



**PHAARMASIA**

**38th  
ANNUAL REPORT  
2018-2019**



**PHAARMASIA LIMITED**

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

## CONTENTS

Sr. No	Particulars	Page Nos
1	Corporate Information	1
2	Notice of Thirty Eighth Annual General Meeting	2
3	Directors' Report	14
4	Management Discussion and Analysis Report	28
5	Auditors Report on the Financial Statements	31
6	Balance Sheet	40
7	Statement of Profit & Loss A/c	41
8	Cash Flow Statement	43
9	Notes Forming Part of Financial Statements	53
10	Proxy Form	72
11	Attendance Slip	74
12	SEBI Circular dated 20.04.2018 – Form for Updation of Bank Mandate and PAN	76



## CORPORATE INFORMATION

### Board of Directors

Mr. Maneesh R. Sapte	Managing Director
Mr. Y. N. Bhaskara Rao	Whole-Time Director
Mr. Vinay Ramakant Sapte	Non-Executive Director
Mrs. Rashmi Vinay Sapte	Non-Executive Director
Mr. Pravin Hegde	Independent Director
Mr. Ajit Jamkhandikar	Independent Director
(*Appointed w.e.f 14th August, 2018)	

**Chief Financial Officer** Mr. N.E.V Prasad Rao

**Company Secretary** Mr. Abhishek Wakchaure

### Statutory Auditor:

M/s Sathuluri & Co.  
Chartered Accountants  
H. No. 3-4-529/6, Gopamma Nilayam,  
Chitrapuri Colony, Narayanguda, Hyderabad – 500 027

### Secretarial Auditor:

Shri N. V. S. S. Suryanarayana Rao Company Secretaries  
Plot No 232B, Road No. 6, Samathapuri Colony,  
New Nagole, Hyderabad – 500 035

### Internal Auditors:

M/s. Thirupathi & Associates  
Chartered Accountants  
303, Said Brundavan Apts, Panjagutta,  
Behind Sai Baba Temple, Hyderabad.

### Bankers

HDFC Bank  
Axis Bank  
Indian Bank

### Registrar and Share Transfer Agent

M/s. Venture Capital and Corporate Investments Private Limited  
H. No. 12-10-167, Bharatnagar, Hyderabad – 500 018  
Tel No. 040-23818476 / 23818475; Fax No. 040-23868024  
Email: info@vccilindia.com



## NOTICE

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting of the Members of **PHAARMASIA LIMITED** will be held on Monday, the 30<sup>th</sup> September, 2019 at 03.00 P.M Jeedimetla Industries Association P27/D, Phase-III, IDA Jeedimetla, Hyderabad - 500 055, Telangana to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vinay R. Sapte (DIN: 00135085), who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder read with Schedule IV of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ajit Jamkhandikar (DIN : 08196191), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from August 14, 2018 up to August 13, 2023, not liable to retire by rotation.”

4. **To Re-Appoint Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) as a Whole-Time Director and in this regard, pass the following resolution as a Special Resolution:**

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as recommended by Nomination and Remuneration Committee and approved by Board of Directors the approval of the members be and is hereby accorded to re-appoint **Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052)** as a Whole-time Director, designated as Executive Director of the Company, for a further period of 5 (five) years from the expiry of his present term of office, that is, with effect from August 14<sup>th</sup> 2019 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) to alter



and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 197 and Schedule-V and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to recommendations of the Nomination and Remuneration Committee, consent of the Company be and is hereby accorded for increase in the remuneration of Mr. Yallapragada Naga Bhaskara Rao, Whole Time Director to Rs. 2,00,089/- (Two Lakh and Eighty Nine Only) per month with effect from 1 April, 2018 which may further increased upto but not more than Rs 2,50,00,00/- (Rupees Two Lakh Fifty Thousand Only) per month as Board may decide from time to time on the following terms and conditions:

- **Perquisites not included in managerial remuneration:** Mr. Yallapragada Naga Bhaskara Rao shall be entitled to perquisites or other incentives towards appreciation and the same shall not be included in the aforementioned remuneration payable as decided by Board of the Company.
- **Other Terms & Conditions:**

**Leave:** Number of leave days shall be allowed in accordance with the Rules and Regulations of the Company.

**Sitting fees:** Being the Whole Time Director of the Company of the Company, No sitting fees shall be paid to you for attending the Board/Committee meeting of the Company.

“**RESOLVED FURTHER THAT** any one of the Directors be and is hereby authorized to execute and sign relevant documents and to do all such other acts, deeds and things to give effect to the aforementioned resolution.”

**By the order of the Board of Directors  
For Phaarmasia Limited**

Sd/-  
Y. N. Bhaskara Rao  
Whole Time Director  
DIN: 00019052

**Registered office:  
16, Phase III, IDA, Jeedimetla,  
Hyderabad, Telangana – 500055**

**Date: 14<sup>th</sup> August, 2019**



**Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting is annexed herewith.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETE AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) % OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**
3. Members/Proxies are requested to bring their duly filled Attendance Slip along with the copy of the Annual Report to the Meeting.
4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Brief resume of the Directors for those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold Directorships and Memberships / Chairmanships of the Board Committees, shareholding and relationships between Directors *inter-se* is annexed hereto and forms part of this Notice.
7. Members holding shares in multiple folios in identical names or joint accounts in the same order of names are requested to consolidate their shareholdings into one folio.
8. Members are requested to send their queries at least 10 days before the date of meeting so that information can be made available at the meeting.
9. In respect of shares held in physical mode, all shareholders are requested to intimate changes, if any, in their registered address immediately to the registrar and share transfer agent of the company and correspond with them directly regarding share transfer/transmission /transposition, Demat/Remat, change of address, issue of duplicate shares certificates, ECS and nomination facility.



10. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in Demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have Demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agents M/s. Venture Capital and Corporate Investments Private Limited.
11. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
12. Pursuant to Section 101 and 136 of the Companies Act, 2013 read with relevant rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail addresses either with the Company or with the Depository. Members who have not registered their e-mail addresses with the Company can now register the same by submitting a request letter in this respect to the Company/Registrar & Share Transfer Agents, **M/s Venture Capital and Corporate Investments Private Limited**. Members holding shares in Demat form are requested to register their **e-mail** address with their Depository Participant(s) only.
13. The Annual Report is being sent in electronic mode to members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the members have registered a request for a hard copy of the same. Physical copy of the Annual Report is being sent to those members who have not registered their e-mail IDs with the Company or Depository Participant(s).
14. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.
15. The Annual Report for the year ending 31st March, 2019 and Notice of the AGM inter-alia indicating the manner and process of e-voting along with the Attendance Slip and Proxy Form are being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail



addresses, physical copies are being sent by the permitted mode.

16. Members may also note that the Notice of the 38th AGM and the Annual Report for 2019 will also be available on the Company's website [www.phaarmasia.in](http://www.phaarmasia.in) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Hyderabad for inspection during the normal business hours on working days.
17. Any director himself or any member intending to propose any person as a director other than a retiring director, has to give a notice as to his intention to propose him/her as a candidate for that office not less 14 (fourteen) days before the meeting along with deposit of Rs. 1,00,000 (Rupees One Lakh).
18. Voting through electronic means:
  - i. In compliance with provisions of Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,, the Company is pleased to provide facility to the members to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through Remote E-Voting platform provided by CDSL.
19. The Company is also providing the facility for voting by way of physical ballot at the Annual General Meeting. Mr. NVSS Suryanarayana, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the Ballot process at the Annual General Meeting in a fair and transparent manner.
20. The facility for voting through ballot paper shall be made available at AGM and members attending the meeting and who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through the ballot paper.
21. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**22. The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 27, 2019 at 09.00 hours IST and ends on September 29 2019 at 17.00 hours (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.





- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on EVSN of 'Phaarmasia Limited'.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be



able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

23. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.

**By the order of the Board of Directors  
For Phaarmasia Limited**

**Sd/-  
Y. N. Bhaskara Rao  
Whole Time Director  
DIN: 00019052**

**Registered office:  
16, Phase III, IDA, Jeedimetla,  
Hyderabad, Telangana – 500055**

**Date: 14<sup>th</sup> August, 2019**



### ANNEXURE FORMING PART OF THE NOTICE

Explanatory Statement Pursuant to Provisions of Section 102(1) of the Companies Act, 2013.

#### Item No.3

The Board of Director at their meeting held on 14th August, 2018 appointed Mr. Ajit Gopal Jamkhandikar (DIN:08196191), as an additional Director of the Company on recommendation of the Nomination and Remuneration Committee of the Company, to fill the intermittent vacancy caused by the resignation of Mr. Bharat B. Merchant.

In accordance with the provisions of the Companies Act, 2013 and rules thereto, the term of an additional director expires at the date of Annual General Meeting or on the due date of Annual General Meeting, whichever is earlier and such appointment of an additional director needs to be regularized by the members of the Company on such date.

Mr. Ajit Gopal Jamkhandikar is Post graduate by qualification having more than 35 years experience and in-depth expertise in Industrial Marketing, Business Development, Operations & Consultancy. His intellect and experience from such activities will be beneficial for the growth of the Company.

Considering the above, the Board of Directors of the Company recommend its members to regularize and appoint Mr. Ajit Gopal Jamkhandikar as the Independent Director of the Company for a term of 5 (five) years effective from August 14, 2018 up to August 13, 2023 which shall not be liable to retirement by rotation.

None of the Directors / Key Managerial Personnel of the Company is, in any way, concerned or interested in the said resolution except Mr. Ajit Jamkhandikar in the capacity of the additional director of the Company.

#### Item No:4

The Board of Directors of the Company ("the Board") at its meeting held on August 14, 2019, has, subject to approval of members, reappointed **Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052)** as a Whole- time Director, designated as Executive Director, for a further period of 5 (five) years from the expiry of his present term, that is, August 14, 2019, on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board. It is proposed to seek members' approval for the re-appointment of **Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052)** as a Wholetime Director, designated as Executive Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) are given in forging resolution.

General:

- (i) The Whole-time Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board / Managing Director from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board / Managing Director and the functions of the Wholetime Director will be under the overall authority of the Managing Director.
- (ii) The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- (iii) The Whole-time Director shall adhere to the Company's Code of Conduct.
- (iv) The office of the Whole-time Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.



He has rich and varied experience in the industry and has been involved in the operations of the Company. It would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) as a Whole-time Director. Accordingly, approval of the members is sought for passing a Special Resolution for re-appointment of Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) as a Whole-time Director, as set out in Part-I of Schedule V to the Act as also under sub-section (3) of Section 196 of the Act.

Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act. The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) under Section 190 of the Act.

Details of Mr. Yallapragada Naga Bhaskara Rao are provided in "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) is interested in the resolution set out at Item No. 4 of the Notice. The relatives of Mr. Yallapragada Naga Bhaskara Rao, may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution. The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

#### **Item No. 5**

The Board of Directors at their meeting held on 14th August, 2018, approved for increase in remuneration to Rs. 2,00,089/- (Two Lakh and Eighty Nine Only) per month with effect from 1 April, 2018, which may further increase upto but not more than Rs 2,50,00,00/- (Rupees Two Lakh Fifty Thousand Only) per month as Board may decide from time to time as mentioned in resolution to Mr. Yallapragada Naga Bhaskara Rao, Whole-Time Director of the Company, subject to the approval of the shareholders in the ensuing General Meeting.

Mr. Y. N. Bhaskara Rao is associated as the Director of the Company since the year 2004. He is having huge experience in manufacturing of pharmaceutical products and plays an important role in handling the crucial departments of the Company related to Production Planning, Purchases, Sales, and Maintenance of Plants etc. Looking at his contribution to the Company, the above increase in remuneration is sought from the shareholders.

None of the Directors or their relatives except Mr. Y.N. Bhaskara Rao himself is concerned or interested in the resolution. None of the other Key Managerial Personnel or their relatives are concerned or interested in the resolution.

The Board recommends the resolution at item no. 5 for approval by the members as a Special Resolution.

By the order of the Board of Directors  
For Phaarmasia Limited

Sd/-  
**Y. N. Bhaskara Rao**  
Whole Time Director  
DIN: 00019052

Place: Hyderabad,  
Date: 14<sup>th</sup> August, 2019



**DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING**  
(Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Particulars</b>	<b>Mr. Vinay R. Sapte</b>	<b>Mr. Ajit Jamkhedkar</b>	<b>Mr.Y.N.Bhaskar Rao</b>
Director Identification Number	00135085	08196191	00019052
Date of Birth	01/06/1955	16/09/1955	22-04-1963
Nationality	Indian	Indian	Indian
Date of Appointment	30-04-2009	14-08-2018	10-09-2004
Qualifications	Bachelor of Engineering (Electrical)	Post Graduate	Post Graduate
Shareholding in the Company	Nil	Nil	180
Expertise in specific functional areas	More than 35 years of Experience in pharmaceutical sector.	More than 35 years experience and in-depth expertise in Industrial Marketing, Business Development etc	More than 30 years experience in Pharmaceuticals sector
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 8 Companies)	As per Note 1 below	As per Note 2 below	Nil
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	Nil	As per Note 3 below	Nil

**Note. 1**

<b>Sr. No.</b>	<b>Name of Company</b>	<b>Designation</b>
1	Maneesh Pharmaceuticals Limited	Managing Director
2	Svizera Pharma Private Limited	Director
3	Bombay Biosyntex Chemicals Private Limited	Director
4	Phaarmasia Limited	Director
5	Servac Pharma (I) Private Limited	Director
6	Svizera Labs Private Limited	Director
7	Pure Health Products Private Limited	Director
8	Shanbag Storage and Services Private Limited	Director
9	Ergos Life Sciences Private Limited	Director

**Note. 2**

<b>Sr. No.</b>	<b>Name of Company</b>	<b>Designation</b>
1	Maneesh Pharmaceuticals Limited	Independent Director

**Note. 3**

<b>Sr. No.</b>	<b>Name of Company</b>	<b>Designation</b>
1	Maneesh Pharmaceuticals Limited • Audit Committee • Nomination and Remuneration Committee	Member



**FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS/NOTICES BY ELECTRONIC MODE**

To  
M/s Venture Capital and Corporate Investments Private Limited  
H.No.12-10-167, Bharat Nagar  
Hyderabad – 500 018

**Company: PHAARMASIA LIMITED**

I agree to receive all documents / notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of Sole / First Holder: \_\_\_\_\_

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

PAN No.: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Date:  
Place:

(Signature of Member)



---

**BOARD'S REPORT**

To  
The Members  
Pharmasia Limited

Your Directors have pleasure in presenting the 38th Annual Report together with and the Audited Statement of Accounts for the year ended 31st March, 2019.

**1. Financial summary or highlights/Performance of the Company**

The performance during the period ended 31st March, 2019 has been as under:

(Rs. In Lakhs)

Particulars	31st March, 2019	31st March, 2018
Sales & Other Income	2625.90	2193.65
Operating profit before Financial Charges & Depreciation	132.95	118.73
Financial Charges	3.68	4.22
Profit before Depreciation	129.27	114.51
Depreciation	46.16	46.57
Profit / (Loss) before taxes	83.11	67.94
Prior Period Expenses	0.00	0.00
Provision for Taxation of Current Year	25.23	17.11
Deferred Tax for the Current Year	(19.87)	(6.45)
Net profit after taxes	77.74	57.28
Other comprehensive income	1.65	(20.80)
Dividend (including tax on Dividend)	0.00	0.00
Balance of profit brought forward	79.39	36.48

**2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS:**

During the year under review, the gross revenue of the Company increased to **Rs. 2625.90** Lakhs as compared to **Rs. 2193.65** Lakhs in the previous year. Profit after tax for the year increased to **Rs. 77.74** Lakhs as compared to **Rs. 57.28** Lakhs in the previous year.





**3. SEBI GUIDELINES FOR STRENGTHENING AND RAISING INDUSTRY STANDARDS**

SEBI Circular No. SEBIHO / MIRSDIDOP1/CIR/P/2018/73 dated 20.04.2018 with regards to Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue to issue the Intimation letter to the Shareholders of the Company calling for their bank mandate by way of cancelled cheque along with PAN and other details. Necessary intimation in this regards for shareholder is enclosed herewith.

**4. FUTURE OUTLOOK:**

Continuing positively from the FY 2018-19, The Company is expecting consolidate it strength and develop a state of art manufacturing facility and expand its products segments and widening of its domestic market segments in the narrow future, we expect steady and continuous growth in the financial years ahead.

**5. SHARE CAPITAL:**

The authorised capital of the company stand unchanged from previous year at Rs. 10,00,00,000/- (Rupees Ten Crores), the Issued, Subscribed and Paid up Capital of the Company as on March 31, 2019 is Rs. 6,82,69,600/- (Rupees Six Crores Eighty Two Lakhs Sixty Nine Thousand and Six Hundred) divided into 68,26,960 equity shares of Rs.10/- (Rupees Ten) each.

**6. DIVIDEND:**

The company has not declared the dividend during the financial year under review.

**7. TRANSFERS TO RESERVES:**

No Profits during the year were transferred to Reserves during the financial year 2018-19. However, profit for the year forms part of surplus.

**8. LISTING**

The Company confirms that it has paid the Annual Listing Fees for the year 2018-2019 to BSE where the Company's Shares are listed.

**9. MEETING OF THE BOARD:**

The Board of Directors duly met 5 (Five) times on 30-05-2018, 18-07-2018, 14-08-2018, 14-11-2018, and 14-02-2019 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

The intervening gap between the Meetings was not more than 120 days as prescribed under the Companies Act, 2013.

**10. DIRECTORS AND KEY MANAGERIAL PERSONNEL.**

**Reappointment:**

Mr. Vinay R. Sapte, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.



**Appointment:**

Mr. Ajit G. Jamkhandikar was appointed as the Additional Director by the Board of Director of the Company w.e.f from 14.08.2018. The Board of Directors of the Company in consultation of committees of Board of the Company recommends for regularization of Appointment of Mr. Ajit Jamkhandikar as Independent Director of the Company for period of 5 year.

The Board of Directors of the company ("the Board") at its meeting held on August 14, 2019 based upon recommendation of nomination and remuneration committed, subject to approval of members, reappointed Mr. Yallapragada Naga Bhaskara Rao, (DIN: 00019052) as a whole Time Director, for a further period of 5 ( Five ) years from the expiry of his present term, that is, August 14, 2019.

**11. DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(5) OF THE COMPANIES ACT, 2013:**

In compliance of section 134 (5) of the Companies Act, 2013, your directors confirm:

- a) That in the preparation of the annual accounts, 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 or loss 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) that the Directors had laid down internal financial controls to be followed by the company and that such internal financial control to be followed by the company are adequate and were operating effectively.
- f) that the Directors has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**12. DECLARATION GIVEN BY INDEPENDENT DIRECTORS:**

The Company has received necessary declarations from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of their independence as laid down in Section 149(6) of the Companies Act, 2013.



**13. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as under. Further, there were no employees who were drawing salary of more than INR 8.5 Lakhs per month or INR 102 Lakhs per annum.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Executive Directors	Ratio to Median remuneration
Yallapragada Naga Bhaskara Rao	9.7:1
Maneesh Ramakant Sapte	Nil
Other Directors	Nil

- b. The percentage increase in remuneration of each directors, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Directors, CEO, CFO and Company Secretary	% increase in Remuneration in the Financial Year.
Maneesh Ramakant Sapte	Nil
Y.N. Bhaskara Rao	20%
Vinay Ramakant Sapte	Nil
Rashmi Vinay Sapte	Nil
Ajit Jamkhandikar	Nil
Pravin Hegde	Nil
N.E.V. Prasad Rao	10%
Abhishek Wakchaure	Nil

- c. The percentage increase in the median remuneration of employees in the financial year: 10 %
- d. The number of permanent employees on the rolls of Company 26 Employees
- e. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year.



Sr. No	Particular	As at March 31, 2019	As at March 31, 2018
1.	Market Capitalization	11,50,34,276	25,08,90,780
2.	Price Earnings Ratio	14.78:1	43.75 : 1

- f. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in the salaries of the employees other than the managerial personnel in the last financial year is 10%

- g. Directors hereby affirm that the remuneration is as per the remuneration policy of the company.

#### **14. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:**

The Company has framed policy on Directors' appointment and remuneration and other matters provided in section 178(3) of the Act and is referred to while taking decisions under its purview.

#### **15. BOARD EVALUATION**

The Board of Directors of the Company carried out the Annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the applicable Act, rules and guidelines.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at



which the performance of the Board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The overall performance of the Chairman, Executive Directors and Non-Executive Directors of the company is satisfactory. The review of performance was based on the criteria of performance, knowledge, analysis, quality of decision making etc.

**16. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the End of the Financial Year and the date of the report.

**17. EXTRACT OF ANNUAL RETURN**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of annual return is placed on the website of the Company.

**18. STATUTORY AUDITORS**

M/s. Sathuluri & Co, Chartered Accountants, were appointed as Statutory Auditors for 5 years at the 36th AGM held on 22nd September, 2017. The Board of Directors in their meeting held on 14.08.2019 ratified the same. M/s. Sathuluri & Co have confirmed that they are not disqualified to acts as Statutory Auditors of the Company.

**19. REPLIES TO AUDITORS REPORT:**

With reference to observations made in Auditor's Report, the notes of account are self-explanatory and therefore do not calls for any further comments under section 134(5) of Companies Act, 2013.

**20. SECRETARIAL AUDIT REPORT:**

In terms of Section 204 of the Act and Rules made there under, Mr. N.V.S.S. Suryanarayana, Practicing Company Secretary has been appointed as Secretarial Auditor of the Company for the financial year under review.

Secretarial Audit Report as provided by Shri N. V. S. S. Suryanarayana Rao, Practicing Company Secretary is enclosed as Annexure I to this report. The Secretarial auditor has highlighted few points in the secretarial audit report. The Board wants to place before the members its comments on the observations of the Secretarial auditor which are as below:

- a) The delay mentioned in the secretarial audit report with respect to delay in filing of Form MGT-15 was made inadvertent. The Company had duly filed form MGT-15 with Registrar of Companies subsequent to the AGM of the Company and generated necessary Challan for payment of fees towards



statutory fees payable which is nominal. However erroneously the Challan payment for the nominal statutory fees was missed by the Company due to human error. The same was paid later with additional fees

**21. COST AUDITORS**

The provisions of Section 148 of the Companies Act, 2013 does not apply to the Company and hence, no Cost Auditors are appointed.

**22. REPORTING OF FRAUDS BY AUDITORS**

During the year under review, neither the statutory auditors nor the Secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instance of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

**23. INTERNAL AUDIT & CONTROLS**

The Company has appointed M/s. Thirupathi & Associates as its Internal Auditors for the financial year 2018-19. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

**24. VIGIL MECHANISM:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established.

**25. RISK MANAGEMENT POLICY**

The Risk Management Policy is in place in the Company enables the Company to proactively take care of the internal and external risks of the Company and ensures smooth business operations.

The Company's risk management policy ensures that all its material risk exposures are properly covered, all compliance risks are covered and the Company's business growth and financial stability are assured. Board of Directors decide the policies and ensure their implementation to ensure protection of Company from any type of risks.

**26. SECRETARIAL STANDARDS**

The Company complies with Secretarial Standard-1 and Secretarial Standard-2, with respect to Board and General Meetings respectively, issued by The Institute of Company Secretaries of India,

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No other significant and material order has been passed by the regulators,



courts, tribunals impacting the going concern status and Company's operations in future.

**28. DEPOSITS**

The Company has not accepted any deposit from the public under Chapter V of the Act or under the corresponding provisions of Section 73 and 74 of the Companies Act, 2013, and no amount of principal or interest was outstanding as on the Balance Sheet date.

**29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given/done any Loans, Guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 during the reporting period.

**30. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The details regarding transaction with related parties covered under section 188 of the Companies Act, 2013 are given in 'Annexure II' and forms part of this report.

**31. CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC: -**

**(A) Conservation Of Energy**

- (i) The steps taken or impact on conservation of energy: Nil
- (ii) The steps taken by the company for utilizing alternate sources of energy: Nil
- (iii) The capital investment on energy conservation equipments: Nil

**(B) Technology absorption**

- (i) The efforts made towards technology absorption;
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
  - (a) The details of technology imported;
  - (b) The year of import;
  - (c) Whether the technology been fully absorbed;
  - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;

***No technology is imported during financial year 2018-19***

- (iv) The expenditure incurred on Research and Development: Nil



**(C) Foreign exchange earnings and Outgo**

Foreign Exchange Inflows: ----- NIL

Foreign Exchange Outflows: INR 83.41 Lakhs

**32. Internal Financial Control Systems**

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis.

**33. INSURANCE:**

The Properties and assets of your Company are adequately insured.

**34. CORPORATE GOVERNANCE:**

As per regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Compliance of Corporate Governance norms are not applicable to your Company, hence the disclosures under the Corporate Governance requirement have not been mentioned in the Annual Report. Though the provisions of Corporate Governance are not applicable to the Company, the operations and transactions of the Company are done in a transparent manner.

**35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report, pursuant to Regulation 34 reads with Schedule V of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015, forms part of this report and the same is annexed.

**36. CORPORATE SOCIAL RESPONSIBILITY**

The provisions w.r.t. CSR are not applicable to the Company therefore, the Company had not constituted CSR committee during the year 2018-19.

**37. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**38. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints





Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the year.

**39. EMPLOYEE RELATIONS:**

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen and staff at all levels in the improved performance of the Company.

None of the employees are drawing Rs. 8,50,000/- and above per month or Rs. 1,02,00,000/- and above in aggregate per annum as remuneration, the limits prescribed under provisions of the Companies Act, 2013.

**40. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The detailed Management Discussion and Analysis Report on the affairs and prospect of the Company is enclosed as Annexure III

**41. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders of the Company for their continued support and patronage.

By the order of the Board of Directors  
For Pharmasia Limited

Place: Hyderabad,  
Date: 14<sup>th</sup> August, 2019

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN: 00020450

Sd/-  
Y. N. Bhaskara Rao  
Whole Time Director  
DIN: 00019052



**Annexure-I**

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

The Members,  
**M/s PHAARMASIA LIMITED**  
16, Phase-III, IDA, Jeedimetla,  
Hyderabad-500055  
Telangana

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PHAARMASIA LIMITED**, (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2019, ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the "Act") and the rules made there under and other applicable provisions of the Companies Act, 1956 which are still in force;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to the Company during the Audit Report)
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;



- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
6. Other laws applicable to the Company as per the representations made by the Management.

I have also examined compliance with the applicable clauses of the following:

Secretarial Standard-1 and Secretarial Standard-2, with respect to Board and General Meetings respectively, issued by The Institute of Company Secretaries of India,

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried out unanimously and are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

*I further report that* during the audit period:

- (i) There were delay in filing of Form MGT-15 with Registrar of Companies, Hyderabad..

**NVSS SURYANARAYANA RAO**  
**Practicing Company Secretary**  
**FCS No.: 5868**  
**Certificate of Practice No.: 2886**

Hyderabad, 14th August, 2019

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.



The Members,  
M/s PHAARMASIALIMITED  
16, Phase-III, IDA, Jeedimetla,  
Hyderabad-500055  
Telangana

My report of even date is to be read with this letter.

- a. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d. Where ever required, I have obtained Management Representation about the compliance, laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**NVSS SURYANARAYANA RAO**

**Practicing Company Secretary**

**FCS No.: 5868**

**Certificate of Practice No.: 2886**

**Hyderabad, 14<sup>th</sup> August, 2019**



**Annexure-II**  
**FORM NO. AOC.2**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

- (a) Name(s) of the related party and nature of relationship – N.A
- (b) Nature of contracts/arrangements/transactions – N.A
- (c) Duration of the contracts/arrangements/transactions – N.A
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any – N.A
- (e) Justification for entering into such contracts or arrangements or transactions – N.A
- (f) date(s) of approval by the Board – N.A
- (g) Amount paid as advances, if any: - N.A
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 – N.A

**2. Details of material contracts or arrangement or transactions at arm's length basis**

- (a) Name(s) of the related party and nature of relationship

Maneesh Pharmaceuticals Limited	Holding Company
Svizera Health Remedies LLP	Enterprises where Directors are Interested
Shubh Pharma Agency	Enterprises where Directors are Interested

- (b) Nature of contracts/arrangements/transactions – Sale / Purchase transactions
- (c) Duration of the contracts/arrangements/transactions – FY 2018-19
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - Total Goods Sold – Rs. 7,24,75,338/-
  - Total Goods purchased – Rs. 15,06,13,636/-
- (e) Date(s) of approval by the Board, if any: N.A
- (f) Amount paid as advances, if any: Nil

By the order of the Board of Directors  
For Phaarmasia Limited

Place: Hyderabad,  
Date: 14<sup>th</sup> August, 2019

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN: 00020450

Sd/-  
Y. N. Bhaskara Rao  
Whole Time Director  
DIN: 00019052



**Annexure –III**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**1. INDUSTRY STRUCTURE AND DEVELOPMENTS.**

The Government of India has announced measures to create a progressive environment for the Indian pharmaceutical industry. The Government of India is committed to setting up robust healthcare and delivery mechanisms. The management is confident of improving the operations by focusing on manufacturing of Cosmetics and Oral Contraceptive Pills.

**2 RISKS AND CONCERNS:**

The Company ensures compliance of all applicable laws globally, including those relating to employment, taxation, trades, health, safety & environment company laws, establishment, SEBI Regulations and others applicable Laws and Rules. The Company undertakes risk management programmes to tackle strategic, regulatory, operational and financial as well as compliance-related risks across the organization. It includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk factors. The process of continuous evaluation of risks includes taking stock of the risk factors on an event driven as well as quarterly basis. The risk management process is continuously improved and adapted to the changing global risk scenario.

**3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has adequate Internal Financial Controls consistent with the nature of business and size of the operations, to effectively provide for safety of its assets, reliability of financial transactions with adequate checks and balances, adherence to applicable statutes, accounting policies, approval procedures and to ensure optimum use of available resources. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budget on an ongoing basis. These systems are reviewed and improved on a regular basis.

**4. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.**

Sl. No	Particular	2018-19	2017-18
1	Revenues:	2625.90	2193.65
2	Expenditure:	2365.63	1940.33
3	Finance Costs:	3.68	4.22
4	Personnel Costs:	173.48	181.16
5	Profit Before Tax	83.11	67.94
6	Fixed Assets	1379.72	1417.88



**5. OUTLOOK:**

The Company will be focusing its strengths its Domestic Market through expansion of its activities and will make the necessary investment when attractive opportunities arise.

**6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

The Company believes that the Human Resources are vital resource in giving the Company a competitive edge in the current business. The Company's innovative human resources management strategies supported its business growth in a challenging environment. The Company's HRD policy focuses on creating an environment where performance is rewarded, individuals are respected and associates get opportunities to realize their potential. As in the past, the Company enjoyed cordial relations with the employees at all levels.

**7. DISCLOSURE OF ACCOUNTING TREATMENT.**

The Company in the preparation of the financial statements has followed the Accounting Standards notified pursuant the relevant provision of the Companies Act, 2013 read with applicable Accounting Standards, issued by the Ministry of Corporate Affairs. Indian Accounting Standards shall get applicable to the Company from FY 2017-18. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

**8. OPPORTUNITIES AND THREATS**

The pace at which the pharmaceutical sector in India is growing has increased the Opportunities for the company which can lead to healthy growth of the Company. The pharmaceutical sector is also exposed to various kinds of risks related to change in government policies, pricing of products, intense competition due to growth etc. The Company is well equipped to tackle the risks related to the business of the Company.

**9. CAUTIONARY STATEMENT**

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

By order of the Board of Directors  
For Phaarmasia Limited

Sd/-  
Maneesh R. Sapte  
Managing Director



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

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors for incorporating Good Corporate Governance Practices.

We confirm that the Company has in respect of the year ended March 31, 2019, the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, Head - HR, Compliance Officer as on March 31, 2019.

By the order of the Board of Directors  
For Phaarmasia Limited

Place: Hyderabad,  
Date: 14<sup>th</sup> August, 2019

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN: 00020450

Sd/-  
Y. N. Bhaskara Rao  
Whole Time Director  
DIN: 00019052





## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M/s PHAARMASIA LIMITED, HYDERABAD

Report on the INDAS Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Phaarmasia Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of Profit and Loss( including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards ) Rules 2015, as amended, ( "Ind AS") and Other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the profit and Total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India(ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



“We have determined that there are no key audit matters to communicate in our report.”

### **Management’s Responsibility for the Standalone Financial Statements**

5. The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 , with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, including other Comprehensive Income, statement of changes in equity , and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the Ind AS financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors are also responsible for overseeing the Company’s financial reporting process.

### **Auditor’s Responsibilities for the Audit of the Financial Statements**

8. Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
11. We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters Specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls,



refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as on 31.03.2019 on its financial position in its IndAS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts ; The Company has neither entered any derivative contract during the year under audit and nor have any outstanding derivative contract at the end of the year ;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
15. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Sathuluri & Co.,  
Chartered Accountants  
Firm Regn No: 006383S

Sd/-  
( S.S. Prakash)  
Proprietor  
Membership No.202710

Place : Hyderabad  
Date : 30-05-2019



## ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets:

- a. The company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.
- b. As per the information and explanation given to us, the Fixed Assets of the company have been physically verified by the management according to the phased programme, which is designed to cover all the Fixed Assets, at reasonable intervals and the said programme is considered reasonable, and no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company. The Company has taken 1233.14 Square Meters of land on lease for its unit II from Divya Lakshmi Engineering for a period of 80 years .

(ii) In respect of its Inventories:

- a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013;

(iv) According to information given to us, the company has not given any loans, has not done any investment, not given any guarantees and provided securities which are covered u/s 185 and 186 of the companies Act, 2013. Hence this clause is not applicable.

According to the information and explanation given to us, the company has not accepted deposits within the meaning of the provisions of sections 73 to 76 of the Companies Act and the rules framed there under; therefore the provisions of this clause is not applicable to the Company;

(v) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act.



- (vi) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax (GST), cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanation given to us, there are no dues payable on account of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax Goods and Service Tax (GST) , or cess pertaining to any dispute with the relevant authorities other than those mentioned in the notes to accounts.
- (vii) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank, Government or dues to debenture holders.
- (viii) According to the information and explanation to us, the company has no moneys raised by way of public offers (including debt instruments) no has the company taken any term loan.
- (ix) Based on the audit procedures applied and according to the information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the year under audit.
- (x) The Managerial Remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xi) The company is not a Nidhi Company.
- (xii) According to information given to us all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiii) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xiv) The company has not entered into any non-cash transactions with directors or persons connected with them.
- (xv) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sathuluri & Co.,  
Chartered Accountants  
Firm Regn No: 006383S

Sd/-  
(S.S. Prakash)  
Proprietor  
Membership No.202710

Place : Hyderabad  
Date : 30-05-2019



**Annexure - B to INDEPENDENT AUDITOR'S REPORT even date on the Financial Statements of PHAARMASIA LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **M/s PHAARMASIA LIMITED**, Limited ("the Company") as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls





system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Sathuluri & Co.,  
Chartered Accountants  
Firm Regn No: 006383S

Sd/-  
(S.S.Prakash)  
Proprietor  
Membership No.202710

Place : Hyderabad  
Date : 30-05-2019



**BALANCE SHEET AS AT 31st MARCH, 2019**

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	137637601	141453014
Intangible Assets	2.2	335000	335000
<b>Financial Assets</b>			
Other Financial Assets	2.3	2587758	2399126
Deferred Tax asset	0.0	0	
Other Non Current Assets	2.4	20000	20500
<b>Total:</b>		<b>140580359</b>	<b>144207640</b>
<b>Current Assets</b>			
<b>Inventories</b>			
<b>Financial Assets</b>	2.5	59652977	12888006
Trade Receivables	2.6	117632609	37949194
Cash and Cash Equivalent	2.7	1879602	1927484
Other Financial Assets	2.3	12935	12935
<b>Other Current Assets</b>			
	2.4	12799811	22234288
<b>Total:</b>		<b>191977934</b>	<b>75011907</b>
<b>TOTAL</b>		<b>332558293</b>	<b>219219547</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.8	68269600	68269600
Other Equity	2.9	59895100	51955112
<b>Total:</b>		<b>128164700</b>	<b>120224712</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.10	1608505	1229030
Deferred tax liabilities (net)	2.11	16468	2003641
Long Term Provisions	2.12	5921303	5200609
<b>Total:</b>		<b>7546277</b>	<b>8433280</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Trade payables	2.13	178944137	74080120
Other financial liabilities	2.14	1151804	1895844
<b>Liabilities for current tax (net)</b>			
Provisions	2.15	2581112	1711043
Other current liabilities	2.16	14170264	12874548
<b>Total:</b>		<b>196847316</b>	<b>90561555</b>
<b>TOTAL</b>		<b>332558293</b>	<b>219219547</b>

The accompanying Significant accounting policies and notes form an integral part of the financial statements.

As per our report of even date  
For Sathuluri & Co.  
Chartered Accountants  
Firm Reg No. 006383S

Sd/-  
(S.S.PRAKASH)  
Proprietor  
Membership No.202710

Place: Hyderabad  
Date: 30-05-2019

**For and on behalf of the Board**

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN:0020450

Sd/-  
Abhishek Wakchaure  
Company Secretary  
A40891

Sd/-  
Y.N.Bhaskar Rao  
Whole Time Director  
DIN:00019052

Sd/-  
N.E.V.Prasad Rao  
C F O



**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st March, 2019**

(Amount in Rs.)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>Income</b>			
Revenue from operations	2.17	256546105	214073949
Other income	2.18	6044590	5291221
<b>Total Revenue</b>		<b>262590695</b>	<b>219365170</b>
<b>Expenditure</b>			
Cost of materials consumed	2.19	178834966	110101592
Purchases of stock-in-Trade	2.20	0	420000
Changes in inventories	2.21	(16825340)	(1985544)
Employee benefits expense	2.22	17348843	18116865
Finance costs	2.23	368535	422824
Depreciation and amortization expense	2.1	4616372	4657344
Other expenses	2.24	69936409	80838555
<b>Total Expenditure</b>		<b>254279785</b>	<b>212571636</b>
<b>Profit before tax</b>		<b>8310910</b>	<b>6793534</b>
<b>Tax expense</b>			
Current tax		2523127	1711043
Deferred tax		(1987172)	(645884)
<b>Net Profit for the Period</b>		<b>7774955</b>	<b>5728375</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		223018	(2079506)
Tax on items that will not be reclassified to profit or loss		(57985)	-
		<b>165033</b>	<b>(2079506)</b>
Items that will be reclassified to profit or loss:			
Tax on items that may be reclassified to profit or loss		0	0
Items that may be reclassified subsequently to profit or loss		0	0
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>165033</b>	<b>(2079506)</b>
<b>Total comprehensive income for the year</b>		<b>7939989</b>	<b>3648869</b>
Earnings per share:			
Basic earnings per share of 10/-each		1.14	0.84
Diluted earnings per share of 10/- each		1.14	0.84

The accompanying Significant accounting policies and notes form an integral part of the financial statements.

As per our report of even date  
For Sathuluri & Co.  
Chartered Accountants  
Firm Reg No. 0063835

Sd/-  
(S.S.PRAKASH)  
Proprietor  
Membership No.202710

Place: Hyderabad  
Date: 30-05-2019

**For and on behalf of the Board**

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN:00020450

Sd/-  
Abhishek Wakchaure  
Company Secretary  
A40891

Sd/-  
Y.N.Bhaskar Rao  
Whole Time Director  
DIN:00019052

Sd/-  
N.E.V.Prasad Rao  
C F O



**Statement of changes in equity as at 31.03.2019**  
**Refer Note No.2.25 Reconciliation of Equity and Other Comprehensive Income**

PARTICULARS	EQUITY SHARE CAPITAL	RETAINED EARNINGS	CAPITAL RESERVE	REVALUATION RESERVE	TOTAL EQUITY
Balance as at 1/4/2018	6,82,69,600	-1,37,523	96,87,063	4,24,05,571	12,02,24,712
Profit for the year	-	77,74,955	-	-	77,74,955
Deferred Tax	-	-	-	-	-
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	-	1,65,033	-	-	1,65,033
Balance as at 31/03/2019	<b>6,82,69,600</b>	<b>78,02,466</b>	<b>96,87,063</b>	<b>4,24,05,571</b>	<b>12,81,64,700</b>

As per our report of even date  
For Sathuluri & Co.  
Chartered Accountants  
Firm Reg No. 006383S

Sd/-  
(S.S.PRAKASH)  
Proprietor  
Membership No.202710

Place: Hyderabad  
Date: 30-05-2019

For and on behalf of the Board

Sd/-  
Maneesh R. Saptle  
Managing Director  
DIN:00020450

Sd/-  
Y.N.Bhaskar Rao  
Whole Time Director  
DIN:00019052

Sd/-  
Abhishek Wakchaure  
Company Secretary  
A40891

Sd/-  
N.E.V.Prasad Rao  
C F O



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019**

(Amount in Rs.)

Particulars	2019	2018
<b>Cash Flows from Operating Activities</b>		
Net profit before tax	8310910	6793534
<b>Adjustments for :</b>		
Depreciation and amortization expense	4616372	4657344
Other Comprehensive Income (net of tax)	223018	(2079506)
<b>Operating profit before working capital changes</b>	<b>13150300</b>	<b>9371372</b>
<b>Movements in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(79683414)	(2308484)
(Increase)/Decrease in Other financial assets	0	1042340
(Increase)/Decrease in Inventories	(46764971)	(2586266)
(Increase)/Decrease in Other Current Assets	9434477	(15180773)
(Increase)/Decrease in Other Non Current Assets	500	53389
Increase/(Decrease) in Trade Payables	104864017	20104899
Increase/(Decrease) in Other financial liabilities	(744041)	751981
Increase/(Decrease) in Other Current liabilities	1295715	373979
Increase/(Decrease) in Provisions	720694	(1504936)
Changes in Working Capital	<b>(10877023)</b>	<b>746130</b>
<b>Cash generated from operations</b>	<b>2273277</b>	<b>10117501</b>
Interest received on Deposits		
Direct Taxes Paid	(1711043)	(1318002)
<b>Net Cash from operating activities (A)</b>	<b>562235</b>	<b>8799499</b>
<b>Cash flows from Investing Activities</b>		
Purchase of Fixed Assets (Including CWIP)	(1174504)	(9001584)
Sale of fixed assets	373544	0
Changes in other financial assets( non current)	(188632)	(154067)
<b>Net Cash used in Investing Activities</b>	<b>(989592)</b>	<b>(9155651)</b>
<b>Cash flows from/(used in) Financing Activities</b>		
Proceeds from Long term borrowings	379475	770878
<b>Net Cash used in Financing Activities</b>	<b>379475</b>	<b>770878</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(47882)</b>	<b>414727</b>
Cash and Cash equivalents at the beginning of the year	1927484	1512757
<b>Cash and Cash equivalents at the ending of the year (Refer Note 2.7)</b>	<b>1879602</b>	<b>1927484</b>

The accompanying Significant accounting policies and notes form an integral part of the financial statements.

As per our report of even date  
For Sathuluri & Co.  
Chartered Accountants  
Firm Reg No. 006383S

**For and on behalf of the Board**

Sd/-  
(S.S.PRAKASH)  
Proprietor  
Membership No.202710

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN:00020450

Sd/-  
Y.N.Bhaskar Rao  
Whole Time Director  
DIN:00019052

Place: Hyderabad  
Date: 30-05-2019

Sd/-  
Abhishek Wakchaure  
Company Secretary  
A40891

Sd/-  
N.E.V.Prasad Rao  
C F O



## 1. Corporate Information

Phaarmasia Limited (“the Company”) is a public limited company incorporated in India. The Company is engaged in manufacturing of Cosmetics and Oral Contraceptive Pills. The shares of the Company are listed on the Bombay Stock Exchange. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 2. Basis of Preparation and Presentation of Financial Statements

The financial statements of Phaarmasia Limited (“the Company”) have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

### Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- Employee defined benefit assets/ (liability) are recognised as the net total of fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation
- Long-term borrowings are measured at amortized cost using the effective interest rate method.
- All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

## 3. Accounting Estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

- a. Depreciation and amortization: Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.
- b. Employee Benefits: The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.



- c. Provision and contingencies: Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.
- d. Fair valuation: Fair value is the market based measurement of observable market transaction or available market information.

**5. Functional and presentation currency**

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest rupees.

**6. Foreign Exchange Transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Gains and losses resulting from settlement of such transactions are recognized in the Statement of Profit and Loss. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

**7. Property, plant and equipment**

**Recognition and measurement**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of Property, plant and equipment comprises of purchase price, applicable duties and taxes, directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets, upto the date the asset is ready for its intended use. "The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is required to be included in the cost of the respective item of property plant and equipment" and "Cost of major inspections is recognized in the carrying amount of property, plant and equipment as a replacement, if recognition criteria are satisfied and any remaining carrying amount of the cost of previous inspection is derecognized.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

**8. Intangible Assets**

Identifiable intangible assets are recognised at cost and when it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. The asset is reviewed at the end of each reporting period is tested for impairment.

**9. Depreciation and Amortization**

Depreciable amount for assets is the cost of an asset, or other amount



substituted for cost less its estimated residual value. Depreciation on Property, Plant and equipment has been provided on the Written Down method as per the useful life prescribed in Schedule II to the Companies Act, 2013 taking into account the nature of asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, maintenance, etc.

The intangible asset is tested for impairment and is reviewed at each financial year end.

## **10. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **A. Financial Assets**

#### **1) Initial Recognition**

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### **2) Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

##### **a) Financial Assets at Amortised Cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

##### **b) Financial Assets Measured at Fair Value**

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. Financial asset not measured at amortised cost or at fair value through OCI is carried at FVTPL.

##### **c) Impairment of Financial Assets**





In accordance with Ind AS 109, expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. As Company trade receivables are realised within normal credit period adopted by the company, hence the financial assets are not impaired.

**d) De-recognition of Financial Assets**

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**B. Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Financial Liabilities**

**1) Initial Recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**2) Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

**a) Financial liabilities at FVPL**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**b) Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on



acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### **3) De-recognition of Financial Liabilities**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

### **11. Inventories**

Inventories consist of goods and are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Packing materials are used in operating machines or consumed as indirect materials in the manufacturing process.

### **12. Impairment of non-financial assets**

Intangible assets and property, plant and equipment, Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

### **13. Cash and Cash Equivalents**

Cash and bank balances comprise of cash balance in hand, in current accounts with banks.

### **14. Employee Benefits**

#### **Short term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



### **Defined Contribution Plan**

Provident Fund is a defined contribution plan of the Government of India under which both the employer and employee contribute on a monthly basis at a pre-determined rate (currently upto 12 % of employee salary) and the Company has no further obligation.

### **Defined Contribution Benefits**

The Company has an obligation towards gratuity, a defined benefit plan covering all eligible employees. The plan provides for lump sum payment in accordance with the Payment of Gratuity Act, 1972 to vested employees on retirement, death while in employment or on separation. Vesting occurs on completion of five years of service. The liability, which is determined by means of an independent actuarial valuation.

## **15. Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

## **16. Revenue recognition**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The effect on adoption of IND AS 115 was insignificant.

Revenue from goods and services is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & services Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

### **Other Income**

Other income includes Commission income and other miscellaneous receipts if any,



## 17. Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

## 18. Income Tax

### Current Tax

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

### Deferred Tax

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 19. Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## 20 Recent Accounting Pronouncements:

### Ind AS 116 Leases :

Ind AS 116, Leases: The Ministry of Corporate Affairs has notified the Ind AS 116, Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all



leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the effect of Ind AS 116 on the financial statements

**Amendment to Ind AS 12 'Income Taxes':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

**Amendment to Ind AS 19 'Employee Benefits':** On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.



2.1 Property, plant and equipment

Particulars	Rate of Dep.	Gross carrying value		Accumulated depreciation / impairment for the year	Disposals	Net carrying value	
		As at 1 April 2017	As at 31 March 2018			As at 1 April 2018	As at 31 March 2019
Land		10,66,39,720	10,66,39,720	-	-	10,66,39,720	10,66,39,720
Building	9.50%	1,98,49,971	1,98,49,971	15,47,815	51,49,514	1,47,00,457	1,47,00,457
Computers	63.16%	21,788	21,788	1,470	19,487	20,937	861
Plant & Machinery	18.10%	31,76,763	13,34,188	3,34,420	16,68,608	15,08,155	15,08,155
Tanks & Vessels	13.91%	57,01,104	57,01,104	7,15,543	12,86,613	44,14,481	51,30,034
Pumps & Motors	18.10%	2,76,227	2,76,227	36,425	1,11,957	2,00,686	2,00,686
Packaging Equipment	13.91%	19,53,128	19,53,128	2,01,728	7,08,579	12,44,549	12,44,549
Service Equipment	13.91%	86,20,719	13,47,471	10,14,481	23,61,952	62,58,767	72,73,248
Weighing Machine	13.91%	1,26,994	32,956	13,117	46,073	94,036	94,036
Lab Equipment	18.10%	14,54,850	14,67,138	1,78,929	6,49,005	8,18,713	9,84,713
Air Conditioners	25.89%	6,88,260	1,75,694	71,493	2,47,187	4,41,073	5,12,966
Electrical Installations	13.91%	5,36,071	2,42,209	76,289	3,18,498	2,17,573	2,93,862
Office Equipment	45.07%	26,223	17,373	4,000	21,373	4,850	4,850
Furniture&Fittings	25.89%	6,50,129	2,47,832	1,04,440	3,52,272	2,97,657	4,02,297
Vehicles	31.23%	7,91,819	11,62,216	3,16,223	3,16,223	8,45,993	9,71,544
<b>Total</b>		<b>15,05,13,766</b>	<b>11,74,944</b>	<b>46,16,322</b>	<b>1,32,58,850</b>	<b>13,76,37,691</b>	<b>14,14,53,013</b>

Particulars	Rate of Dep.	Gross carrying value		Accumulated depreciation / impairment for the year	Disposals	Net carrying value	
		As at 1 April 2017	As at 31 March 2018			As at 1 April 2018	As at 31 March 2019
Land		10,66,39,720	10,66,39,720	-	-	10,66,39,720	10,66,39,720
Building	9.50%	1,98,49,971	1,98,49,971	17,10,785	36,01,699	1,62,48,272	1,79,59,057
Computers	63.16%	21,788	21,788	4,007	19,487	2,321	6,326
Plant & Machinery	18.10%	31,76,763	5,69,375	7,64,813	13,34,188	18,42,575	26,07,386
Tanks & Vessels	13.91%	16,26,104	57,01,104	3,48,259	5,71,070	51,30,034	13,99,293
Pumps & Motors	18.10%	2,03,327	72,900	38,238	76,531	2,00,686	1,68,434
Packaging Equipment	13.91%	19,53,128	19,53,128	2,34,426	5,09,850	14,46,278	16,80,704
Service Equipment	13.91%	37,07,035	86,20,719	8,22,041	13,47,471	72,73,248	32,41,005
Weighing Machine	13.91%	1,26,994	1,26,994	15,243	32,956	94,038	1,09,281
Lab Equipment	18.10%	14,54,850	14,54,850	2,18,351	4,701,137	9,84,713	12,03,064
Air Conditioners	25.89%	6,88,260	92,613	83,081	1,75,694	5,12,966	5,95,647
Electrical Installations	13.91%	5,36,071	1,39,169	1,03,040	2,42,209	2,93,862	3,96,902
Office Equipment	45.07%	26,223	10,777	7,296	17,373	8,650	16,146
Furniture&Fittings	25.89%	6,50,129	1,06,770	1,41,082	2,47,832	4,02,297	5,43,389
Vehicles	31.23%	7,91,819	7,91,819	1,70,312	4,18,275	3,73,544	5,43,866
<b>Total</b>		<b>15,05,13,766</b>	<b>90,01,584</b>	<b>46,57,344</b>	<b>90,60,752</b>	<b>14,14,53,014</b>	<b>13,71,08,774</b>

2.2 Other Intangible Assets

Particulars	Rate of Dep.	Gross carrying value		Accumulated depreciation / impairment for the year	Disposals	Net carrying value	
		As at 1 April 2018	As at 31 March 2019			As at 1 April 2018	As at 31 March 2019
Good will		3,35,000	3,35,000	-	-	3,35,000	3,35,000
<b>Total</b>		<b>3,35,000</b>	<b>3,35,000</b>	<b>-</b>	<b>-</b>	<b>3,35,000</b>	<b>3,35,000</b>

Particulars	Rate of Dep.	Gross carrying value		Accumulated depreciation / impairment for the year	Disposals	Net carrying value	
		As at 1 April 2017	As at 31 March 2018			As at 1 April 2017	As at 31 March 2018
Good will		3,35,000	3,35,000	-	-	3,35,000	3,35,000
<b>Total</b>		<b>3,35,000</b>	<b>3,35,000</b>	<b>-</b>	<b>-</b>	<b>3,35,000</b>	<b>3,35,000</b>



(Amount in Rs.)

**2.3 Other Financial Assets**

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Electricity and Other Security Deposits	-	14,02,983	-	12,14,351
Deposit with CMSS	-	11,84,775	-	11,84,775
Advances recoverable in cash	12,935	-	12,935	-
<b>TOTAL</b>	<b>12,935</b>	<b>25,87,758</b>	<b>12,935</b>	<b>23,99,126</b>

**2.4 Other Non Current Assets and Current Assets**

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Prepaid Expenses	1,99,541	-	1,91,686	-
TDS receivables	15,12,587	-	10,98,698	-
Advance to Staff	-	20,000	-	20,500
Purchases in Transit	6,77,068	-	7,53,745	-
Advances to Suppliers	31,041	-	2,54,880	-
PLA Receivable	22,77,486	-	-	-
GST input Receivable	81,02,088	-	1,99,35,279	-
<b>TOTAL</b>	<b>1,27,99,811</b>	<b>20,000</b>	<b>2,22,34,288</b>	<b>20,500</b>

**2.5 Inventories**

Particulars	2019	2018
	Current	Current
Raw materials	3,26,33,377	67,83,037
Work-in-progress	1,81,65,078	21,43,418
Finished goods	13,71,520	5,67,840
Packing materials	74,83,002	33,93,711
<b>TOTAL</b>	<b>5,96,52,977</b>	<b>1,28,88,006</b>



(Amount in Rs.)

**2.6 Trade receivables**

Particulars	2019	2018
	Current	Current
Trade Receivables Unsecured, considered good	11,76,32,609	3,79,49,194
<b>TOTAL</b>	<b>11,76,32,609</b>	<b>3,79,49,194</b>

**2.7 Cash and Cash Equivalents**

Particulars	2019	2018
	Current	Current
Cash and Cash equivalents		
i) Cash on hand	13,557	23,056
ii) Balances with banks		-
- Current Accounts	7,30,486	19,00,840
ii) Other Bank Balances with restricted use		
- Fixed Deposits against Bank Gaurantee	10,95,131	-
Interest accrued but not due	40,428	3,588
<b>Total</b>	<b>18,79,602</b>	<b>19,27,484</b>





(Amount in Rs.)

**2.8 Share Capital**

Particulars	2019	2018
<b>Authorized Share Capital</b> 1,00,00,000 Equity Shares of Rs.10 each	10,00,00,000	10,00,00,000
<b>Issued Subscribed and Paid up Share Capital</b> 68,26,960 Equity Shares of Rs.10 each, fully paid up (Previous year: 68,26,960 Equity Shares of Rs.10 each, fully paid up)	6,82,69,600	6,82,69,600
	<b>6,82,69,600</b>	<b>6,82,69,600</b>

Details of shareholders holding more than 5% shares :	No. of shares	% Holding	No. of shares	% Holding
Maneesh Pharmaceuticals Ltd.,	30,14,232	44.15%	30,14,232	44.15%
Svizera Labs Pvt. Ltd.,	20,00,000	29.30%	20,00,000	29.30%

**2.8.1 Reconciliation of Number of Shares :**

Particulars	2019	2018
Number of Shares at the beginning of the year	68,26,960	68,26,960
Add : Shares issued during the year	-	-
<b>Number of Shares at the end of the year</b>	<b>68,26,960</b>	<b>68,26,960</b>

**2.8.2 Rights attached to equity shares**

"The Company has only one class of equity shares having a face value of Rs.10/- each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders."



(Amount in Rs.)

**2.9 Reserves and Surplus**

Particulars	2019	2018
<b>Capital Reserve</b>	<b>96,87,063</b>	96,87,063
<b>Revaluation Reserve</b>		
Opening Balance	4,24,05,571	4,24,05,571
Less: Decrease in Value	-	-
<b>Closing Balance</b>	<b>4,24,05,571</b>	<b>4,24,05,571</b>
Surplus in the Statement of Profit and Loss	19,41,983	(37,86,391)
Opening Balance	77,74,955	57,28,374
Add: Net profit transferred from the Statement of Profit and Loss	<b>97,16,939</b>	<b>19,41,983</b>
<b>Less: Appropriations</b>		
Deffered Tax		-
	-	
<b>Closing Balance</b>	<b>97,16,939</b>	19,41,983
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit	(19,14,473)	(20,79,506)
	<b>5,98,95,100</b>	<b>5,19,55,112</b>

**2.10 Borrowings**

Particulars	2019	2018
	Non Current	Non Current
Secured Borrowings:		
HDFC Bank car loan	6,86,142	2,06,660
Machinery Loan - Reliance Commercial	9,22,363	10,22,370
<b>Total</b>	<b>16,08,505</b>	<b>12,29,030</b>



(Amount in Rs.)

**2.11 Deferred Tax Liabilities**

Particulars	2019	2018
Opening Balance	20,03,641	26,49,524
Add : On account of difference in Net Block of Assets	(19,84,292)	(6,48,761)
Add : On account of deferment of Processing Charges	(2,881)	2,878
<b>Closing Balance</b>	<b>16,468</b>	<b>20,03,641</b>

**2.12 Long Term Provisions**

Particulars	2019	2018
<b>Provision for Gratuity and Employee Benefits</b>		
Opening Balance	52,00,609	46,85,421
Less: Reversal of provision	0	16,49,163
Add: Current Service Cost	9,58,712	4,12,523
Less: Payments made during the year	15,000	3,27,678
Actuarial loss or gain	-2,23,018	20,79,506
<b>Closing Balance</b>	<b>59,21,303</b>	<b>52,00,609</b>

**2.13 Trade Payables**

Particulars	2019	2018
	Current	Current
Due to Micro & Small Enterprises		
Dues to others		
For Raw material & Others	17,89,44,137	7,40,80,120
<b>Total</b>	<b>17,89,44,137</b>	<b>7,40,80,120</b>

**2.14 Other financial liabilities**

(Amount in Rs.)

Particulars	2019	2018
Creditors For Capital goods		
Current maturities of long term debt		
Car Loan	1,72,233	2,51,491
Machinery Loan	95,085	7,27,001
Other payables	88,4486	9,17,352
<b>Total</b>	<b>11,51,804</b>	<b>18,95,844</b>

**2.15 Provisions**

Particulars	2019	2018
Provision for Income tax	25,81,112	17,11,043
<b>Total</b>	<b>25,81,112</b>	<b>17,11,043</b>

**2.16 Other Current Liabilities**

Particulars	2019	2018
Salaries and Employee Benefits Payable	26,00,219	20,83,482
Statutory Liabilities	31,12,055	30,45,666
Others	84,57,990	77,45,400
<b>Total</b>	<b>1,41,70,264</b>	<b>1,28,74,548</b>

**2.17 Revenue from Operations**

Particulars	2019	2018
<b>Revenue from :</b>		
Operating Activities		
OCP Sales (Govt & Others)	19,14,16,925	14,75,12,941
Sales GST	3,73,58,502	56,81,850
P to P GST	1,34,84,904	63,53,629
Sales -Traded	3,56,411	5,87,500
Conversion Charges	1,39,29,363	4,16,51,029
<b>Add: Excise Duty</b>	-	1,22,87,000
<b>Total</b>	<b>25,65,46,105</b>	<b>21,40,73,949</b>



(Amount in Rs.)

**2.18 Other income**

Particulars	2019	2018
Interest earned	1,24,418	57,623
Commission	44,78,125	51,84,848
Arrears refund from Central Excise	4,20,926	0
Profit on sale of Car	3,47,837	0
Miscellaneous Income	6,73,284	48,750
<b>Total</b>	<b>60,44,590</b>	<b>52,91,221</b>

**2.19 Cost of materials consumed**

Particulars	2019	2018
<b>Raw Material</b>		
Purchases	15,62,68,507	7,23,05,501
Add: Opening Stock	47,83,037	65,66,524
	<b>16,10,51,544</b>	<b>7,88,72,025</b>
Less: Closing Stock	3,26,33,377	47,83,037
	<b>12,84,18,167</b>	<b>7,40,88,988</b>
<b>Packing Materials</b>		
Purchases	5,25,06,090	3,83,96,813
Add: Opening Stock	53,93,711	30,09,502
	<b>5,78,99,801</b>	<b>4,14,06,315</b>
Less: Closing Stock	74,83,002	53,93,711
	<b>5,04,16,799</b>	<b>3,60,12,604</b>
<b>Total</b>	<b>17,88,34,966</b>	<b>11,01,01,592</b>

**2.20 Purchase**

Particulars	2019	2018
Purchases of stock-in-Trade	0	4,20,000



(Amount in Rs.)

**2.21 Changes in Inventories**

Particulars	2019	2018
<b>Work-in-progress</b>		
Opening	21,43,418	6,65,714
Closing	1,81,65,078	21,43,418
	<b>-1,60,21,660</b>	<b>-14,77,704</b>
<b>Finished goods</b>		
Opening	5,67,840	60,000
Closing	13,71,520	5,67,840
	-8,03,680	-5,07,840
	<b>-1,68,25,340</b>	<b>-19,85,544</b>

**2.22 Employee Benefits Expense**

Particulars	2019	2018
Salaries & Wages	1,14,89,465	1,31,48,183
Director Remuneration	18,00,000	15,00,000
ESI Employer Contribution	1,13,728	2,00,910
Staff Welfare, Recruitment Expenses	6,02,932	7,55,571
PF Employer Contribution	7,13,917	7,18,553
Other Allowances	1,32,430	2,83,238
Bonus	37,955	72,289
Exgratia & Gratuity	24,58,416	14,38,121
<b>Total</b>	<b>1,73,48,843</b>	<b>1,81,16,865</b>

**2.23 Finance Costs**

Particulars	2019	2018
Interest Expense	3,68,535	4,22,824
Other borrowing costs	0	0
<b>Total</b>	<b>3,68,535</b>	<b>4,22,824</b>

**2.24 Other Expenses**

<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Laboratory chemicals & Analysis	4,90,776	5,26,389
Freight Outward & Cartage	7,53,650	15,89,093
Power & Fuel	83,72,480	1,07,69,767
Water Charges	14,64,725	12,08,547
Labour charges	1,31,87,859	1,90,42,869
Job Work Charges	1,00,800	31,29,413
Consumable Stores	17,62,711	30,29,853
Car Upkeep	5,32,936	5,52,956
Factory Maintenance	8,16,509	11,78,134
Laboratory Maintenance	17,51,121	30,97,310
Repairs & Maintenance - Electrical	6,17,235	12,48,303
Repairs & Maintenance- Buildings	3,21,292	22,04,324
Repairs & Maintenance- Machinery	11,45,646	43,42,142
Repairs & Maintenance- Airconditioners	1,76,788	3,53,200
Repairs & Maintenance (Others)	7,064	1,89,574
Software expenses	0	55,085
Repairs and Maintenance Computers	43,414	1,08,440
Insurance	2,46,485	2,87,862
Licence Fees, Rates & Taxes	6,75,740	5,08,736
Property Tax	10,58,608	10,58,608
Travelling Expenses	8,42,691	11,62,863
Consultancy Charges	80,04,189	2,30,467
Product Development charges	0	29,50,000
Conveyance Expenses	12,37,109	14,49,562
Postage & Telephones	2,20,498	3,39,361
Rent	18,000	2,32,900
Subscriptions	30,594	40,835
Advertisement	57,440	63,888
Office Expenses	23,533	1,21,118
Audit Fees	1,00,000	1,00,000
Internal Audit Fee	9,000	9,000
Sitting Fee	1,12,000	1,40,000
Technical Audit Fees	91,365	0
Printing and stationery	4,27,829	8,23,945
Security Charges	32,24,039	28,94,349
AGM Expenses	7,91,854	6,28,381
Sales Tax - CST paid	0	0
Transport Charges (commission)	65,010	32,325
Commission Expenses	43,35,758	45,01,119
GST paid	1,45,85,329	0
Serrvice tax paid	22,34,332	0
Excise Duty	0	1,22,87,000
Gratuity provision reversal	0	-16,49,163
<b>Total</b>	<b>6,99,36,409</b>	<b>8,08,38,555</b>

**2.26 Auditors Remuneration**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Statutory Audit fees	1,00,000	1,00,000
b) Internal Audit Fee	9,000	9,000
<b>TOTAL</b>	<b>1,09,000</b>	<b>1,09,000</b>

**2.27 Earnings per Share**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings		
Profit attributable to equity holders	77,74,955	57,28,375
Shares		
Number of shares at the beginning of the year	6,82,69,600	6,82,69,600
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	6,82,69,600	6,82,69,600
Weighted average number of equity shares outstanding during the year – Basic	6,82,69,600	6,82,69,600
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
Weighted average number of equity shares outstanding during the year – Diluted	6,82,69,600	6,82,69,600
Earnings per share of par value Rs.10/- Basic ( ` )	1.14	0.84
Earnings per share of par value Rs.10/- Diluted ( ` )	1.14	0.84

**NOTE: THE SALES TAX CST ASSESSMENTS OF THE COMPANY COMPLETED UPTO ACCOUNTING YEAR 2017-18**





## 2.28 Related Parties

In accordance with the provisions of Ind AS 24 "Related Party Disclosures" and the Companies Act, 2013, Company's Directors, members of the Company's Management Council and Company Secretary are considered as Key Management Personnel. List of related party of the Company is as below:

S.No.	Name of the Related Party	Nature of Relationship
1	Maneesh Pharmaceuticals Limited.	Holding Company
2	Svizera Health Remedies	Enterprises where Directors are Interested
3	Shubh Pharma Agency	Enterprises where Directors are Interested
4	Mr.Maneesh R.Sapte	Managing Director
5	Mr. Y N Bhaskara Rao	Whole Time Director
6	Mr.Vinay Ramakant Sapte	Non Executive Director
7	Mrs.Rashmi Vinay Sapte	Non Executive Director
8	Mr. Ajit Jamklhandikar	Independent Director
9	Mr.Pravin M Hegde	Independent Director
10	Mr.Abhishek Wakchaure	Company Secretary
11.	Mr. N E V Prasad Rao	Chief Financial Officer

## Related Party Transactions

Rs.

S. No	Nature of Transaction	2018-19			2017-18		
		KMP	Relative of KMP	Others	KMP	Relative of KMP	Others
1	<b>Sales and Purchases</b>						
	Maneesh Pharmaceuticals Ltd						
	Purchase / Services	-	-	14,56,88,215	-	-	6,92,29,244
	Sales	-	-	5,71,95,271	-	-	181,63,705
	Svizera Health Remedies LLP	-	-		-	-	
	Purchases	-	-	43,020	-	-	82,17,746
	Sales	-	-	1,52,80,067	-	-	71,16,066
Shub Pharma Agency	Services	-	-	48,82,401	-	-	51,54,237
	<b>2 Balances with the Related Parties</b>						
	Maneesh Pharmaceuticals Ltd	-	-	11,80,95,012 Cr	-	-	4,36,89,479 Cr.
Maneesh Pharmaceuticals Ltd	-	-	1,11,61,310 Dr	-	-	1,76,22,775 Dr.	
Svizera Health Care	-	-	75,49,466 Dr	-	-	7,52,539 Dr.	
Shub Pharma Agency	-	-	9,07,236 Cr.	-	-	11,56,389 Cr.	



Particulars	For the year ended 2019	For the year ended 2018
Key managerial personnel		
a) Whole Time Director Remuneration		
Mr. Y.N.Bhaskar Rao	24,01,070	20,00,892
b) Non-whole time Directors (Sitting Fee)		
Mr. Bharat Merchant	0	48,000
Mr. Vinay R Sapte	24,000	24,000
Mrs. Rashmi V. Sapte	20,000	20,000
Mr.Pravin M. Hegde	48,000	48,000
Mr. Ajit Jamkhandikar	20,000	0
<b>Total:</b>	<b>1,12,000</b>	<b>1,40,000</b>
c) Relatives of Key Managerial Personnel	0	0
d) Mr. N. E. V. Prasad Rao C F O	10,26,135	9,32,890
e) Abhishek Wakchaure (CS)	1,68,000	1,68,000

## 2.29 Earnings/expenditure in foreign currency:

Expenditure in Foreign currency:

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Purchase of Raw material	83,41,991	12,26,790
<b>Total</b>	<b>83,41,991</b>	<b>12,26,790</b>

## 2.30 Segment Reporting

The Company concluded that there is only one operating segment i.e, Pharmaceuticals (Cosmetics and Oral Contraceptive Pills). Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## 2.31 Employee benefits

*Gratuity benefits*

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The



Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation,

The components of gratuity cost recognized in the statement of profit and loss for the year ended 31st March 2019 and 2018 consist of the following:

Particulars	For the Year ended 31st March	
	2019	2018
Current service cost	1,73,771	1,84,803
Interest cost on net defined benefit liability/(asset)	4,42,262	2,27,719
Gratuity cost recognized in statement of profit and loss	6,16,034	4,12,522

Details of the employee benefits obligations and plan assets are provided below:

Particulars	For the Year ended 31st March	
	2019	2018
Present value of funded obligations	59,21,303	52,00,609
Fair value of plan assets	-	-
Net defined benefit liability/(asset)	59,21,303	52,00,609

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31st March	
	2019	2018
Defined benefit obligations at the beginning of the year	52,00,609	30,36,258
Current service cost	1,73,771	1,84,803
Interest cost on defined obligations	4,42,262	2,27,719
Re-measurements due to:		
Actuarial loss/(gain) due to change in financial assumptions	99,944	(1,46,143)
Actuarial loss/(gain) due to demographic assumptions	-	-
Actuarial loss/(gain) due to experience changes	(3,22,962)	22,25,648
Benefits paid	-	3,27,678
Defined benefit obligations at the end of the year	59,21,303	52,00,609



Details of changes in the fair value of plan assets are as follows:

Particulars	As of 31st March	
	2019	2018
Fair value of plan assets at the beginning of the year	-	-
Employer contributions	-	-
Actuarial loss/(gain) on plan assets	-	-
Re-measurements due to:	-	-
Return on plan assets excluding interest on plan assets	-	-
Benefits paid	-	-
Plan assets at the end of the year	-	-

Summary of Actuarial Assumptions:

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

Particulars	For the Year ended 31st March	
	2019	2018
Discount rate	7.65%	8.00%
Rate of compensation increase	10.00%	10.00%

### Contribution to Provident Fund

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.7,13,917/- and Rs.7,18,553/- to the provident fund plan during the years ended 31st March 2019 and 2018, respectively.

### 2.32 Income Taxes

#### ***a. Income tax expense/ (benefit) recognized in the statement of profit and loss:***

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:



Particulars	For the Year ended 31st March	
	2019	2018
Current taxes expense		
Domestic	25,23,127	17,11,043
Deferred taxes expense/(benefit)		
Domestic	(19,87,172)	(6,45,884)
Total income tax expense/(benefit) recognized in the statement of profit and loss	<b>5,35,955</b>	<b>10,65,159</b>

b. Income tax expense/ (benefit) recognized directly in equity:

Income tax expense/ (benefit) recognized directly in equity consist of the following:

Particulars	For the Year ended 31st March	
	2019	2018
Tax effect on actuarial gains/losses on defined benefit obligations	(57,985)	-
Total income tax expense/(benefit) recognized in the equity	<b>(57,985)</b>	-

c. Reconciliation of Effective tax rate:

Particulars	For the Year ended 31st March	
	2019	2018
<b>Profit before income taxes</b>	<b>83,10,910</b>	<b>67,93,534</b>
Enacted tax rate in India	26.00%	25.75%
<b>Computed expected tax (benefit)/expense</b>	<b>21,60,836</b>	<b>17,49,335</b>
<b>Effect of:</b>		
Expenses not deductible for Tax purposes	55,93,602	13,05,491
Expenses deductible for Tax purposes	(39,77,159)	(13,43,783)
<b>Income tax (benefit)/expense</b>	<b>25,81,112</b>	<b>17,11,043</b>
Effective tax rate	31.06%	25.18%

The Company's average effective tax rate for the years ended March 31, 2019 and 2018 were 31.06% and 23.98% respectively.

**d. Deferred tax assets & liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the Year ended 31st March	
	2019	2018
<b><u>Deferred tax assets / (liabilities):</u></b>		
Property, plant and equipment	(19,84,292)	(6,48,761)
Others	(2,881)	2,878
<b>Net deferred tax assets/(liabilities)</b>	<b>(19,87,172)</b>	<b>(6,45,884)</b>

**2.33 Financial Risk Management:**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

**a. Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade Receivables-The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. As Company trade receivables are realised within normal credit period adopted by the company, hence the financial assets are not impaired.

Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31, March 2019.

**b. Liquidity Risks:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2019, the Company had working capital (current assets less current liabilities) of Rs. (48,69,282) including cash and cash equivalents of Rs. 18,79,602 and as on 31 March 2018 the Company had working capital of Rs. (1,55,49,647), including cash and cash equivalents of Rs. 19,27,484.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019:

Particulars	2020	2021	2022	2023	Thereafter	Total
Trade payables	17,89,44,137	-	-	-	-	17,89,44,137
Long term borrowings	2,67,318	10,24,082	3,43,598	2,40,825	-	18,75,823

**C. Market Risks:**

Market risk is the risk that changes in market prices such as foreign exchange rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency payables.

**D. Capital Management**

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

Particulars	2019	2018
Total Debt	20,43,93,592	9,89,94,835
Total Equity	12,81,64,700	12,02,24,712
<b>Debt Equity Ratio</b>	<b>1.59:1</b>	<b>0.82:1</b>

2.34 Previous Years Figures have been re grouped / re arranged where ever necessary



**2.35 Contingent Liabilities and Commitments: NIL**

**2.36 Additional Information**

Class of Goods Manufactured	2018-19	2017-18
Liquid Orals, Tablets & Powders :		
1. Licensed Capacity	N.A.	N.A.
2. Installed Capacity on Single Shift Basis	-	-
Liquids in KL	6000 P.A	6000 P.A
Tablets in Millions	5400 P.A	5400 P.A
Pastes, Creams & Ointments in M.T	4500 P.A	4500 P.A
3. Actual Production	--	--
a) For conversion	--	--
Liquids (KL)	105.014	190.264
Pastes & Creams(MT)	363.969	1570.849
b) Own Production :	-	-
Tablets(Millions)	649.160	743.800
Liquids (KL)	5.926	0.000
Pastes & Creams (MT)	29.995	8.550
c) Opening Stock of Finished Goods :	-	-
Liquids (KL)	0.000	0.000
Tablets(Millions)	11.310	0.840
Liquids (KL)	0.000	0.000
Pastes & Creams(MT)	0.000	0.000
d) Closing Stock of Finished Goods :	-	-
Liquids (KL)	0.000	0.000
Tablets(Millions)	2.143	11.310
Liquids (KL)	0.000	0.000
Pastes & Creams(MT)	0.000	0.000

Particulars	2018-19		2017-18	
	QTY	Value (Rs. In '000)	QTY	Value (Rs. In '000)
<b>4. Sales Turnover &amp; Processing charges :</b>				
Tablets(Millions)	658.327	228775.43	733.332	153194.79
Pastes & Creams(MT)	29.995	12447.94	8.55	6353.63
Liquids (KL)	5.926	1036.96	0.00	0.00
Interest Earned		124.42		57.62
Traded Goods / Commission		4834.54		5821.10
Procession & Conversion (Incl. Excise Duty paid)		13929.36		53938.03
Areams refund and others		1442.05		0.00
<b>Total</b>		<b>262590.70</b>		<b>219365.17</b>





5. Consumption of Raw Materials & Packing Materials Stock Item	2018-19		2017-18	
	QTY	Value (Rs. In '000)	QTY	Value (Rs. In '000)
Levonogestrel	53.43	18805.20	95.00	20082.97
Ethylenelestradiol	15.08	3160.56	12.33	2019.40
Ferrous Fumarate	15591.58	3341.72	9840.74	1632.62
Ethyl Cellulose	522.64	1620.11	300.06	747.75
Iso Propyl Alcohol	34522.91	4829.77	28266.13	3291.84
S.S.G	3091.82	220.03	2379.47	209.06
PVPK-30	0.00	0.00	1711.30	616.21
Lactose	41890.67	6229.57	37253.88	5578.51
Magnesium Sterate	1175.00	150.19	1225.00	163.17
Maize Starch	8999.81	441.99	9000.19	406.88
Talcum Powder	1694.28	68.12	1533.29	55.14
Medroxyprogesterone Acetate Micronised	572.51	26258.95	0.00	0.00
Meprate 10mg Dummy Granules	8679.19	1735.70	0.00	0.00
Ormeloxifene Hydrochloride	1256.70	59316.24	0.00	0.00
Acacia Farnesiana (Irimed)	45.42	372.14	33.75	279.55
Polysorbate	2020.06	293.03	1200.12	176.85
Honey BP	2700.06	432.01	2000.15	320.02
Coolmints Flavour	412.56	303.28	250.12	184.22
Carbopol 934	222.81	119.89	185.18	100.38
Essence Chemical & Others		719.68		36224.41
Sub Total		<b>128418.16</b>		<b>72088.98</b>
Consumption of Packing Matetial (like Laminated Tubes PVC Foils, Alu.Foils, Cartoons & Catch Cards)		<b>50416.80</b>		<b>38012.60</b>
Total Consumption		<b>178834.96</b>		<b>110101.58</b>

As per our report of even date  
For Sathuluri & Co.  
Chartered Accountants  
Frim Reg No. 006383S

(S.S.PRAKASH)  
Proprietor  
Membership No.202710

Place: Hyderabad  
Date: 30-05-2019

For and on behalf of the Board

Sd/-  
Maneesh R. Sapte  
Managing Director  
DIN:00020450

Sd/-  
Abhishek Wakchaure  
Company Secretary  
A40891

Sd/-  
Y.N.Bhaskar Rao  
Whole Time Director  
DIN:00019052

Sd/-  
N.E.V.Prasad Rao  
C F O



**PHAARMASIA LIMITED**

CIN: L24239TG1981PLC002915

16, Phase III, I.D.A., Jeedimetla, Hyderabad – 500 055

Telephone: 040-23095002/23095690

**FORM No. MGT-11**

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24239TG1981PLC002915  
Registered folio no. / Client ID :  
Name of Company: : Phaarmasia Limited  
Registered office : 16, Phase III, I.D.A, Jeedimetla,  
Hyderabad – 500 055  
Name of member(s) :  
Registered address :  
Email ID :  
Folio No/Client ID :  
DP ID :

I/We, being member(s) of ..... shares of the above named company, hereby appoint

- 1 Name .....  
Address .....  
Email ID .....  
Signature....., or failing him
- 2 Name .....  
Address .....  
Email ID .....  
Signature....., or failing him
- 3 Name .....  
Address .....  
Email ID .....  
Signature....., or failing him
- 4 Name .....  
Address .....  
Email ID .....  
Signature....., or failing him

as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company to be held on, Monday, the 30th day of September , 2019 at 03.00 P.M at Jeedimetla Industries Association P27/D, Phase-III, IDA Jeedimetla, Hyderabad - 500 055, and at any adjournment thereof in respect of such resolutions as are indicated below:



Sr. No	Resolution(s)	Vote	
		For	Against
1	To receive, consider and adopt the audited financial statements for the year ended 31st March, 2019 along with Notes, Directors' Report and Auditors' Report thereon		
2	To appoint a Director in place of Mr. Vinay Sapte (DIN: 00135085) who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.		
3	To consider and approve the regularization of Appointment of Mr. Ajit Jamkhandikar as Independent Director of the Company.		
4	To Re-Appoint Mr. Yallapragada Naga Bhaskara Rao (DIN: 00019052) as Whole-Time Director		
5	To consider and approve the enhancement in remuneration of Mr. Y. N. Bhaskara Rao, Whole Time Director.		

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019

\_\_\_\_\_  
Signature of member

\_\_\_\_\_  
Signature of proxy

Note: This form of proxy, in order to be effective should be duly completed, signed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.



**PHAARMASIA LIMITED**

**CIN: L24239TG1981PLC002915**

16, Phase III, I.D.A., Jeedimetla, Hyderabad – 500 055

Telephone: 040-23095002/23095690

**ATTENDANCE SLIP**

**38th ANNUAL GENERAL MEETING**

To be handed over at the entrance of the Meeting Hall

I hereby accord my presence at the 38th Annual General Meeting of the Company at the registered office of the Company situated at 03.00 P.M Jeedimetla Industries Association P27/D, Phase-III, IDA Jeedimetla, Hyderabad - 500 055, on Monday, the 30th day of September, 2019 at 03.00 P.M

Name of the member: .....

Regd Folio No/Client ID No\*: .....

Name of the Proxy/Representative

(in Block Letters)

(To be filled in if the proxy/representative

attends instead of Member) : .....

Signature of member or proxy/representative .....

\* applicable for members holding shares in demat mode



**Intimation letter to the Shareholders**

To  
The Shareholder  
Phaarmasia Limited

Dear Sir/Madam,

Sub: Submission of your Bank account details & PAN Card copy – Reg  
Ref : SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20.04.2018  
Unit :

Please refer to the above SEBI circular which is available on the website of the SEBI and if you so desire, you can download a copy of the same from the SEBI website. The above SEBI circular ,deals with and stipulates various guidelines to be followed by RTA, Bankers to the Issue and Issuer Companies and one such guideline which is relevant your holdings is reproduced herein below

“In cases where bank account details of the securities holder is not available with RTA or there is change in bank account details, RTA shall obtain account details along with cancelled cheque to update the securities holder’s data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank. RTA shall then update the bank details in its records after due verification”.

“Issuer Companies through their RTAs shall take special efforts to collect copy of PAN, and bank account details of all securities holders holding securities in physical form as mentioned below”.

You are advised to note the above guidelines of SEBI, for compliance and send us a cancelled cheque in respect of your bank account and where applicable, along with Bank statement or copy of the pass book duly attested by the bank for updating of your account details in our record. Apart from the above, you are also advised to furnish self attested PAN card copy and updation form as per enclosed format within 21 days from the date of receipt of this letter.

You may also note that as per the SEBI guidelines in force, shares in physical form cannot be traded as such, you are also advised to convert your shares into demat mode and in case you want opt to demat, you need not furnish the above details.

Thanking you,

Yours faithfully,  
For Phaarmasia Limited

Sd/-  
Authorised Signatory.



**UPDATION FORM**  
(Fill in Capital Letters)

To  
Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharat Nagar,  
Hyderabad – 500 018

Dear Sir,  
In terms of SEBI Circular dated 20.04.2018 and rules made under, I wish to inform you that update my details given below in your records and I enclosed herewith copy of my self attested PAN Card, cancelled cheque and Bank Passbook 1<sup>st</sup> Page. If any change in address enclose the address proof.

Company Name:

1st Holder Name	
PAN No.	
Father's Name	
Address 1	
Address 2	
Address 3	
City.	
Mobile No	
Email Id	
Bank account no.	
Bank Name	
Branch Name	
IFSC	MICR
2nd Holder Name	
PAN No.	
3rd Holder Name	
PAN No.	

1<sup>st</sup> Holder Signature

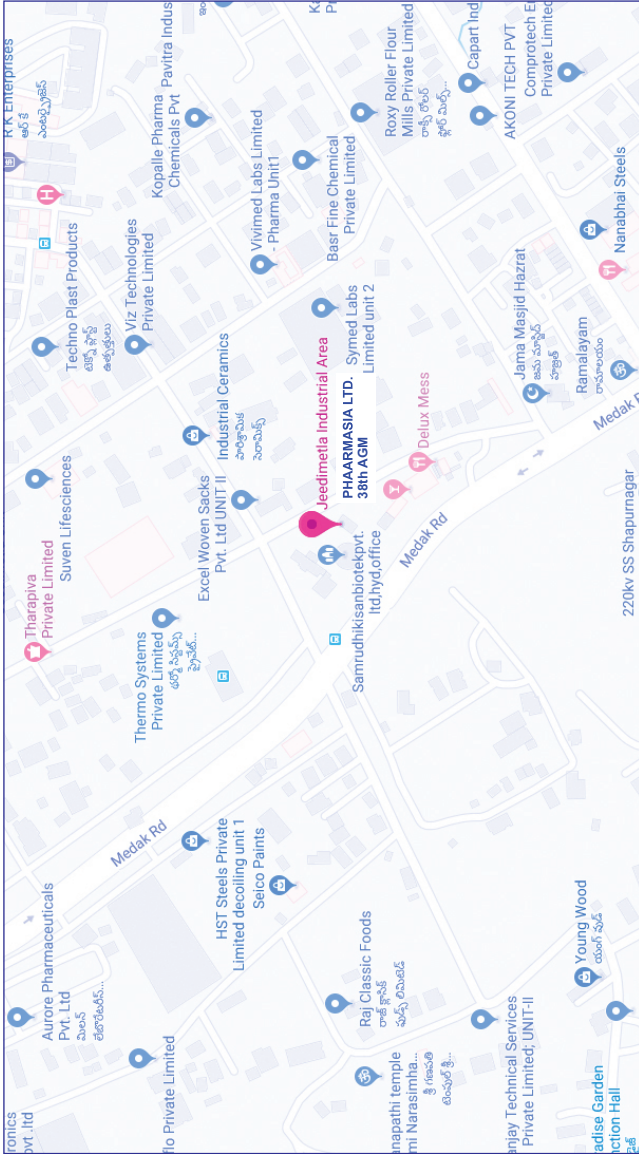
2<sup>nd</sup> Holder Signature

3<sup>rd</sup> Holder Signature

Date:

Place:

## Route Map for Venue of AGM



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



If Undelivered please return to :

**PHAARMASIA LIMITED**

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