED MATTER



If Undelivered please return to :

PHAARMASIA LIMITED

Regd. Office : 16, Phase-III, I.D.A.
Jeedimetla, Hyderabad - 500 055.