



Twenty Fifth Annual Report

**Pharmaid's**  
Pharmaceuticals limited  
2013-14



# Pharmaids Pharmaceuticals limited

REGD.OFF:4-4-211/212/3, 1<sup>st</sup> Floor, Inderbagh, Sultan Bazar,  
Hyderabad-500 095 India Telangana  
CIN: L52520TG1989PLC009679

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## TWENTY FIFTH ANNUAL REPORT 2013-14

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### BOARD OF DIRECTORS

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

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

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#### REGISTERED OFFICE

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

#### E-MAIL

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

#### WEBSITE

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

#### FACTORY

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

#### AUDITORS

M/s. Rakesh S Jain & Associates  
Chartered Accountants

#### LISTING AT

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

#### BANKERS

Vardhman Mahila Co-op Urban Bank Ltd  
HDFC,Lakdi ka Pool  
SBI, Barkatpura

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## **NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of M/s. PHARMAIDS PHARMACEUTICALS LIMITED will be held on Monday, 29th September, 2014 at 10.30 A.M. at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad - 500 001 to transact the following business:

### **ORDINARY BUSINESS:**

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31" March 2014 and the Profit and Loss Account for the year ended 31" March 2014, together with the reports of the Directors and Auditors' thereon.
2. To appoint a Director in the place of Sri . Sudheer Anand (DIN: 00404917), who retires by rotation and being eligible offers him self for re-appointment.
3. To appoint a Director in the place of Mr. Uday Kumar Gadge (DIN: 02676772),, who retires by rotation and being eligible offers him self for re-appointment.
4. Appointment of Auditor To consider and if though fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Rakesh S Jain & Associates, Chartered Accountants (Firm Registration No.010129S), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty ninth AGM of the Company to be held in the year 2018 (subject to ratification of their appointment at every AGM), a such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

Place: Hyderabad  
Date: 14-08-2014

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

Registered Office:  
CIN : L 52520TG1989PLC009679  
4-4-211/212/3, 1st Floor, Inderbagh,  
Sultan Bazar, Hyderabad – 500 095  
Email: mailpharmaids@yahoo.co.in

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

1. A Member Entitled To Attend And Vote At The Meeting Is Entitled To Appoint A Proxy To Attend And Vote Instead Of Himself And Such Proxy Need Not Be Member Of The Company. Proxy In Order To Be Effective Must Be Deposited At The Company's Registered Office Not Less Than 48 Hours Before The Meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. Members are requested to notify immediately any change in their address to the share transfer agents and incase their shares are held in dematerialized form, this information should be passed on to their respective depository participants without delay.
3. Register of members of the Company and Share Transfer Books will remain closed from, 23-09-2014, To 29-09-2014 (both days inclusive).

4. Members who have multiple accounts are requested to intimate to the company, the folios of such accounts, to enable the company to consolidate all their share holdings in to one account.
5. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easier identification of attendance at the meeting.
6. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E-COMMUNICATION REGISTRATION FORM inserted in the Annual Report.
7. Pursuant to the requirements of the listing agreement of stock exchanges, the information of the directors proposed to be appointed or Re-appointed is given in the annexure to the notice.
8. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
9. Members desiring any information as regards accounts are requested to write to the Company at least seven days before the date of the meeting to enable the management to keep the information ready at the meeting.
10. In compliance with the provisions of section 108 of the Act and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.

**The instructions for e-voting are as under:**

a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

b. The instructions for e-voting are as under: The instructions for members for voting electronically are as under:- In case of members receiving e-mail:

(i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.

(ii) Click on "Shareholders" tab.

(iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"



(iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DPID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

(v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.

(vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account Bank or in the company records for the said demat account or folio.	





Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on <Company Name> on which you choose to vote.

(xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

(xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on 25th September, 2014 and ends on 26th September, 2014. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off 29th August, 2014, cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The e-voting period commences on 25<sup>th</sup> September, 2014 (9:00 am) and ends on 26<sup>th</sup> September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29<sup>th</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29<sup>th</sup> August, 2014.

Mr. Ajay Kishan, Practicing Company Secretary (Membership No. 5146) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared in the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.pharmaids.com](http://www.pharmaids.com) in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

**Particulars of Director seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement**

Sl. No.	Name of the Director	Qualification, Age & Expertise in Specific Functional Area	List of the Companies in which Directorships is held as on 31st March, 2014
1	Sri . Sudheer Anand	Chartered Accountant 40years, Business	-
2	Sri Uday Kumar Gadge	B. Pharma, 41 Years, Business	-

Place: Hyderabad  
Date: 14-08-2014

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

## DIRECTOR'S REPORT

To

The Members,

M/s Pharmads Pharmaceuticals Limited

Your Directors are pleased to present herewith the 25<sup>th</sup> Annual Report on the business and operations of the Company and the Audited Accounts for the year ended 31<sup>st</sup> March 2014.

### 1. FINANCIAL RESULTS AND OPERATIONS:

The summarized financial results for the year ended 31<sup>st</sup> March 2014 as compared with the previous year are as under:

#### 1. FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	2013-14	2012-13
Sales	140.52	127.45
Other Income	15.84	4.51
Total Income	156.36	131.96
Total expenses other than interest	184.96	120.72
Profit before Depreciation	(28.60)	11.24
Less : Depreciation	8.00	7.34
Differed Tax	1.17	1.21
Profit (loss) for the year	(35.42)	5.11
Add : Profit b/f from earlier years	(129.34)	(134.44)
Profit/ Loss carried to Balance sheet	(164.77)	(129.34)

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

### 2. OUTLOOK FOR THE CURRENT YEAR:

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

3. PUBLIC DEPOSITS: The Company has not accepted any fixed deposits from the public and there are no outstanding deposits as on 31<sup>st</sup> March, 2014.

### 4. DIRECTORS:

In accordance with the requirements of the Companies Act, 2013 and the Articles of Association of the Company Sri. Sudeer Anand and Sri Uday Kumar Gadge, Directors retire by rotation and being eligible offer themselves for re-appointment.

5. AUDITORS: M/s. Rakesh S Jain & Associates, Chartered Accountants, [Firm Regn No 010129S], Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual

General Meeting and are eligible for re-appointment.

The Company has received letter to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

#### **6. PARTICULARS OF EMPLOYEES:**

There are no employees in the organization coming under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended. The observations made by the Auditors in their report referring to the notes forming part of the Accounts are self-explanatory to the extent necessary and do not require any further elucidation.

#### **7. EXPLANATION TO AUDITORS OBSERVATION:**

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

SI. No.	Auditors Observations	Directors Clarification
1.	Non confirmation/reconciliation of balance shown Sundry debtors, Sundry creditors, Un-secured Loans, Loans and Advances, the impact of which is unascertained	Letters have been sent to all parties for confirmation & reply is awaited

#### **8. DIRECTOR'S RESPONSIBILITY STATEMENT**

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

a. That in the preparation of the accounts for the financial year ended 31" March 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.

c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. That the Directors have prepared the accounts for the financial year ended 31" March 2014 on a 'going concern basis.



## 9.DISCLOSURE AS PER LISTING AGREEMENT:

Clause 32 : The Cash Flow Statement in accordance with accounting standard of Cash Flow Statement (AS-3) issued by ICAI is appended to this Annual Report. Clause 43A : The Companies shares are listed on the Bombay Stock Exchange Ltd. It is further informed that the Annual Listing Fees to the Stock Exchange is paid up to 2014-15

## 10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

## 11. CORPORATE GOVERNANCE:

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

## 12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

## 13. INDUSTRIAL RELATIONS:

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

## 14. HUMAN RESOURCES:

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

## 15. COMPLIANCE CERTIFICATE:

Pursuant to Section 383A of the Companies Act, 1956, a Compliance Certificate from Mr. Ajay Kishen, a Practicing Company Secretary has been obtained and is attached hereto.

## 16. ACKNOWLEDGMENTS:

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

By order of the Board of Directors


Sd/-

(DR. GHISULAL JAIN)

Chairman & Managing Director

Place: Hyderabad

Date: 14-08-2014



## ANNEXURE TO THE DIRECTOR'S REPORT

Information under section 217(l)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forming a part of Directors' Report

### Conservation of Energy

The Company is striving to conserve energy by adopting innovative measures to reduce wastage and optimize consumption. The adoption of the above helps to control the proportionate increase in total energy usage consequent to overall increase in production. The total energy consumption is given as perform-As below:

**FORM - A (SEE RULE 2)** Form for Disclosure of Particulars with respect to Conservation of Energy.

FORM - A (SEE RULE 2)

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

Particulars	2013-2014	2012-2012
A. Power & Fuel consumption	-	-
ELECTRICITY:	-	-
1. Purchase	-	-
Total Units (KWH)	1123	7391
Total amount (Rs.)	10515	69258
Rate per unit in Rs.	9.37	9.37
2. Own Captive Generation through Diesel Generator	NA	NA
Unit (KWH)	NA	NA
Unit per Ltd.,	NA	NA
Cost per Unit (Rs.)	NA	NA
B . Consumption per unit of production Electricity (unit/kg)	NA	NA

A. Research and Development (R&D)	Not Applicable	
B. Technology absorption, adoption and innovation	Not Applicable	
C. Foreign Exchange Earnings and Outgo	Amount in Rs.	Amount in Rs.
Earnings -----	Nil	Nil
Outgo -----	Nil	Nil

By Order of the Board  
Sd/-

(Dr.Ghisulal Jain)  
Chairman& Managing Director

Place : Hyderabad  
Date : 14-08-2014

CIN: L52520TG1989PLC009679  
Registered Office:  
4-4-211/212/3, 1st Floor,  
Inderbagh, Sultan Bazar,  
Hyderabad – 500 095  
Email: mailpharmaids@yahoo.co.in



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT



### INDUSTRY OVER VIEW:

#### **INDUSTRY OVER VIEW:**

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

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

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

#### **COMPANY OVERVIEW:**

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

#### **OPPORTUNITIES:**

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

#### **THREATS, RISKS & CONCERNS:**

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



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

#### **SEGMENT WISE PERFORMANCE:**



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

#### **OUTLOOK:**

The future of Indian pharmaceutical sector is very bright as the dream of Indian pharmaceutical companies for marking their presence globally and competing with the pharmaceutical companies from the developed countries like Europe,







Japan, and United States is now coming true. By revising its R&D policies the government is trying to boost R&D in domestic pharma industry. It is giving tax exemption for a period of ten years and relieving customs and excise duties of all the drugs and material imported or exported for clinical trials to promote innovative R&D.

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

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

During the year under review the Company has achieved a Sales of Rs 140.52 Lakhs as against Rs. 127.45 Lakhs in the previous year registering a rise of Rs 13.07 Lakhs. During the year the Company has registered a Net loss before tax of Rs 36.60 Lakhs as against net Profit of Rs. 3.09 Lakhs in the previous year. The Company has not made any provision for income tax for the year under consideration.

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

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

#### INTERNAL CONTROL SYSTEM AND ADEQUACY:

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

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

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

Place : Hyderabad  
Date : 14-08-2014

For Ajay Kishan & Associates  
Company Secretaries  
Sd/-  
Ajay Kishan  
Partner CP.NO: 5146



## COMPLIANCE CERTIFICATE

Authorised Capital : Rs. 4,00,00,000/-

Paid up Capital : Rs. 3,40,55,000/-

Registration Number of the Company: L52520TG1989PLC009679

To

The Members,

Pharmaids Pharmaceuticals Limited,

Hyderabad

I have examined the registers, records, books and papers of Pharmaids Pharmaceuticals Limited (the company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company law Board or other authorities prescribed under the Act and the rules made there under.
3. The company being a public limited company, comments are not required.
4. The Board of Directors duly met 7 times respectively on 21/05/2013, 30/05/2013, 15/07/2013, 14/08/2013, 02/09/2013, 12/11/2013, 13/02/2014 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed including the circular resolution passed in the Minutes Book maintained for the purposes.
5. The company closed its Register of Member from 5th August 2013 to 9th August 2013 and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March 2013 was held on 2nd September 2013 after giving due notice to the members of the company and others concerned and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary meeting (s) was held during the financial year.
8. The company has not advanced loans to its directors or persons or firms or companies referred to in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances failing within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members or Central Government, as the case of may be.
12. The company has not issued any duplicate certificates during the financial year.
13. (i) The Company has delivered all the certificates on lodgment thereof for transfer. There was no allotment / transmission of securities during the financial year;  
(ii) The company has not deposited any amount in separate Bank Account as no dividend was declared during the financial year;

(iii) The company has not posted warrants to any member of the company as no dividend was declared during the financial year;

(iv) The company has not declared any dividends, no amounts are transferred nor there are any amounts pending in unpaid dividend account, and further there is no application money due for refund, no matured deposits no matured debenture and there is no interest accrued thereon which have remained unclaimed or unpaid for a period of seven year to Investor Education and protection fund.

(v) Complied with the requirements of section 217 of the Act.

14. The Board of directors of the company is duly constituted. There was no appointment of alternate directors / additional directors and directors to fill casual vacancy during the financial year.

15. The Company has not appointed any Managing Director / Whole time Director / Manager during the financial year.

16. The company has not appointed any sole selling agents during the financial year.

17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/ or such authorities prescribed under the various provisions of the Act during the financial year.

18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.

19. The company has not issued any shares, debentures or other securities during the financial year.

20. The company has not bought back any shares during the financial year.

21. There was no redemption of preference shares or debenture during the financial year.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.

23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.

24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year is within the borrowing limits of the company.

25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.

26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.

27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.

28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.

29. The company has not altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny.

30. The company has not altered its Articles of Association during the financial year.

31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the Company, during the financial year, for offences under the Act.

32. The company has not received any money as security from its employees during the year under scrutiny.

33. The company has not constituted a separated provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

Place : Hyderabad  
Date : 14-08-2014

Sd/  
Name of the company secretary:  
Ajay Kishen  
C.P. No. :5146



## **Annexure A**

Registers as maintained by the company

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

## **Annexure B**

Forms and Returns as filed by the company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31.03.2014

1. Balance sheet filed u/s 220 with the Registrar of Companies
2. Compliance Certificate filed u/s 383A (1) with the Registrar of Companies.
3. A Set of Annual Return filed u/s 159
4. Form 17 filed for satisfaction of charge.

## **REPORT ON CORPORATE GOVERNANCE**

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

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

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

### **2. BOARD OF DIRECTORS**

(I) The Company has Two Promoter Directors & and Three Independent Directors, out of which two Promoter Directors are Whole Time Directors. The Chairman is Promoter and Managing Director The Board of the Company is in conformity with Clause 49 of the Listing Agreement. The Company has an optimum combination of Executive and Non-executive Directors.

(ii) None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as at 31" March 2014 have been made by the Directors.

(iii) The details relating to the names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings during the year 2013-2014		Whether attended last AGM held on 2nd September 2013	No. of Directorships in other Public companies	No. of committee positions held in other public companies	
		Held	Attended			Chairman	Member
Dr. Ghisulal Jain	Managing Director and Non Independent Director	7	7	Yes	Nil	Nil	Nil
Sri Subhash Jain	Executive and Non independent Director	7	7	Yes	Nil	Nil	Nil
Sri Mahendra K Ranka	Independent Director	7	7	No	2	Nil	Nil
Sri M.Sudheer Anand	Independent Director	7	7	No	Nil	Nil	Nil
Sri G.Uday Kumar	Independent Director	7	3	No	Nil	Nil	Nil

Seven (7) Board Meetings were held during the year 2013-14 and intervening period between the Board Meetings were within the maximum time gap prescribed under the Companies Act, 1956 and Clause 49 of the Listing Agreement. The dates on which the Board Meetings held were 14.05.2013, 14.08.2013, 12.11.2013, and 13.02.2014.

(iv) Apart from receiving the sitting fees, Non-Executive Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgment of the Director.

(v) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

(vi) The Board members are given in advance the appropriate documents and information of each Board and Committee meetings so as to enable them to participate effectively and contribute to the smooth functioning of the Company.

### 3. AUDIT COMMITTEE

(i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act 1956.

(ii) The Company's Audit Committee comprises of the following Directors all of whom are Non- Executive Independent Directors.

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

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

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

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

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

- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non- payment of declared dividends) and creditors.
- The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising three Non-Executive and independent Directors. Sri. M.Sudheer Anand, who is heading the Audit Committee as Chairman is having vast experience in Banking, Industrial Finance, and Project Implementation & Management. The Chairman of the Audit Committee was present at the previous Annual General Meeting.
- (iv) During the year 2013-14 the Audit Committee met Four (4) times. The statutory auditors and whole-time directors were invited for the meetings. The attendance of the members of the committee is given below:

Name	Category	No. of Meetings during the Year 2013-2014	
		Held	Attend
Sri. M. Sudheer Anand - Chairman	Independent, Non Executive	7	7
Sri. Mahendra K Ranka - Member	Independent, Non Executive	7	7
Sri. Uday Kumar – Member	Independent, Non Executive	7	3

#### 4. REMUNERATION COMMITTEE:

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

Remuneration policy: The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee. The Executive Director and Non- independent Directors of the Company are not entitled to sitting fees. The Non Executive Independent Directors are not paid any remuneration except sitting fees for attending Board/ Committee meetings. During the year 2013-14 the Committee was not required to meet.

REMUNERATION OF DIRECTORS Details of remuneration/sitting fees paid to the Directors for the year 2013-14 are given below.

Name	Sitting Fee Rs.	Salary, perquisites and allowances Rs.
Dr. Ghisulal Jain	N.A	150,000
Sri Subash Jain	N.A	72,000
Sri Mahendra K Ranka	N.A	N.A
Sri M. Sudheer Anand	-	N.A
Sri G. Uday Kumar	-	N.A

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

The Company does not have any stock option plan or performance incentives. Details of Shares of the Company held by the Directors as on March 31", 2014 are as below:

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

The Company does not have any stock option plan or performance incentives. Details of Shares of the Company held by the Directors as on March 31", 2014 are as below:

Name	No. of Shares
Dr. Ghisulal Jain	36060
Sri Subash Jain	32800
Sri Mahendra K Ranka	N.A
Sri M. Sudheer Anand	N.A
Sri G. Uday Kumar	N.A

#### 6. STOCK HOLDERS RELATIONSHIP COMMITTEE

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



The committee met 3 times during the year 2013-14  
Investor Grievance status chart

PARTICULARS	RECEIVED	RESOLVED
Non receipt of Dividends	Nil	Nil
Transmission	6	6
Change of Address	Nil	Nil
Request for Demat	56	56
Request for Remat	Nil	Nil

Investor Service letters

PARTICULARS	RECEIVED	RESOLVED
Transfers (shares)	31	31
Request for Demat (shares)	4	4

There were no transfers or transmissions or demat/remat requests pending as on 31st March 2014.

## 7. GENERAL BODY MEETINGS :

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

Year	Venue	Date	Time
2012-2013	APCDA,5-9-262/1,King Kothi,Hyderabad	02.09.2013	10.30 A.M
2011-2012	APCDA,5-9-262/1,King Kothi,Hyderabad	29.09.2012	10.30 A.M
2010-2011	APCDA,5-9-262/1,King Kothi,Hyderabad	26.09.2011	10.30 A.M

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

## 8. DISCLOSURES:

During the year 2013-14 the Company had no materially significant related party transactions, which is considered to have potential conflict with the interest of the Company at large. The disclosures as to related party transaction are disclosed in the notes to accounts.

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

## 9. MEANS OF COMMUNICATION:

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

## 10. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

## 11. NON-MANDATORY REQUIREMENTS:

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

## 12. GENERAL SHAREHOLDERS INFORMATION:

### a. 25th Annual General Meeting

Date and Time : Monday 29th September 2014 at 10.30 A.M  
Venue : Andhra Pradesh Chemists and Druggists  
Association, 5-9-262/1, King Kothi, Hyderabad.  
Financial Year : 1 April 2013 to 31 March 2014

### b. Financial Calendar (tentative)

First Quarter Results : July/August 2013  
Second Quarter and  
Half yearly results : October/November 2013  
Third Quarter Results : January/February 2014  
Last Quarter Results/  
Audited Results : May 2014

c. Dates of Book closure : Tuesday, the 23<sup>rd</sup> day of September,  
2014 to Monday, the 29th day of September 2014

d. Dividend payment date : Not applicable

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

### ISIN Numbers in NSDL &

CDSL for Equity Shares : INE117D01018

The Company has paid its annual listing fees to the stock exchange for the financial year 2014-15

f. Market Price Data : High/Low price quotation in each Month of the last financial year 2013-14 on the Stock Exchange, Mumbai is given below

Month	High	Low
Apr' 13	4.20	2.86
May' 13	5.01	4.19
Jun' 13	5.01	4.19
Jul' 13	5.50	5.23
Aug' 13	5.35	5.09
Sep' 13	4.84	4.60
Oct' 13	4.38	4.17
Nov' 13	4.16	3.97
Dec' 13	3.96	2.81
Jan' 14	3.34	2.55
Feb' 14	3.25	2.85
Mar' 14	2.93	2.26

Registrars and Transfer Agents (RTA): Venture Capital & Corporate Investments Pvt. Ltd.  
12-10-167, Bhara tNagar, Hyderabad 500 004.

## 13. SHARE TRANSFER SYSTEM:

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

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

**14. SHAREHOLDING PATTERN AS ON 31" MARCH 2014:**

Sl.No	Category	No.of Shares	% of Shareholding
1.	Promoters	239279	7.03
2.	Mutual Funds and UTI	0	0
3.	Banks, Financial Institution, Insurance Companies	0	0
4.	Private Corporate Bodies	102245	3.00
5.	Indian Public	3049855	89.55
6.	NRI/OCBs	14121	0.41
	Total	3405500	100.00

**15. DISTRIBUTION OF SHAREHOLDING AS ON 31" MARCH 2014:**

Share or debenture holding of Nominal value of ₹	Share/Debenture Holders Number % to		Shares / Debenture Amount In ₹. % of	
(1)	(2)	(3)	(4)	(5)
1 - 5000	3502	76.05	8,82,752	25.92
5001 - 10000	643	13.96	5,52,895	16.24
10001 - 20000	226	4.91	3,52,871	10.36
20001 - 30000	84	1.82	2,22,469	6.53
30001 - 40000	26	0.56	93,769	2.75
40001 - 50000	25	0.54	1,19,220	3.50
50001-100000	58	1.26	4,25,880	12.51
100001 - Above	41	0.89	7,55,644	22.19
TOTAL	4605	100.00	3405500	100.00

**16. DE-MATERIALIZATION OF SHARES AND LIQUIDITY**

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

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

**18. SECRETARIAL AUDIT**

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

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

## 20. ADDRESS FOR CORRESPONDENCE

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

## 21. DEPOSITORY SERVICES

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

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

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

## 22. NOMINATION FACILITY

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

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

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

By Order of the Board  
Sd/-

(Dr.Ghisulal Jain)  
Chairman& Managing Director

Place : Hyderabad  
Date : 14-08-2014

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

Pursuant to Circular No.SEBI/CFD/DIL/CG/1/2004/12/10 dated 29<sup>th</sup> October 2004, it is hereby declared that the Company has adopted a Code of Conduct for its Board Members and Senior Management Personnel. I hereby confirm that the Company has in respect of the financial year ended March 31<sup>st</sup>, 2014, received from the senior management personnel of the Company and the Members of the Board a declaration of compliance with the Code

By Order of the Board  
Sd/-

(Dr.Ghisulal Jain)  
Chairman& Managing Director

Place : Hyderabad  
Date : 14-08-2014



## CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE



To  
The Members  
PHARMAIDS PHARMACEUTICALS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Pharmaids Pharmaceuticals Limited for the year ended 31" March 2014 as stipulated in Clause 49 of the Listing Agreements of the said company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

On the basis of representation received from Registrars and Share Transfer Agents and as per the records maintained by the Company which are presented to the Shareholders/Investors grievance committee, we state that during the year ended 31" March, 2014 no investor grievance were pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Rakesh S Jain & Associates  
Chartered Accountants  
FRN: 010129S  
Sd/-  
SURESH KUMARJAIN  
Partner  
Membership No: 018465

Place : Hyderabad  
Date : 14-08-2014

### CERTIFICATE BY MANAGING DIRECTOR AND SENIOR MANAGER FINANCE & ACCOUNTS OF THE COMPANY

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

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.

I) These statements do not contain any materially untrue statement for the year or omit any material fact or contain statements that might be misleading.

ii) These statements together present a true and fair view of the Company's Affairs is in the compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.

c) We are responsible for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors, audit committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or proposed to take rectify these deficiencies.

d) We have indicated to the auditors and the audit committee: i) Significant changes in internal control during the year

ii Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

e) We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct)

f) We further declare that all board members and designated senior management have performed compliance with the code of conduct for the current year.

Place : Hyderabad  
Date : 14-08-2014

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

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





## Independent Auditor's Report



To  
The member,  
M/s. **PHARMAIDS PHARMACEUTICALS LIMITED, HYDERABAD.**

### **Report on Financial Statements**

We have audited the accompanying financial statements of PHARMAIDS PHARMACEUTICALS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note No. 14.2 to the financial statements regarding non confirmation / reconciliation of balances of Sundry Debtors, Sundry Creditors, Un-Secured Loans and Advances, the impact of which is unascertained. Our opinion is not qualified in respect of this matter.



### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

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

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the accounting standards notified under the Act read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Hyderabad  
Date: 29.05.2014

For Rakesh S Jain & Associates  
Chartered Accountants  
FRN : 010129S

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

### **Annexure to Independent Auditor's Report**

Referred to in paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our Report of even date

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information. (b) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.

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





(c) In our opinion and on the basis of our examination of the records, the Company is maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted loans, secured or unsecured, to companies, firms or other parties listed in the register to be maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses 3(b), 3(c) and 3(d) of the order are not applicable to the Company.

(e) According to the information and explanations given to us, during the year the company has not taken unsecured loan. Total amount outstanding as on 31st March 2014 was Rs. 2.18 Lakhs payable to one party covered in the register maintained under section 301 of the Companies Act, 1956 which was taken in earlier years. (f) In our opinion, the rate of interest and other terms and conditions on which loans were taken from Companies, Firms, or other parties covered under the register maintained under Sec. 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company.

(g) According to the information and explanations given to us, the company is regular in repayment of the principal and interest wherever applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and for the sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the transactions made in pursuance of contracts or arrangements that need to be entered in the register to be maintained under Section 301 of the Act 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 and exceeding value of Rs. Five Lakhs in respect of each party during the financial year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. During the year, the company has not accepted any deposits from the public within the meaning of Sec. 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

7. In our opinion, the Company has an internal audit system by their own staff, which needs to be further strengthened.

8. We have broadly reviewed the books of accounts relating to material, labor and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Sec. 209(i)(d) and are of the opinion that prima-facie prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident Fund, Investor education and protection fund, Employees state Insurance, Income tax, wealth tax, Service Tax, sales tax, customs duty, Excise duty, cess and other Material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming payable.

(b) According to the information and explanations given to us, there are no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any disputes.

10. In our opinion the accumulated losses of the company are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. In our opinion, the company is not dealing in or trading in Shares, Securities debentures and other investments. Accordingly, the provision of this clause of the Companies (Auditor's Report) Order is not applicable to the company.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution during the year.

16. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that 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. 19. According to the information and explanations given to us, the company has not issued any debentures. 20. According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.

21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Place: Hyderabad  
Date: 29.05.2014

For Rakesh S Jain & Associates  
Chartered Accountants  
FRN : 010129S

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

**PHARMAIDS PHARMCEUTICALS LTD**  
**Balance Sheet as at March 31, 2014**

Amount in Rs.

	Notes	As on 31/03/2014	As on 31/03/2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	33,630,850	33,630,850
Reserves and Surplus	3	(15,482,997)	(11,940,029)
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	3,381,434	3,381,434
Deferred Tax Liability (Net)		1,023,051	1,140,537
<b>Current Liabilities</b>			
Short term Borrowings	5.1	218,000	1,050,311
Trade Payables	5.2	5,276,574	3,784,564
Other Current Liabilities	5.3	925,103	757,689
<b>TOTAL</b>		<b>28,972,016</b>	<b>31,805,356</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	6.	6,187,619	6,929,551
Capital Work-in-Progress	7	5,789,937	5,295,229
Long term Loans and advances			
<b>Current Assets</b>			
Inventory	8.1	2,821,890	2,244,036
Trade Receivables	8.2	12,561,115	15,795,484
Cash and Cash Equivalents	8.3	1,264,956	1,400,056
Other Current Assets	8.4	346,500	141,000
<b>TOTAL</b>		<b>28,972,016</b>	<b>31,805,356</b>

**Summary of significant accounting policies** 1

**Notes on Financial statements** 14

Notes on Financial statements 14

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

For Rakesh S Jain & Associates

Chartered Accountants

Firm Registration Number: 010129S

**For and on behalf of the Board**

Sd/-

(Suresh Kumar Jain)  
Partner

Membership Number: 018465

Sd/-

Dr. Ghisulal Jain  
Chairman & Managing Director

Sd/-

Subhash Jain  
Director

Place: Hyderabad

Date: 29-05-2014

**PHARMAIDS PHARMCEUTICALS LTD**
**Statement of Profit and Loss for the year ended March 31, 2014**
**Amount in Rs.**

	Notes	As on	As on
		31/03/2014	31/03/2013
<b>Revenue</b>			
Revenue from Operations	9	14,052,426	12,745,638
Other Income	10	1,583,710	450,671
<b>Total Revenue</b>		<b>15,636,136</b>	<b>13,196,309</b>
<b>Expenses</b>			
(Increase) /Decrease in stock		(552,477)	(499,738)
Cost of material consumed		10,393,771	9,041,043
Employee Benefits expense	11	954,961	898,982
Finance Costs	12	80,981	71,673
Depreciation		800,582	734,339
Other expenses	13	7,618,772	2,559,927
<b>Total Expenses</b>		<b>19,296,590</b>	<b>12,806,226</b>
<b>Profit before Exceptional, Extraordinary items &amp; Taxation</b>		<b>(3,660,454)</b>	<b>390,083</b>
Exceptional items		-	-
<b>Profit before Extraordinary items &amp; Taxation</b>		<b>(3,660,454)</b>	<b>390,083</b>
Extra ordinary items		-	-
Prior Period Items		-	-
<b>Profit before Taxation</b>		<b>(3,660,454)</b>	<b>390,083</b>
Tax Expense:			
Current Tax		-	-
Deferred Tax		(117,486)	(120,671)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>(3,542,968)</b>	<b>510,754</b>
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
<b>Profit/(Loss) from discontinuing operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit for the period</b>		<b>(3,542,968)</b>	<b>510,754</b>
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		(1.04)	0.15
<b>Summary of significant accounting policies</b>	1		

The accompanying notes are an integral part of the financials statements.  
This is the Profit and Loss Account referred to in our report of even date

**For Rakesh S Jain & Associates**  
**Chartered Accountants**

**For and on behalf of the Board**

Firm Registration Number: 010129S

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

Sd/-  
Dr. Ghisulal Jain  
Chairman & Managing Director

Sd/-  
Subhash Jain  
Director

Place: Hyderabad  
Date: 29-05-2014

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

	2013-14	2012-13
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	(3,660,454)	390, 083
<b>Adjustment for</b>		
Depreciation	800,582	734,339
Interest Expenditure	67,392	60,384
Interest Income	(8,710)	(2,893)
<b>Adjustment for</b>		
Inventory	(577,854)	(458,428)
Debtors	3,234,369	(1,519,746)
Loans & Advances	(494,708)	1,887,433
Accrued Rent	(205,500)	(141,000)
Current Liabilities & Provisions	1,659,425	790,592
Less: Tax paid	-	-
<b>Cash Flow From Operating Activities</b>	<b>814, 542</b>	<b>1,740, 764</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Decrease in Fixed Assets		
Increase in Fixed Assets	(58,650)	(11,550)
Interest Income	8,710	2,893
<b>Cash Flow From Investing Activities</b>	<b>(49,940)</b>	<b>(8,657)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Secured Loans	-	(1,800,893)
Unsecured Loans	(832,311)	1,457,517
Interest Expenditure	(67,392)	(60,384)
<b>Cash Flow From Investing Activities</b>	<b>(899,703)</b>	<b>(403,760)</b>
Cash outflow during the year	(135,101)	1,328,347
Cash & Equivalent at the beginning of the year	1,400,056	71,709
<b>Cash &amp; Equivalent at the end of the year</b>	<b>1,264, 956</b>	<b>1,400,056</b>

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Accounting:

Financial Statements are prepared under the historical cost convention .

#### 1.2 Use of Estimates:

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

#### 1.3 Fixed Assets:

Fixed Assets are stated at cost of acquisition. Expenditure which is of capital nature is capitalized. Such expenditure comprises of purchase price, Freight and any directly attributable cost of bringing the assets to their working condition for intended use.

#### 1.4 Depreciation:

Depreciation has been provided on Straight Line method at the rates prescribed under schedule XIV of the Companies Act, 1956. In respect of additions/deletions, depreciation has been provided on pro-rata basis with reference to the month of addition/disposal.

### 1.5 Inventories:

#### Inventories are valued as under:

....Raw Materials: Weighted average cost or net realizable value, whichever is lower

....Work In progress: Weighted average cost or net realizable value, whichever is lower.

.... Finished Goods: Weighted average cost or net realizable value, whichever is lower.

### 1.6 Revenue Recognition:

Revenue from operations includes sales that are recognized when the property in the goods is transferred and are recorded net of trade discounts, rebates. The revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection.

### 1.7 Retirement Benefits for Employees:

Contribution to Provident Fund and ESI are charged to revenue on accrual basis.

### 1.8 Earning per Share:

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

### 1.9 Impairment of Assets:

At each balance sheet date, an assessment is made whether any indication exists that an asset has been impaired. If any such indication exist, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of accounts. The impairment loss recognised in the prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

### 1.10 Taxes on Income:

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

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

### 1.11 Provisions:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

#### PHARMAIDS PHARMCEUTICALS LTD

Notes to the Accounts for the year ended March 31, 2014

#### 2 Share Capital Authorised

40,00,000 Equity Shares of Rs.10/- each

#### Issued, Subscribed and Paid-up

34,05,500 Equity Shares of Rs.10/- each fully paid up.  
Less: Calls in arrears

Amount in Rs.	
As on	As on
31/03/2014	31/03/2013
40,00,000	40,00,000
40,00,000	40,00,000
34,05,500	34,05,500
424,150	424,150
33,630,850	33,630,850

#### a. Reconciliation of the number of shares outstanding

##### Equity shares

Number of equity shares at the beginning of the Year  
Equity shares issued during the year  
Less Shares bought back during the year  
Number of equity shares at the end of the Year

31/03/2014		31/03/2013	
No. of Shares	Amount	No. of Shares	Amount
3,405,500	34,055,000	3,405,500	34,055,000
-	-	-	-
3,405,500	34,055,000	3,405,500	34,055,000

**PHARMAIDS PHARMCEUTICALS LTD**  
**Notes to the Accounts for the year ended March 31, 2014**

	<b>As at</b>	<b>Amount in Rs.</b>
	<b>31/03/2014</b>	<b>As at</b>
		<b>31/03/2013</b>
<b>3 Reserves and Surplus</b>		
Capital Subsidy		
As per last Balance Sheet	993,750	993,750
Profit & Loss Account		
As per last Balance Sheet	(12,933,779)	(13,444,533)
Add: Profit / (Loss) for the year	(3,542, 968)	510,754
	<u>(15, 482 997)</u>	<u>(11,940,029)</u>
<b>4 Non-Current Liabilities</b>		
<b>4.1 Long Term Borrowings</b>		
Unsecured Loan		
Sales Tax Deferral (refer note)	2,381,434	2,381,434
Deposits		
Rent Deposit Payable - Dhruve Life Sciences	1,000,000	1,000,000
<b>Total</b>	<u>3,381,434</u>	<u>3,381,434</u>

**NOTES:**

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

**5. Current Liabilities**

**5.1.Short Term Borrowings**

**Secured**

Term Loan from Bank (refer note)

**Unsecured**

Loans from Directors and Relatives

	218,000	1,050,311
<b>Total</b>	<u>218,000</u>	<u>1,050,311</u>

**5.2. Trade Payables**

Trade Payables

	5,276,574	3,784,564
	<u>5,276,574</u>	<u>3,784,564</u>

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

**5.3. Other Current Liabilities**

Other Payables

	925, 103	757,689
	<u>925, 103</u>	<u>757,689</u>



**PHARMAIDS PHARMACEUTICALS LTD**

**Notes to the Accounts for the year ended March 31, 2014**

**6. Fixed Assets**

DESCRIPTION	Rate of Depreciation	Gross Block			Depreciation			Net Block		
		As at 01.04.2013	Additions	Deletions	As at 31.03.2014	As at 01.04.2013	For the Year	Deletions	As at 31.03.2014	As at 31.03.2013
Land	-	201,852	-	-	201,852	-	-	-	201,852	201,852
Buildings	3.34%	5,996,699	-	-	5,996,699	3,493,727	200,290	-	2,702,682	2,502,972
Electrical Installations	4.75%	258,237	-	-	258,237	194,402	12,867	-	200,669	63,855
Furniture and Fixture	6.31%	761,224	-	-	761,224	761,224	-	-	761,224	0
Plant and Machinery	4.75%	12,256,809	-	-	12,256,809	8,134,183	582,198	-	3,540,448	4,122,646
Computer	16.21%	674,953	36,630	-	733,603	674,953	2,520	-	56,130	-
Printer	16.21%	7,250	-	-	7,250	1,958	1,175	-	3,133	5,292
Vehicle	4.75%	953,470	-	-	953,470	953,470	-	-	953,470	0
Air conditioner	4.75%	17,000	-	-	17,000	921	888	-	15,271	10,079
Type writer	4.75%	14,378	-	-	14,378	9,574	683	-	4,119	4,802
Office Equipment	4.75%	13,500	-	-	13,500	1,447	641	-	11,412	13,053
<b>TOTAL</b>		<b>21,155,390</b>	<b>58,650</b>	<b>-</b>	<b>21,214,040</b>	<b>14,225,839</b>	<b>800,582</b>	<b>-</b>	<b>6,187,619</b>	<b>6,929,551</b>
<b>Previous Year</b>		<b>19,666,679</b>	<b>1,488,711</b>	<b>-</b>	<b>21,155,390</b>	<b>13,491,500</b>	<b>734,339</b>	<b>-</b>	<b>6,929,551</b>	<b>6,175,179</b>

**PHARMAIDS PHARMCEUTICALS LTD**

Notes to the Accounts for the year ended March 31, 2014

	Amount in Rs.	
	As on 31/03/2014	As on 31/03/2013
<b>7. Long term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Advance recoverable in cash or kind	4,271,946	3,871,738
Others:		
Balance with Statutory/Government Authorities	1,517,991	1,423,491
Deposits	5,789,937	5,295,229
	<u>5,789,937</u>	<u>5,295,229</u>
<b>8. Current Assets</b>		
<b>8.1 Inventory</b>		
Raw Material / Packing Material	308,761	283,384
Work In Process	141,664	165,452
Finished Goods	2,371,465	1,795,200
	<u>2,821,890</u>	<u>2,244,036</u>
<b>8.2. Trade Receivables</b>		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	12,561,115	13,929,759
Less: Provision for Doubtful Debts	-	-
Others		
Considered Good	-	1,865,724
	<u>12,561,115</u>	<u>15,795,484</u>
<b>8.3. Cash and Cash Equivalents</b>		
Balances with Banks:		
On Current accounts (Book Overdrafts)	219,607	424,553
On Deposit account	206,253	-
Cash on Hand	839,096	975,503
	<u>1,264,956</u>	<u>1,400,056</u>
<b>8.4. Others</b>		
Rent Receivable	346,500	141,000
	<u>346,500</u>	<u>141,000</u>
<b>9. Revenue from Operations</b>	14,052,426	12,745,638
Sales	<u>14,052,426</u>	<u>12,745,638</u>
<b>10. Other Income</b>		
Interest Income	8,710	2,893
Other Non Operating Income:	1,575,000	447,778
(Includes rent received During the year Rs. 3.75 lakh previous year Rs. Nil)	<u>1,583,710</u>	<u>450,671</u>
<b>11. Employee Benefits Expenses</b>		
Salaries and Wages	909,255	838,346
Contribution to Provident and Other Funds	39,659	53,191
Staff Welfare expenses	6,047	7,445
	<u>954,961</u>	<u>898,982</u>
<b>12. Finance Cost</b>		
Interest	67,392	60,384
Bank Charges	13,589	11,289
	<u>80,981</u>	<u>71,673</u>

	Amount in Rs.	
	As on 31/03/2014	As on 31/03/2013
<b>13. Other Expenses</b>		
Advertisement Expenses	109,278	214,561
Analysis Charges	45,983	72,236
Annual listing fees	38,814	36,077
Auditor's Remuneration:		
Audit fees	15,000	15,000
Other Matters	12,000	12,000
Service Tax	4,574	4,574
Tut. Audit Fees	10,000	10,000
Bad Debt:	3,499,279	-
Business Promotion	986,452	260,398
Carriage expenses	434,312	380,207
Commission	99,475	-
Computer Maintenance	13,246	11,500
Consumables	42,494	46,634
Conveyance	277,570	59,800
Damage & Expiry Goods W/o	15,921	-
Directors remuneration	222,000	222,000
Discount	232,133	159,033
Donations	-	11,000
Electricity Charges	33,567	108,884
Factory Maintenance	97,182	124,784
General Expenses	166,345	68,029
Marketing Expenses	216,227	5,440
Postage & Telegram	24,053	32,109
Printing & Stationery	65,015	37,228
Product development	238,696	33,730
Professional Charges	133,658	110,595
Professional tax	-	5,000
Rates and Taxes	6,021	90,021
Rent	131,079	121,129
Repairs & Maintenance - Vehicle	27,138	9,164
Repairs & Maintenance - others	54,762	12,829
Secretarial Expenses	21,347	3,830
Social Responsibility Exp	15,590	-
Telephone Charges	53,290	36,206
Travelling Expenses	396,261	242,995
	<b>7,608,772</b>	<b>2,589,927</b>

Note-14 Notes Forming Part of Accounts

14.1 Details of Managerial Remuneration:

	Managing Director		Executive Director	
	2013-14	2012-13	2013-14	2012-13
Salary	1,50,000	1,50,000	72,000	72,000
Total	1,50,000	1,50,000	72,000	72,000

14.2 Balance of Sundry Debtors, Sundry Creditors, Unsecured Loans and Advances are subject to confirmation / reconciliation.

14.3 The Company's operation mainly consist of only one segment i.e. Drug formulations and therefore the figures relate to that segment only.

14.4 Related party disclosures ( as indentified by the management) as per accounting standard – 18 are given below:

Name of the parties

Ø Dr. Ghisulal Jain	Ø Manjula Lalwani
Ø Subhash Jain	Ø M/s Tejas Labs
Ø Veena Lalwani	Ø M/s The Paras Agencies
Ø Abhishek Jain	Ø M/s Nidhi Health Care
Ø Abhileha Jain	

NAME OF THE TRANSACTIONS RELATED THE PARTY	TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATIVES	
	2013-14	2012-13
PURCHASES	549,015	105,115
SALES	949,352	1,354,545
MANAGERIAL REMUNERATION	222,000	222,000
LOAN - REPAYMENT	832,311	37,829
LOAN - ACCEPTED	—	441,000

#### 14.5 Deferred Tax:

Deferred Tax liability consists of:

	2013-14	2012-13
DTL on Timing Difference on account of Depreciation	1,023,051	1,140,537
Others - DTA	NIL	NIL
Net Deferred Tax Liability	1,023,051	1,140,537

#### 14.6 EARNING PER SHARE (EPS)

	2013-14	2012-13
The computation of EPS is set out below:		
<b>Earning</b>		
Net Profit for the period	(3,542,968)	510,754
<b>Shares</b>		
Number of Shares at the Beginning of the period	3,405,500	3,405,500
Add: Shares issued during the period	—	—
Total number of equity shares outstanding at the end of the period	3,405,500	3,405,500
Weighted average number of equity shares outstanding during the period	3,405,500	3,405,500
<b>Earning per share of par value Rs. 10/- Basic &amp; Diluted (Rs)</b>	(1.04)	0.15

14.7. In Accordance with the Accounting Standard (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the Fixed assets during the year ended 31st March 2014.

## Balance Sheet Abstract And Company's General Business Profile

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

### I. Registration Details

Registration No.	19671	State Code	1
Balance Sheet	31st March 2014		

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

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

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

Total Liabilities	28,972,016	Total Assets	28,972,016
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#### Sources of Funds

Paid-up Capital	33,630,850	Reserves & Surplus	(15,482,997)
Non-current Liabilities	4,404,485	Current Liabilities	6,419,673

#### Application of Funds

Net Fixed Assets	6,187,619	Investments	-
Current Assets	16,994,460	Misc. Expenditure	-

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

Total Income	15,636,138	Total Expenditure	19,296,590
Profit Before Tax	(3,660,454)	Profit After Tax	(3,542,963)
Earnings Per Share (In Rs.)	(1.04)	Dividend (%)	NIL

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

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

**For Rakesh S Jain & Associates**

**Chartered Accountants**

Firm Registration Number: 010129S

Sd/-  
(Suresh Kumar Jain)  
Partner

Membership Number: 018465

Place: Hyderabad

Date: 29-05-2014

For and on behalf of the Board

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

Sd/-  
Subhash Lalwani  
Director

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

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

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

Let's be part of this 'Green Initiative'

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

E-COMMUNICATION REGISTRATION FORM

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

Folio No./Dp ID& Client ID :.....  
Name of 1<sup>st</sup> Registered Holder :.....  
Name of joint Holder(s) :.....  
Registered Address :.....  
E-mail ID(to be registered ) :.....

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

Date ..... Signature.....

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

**PROXY FORM**

[Pursuant to Section 105 (G) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**Pharmaid's Pharmaceuticals Limited**

CIN: L5220G1989PLC009679

Registered Office: 4-4-211/212/3, Inder Bagh, Sultan Bazar, Hyderabad - 500 095

Ph. : 040 68899309, Fax : 040 27942123

Email: mail@pharmaid's@yahoo.co.in Website: www.pharmaid's.com

Name of the Member(s)

Registered address

Email ID			
Folio No. / Client ID			
DP ID		No. of Shares	
I / We, being a member/members of above named Company, hereby appoint:			
1. Name			
Address		Signature	
Email ID			
or falling him/her			
2. Name			
Address			
Email ID		Signature	
or falling him/her			
3. Name			
Address			
Email ID		Signature	

as my / our proxy to attend and vote (on a poll) for me/us and on my /our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, 29<sup>th</sup> September, 2014 at 11:30 a.m. at Andhra Pradesh Druggists & Chemists Association, 5-6-26/1, King Kong, Hyderabad - 500 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	For*	Against*
1.	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors thereon.		
2.	Re-appointment of Mr. M Sudheer Anand who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Re-appointment of Mr. Uday Kumar Codge who retires by rotation and being eligible, offers himself for re-appointment.		
4.	Appointment of Rakesh S Jain & Associates, Chartered Accountants as Auditors and fixing their remuneration.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014 Signature of Member \_\_\_\_\_  
Signature of Proxy \_\_\_\_\_

Affix a 15 paise  
Revenue Stmp

**Notes:**

1. This form proxy in order to be effective should be duly completed and deposited at 1 Registered Office of the Company, not less than 48 hours before the commencement of 1 Meeting.

2. A person can act as a proxy on behalf of Members, not exceeding fifty, and holding the aggregate not more than 10% of the total share capital of the Company carrying voting right & Member holding more than 10% of the total share capital of the Company carrying voting right may appoint a single person as proxy and such person shall not act as a proxy for any other persons or shareholder.

It is optional to put an 'X' in the appropriate column against the resolution indicated in the box. you leave the 'For or 'Against' column blank against any or all the resolutions, your Proxy will entitled to vote in the manner as he / she deems appropriate.



# Back to Nature



If undelivered please return to :



**Pharmaids**  
Pharmaceuticals limited


Regd. Off.: 4-4-211/212/3, 1st Floor,  
Inderbagh, Sultan Bazar Hyderabad. A.P. INDIA.

E-mail : [mailpharmaids@yahoo.co.in](mailto:mailpharmaids@yahoo.co.in)  
[www.pharmaids.com](http://www.pharmaids.com)

BOOK-POST




**FORM - A****Format of covering letter of the annual audit report to be filed with the Stock Exchange**

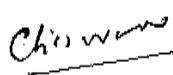


<b>S.No.</b>	<b>Name of the Company</b>	<b>Pharmaids Pharmaceuticals limited</b>
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit Observation	Un qualified
4.	Frequency of observation	Nil
5.	To be signed by * CEO /Managing Director * CFO * Auditor of the Company * Audit Committee Chairman	

For **RAKESH S JAIN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

  
(SURESH KUMAR JAIN)  
PARTNER  
M.No: 018465

**FORM - B**

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

S.No.	Name of the Company	Pharmaids Pharmaceuticals Limited
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit Qualification	Un-Qualified
4.	Frequency of observation	Nil
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Nil
	Additional comments from the board/audit committee chair:	Nil
6.	To be signed by * CEO /Managing Director * CFO * Auditor of the Company * Audit Committee Chairman	  

**For RAKESH S JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS**

**(SURESH KUMAR JAIN)  
PARTNER  
M.No: 018465**