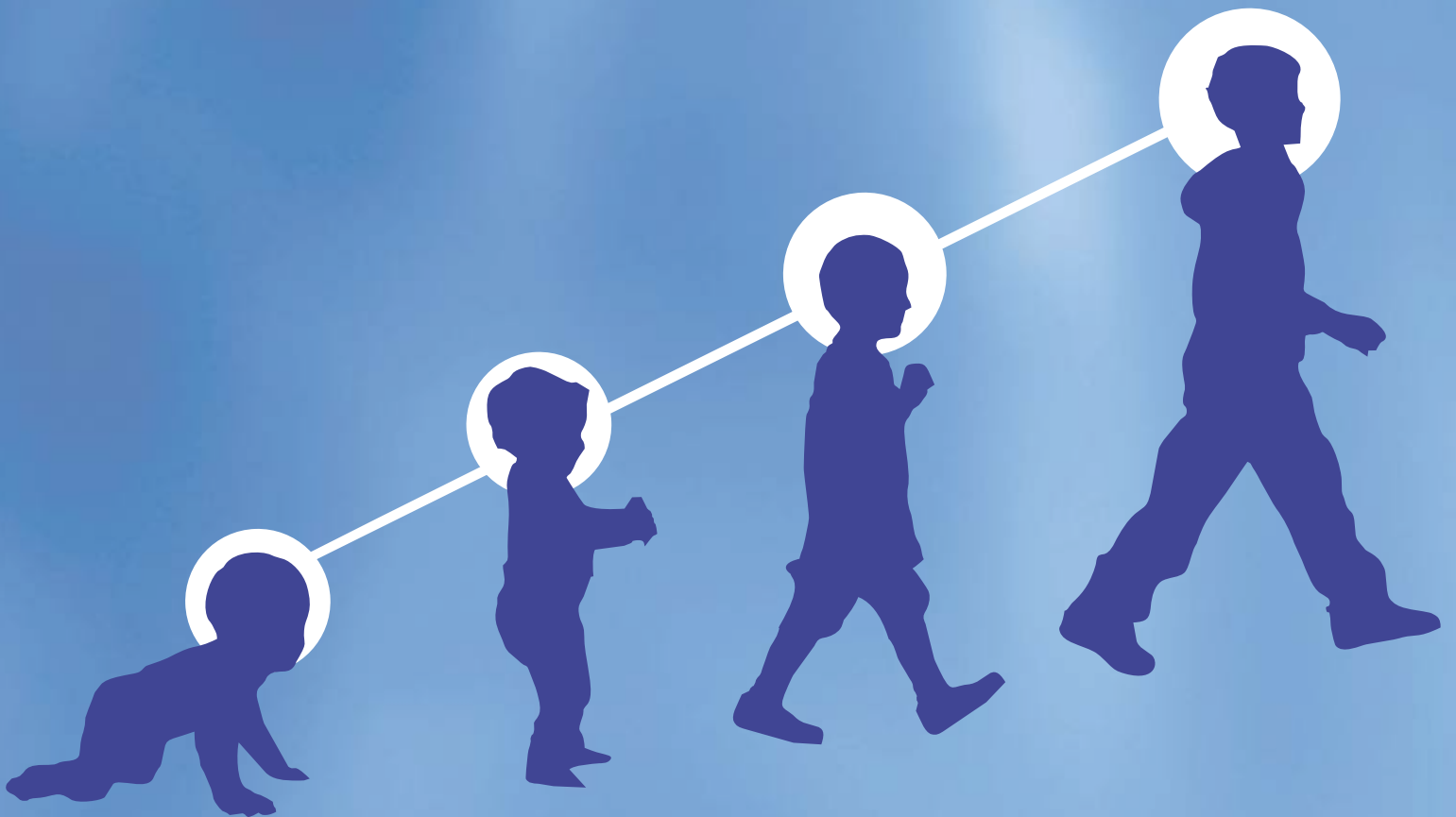


16<sup>TH</sup>  
ANNUAL REPORT  
2010 - 2011



**Farmax India Limited**



Range of Products



**Farmax India Limited**

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## CORPORATE INFORMATION

### Board of Directors:

1.Mr. M. Srinivasa Reddy	--	Chairman & Managing Director
2.Mr. M. Malla Reddy	--	Executive Director
3.Mr. K.B.Prasanth Reddy (Resigned during the year)	--	Executive Director
4. Mr. I. Srinivasa Raju	--	Independent Director
5. Mrs. P. Hymavathi (Resigned during the year)	--	Independent Director
6. Mr. M. V. Rama Sastry (Resigned during the year))	--	Independent Director
7. Mr. A V. Rama Raju	--	Independent Director
8. Mr Omkareswar Ganganboina (Appointed w.e.f 02.09.2011)	--	Independent Director

### Company Secretary

Mr.Radhakrishna. R.V- (up to 14.05.2011)  
Ms.Suhasini Ashok.B (w.e.f16.08.2011)

### Auditors:

M/s. K. Prahlada Rao & Co  
1-1-401/2/A, Gandhi Nagar  
Hyderabad - 500 080

### Audit Committee:

- 1) Mr. I. Srinivasa Raju
- 2) Mr. M. V. Rama Sastry
- 3) Mrs. P. Hymavathi

### Remuneration Committee:

- 1) Mr. M.V. Rama Sastry
- 2) Mrs. P. Hymavathi
- 3) Mr. I. Srinivasa Raju

### Investor Grievance Committee:

- 1) Mr. I. Srinivasa Raju
- 2) Mr. M. Srinivasa Reddy
- 3) Mrs. P. Hymavathi

### Bankers:

State Bank of India  
Axis Bank  
ICICI Bank

### Subsidiary:

Farmax International FZE- UAE.

### Registered Office:

Farmax House, 4<sup>th</sup> Floor, Alluri Trade Centre, Opp. KPHB, Kukatpally,  
Hyderabad-500 072

**Factory:** Bowrampet Village, Qutubullapur Mandal  
(Sub-urban of Hyderabad) Ranga Reddy Dist., AP

### Listing:

- 1) National Stock Exchange of India Limited
- 2) Ahmedabad Stock Exchange Limited
- 3) Bombay Stock Exchange Limited (Indonext model)
- 4) Luxembourg Stock Exchange

**Registrar & Share Transfer Agents:** M/s. Venture Capital and Corporate Investments  
Private Limited



## NOTICE

NOTICE is hereby given that the 16<sup>th</sup> Annual General Meeting of the Shareholders of FARMAX INDIA LIMITED will be held on :

Day, Date & Time: Friday the 28<sup>th</sup> October 2011 at 11 AM  
Venue: at Survey No: 658, Bowrampet village, Qutubullapur Mandal, (sub-urban of Hyderabad) Ranga Reddy District, AndhraPradesh.

To transact the following business:

### ORDINARY BUSINESS:

1. To receive , Consider and adopt the Directors' Report, the Audited Profit and Loss Account , the Balance Sheet and Cash Flow statement as at 31 March, 2011.
2. To appoint a Director in place of Mr. A.V.Ramaraju who retires by rotation and being eligible , offers himself for re-appointment .
3. To appoint M/s. K.Prahalda Rao & Co as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

### 4. SPECIAL BUSINESS:

To Consider and if thought fit, to pass with or without modification, the following as ordinary resolution for appointment of Mr.Omkareshwar Ganganboina:

"RESOLVED THAT Mr. Omkareshwar Ganganboina, who was appointed as an Additional Director with effect from 2<sup>nd</sup> September 2011 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company."

BY ORDER OF THE BOARD

Hyderabad  
27 September 2011.

Sd/-  
M. SRINIVASA REDDY  
Chairman & 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 HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS TO BE VALID SHALL BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 26th October 2011 to Friday 28th October 2011, both days inclusive.
3. M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad -500018, AP is the Registrars and Share Transfer Agent (RTA) of the Company. All communications in respect of the share transfers and change in the address may be communicated to them.
4. Members / Proxies should bring the Attendance slip duly filled in for attending the meeting.
5. The Company has designated an exclusive e-mail ID called [cs@farmax.co.in](mailto:cs@farmax.co.in) for redressal of shareholders' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at [cs@farmax.co.in](mailto:cs@farmax.co.in)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 4**

Mr. Omkareshwar Ganganboina was appointed as an Additional Director by the Board of Director w.e.f. 02nd September 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956.,

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr.Omkareshwar Ganganboina on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 4 for adoption.

None of the Directors, except Mr. Omkareshwar Ganganboina is concerned or interested in this resolution.

The Board recommends resolutions under Item No. 4 to be passed as ordinary resolution.





**Directors details seeking re-appointment & Additional Director:**

Additional Director appointed during the year	Director Retiring by Rotation
<p>Mr.Omkareshwar Ganganboina</p> <p>Age: 31 years</p> <p>Qualification: Graduate</p> <p>Experience: 8 years experience in various Financial and Administrative activities.</p> <p>Directorship in other Listed companies: Nil</p>	<p>Mr.A.V.Ramaraju</p> <p>Age:48 years</p> <p>Qualification: Graduate.</p> <p>Experience: 20 Years of Experience in various Industrial activities &amp; consultancy activity.</p> <p>Directorship in other Listed companies: Nil</p>



## DIRECTORS' REPORT

To  
The Members

We are delighted presenting the 16<sup>th</sup> Annual Report with Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2011.

### **FINANCIAL RESULTS**

(Rupees in Lakhs)

Particulars	2010-11 (for 12 months)	2009-10 (for 12 months)
Gross Sales	7725.10	6445.22
Earnings before Interest, Depreciation, and Tax (EBIDT)	868.45	731.92
Finance Expenses	373.11	243.11
Depreciation	244.64	166.82
Profit Before Tax (PBT)	250.70	321.99
Provision for taxation including deferred tax and fringe benefit tax	36.33	77.77
Profit After Tax (PAT)	214.37	244.23

### **PERFORMANCE REVIEW:**

During the year under review your Company achieved sales of Rs.77.25 Crores as against Rs.64.45 Crores in the previous year. The Company made a net profit after tax of Rs.214.37 Lakhs as against Rs.244.23 Lakhs in the previous year.

### **DIVIDEND:**

Keeping the Company's expansion and growth plans in mind, your Directors have decided not to recommend dividend for the year.

### **ISO 9001: 2008:**

Your Company continues to maintain its Certification as per International Standards ISO 9001:2008 Quality Management System and your Company is fully committed to continually improve upon the implemented QMS.

### **DIRECTORS:**

Ms.P.Hymavathy, Mr.K.B.Prasanth Reddy and Mr. M.V.Rama Sastry have resigned from the Board of Directors of the Company your Board of Directors wishes to place on record its sincere appreciation for their valuable services rendered during their tenure as Directors of the company.

Mr.Omkareswar Ganganboina is appointed as Additional Director during the year under review, further Mr.A.V.Ramaraju –Independent Director office is liable to retirement by rotation at this Annual General Meeting.

### **EXTENSION OF TO HOLD AGM:**

The Board of Directors of your company inform you that your company has been granted permission from the office of the Registrar of Companies, Andhra Pradesh for extension of time of 1 month to hold Annual General Meeting for the financial year 2010-2011.





## DIRECTORS' RESPONSIBILITY STATEMENT:

In pursuance of Section 217(2AA) of the Companies Amendment Act, 2000 your directors confirm

- i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates 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.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

## AUDITORS:

Members are informed that M/s. K. Prahlada Rao & Co., Chartered Accountants firm was appointed as Statutory Auditors of the company and are eligible for reappointment as statutory auditor for the financial year 2011-2012. They have furnished a certificate to the effect that their proposed re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956. Your Board recommends their appointment.

## EMPLOYEE STOCK OPTION SCHEME:

Farmax has introduced Employees Stock Option Scheme-2009 (Farmax ESOS – 2009) to enable the employees of the Company to participate in the future growth and financial successes of the Company. As per the ESOS scheme 80% of the options have been granted and vested during 2009-2010 and the balance 20% of options vesting & exercise period is due during 2011-2012.

## SUBSIDIARY COMPANY:

Your company has a subsidiary company in the name of Farmax International FZE in UAE, floated for the purpose to expand its products in overseas market and the Consolidated Accounts of your subsidiary are presented along with your company's financials.

Vide General Circular.No: 2/2011, Dated: 8 February 2011, the Ministry of Corporate Affairs, GOI has granted a general exemption to companies from attaching the balancesheet, profit and loss account and other documents referred to in section 212(1) of the Act in respect of its subsidiary companies, subject to fulfillment of the conditions mentioned therein. Accordingly, the said documents are not being attached with the Balancesheet of the company. A gist of the financial performance of the subsidiary company is contained in the report. The Annual Accounts of the subsidiary company is open for inspection by any member/ investor and the company will make available these documents/ details upon request by any member of the company or to any investor of its subsidiary company who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary company will be kept open for inspection by any investor at the Companies registered office.

Consolidated Financial statements are attached as required under listing agreement of the stock exchanges.

## PARTICULARS OF EMPLOYEES:



## PUBLIC DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules 1975 during the year.

## INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988:

### A. Conservation of Energy

Efforts are being made to control energy cost wherever possible even though energy cost forms only negligible proportion of total cost of manufacture of the products.

### B. Technology absorption

#### 1. Research & Development

Research & Development (R&D) center set-up in Hyderabad has been concentrating in developing products and production process/ system to improve the quality of the product at minimal cost. R&D enhancements, innovative process and production technology bring additional value to all our customers. R&D continually concentrate to improve products, service and processes using the effective quality management system and testing methodology, by implementing changes required to maintain the quality standard.

#### 2. Technology absorption, adaptation, and innovation

Efforts in brief, made towards technology absorption, adaptation and innovation: Installation of sophisticated instrument for R & D, testing and process control measures. Technology has been fully absorbed and adapted for all types of products of the Company.

Benefits derived as a result of the efforts, e.g.: product improvement, cost reduction, and product quality maintenance etc.

- (a) Improvement of designs.
- (b) Import Substitution.
- (c) Cost Reduction.
- (d) Product Quality Maintenance & Improvement.
- (e) New products development.





## C. Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings	:	Nil
Foreign Exchange Outgo	:	Nil

## CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges forms a part of this Annual Report.

## MANAGEMENT DISCUSSION AND ANALYSIS:

A separate section on Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges forms a part of this Annual Report.

## ACKNOWLEDGMENTS:

Your Directors wishes to acknowledge the invaluable support extended to the company by the Central Government, State Governments, Statutory Authorities and Company's Bankers . Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support of Investors, Dealers, Business Associates and Employees in successful performance of the company during the year.

Hyderabad  
27 September 2011.

BY ORDER OF THE BOARD

Sd/-  
M. SRINIVASA REDDY  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS (Forming part of Directors' Report)

### Indian Economy Highlights

#### Industry Scope, Structure and Analysis:

India posted a solid growth of 8.6% over the fiscal year 2010/2011, compared to the real GDP growth of 7.4% during the previous fiscal.

However, India's economy grew by just 7.8 per cent in the fourth quarter ended March this fiscal against 9.4 per cent in the same three month period of the previous fiscal, mainly due to poor performance of the manufacturing sector. Our country's manufacturing sector growth also slowed down to 8.3 per cent in the 2010-11 financial year from 8.8 per cent in 2009-10. During the quarter ended March 31, 2011, manufacturing sector growth slowed down to 5.5 per cent from 15.2 per cent in the same quarter of 2009-10. Growth of the mining and quarrying sector also slowed down to 5.8 per cent in 2010-11 from 6.9 per cent in 2009-10. Electricity, gas and water supply segment grew by 5.7 per cent last fiscal compared with 6.4 per cent in 2009-10. However, services including banking and insurance grew by 9 per cent in the March quarter of 2010-11 fiscal compared with 6.3 per cent in the corresponding period last fiscal. Farm output showed tremendous improvement, growing at 7.5 per cent during the quarter under review, compared to a meager 1.1 per cent in the same three-month period last year.

The agriculture and allied sectors grew by 6.6 percent during the fiscal against a meager 0.4 per cent in the previous year. IIP Growth down to 7.8%. The cumulative growth for the period April - March, 2010-11 stands at 7.8% as compared to 10.5% during FY 2009-10. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of March 2011 were 236.1, 438.5, and 280.2 respectively, with the corresponding growth rates of 0.2%, 7.9% and 7.2% as compared to March 2010.

The cumulative growth during April-March, 2010-11 over the corresponding period of 2009-10 in these three sectors have been 5.9%, 8.1% and 5.6% respectively, which moved the overall growth in the General Index to 7.8%.

As per Use-based classification, the sectoral growth rates in March 2011 over March 2010 are 4.3% in Basic goods, 12.9% in Capital goods and 5.4% in Intermediate goods. The Consumer durables and Consumer non-durables have recorded growth of 12.3% and 5.7% respectively, with the overall growth in Consumer goods being 7.7%. Higher Exports lead to lower deficit India's exports during April-March 2010-11 was US \$245.9 billion (Rs 1118822.85 crores) as against US \$ 178.8 billion (Rs. 845533.62 crores) registering a growth of 37.5% in Dollar terms and 32.3% in Rupee terms over the same period last year. Imports for the same period were US \$ 350.7 billion (Rs. 1596869.37 crores) as against US \$288.4 billion (Rs. 1363735.55 crores) registering a growth of 21.6% in Dollar terms and 17.1% in Rupee terms over the same period.





Oil imports during April-March, 2010-11 were valued at US\$ 101.7 billion which was 16.7% higher than the oil imports of US \$ 87.1 billion in the corresponding period last year. Non-oil imports during April - March, 2010-11 were valued at US\$ 249.0 billion which was 23.7% higher than the level of such imports valued at US\$ 201.2 billion in April-March, 2009-10.

The trade deficit for April - March, 2010-11 was estimated at US \$ 104.8 billion which was lower than the deficit of US \$ 109.6 billion during April -March, 2009-10.

**Sales:** During the year under review, Net Sales and Operational Income stood at Rs. 77.25 Crores and 2.14 crores as against Rs. 64.52 Crores and 2.44 Crores in previous year, registering an increase in Sales.

**Net Profit:** During the year, the Company has achieved a Net Profit of 2.14 Crores - as against 2.44, during the corresponding period in the previous year.

There is a decrease in the Net profits during the year due to the factors like high depreciation, expenses on brand image building promotional activities, competition in markets, and economies performance.

#### INTERNAL CONTROL SYSTEMS:

The Company has adequate internal control systems commensurate with the size and the nature of business of the Company.

The internal control system is constantly assessed and strengthened with tighter control procedures. The internal control systems ensure effectively of operations, compliance with internal policies and applicable laws and regulations, protection of resources and assets, and accurate reporting of financial transactions.

The audit committee periodically reviews the adequacy and efficacy of the said internal control systems. All the issues relating to internal control systems are resolved by the audit committee.

#### HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS:

The Company recognizes the importance and contribution of the employees. Human Resource is viewed to be as one of the most important factor in the growth process with a view to cross further frontiers in business performance, the Company strives to organize training modules for understanding and improving the core skills of the employees. It is the continuous effort by the Company that helps to provide the right environment in order to maximize team efforts while exploiting individual growth potential in the right manner.

The Directors record their appreciation of the support and continued contribution of all employees towards the growth of the Company.



## FORWARD LOOKING STATEMENT:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

## GROWTH PROSPECTS:

The Rs.85,000 crore FMCG market in India is growing at a fast pace despite of the economic downtrend. The increasing disposable income and improved standard of living in most tier II and tier III cities are spearheading the FMCG growth across the nation. The changing profile and mind set of the consumers has shifted the thought to "Value for Money" from "Money for Value". Growing Economy, rural consumer base is the strongest strength of FMCG Sector, growing demand for FMCG since population increase and changing consumer patterns, spending patterns etc. FMCG is growing year on year at a rapid pace of 15-20% in India and India is leading among the world in FMCG consumption.

Your Company's products are need of every households and the consumer base for the product is high and your company is always striving to improve the quality of its products at a reasonable price.

Your company plans to Focus on untapped markets interiors of rural markets and urban markets to fill the vacuum, and your directors are positive of increase in business due to Rising income levels, i.e. increase in purchasing power of consumers, Large domestic market- a population of over one billion.

Considering the above factors your Directors are confident of Growth in sales volumes in future. Developments during the year under review:

### **1) ALLOTMENT OF SHARES UNDER ESOPS:**

Your Company has issued and allotted 48,00,000 equity shares of Re. 1/- each to certain employees against exercise of stock options granted to them pursuant to ESOP Scheme of the Company i.e. 'Farmax ESOS -2009'. Consequently, the paid-up capital was increased from Rs 25.35 Crores to Rs 25.83 Crores. ESOPS up to 12 lakhs is due for vesting during the current year.

### **2) DIVERSIFICATION INTO DAIRY SECTOR:-**

Your Company has diversified its business into Dairy sector and Toned milk was launched on January 26, 2011, under brand name of 'FARMAX DAILY' in 500 ml & 1000 ml packs in Andhra Pradesh with 0.3 Lac Liters per day and is expected to sales of volume 36 Million liters per annum. Farmax are presently manufacturers and distributors of high margin FMCG products like Tooth Paste, Hair oil, Soaps & Detergents, Pasta & Vermicelli, Atta, Maida etc at its GMP facilities located at Bowrampet, Hyderabad.

The Company expects to achieve additional sales turnover of Rs. 90 Crore per annum through the Toned milk segment.

The Company has its distribution network with more than 600 distributors and appx. 0.4 Million retail outlets situated in Semi urban & Rural Areas, Farmax's Production capacity of has the potential to address a market of Rs. 4.5 billion in Value.



**1) INAUGURATION OF KIT BAZAAR – RETAIL OUTLET:-**

Your company inaugurated Kit Bazaar, a retail outlet to market and sell company products on January 26, 2011 at Kukatpally, Hyderabad. Through our retail outlet, we are planning to expand our sales volume. We are also planning to expand stores of Kit Bazaar in various areas of Hyderabad.

**2) EXPANSION OF SALES - EXPORT:-**

We have planned to expand our sales volume. As a step, we are planning to export our products like Pasta, Atta and Vermicelli to South-East Asian countries and Middle East Asian countries. We are looking forward to expand our exports to other regions also.

**3) EXPANSION OF STORES – KIT BAZAAR:-**

Presently, our Retail Outlet Kit Bazaar operates only at Kukatpally, Hyderabad. With the increase of demand of our product in the market, we are planning to expand the stores in various places across cities and villages.

**REPORT ON CORPORATE GOVERNANCE**  
(Forming part of Directors' Report)**I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company seeks to adopt good corporate governance practices and to ensure compliance with all relevant laws and regulations. The Company conducts its activities in a manner that is fair and transparent and also perceived to be such by others.

**II. BOARD OF DIRECTORS**

As on March 31, 2011, Farmax's Board consists of four Non-Executive Independent Directors, one Managing Director and two Executive Directors. The Composition of the Board is in conformity with the listing requirements.

**BOARD MEETINGS:**

The Board of Directors met 10 times during the year and the maximum gap between any two meetings was less than four months, as stipulated under Clause 49.



The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships/memberships held by the Directors during the year are as follows:

Name of Directors	Category and Designation	Board Meetings attended during the year	No. of directorship held in other Indian public limited companies	No. of Committee positions held in other Companies	
				Chairman	Member
M. Srinivasa Reddy	Promoter, Chairman & Managing Director	08	1	1	1
M. Malla Reddy	Promoter, ED	07	0	0	0
* K.B. Prashanth Reddy	Non - promoter, ED	08	0	0	0
I. Srinivasa Raju	NED (I)	09	1	2	1
*P. Hymavathi	NED (I)	07	0	0	0
*M.V. Rama Sastry	NED (I)	06	1	0	1
A.V. Rama Raju	NED (I)	07	0	0	0
* Omkareswar Ganganboina	NED(I)	N.A			

ED – Executive Director; NED (I) – Non Executive Independent Director

\*K.B.Prasanth Reddy, Ms.P.Hymavathy, Mr.M.V.Rama Sastry resigned during the year under review.

\*Mr.Omkareswar Ganganboina appointed as Additional Director during the year under review.

The Board has adopted Code of Conduct for all its Directors and members of Senior Management.

All the Directors and members of Senior Management have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2011.

### III. AUDIT COMMITTEE

Composition, meetings and the attendance during the year:

The Company has complied with all the requirements of Clause 49 (II) (A) of the Listing Agreement relating to the composition of the Audit Committee. During the financial year 2010-2011, (4) four meetings of the Audit Committee were held on the May 10, 2010, August 04, 2010, November 05, 2010, and January 31, 2011.





The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of meetings attended
I. Srinivasa Raju	Chairman	NED (I)	4
*P. Hymavathi	Member	NED (I)	4
*M.V. Rama Sastry	Member	NED (I)	2

The Managing Director and the Statutory Auditors are also invited to the meetings.  
\*Ms.P.Hymavathy & Mr.M.V.Ramasastry resigned during the year under review.

Terms of reference:

The terms of reference of the Committee, interalia covers all the matters specified under Clause 49 of the Listing Agreement with the Stock Exchange as well as those specified in Section 292 (A) of the Companies Act, 1956. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power interalia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

#### IV. REMUNERATION COMMITTEE

The details of composition of the Committee are given below:

Name	Designation	Category
I. Srinivasa Raju	Chairman	NED (I)
*P. Hymavathi	Member	NED (I)
*M.V. Rama Sastry	Member	NED (I)

\*Ms.P.Hymavathy & Mr.M.V.Ramasastry resigned during the year under review.

Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

To take into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.

To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

**15** The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.



The details of remuneration paid to the Executive Directors for the financial year 2010-11 are given below:

Mr. M. Srinivasa Reddy, Managing Director	: Rs 25,60,0000/-
Mr. M. Malla Reddy, Executive Director	: Rs.25,60,000/-
Mr. K.B. Prasanth Reddy, Executive Director	: Rs.11,60,000/-

#### EMPLOYEE COMPENSATION COMMITTEE:

The details of composition of the Employee Compensation Committee are given below:

Name	Designation	Category
M.V. Rama Sastry	Chairman	NED (I)
P. Hymavathi	Member	NED (I)
I. Srinivasa Raju	Member	NED (I)
A.V. Rama Raju	Member	NED (I)
M. Malla Reddy	Member	Promoter ED

Employee Stock Options to the tune of 20% of the total of 6 lakh Stock options granted under ESOS-2009 Scheme is due for vesting during the current financial year.

#### V. SHAREHOLDERS / INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE

Composition, meetings and the attendance during the year:

The Shareholders/Investors Grievance Committee was constituted to look into the redressing of Shareholders and Investors complaints concerning transfer of shares, non receipt of Annual Reports, and non receipt of Dividend and other allied complaints. During the financial year 2010-2011 (4) four meetings were held.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name of the Director	Designation	Category
K. B. Prashanth Reddy	Chairman	ED
P. Hymavathi	Member	NED (I)
I. Srinivasa Raju	Member	NED (I)

The Board has designated Ms.Suhasini Ashok.B as Company Secretary.

The Company has designated an exclusive e-mail ID called cs@farmax.co.in for redressal of shareholders' complaints/grievances.

Complaints received and redressed by the Company during the financial year:

During the year under review, no complaints of general nature were received from the shareholders which were attended promptly and replied/resolved to the satisfaction of the concerned shareholders. There were no pending complaints at the close of the financial year.



## VI. GENERAL BODY MEETINGS:

Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year	Venue	Date and Time
2007-2008	Hotel Swagath, Alluri Trade Centre, Bhagyanagar Colony, Kukatpally, Hyderabad - 500072	17-10-2008 10.00 AM
2008-2009	Hotel Swagath, Alluri Trade Centre, Bhagyanagar Colony, Kukatpally, Hyderabad - 500072	12-06-2009 10.00 AM
2009-2010	Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad - 500034	09-12-2010 10.00 AM

- Special Resolution for Amendment to Articles of Association was passed at 15<sup>th</sup> Annual General Meeting.
- No Ballots Papers were used for voting at above meetings.

## VII. OTHER DISCLOSURES

- (a) There were no significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) In the preparation of financial statements, no treatment materially different from that prescribed in Accounting Standards had been followed.
- (c) There were no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets at any time during the last 3 years.
- (d) The Company has complied with all the mandatory requirements of Clause 49. As regards the non-mandatory requirements, the extent of compliance has been stated in this report against each item.
- (e) There were no material pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company, other than payment of Board fees/commission and investments (if any) in shares / securities of the Company.
- (f) Managing Director and Chief Financial Officer of the Company have furnished the requisite Certificates to the Board of Directors under Clause 49 of the Listing Agreement

## VIII. MEANS OF COMMUNICATION

The un-audited quarterly results and audited results for the year are generally published in one English newspaper and at least one vernacular newspaper shortly after its submission to the Stock Exchanges. The results are also displayed on the Farmax's web-site i.e. [www.farmax.co.in](http://www.farmax.co.in).



## IX. GENERAL SHAREHOLDERS INFORMATION

a) 16<sup>th</sup> Annual General Meeting:

Date and Time	Friday the 28 <sup>th</sup> October 2011 at 11 AM
Venue	Survey No: 658, Bowrampet village, Outubullapur Mandal, (sub -urban of Hyderabad) Ranga Reddy District, AndhraPradesh

b) Book Closure Date : 26<sup>th</sup> October 2011 to 28<sup>th</sup> October 2011.

c) Financial Year and Calendar (Tentative) 2011-2012:

The Company follows April to March as its Financial Year. The results of every quarter beginning from April are declared in the first month following each quarter as per the provisions of Listing Agreement.

d) Listing on Stock Exchanges:

i) For Equity shares:

- 1) Ahmedabad Stock Exchange Limited
- 2) National Stock Exchange of India Limited
- 3) Bombay Stock Exchange Limited

ii) For Global Depository Receipts:

Luxembourg Stock Exchange  
Societe de la, Bourse de Luxembourg, L-2227 Luxembourg

Overseas Depository for GDRs: The Bank of New York Mellon  
Domestic Custodian for GDRs : DBS Bank Limited, Mumbai

e) Listing Fees : Listing fee for the year 2011-2012 has been paid

f) Stock Code : For equity shares: - ASE: 8284; NSE: FARMAXIND;  
BSE: 590094; For GDRs:- US30768A1060

g) ISIN No. : For equity shares:- INE890I01035  
For GDRs:- US30768A1060

h) Registrar & Share Transfer Agents (for shares held in both physical and demat mode):

Venture Capital and Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad -500018  
Phones: 040-23818475, 23818476, 23868023,  
Fax: 040-23868024

Email: [info@vccilindia.com](mailto:info@vccilindia.com)

Website: [www.vccilindia.com](http://www.vccilindia.com)



## i) Share Transfer System:

The Physical shares transfers are processed and the share certificates are returned to the shareholders within a maximum period of one month from the date of receipt, subject to the document being valid and complete in all respects.

Any transferee who wishes to demat the shares may approach a Depository Participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share Transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All the requests for Dematerialization and shares are processed and the confirmation is given to the respective Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 21 days on receipt.

## j) Shareholding Pattern as on 31<sup>st</sup> March, 2011:

Category	No. of Shares of Re.1/- each held	Percentage
Promoters	71100000	27.53
Mutual Funds & UTI	NIL	NA
Banks, Financial Institutions, Insurance Companies	NIL	NA
Private Corporate Bodies	NIL	NA
Indian Public	67494203	26.13
NRIs / OCBs/ Foreign Nationals	142627	0.05
FII	13063170	5.06
Any other - Custodians	106500000	41.23
<b>Total</b>	<b>258300000</b>	<b>100.00</b>

## k) Distribution of Shareholding as on 31<sup>st</sup> March, 2011:

Nominal Value of Shares in Rupees	Number of Shareholders	% of Shareholders	No. of Shares	% to the Total
1- 500	6081	63.70	13,05,514	0.50
501-1000	1371	14.36	11,96,711	0.46
1001-2000	852	8.92	13,61,782	0.52
2001-3000	339	3.55	8,94,946	0.34
3001-4000	159	1.66	5,78,050	0.22
4001-5000	171	1.79	8,21,712	0.31
5001-10000	258	2.70	19,47,891	0.75
10001 and above	314	3.29	25,01,93,754	96.86
<b>TOTAL</b>	<b>9545</b>	<b>100.00</b>	<b>25,83,00,000</b>	<b>100.00</b>

## l) Dematerialization of Shares:

The Company's Equity Shares are held in dematerialized form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN No.INE890I01035. As on 31<sup>st</sup> March, 2011, 99.15% of the total shares of the Company have been dematerialized.





m) Outstanding GDR's as at 31.03.2011: 42,60,000.

n) Factory Location of the Company:

Bowrampet Village, Outubullapur Mandal (Sub-urban of Hyderabad)  
Ranga Reddy Dist. Andhra Pradesh

o) Address for Investors Correspondence:

Shareholders may address their communications/suggestions/grievances/queries pertaining to share transfer/demat including physical transfer requests and demat requisition forms, to the Company's Registrar and Share Transfer Agents and/or to the Company at the following address:

Company:

Farmax India Limited  
Farmax House, 4<sup>th</sup> Floor, Alluri Trade Centre  
Opp. KPHB, Kukatpally, Hyderabad- 500072  
Phones: 040-23065762, 23060762  
Fax: 040-23065762  
Email: [cs@farmax.co.in](mailto:cs@farmax.co.in), Website: [www.farmax.co.in](http://www.farmax.co.in),

Registrar and Share Transfer Agents:

Venture Capital and Corporate Investments Private Limited  
12-10-167, Bharat Nagar, Hyderabad -500018  
Phones: 040-23818475, 23818476  
Fax: 040-23868024  
Email: [info@vccilindia.com](mailto:info@vccilindia.com), Website: [vccilindia.com](http://vccilindia.com)

p) Managing Directors Certification:

As required by the clause 49 (V) of the Listing Agreement, the certificate from CEO/ MD was placed before the Board of Directors at their meeting held on 27<sup>th</sup> September 2011.

q) Compliance Certificate of the Auditors:

The Statutory Auditor has certified that the company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the listing agreement and the same forms part of the Annual Report. The Certificate from the statutory auditor will be sent to the stock exchange along with the Annual Report of the Company.

BY ORDER OF THE BOARD

Hyderabad  
27 September 2011

sd/-  
M. SRINIVASA REDDY  
Chairman & Managing Director





## DECLARATION

To  
The Members of Farmax India Limited

This is to declare that the Code of Conduct envisaged by the Company for members of the Board and the Senior Management Personnel have been complied with by all the members of the Board and the Senior Management Personnel of the Company respectively.

FOR FARMAX INDIA LIMITED

Hyderabad  
27 September 2011

sd/-  
M. SRINIVASA REDDY  
Chairman & Managing Direct

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of Farmax India Limited

We have examined the compliance of conditions of corporate governance by Farmax India Limited for the year ended on 31 March 2011 as stipulated in clause 49 of the listing agreement of the said company with concerned Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the management, our examination has been limited a review of the procedures and implementation thereof adopted by the company for ensuring the compliance the conditions of corporate governance. It is neither an audit nor expression of opinion on the financial statements of the company

In our opinion and best of our information and according to the explanation given to us and the representations made the Directors and Management, we certify that the company has complied with the conditions of corporate governance as stipulated in the aforesaid listing agreement.

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. PRAHLADA RAO & CO  
Chartered Accountants

Hyderabad  
September 21,  
2011

sd/-  
K. PRAHLADA RAO  
Partner  
M. No. 018477



MANAGING DIRECTOR CERTIFICATE

Dear Shareholder,

Please find below the Managing Director certificate as per Clause 49(V) of the Listing Agreement:

I, M.Srinivasa Reddy, Managing Director of M/s Farmax India Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
  - (a) Significant changes in internal controls over financial reporting during the year;
  - (b) Significant changes in the accounting policies during the year;
  - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

FOR FARMAX INDIA LIMITED

Hyderabad  
27 September 2011

sd/-  
M. SRINIVASA REDDY  
Chairman & Managing Director







## AUDITOR'S REPORT

To  
The Members of  
FARMAX INDIA LIMITED

1. We have audited the attached Balance sheet of M/s. FARMAX INDIA LIMITED, Hyderabad as at 31st March 2011 and also the profit and Loss Account for the period 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.

2. We conducted the 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 misstatement. 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 statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India, in terms of section 227(4A) of the Companies Act, 1956 and as amended from time to time, we enclose a statement on the matters specified in Paragraphs 4 and 5 of the said Order to the extent applicable.

4. Further to my comments in the Annexure referred to in paragraph (3) above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

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 the Books and proper returns and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

i. The Balance Sheet and Profit and Loss Account dealt with by this Report are in Agreement with the Books of account of the Company and with the returns from the Branches.

ii. In our opinion, the balance Sheet and Profit and Loss Account dealt with by this report comply with the, Accounting Standards referred to in sub-section (3C) of section 211 of the companies Act 1956.

iii. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2011, 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 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of the section 274 of the Companies Act, 1956.



iv. In our opinion and to the best of our information and according to the explanations given to us said accounts read with the notes thereon, 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 Company as at March 31, 2011 and
- b) In the case of the Profit and Loss Account, of the profit for the period ended on that date.

For K. PRAHLADA RAO & CO  
Chartered Accountants

Hyderabad  
September 21, 2011

Sd/-  
K. PRAHLADA RAO  
Partner  
M. No. 018477

## ANNEXURE TO AUDITOR'S REPORT:

Referred to in Paragraph 3 of our Report of even date:

- 1) In respect of Fixed Assets:
  - a) The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets.
  - b) As explained to us, the fixed assets have been physically verified by the management at regular intervals during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the Company had not disposed of any substantial part of fixed assets during the year.
- 2) In respect of Inventory:
  - a) As explained to us, the inventory comprises of Raw – Material and finished goods have been verified and reconciled during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion and according to the information as explanations given to us, the procedures of verification of inventory comprises of raw material, finished goods and packing material, 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 inventory comprise of raw-material and finished goods. As explained to us, there were no discrepancies noticed on verification of such securities when compared to the records.
- 3) In respect of Loans given and taken:
  - a) According to the information and explanations given to us, the Company has not granted loans (Secured or unsecured ) to the Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956.
  - b) The company has advanced an amount of Rs. 66,88,08000/- as unsecured loans to its wholly owned subsidiary company M/s. FARMAX INTERNATIONAL (FZE) , SAIF ZONE-SHARJAH, UAE. Rate of interest and other terms and conditions of such loans are not prima-facie not prejudicial to the interest of the company.

- c) The Company has kept an amount of Rs.64,11,489/- as Inter Corporate Deposit in M/s. REMIDICHERLA INFRA AND POWER LIMITED in which Mr. Srinavasa Reddy is also the MD.
- 4). In our opinion and according to the information and explanations given to us, there are adequate internal, control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods.
- 5). In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered,
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore the provisions of Section 58 A and 58 AA of the Companies Act, 1956 and Rules there under are not applicable to the company.
- 7) In our opinion, and according to the information and explanations given to us, the Company does not have internal audit system commensurate with its size and nature of its business. We have been informed by the company that, they are in the process of appointing internal auditors to commensurate with the size and nature of its business.
- 8) As per the information and explanation provided to us, the Central Government has not prescribed maintenance of Cost Records under section 209(1) (d) of the Companies Act, 1956 in respect of activities carried out by the company.
- 9) In respect of statutory dues:
- a) The Company has not provided liability on ESOPS; however management has informed that the liability does not arise at this juncture. The Company is advised to obtain a proper legal opinion from a legal firm on this subject matter.
- b) According to the information and explanation given to us, there are no statutory dues of any nature, which have not been deposited on account of any dispute.
- 10) The Company does not have accumulated losses at the end of the financial year more than 50% of its net worth and the Company has not incurred cash loss during the financial year covered by our Audit and in the financial year immediately preceding the financial year.
- 11) Based on our audit procedures and as per the information and explanations given to us by the management. We are of the opinion that the company has not defaulted in repayment of dues to a financial institution and bank or debenture holders.
- 12) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- 13) The provisions of any Special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Society are not applicable to the Company.
- 14) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly Provisions of Paragraph 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 16) According to information and explanations given to us, in my opinion the term loans were applied for the purpose for which they were obtained.
- 17) According to information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term, funds have been used to finance short-term assets except permanent working capital.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- 19) According to the information and explanations given to us the company has not issued any debentures during the period covered by our audit report
- 20) The Company has not raised money by way of public issue during the year. Accordingly provisions of Paragraph 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For K. PRAHLADA RAO & CO  
Chartered Accountants

Hyderabad  
September 21, 2011

Sd/-  
K. PRAHLADA RAO  
Partner  
M. No. 018477

FARMAX INDIA LIMITED BALANCE SHEET AS ON 31ST MARCH, 2011.					
Particulars	Sch.	31.03.2011		31.03.2010	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share Capital	A	258,300,000		126,000,000	
Reserves & Surplus	B	3,161,657,366	3,419,957,366	188,434,740	314,434,740
<b>LOAN FUNDS</b>					
Secured Loan	C	263,733,690		153,919,865	
Unsecured Loan	D	6,908,774	270,642,464	7,368,131	161,287,996
<b>TOTAL</b>			<b>3,690,599,830</b>		<b>475,722,736</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
a) Gross Block		388,737,122		338,688,178	
b) Less : Depreciation to date		79,757,327		55,292,910	
c) Net Block		308,979,795	308,979,795	283,395,268	283,395,268
<b>INVESTMENTS</b>	F		1,822,500		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Cash & Bank Balances	G	2,528,585,218		1,557,048	
Closing Stock	H	112,646,775		44,534,470	
Sundry Debtors	I	155,027,080		100,901,393	
Loans & Advances	J	760,629,084		65,671,721	
Other Current Assets		-		36,500	
<b>Total (A)</b>		<b>3,556,888,157</b>		<b>212,701,132</b>	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	K	140,601,789		7,841,992	
Provisions	L	40,675,483		15,520,811	
<b>Total (B)</b>		<b>181,277,272</b>		<b>23,362,803</b>	
<b>NET CURRENT ASSETS (A - B)</b>			<b>3,375,610,885</b>		<b>189,338,329</b>
<b>MISCELLANEOUS EXPENDITURE</b>	M		2,934,909		
( to the extent not written off or adjusted )					1,020,411
Deferred Tax Asset.			1,251,741		1,968,728
<b>TOTAL</b>			<b>3,690,599,831</b>		<b>475,722,736</b>
Vide our Report of even date					
for K.PRAHLADA RAO & CO			For and on behalf of the Board		
Chartered Accountants			Farmax India Limited		
K.Prahlada Rao		M.Srinivasa Reddy		I.Srinivasa Raju	
Partner. M.No.018477		Managing Director		Director	
Hyderabad		Date:21.09.2011			



FARMAX INDIA LIMITED  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Sch.	FOR THE YEAR	
		31.03.2011	31.03.2010
<b>INCOME</b>			
Sales & Direct Income	N	772,510,630	645,221,750
Net Sales		772,510,630	645,221,750
Increase/(Decrease) in stock		3,605,340	26,795,433
Other Income		12,566,265	216,930
		788,682,235	672,234,113
<b>EXPENDITURE</b>			
Raw Materials	O	543,497,072	478,937,332
Manufacturing Expenses	P	78,737,502	68,880,506
Employee's Remuneration & Benefits	Q	16,308,052	12,138,207
Administration Expenses	R	17,861,016	12,450,729
Selling & Distribution Expenses	S	44,634,486	14,919,994
Financial Expenses	T	37,311,363	24,310,549
Miscellaneous expenses w.off*	M	797,503	255,103
Depreciation		24,464,417	16,681,823
Loss of investments		-	11,460,000
		763,611,411	640,034,243
Profit Before Taxation		25,070,824	32,199,870
Current Year Tax		2,916,410	8,910,760
Deferred Tax		716,987	1,133,989
Profit after Taxation		21,437,426	24,423,099
Balance in Profit & Loss A/c		40,355,491	15,932,392
Prior period Expenses		-	-
Balance carried forward to Balance Sheet		61,792,917	40,355,491
NOTES FORMING PART OF ACCOUNTS: Vide our Report of even date	V	As Per Our Report of Even Date	
for K.PRAHLADA RAO & CO Chartered Accountants		For and on behalf of the Board Farmax India Limited	
K.Prahlada Rao Partner . M.No.018477 Date:21 -09 -2011 Place:Hyderabad	M.Srinivasa Reddy Managing Director		I.Srinivasa Raju Director



**M/S.FARMAX INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST MARCH 2011**

PARTICULARS	31.03.2011	31.03.2010
<b>A)CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit/(loss) before tax and Extra -ordinary items	25,070,824	32,199,870
Add:Non -cash and Non -operating expenses		
Interest on Term Loan	15,368,280	7,404,719
Depreciation	24,464,417	16,681,823
Micellaneous expenses	1,914,497	41,747,194
Operating Profit before working capital changes	66,818,018	56,286,413
Adjustment for working capital changes:		
Add:(Increase)/Decrease in inventores	(68,112,305)	(11,675,217)
(Increase)/Decrease in sundry Debtors	(54,125,687)	(55,890,872)
(Increase)/Decrease in loans & advances	(696,779,863)	(28,492,231)
(Increase)/D ecrease current assets	36,500	(36,500)
Total Current Assets	(818,981,355)	(96,094,820)
Increase/(Decrease) in current liabilities	132,759,797	(12,652,906)
Increase/(Decrease) in provisions	25,154,672	11,175,522
Total Current Liabilities	157,914,469	(1,477,384)
Net Working Capital	661,066,886	97,572,204
Increase/(decrease) in working capital	(594,248,868)	(41,285,791)
Less:Taxes paid	2,916,410	(8,910,760)
Cash generated from operating activities	(591,332,458)	(50,196,551)
<b>NET CASH FROM OPERATING ACTIVITIES(A)</b>	<b>(591,332,458)</b>	<b>(50,196,551)</b>
<b>B.CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Less:Purchase of Fixed Assets	(50,048,945)	(44,118,646)
Investments	0	0
Pre-operative expenses/Miscellaneous exp not W.off	(2,934,909)	(1,020,411)
<b>NET CASH GENERATED FROM INVESTMENT ACTIVITIES(B)</b>	<b>(52,983,854)</b>	<b>(45,139,057)</b>
<b>C.CASH FLOW FROM FINANCING ACTIVITES:</b>		
Proceeds from Share Holders including Premium	3,084,085,200	0
Proceeds from New Borrowings	(10,488,597)	36,572,861
Interest paid	(15,368,280)	(7,404,719)
<b>CASH GENERATED FROM FINANCING ACTIVIES (C)</b>	<b>3,058,228,323</b>	<b>29,168,142</b>
<b>NET CASH FLOW DURING THE YEAR</b>	<b>2,413,912,011</b>	<b>(66,167,467)</b>
<b>CASH AND CASH EQUIVALENTS(OPENING BALANCE)</b>	<b>1,557,048</b>	<b>(2,068,575)</b>
<b>CASH AND CASH EQUIVALENT S(CLOSING BALANCE)</b>	<b>2,355,904,057</b>	<b>(51,118,281)</b>

## Schedules to Accounts

		As At	
		March 31, 2011	March 31, 2010
		Total	Total
<b>Schedule: A Share Capital</b>			
Authorised			
	500000000 Equity Shares of Rs.1/ - each	500,000,000	500,000,000
	(1000000 Equity Shares of Rs.5/ - each)		
Issued Capital			
	260637000 Equity Shares of Rs.1/ - each	260,637,000	128,337,000
	(25667400 Equity Shares of Rs.5/ - each)		
Subscribed And Paid -up Capital			
	25,83,00,000 Equity Shares of Rs.1/ - each	258,300,000	126,000,000
	12,60,00,000 shares of Rs.1/ - each		
	12,75,00,000 shares of Rs.1/ - each(GDRs)		
	48,00,000 shares of Rs1/ - each(ESOS)		
	(PY:2,52,00,000 Equity Shares of Rs.5/ - each)		
		Total	258,300,000
			126,000,000
<b>Schedule: B: Reserves &amp; Surplus</b>			
Share Premium		77,720,000	77,720,000
Share Premium(on GDRs)		2,937,385,200	-
Share Premium(on ESOS)		14,400,000	
Capital Reserve		64,649	64,649
Revaluation Reserve		70,294,600	70,294,600
Surplus as Profit & Loss Account		61,792,917	40,355,491
		Total	3,161,657,366
			188,434,740
<b>Schedule: C Secured Loans</b>			
Loan from Bank			
Term Loan from Bank		81,155,306	96,480,513
( Secured Building and Plant and Machinery)			
Cash Credit from Bank		172,681,161	52,378,739
( Secured against hypothecation of stock & book debts)			
Other Loans from Banks & Financial Institutions		9,897,223	5,060,613
		Total	263,733,690
			153,919,865





Cash Credit from Bank ( Secured against hypothecation of stock & book debts)			172,681,161	52,378,739
Other Loans from Banks & Financial Institutions			9,897,223	5,060,613
				153,919,865
		Total	263,733,690	
Schedule: D: Un -secured Loans				
Unsecu red Loans - Directors			4,204,549	4,204,549
Unsecured Loans - Others			2,704,225	3,163,582
		Total	6,908,774	7,368,131
Schedule: F :Investments At Cost:				
Investments (1,50,000 D hiran s @ 12.15 ps per Dinar in subsidiary company)			1,822,500	
		Total	1,822,500	
Schedule: G Cash & Bank Balances:				
Cash on Hand			357,710	1,449,987
Balances with the Scheduled Bank on Current Account			-	107,061
Fixed Deposit with EURAM BANK			2,528,208,316	-
		Total	2,528,585,218	1,557,048
Schedule: H: Stock on hand				
Raw Materials			63,355,885	1,804,400
Work -in-Progress			-	-
Finished Goods			42,833,390	39,228,050
Packing Material			6,457,500	3,502,020
		Total	112,646,775	44,534,470
Schedule: I: Sundry Debtors (Unsecured, considered good)				
1.Outstanding for a period less than six months old			155,027,080	100,901,393
2.Other Debts.			-	-
		Total	155,027,080	100,901,393
Schedule: J: Loans & Advances				
Advances for Services & Suppliers			60,773,088	42,290,854



Advances for recoverable in cash or in kind			3,010,417	304,596
Advances for Machinery			567,412	14,250,000
Inter Corporate Deposits			6,411,489	
Loan to Farmax International (UAE)			668,808,000	
Electricity Deposit			1,380,850	1,380,850
Telephone Deposit			2,000	1,000
Term Deposit			3,025,695	3,025,695
Chit Subscriptions			357,500	295,920
Deposit with Excise Dept.			300,000	300,000
Rental Advance			103,100	103,100
Prepaid Taxes			14,769,460	2,858,700
CENVAT			1,120,073	861,006
		Total	760,629,084	65,671,721
Schedule: K Current Liabilities & Provisions				
Liability for Capital Goods			-	540,846
Creditors - Raw - Material			17,238,989	5,255,679
Liability for Expenses				1,327,288
Advances from customers				449,250
Directors remuneration payable			725,000	
Professional Charges Payable			23,000	
Liability on Chit Lifted				268,929
GDR Expenses Payable			122,614,800	
		Total	140,601,789	7,841,992
Schedule: L Provisions:				
Provision for Taxation			14,579,575	11,663,165
TDS Payable			1,715,490	348,986
VAT Payable			-	297,148
CST Payable			1,950,418	2,974,414
Provision for Expenses			22,430,000	237,098
		Total	40,675,483	15,520,811
Schedule: M: Miscellaneous Expenditure: (To the extent not written off or adjusted)				
Product Launch & Promotion Expenses			1,020,412	1,275,515
Add: Additions during the year				



Product Launching expenses			2,712,000	
Less : Written off during the year			797,503	255,103
		Total	2,934,909	1,020,412
Schedule: N: Sales Income:				
Sales			772,510,630	645,221,750
Other Income			-	216,930
Interest Income from Euram Bank			12,566,265	
Increase /(Decrease) in Finished Goods Inventory			3,605,340	26,795,433
		Total	788,682,235	672,234,113
Schedule: O: Raw Materials				
Rawmaterial Consumed				
Opening Stock			1,804,400	15,579,266
Add: Purchases			605,048,557	465,162,466
Less: Closing Stock			63,355,885	1,804,400
Rawmaterial Consumed			543,497,072	478,937,332
Increase/(Decrease) in stock of Finished Goods				
Opening Stock			39,228,050	12,432,617
Less: Closing Stock			42,833,390	39,228,050
Increase/(Decrease) in stock of Finished Goods			3,605,340	26,795,433
		Total	46,438,730	66,023,483
Schedule: P Manufacturing Expenses				
Wages			8,061,601	7,569,578
Packing Material			49,007,850	40,932,681
Freight Inward & Local transport			2,753,154	2,585,121
Design Charges			742,096	696,804
Repairs & Maintenance			3,322,414	3,119,638
Factory Maintenance			2,182,037	2,048,861
Stores & Spares			2,497,820	2,345,371
Power & Fuel			10,170,530	9,582,451
		Total	78,737,502	68,880,505
Schedule: Q: Employee Cost:				
Salaries / Wage s			15,674,819	11,543,622
Staff Welfare Expenses			633,233	594,585



Provident Fund Administration Charges				
		Total	16,308,052	12,138,207
Schedule: R: General & Administration Expenses:				
Director's Remuneration			6,280,000	1,440,000
Electricity Charges			372,000	338,523
Rates & Taxes			1,592,074	629,320
Insurance			781,524	338,602
Printing & Stationery			460,843	384,909
Travelling Expenditure & Conveyance			2,835,997	1,581,329
Repairs & Maintenance			504,289	472,181
Postage & Courier			77,379	32,402
Books & Periodicals			15,790	71,500
Miscellaneous Expenses			855,889	725,861
Vehicle Maintenance			801,200	785,211
Telephone Expenses			637,888	440,129
Office Maintenance			328,144	217,880
Subscription			135,600	-
Professional Charges			426,301	390,482
Audit Fee			200,000	150,000
Fee for Other Professional Services			125,000	
ROC Filing Fee			18,000	2,756,900
Audit Expenses			17,400	2,400
Computer Maintenance			147,398	82,560
Security Services			360,000	300,000
Rent			872,400	880,000
Service Charges			-	4,440
Trade Marks			15,900	126,100
		Total	17,861,016	12,150,729
Schedule: S: Selling & Distribution expenses				
Discounts			8,832,632	11,093,287
Freight Outward			3,257,050	3,145,218
Sales Promotion Expenses			46,184	114,740
Advertisement Expenditure			32,494,590	411,933



Central Excise			-	55,666
Packing & Forwarding Charges			4,030	-
		Total	44,634,486	14,820,844
Schedule: T: Financial Expenses				
Interest on Term Loan			13,705,381	13,990,819
Interest on Cash Credit			15,368,280	7,404,719
Bank Charges			2,849,799	812,122
Loan Processing Fee			3,198,823	594,517
Interest on delayed payment of Taxes			1,057,990	440,551
Other interest			1,131,090	1,067,822
		Total	37,311,363	24,310,550
Schedule: VI GDR Expenses				
GDR Expenses			122,614,800	-
		Total	122,614,800	-



## Schedule - E

FIXED ASSETS	RATE OF DEPRN.	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		COST ASON 01.04.2010	ADDITIONS DURING THE YEAR	DEDUCTION DURING THE YEAR	TOTAL COST ASON 31.03.2011	DEPRECIATION AS ON 1.04.2010	DEPRECIATION DURING THE YEAR	ADJUSTMENTS	CLOSING WDV AS ON 31.03.2011	OPENING WDV AS ON 01.04.2010
GOODWILL		20,000,000	-	-	20,000,000	-	-	-	20,000,000	20,000,000
LAND & DEVELOPMENT		93,684,000	2,836,500	-	96,520,500	-	-	-	96,520,500	93,684,000
SHEDS & UTILITIES	9.69%	7,584,215	-	-	7,584,215	735,083	663,681	-	6,185,451	6,849,132
BUILDING	10.00%	32,481,236	23,822,000	-	56,303,236	2,490,917	3,396,065	-	50,416,254	29,990,320
PLANT & MACHINERY	13.91%	162,827,192	9,798,260	-	172,625,452	43,751,469	16,512,389	-	110,361,594	117,073,723
FURNITURE & FIXTURES	18.10%	3,119,270	62,672	-	3,181,942	1,108,394	365,859	-	1,707,689	2,010,876
VEHICLES	25.89%	2,669,594	11,184,481	-	13,854,065	1,007,388	1,154,258	-	11,692,419	1,662,196
COMPUTERS	40.00%	322,897	642,365	-	965,462	179,668	121,548	-	664,246	143,229
CELL PHONE	12.04%	63,485	91,000	-	157,485	15,056	7,717	-	131,712	48,429
OFFICE EQUIPMENT	12.04%	69,158	430,390	-	499,778	17,630	14,848	-	467,300	51,558
ELECTRICAL EQUIPMENT	13.90%	3,750,004	1,175,277	-	4,925,281	907,480	426,508	-	3,621,293	2,872,524
LAB EQUIPMENT	20.00%	12,087,106	2,600	-	12,089,706	3,079,825	1,801,543	-	7,208,338	9,007,281
<b>TOTAL</b>		<b>338,688,178</b>	<b>50,048,945</b>	<b>-</b>	<b>388,737,122</b>	<b>55,292,910</b>	<b>24,464,417</b>	<b>-</b>	<b>308,979,795</b>	<b>283,395,268</b>

Previous year 294569532 44118646 338688178 38611087 16681823 55292910 2833395268 255958445



## SCHEDULE – V -Notes to Accounts:

### 1. Financial Statements:

Financial Statements are prepared under historical cost convention and as a going concern, on accrual basis and in accordance with the generally accepted accounting principles and relevant requirements of the Companies Act, 1956.

### 2. Revenue Recognition:

Revenue from Sales is recognized on the basis of Invoice raised based on dispatches of products to its customers.

### 3. Expenses:

It is the policy of the Company to provide for all expenses on accrual basis. Similarly, Provisions are made for all known losses and liabilities.

### 4. Fixed Assets:

i) **Tangible Assets:** Fixed assets are stated at Acquisition cost less depreciation. Cost includes the original cost of acquisition and subsequent improvements thereto-including taxes, duties, freight and other identical expenses relating to acquisition and installation of the assets. Fixed Assets are capitalized on the date on which they are ready to put to use. Those Fixed Assets that are under construction / Installation are shown under Capital Work In Progress. Expenditure for maintenance and repairs are charged to Profit & Loss Account.

ii) During the year company has not revalued any of its fixed assets. However revaluation of land made in the previous year has been reversed in the current year.

iii) **Depreciation:** The Company has the policy to provide depreciation on Tangible Assets on pro-rata basis from the date, the asset is put to use under Written Down Value Method (WDV) at the rates specified in Schedule XIV of the Companies Act, 1956.

**Intangible Assets:** No provision has been created for the write off of Goodwill arising out of Amalgamation during the period.

Individual assets costing less than Rs. 5000/- each are fully depreciated in the year of purchase.

iv) **Impairment of Assets:** Consequent to the Accounting Standard 28 on "Impairment of Assets", the Company assesses at each Balance Sheet date whether there is any indication of impairment of assets and the effect of such impairment is considered in the books.

5. **Investments:** Investments held on the Balance Sheet date are valued at cost and at the rates reported in previous years. The Company has the policy to write off Permanent Diminution in the value of Investments to Revenue. However, the Company has not ascertained the value of Investments as at the Balance Sheet date and hence no provision has been made for the same.

### 6. Inventory:

The Company has valued Stock on Balance Sheet date at Cost or Net Realizable Value, whichever is lower. However, Consumables and Stores supplies are charged off to consumption at the time of purchase. They are not carried in the books of inventories since their value is not significant. Considering tax allowances and exemptions.



## 7. Taxes on Income:

**Current Tax:** Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed after considering tax allowances and exemptions.

**Deferred Tax:** The differences that result between the profit offered for income tax and the profit as per the financial statements are identified, and thereafter a deferred tax asset or liability is recorded for timing differences, namely the differences that originate in one accounting period and get reversed in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantively enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

## 8. Auditors' Remuneration:

	Current Period	Previous Period
Statutory Audit Fees	200000	150000
Fees for other professional Services.	125000	-
<b>Total</b>	<b>325,000</b>	<b>150,000</b>

## 9. Director's Remuneration:

The Company has paid Rs. 6280000/- towards Remuneration of Directors during the period. Further, the Company has not computed net profits under Section 349 of the Companies Act, 1956 for the purpose of directors remuneration, since no commission is payable to the directors.

## 10. Retirement Benefits:

- Provident Fund:** Contribution to Provident Fund has been charged off to Profit & Loss Account.
- Gratuity and Leave Encashment:** The Company does not have any Gratuity and Leave Encashment Policy and hence no provision has been made in the books of account.

## 11. Capital Commitments:

Estimated amount of contracts to be executed on capital not provided for (net of advances) - NIL

## 12. Contingent Assets and Liabilities:

There is no Contingent Asset or Liability for or against the Company not acknowledge as debt during the period.

## 13. Balances appearing under Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances are subject to confirmation and / or reconciliation, if any





**14. Quantitative Details:**

Quantitative details of the principal items of goods traded (Clause 28(a))

Description of goods	Units	Opening Stock	Purchases	Sales	Closing Stock	Shortage /Excess
Atta	TON	1692	10600	11050	1242	0
Maida	TON	1776	3000	4000	776	0

Quantitative details of the principal items of Raw Material and By Products

Description of goods	Units	Opening Stock	Purchases	Consumption	Sales	Closing Stock	Shortage/ Excess
Ravva	TON	3642	18000	10560	8728	2354	0

Quantitative details of the Principal Items of finished products

Description of goods	Units	Opening Stock	Purchases	Quantity Manufactur	Sales	Closing Stock	Shortage/ Excess
Vermicelli	TON	1450	0	9600	9800	1250	0

**15. Foreign Currency Transactions:**

The Company has no other Foreign Currency Transactions during the period. Since, the Company has no Foreign Exchange Income or Expenditure, disclosures required under Schedule VI of the Companies Act, 1956 is not applicable.

**16. EPS:**

In determining Earnings Per Share, the Company considers the net profit after tax and includes post-tax effect of extra-ordinary items. The number of share used in computing Earnings per share is Weighted Average Number of Equity Shares outstanding during the period.

	Current Period	Previous Year
Net Profit after Taxes	21437426	24423099
Number of Equity Shares	258300000	25200000
EPS	0.08	0.96
Diluted EPS	0.10	0.97
Nominal Value of Share	1.00	5.00



17. Deferred Tax Assets/Liabilities:

	Current Year	Previous Year
Depreciation on Tangible and Intangible Fixed Assets	308979795	283395268
Total	308979795	283395268
Depreciation as per Income Tax Act	311300142	289187348
Total	311300142	289187348
Difference	2320347	5792080
Deferred Tax Assets/(Liabilities)	716987	1968728

1. Figures have been rounded off to the nearest rupee.
2. There are no outstanding over dues to small-scale industrial undertakings and/or ancillary industrial suppliers on account of principal and /or interest at the close of the financial year. This disclosure is based on the documents/information available with the company.
3. Balance Sheet abstract and Company's general business profile are attached separately.
4. Previous Year figures have been regrouped wherever necessary.

Schedules form an integral part of the Balance Sheet and the Profit and Loss Account.

As per our report of even date

for and on behalf of the Board of Directors  
of Farmax India Limited

Sd/-  
K. Prahlada Rao  
Chartered Accountant  
M. No. 018477

Sd/-  
M. Srinivasa Reddy  
Managing Director

Sd/-  
I.Srinivasa Raju  
Director

PLACE: HYDERABAD

DATE : September 21, 2011





Statement Pursuant to Section 212 of the Companies Act, 1956,  
relating to Subsidiary Company.

Name of the Subsidiary	Share Capital of the subsidiary held by M/s. Farmax India Limited at the financial year ending 31.03.2011.	Extent of holding	For Current financial year		For the previous financial years	
			Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company	Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company	Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company	(Profit/Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding Company
Farmax International FZE - UAE	18,22,500	100%	886597.65	886597.65	Not Applicable	

Farmax International FZE is the wholly owned subsidiary of M/s. Farmax India Limited.

for and on behalf of the Board of Directors of Farmax India Limited

sd/-  
M. Srinivasa Reddy

sd/-  
I.Srinivasa Raju

sd/-  
Suhasini Ashok.B

Managing Director

Director

Company Secretary

27.09.2011  
Hyderabad.





**FARMAX INDIA LIMITED**  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS OF 31-3-2011.  
INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
Rs. in '000

I.	Registration Details:		
	Registration No.	L27109AP1995PLC022190	State Code <span style="border: 1px solid black; padding: 2px;">01</span>
	Balance Sheet Date	31-3-2011	
II.	Capital Raised during the year:		
	Public Issue/Calls	NIL	Rights Issue <span style="border: 1px solid black; padding: 2px;">NIL</span>
	Bonus Issue	NIL	Private Placement/ <span style="border: 1px solid black; padding: 2px;">NIL</span>
III.	Position of Mobilisation and Deployment of Funds:		
	Total Liabilities	3690.60	Total Assets <span style="border: 1px solid black; padding: 2px;">3690.60</span>
	Source of Funds		
	Paid up Capital	2583.00	Reserves and Surplus <span style="border: 1px solid black; padding: 2px;">3161.66</span>
	Secured Loans	2637.33	Unsecured Loans <span style="border: 1px solid black; padding: 2px;">69.08</span>
	Deffered Tax Liability		
	Net Fixed Assets	3089.79	Investments <span style="border: 1px solid black; padding: 2px;">0</span>
	Net Current Assets	3558.71	Misc Expenses <span style="border: 1px solid black; padding: 2px;">293.4</span>
	Accumulated Losses	Nil	CWIP <span style="border: 1px solid black; padding: 2px;">-</span>
IV.	Performance of the company:		
	Turnover	77251.00	Total Expenditure <span style="border: 1px solid black; padding: 2px;">76361.11</span>
	Profit/Loss Before Tax	250.70	Profit/Loss After Tax <span style="border: 1px solid black; padding: 2px;">214.37</span>
	Earnings per share	0.08	Dividend Rate (%) <span style="border: 1px solid black; padding: 2px;">NIL</span>
V.	Generic Names of Principal product/service of company:		
	Item code No. (ITC Code)	305	
	Product Description:	305.1	
		for and on behalf of the Board	
		M.Srinivasa Reddy	I.Srinivasa Raju
		Managing Director	Director
Place : Hyderabad Date 27.09.2011.			





## AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF M/S.FARMAX INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S.FARMAX INDIA LIMITED AND ITS SUBSIDIARY:

1. We have audited the attached Consolidated Balance sheet of M/s. FARMAX INDIA LIMITED ("The Company") and its Subsidiary Company Farmax International FZE- UAE (Collectively referred to as the "Farmax Group") as at 31st March 2011 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our Audit.
2. 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 consolidated financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements and other financial information of Subsidiary Company, which has been audited by other Auditor whose report has been furnished to us, and our opinion is based on the report of other Auditor. The attached consolidated financial statements include net assets of Rs.nil million as at<sup>s</sup>31 March 2011, revenues of Rs.123.17 million and net cash inflows amounting to Rs. 0.67 million in respect of the aforementioned subsidiary for the year then ended.
4. The consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- Consolidated Financial Statements, Accounting Standard 23- Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interests in Joint Venture, issued by the Companies (Accounting Standards) Rules, 2006.
5. In our opinion and to the best of our information and according to the explanations given to us, said consolidated financial statements give a true and fair view in conformity with the Accounting Principles generally accepted in India.
  - a) In the case of the Consolidated Balance Sheet, of the state of affairs of Farmax Group as at March 31, 2011 and
  - b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Farmax Group for the year ended on that date ; and
  - c) In the case of Consolidated Cash Flow Statement, of the Consolidated cash flows of Farmax Group for the year ended on that date.

Hyderabad  
September 21, 2011

For K. PRAHLADA RAO & CO  
Chartered Accountants

Sd/-  
K. PRAHLADA RAO  
Partner  
M. No. 018477





# CONSOLIDATED FINANCIAL STATEMENTS



<b>FARMAX INDIA LTD.</b>					
<b>CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2011</b>					
Particulars	Sch.	31.03.2011		31.03.2010	
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share Capital	A	260,122,500		126,000,000	
<b>Reserves &amp; Surplus</b>	B	3,162,593,464	3,422,715,964	188,434,740	314,434,740
<b>LOAN FUNDS</b>					
<b>Secured Load</b>	C	263,733,690		153,919,865	
<b>Unsecured Load</b>	D	6,908,774	270,642,464	7,368,131	161,287,996
TOTAL			3,693,358,428		475,722,736
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
a) Gross Block		388,737,122		338,688,178	
b) Less : Depreciation to date		79,757,327		55,292,910	
c) Net Block		308,979,795	308,979,795	283,395,268	283,395,268
<b>INVESTMENTS</b>					
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
<b>Cash &amp; Bank Balances</b>	G	2,529,308,580		1,557,048	
<b>Closing Stock</b>	H	112,646,775		44,534,470	
<b>Sundry Debtors</b>	I	278,197,377		100,901,393	
<b>Loans &amp; Advances</b>	J	765,227,568		65,671,721	
Other Current Assets		-		36,500	
Total (A)		3,685,380,301		212,701,132	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
Current Liabilities	K	262,092,361		7,841,992	
<b>Provisions</b>	L	44,918,458		15,520,811	
Total (B)		307,010,818		23,362,803	
<b>NET CURRENT ASSETS (A - B)</b>			3,378,369,483		189,338,329
Deferred Tax Asset			1,251,741		
<b>MISCELLANEOUS EXPENDITURE</b>					
( to the extent not written off or adjusted )			2,934,909		1,020,411
TOTAL			3,693,358,428		475,722,736
Vide our Report of even date for K.PRAHLADA RAO & CO					
		For and on behalf of the Board			
Chartered Accountants		Farmax India Limited			
K.Prahlada Rao		M.Srinivasa Reddy		I.Srinivasa Raju	
Partner		Managing Director		Director	
M.No.018477					
Hyderabad		Date: 21.09.2011			



<b>FARMAX INDIA LTD</b>			
<b>CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011</b>			
	Sch.	<b>FOR THE YEAR</b>	
		31.03.2011	31.03.2010
<b>INCOME</b>			
Sales & Direct Income	N	895,680,915	645,221,750
Net Sales		895,680,915	645,221,750
Increase/(Decrease) in stock		3,605,340	26,795,433
Other Income		12,160,869	216,930
		<b>911,447,124</b>	<b>672,234,113</b>
<b>EXPENDITURE</b>			
Raw Materials	O	663,772,644	478,937,332
Manufacturing Expenses	P	78,737,502	68,880,506
Employee's Remuneration & Benefits	Q	16,308,052	12,138,207
Administration Expenses	R	19,703,017	12,450,729
Selling & Distribution Expenses	S	44,634,486	14,919,994
Financial Expenses	T	37,477,478	24,310,549
Miscellaneous expenses w.off	M	797,503	255,103
Depreciation		24,464,417	16,681,823
Loss of investments		-	11,460,000
		<b>885,895,099</b>	<b>640,034,243</b>
<b>Profit Before Taxation</b>		<b>25,552,025</b>	32,199,870
Current Year Tax		3,065,102	8,910,760
Deferred Tax		716,987	- 1,133,989
Profit after Taxation		<b>21,769,937</b>	<b>24,423,099</b>
Balance in Profit & Loss A/c		40,355,491	15,932,392
Prior period Expenses		-	-
Balance carried forward to Balance Sheet		<b>62,125,428</b>	<b>40,355,491</b>
<b>NOTES FORMING PART OF ACCOUNTS :</b>	V	<b>As Per Our Report of Even Date</b>	
Vide our Report of even date			
<b>for K. Prahlada Rao &amp; CO</b>		For and on behalf of the Board	
Chartered Accountants		<b>Farmax India Limited</b>	
K.Prahlada Rao	M. Srinivasa Reddy		I. Srinivasa Raju
Partner	Managing Director		Director
M.No.018477			
Place ; Hyderabad		Date : 21-09-2011	







M/S.FARMAX INDIA LIMITED  
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST MARCH 2011

PARTICULARS	31.03.2011	31.03.2010
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit/(loss) before tax and Extra-ordinary items	25,957,421	32,199,870
Acid: Non-cash and Non-operating expenses		
Interest on Term Loan	15,368,280	7,404,719
Depreciation	24,464,417	16,681,823
Miscellaneous expenses	1,914,197	
<b>Operating Profit before working capital changes</b>	<b>67,704,615</b>	<b>56,286,413</b>
Adjustment for working capital changes:		
Add:/(Increase)/Decrease in inventories	(68,112,305)	(11,675,217)
/(Increase)/Decrease in sundry Debtors	(177,295,984)	(55,890,872)
/(Increase)/Decrease in loans & advances	(701,378,347)	(28,492,231)
/(Increase)/Decrease current assets	36,500	(36,500)
Total Current Assets	(946,750,136)	(96,094,820)
Increase/(Decrease) in current liabilities	254,250,369	(12,652,906)
Increase/(Decrease) in provisions	29,397,647	11,175,522
Total Current Liabilities	283,648,015	(1,477,384)
Net Working Capital	663,102,121	97,572,204
Increase/(decrease) in working capital	(595,397,506)	(41,285,791)
Less: Taxes paid	2,916,410	(8,930,760)
<b>Cash generated from operating activities</b>	<b>(592,481,095)</b>	<b>(50,196,551)</b>
<b>NET CASH FROM OPERATING ACTIVITIES(A)</b>	<b>(592,481,095)</b>	<b>(50,196,551)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Less: Purchase of Fixed Assets	(50,048,945)	(44,138,646)
Investments	0	0
Pre-operative expenses/Miscellaneous exp not w. off	(2,934,909)	(1,020,411)
<b>NET CASH GENERATED FROM INVESTMENT ACTIVITIES(B)</b>	<b>(52,983,854)</b>	<b>(45,139,057)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Share Holders including Premium	3,065,907,700	0
Proceeds from New Borrowings	(10,468,997)	36,572,861
Interest paid	(15,368,280)	(7,404,719)
<b>CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>3,060,050,823</b>	<b>29,168,142</b>
NET CASH FLOW DURING THE YEAR	2,414,588,874	(66,167,467)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	1,557,048	(2,068,575)
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2,356,627,419	(51,138,281)



Schedules to Consolidated Financials:

			March 31, 2011	March 31, 2010
			Total	Total
<b>Schedule: A Share Capital</b>				
Authorised				
	500000000 Equity Shares of Rs.1/- each		500,000,000	500,000,000
	(1000000 Equity Shares of Rs.5/- each)			
Issued Capital				
	260637000 Equity Shares of Rs.1/- each		260,637,000	128,337,000
	(25667400 Equity Shares of Rs.5/- each)			
Subscribed And Paid -up Capital				
	25,83,00,000 Equity Shares of Rs.1/- each		260,122,500	126,000,000
	12,60,00,000 shares of Rs.1/- each			
	12,75,00,000 shares of Rs.1/- each(GDRs)			
	48,00,000 shares of Rs1/- each(ESOS)			
	Capital in FZE 150000AED @ 12.15			
	(PY:2,52,00,000 Equity Shares of Rs.5/- each)			
		Total	260,122,500	126,000,000
<b>Schedule: B: Reserves &amp; Surplus</b>				
Share Premium			77,720,000	77,720,000
Share Premium(on GDRs)			2,937,385,200	-
Share Premium(on ESOS)			14,400,000	
Capital Reserve			64,649	64,649
Revaluation Reserve			70,294,600	70,294,600
Surplus as Profit & Loss Account			62,729,015	40,355,491



		Total	3,162,593,464	188,434,740
Schedule: C: Secured Loans				
Loan from Bank				
Term Loan from Bank			81,155,306	96,480,513
( Secured Building and Plant and Machinery)				
Cash Credit from Bank			172,681,161	52,378,739
( Secured against hypothecation of stock & book debts)				
Other Loans from Banks & Financial Institutions			9,897,223	5,060,613
		Total	263,733,690	153,919,865
Schedule: D: Un -Secured Loans				
Unsecured Loans - Directors			4,204,549	4,204,549
Unsecured Loans - Others			2,704,225	3,163,582
		Total	6,908,774	7,368,131
Schedule: F: Investments				
Investments in subsidiary 150000 Dinars @ Rs.12.15 p per Dharams			1,822,500	-
		Total	1,822,500	
Schedule: G: Cash & Bank Balances:				
Cash on Hand			1,081,072	1,449,987
Balances with the Scheduled Bank			-	
on Current Account			19,192	107,061
Fixed Deposit with EURAM BANK			2,528,208,316	-
		Total	2,529,308,580	1,557,048
Schedule: H: Stock on Hand				
Raw Materials			63,355,885	1,804,400
Work -in-Progress			-	-
Finished Goods			42,833,390	39,228,050
Packing Material			6,457,500	3,502,020
		Total	112,646,775	44,534,470
Schedule: I: Sundry Debtors (Unsecured, considered good)				
1.Outstanding for a period less than six			155,027,080	100,901,393



1.Outstanding for a period less than six months old			155,027,080	100,901,393
2.Other Debts.			123,170,297	-
		Total	278,197,377	100,901,393
Schedule: J: Loans & Advances				
Advances for Services & Suppliers			734,179,572	42,290,854
Advances for recoverable in cash or in kind			3,010,417	304,596
Advances for Machinery			567,412	14,250,000
Inter Corporate Deposits			6,411,489	
Electricity Deposit			1,380,850	1,380,850
Telephone Deposit			2,000	1,000
Term Deposit			3,025,695	3,025,695
Chit Subscriptions			357,500	295,920
Deposit with Excise Dept.			300,000	300,000
Rental Advance			103,100	103,100
Prepaid Taxes			14,769,460	2,858,700
CENVAT			1,120,073	861,006
		Total	765,227,568	65,671,721
Schedule: K: Current Liabilities & Provisions.				
Liability for Capital Goods			-	540,846
Creditors - Raw- Material			138,729,561	5,255,679
Liability for Expenses				1,327,288
Advances from customers				449,250
Directors remuneration payable			725,000	
Professional Charges Payable			23,000	
Liability on Chit Lifted				268,929
GDR Expenses Payable			122,614,800	
		Total	262,092,361	7,841,992
Schedule: L: Provisions				
Provision for Taxation			14,579,575	11,663,165
TDS Payable			1,715,490	348,986
VAT Payable			-	297,148
CST Payable			1,950,418	2,974,414
Provision for Expenses			26,672,974	237,098



		Total	44,918,458	15,520,811
Schedule: M: Miscellaneous Expenses.				
Product Launch & Promotion Expenses			1,020,412	1,275,515
Add: Additions during the year				
Product Launching expenses			2,712,000	
Less : Written off during the year			797,503	255,103
		Total	2,934,909	1,020,412
Schedule: N: Sales Income				
Sales			895,680,915	645,221,750
Other Income			-	216,930
Interest Income from Euram Bank			12,160,869	
Increase /(Decrease) in Finished Goods Inventory			3,605,340	26,795,433
		Total	911,447,124	672,234,113
Schedule: O: Raw materials				
Rawmaterial Consumed				
Opening Stock			1,804,400	15,579,266
Add: Purchases			725,324,129	465,162,466
Less: Closing Stock			63,355,885	1,804,400
Rawmaterial Consumed			663,772,644	478,937,332
Increase/(Decrease) in stock of Finished Goods				
Opening Stock			39,228,050	12,432,617
Less: Closing Stock			42,833,390	39,228,050
Increase/(Decrease) in stock of Finished Goods			3,605,340	26,795,433
		Total	46,438,730	66,023,483
Schedule: P: Manufacturing Expenses				



Wages			8,061,601	7,569,578
Packing Material			49,007,850	40,932,681
Freight Inward & Local transport			2,753,154	2,585,121
Design Charges			742,096	696,804
Repairs & Maintenance			3,322,414	3,119,638
Factory Maintenance			2,182,037	2,048,861
Stores & Spares			2,497,820	2,345,371
Power & Fuel			10,170,530	9,582,451
		Total	78,737,502	68,880,505
Schedule: Q: Employee Cost				
Salaries / Wages			15,674,819	11,543,622
Staff Welfare Expenses			633,233	594,585
Provident Fund Administration Charges				
		Total	16,308,052	12,138,207
Schedule: R: General & Administration Expenses				
Director's Remuneration			6,280,000	1,440,000
Electricity Charges			372,000	338,523
Rates & Taxes			1,592,074	629,320
Insurance			781,524	338,602
Printing & Stationery			460,843	384,909
Travelling Expenditure & Conveyance			2,835,997	1,581,329
Repairs & Maintenance			504,289	472,181
Postage & Courier			77,379	32,402
Books & Periodicals			15,790	71,500
Miscellaneous Expenses			855,889	725,861
Vehicle Maintenance			801,200	785,211
Telephone Expenses			637,888	440,129
Office Maintenance			328,144	217,880
Subscription			135,600	-
Professional Charges			426,301	390,482
Audit Fee			200,000	150,000



Other fee			125,000	
ROC Filling Fee			18,000	2,756,900
Audit Expenses			17,400	2,400
Computer Maintenance			147,398	82,560
Security Services			360,000	300,000
Rent			872,400	880,000
Other admn. Exp			1,842,001	4,440
Trade Marks			15,900	126,100
		Total	19,703,017	12,150,729
Schedule: S: Selling & Distribution Expenses.				
Discounts			8,832,632	11,093,287
Freight Outward			3,257,050	3,145,218
Sales Promotion Expenses			46,184	114,740
Advertisement Expenditure			32,494,590	411,933
Central Excise			-	55,666
Packing & Forwarding Charges			4,030	-
		Total	44,634,486	14,820,844
Schedule :T: Financial Expenses				
Interest on Term Loan			13,705,381	13,990,819
Interest on Cash Credit			15,368,280	7,404,719
Bank Charges			2,849,799	812,122
Loan Processing Fee			3,364,938	594,517
Interest on delayed payment of Taxes			1,057,990	440,551
Other interest			1,131,090	1,067,822
		Total	37,477,478	24,310,550
Schedule: VI: GDR Expenses				
GDR Expenses			122,614,800	-
		Total	122,614,800	-





## Notes to Accounts on Consolidated Financial Statements

### SCHEDULE – V -Notes to Accounts:

#### Financial Statements:

The Consolidated Financial Statements have been prepared under historical cost convention and as a going concern, on accrual basis and in accordance with the generally accepted accounting principles and relevant requirements of the Companies Act, 1956.

#### 1.Revenue Recognition:

Revenue from Sales is recognized on the basis of Invoice raised based on dispatches of products to its customers.

#### 2. Expenses:

To provide for all expenses on accrual basis. Similarly, Provisions are made for all known losses and liabilities.

#### 3. Fixed Assets:

i) **Tangible Assets:** Fixed assets are stated at Acquisition cost less depreciation. Cost includes the original cost of acquisition and subsequent improvements thereto-including taxes, duties, freight and other identical expenses relating to acquisition and installation of the assets. Fixed Assets are capitalized on the date on which they are ready to put to use. Those Fixed Assets that are under construction / Installation are shown under Capital Work In Progress. Expenditure for maintenance and repairs are charged to Profit & Loss Account.

ii) During the year no fixed assets have been revalued.

iii) **Depreciation:** Depreciation on Tangible Assets on pro-rata basis from the date, the asset is put to use under Written Down Value Method (WDV) at the rates specified in Schedule XIV of the Companies Act, 1956.

iv) **Intangible Assets:** No provision has been created for the write off of Goodwill arising out of Amalgamation during the period.

Individual assets costing less than Rs. 5000/- each are fully depreciated in the year of purchase.

v) **Impairment of Assets:** Consequent to the Accounting Standard 28 on "Impairment of Assets", the Company assesses at each Balance Sheet date whether there is any indication of impairment of assets and the effect of such impairment is considered in the books.

4. **Investments:** Investments held on the Balance Sheet date are valued at cost and at the rates reported in previous years. The Company has the policy to write off Permanent Diminution in the value of Investments to Revenue. However, the Company has not ascertained the value of Investments as at the Balance Sheet date and hence no provision has been made for the same.

5. **Inventory:** Inventories are valued at Cost or Net Realizable Value, whichever is lower. However, Consumables and Stores supplies are charged off to consumption at the time of purchase. They are not carried in the books of inventories since their value is not significant.





## 6. Taxes on Income:

**Current Tax:** The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the entities in the Group.

**Deferred Tax:** Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future.

The break-up of the major components of the deferred tax assets and liabilities as at the balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

## 7. Following are the subsidiary of M/s.Farmax India Limited

Subsidiary	Country of Incorporation	Percentage of holding(%)
Farmax International (FZE)	Sharjah-UAE	100

## 8. Auditors' Remuneration:

	Current Period	Previous Period
Statutory Audit Fees	200000	150000
Fees for other professional Services.	125000	-
<b>Total</b>	<b>325,000</b>	<b>150,000</b>

## 9. Director's Remuneration:

The Company has paid Rs. 6280000/- towards Remuneration of Directors during the period. Further, the Company has not computed net profits under Section 349 of the Companies Act, 1956 for the purpose of directors remuneration, since no commission is payable to the directors.

## 10. Retirement Benefits:

- Provident Fund: Contribution to Provident Fund has been charged off to Profit & Loss Account.
- Gratuity and Leave Encashment: The Company does not have any Gratuity and Leave Encashment Policy and hence no provision has been made in the books of account.

## 11. Capital Commitments:

Estimated amount of contracts to be executed on capital not provided for (net of advances) - NIL

## 12. Contingent Assets and Liabilities: There is no Contingent Asset or Liability for or against the Company not acknowledge as debt during the period.



13. Balances appearing under Secured Loans, Unsecured Loans, Sundry Debtors, Sundry Creditors, Loans and Advances are subject to confirmation and / or reconciliation, if any

14. Quantitative Details:

Quantitative details of the principal items of goods traded (Clause 28(a))

Description of goods	Units	Opening Stock	Purchases	Sales	Closing Stock	Shortage /Excess
Atta	TON	1692	10600	11050	1242	0
Maida	TON	1776	3000	4000	776	0

Quantitative details of the principal items of Raw Material and By Products

Description of goods	Units	Opening Stock	Purchases	Consumption	Sales	Closing Stock	Shortage/ Excess
Ravva	TON	3642	18000	10560	8728	2354	0

Quantitative details of the Principal Items of finished products

Description of goods	Units	Opening Stock	Purchases	Quantity Manufactur	Sales	Closing Stock	Shortage/ Excess
Vermicelli	TON	1450	0	9600	9800	1250	0

15. Foreign Currency Transactions:

The Company has no other Foreign Currency Transactions during the period. Since, the Company has no Foreign Exchange Income or Expenditure, disclosures required under Schedule VI of the Companies Act, 1956 is not applicable.

16. EPS:

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value.



17. Deferred Tax Assets/Liabilities:

	Current Year	Previous Year
Depreciation on Tangible and Intangible Fixed Assets	308979795	283395268
Total	308979795	283395268
Depreciation as per Income Tax Act	311300142	289187348
Total	311300142	289187348
Difference	2320347	5792080
Deferred Tax Assets/(Liabilities)	716987	1968728

18. Figures have been rounded off to the nearest rupee.

19. There are no outstanding over dues to small-scale industrial undertakings and/or ancillary industrial suppliers on account of principal and /or interest at the close of the financial year. This disclosure is based on the documents/information available with the company.

20. Previous Year figures have been regrouped wherever necessary.

Schedules form an integral part of the Balance Sheet and the Profit and Loss Account.

As per our report of even date

for and on behalf of the Board of Directors  
of Farmax India Limited

Sd/-  
K. Prahlada Rao  
Chartered Accountant  
M. No. 018477

Sd/-  
M. Srinivasa Reddy  
Managing Director

Sd/-  
I.Srinivasa Raju  
Director

PLACE: HYDERABAD

DATE : September 21, 2011



Gist of the Financial performance of the subsidiary for the year 2010-2011.

Sl.No	Name of the Subsidiary	Reporting currency	Capital	Total Assets	Total Liabilities	Retained Earnings	Revenue	Net profit for the year
1	Farmax International FZE- UAE.	Dirhams	150,000	65,621,411	65,621,411	72971	10137472	72971





**Farmax India Limited**

Farmax House, 4<sup>th</sup> Floor, Alluri Trade Centre, Opp. KPHB, Kukatpally, Hyderabad-500 072

**ATTENDANCE SLIP**

DP ID No. : \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

Name of the Shareholder/Proxy Present: \_\_\_\_\_

I hereby record my presence at the 16<sup>th</sup> Annual General Meeting of the members of the company to be held on Friday, the 28<sup>th</sup> October 2011 at 11.00 A.M at Survey No:658, Bowrampet Village, Qutubullapur Man dal (Sub-urban of Hyderabad) Ranga Reddy Dist., A.P

Shareholders/Proxy's Signature \_\_\_\_\_

**Note:**

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.



**Farmax India Limited**

Farmax House, 4<sup>th</sup> Floor, Alluri Trade Centre, Opp. KPHB, Kukatpally, Hyderabad-500 072

**PROXY FORM**

DP ID No. : \_\_\_\_\_ Regd. Folio No. : \_\_\_\_\_

Client ID No. : \_\_\_\_\_ No. of Shares held : \_\_\_\_\_

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

being a Member(s) of above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to attend and vote for me/us, on my/our behalf at the 16<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> October 2011 at 11.00 A.M at Survey No:658, Bowrampet Village, Qutubullapur Mandal, ( Sub-urban of Hyderabad) Ranga Reddy Dist., A.P.

Signed \_\_\_\_\_ this \_\_\_\_\_ of 2011.

Signature of the Shareholder \_\_\_\_\_

Affix  
Re.1/-  
Revenue  
Stamp.

**Note:**

The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



## Farmax India Limited

Date: 27/09/2011

Dear Shareholder,

### Re: Green Initiative in Corporate Governance

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") (vide its Circulars dated April 21, 2011 and April 29, 2011) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. This move by the MCA is welcome since it will benefit the society at large through reduction in paper consumption and contribute towards greener environment. Also you will be able to receive the Communication promptly and without loss in transit.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications /documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors' report, auditors' report etc. via electronic mode **on the Email ID registered by shareholders with their Depository Participant (DP).**

**Shareholders holding shares in demat mode and who have not yet registered their Email ID** are requested to kindly register/update their e-mail ID with their concerned Depository Participant, on which they desire to receive all future communications/ documents as specified above. **In case of change in your Email Address in future**, please update same with your DP.

Please note that the email address indicated in your respective DP accounts periodically downloaded from the depositories viz. NSDL/ CDSL will be deemed to be your registered email address.

**Shareholders holding shares in physical mode** are requested to register their email address with the Company by sending a written request signed by the First Shareholder to the Registrar & Share Transfer Agents - M/s. Venture Capital and Corporate Investments Private Limited.

Please note that, upon receipt of a requisition from you, the Company shall send all these documents on the address registered with the Company free of cost.

Please note that the Annual Report of your Company along with all future notice/ communication/ documents will be displayed on the Company's website [www.farmax.co.in](http://www.farmax.co.in)

*It is clarified that shareholders holding shares in physical form and have not registered their email address with the Registrar/ Company and those Demat Shareholders who have not registered email ID with their DP, will continue to receive physical copies of these documents.*

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and co-operate with the Company to make it a success.

**Thanking You,**

**Yours faithfully,**

For Farmax India Limited

**Sd/-**

Suhasini Ashok.B

**Company Secretary & Compliance Officer**







## Farmax India Limited

ISO 9001:2008 Certified Company

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