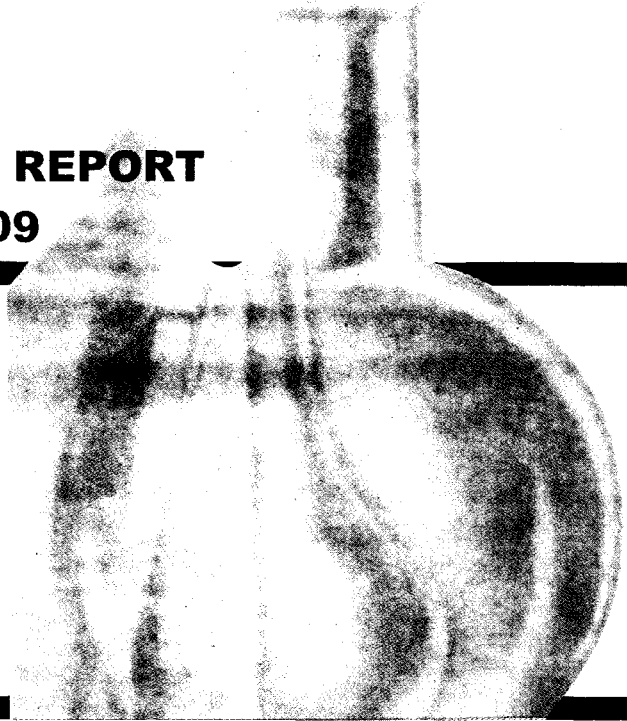




**PHAARMASIA**

**28th  
ANNUAL REPORT  
2008-2009**



**PHAARMASIA LIMITED**

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



**BOARD OF DIRECTORS :**

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| <b>Mr VINAY RAMAKANT SAPTE</b> | Chairman           | (from 30.04.2009 ) |
| <b>Mr MANEESH R. SAPTE</b>     | Managing Director  |                    |
| <b>Mr Y. N. BHASKARA RAO</b>   | Executive Director |                    |
| <b>Mr C.SRINIVAS</b>           | Director           |                    |
| <b>Mr P.VIJAYASARADHI</b>      | Director           | (from 30.04.2009)  |
| <b>Prof V.B.Desai</b>          | Director           | (up to 30.04.2009) |
| <b>Dr T.V.Subbaiah</b>         | Director           | (up to 30.04.2009) |
| <b>Mr L.V.Vithal Rao</b>       | Director           | (up to 30.03.2009) |

**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.

**COST AUDITORS :**

**M/s. DZR & Co.,**  
104, Praveen Residency,  
D.D.Colonny,  
HYDERABAD-500007

**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 28th Annual General Meeting of the Members of the Company will be held on Friday on the 25th September, 2009 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 2009 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 C.Srinivas 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”.

### SPECIAL BUSINESS:

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

“RESOLVED THAT Mr.P.Vijayasaradhi 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.”

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

“RESOLVED THAT Mr.Vinay Ramakat Sapte 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 & Chairman of the company, liable to retire by rotation.”

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

“ RESOLVED THAT pursuant to the provisions of Section 269,198 and Schedule XIII of the Companies Act , 1956 Mr Maneesh R.Sapte be reappointed as Managing Director of the Company with effect from 01.03.2009 for a period of 3 years at no remuneration.



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

RESOLVED THAT the Remuneration of Mr Y.N.Bhaskar Rao , Executive Director of the company be and is hereby revised w.e.f. 1<sup>st</sup> April, 2009 for the remaining period of his tenure as detailed below, and as recommended by Remuneration Committee.

Salary : Rs.40,000/- per month

**PERQUISITES**

- a) Contribution to Provident Fund, Superannuation fund or annuity fund to the extent these Either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- c) He is entitled to leave and encashment of leave at the end of the tenure as per the rules of the company

**OTHER TERMS**

- a) Compensation for loss of office: The company shall pay compensation for loss of office under Companies Act 1956.
- b) In the event of loss or inadequacy of profits in any financial year, the Director shall be paid remuneration by way of salary and perquisites as specified above.
- c) The Executive Director shall not, during the tenure of his office, as Executive Director becomes interested or otherwise concerned, directly or through his wife and / or minor children, any selling agency of the company without the prior approval of the Board.

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

Place: Hyderabad  
Date : 26.08.2009

**(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 22.09.2009 to 25.09.2009 (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**

**Item No.4:**

Mr P.Vijayaradhi 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 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 .P.Vijayaradhi .

**Item No.5:**

Mr Vinay Ramakant Sapte 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 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 Vinay Ramakant Sapte & Maneesh R.Sapte

**Item No.6 :**

The Board of Directors have considered and reappointed as Mr Maneesh R.Sapte as Managing Director of the Company as per terms and conditions mentioned in the resolution

The Board recommends the resolution for your approval

None of the Directors is interested in the above resolution except Mr . Maneesh R. Sapte & Vinay Ramakant Sapte

**Item No. 7:**

Mr Y.N.Bhaskar Rao has been reappointed as Executive Director of the company for a period of 3 years w.e.f 1.10.2007 . The valuable services rendered by Mr Y.N.Bhaskar Rao made the company to progress well. In view of this the Board of Directors as recommended by Remuneration Committee propose to revise the terms and conditions as set out in the resolution. Hence the resolution is proposed for approval of members.

None of the Directors is interested in the above resolution except Mr Y.N.Bhaskar Rao.

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

Place: Hyderabad  
Date : 26.08.2009

**(MANEESH R.SAPTE )**  
MANAGING DIRECTOR



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

1. Mr Ch.Srinivas, aged about 43 years is Law Graduate and has more than 18 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.
2. Mr P.Vijayasaradhi , aged about 38 years is Law Graduate and has more than 11 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.
3. Mr Vinay Ramakant Sapte, aged about 55 yeas is an Engineer by qualification & an Entrepreneur and has more than 25 years of experience in manufacturing, marketing of Pharmaceutical products. He is well conversant with Finance and looks after day to day affairs of the Company He also holding Directorship 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.
4. Mr Maneesh R.Sapte, aged about 38 years is a Science Graduate with major subject as Chemistry and has more than 18 years of experience in Pharmaceutical line in Administration & Production at the manufacturing plants. He is also 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.

**DIRECTORS' REPORT**

Dear members,

Your Directors herewith present to you this report for the financial year 2008-09

**FINANCIAL PERFORMANCE OF THE COMPANY :**

Your Company's working results for the year ended 31st March 2009 have been summarized hereunder:.

|   | Rs. In Lakhs   |         |
|---|----------------|---------|
|   | 2008-09        | 2007-08 |
| 1. Sales & Other Income                           | <b>1374.90</b> | 1100.72 |
| 2. Profit / (Loss) before Interest & Depreciation | <b>100.13</b>  | 56.31   |
| Less: Interest & Depreciation                     | <b>60.82</b>   | 65.63   |
| 3. Profit / (Loss)                                | <b>39.30</b>   | (9.32)  |
| 4. Add/Less. Previous year Adjustment             | <b>1.97</b>    | 13.52   |
| 5. Profit for the year                            | <b>41.27</b>   | 4.20    |
| 6. Less. Provision for Taxation                   | <b>4.08</b>    | 1.12    |
| 7. Net Profit after Tax                           | <b>37.19</b>   | 3.08    |
| 8. Deferred Tax Liability (Net)                   | <b>0</b>       | 4.43    |
| 9. Net Profit during the year                     | <b>37.19</b>   | 7.51    |

**OPERATIONS**

During the year under review there was an increase in Turnover by 24.91% over previous year. The profit for the year registered at Rs.37.19 Lakhs as against Rs.7.51Lakhs (previous year). During the year the company Exported Oral Contraceptive Pills to Nepal and increase of 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 this year also an order of Rs.1.08 Crores for Export of Oral Contraceptive Pills and for onward supply to Govt. of Assam. Presently your company is undertaking 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 19 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 C.Srinivas who retires by rotation in the ensuing Annual General meeting, being eligible, offers himself for reappointment.

Mr.P.Vijaya Saradhi & Vinay Ramakant Sapte who retire at the ensuing Annual General meeting, being eligible, offer themselves for appointment.

Prof.V.B.Desai , Dr T.V.Subbaiah & L.V.Vithal Rao, Directors have resigned as Director of the company because of their old age. Board wishes to place on their appreciation for valuable services rendered during their tenure of Directors of the company.

As per the declaration made by Sri L.V.Vithal Rao & his family members company has noted that Mr L.V.Vithal Rao & his family members are no more promoters of the company and the same has been informed to Bombay Sock Exchange on 21.7.2009.

### PARTICULARS OF DIRECTOR'S SHIP IN OTHER COMPANES.

1. 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 2009 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 2009 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 : 26 .08.2009

**(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**

- |  |   |
|--|---|
| <p>A. Conservation of Energy:</p> <p>(a) Energy conservation measures taken</p> <p>(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy</p> <p>(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;</p> <p>(d) Total energy consumption and energy consumption per unit of production</p> | <p>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.</p> |
|--|---|

**FORM – A**

(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

|  | For the year ended |           |
|--|--------------------|-----------|
|  | 31.03.2009         | 31.03.08  |
| A. Power and Fuel consumption  |                    |           |
| 1. Electricity   |                    |           |
| a) Purchased units   | 242999             | 209211    |
| Total amount Rs.   | 13,81,505          | 11,16,143 |
| Rate Rs. / Unit  | 5.69               | 5.33      |
| b) Own generation  |                    |           |
| Through diesel generator in Units  | 29610              | 15900     |
| Unit per-ltr. of diesel oil  | 3                  | 3         |
| Cost in Rs. / Unit   | 12.84              | 11.34     |
| 2. Coal (specify quality and where used)                                 | 13                 | 37.45     |
| Quantity (Tones)   |                    |           |
| Total Cost Rs.   | 43,985             | 1,79,883  |
| Average rate in Rs./Ton  | 3,383              | 4,803     |
| 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            |            |
|-------------------------------|-------------------------|------------|
|                               | <u>For the year end</u> |            |
|                               | 31.03.2009              | 31.03.2008 |
| Total Foreign Exchange Used   | 9.62                    | NIL        |
| Total Foreign Exchange Earned | 127.74                  | NIL        |

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

Place: Hyderabad  
Date : 26.08.2009

**(VINAY RAMAKANT SAPTE)**  
CHAIRMAN

**ANNEXURE TO THE DIRECTORS' REPORT :**

**CORPORATE GOVERNANCE REPORT AS ON 31-03-2009 :**

**1. COMPANY'S PHILOSOPHY**

Corporate Governance assumes a great deal of importance in the business life of Pharmaasia Limited. The driving forces of Corporate Governance at Pharmaasia 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    | Director             | 7   | 6                        |
| 2. Mr Maneesh R.Sapte    | Managing Director    | 7   | 4                        |
| 3. Sri Y.N. Bhaskara Rao | Executive Director   | 7   | 7                        |
| 4. Prof. V.B. Desai      | Independent Director | 7   | 1                        |
| 5. Dr. T.V. Subbaiah     | Independent Director | 7   | 6                        |
| 6. Mr C.Srinivas         | Independent Director | 7   | 7                        |

During the year Sri L.V.Vithal Rao resigned as Chairman & Director w.e.f. 30.3.2009

**MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year 2008-09, the Board of Directors met 7 times, on the following dates:

|    |            |    |            |
|----|------------|----|------------|
| 1. | 29.04.2008 | 5. | 31.10.2008 |
| 2. | 30.07.2008 | 6. | 30.01.2009 |
| 3. | 30.08.2008 | 7. | 30.03.2009 |
| 4. | 30.09.2008 |    |            |

**AUDIT COMMITTEE**

The Audit Committee consists of the following independent Directors

1. Dr. T.V. Subbaiah ,Chairman 2.Prof. V.B. Desai 3. Mr. C.Srinivas

During the year under review, the Audit Committee met 5 times. Dr.T.V. Subbaiah, Chairman and Mr C. Srinivas attend 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



(Rupees.)

|             |   |
|-------------|---|
| Particulars | Mr. Y.N. Bhaskara Rao<br>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 3<sup>rd</sup> world countries for export of various formulations and drugs. The efforts to supply Oral Contraceptive Pills to 3<sup>rd</sup> 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 |
|------------|---|-----------|----------------------------|
| 30.11.2006 | 16, Phase - III I.D.A.<br>Jeedimetla, Hyderabad | 10.30 a.m | -                          |
| 28.09.2007 | 16, Phase-III, I.D.A.<br>Jeedimetla, Hyderabad  | 2.30 p.m  | 1                          |
| 30.09.2008 | 16, Phase-III, I.D.A.<br>Jeedimetla, Hyderabad  | 2.30 p.m  | -                          |

There are 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 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 Pharmasia 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 28<sup>th</sup> Annual General Meeting :

Friday the 25<sup>th</sup> day of SEPTEMBER, 2009 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 22<sup>nd</sup> of September, 2009 to 25<sup>th</sup> September, 2009 (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 Ahmedabad Stock Exchange. A resolution was approved at the Annual General Meeting held on 30-09-2003.

v) Stock Code : 523620 (Bombay Stock Exchange)

vi) DEMATA/C. No. : ISIN No. INE 486101016

The shares of your company have been admitted by both NSDL, CDSL to facilitate demating of Shares under ISIN No. INE 486101016. 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 least 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 TPTS TO rolling settlement . As on Date only 2.36% 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 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 31<sup>st</sup> March, 2009

vii) Distribution of Share holding as on 31st March, 2009 is as follows:

| Nominal Value      | No. of Folios | % to Folios   | No. of Shares  | % to Shares   |
|--------------------|---------------|---------------|----------------|---------------|
| Upto 500           | 22952         | 99.07         | 1149277        | 16.83         |
| 500 1000           | 134           | 0.57          | 97400          | 1.42          |
| 1001 2000          | 39            | 0.16          | 59530          | 0.87          |
| 2001 3000          | 9             | 0.03          | 22064          | 0.32          |
| 3001 4000          | 5             | 0.02          | 17498          | 0.25          |
| 4001 5000          | 4             | 0.01          | 18233          | 0.26          |
| 5001 10000         | 6             | 0.03          | 49960          | 0.            |
| 10001 and above    | 17            | 0.10          | 5412998        | 79.28         |
| <b>Grand Total</b> | <b>23167</b>  | <b>100.00</b> | <b>6826960</b> | <b>100.00</b> |

Categories of share holders as on 31st March, 2009 is as follows:

| Category             | No. of Shares  | %             |
|----------------------|----------------|---------------|
| Indian Promoters     | 5477448        | 80.23         |
| Mutual Funds & UTI   | 5240           | 0.08          |
| Domestic Companies   | 17525          | 0.26          |
| Resident Individuals | 1326747        | 19.43         |
| <b>Total</b>         | <b>6826960</b> | <b>100.00</b> |



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 & Registrars :**

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](mailto: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](mailto:phaarmasia@yahoo.com)  
Tel # 040-23095690 E-mail: [phaarmasia@gmail.com](mailto:phaarmasia@gmail.com)

- xvi) For any Grievance email : [phaarmasiagr@gmail.com](mailto:phaarmasiagr@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 : 26.08.2009

( **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 31<sup>st</sup> March, 2009

Place : HYDERABAD  
Date : 26.08.2009

**(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 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 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 : 26.08.2009

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, 2009 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 : 26.08.2009

**(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 31<sup>st</sup> March 2009 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 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2009 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 31<sup>st</sup> March 2009.
    - 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: 26.08.2009

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

**( 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 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 31<sup>st</sup> March, 2009 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
- (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 31<sup>st</sup> March 2009.
- (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 decrease in Cash, and a corresponding investment/increase in the Fixed Assets of the Company, indicating Long Term investment, out of Short Term funds
- (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 issue dany 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 26.08.2009

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



**BALANCE SHEET AS ON 31st March 2009**

| PARTICULARS                                     | Sch No.          | As at               | As at               |
|---|------------------|---------------------|---------------------|
|   |                  | 31.03.2009          | 31.03.2008          |
|   |                  | Rs                  | Rs.                 |
| <b>I. SOURCES OF FUNDS</b>                      |                  |                     |                     |
| <b>A. SHARE HOLDER FUNDS</b>                    |                  |                     |                     |
| Shere Capital                                   | 1                | 68,269,600          | 68,269,600          |
| Reserves & Surpluses                            | 2                | 24,992,327          | 29,691,495          |
| <b>TOTAL "A"</b>                                |                  | <u>93,261,927</u>   | <u>97,961,095</u>   |
| <b>B. SECURED LOANS :</b>                       |                  |                     |                     |
| Hypothecation of Vehicle                        | 3                | 651,000             | 0                   |
| <b>TOTAL "B"</b>                                |                  | <u>651,000</u>      | <u>0</u>            |
| <b>TOTAL ("A+B")</b>                            |                  | <u>93,912,927</u>   | <u>97,961,095</u>   |
| <b>II. APPLICATION OF FUNDS</b>                 |                  |                     |                     |
| <b>A. FIXED ASSETS</b>                          |                  |                     |                     |
| Gross Block                                     | 4                | 290,109,107         | 288,348,828         |
| Less : Depreciation                             |                  | 140,786,263         | 126,284,945         |
| <b>NET BLOCK</b>                                | <b>TOTAL "A"</b> | <u>149,322,844</u>  | <u>162,063,883</u>  |
| <b>B. CURRENT ASSETS, LOANSS &amp; ADVANCES</b> |                  |                     |                     |
| Inventories                                     | 5                | 34,506,051          | 13,849,867          |
| Sundry Debtors                                  | 6                | 6,521,839           | 16,073,292          |
| Cash & Bank Balance                             | 7                | 1,664,358           | 746,054             |
| Loans & Advances                                | 8                | 1,865,647           | 1,477,090           |
|   |                  | <u>44,557,895</u>   | <u>32,146,303</u>   |
| Less: Current Liabilities & Provision           | 9                | 100,614,268         | 96,895,547          |
| <b>TOTAL "B"</b>                                |                  | <u>(56,056,373)</u> | <u>(64,749,244)</u> |
| <b>C. DEFERRED TAX ASSETS (LIABILITY)/NET</b>   |                  | 646,456             | 646,456             |
| <b>TOTAL (A+B+C)</b>                            |                  | <u>93,912,927</u>   | <u>97,961,095</u>   |
| Notes on Accounts                               | 17               |                     |                     |

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

VINAY RAMAKANT. SAPTE  
CHAIRMAN

Place : HYDERABAD  
Date : 26-08-2009

MANEESH R. SAPTE  
MANAGING DIRECTOR

Y.N. BHASKAR RAO  
EXECUTIVE DIRECTOR



**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2009**

| PARTICULARS                                    | Sch No. | For the year ended |                    |
|--|---------|--------------------|--------------------|
|  |         | 31.03.2009         | 31.03.2008         |
|  |         | Rs                 | Rs.                |
| <b>I. INCOME</b>                               |         |                    |                    |
| Sales  | 10      | 137,445,963        | 109,852,730        |
| Other Income                                   | 11      | 44,301             | 218,985            |
| Increase / (Decrease) in stock                 | 12      | 10,063,501         | 1,144,769          |
|  |         | <u>147,553,765</u> | <u>111,216,484</u> |
| <b>II. EXPENDITURE</b>                         |         |                    |                    |
| Material Consumed                              | 13      | 90,535,870         | 64,812,207         |
| Employee Remuneration & Benefit                | 14      | 5,909,119          | 6,193,773          |
| Manufacturing Admn & Selling Expenses          | 15      | 11,413,767         | 11,660,638         |
| Excise Duty and Sales Tax                      | 16      | 29,682,386         | 22,918,495         |
|  |         | <u>137,541,142</u> | <u>105,585,113</u> |
| <b>III. Profit before Depreciation (I-II)</b>  |         | 10,012,623         | 5,631,371          |
| <b>IV Depreciation</b>                         | 4       | <u>6,082,602</u>   | <u>6,563,866</u>   |
| <b>V Profit / (Loss) for the year (III-IV)</b> |         | 3,930,021          | (932,495)          |
| Add: Prior Period Adjustments                  |         | 197,306            | 1,352,638          |
| Less : Fringe Benefit Tax                      |         | (49,099)           | (112,508)          |
| Less : Advance Income Tax and (MAT)            |         | (358,680)          | 0                  |
| Add. Defferred Tax                             |         | 0                  | 443,768            |
|  |         | <u>3,719,548</u>   | <u>751,403</u>     |
| Notes on Accounts                              | 17      |                    |                    |

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

**VINAY RAMAKANT. SAPTE**  
CHAIRMAN

Place : HYDERABAD  
Date : 26-08-2009

**MANEESH R. SAPTE**  
MANAGING DIRECTOR

**Y.N. BHASKAR RAO**  
EXECUTIVE DIRECTOR



**Schedules Annexed & Forming part of Balance Sheet as at 31.03.2009**

|  | As on<br>31-03-2009 | As on<br>31-03-2008 |
|--|---------------------|---------------------|
|  | Rs.                 | Rs.                 |
| <b>SCHEDULE - 1</b>  |                     |                     |
| 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       | <u>68,269,600</u>   | <u>68,269,600</u>   |
| <b>SCHEDULE - 2</b>  |                     |                     |
| RESERVES & SURPLUS :   |                     |                     |
| At the beginning :   |                     |                     |
| Capital Reserve  | 9,687,063           |                     |
| Revaluation Reserves   | 3,240,160           |                     |
| Free Reserves  | <u>16,764,272</u>   |                     |
|  | 29,691,495          | <u>38,615,610</u>   |
| Less : Transfer to Depreciation A/c                          | <u>8,418,716</u>    | <u>9,675,518</u>    |
|  | 21,272,779          | <u>28,940,092</u>   |
| Add. Transfer from current year surplus in profit & Loss A/C | <u>3,719,548</u>    | <u>751,403</u>      |
| TOTAL  | <u>24,992,327</u>   | <u>29,691,495</u>   |
|  | <u>651,000</u>      | <u>0.00</u>         |
|  | <u>651,000</u>      | <u>0.00</u>         |

**SCHEDULE - 3**

Acceptance against Hypothication of Vehicle  
(Lone taken fromHDFC Bank)

**SCHEDULE - 4**

**FIXED ASSETS AND DEPRECIATION**

(Amount in Rs.)

| Sl. No.              | Name Of The Asset | GROSS BLOCK                  |   |                        | DEPRECIATION       |                            |                        | NET BLOCK              |                        |
|----------------------|-------------------|------------------------------|---|------------------------|--------------------|----------------------------|------------------------|------------------------|------------------------|
|                      |                   | Original Cost as on 1.4.2008 | Additions / Deletions During the period | Total up to 31.03.2009 | Up To 31.03.2008   | Provided During the period | Total Up To 31.03.2009 | Total As On 31.03.2009 | Total As On 31.03.2008 |
| 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          | 93,818,908                   | 0                                       | 93,818,908             | 45,313,959         | 4,857,822                  | 50,171,781             | 43,647,127             | 48,504,949             |
| 4                    | Plant & M/c       | 24,072,994                   | 0                                       | 24,072,994             | 12,448,916         | 1,620,656                  | 14,069,572             | 10,003,422             | 11,624,078             |
| 5                    | Tanks & Vessels   | 19,042,080                   | 25,313                                  | 19,067,393             | 10,935,345         | 1,081,891                  | 12,017,236             | 7,050,157              | 8,106,735              |
| 6                    | Pumps & Motors    | 1,756,712                    | 0                                       | 1,756,712              | 993,644            | 106,408                    | 1,100,052              | 656,660                | 763,068                |
| 7                    | Packaging Eqpt    | 30,921,665                   | 343,633                                 | 31,265,298             | 17,803,072         | 1,799,193                  | 19,602,265             | 11,663,033             | 13,118,593             |
| 8                    | Service Eqpt      | 40,748,750                   | 189,925                                 | 40,938,675             | 22,687,597         | 2,525,360                  | 25,212,957             | 15,725,718             | 18,061,153             |
| 9                    | Weighing M/c      | 1,221,235                    | 0                                       | 1,221,235              | 639,636            | 77,329                     | 716,965                | 504,270                | 581,599                |
| 10                   | Lab Equipment     | 8,835,346                    | 55,814                                  | 8,891,160              | 4,564,904          | 600,417                    | 5,165,321              | 3,725,839              | 4,270,442              |
| 11                   | Air Conditioners  | 3,301,831                    | 0                                       | 3,301,831              | 1,188,758          | 295,775                    | 1,484,533              | 1,817,298              | 2,113,073              |
| 12                   | Electrical Instn. | 12,131,023                   | 240,454                                 | 12,371,477             | 6,412,881          | 1,190,061                  | 7,602,942              | 4,768,535              | 5,718,142              |
| 13                   | Office Eqpt       | 2,344,249                    | 47,000                                  | 2,391,249              | 1,923,906          | 62,644                     | 1,986,550              | 404,700                | 420,344                |
| 14                   | Furniture&Fitting | 2,929,035                    | 0                                       | 2,929,035              | 1,372,327          | 281,872                    | 1,654,199              | 1,274,836              | 1,556,708              |
| 15                   | Vehicle           | 0.00                         | 858,140                                 | 858,140                | 0.00               | 1,890                      | 1,890                  | 856,250                | 0.00                   |
| <b>TOTAL</b>         |                   | <b>288,348,828</b>           | <b>1,760,279</b>                        | <b>290,109,107</b>     | <b>126,284,945</b> | <b>14,501,318*</b>         | <b>140,786,263</b>     | <b>149,322,844</b>     | <b>162,063,884</b>     |
| <b>Previous Year</b> |                   | <b>284,153,222</b>           | <b>4,195,606</b>                        | <b>288,348,828</b>     | <b>110,045,561</b> | <b>16,239,384</b>          | <b>126,284,945</b>     | <b>162,063,883</b>     | <b>174,761,190</b>     |

\* Rs.14,501,318 :- Rs.84,18,716/-Depreciation on revalued poortion on Fied Assets is debited to revaluation reserves A/c.Balance Rs.60,82,602/- only debited to P & L A/c.



|   | As on<br>31-03-2009 | As on<br>31-03-2008 |
|---|---------------------|---------------------|
|   | Rs.                 | Rs.                 |
| <b>SCHEDULE - 5</b>                                   |                     |                     |
| (As verified, valued and certified by the Management) |                     |                     |
| 1. Raw Materials                                      | 9,338,154           | 7,051,082           |
| 2. Packing Material                                   | 13,959,627          | 5,654,016           |
| 3. Work in Process                                    | 397,766             | 58,500              |
| 4. Finished Goods                                     | 10,810,504          | 1,086,269           |
|   | <u>34,506,051</u>   | <u>13,849,867</u>   |

**SCHEDULE - 6****SUNDRY DEBTORS**

(Un secured and considered good)

|                         |                  |                   |
|-------------------------|------------------|-------------------|
| 1. Less than six months | 6,499,759        | 16,051,212        |
| 2. More than six months | 22,080           | 22,080            |
|                         | <u>6,521,839</u> | <u>16,073,292</u> |

**SCHEDULE - 7**

|   |                  |                |
|---|------------------|----------------|
| 1. Cash on Hand                                 | 45,033           | 37,106         |
| 2. Balance with Scheduled banks in cash at Bank |                  |                |
| - Current Accounts                              | 1,317,831        | 708,948        |
| - Fixed Deposit (against B.G.)                  | 301,494          | 0              |
|   | <u>1,664,358</u> | <u>746,054</u> |

**SCHEDULE - 8****A. LONES & ADVANCES**

(Unsecured, considered good &amp; recoverable in Cash or in kind or for value to be received)

|   |                |                |
|---|----------------|----------------|
| 1. Advance for packing materials, Spares & Services | 245,426        | 168,695        |
| 2. Advance for Excise Duty                          | 301,645        | 101,366        |
| 3. Prepaid Expenses                                 | 83,108         | 105,105        |
| 4. Income-tax deducted at source                    | 54,929         | 50,953         |
| 5. Advance for Building & Machinery                 | 267,345        | 141,777        |
| 6. Advance for Others                               | 4,000          | 0              |
|   | <u>956,453</u> | <u>567,896</u> |
| TOTAL "A"   | <u>956,453</u> | <u>567,896</u> |

**B. DEPOSIT**

With Govt. Department

|           |                  |                  |
|-----------|------------------|------------------|
|           | 909,194          | 909,194          |
| TOTAL "B" | <u>909,194</u>   | <u>909,194</u>   |
| TOTAL A+B | <u>1,865,647</u> | <u>1,477,090</u> |



**Schedules Annexed & Forming part of Balance Sheet as at 31.03.2009**

|   | As on<br>31-03-2009 | As on<br>31-03-2008 |
|---|---------------------|---------------------|
|   | Rs.                 | Rs.                 |
| <b>SCHEDULE - 9</b>   |                     |                     |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>                                     |                     |                     |
| <b>A. CURRENT LIABILITIES</b>   |                     |                     |
| 1. Creditors for Capital Goods*   | 3,419,381           | 3,892,320           |
| 2. Creditors for Raw Material*  | 32,540,832          | 28,432,822          |
| 3. Creditors for Services *   | 1,543,377           | 1,807,098           |
| 4. Creditors for Packing Materials*   | 16,411,011          | 17,472,008          |
| 5. Creditors for Other Expenses   | 686,520             | 604,267             |
| 6. Advances Received  | 34,460,996          | 31,544,731          |
| 7. Liability for Gratuity   | 1,307,119           | 1,251,466           |
| 8. Other Liabilities  | 10,245,032          | 11,890,835          |
| * Dues to Micro, Small & Medium Enterprises<br>refer Schedule No.17, Note No. 4 |                     |                     |
| <b>TOTAL</b>  | <u>100,614,268</u>  | <u>96,895,547</u>   |
| <b>SCHEDULE - 10</b>  |                     |                     |
| A. Sales (Including Excise Duty & Sales Tax)                                    | <u>137,430,394</u>  | <u>107,221,750</u>  |
|   | 137,430,394         | 107,221,750         |
| B. Processing & conversion Charges  | <u>15,569</u>       | <u>2,630,980</u>    |
| <b>TOTAL</b>  | <u>137,445,963</u>  | <u>109,852,730</u>  |
| <b>SCHEDULE - 11</b>  |                     |                     |
| <b>OTHER INCOME</b>   |                     |                     |
| A. Interest Earned  | 19,302              | 19,285              |
| B. Misc. Income   | 24,999              | 199,700             |
| <b>TOTAL</b>  | <u>44,301</u>       | <u>218,985</u>      |
| <b>SCHEDULE - 12</b>  |                     |                     |
| <b>INCREASE / (DECREASE) IN STOCK</b>   |                     |                     |
| <b>Opening Stocks :</b>   |                     |                     |
| Finished Goods  | 1,086,296           |                     |
| Stock in progress   | 58,500              | 1,144,769           |
|   |                     | 0                   |
| <b>Closing Stocks :</b>   |                     |                     |
| Finished Goods  | 10,810,504          | 1,144,769           |
| Stock in Process  | 397,766             | 1,086,269           |
|   |                     | 58,500              |
| <b>TOTAL</b>  | <u>10,063,501</u>   | <u>1,144,769</u>    |

**Schedules Annexed & Forming part of Balance Sheet as at 31.03.2009**

|                               | As on<br>31-03-2009 | As on<br>31-03-2008 |
|-------------------------------|---------------------|---------------------|
|                               | Rs.                 | Rs.                 |
| <b>SCHEDULE - 13</b>          |                     |                     |
| <b>A. Raw Materials :</b>     |                     |                     |
| Opening Stocks                | 7,051,082           | 2,308,297           |
| Add : Purchases               | <u>50,949,740</u>   | <u>35,594,394</u>   |
|                               | 58,000,822          | 37,902,691          |
| Less : Closing Stocks         | 9,338,154           | 7,051,082           |
|                               | <u>48,662,668</u>   | <u>30,851,609</u>   |
| TOTAL "A"                     |                     |                     |
| <b>B. Packing Materials :</b> |                     |                     |
| Opening Stocks                | 5,654,016           | 1,028,218           |
| Add: Purchase                 | <u>50,178,812</u>   | <u>38,586,396</u>   |
|                               | 55,832,828          | 39,614,614          |
| Less : Closing Stocks         | <u>13,959,627</u>   | <u>5,654,016</u>    |
|                               | 41,873,202          | 33,960,598          |
| TOTAL "B"                     |                     |                     |
| TOTALA+B                      | <u>90,535,870</u>   | <u>64,812,207</u>   |

**SCHEDULE - 14****EMPLOYEES REMUNERATION & BENEFITS :**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Directors Remuneration   | 180,000          | 180,000          |
| Salaries & Warges        | 2,493,356        | 2,219,090        |
| ESI Company Contribution | 91,164           | 121,953          |
| Staff Welfare Expenses   | 648,313          | 637,681          |
| PF Company contribution  | 255,755          | 232,647          |
| Bonus                    | 59,477           | 96,193           |
| Labour Charges           | 2,124,401        | 2,493,733        |
| Exgratra                 | 1,000            | 2,000            |
| Gratuity                 | 55,653           | 210,476          |
|                          | <u>5,909,119</u> | <u>6,193,773</u> |
| TOTAL                    |                  |                  |



**Schedules Annexed & Forming part of Balance Sheet as at 31.03.2009**

|  | As on<br>31-03-2009 | As on<br>31-03-2008 |
|--|---------------------|---------------------|
|  | Rs.                 | Rs.                 |
| <b>SCHEDULE - 15</b>                               |                     |                     |
| <b>Manufacturing Admn &amp; Selling Expenses :</b> |                     |                     |
| Laboratory chemical & Analysis Charges             | 135,216             | 176,791             |
| Freight Outward & Cartage                          | 2,784,431           | 2,372,460           |
| Power & Fuel                                       | 2,034,526           | 1,660,817           |
| Insurance  | 196,100             | 258,733             |
| Repairs & Maintenance                              | 2,000,783           | 2,399,505           |
| Consumable Stores                                  | 386,133             | 259,154             |
| Licence Fees, Rates & Taxes                        | 469,459             | 621,332             |
| Travelling Expenses                                |                     |                     |
| - Directors  | 0                   | 34,746              |
| - Others   | 268,079             | 660,399             |
| Consultancy Charges                                | 289,108             | 251,279             |
| Conveyance Expenses                                | 899,045             | 821,284             |
| Postage, Telegram & Telephone                      | 567,086             | 890,939             |
| Books & Periodicals                                | 20,454              | 25,615              |
| Subscriptions                                      | 10,750              | 12,699              |
| Advertisement                                      | 62,096              | 14,676              |
| Bank Charges                                       | 115,370             | 83,461              |
| Office Expenses                                    | 37,272              | 107,416             |
| Audit Fees   | 76,239              | 67,415              |
| Miscellaneous Expenses                             | 3,653               | 2,051               |
| Sitting Fee  | 12,500              | 5,000               |
| Printing and stationery                            | 422,559             | 442,128             |
| Security Charges                                   | 591,559             | 467,144             |
| AGM Expenses                                       | 31,350              | 25,595              |
| <b>TOTAL</b>                                       | <b>11,413,767</b>   | <b>11,660,638</b>   |

**SCHEDULE - 16**

|              |                   |                   |
|--------------|-------------------|-------------------|
| Excise Duty  | 26,450,273        | 19,721,376        |
| Sales Tax    | 3,232,113         | 3,197,119         |
| <b>TOTAL</b> | <b>29,682,386</b> | <b>22,918,495</b> |





**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 31<sup>st</sup> March 2006 are stated at Revalued cost and Fixed Assets purchased after 1<sup>st</sup> 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 values 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 materials and process.
5. Sundry Debtors : Sundry Debtors are taken at book value after Providing for un-realizable.
6. Retiring Benefits : Gratuity has been provided as per the payment Of Gratuity Act for all the eligible employees upto 31<sup>st</sup> March,09. 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 counter Guarantee given by the company against Bank Guarantee not provided for Rs.2,90,000/- (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 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 31<sup>st</sup> March 2008, 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, 2008-09 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 a skin / Face creams and tooth paste both covered under Drugs & Cosmetics Act with valid Drug Licences obtained and these 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.1.27 Crores and the balance of Rs.12.47 Crores 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) | 37.19   |
| No. of Equity Shares                        | 6826960 |
| (Face value of Rs. 10/- each)               |         |
| Basic and Diluted EPS (Rs.)                 | 0.54    |



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 & Director ...from 30.4.2009
- Mr. Maneesh R. Sapte -- Managing Director
- Mr. Y.N. Bhaskara Rao -- Executive Director
- Mr. C.Srinivas -- Director
- \* Mr P.Vijayasradhi – Director ....from 30.4.2009
- \* Mr L.V.Vithalrao – Director ... up to 30.3.2009
- \* Prof.V.B.Desai – Director .... up to 30.4.2009
- \* Dr T.V.Subbiah – Director .... up to 30.4.2009

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. to Mr Y.N.Bhaskar Rao and Rs.12,500/- 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                                       | 2,31,46,477/- |
| 02.    | Sale of Finished Goods  | Svizera Health Remedies A Division of M/s.Maneesh Pharmaceuticals Ltd | 8,70,07,276/- |

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

|   | Rs. In lakhs |
|---|--------------|
| <b>DEFERRED TAXASSET/(LIABILITY)</b>  |              |
| Opening Balance as on 01.04.2008  | 6.46         |
| Add: Current year 2008-09<br>-Timing difference on account of Depreciation is an Deferred Tax Asset but the same is not created as the avaiement is unlikely in near future | 0.00         |
| Net Deferred Tax Asset as on 31.03.2009   | <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 31<sup>st</sup> March 2009 of Rs.84,18,716/-- (Previous year Rs. 96,75,518/-) is adjusted in Reserve & Surplus A/c..
14. Remuneration paid to Directors

|                    | 2008-09<br>Rs.         | 2007-08<br>Rs.  |
|--------------------|------------------------|-----------------|
| Executive Director | <b>1,80,000</b>        | 1,80,000        |
| <b>TOTAL</b>       | <b><u>1,80,000</u></b> | <u>1,80,000</u> |

15. Payment to Auditors :

|                      | 2008-09<br>Rs.       | 2007-08<br>Rs. |
|----------------------|----------------------|----------------|
| 1. Statutory Audit : |                      |                |
| Audit Fee            | 40,000               | 40000          |
| Tax Audit Fee        | 20,000               | 20000          |
| Service Tax          | 7,415                | 7,415          |
| <b>Total</b>         | <b><u>67,415</u></b> | <u>67415</u>   |
| 2. Internal Audit :  |                      |                |
| Audit Fee            | 8,000                |                |
| Service Tax          | 824                  |                |
| <b>Total</b>         | <b><u>8,824</u></b>  |                |

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

**QUANTITATIVE INFORMATION**

| Class of goods manufactured                 | 2008-09  | 2007-08   |
|---|----------|-----------|
| 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     | 00.00 MT   | 26.38 MT   |
| b) Own Production : |            |            |
| Liquids             | 72.35 KL   | 9.30 KL    |
| Tablets             | 57.05 Mill | 13.69 Mill |
| Pastes & Creams     | 1038.80 MT | 856.25 MT  |

## 4. Opening 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   |

## 5. Closing 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   |

## 6. Sales Turnover &amp; Processing Charges :

|                  | Qty.   | Value              | Qty.   | Value              |
|------------------|--------|--------------------|--------|--------------------|
|                  |        | (Rs.000)           |        | (Rs.000)           |
| Liquides (KL)    | 62.99  | 24,399.85          | 7.30   | 9,991.84           |
| Tables (Mill)    | 57.05  | 17,654.00          | 13.69  | 18,113.73          |
| Pastes & Creams  | 944.44 | 95,028.07          | 853.05 | 84,050.47          |
| Charges & Others |        | 364.04             |        | 3,696.69           |
| Total            |        | <u>1,37,445.96</u> |        | <u>1,09,852.73</u> |



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

|  | Qty    | Value<br>(Rs. 000) | Qty     | Value<br>(Rs.000) |
|--|--------|--------------------|---------|-------------------|
| 1. Sorbitol  | 310635 | 8928.09            | 245090  | 6324.45           |
| 2. SLS Powder  | 30086  | 3175.24            | 27205   | 2516.83           |
| 3. Smyle Herbal Compound   | 9545   | 6469.92            | 3525    | 2670.37           |
| 4. Smyle Herbal Compound A.C`  | 1050   | 713.90             | 6428    | 4509.64           |
| 5. Calcium Carbonate   | 407252 | 4838.21            | 360680  | 3600.85           |
| 6. Alovera Gel   | 7050   | 207.78             | 1740    | 512.85            |
| 7. Hydrogenated Polydecene   | 600    | 767.87             | 294     | 374.20            |
| 8. Potassium Sorbate   | 140    | 91.17              | 29      | 18.09             |
| 9. Oliem 800 flackes   | 1552   | 883.85             | 147     | 155.39            |
| 10. Lanolin Alcohol  | 687    | 1556.82            | 228     | 511.12            |
| 11. Glycerine  | 5693   | 500.06             | 0       | 0                 |
| 12. Ptcipitated Silica Sident  | 29520  | 1365.81            | 0       | 0                 |
| 13. Light Liquid Parafin   | 22073  | 1009.98            | 0       | 0                 |
| 14. Lactose  | 5423   | 943.62             | 6520    | 1406.43           |
| 15. Levonogestrel  | 3      | 319.30             | 15.55   | 1462.14           |
| 16. Ethenylestradial   | 1.29   | 128.36             | 2.99    | 303.89            |
| 17. Ferrous Fumarate   | 1094   | 106.05             | 2473.27 | 233.39            |
| 18. Norgestrel   | 11.55  | 927.56             | 0       | 0                 |
| Essence Chemical & Others  |        | 13858.98           |         | 6251.96           |
| Total (A)  |        | <u>48662.67</u>    |         | <u>30851.60</u>   |
| Consumption of Packing Materials<br>like Laminated Tubes, Cartons & Others |        | 41873.10           |         | 33960.60          |
| Total (B)  |        | <u>41873.10</u>    |         | <u>33960.60</u>   |
| Total (A+B)  |        | <u>90535.87</u>    |         | <u>64812.20</u>   |

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

|                  | Value (Rs. 000) | %     | Value (Rs. 000) | % |
|------------------|-----------------|-------|-----------------|---|
| 1. Raw Materials |                 |       |                 |   |
| NORGESTREL       | 868.712         | 0.952 | 0               | 0 |
| ETHENYLEATRADIAL | 93.831          | 0.104 | 0               | 0 |

**9. Exports & Import**

|                                     | Value (Rs. 000) | Value (Rs. 000) |
|-------------------------------------|-----------------|-----------------|
| a) Export of Goods (FOB)            | 12774.00        | 0               |
| B) Import (C/F) Value Raw Materials | 962.54          | 0               |

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

for and on behalf of Board of Directors

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

**VINAY RAMAKANT SAPTE**  
CHAIRMAN

PLACE : HYDERABAD  
DATE : 26-08-2009

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



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

| Particulars  | Year Ended<br>31.03.2009<br>Rs. | Year Ended<br>31.03.2008<br>Rs. |
|--|---------------------------------|---------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                   |                                 |                                 |
| Net Profit / Loss before tax and extraordinary item              | 3930021                         | -932495                         |
| Adjustments for:   |                                 |                                 |
| Add / Ded: Depreciation  | 6082602                         | 6563866                         |
| Interest Paid  | 0                               | 0                               |
| Interest Received  | -19302                          | -19285                          |
| Other Income   | -24999                          | -199700                         |
| Misc: Exp. Written Off   | 0                               | 0                               |
| Operating Profit before Working Capital Changes                  | <u>9968322</u>                  | <u>5412386</u>                  |
| Adjustments for:   |                                 |                                 |
| Trade & Other Receivables  | 9551453                         | -9748484                        |
| Inventories  | -20656184                       | -10513353                       |
| Loans & Advances   | -388557                         | 451501                          |
| Trade Payables   | <u>3718721</u>                  | <u>16170930</u>                 |
| Cash Generated From Operations                                   | 2193755                         | 1772980                         |
| Other Income   | 44301                           | 218985                          |
| Capital Reserve  | 0                               | 0                               |
| Prior Period Adjustments   | 197306                          | 1352638                         |
| Direct Taxes Paid  | -358680                         | 0                               |
| FBT Paid   | <u>-49099</u>                   | <u>-112508</u>                  |
| NET CASH FLOW / (USED) FORM<br>OPERATING ACTIVITIES (A) :        | <u>2027583</u>                  | <u>3232095</u>                  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                   |                                 |                                 |
| Purchase of Fixed Assets   | -1760279                        | -3542077                        |
| NET CASH FLOW / (USED) IN<br>INVESTING ACTIVITIES (B) :          | <u>-1760279</u>                 | <u>-3542077</u>                 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                                 |                                 |
| Increase / Decrease in Long Term Borrowings                      | 651000                          | 0                               |
| Issue of Share Capital   | 0                               | 0                               |
| NET CASH GENERATED / (USED) IN<br>FINANCING ACTIVITIES ( C ) :   | <u>651000</u>                   | <u>0</u>                        |
| Net Increase/ (Decrease) in cash and<br>Cash equivalents (A+B+C) | <u>918304</u>                   | <u>-309982</u>                  |
| Cash and Cash equivalents as on 01.04.2008                       | 746054                          | 1056036                         |
| Cash and Cash equivalents as at 31.03.2009                       | 1664358                         | 746054                          |

As per our Report of 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  
PLACE : HYDERABAD  
DATE : 26.08.2009

VINAY RAMAKANT SAPTE  
CHAIRMAN

MANEESH R. SAPTE      Y.N.BHASKAR RAO  
MANAGING DIRECTOR      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 : **31.03.2009**

**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 93913  
Total Assets 93913  
Source of Funds :  
Paid-up Capital 68269  
Reserves & Surplus 24992  
Secured Loans 651  
Un-secured Loans 0  
Application of Funds :  
Net Fixed Assets 149322  
Investments **NIL**  
Net Current Assets (56056)  
Differed Tax Asset (Net) 646  
Accumulated Losses 0

**IV. PERFORMANCE OF THE COMPANY :**

Turnover (inclusive of other income/Increase in stocks) 137490  
Total Expenditure 143623  
Profit before Tax 3930  
Profit after Tax 3719  
Earnings per Share (in Rs.) 0=54  
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 : 26.08.2009

MANEESH R.SAPTE Y.N.BHASKAR RAO  
MANAGING DIRECTOR EXECUTIVE 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 Numbers ..... wish to make a nomination In respect of shares shall vest in the event of my or our death.

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

|    |                  |                     |
|----|------------------|---------------------|
| 1. | Name and Address | Signature with Date |
| 2. |                  |                     |



**PHAARMASIA LIMITED**

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

**TWENTY EIGHT 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 EIGHT ANNUAL GENERAL MEETING of the Company being held on Friday, the 25<sup>th</sup> September, 2009 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 Registrars Office not later than 48 hours before the commencement of the meeting



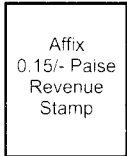
**PHAARMASIA LIMITED**

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 Eight Annual General Meeting of the Company  
to be held on Friday the 25<sup>th</sup> September, 2009 and at any adjournment thereof.



Signature

Signed this ..... day of ..... 2009

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

**BOOK - POST**  
**PRINTED MATTER**



If Undelivered please return to :

**PHARMASIA LIMITED**

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