



Twenty Fourth Annual Report  
**Pharmaids**  
Pharmaceuticals Limited  
2012-13

# Pharmaids Pharmaceuticals limited

REGD.OFF:4-4-211/212/3, 1<sup>st</sup> Floor, Inderbagh, Sultan Bazar,  
Hyderabad-500 095 India (A.P)

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## TWENTY FOURTH ANNUAL REPORT 2012-13

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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. A.P. India  
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. A.P. India  
Tel No. 9247058492

#### AUDITORS

M/s. Laxminiwas & Jain  
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

A P Mahila Co-op Urban Bank LTD  
HDFC, Lakdi ka Pool  
SBI, Barkatpura

#### CONTENTS

Notice

Directors Report

Annexure to Directors Report

Management Discussion &  
Analysis Report

Secretarial Compliance

Report on Corporate Governance

Auditors Report

Balance Sheet & Profit & Loss Account

Notes

Cash Flow Statement

Abstract Balance Sheet

E Communication Registration form

Attendance slip & Proxy form

## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of M/s. PHARMAIDS PHARMACEUTICALS LIMITED will be held on Monday, 2<sup>nd</sup> September, 2013 at 10.30 A.M. at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad -

### **ORDINARY BUSINESS:**

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2013 and the  
P r o f i t a n d  
Loss Account for the year ended 31<sup>st</sup> March 2013, together with the reports of the  
D i r e c t o r s a n d  
Auditors' thereon.

2. To appoint a Director in the place of Sri. Mahendra K. Ranka, who retires by rotation and  
b e i n g

4. To consider and if thought fit to para with or without modification TO APPOINT STATUTORY AUDITORS OF THE COMPANY TO the following resolution as special resolution. "RESOLVED THAT pursuant to the provisions of section 224 and other applicable provisions, if any, of the companies act, 1956, M/s. Rakesh S Jain and Associates, Chartered Accountants, Hyderabad be and are hereby appointed as Auditors of the company in place of the retiring Auditors M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad, to hold the office from the conclusion of this Annual General

By order of the Board of Directors

Sd/-

(DR. GHISULAL JAIN)

Chairman & Managing Director

Place: Hyderabad

Date: 15-07-2013

### **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.

2. Members are requested to notify immediately any change in their address to the share  
t r a n s f e r a g e n t s  
and in case their shares are held in dematerialized form, this information should be  
p a s s e d o n t o t h e i r  
respective depository participants without delay.

3. Register of members of the Company and Share Transfer Books will remain closed from, 05-08-2013, To 09-08-2013 (both days inclusive).

4. Members who have multiple accounts are requested to intimate to the company, the  
f o l i o s o f s u c h  
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  
a n d D P I D s  
for easier identification of attendance at the meeting.

6. Shareholders holding shares in physical form are invited to contribute to the cause of

**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,2013
1	Sri Mahendra kumar Ranka	B.A., 51years, Business	1) RANKA TECH PVT. LTD., - DIRECTOR 2) CUBEX TUBINGS LTD - ADDNL. DIRECTOR
2	Sri Subhash Lalwan	Graduation, 45 Years , Business	-----

Place: Hyderabad  
Date: 15-07-2013

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

## DIRECTOR'S REPORT

To  
The Members,  
M/s Pharamids Pharmaceuticals Limited

Your Directors are pleased to present herewith the 24<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 2013.

### 1. FINANCIAL RESULTS AND OPERATIONS:

#### 1. FINANCIAL RESULTS

(Rs. in Lakhs)

PARTICULARS	2012-13	2011-12
Sales	127.45	123.52
Other Income	4.51	0.15
Total Income	131.96	123.68
Total expenses other than interest	120.72	113.83
Profit before Depreciation	11.24	9.85
Less : Depreciation	7.34	7.58
Deffered Tax	1.21	1.42
Profit (loss) for the year	5.11	3.69
Add : Profit b/f from earlier years	(134.44)	(138.13)
Profit/ Loss carried to Balance sheet	129.34	(134.44)

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

## 2. PUBLIC DEPOSITS:

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956 and there are no outstanding deposits as on 31<sup>st</sup> March, 2013.

## 3. 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.

## 4. STATUTORY DISCLOSURES:

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo: 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.

## 5. DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company Sri. Mahendra K. Ranka and Subhash Lalwani, Directors retire by rotation and being eligible offer themselves for re-appointment.

## 6. AUDITORS:

The Company has received a notice under section 225 of the Companies Act, 1956 from a member proposing for the appointment of M/s. Rakesh S Jain & Associates, Chartered Accountants, Hyderabad as Statutory Auditors in place of M/s. Laxminiwas & Jain, Chartered Accountants, Hyderabad the retiring auditors and who upon their appointment shall hold the office from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General

S.No.	Auditors Obseavations	Directors Clarification
	Non confirmation/reconciliation balance shown Sundry debtors, sundry creditors, Un-secured Loans, Loans and Advances,	Letters have been sent to all
	The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, wealth tax, sales tax, customs duty, wealth tax, sales tax,	The Company is taking steps to deposit the service tax and is in the process of registration with

## 10. DIRECTOR'S RESPONSIBILITY STATEMENT

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

a. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2013, the accounting standards have been followed along with proper explanation relating to departures.

b. That the Directors have selected such accounting policies and applied them consistently and 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 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<sup>st</sup> March 2013 on a going concern basis.

## 11. 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 2013-14.

## 12. CORPORATE GOVERNANCE:

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

## 13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

## 17. 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

By Order of the Board

Place : Hyderabad  
Date : 15-07-2013

Sd/-

(Dr.Ghisulal Jain)

Chairman & Managing Director

## ANNEXURE 'A' TO THE DIRECTOR'S REPORT

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 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

#### FORM - A (SEE RULE 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

Particulars	2012-13	2011-12
<b>A. Power &amp; Fuel consumption</b>		
ELECTRICITY:		
1. Purchase		
Total Units (KWH)	7391	7659
<b>Total amount (Rs. In lacs)</b>	<b>69258</b>	<b>59744</b>
Rate per unit in Rs.	9.37	7.80
2. Own Captive Generation through		
Diesel Generator	-	-
Unit (KWH)	-	-
Unit per Ltd.,	-	-
Cost per Unit (Rs.)	-	-
<b>B . Consumption per unit of production Electricity (unit/kg)</b>	NA	NA

#### FORM B (See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption (R&D)

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.

Place : Hyderabad  
Date : 15-07-2013

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## 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:

Pharmaids 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 \$30billion, 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 two fold, 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 had 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 Rs127.45 Lakhs as against Rs.123.52 Lakhs in the previous year registering a rise of Rs 3.93lakhs. During the year the Company has registered a Net Profit before tax of Rs 3.9 Lakhs as against net profit of Rs.2.27 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

**SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of Section 383A (1) of the Companies Act, 1956

Name of the Company : PHARMAIDS PHARMACEUTICALS LIMITED  
Registration Number of the Company : U52520AP1989PLC009679  
Authorized Capital of the Company : Rs. 4,00,00,000/-  
Paid-up Capital of the Company : Rs. 34,055,000/-

To  
The Members of M/s **PHARMAIDS PHARMACUTICALS LIMITED**

We have examined the Registers, Records, Books and Papers of M/s PHARMAIDS PHARMACUTICALS LIMITED as required to be maintained under the Companies Act, 1956, 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 31<sup>st</sup> March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we 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 and the rules made there under and all entries have been duly recorded.

2.The Company has duly 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 within the time prescribed under the Act and the rules made there under.

3.The Company being a Public Limited Company comments are not required, however the total number of members as on 31<sup>st</sup> March 2013 are Four Thousand and Five Hundred Fifty six (4556) only.

4.The Board of Directors duly met Four (4) times on 14.05.2012, 14.08.2012, 13.11.2012 and 15.02.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.

5. The Company has closed its Register of Members from Monday 5<sup>th</sup> of August, 2013 to Friday 9<sup>th</sup> August 2013 (both days are inclusive) during the financial year for the purpose of AGM.

6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 29 - 09 - 2012 after giving due notices to the members of the Company and the resolutions passed there at were duly recorded in the Minutes Book maintained for the purpose.

7.No Extraordinary General Meeting was conducted during the year under review.

8. The Company has not advanced any loans to its Directors or persons or firms or

to provisions of Section 295 of the Act.

9. The Company has duly complied with the provisions of Section 297 of the Act in respect of c o n t r a c t s specified in that Section.

10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the C o m p a n y h a s not obtained any approvals from the Board of Directors, Members or Central Government.

12. The Company has not issued any Duplicate Share Certificates during the financial year.

13. The Company has:

(i) Not allotted any shares during the year. However, 400 Equity Shares were t r a n s f e r r e d a n d 1 0 0 Equity Shares were Transmitted during the year.

(ii) No Dividend was declared during the financial year.

(iii) No Dividend warrants were posted as no dividend was declared during the financial year.

(iii) As the Company has not issued any debentures and has not accepted any deposits, t h e q u e s t i o n of transfer of application money due for refund, matured deposits, matured debentures a n d t h e interest accrued thereon which have remained unclaimed or unpaid for a period of 7 years to I n v e s t o r E d u c a t i o n a n d P r o t e c t i o n F u n d d o e s n o t arise.

(iv) Duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the Company is duly c o n s t i t u t e d a n d t h e r e w a s n o a p p o i n t m e n t o f directors, additional directors and directors to fill the casual vacancy during the financial year u n d e r r e v i e w.

15. The Company has not appointed any Managing Director/ whole time Director or M a n a g e r d u r i n g t h e Financial year ,

16. The Company has not appointed any sole-selling agents during financial year.

For A.S.Ramkumar & Associates  
Company Secretaries  
Sd/-  
P.V. Durga Bhavani  
Partner

Place: Hyderabad  
Date: 15-07-2013

## **SECRETARIAL COMPLIANCE CERTIFICATE**

Name of the Company : PHARMAIDS PHARMACEUTICALS LIMITED  
Registration Number of the Company : U52520AP1989PLC009679  
Authorized Capital of the Company: Rs. 4,00,00,000/-

### **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 Meeting.
- 8.Minutes Book- General Meetings.
- 9.Register of Share Transfers.
- 10.Register of Application and Allotment of Shares

Place: Hyderabad.  
Date: 15-07-2013

For A.S.Ramkumar & Associates  
Company Secretaries  
Sd/-  
P.V. Durga Bhavani  
Partner  
CP.NO:11608

# SECRETARIAL COMPLIANCE CERTIFICATE

Name of the Company : PHARMAIDS PHARMACEUTICALS LIMITED

Registration Number of the Company : U52520AP1989PLC009679

Authorized Capital of the Company: Rs. 4,00,00,000/-

Returns / Documents / Forms filed with the Registrar of Companies, Regional Directors, Central Governments or other authorities during the financial year ended March, 31<sup>st</sup>, 2013.

SI No	Form No	Filed under Section	Description	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No	SRN No
1.	23B	224(1A)	Intimation of Auditors Appointment	02.08.2012	NA	NA	S12019394
2	66	383A(1)	Secretarial compliance Certificate	27.10.2012	Yes	No	P92549856
3	20B	159(1)	Annual Return	28.11.2012	Yes	No	Q03441961
4	23AC & ACA	220(1)	Balance sheet & Profit and loss A/c	30.11.2012	Yes	No	Q03676152
5	32	303	Resignation of Director	30.11.2012	Yes	No	B62854377
6	23B	224(1A)	Intimation of Auditors Appointment	18.12.2012	Yes	No	S17811266
7	17	138	Satisfaction of charge	18.06.2013	Yes	No	B77333045
8	17	138	Satisfaction of charge	18.06.2013	Yes	No	B77363869
9	17	138	Satisfaction of charge	18.06.2013	Yes	No	B77313021
10	17	138	Satisfaction of charge	18.06.2013	Yes	No	B77329837

REGIONAL DIRECTOR / CENTRAL GOVERNMENT & OTHER AUTHORITIES : NIL

For A.S.Ramkumar & Associates

Company Secretaries

Sd/-

P.V. Durga Bhavani

Partner

CP.NO:11608

Place: Hyderabad.

Date: 15-07-2013

# 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 Three 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.

Name	Category	No. of Board Meetings during the Year 2012-13		Whether attended last AGM held on 29 <sup>th</sup> September 2012	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	4	4	Yes	Nil	Nil	Nil
Sri Subhash Jain	Executive and Non independent Director	4	4	Yes	Nil	Nil	Nil
Sri Hasmukh Jain	Director	4	2	Yes	Nil	Nil	Nil
Sri Mahendra K Ranka	Independent Director	4	4	No	2	Nil	Nil
Sri M.Sudheer Anand	Independent Director	4	1	No	Nil	Nil	Nil
Sri G.Uday Kumar	Independent Director	4	1	No	Nil	Nil	Nil

Four (4) Board Meetings were held during the year 2012-13 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 14.05.2012, 14.08.2012, 13.11.2012, and 15.02.2013.

(iv) Apart from receiving the sitting fees, Non-Executive Directors do not have any other pecuniary relationship or transactions with the Company, its promoters or its Managing Director, 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 - 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

Name	Category	No. of Meetings during the Year 2012-2013	
		Held	Attend
Sri. M. Sudheer Anand - Chairman	Independent, Non Executive	4	4
Sri. Mahendra K Ranka - Member	Independent, Non Executive	4	4
Sri. Uday Kumar - Member	Independent, Non Executive	4	4

#### 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

Name	Siting 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.

Name	No. of Shares
Dr. Ghisulal Jain	18030
Sri Subash Jain	16400
Sri Mahendra K Ranka	100
Sri M. Sudheer Anand	-

#### 6. SHARE TRANSFER & INVESTOR'S GRIEVANCE COMMITTEE:

This committee comprises of 3 members Dr.Ghisulal Jain, Sri.Subhash Jain and Sri. Mahendra K Ramka. 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

The committee met 3 times during the year 2012-13

Investor Grievance status chart

PARTICULARS	RECEIVED	RESOLVED
Non receipt of Dividends	Nil	Nil
Transmission	1	1
Change of Address	Nil	Nil
Request for Demat	Nil	Nil
Request for Remat	Nil	Nil

Investor Service letters

PARTICULARS	RECEIVED	RESOLVED
Transfers (shares)	400	400
Request for Demat (shares)	24	24

There were no transfers or transmissions or demat/remat requests pending as on 31<sup>st</sup> March 2013.

#### 7. GENERAL BODY MEETINGS:

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

Year	Venue	Date	Time
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
2009-2010	APCDA,5-9-262/1,King Kothi,Hyderabad	30.09.2010	10.30 A.M

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

## 8. DISCLOSURES:

During the year 2012-13 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:

## 12. GENERAL SHAREHOLDERS INFORMATION:

### a. 24<sup>th</sup> Annual General Meeting

Date and Time : Monday 2<sup>nd</sup> September 2013 at 10.30 A.M  
Venue : Andhra Pradesh Chemists and Druggists

Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March

### b. Financial Calendar (tentative)

First Quarter Results : July/August 2012  
Second Quarter and Half yearly results : October/November 2012  
Third Quarter Results : January/February 2013

c. Dates of Book closure : Monday, the 5th day of August 2013

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

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 2012-13.  
f. Market Price Data : High/Low price quotation in each Month of the last financial year 2012-13 on the Stock Exchange, Mumbai is given below.

Month	High (Rs.)	Low (Rs.)
Apr' 12	3.35	2.60
May' 12	3.99	3.35
Jun' 12	3.75	2.99
Jul' 12	3.66	2.73
Aug' 12	3.80	2.86
Sep' 12	3.88	2.80
Oct' 12	3.66	2.75
Nov' 12	3.96	2.55
Dec' 12	3.96	2.56
Jan' 13	4.25	2.95
Feb' 13	3.96	2.70
Mar' 13	4.14	2.67

Source: [www.bseindia.com](http://www.bseindia.com)

### 13. SHARE TRANSFER SYSTEM:

In pursuance of SEBI notification No.D&CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> 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

Shares Sent for physical transfer are generally registered and returned with in period of 15days 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

### 14. SHAREHOLDING PATTERN AS ON 31<sup>st</sup> MARCH 2013:

Sl.No	Category	No.of Shares	% of Shareholding
1.	Promoters	239095	7.02
2.	Mutual Funds and UTI	0	0
3.	Banks, Financial Institution, Insurance Companies	0	0
4.	Private Corporate Bodies	135458	3.98
5.	Indian Public	2999713	88.09
6.	NRI/OCBs	31234	0.91
	<b>Total</b>	<b>3405500</b>	<b>100.00</b>

### 15. DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2013

Share or debenture holding of Nominal value of Rs. Rs.	Share/Debenture Holders		Shares/ Debenture Amount	
	Number	% to	In Rs.	% of
(1)	(2)	(3)	(4)	(5)
1 - 5000	3467	76.10	8,82,417	25.91
5001 - 10000	642	14.09	5,52,842	16.23
10001 - 20000	213	4.68	3,32,309	9.76
20001 - 30000	86	1.89	2,26,536	6.65
30001 - 40000	25	0.55	89,444	2.63
40001 - 50000	22	0.48	1,05,545	3.10
50001 - 100000	59	1.29	4,42,912	13.01
100001 - Above	42	0.92	7,73,495	22.71
<b>TOTAL</b>	<b>4556</b>	<b>100.00</b>	<b>3405500</b>	<b>100.00</b>

### 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

19. **PLANT LOCATIONS** : Sy.No-533,(V) Kondamadugu,

Bibinagar Mandal, Nalgonda Dist, India (A.P.)

#### 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.Pharmmaids Pharmaceuticals Ltd 4-4-211/212/3,Ist floor, Inderbagh,Hyderabad-500 095 Email:mailpharmmaids@yahoo.co.in Website: <a href="http://www.pharmmaids.com">www.pharmmaids.com</a>

#### 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)

Central Depository Services (India) Ltd.  
Phiroze Jeejeebhoy Towers, 28th Floor,  
Dalal Street, Senapati Bapat Marg, Mumbai - 400  
023  
Tel: 091-022-24972964-7

#### 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

#### 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

Place: Hyderabad.  
Date: 15-07-2013

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

# **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>, 2013, received from the senior management

Place: Hyderabad.  
Date: 15-07-2013

By Order of the Board  
Sd/-  
(Dr.Ghisulal Jain)  
Chairman & Managing Director

## **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<sup>st</sup> March 2013 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<sup>st</sup> March, 2013 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

Place: Hyderabad  
Date : 15-07-2013

For Laxminiwas & Jain  
Chartered Accountants  
Firm Reg No. 001859S

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

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

We, Dr.Ghisulal Jain, Chairman and Managing Director and Mrs. Bhavani Manager, Finance & Accounts of M/S.Pharmaida 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

Place: Hyderabad

(Dr. Ghisulal Jain)

(Mrs Bhavani)

Date: 15-07-2013

Chairman & Managing Director

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, 2013, 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, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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, 2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date;

and

c) in the case of the Cash Flow Statement, of the cash 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

	For Laxminiwas & Jain	Sd/-
Place: Hyderabad	Chartered Accountants	Suresh Kumar Jain
Date: 30-05-2013	Firm Reg No. 001859S	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 taken unsecured loan of Rs. 4.95 Lakhs from three parties and repaid Rs 0.38 Lakhs to two parties and total amount outstanding as on 31st March 2013 was Rs.16.08 Lakhs payable to six parties covered in the register maintained under section 301 of the Companies Act, 1956.

(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 Lakh 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 frame 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, labour 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, sales tax, customs duty, Excise duty, cess and other Material statutory dues applicable to it, except Service Tax. 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, 2013 for a period of more than six months from the date of becoming payable except Service Tax.

(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 fifteen percent

Place: Hyderabad	For Laxminiwas & Jain	Suresh Kumar Jain
Date: 30-05-2013	Chartered Accountants	Partner
	Firm Reg No. 001859S	(M. No.:018465)

**PHARMAIDS PHARMCEUTICALS LTD**  
**Balance Sheet as at March 31, 2013**

Amount in Rs.

	Notes	As on 31/03/2013	As on 31/03/2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	33,630,850	<b>33,630,850</b>
Reserves and Surplus	3	(11,940,029)	<b>(12,450,783)</b>
<b>Non-current Liabilities</b>			
Long Term Borrowings	4	3,381,434	<b>2,381,434</b>
Deferred Tax Liability (Net)		1,140,537	<b>1,261,208</b>
<b>Current Liabilities</b>			
Short term Borrowings	5.1	1,607,854	<b>2,951,230</b>
Trade Payables	5.2	3,784,564	<b>2,608,195</b>
Other Current Liabilities	5.3	200,146	<b>585,923</b>
<b>TOTAL</b>		<b>31,805,356</b>	<b>30,968,057</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets			
Tangible Assets	6	6,929,551	<b>6,175,179</b>
Capital Work-in-Progress		-	<b>1,477,161</b>
Long term Loans and advances	7	5,295,229	<b>7,182,662</b>
<b>Current Assets</b>			
Inventory	8.1	2,244,036	<b>1,785,608</b>
Trade Receivables	8.2	15,795,484	<b>14,275,738</b>
Cash and Cash Equivalents	8.3	1,400,056	<b>71,709</b>
Other Current Assets	8.4	141,000	
<b>TOTAL</b>		<b>31,805,356</b>	<b>30,968,057</b>
<b>Summary of significant accounting policies</b>	1		
<b>Notes on Financial statements</b>	14		

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

**For Laxminiwas & Jain**  
Chartered Accountants  
Firm Registration Number: 001859S

**For and on behalf of the Board**

Sd/-  
(Suresh Kumar Jain)  
Partner

Sd/-  
Dr. Ghisulal Jain  
Chairman & Managing Director

Sd/-  
Subhash Jain  
Director

Membership Number: 018465

Place: Hyderabad  
Date: 30-05-2013

**PHARMAIDS PHARMCEUTICALS LTD**

Statement of Profit and Loss for the year ended March 31, 2013

Amount in Rs.

	Notes	As on	As on
		31/03/2013	31/03/2012
<b>Revenue</b>			
Revenue from Operations	9	12,745,638	12,352,048
Other Income	10	450,671	15,998
<b>Total Revenue</b>		<b>13,196,309</b>	<b>12,368,046</b>
<b>Expenses</b>			
(Increase) /Decrease in stock		(499,738)	(306,447)
Cost of material consumed		9,041,043	8,241,475
Employee Benefits expense	11	898,982	776,498
Finance Costs	12	71,673	381,946
Depreciation		734,339	757,887
Other expenses	13	2,559,927	2,289,501
<b>Total Expenses</b>		<b>12,806,226</b>	<b>12,140,860</b>
<b>Profit before Exceptional, Extraordinary items &amp; Taxation</b>		390,083	227,186
Exceptional items		-	-
<b>Profit before Extraordinary items &amp; Taxation</b>		<b>390,083</b>	<b>227,186</b>
Extra ordinary items		-	-
Prior Period Items		-	-
<b>Profit before Taxation</b>		<b>390,083</b>	<b>227,186</b>
Tax Expense:			
Current Tax		-	-
Deferred Tax Charge		(120,671)	(141,647)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>510,754</b>	<b>368,833</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>510,754</b>	<b>368,833</b>
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		<b>0.15</b>	<b>0.11</b>
<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 Laxminiwas & Jain**

Chartered Accountants

Firm Registration Number: 001859S

**For and on behalf of the Board**

Sd/-  
(Suresh Kumar Jain)  
Partner

Sd/-  
Dr. Ghisulal Jain  
Chairman & Managing Director

Sd/-  
Subhash Jain  
Director

Membership Number: 018465

Place: Hyderabad

Date: 30-05-2013

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

	2012-13	2011-12
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
<b>Net Profit before Tax</b>	390,083	227,186
<b>Adjustment for</b>		
Depreciation	734,339	757,887
Interest Expenditure	60,384	367,791
Interest Income	(2,893)	(2,691)
<b>Adjustment for</b>		
Inventory	(458,428)	(306,447)
Debtors	(1,519,746)	(1,644,788)
Loans & Advances	1,887,433	2351782
Accrued Rent	(141,000)	
Current Liabilities & Provisions	790,592	1094482
Less: Tax paid	-	-
Prior Period Adjustments	-	-
<b>Cash Flow From Operating Activities</b>	<b>1,740,764</b>	<b>2,845,202</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Decrease in Fixed Assets	-	-
Increase in Fixed Assets	(11,550)	(51,860)
Interest Income	2,893	2,691
<b>Cash Flow From Investing Activities</b>	<b>(8,657)</b>	<b>(49,169)</b>
<b><u>CASH FLOW FROM FINANCIAL ACTIVITIES</u></b>		
Secured Loans	(1,800,893)	(5,844,534)
Unsecured Loans	1,457,517	(4,694,197)
Interest Expenditure	(60,384)	(367,791)
<b>Cash Flow From Investing Activities</b>	<b>(403,760)</b>	<b>(10,906,522)</b>
Cash outflow during the year	1,328,347	(8,110,489)
Cash & Equivalent at the beginning of the year	71,709	2,337,664
<b>Cash &amp; Equivalent at the end of the year</b>	<b>1,400,056</b>	<b>71,709</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 estimate 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 process: 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

## PHARMAIDS PHARMCEUTICALS LTD

Notes to the Accounts for the year ended March 31, 2013

	Amount in Rs.	
	As on 31/03/2013	As on 31/03/2012
<b>2 Share Capital</b>		
<b>Authorised</b>		
40,00,000 Equity Shares of Rs.10/- each	40,000,000	40,000,000
	<b>40,000,000</b>	<b>40,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
34,05,500 Equity Shares of Rs.10/- each fully paid up.	34,055,000	34,055,000
Less: Calls in arrears	424,150	424,150
	<b>33,630,850</b>	<b>33,630,850</b>

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

	31/03/2013		31/03/2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity shares</b>				
Number of equity shares at the beginning of the Year	3,405,500	34,055,000	3,405,500	34,055,000
Equity shares issued during the year	-	-	-	-
Less Shares bought back during the year	-	-	-	-
<b>Number of equity shares at the end of the Year</b>	<b>3,405,500</b>	<b>34,055,000</b>	<b>3,405,500</b>	<b>34,055,000</b>

**PHARMAIDS PHARMCEUTICALS LTD**  
Notes to the Accounts for the year ended March 31, 2013

	As at 31/03/2013	Amount in Rs. As at 31/03/2012
<b>3 Reserves and Surplus</b>		
Capital Subsidy	993,750	993,750
Profit & Loss Account		
As per last Balance Sheet	(13,444,533)	(13,813,366)
Add: Profit / (Loss) for the year	510,754	368,833
	(11,940,029)	(12,450,783)
<b>4 Non-Current Liabilities</b>		
<b>4.1 Long Term Borrowings</b>		
<b>Unsecured Loan</b>		
Sales Tax Deferral (refer note)	2,381,434	2,381,434
Deposits	1,000,000	-
Rent Deposit Payable - Dhruve Life Sciences		
<b>Total</b>	3,381,434	2,381,434

**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

**5. Current Liabilities**

**5.1. Short Term Borrowings**

**Secured**

Term Loan from Bank (refer note)	-	1,800,893
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**Unsecured**

Loans from Directors and Relatives	1,607,854	1,150,337
------------------------------------	-----------	-----------

	1,607,854	2,951,230
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A. Term Loan from schedule Bank viz Central Bank Of India are secured against Hypothecation of stores/stocks, collateral security of factory land and buildings, exclusive charge on plant and machinery and the personal Guarantee of Directors of the company

**5.2. Trade Payables**

Trade Payables	3,784,564	2,608,195
----------------	-----------	-----------

	3,784,564	2,608,195
--	-----------	-----------

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 Liabilities	200,146	585,923
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	200,146	585,923
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**PHARMAIDS PHARMCEUTICALS LTD**

Notes to the Accounts for the year ended March 31, 2013

**6. Fixed Assets**

Amounts in Rs.

DESCRIPTION	Rate of Deprecn	Gross Block AS ON 01.04.2012	Additions	Deletions	Gross Block AS ON 31.03.2013	Depreciation		Net Block 31.03.2013	Net Block 31.03.2012
						Opening as on 01.04-12	For the year		
						Total as on 31.03.2013			
Land	-	201,852	-	-	201,852	-	-	201,852	201,852
Buildings	3.34%	5,996,699	-	-	5,996,699	3,293,437	200,290	2,502,972	2,703,262
Electrical Installations	4.75%	258,257	-	-	258,257	182,135	12,267	63,855	76,122
Furniture and Fixture	6.33%	761,224	-	-	761,224	761,224	-	0	-
Plant and Machinery	4.75%	10,768,098	1,488,711	-	12,256,809	7,615,688	518,475	4,122,646	3,152,410
Computer	16.21%	674,953	-	-	674,953	674,953	-	-	-
Printer	16.21%	7,250	-	-	7,250	783	1,175	5,292	6,467
Vehicle	4.75%	953,470	-	-	953,470	953,470	-	0	-
Air conditioner	4.75%	17,000	-	-	17,000	113	808	16,079	16,887
Type writer	4.75%	14,376	-	-	14,376	8,891	683	4,802	5,485
Office Equipment	4.75%	13,500	-	-	13,500	806	641	12,053	12,694
<b>TOTAL</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>6,929,551</b>	<b>6,175,179</b>
Previous Year		<b>19,614,819</b>	<b>51,860</b>	<b>-</b>	<b>19,666,679</b>	<b>11,733,613</b>	<b>754,887</b>	<b>6,175,179</b>	<b>6,881,206</b>



**PHARMAIDS PHARMCEUTICALS LTD**  
**Notes to the Accounts for the year ended March 31, 2013**

	Amount in Rs.	
	As on 31/03/2013	As on 31/03/2012
<b>7. Long term Loans and Advances</b>		
(Unsecured, considered good unless stated otherwise)		
Advance recoverable in cash or kind	3,871,738	5,883,941
Others:		
Balance with Statutory/Government Authorities	1,423,491	1,298,721
Deposits		-
	5,295,229	7,182,662
<b>8. Current Assets</b>		
<b>8.1 Inventory</b>		
Raw Material / Packing Material	283,384	324,694
Work In Process	165,452	120,824
Finished Goods	1,795,200	1,340,090
	2,244,036	1,785,608
<b>8.2. Trade Receivables</b>		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	13,929,759	11,424,910
Less: Provision for Doubtful Debts		
Others		
Considered Good	1,865,724	2,850,828
	15,795,484	14,275,738
<b>8.3. Cash and Cash Equivalents</b>		
Balances with Banks:		
On Current accounts (Book Overdrafts)	424,553	(177,660)
On Deposit account	-	25,000
Cash on Hand	975,503	224,369
	1,400,056	71,709

**PHARMAIDS PHARMCEUTICALS LTD**  
**Notes to the Accounts for the year ended March 31, 2013**

	Amount in Rs.	
	As on	As on
	31/03/2013	31/03/2012
<b>8.4. Others</b>		
Rent Receivable	141,000	-
	141,000	-
<b>9. Revenue from Operations</b>		
Sales	12,745,638	12,352,048
	12,745,638	12,352,048
<b>10. Other Income</b>		
Interest Income	2,893	2,691
Other Non Operating Income:	447,778	13,307
(Includes rent received During the year Rs. 3.75 lakh previous year Rs. Nil)	450,671	15,998
<b>11. Employee Benefits Expenses</b>		
Salaries and Wages	838,346	697,536
Contribution to Provident and Other Funds	53,191	72,614
Staff Welfare expenses	7,445	6,348
	898,982	776,498
<b>12. Finance Cost</b>		
Interest	60,384	367,791
Bank Charges	11,289	14,155
	71,673	381,946

**13. Other Expenses**

Printing & stationery	37,228	63,421
Advertisement Expenses	214,561	130,623
Conveyance	59,800	95,619
Electricity Charges	108,884	103,261
Professional Charges	110,595	93,051
Rent	121,129	87,477
Rates and Taxes	90,021	43,964
Telephone Charges	36,205	46,021
Travelling Expenses	242,995	154,963
Carriage expenses	380,207	312,343
Directors remuneration	222,000	210,000
Amount Written Off	-	2,795
Professional tax	5,000	5,000
Auditor's Remuneration:		
Audit Fees	15,000	15,000
Tax Audit Fees	10,000	10,000
Other Matters	12,000	12,000
Service Tax	4,574	4,573
Discount	159,033	129,576
General Expenses	64,732	118,105
Analytical Charges	72,236	55,482
Marketing Expenses	5,440	24,806
Business Promotion	260,393	257,284
Computer Maintenance	11,500	-
Postage & Telegram	32,109	-
Damage & Expiry Goods W/o	-	101,298
Donations	11,000	-
Secretarial Expenses	3,850	19,200
Annual listing fees	36,077	72,765
Repairs & Maintainece - Vehicle	9,164	10,790
Repairs & Maintainece -others	12,829	46,322
Consumables	46,634	18,494
Sales Tax Arrears	4,197	-
Product development	35,750	-
Factory Maintenance	124,784	45,268
	<b>2,559,927</b>	<b>2,289,501</b>

Note-14 Notes Forming Part of Accounts

14.1 Details of Managerial Remuneration:

	Managing Director		Executive Director	
	2012-13	2011-12	2012-13	2011-13
Salary	1,50,000	1,50,000	72,000	60,000
<b>Total</b>	<b>1,50,000</b>	<b>1,50,000</b>	<b>72,000</b>	<b>60,000</b>

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

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

- Ø Dr. Ghisulal Jain
- Ø Subhash Jain
- Ø Veena Lalwani
- Ø Abhishek Jain
- Ø Abhilekha Jain
- Ø M/s Tejas Labs
- Ø M/s The Paras Agencies

NAME OF THE TRANSACTIONS RELATED THE PARTY	TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND OTHER RELATIVES	
	2012-13	2011-12
<b>PURCHASES</b>	<b>105,115</b>	<b>62,708</b>
<b>SALES</b>	<b>1,354,545</b>	<b>7,53,100</b>
<b>MANAGERIAL REMUNERATION</b>	<b>222,000</b>	<b>2,10,000</b>
<b>LOAN - REPAYMENT</b>	<b>37,829</b>	<b>31,38,891</b>
<b>LOAN - ACCEPTED</b>	<b>441,000</b>	<b>18,04,110</b>

#### 14.5 Deferred Tax:

Deferred Tax liability consists of:

	2012-13	2011-12
Timing Difference on account of Depreciation	1,140,537	12,61,208
Others - DTA	NIL	NIL
Net Deferred Tax Liability	1,140,537	12,61,208

#### 14.6 EARNING PER SHARE (EPS)

	2012-13	2011-12
The computation of EPS is set out below:		
<b>Earning</b>		
Net Profit for the period	510.754	368.833
<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>	<b>0.15</b>	<b>0.11</b>

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

**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 2013		

**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	31,805,356	Total Assets	31,805,356
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**Sources of Funds**

Paid-up Capital	33,630,850	Reserves & Surplus	(11,940,029)
Non-current Liabilities	4,521,971	Current Liabilities	5,592,564

**Application of Funds**

Net Fixed Assets	6,929,551	Investments	-
Current Assets	19,580,576	Misc. Expenditure	-

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

Total Income	13,196,309	Total Expenditure	12,806,226
Profit Before Tax	390,083	Profit After Tax	510,754
Earnings Per Share (In Rs.)	0.15	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 Laxminiwas & Jain**

Chartered Accountants

Firm Registration Number: 001859S

For and on behalf of the Board

Sd/-

(Suresh Kumar Jain)

Partner

Membership Number: 018465

Sd/-

(Dr.Ghisulal Jain)

Chairman &amp; Managing Director

Sd/-

Subhash Lalwani

Director

Place: Hyderabad

Date: 30-05-2013

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.



# Pharmaids Pharmaceuticals limited

Reg. Off: 4-4-211/212/3, 1st Floor, Inderbagh, Sultan Bazar, Hyderabad 500 095

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Regd. Folio No:

No.of Shares Held:

Name of the Shareholder \_\_\_\_\_

Name of the Proxy \_\_\_\_\_

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company held on Monday 2<sup>nd</sup> September, 2013 at 10.30 am at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad.

Signature of the member / Proxy \_\_\_\_\_

NOTE: The Copy of this AGM Notice may please be brought to the meeting hall. No duplicate will be entertained. You are requested to bring your copy of the Annual Report to the meeting.

-----

## PHARMAIDS PHARMACEUTICALS LIMITED

Reg.Off: 4-4-211/212/3, 1st Floor, Inderbagh, Sultan Bazar, Hyderabad 500 095

## PROXY FORM

Regd. Folio No:

No.of Shares Held:

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

Being a member / members of M/s. Pharmaids Pharmaceuticals Limited hereby appoint \_\_\_\_\_ as my / our proxy to vote for

me/ us on by our behalf of at the Twenty Fourth Annual General Meeting of Company to be held on Monday 2<sup>nd</sup> September 2013. at 10.30 am at Andhra Pradesh Chemists & Druggists Association, 5-9-262/1, King Koti, Hyderabad.

Signature :

Date :

Affix  
Revenue  
Stamp

NOTE: Proxies must be deposited at the Registered Office of the Company not less than 48 hours before the meeting. A proxy need not be a member.

# 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 - B

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

S.No.	Name of the Company	
		<b>Pharmaids Pharmaceuticals Limited</b>
2.	Annual Financial Statement for the year ended	31 <sup>st</sup> March 2013
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	

Ghannu GVP

FORM - A

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 2013
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	

Gurpreet Singh