



**Pharmaids Pharmaceuticals Limited**

**31<sup>st</sup> Annual Report**

**2019-20**

**BOARD OF DIRECTORS**

<b>Mr. M.Sudheer Anand</b>	Independent Director
<b>Mr. Veerareddy Vallapureddy</b>	Independent Director
<b>Dr. Vyasmurti Madhavrao Shingatgeri</b>	Independent Director
<b>Mr. Dasi Reddy Rakesh</b>	Executive Director
<b>Mrs. S. Padmaja Kalyani</b>	Executive Director
<b>Mr. S.Vishwa Prasad</b>	Executive Director

**KMP**

<b>Mr. Chilam Srikanth</b>	Chief Financial Officer
<b>Ms. Annie Jodhani</b>	Company Secretary & Compliance Officer

**REGISTERED OFFICE**

4-4-211/212/3, 1<sup>st</sup> Floor,  
 Inderbagh, Sultan Bazar,  
 Hyderabad-500 095, T.S. India  
**E-MAIL** [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com)  
**WEBSITE** [www.pharmaids.com](http://www.pharmaids.com)  
 Tel No. 040-40122151

**CORPORATE OFFICE**

Flat.no.503, Amrutha Estates  
 Himayath Nagar, Hyderabad-500029,  
 Telangana (India)

**AUDITORS**

M/s. PPKG & Company, Chartered Accountants

**LISTING AT**

Bombay Stock Exchange Ltd.,

**REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Venture Capital and Corporate  
 Investments Pvt. Ltd.,  
 12-10-167, Bharat Nagar, Hyderabad 500018.

**BANKERS**

Vardhaman Mahila Co-op Urban Bank Ltd.  
 HDFC. Lakdi ka Pool  
 SBI, Barkatpura  
 ICICI Bank-Kharkhana

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## NOTICE

### 31<sup>st</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of Pharmaids Pharmaceuticals Limited will be held on Thursday 17<sup>th</sup> September 2020 at 12.00 p.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact following business mentioned below.

#### Ordinary Business:

1. To consider and adopt the Audited Standalone Financial Statements for the Financial Year ended 31st March, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Viswa Prasad, (DIN:08068933), who retires by rotation and being eligible, offers himself for re-appointment.

#### Special Business:

3. Appointment of Dr. Vyasmurti Madhavrao Shingatgeri as an Independent Director.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV of the Act and pursuant to applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), as amended from time to time, Dr. Vyasmurti Madhavrao Shingatgeri, (DIN: 07728757) who was appointed as an Additional Director of the Company with effect from February 13, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company under Independent Category of the company, not liable to retire by rotation, for a term of five (5) consecutive years commencing from February 13, 2020 up to February 12, 2025.

**RESOLVED FURTHER THAT** the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be required to give effect to the above resolution.”

4. Appointment of Mr. Veerareddy Vallapureddy as an Independent Director.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV of the Act and pursuant to applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”), as amended from time to time, Mr. Veerareddy Vallapureddy, (DIN: 08061781) who was appointed as an Additional Director of the Company with effect from May 29, 2020 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company under Independent Category, not liable to retire by rotation, for a term of five (5) consecutive years commencing from May 29, 2020 up to May 28, 2025.

**RESOLVED FURTHER THAT** the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be required to give effect to the above resolution.”



5. Appointment of Mrs. S. Padmaja Kalyani as Executive Director.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, and read with all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force) read with schedule V of the Companies Act, 2013 and Articles of Association of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, approval of the members of the company are be and hereby accorded for appointment of Mrs. S. Padmaja Kalyani (DIN:03096445), as Executive Director of the company for a period of five years with effect from January 27, 2020 to January 26, 2025 without any remuneration.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

6. Appointment of Mr. S. Viswa Prasad as Executive Director.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, and read with all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force) read with schedule V of the Companies Act, 2013 and Articles of Association of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, approval of the members of the company are be and hereby accorded for appointment of Mr. S. Viswa Prasad (DIN:08068933), as Executive Director of the company for a period of five years with effect from January 27, 2020 to January 26, 2025 without any remuneration.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

7. Appointment of Mr. Dasi Reddy Rakesh as Executive Director.

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, and read with all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force) read with schedule V of the Companies Act, 2013 and Articles of Association of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, approval of the members of the company are be and hereby accorded for appointment of Mr. Dasi Reddy Rakesh (DIN:07112785), as Executive Director, of the company for a period of five years with effect from February 13, 2020 to February 12, 2025 without any remuneration.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to do all such acts, deeds, and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”



NOTES:

1. In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means ('OAVM'), without the physical presence of the Members at a common venue. Further, the Securities and Exchange Board of India ('SEBI') vide its Circular dated May 12, 2020 ('SEBI Circular') has also granted certain relaxations in line with the MCA Circulars. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the 31<sup>st</sup> AGM of the Company is being held through VC/OAVM on Thursday, September 17, 2020 at 12.00 p.m (IST).
2. PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF THE AGM VENUE ARE NOT ANNEXED TO THIS NOTICE.
3. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos. 3 to 8 of the Notice is annexed hereto. The relevant details pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standards on General Meetings (SS-issued by the Institute of Company Secretaries of India (ICSI), in respect of Directors seeking appointment/re-appointment at this AGM are also annexed. Mrs. Sadhanala Padmaja Kalyani, Mr. Sadhanala Viswa Prasad are relatives of each other as defined under Section 2(77) of the Companies Act, 2013.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on the Central Depository Services (India) Limited ("CDSL") e-Voting website at <https://www.evotingindia.com>. The facility of participation at the AGM through VC/ OAVM will be made available to at least 1000 members on first come first served basis. However, large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. are allowed to attend the AGM without restriction on account of first come first served basis. The detailed instructions for joining the Meeting through VC/ OAVM forms part of this Notes.
5. Institutional Investors, who are Members of the Company, are encouraged to attend the 31<sup>st</sup> AGM through VC/OAVM mode and vote electronically. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the Act, as the case may be, to attend the AGM through VC/OAVM or to vote through remote e-voting, are requested to send a certified copy of the Board Resolution to the Scrutinizer by e-mail at [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com) with a copy marked to [anniejodhani@gmail.com](mailto:anniejodhani@gmail.com).
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. In line with the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, the Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those



Members whose e-mail addresses are registered with the Company/ Registrar & Share Transfer Agent (RTA)/ Depositories as at the end of the day on Friday, August 21, 2020. The Notice convening the 31st AGM has been uploaded on the website of the Company at [www.pharmaids.com](http://www.pharmaids.com) and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) respectively. The Notice is also available on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).

8. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrar and Transfer Agent, M/s. Venture Capital and Corporate Investments Pvt. Ltd, 12-10-167, Bharat Nagar, Hyderabad – 500018, India, Email Id: [info@vccipl.com](mailto:info@vccipl.com), [www.vccipl.com](http://www.vccipl.com) ("RTA" or "Registrar") for assistance in this regard. Members may also refer to Frequently Asked Questions ('FAQs') on the Company's website at <https://www.pharmaids.com>.
9. Members are also requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank Mandate details, etc. to Registrar/their DPs. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.
10. Nomination facility: As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them.

Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14 through their registered email id. The said forms can be downloaded from the Company's website at <https://www.pharmaids.com>. Members are requested to submit the said form to their respective DPs in case the shares are held in electronic form and to the Registrar at [info@vccipl.com](mailto:info@vccipl.com) in case the shares are held in physical form, quoting your folio no.

11. Consolidation of Physical Share Certificates: Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Registrar, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
12. Members who wish to inspect the relevant documents referred to in the Notice can send an e-mail to [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com) or [anniejodhani@gmail.com](mailto:anniejodhani@gmail.com) from their registered e-mail id by mentioning their DP ID & Client ID/Physical Folio Number.
13. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DPs and holdings should be verified from time to time.
14. Details of Unclaimed Shares: The company doesn't have any shares remaining unclaimed in the unclaimed suspense account.
15. Process for registering/ updating e-mail address and mobile number:

In case of shares held in physical form, the following procedure shall be followed:

- a) Visit the link: <https://vccipl.com/>
- b) Select the company name from the drop down box





- c) Enter your name as per the share certificate, physical folio number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member to enter one of the share certificate numbers; and The above system also provides a facility to the Members holding shares in physical form to upload a self-attested copy of their PAN Card, if the PAN details are not updated in accordance with the requirements prescribed by SEBI.
- d) Also enter your valid e-mail address and mobile number and click on generate OTP, a OTP shall be sent to mobile no. for verification. Once OTP is validated, the details can be submitted by verifying the declaration.
- e) The system will then confirm the successful registration of email id and mobile number.

The above submitted email id and mobile number shall be used for sending notices, annual report and all other correspondence from time to time to the shareholders including for participating in evoting of this AGM.

In case of shares held in electronic/demat form, the shareholders are requested to update/ register their mail id and mobile no. with their respective depository participants. However, for the limited purpose of receiving the company's 31st Annual Report and notice of 31st Annual General Meeting and to participate in evoting, the Company enabled the process of updating/ modifying and changing their email id and mobile no. on temporary basis by following the above procedure as provided to physical shareholders.

After successful submission of the e-mail address, on request from the shareholder, RTA will e-mail a copy of this AGM Notice and Annual Report for FY 2019-20. In case of any queries, Members may write to [info@vccipl.com](mailto:info@vccipl.com) or [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com).

Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated from time to time with their DPs/RTA to enable servicing of notices/documents/ Annual Reports and other communications electronically to their e-mail address in future.

Alternatively, Members may also send an e-mail request to [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com) or to [anniejodhani@gmail.com](mailto:anniejodhani@gmail.com) along with the following documents for registration of e-mail addresses for e-voting for the resolutions set out in this 31ST AGM Notice:

- In case shares are held in physical form, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self- attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card.
- In case shares are held in demat form, please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit Beneficiary ID), name, client master or copy of consolidated account statement, self- attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card. Please note that the registration of email id and mobile no. for shareholders holding shares in Demat will be used only for limited purpose of 31ST AGM

16. Remote e-Voting before/during the AGM:

- i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of Listing Regulations (as amended) and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as remote e-Voting during the AGM will be provided by CDSL.
- ii. Members of the Company holding shares either in physical form or in electronic form as of the close of business hours on Wednesday, September 9, 2020 i.e. cut-off date may cast their vote by remote e-Voting. A person who is not a Member as on the cut-off date should treat this Notice for



information purpose only. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting before the AGM as well as remote e-Voting during the AGM.

Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date i.e. as of the close of business hours on Wednesday, September 09, 2020, may obtain a copy of AGM Notice by sending a request to [info@vccipl.com](mailto:info@vccipl.com) or can also be downloaded from the Company's website [www.pharmaids.com](http://www.pharmaids.com) and participate in remote e-voting or e-voting at AGM by following the instructions provided herein.

- iii. The remote e-Voting period commences on Monday, September 14, 2020 at 9.00 a.m. (IST) and ends on Wednesday, September 16, 2020 at 5.00 p.m. (IST). The remote e-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e. as of the close of business hours on Wednesday, September 9, 2020.
  - iv. Members will be provided with the facility for voting through electronic voting system during the VC/ OAVM proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote at the end of discussion on the resolutions on which voting is to be held, upon announcement by the Chairperson. Members who have cast their vote on resolution(s) by remote e-Voting prior to the AGM will also be eligible to participate at the AGM through VC/OAVM but shall not be entitled to cast their vote on such resolution(s) again.
  - v. The remote e-Voting module on the day of the AGM shall be disabled by CDSL for voting 15 minutes after the conclusion of the Meeting.
17. M/s. Kashinath Sahu & Co., Practising Company Secretaries, Hyderabad have been appointed as the Scrutinizer(s) to scrutinize the e-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
18. The Scrutiniser will submit his report to the Chairperson or to any other person authorised by the Chairperson after completion of the scrutiny of the e-Voting (votes cast during the AGM and votes cast through remote e-Voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutiniser's report shall be communicated to the Stock Exchanges on which the Company's shares are listed and will also be displayed on the Company's website at [www.pharmaids.com](http://www.pharmaids.com).
19. Instructions for attending the AGM through VC/OAVM:
- a. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at [https:// www.evotingindia.com](https://www.evotingindia.com) under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of the Company is displayed.
  - b. Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
  - c. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com) before 3.00 p.m. (IST) on Sunday, September 13, 2020. Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the





AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- d. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 31<sup>st</sup> AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's e-mail address at pharmaids125@gmail.com before 3.00 p.m. (IST) on Sunday, September 13, 2020. Such questions by the Members shall be suitably replied by the Company.
- e. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

20. Instructions for remote e-voting before/during the AGM:

**A. Instructions of remote e-voting before AGM are as under:**

- a. The voting period **begins on Monday, September 14, 2020 at 9.00 a.m. (IST) and ends on Wednesday, September 16, 2020 at 5.00 p.m. (IST)**. The e-voting module shall be disabled by CDSL for voting thereafter. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off i.e. **as of the close of business hours on Wednesday, September 09, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- c. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- d. Click on "Shareholders" module.
- e. Now enter your User ID:
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company; or

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.
- f. Next enter the Image Verification as displayed and Click on Login.
- g. 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 e-voting of any company, then your existing password is to be used.
- h. If you are a first time user follow the steps given below:

**For Shareholders holding shares in Demat Form and Physical Form**

<b>PAN</b>	<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>
<b>Dividend Bank Details OR Date (DOB)</b>	<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 of Birth the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>



- i. After entering these details appropriately, click on “SUBMIT” tab.
  - j. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
  - k. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - l. Click on the EVSN of Pharmaids Pharmaceuticals Limited.
  - m. 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.
  - n. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - o. 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.
  - p. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - q. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
  - r. 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.
  - s. Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
- B. Instructions for shareholders for e-voting during the AGM are as under:**
- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
  - b. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
  - c. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
  - d. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



21. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [pharmaids125@gmail.com](mailto:pharmaids125@gmail.com), if they wish to vote from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

22. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to receipt of the requisite number of votes in favour of the resolutions.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

Place:Hyderabad

By Order of the **Board of Directors**

Date:13/08/2020

**CIN:L52520TG1989TLC009679**

Reg.: #4-4-211/212/3, 1<sup>st</sup> Floor,  
Inderbagh, Sultan Bazar,  
Hyderabad – 500 095.

Sd/-  
**Annie Jodhani**  
Company Secretary

**Annexure A to the Notice****Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting**

**[Pursuant to Regulation 36(3) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India]**

Name of the Director	S.Padmaja Kalyani	S.Vishwa Prasad	Veerareddy Vallapureddy	Vyasmurti Madhav rao	D.Rakesh Reddy
DIN	03096445	08068933	08061781	07728757	07112785
Date of Birth	27/12/1971	26/08/1965	09/02/1968	14/11/1958	09/08/1988
Age	48	54	52	61	31
Date of first appointment on the Board	27/01/2020	27/01/2020	29/05/2020	13/02/2020	13/02/2020
Qualifications	Post Graduate	Post Graduate	Post Graduate	Doctor	C.A
Experience	5 Years	5 Years	7 Years	25 Years	5 Years
Terms and Conditions of Appointment	Appointed as Executive Director without any remuneration	Appointed as Executive Director without any remuneration	Appointed as Independent Director	Appointed as Independent Director	Appointed as Executive Director without any remuneration
Nature of Expertise in specific functional areas	20 years of experience in the field of Genetics & protein modelling	23 years of experience in the legal and Finance	25 years of in the Legal and Marketing	16 years of experience in the biopharmaceutical sector	15 years of experience in the field of finance and banking
Remuneration last drawn	Nil	Nil	Nil	Nil	Nil
Number of Meetings of the Board attended during the year	3 out of 3	3 out of 3	NA	2 out of 2	2 out of 2
Inter-se relationship with other Directors and Managerial Personnel	Spouse of S. Venkata Rao, Key Director	Brother of S. Venkata Rao, Director	NA	NA	NA
List of Directorship	Nil	Nil	1. Sunaxa Pharma LLP 2. Winx Media and PR LLP	Vanta Bioscience Ltd	Nil
Membership/Chairmanship of Committees of other Board	Nil	Nil	Nil	Nil	Nil
Shareholding in Pharmasids Pharmaceuticals Limited	957638	96400	Nil	Nil	25

Place: Hyderabad

Date: 13/08/2020

CIN: L52520TG1989TLC009679

Reg.: # 4-4-211/212/3, 1<sup>st</sup> Floor, Inderbagh,  
Sultan Bazar, Hyderabad – 500 095.

By Order of the **Board of Directors**

**Sd/-**  
**Annie Jodhani**  
**Company Secretary**

**DIRECTORS' REPORT**

To

The Shareholders,

The Directors have pleasure in presenting the 31<sup>st</sup> Annual Report of the Company, together with the financial statements, for the year ended March 31, 2020.

**1. Financial Highlights**

(Rs. In Lakhs)

<b>PARTICULARS</b>	<b>2019-20</b>	<b>2018-19</b>
Sales -	-	56.11
Other Income	-	0.52
Total Income	-	56.64
Total expenses	37.52	70.92
Profit / (loss) before Tax	(37.52)	(14.30)
Current Year Tax	-	-
Deferred Tax	(40.87)	(0.25)
Profit / (loss) after Tax	3.35	(17.73)

**2. State of Company Affairs.**

During the year under review there were no revenues as compared to the last year's total revenue of Rs. 56.64 Lakhs. During the current year The profit after tax is Rs.3.35 Lakhs as compared to the last year loss is Rs. (17.73) lakhs. Your directors are giving their best efforts for exploring more business opportunities so has to increase the growth and profitability of the company in the years to come.

**3. Dividend**

In view of the losses the board of directors could not recommended any dividend for the F.Y 19-20

**4. Transfer to Reserves**

The Company has incurred losses as such no profits available for transfer to the General Reserves.

**5. Share Capital**

The Authorized share capital of the Company as on March 31, 2020 is Rs. 11,00,00,000/- divided into 1,10,00,000 Equity Shares of Rs. 10/- each and the Paid up Share Capital is Rs. 10,26,88,190/- divided into 1,02,68,819 Equity Shares of Rs. 10/- each.

**6. Public Deposits**

The Company has neither accepted nor renewed any deposits from public as defined under the provision of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014

**Director's Responsibility Statement**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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.
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### Directors and Key Managerial Personnel

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. S. Viswa Prasad (DIN: 08068933) will retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment in accordance with the provisions of the Companies Act, 2013

During the Period under review and till the date of the Directors' Report the following changes took place on the Board of the Company

S.no	Name of Director	Type of Change	w.e.f
1.	Dr. Ghisulal Jain	Resigned as Director and Managing Director (KMP)	27.01.2020
2.	Mrs. Seema Jain	Resigned as Director	27.01.2020
3.	Mr.MahendrakumarRanka	Resigned as Independent Director	24.02.2020
4.	S.Padmaja Kalyani	Appointed as Additional Director (Executive Category)	27.01.2020
5.	Dr.Vyas Murthy Shingatgeri	Appointed as Additional Director (Independent Category)	13.02.2020
6.	Veera Reddy Vallapureddy	Appointed as Additional Director (Independent Category)	29.05.2020
7.	S.Vishwa Prasad	Appointed as Additional Director (Executive Category)	27.01.2020
8.	D.Rakesh Reddy	Appointed as Additional Director (Executive Category)	13.02.2020

The following are the details of appointment and resignation of KMP'S during the Period under review and till the date of the Directors' Report

S.No	Name	Type of Change	w.e.f.
1	Ghisulal Jain	Resignation as Managing Director	27.01.2020
2	S. Venkata Rao	Resignation as Company Secretary and Compliance Officer	29.07.2020
3	Annie Jodhani	Appointment as Company Secretary and Compliance Officer	29.07.2020

### Declaration from Independent Directors on Annual Basis

The Company has received a declaration from Mr. Vyasmurti Madhav Rao Shingateri, Mr. Veerareddy Vallapureddy and Mr. M Sudheer Anand, Independent directors of the company to the effect that they are meeting the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

### Nature of business

There has been no change in the nature of business of the Company.



**Auditors****STATUTORY AUDITORS**

M/s. PPKG & Co, Chartered Accountants (Firm Registration No. 0096555) were appointed as the statutory auditors of the Company by the members in their 29<sup>th</sup> AGM held on September 28, 2018 and shall hold office until the conclusion of 33<sup>rd</sup> Annual General Meeting.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption is attached herewith as “**Annexure-A**”

Foreign Exchange Earnings and Outgo: During the period under review there was no foreign exchange earnings or out flow.

**Secretarial Audit**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed a Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed here with as “**Annexure-B**”.

During the year under review, there were no instances of frauds or any qualification, reservation or adverse remark reported by Secretarial auditor under Section 204 of the Companies Act, 2013 in the course of the performance of his duties as Secretarial auditor.

**Auditors’ Report**

There are no qualifications or adverse remarks in the Auditors’ Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

During the year under review, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013 in the course of the performance of his duties as statutory auditor.

**Corporate Governance and Shareholders Information**

A detailed report on the subject forms part of this Report as ‘**Annexure C**’. The Secretarial Auditors of the Company have examined the Company’s compliance and have certified the same as required under the SEBI Guidelines/ Regulations. Such a certificate on corporate governance is reproduced in this Annual Report.

**Extract of Annual Return**

The extract of Annual Return as on March 31, 2020 in the prescribed Form No: MGT-9, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 is attached herewith as “**Annexure – D**” and forms part of this Report.

**Number of Meetings of the Board**

During the year ended March 31, 2020, Ten Board Meetings were held on 05/04/2019, 27/05/2019, 13/06/2019, 13/08/2019, 31/08/2019, 05/10/2019, 13/11/2019, 27/01/2020, 13/02/2020, 31/03/2020.

**Directors’ attendance record:**

Name of the Director	No. Board Meetings	No. Board Meetings attended during the year
Dr. Ghisulal Jain*	7	7
Mrs. Seeema Jain*	7	7
Mr. Mahendra Kumar Ranka**	9	4
D.Rakesh Reddy	2	2
VyasmurtiMadhavraoShingatgeri	2	2 out of 2
M. Sudheer Anand	10	4 out of 10
S.Padmaja Kalyani	3	3 out of 3
S.Vishwa Prasad	3	3 out of 3

\*Resigned w.e.f 27/01/2020

\*\*Resigned w.e.f 24/02/2020



### **Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013**

The Company has not given any loans or provided guarantee nor made any investments during the year 2019-2020, which is beyond the limits as per the Section 186 of the Companies Act, 2013.

### **Contracts or arrangements with Related Parties under Section 188(1) of the Companies Act, 2013**

During the year, the Company had not entered into any contract or arrangement with related parties which could be considered 'material' according to the policy of the Company on Materiality of Related Party Transactions.

### **Significant and material orders passed by the regulators or courts or tribunals impacting the going concerns status and company's operations in future Amalgamation**

The Hon'ble National Company Law Tribunal, Hyderabad Bench had sanctioned the Scheme of Amalgamation of Emergent Bio Naturals Limited (EBNL) with the Company vide its Order dated September 27, 2019. The said Scheme was made effective post filing of the Order with Registrar of Companies. Pursuant to the Scheme, 69,05,734 Equity Shares have been allotted to Shareholders of EBNL on November 27, 2019. Pursuant to this, EBNL stands amalgamated with your Company.

### **Details of Subsidiary Companies, Associates and Joint Venture Companies**

The Company does not have any subsidiary, Associate and Joint Venture Company.

### **Internal Control Systems and Their Adequacy**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman & Managing Director.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

### **Industrial Relations**

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

### **Business Risk Management**

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

At present the company has not identified any element of risk which may threaten the existence of the company.

### **Material changes and commitments affecting the financial position of the Company which have occurred between March 31, 2020 and August 13, 2020 (date of the Report)**

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2020) and the date of the Report (August 13, 2020).

### **Audit Committee**

The Board has constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition,



attendance, powers and role of the Audit Committee are included in Corporate Governance Report. All the recommendation made by the Audit Committee were accepted by the Board of Directors.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been formed in compliance with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013. The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment/removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time. On the recommendation of the Nomination and Remuneration Committee, the Board has adopted and framed a Remuneration Policy for the Directors, Key Managerial Personnel and other Employees pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Brief terms of Nomination and Remuneration Policy and other matters provided in Section 178(3) of the Act and Regulation 19 of SEBI Listing Regulations have been disclosed in the Corporate Governance Report, which forms part of this Report.

### Stakeholders Relationship Committee

- i. The Committee is responsible, inter alia, to specifically look into the redressal of grievances of shareholders, debenture holders and other security holders including complaints related to transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends etc.,
- ii. One meeting of the stakeholders' relationship committee was held during the year on 31/08/2019.
- iii. The composition of the Stakeholders' Relationship Committee as on 31/03/2020 and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings held	No. of Meetings attended
Mr. Mahendra K Ranka	Independent, Non-Executive	1	1
Mr. S. Vishwa Prasad	Executive Director	NA	NA
Mr. Dasi Reddy Rakesh	Executive Director	NA	NA

- iv. Name, designation and address of Compliance Officer:

Annie Jodhani, Compliance Officer, Reg Office:#4-4-211/212/3,1<sup>st</sup>Floor,Inderbagh, SultanBazar, Hyd-500095

- v. Details of Complaints/ Requests received, resolved and pending during the Financial Year 2019-20:

During the Quarter	Received	Resolved	Pending
June Qtr	Nil	Nil	Nil
Sep. Qtr	Nil	Nil	Nil
Dec. Qtr	Nil	Nil	Nil
March Qtr	Nil	Nil	Nil

### Risk Management Committee

The Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to forming of Risk Management Committee, is not applicable to the Company during the financial year under review.



### **Vigil mechanism**

Vigil Mechanism Policy has been established by the Company for directors and employees to report genuine concerns pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. The same has been placed on the website of the Company.

### **Formal Annual Evaluation**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 29.05.2020 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

### **Listing with Stock Exchanges:**

The Company confirms that it has paid the Annual Listing Fees for the Year 2020-21 to the Bombay Stock Exchange Limited, Where the Company's Shares are listed.

### **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).

### **PARTICULARS OF EMPLOYEES**

There are no employees drawing remuneration in excess of the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out in Directors' Report.

The Company continues its focus on retention through employee engagement initiatives and provides a holistic environment where employees get opportunities to realize their potential.

### **Listing Arrangement**

The Equity shares of the Company are listed on Bombay Stock Exchange Ltd., (B S E). The listing fee, for the year 2019-20 has been paid to the Exchange.



### **Corporate Social Responsibility**

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to our company.

### **Maintenance of Cost Records**

The provisions relating to maintenance of cost records under Section 148 of Companies Act, 2013 are not applicable to the Company.

### **Insider Trading Regulations**

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992 read with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the code of conduct for prevention of insider trading and the Code for Corporate Disclosures (“Code”), as approved by the Board from time to time, are in force by the Company. The objective of this Code is to protect the interest of shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by dealing in shares of the Company by its Directors, designated employees and other employees.

The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, designated employees and other employees from trading in the securities of Pharmads Pharmaceuticals Limited at the time when there is unpublished price sensitive information.

### **Policy on Preservation of the Documents**

The Company has formulated a Policy pursuant to Regulation 9 of the Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) on Preservation of the Documents to ensure safe keeping of the records and safeguard the Documents from getting manhandled, while at the same time avoiding superfluous inventory of Documents.

### **Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

In order to prevent Sexual Harassment of Women at Workplace a new act “The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013” has been notified on 9th December, 2013. Under the said Act every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. The Company has adopted “Anti-Sexual Harassment Policy” constituted “Redressal Committee” as required under section 4 (1) of Sexual harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint of harassment at the workplace was received by the Committee.

### **Acknowledgements**

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous cooperation and assistance.

Date: 13-08-2020

**By order of Board of Directors**

Place: Hyderabad

**Sd/-**  
**Dasi Reddy Rakesh**  
**Director**  
**DIN: 07112785**

**Sd/-**  
**S. Viswa Prasad**  
**Director**  
**DIN: 08068933**



**“ANNEXURE A” to the Directors’ Report**  
**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

**A. Conservation of Energy**

**POWER & FUEL CONSUMPTION**

	Current Year	Previous Year
1. Electricity (Purchased) units	2734	4268
Total Amount (Rs.)	21874	34147
Rate per Unit (Rs.)	8	8
2. Electricity (Generated) units	-	-
Total Amount (Rs.)	-	-
Rate per Unit (Rs.)	-	-
3 Total Units consumed	-	-
Units consumed in per lac production	-	-

- Company ensures that the manufacturing operations are conducted in the manner where by optimum utilization and maximum possible savings of energy is achieved.
- No specific investment has been made in reduction in energy consumption.
- As the impact of measures taken for conservation and optimum utilization of energy are not quantitative, Its impact on cost cannot be stated accurately.

**B. Technology Absorption**

Company’s products are manufactured by using in-house knowhow and no outside technology is being used for manufacturing activities. Therefore, no technology absorption is required. The Company constantly strives for maintenance and improvement in quality of its products and entire activities are directed to achieve the afore said goal.

**C. Foreign Exchange Earning and Outgo**

	Current Year Rs	Previous Year Rs
Previous Year Rs.	-	-
Earnings	-	-
Outgo	-	-

Date: 13-08-2020

By order of Board of Directors

Place: Hyderabad

Sd/-  
**Dasi Reddy Rakesh**  
**Director**  
**DIN: 07112785**

Sd/-  
**S. Viswa Prasad**  
**Director**  
**DIN: 08068933**

**DECLARATION BY DIRECTOR OF AFFIRMATION BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF COMPLIANCE WITH THE CODE OF CONDUCT:**

To,  
The shareholders

As provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Dasi Reddy Rakesh, Director of the Company do hereby declare that the directors and senior management of the Company have exercised their authority and powers and discharged their duties and functions in accordance with the requirements of the code of conduct as prescribed by the company and have adhered to the provisions of the same.

By Order of the **Board of Directors**

Sd/-  
**Dasi Reddy Rakesh**  
**Director**  
**DIN: 07112785**





## **“ANNEXURE B” to the Directors’ Report**

### **SECRETARIAL AUDIT REPORT**

#### **For The Financial Year Ended On 31<sup>st</sup> March, 2020**

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

To,  
The Members,  
Pharmads Pharmaceuticals Limited Hyderabad

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pharmads Pharmaceuticals 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 our 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 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 31<sup>st</sup> March, 2020, 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 Pharmads Pharmaceuticals Limited for the financial year ended on 31<sup>st</sup> March, 2020 and made available to me, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas as Direct Investment and External Commercial Borrowings; [Not applicable to the company during the Audit period].
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) viz.:
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; [Not applicable to the company during the Audit period]
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Not applicable to the company during the Audit period].
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not applicable to the company during the Audit period].
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable to the company during the Audit period] and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. [Not applicable to the company during the Audit period].
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:



1. Factories Act, 1948
2. Payment of Wages Act, 1936, and Rules made thereunder,
3. The Minimum Wages Act, 1948, and Rules made thereunder,
4. Employees' State Insurance Act, 1948, and Rules made thereunder,
5. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Rules made thereunder,
6. Drugs and Cosmetics Act, 1940.
7. Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954.
8. Narcotic Drugs and Psychotropic Substances Act, 1985.
9. The Trade Marks Act, 1999.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange.
- (iii) I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines mentioned above herein.
- (iv) I further report that, the compliance by the Company of applicable finance laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subjected to review by statutory financial audit and other designated professionals.

**I further report that:**

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive, Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.
- b. 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 of the meeting.
- c. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the review of the compliance reports and the certificates of Company Secretary/ Managing Director taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

Place: Hyderabad

Date: 13-08-2020

Sd/-

**Kashinath Sahu**

**Practicing Company Secretary**

**FCS: 4790 CP: 4807**

**UID: F004790B000575217**



**Annexure A** to the Secretarial Audit Report

To,  
The Members,  
Pharmads Pharmaceuticals Limited,  
Hyderabad

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the 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, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. 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.
6. 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.

Place: Hyderabad  
Date: 13-08-2020

**Sd/-**  
**Kashinath Sahu**  
**Practicing Company Secretary**  
**FCS: 4790 CP: 4807**



## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic & Industry Overview

As per the International Monetary Fund, global economic growth was expected to rise from 2.9 percent in 2019 to 3.3 percent in 2020, slightly weaker than earlier projections. Economic weakness in certain emerging market economies, especially India led to this revision of growth prospects. Stronger multilateral cooperation, more balanced policy mix at national levels and impact of monetary policy easing could help strengthen economic activity and prevent downside risks.

However, the coronavirus (COVID-19) outbreak has brought considerable human suffering and major economic disruption with the growth prospects of the global economy becoming highly uncertain. Adverse impact on global business confidence has been witnessed in the first quarter of 2020, with financial markets demonstrating high volatility and capital flight, especially in emerging market economies where investors have been major sellers in stock markets. IMF predicts that global growth is expected to fall below 2019 levels.

Economic growth, an expanding global population, rise in incomes and technological change are expected to contribute to growth in the pharmaceutical industry. However, social, economic and political challenges remain in meeting unmet medical needs. The global healthcare market continues to grow, despite signs of economic slowdown in some countries. Global medicine spending is expected to rise from US\$955 billion in 2019 to over US\$1.1 trillion by 2024, per IQVIA.

### Pharmaceuticals sector overview

The global pharmaceuticals industry offers significant opportunities to service the healthcare needs of a growing and ageing global population. The Industry has witnessed major investments in developing innovative medicines like monoclonal anti bodies, immunotherapy drugs and gene therapies. Many of these medicines have seen significant success as they are serving the unmet medical needs of patients, resulting in improved medical outcomes and thus changing the lives of patients.

The industry will have to adapt to this changed scenario, although it also offers significant learning opportunities. These changing dynamics are also likely to have an impact on competition since return ratios on investments in the European and emerging generics business are growing up and down and not every generics company will be able to remain economically viable at the current rate of price.

### Pharma outlook: positive factors

The new financial year comes with a new set of challenges in the midst of the ongoing COVID-19 pandemic. However, we are confident of emerging from the current situation stronger and more determined than ever to deliver on our commitments.

### India

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Indian pharmaceutical sector is expected to grow to US\$ 100 billion and medical device market expected to grow US\$ 25 billion by 2025. Pharmaceuticals exports from India stood at US\$ 19.14 billion in FY19 and US\$ 13.69 billion in FY20 (up to January 2020). Pharmaceutical exports include bulk drugs, intermediates, drug formulations, biologicals, Ayush & herbal products and surgicals.



Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017 and received a total of 415 product approvals in 2018 and 73 tentative approvals. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US\$ 70-80 billion US generics market.

India's biotechnology industry comprising biopharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025.

India's domestic pharmaceutical market turnover reached Rs 1.4 lakh crore (US\$ 20.03 billion) in 2019, growing 9.8 per cent year-on-year (in Rs) from Rs 129,015 crore (US\$ 18.12 billion) in 2018.

#### **Cost efficiency-**

Low cost of production and R&D boosts efficiency of Indian Pharma Companies, leading to competitive exports

India's pharmaceutical exports stood at US \$ 13.69 billion in FY 2020. The exports are expected to reach US \$ 22 billion by 2020.

#### **Economic drivers**

High economic growth along with increasing penetration of health insurance to push expenditure on healthcare and medicine in India.

#### **Policy Support**

Government of India's 'Pharma Vision 2020' aims to make India a global leader in end-to-end drug manufacturing. In this sector 100% FDI is allowed under automatic route.

#### **Increasing Investment**

Increasing private sector investments in R&D and acquisitions are driving the sector's growth. In FY 18, Indian Pharma Companies invested 8.8% of their sales in R&D.

Indian drugs and pharmaceuticals sector has received cumulative FDI worth US \$ 16.39 billion between April 2000 and December 2019.

Note: source <https://www.ibef.org/industry/pharmaceutical-india.aspx>

#### **Risks and concerns**

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed. A risk could be categorized into financial, operational, strategic, regulatory/statutory, reputational, political, catastrophic/pandemic etc.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programs. The digitization and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies and data-sharing among industry stakeholders have increased the complexity of managing information assets, particularly protected/patient health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry.

Your company constantly reviews its policies and procedures to adhere to ensure conformity to the various regulatory approvals for its manufacturing facilities.



## **Company Overview**

Our focus is on expanding more revenue generation opportunities.

Your company continues to work towards optimizing the resources and aim at the business opportunities available in line with its strategy. Your Company will try to ensure that it remains competitive in market, in costs and will manage the business more dynamically.

## **Performance and operations review**

### **Operating Results**

During the year under review there were no revenues as compared to the last year's total revenue of Rs. 56.64 Lakhs. During the current year The profit after tax is Rs.3.35 Lakhs as compared to the last year loss is Rs. (17.73) lakhs. Your directors are giving their best efforts for exploring more business opportunities so has to increase the growth and profitability of the company in the years to come.

### **Internal Control Systems**

The company has reasonable internal control systems, with defined guidelines on compliance, which enables it to run its operations with a fair degree of comfort.

Internal controls are implemented to safeguard its assets, to keep constant check on cost structure, to provide adequate financial and accounting controls and implement accounting standards. The system incorporates continuous monitoring, routine reporting, checks and balances, purchase policies, authorization and delegation procedures and audit etc. Internal controls are adequately supported by Internal Audit and periodic review by the management.

The Audit Committee meets periodically to review with the management, statutory auditors and with the internal auditors, adequacy/scope of internal audit function, significant findings and follow up there on and findings of any abnormal nature. The system is improved and modified continuously to meet with changes in business condition, statutory and accounting requirements.

### **Material Development in Human Resources / Industrial Relations Front**

The number of employees as on 31st March, 2020 was 5.

The growth attained by the Company is largely a function of the competence and quality of its human resources. The work environment is very challenging and performance-oriented, recognizing employee potentials by providing them with adequate opportunities. We have made efforts to discipline our hiring process. Acquisition and retention of talent which is in line with your company's goals continues to be a major thrust area.



**Annexure ‘C’ to the Directors’ Report****REPORT ON CORPORATE GOVERNANCE**

[Pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“Listing Regulations”)]

**(1) Company’s philosophy on Code of Governance**

Over the years, Pharmaids Pharmaceuticals Limited (PPL) has shown a commitment towards effective corporate governance and has always been at the forefront of benchmarking its internal systems and policies with global practices. PPL believes that it needs to show a greater degree of responsibility and accountability. It is committed to provide fair, transparent and equitable treatment to all its stakeholders. At PPL we have always sought to be a value driven organisation, where our growth and success is directed by our values.

The Company has complied with the norms of governance as provided in Chapter IV and Schedule II of the Listing Regulations during the year under review.

**(2) Board of Directors****(a) Composition and category of directors:**

The composition of Board is in consonance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on 31<sup>st</sup> March, 2020, PPL’s Board consisted of 6 Members. The Board of directors of the Company has an optimum combination of Executive and Independent Directors with one woman Executive Director.

The details of the Board of Directors including their attendance at the meetings of Board and shareholders, directorships / chairmanships / memberships on the Boards /Committees of other Companies and names of the listed entities where the person is a director and the category of directorship as required under Regulation no. 34 read with schedule V of Listing Regulations are as below:

S.No.	Name of the Director & DIN	Category of Directorship	Attendance at Board Meeting		No. of Directorships in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations)*	Number of Memberships / chairmanship in Audit / Stakeholder Committee (s) including this listed entity (Refer Regulation 26(1) of Listing Regulations)		Whether present at the previous AGM
			Held	Attended		Chairman	Member	
1	Mr. Sudheer Anand DIN: 00404917	Independent Director	10	4	1	Nil	Nil	Yes
2	Mr. Veerareddy Vallapureddy DIN: 08061781	Independent Director	NA	NA	1	Nil	2	NA
3	Dr. Vyasmurti Madhavrao Shingatgeri DIN: 07728757	Independent Director	2	2	2	1	Nil	NA
4	Mr. Dasi Rakesh Reddy DIN: 07112785	Executive Director	2	2	1	1	Nil	Yes
5	Mrs. S. Padmaja Kalyani DIN: 03096445	Executive Director	3	3	1	Nil	Nil	Yes
6	Mr. S.Vishwa Prasad DIN: 08068933	Executive Director	3	3	1	2	Nil	Yes



The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies Registered under Section 8 of the Companies Act, 2013.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are directors. None of the Directors hold office in more than 10 public companies. None of the Directors serve as Independent Director in more than seven listed companies.

(a) Number of meetings of the Board of directors held and dates on which held:

The Board met 10 times in the financial year 2019-20 on the following dates, with a gap not exceeding one hundred and twenty days between any two meetings:

05 <sup>th</sup> April, 2019	27 <sup>th</sup> May, 2019	13 <sup>th</sup> June, 2019	13 <sup>th</sup> August, 2019	31 <sup>st</sup> August, 2019
05 <sup>th</sup> October, 2019	13 <sup>th</sup> November, 2019	27 <sup>th</sup> January, 2020	13 <sup>th</sup> February, 2020	31 <sup>st</sup> March, 2020

(c) Disclosure of relationships between directors inter-se:

Mrs. Sadhanala Padmaja Kalyani, and Mr. Sadhanala Viswa Prasad are relatives of each other as defined under Section 2(77) of the Companies Act, 2013.

Except mentioned above, none of the Directors is related to each other.

23. List of core skills/expertise/competencies identified by the board of directors:

The Company requires skills, expertise and competencies in the areas of strategy, finance, accounting, legal and regulatory matters, the environment, sustainability and operations of the Company's businesses to efficiently carry on its core businesses such as manufacturing of instant coffee, knowledge on international coffee markets, marketing of coffee.

The Board comprises of qualified members who bring in the required skills, expertise and competence as mentioned above which allow them to make effective contributions to the Board and its committees. The members of the Board are committed to ensure that the Company is in compliance with the highest standards of corporate governance.

List of skills/competencies required in relation to business operations	Names of Directors having such skills/competencies
Finance, Law, Management, Administration	Mr. Veerareddy Vallapureddy, Mr. Mahendra K Ranka, Mr.S. Viswa Prasad, Mr. Dasi Reddy Rakesh
Technical knowledge on operations, Production	Mr. Vyasmurti Madhavrao Shingatgeri, Mrs. S. Padmaja Kalyani,
Corporate Governance, Strategic Management	Mr. Mopperthy Sudheer Anand, Mr. Dasi Reddy Rakesh, Mr. S. Viswa Prasad
International Marketing and Sales	Mr. Vyasmurti Madhavrao Shingatgeri, Mr. Dasi Reddy Rakesh, Mr. Mahendra K Ranka

24. Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

The Board of Directors be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

### Committees of the Board

Currently, there are three Board Committees – The Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board Committee are convened by the Chairman of the respective Committees.



The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

### **(3) Audit Committee**

The Company has a qualified and Independent Audit Committee comprising of 2 Independent Directors and 1 Executive Directors, constituted in accordance with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said Regulation 18 and Section 177 of the Companies Act, 2013. The Committee also acts in terms of reference and directions if any, given by the Board from time to time.

#### **(a) Brief description of terms of reference**

The terms of reference of the Audit Committee are as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

##### **i) Powers of the Audit Committee includes:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

##### **ii) Role of the Audit Committee includes:**

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee and approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - changes, if any, in accounting policies and practices and reasons for the same.
  - major accounting entries involving estimates based on the exercise of judgment by management
  - significant adjustments made in the financial statements arising out of audit findings
  - compliance with listing and other legal requirements relating to financial statements
  - disclosure of any related party transactions
  - review of draft Auditors Report, in particular qualifications / remarks / observations made by the Auditors on the financial statements
  - Management Discussion and Analysis of financial conditions and results of operations
- Review of internal audit reports relating to internal control weaknesses.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval



- Review of the financial statements of subsidiary Companies
- Scrutiny of inter-corporate loans and investments
- Evaluation of internal financial controls and risk management systems
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non- payment of declared dividends) and creditors
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board

The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

**(b) Details on composition of the Audit Committee and the attendance by each Member of the Audit Committee**

**f) Details on composition of the Audit Committee and the attendance by each Member of the Audit Committee as on 31.03.2020**

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. Mahendra K Ranka	Independent, Non-Executive	4	4
Vyasmurti Madhavrao shingatgeri	Independent, Non-Executive	1	1
S. Viswa Prasad	Executive Director	1	1

All the members of the Audit Committee are financially literate and have expertise in accounting/ financial management.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

The Chief Financial Officer of the Company and Statutory Auditors are invites to the meetings of the Audit Committee. The Company Secretary of the Company acts as the Secretary of the said Committee.

**g) Meetings during the year**

The Audit Committee met 4 times during the previous year, with a gap not exceeding one hundred and twenty days between any two meetings. Each meeting consisted of atleast 3 Members as its quorum out of which atleast 2 are independent members. The said committee met at the following dates:

27<sup>th</sup> May, 2019      13<sup>th</sup> August, 2019      13<sup>th</sup> November, 2019      13<sup>th</sup> February, 2020

**(4) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has been formed in compliance of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013.

**(a) Brief description of terms of reference**

The terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.



- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment, remuneration and removal.
- Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment / revision of remuneration payable to Managerial Personnel.

**(b) Details on composition of the Nomination and Remuneration Committee and the attendance by each Member of the Committee as on 31.03.2020**

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. Mahendra K Ranka	Independent, Non-Executive	3	3
M.Sudheer Anand	Independent, Non-Executive	3	3
Vyasmurti Madhavrao Shingatgeri	Independent, Non-Executive	1	1

**(c) Meetings during the year**

The Committee met three times during the previous year. The said committee met on the following dates:

31<sup>st</sup> August, 2019

27<sup>th</sup> January, 2020

13<sup>th</sup> February, 2020

The main object of this Committee is to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, recommend the remuneration package of both the Executive and the Non-Executive Directors on the Board and also the remuneration of Senior Management, one level below the Board. The Committee reviews the remuneration package payable to Executive Director(s) and recommends to the Board the same and acts in terms of reference of the Board from time to time.

**(d) Performance evaluation criteria for Independent Directors**

Independent Directors are evaluated based on below mentioned criteria:

- their general understanding of the Company's business dynamics
- global business and social perspective
- professional ethics, integrity and values
- willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively

The NR Committee laid down criteria for performance evaluation of all the Directors on the Board and recommended the same for evaluating the performance of each and every Director.

Board evaluates the performance of Independent Directors annually based on their participation at the Board and Committee meetings conducted during the year and the NR Committee recommends the appointment/ re-appointment of the Independent Directors by assessing the role played by them in all the meetings they attended.



**(e) Directors Policy for selection of Directors and determining Directors' Independence**

**1. Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

**2. Policy:**

Qualifications and criteria

- i.** The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have aboard with diverse background and experience that are relevant for the Company's operations.
- ii.** In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
  - General understanding of the company's business dynamics, global business and social perspective;
  - Educational and professional background
  - Standing in the profession;
  - Personal and professional ethics, integrity and values;
  - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- iii.** The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

**3. Criteria of Independence**

- i.** The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.
- ii.** The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and the Equity Listing Agreement.
- iii.** The Independent Director shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

**4. Other Directorships/ Committee Memberships**

- i.** The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the company.
- ii.** The NRC Committee shall take into account the nature of and the time involved in a Director service on other Boards in evaluating the suitability of the individual Director and making its recommendations to the Board.
- iii.** A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.
- iv.** A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.





- v. A Director shall not be a member in more than 10 committee or act as chairman of more than 5 committees across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 shall be excluded.

### **Remuneration policy for Directors, key managerial personnel and other employees**

#### **1. Scope:**

This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

#### **2. Policy:**

- i. Remuneration to Executive Director and Key Managerial Personnel
- ii. The Board on the recommendation of the Nomination and Remuneration(NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.
- iii. The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.
- iv. The Remuneration structure to the Executive Director and key managerial personnel shall include the following components:
  - (i) Basic pay
  - (ii) Perquisites and Allowances
  - (iii) Stock Options
  - (iv) Commission (Applicable in case of Executive Directors)
  - (v) Retrial benefits
  - (vi) Annual performance Bonus
- v. The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual Performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

#### **3. Remuneration to Non – Executive Directors**

- i. The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per provisions of the Companies Act.
- ii. Non-Executive Director shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

#### **4. Remuneration to other employees**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remunerate on levels for equivalent jobs.

**(5) Stakeholders Relationship Committee**

The Stakeholders Relationship Committee has been formed in compliance of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 1 Independent Directors and 2 Executive Directors.

The composition of the Stakeholders Relationship Committee as on 31.03.2020 and the attendance of each Member of the said Committee are as under:

Name of the Director	Category	No. of meetings held during the year	No of meetings attended
Mr. Mahendra K Ranka	Independent, Non-Executive	1	1
S. Vishwa Prasad	Executive Director	NA	NA
Dasi Reddy Rakesh	Executive Director	NA	NA

The Stakeholders Relationship Committee met four times during the previous year.

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

Ms. Annie Jodhani, Company Secretary is appointed as the Compliance Officer of the Company.

The Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers/transmission and comply with other formalities in relation thereto.

All investor complaints, which cannot be settled at the level of the Compliance Officer, will be placed before the Committee for final settlement.

A total of 0 complaints were received during the year and were totally resolved to the satisfaction of the shareholders. There were no complaints pending for redressal during the year under review. There were no pending transfers as on 31<sup>st</sup> March, 2020.

**Terms of reference**

The terms of reference of the Stakeholders Relationship Committee are as under:

- Redressal of grievances of shareholders
- Transfer and transmission of securities
- Dealing with complaints related to transfer of shares, non-receipt of declared dividend, non-receipt of Balance Sheet etc.
- Issuance of duplicate share certificates
- Review of dematerialization of shares and related matters
- Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority. In order to expedite the process and for effective resolution of grievances/complaints, the Committee has delegated powers to the Registrar and Share Transfer Agents i.e., M/s. Venture Capital and Corporate Investments Pvt. Ltd., to redress all complaints/grievances/enquiries of the shareholders/investors. It redresses the grievances/ complaints of shareholders/investors under the supervision of Company Secretary & Compliance Officer of the Company.

The Committee, along with the Registrars and Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a



Practising Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31<sup>st</sup> March, 2020, 92,11,383 Equity Shares of Rs. 10/- each representing 89.33% of the total no. of shares are in dematerialized form.

#### (6) Corporate Social Responsibility Committee

The provisions of Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility are not applicable to our company.

#### (7) Risk Management Committee

The Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to forming of Risk Management Committee, is not applicable to the Company during the financial year under review.

#### (8) General Body Meetings

- (a) Last 3 Annual General Meetings (AGMs) were held at Registered Office of the Company at 5-9-262/1, King Koti, Hyderabad-500001, Telangana as detailed below:

Financial Year Ended	Date	Day	Time	Special Resolutions passed at the AGMs by the Shareholders
31 <sup>st</sup> March, 2019	30-09-2019	Monday	11.00 A.M	No Special Resolution was passed at the AGM.
31 <sup>st</sup> March, 2018	28-09-2018	Friday	11.00 A.M	No Special Resolution was passed at the AGM.
31 <sup>st</sup> March 2017	28-09-2017	Thursday	11.00 A.M.	No Special Resolution was passed at the AGM.

- (b) Special resolution passed last year through postal ballot – details of voting pattern and person who conducted the postal ballot exercise

During the financial year under review, no resolution was passed through Postal Ballot. Therefore providing details of person who conducted the postal ballot exercise and voting pattern does not arise.

Also, no special resolution is being proposed through postal ballot as on the date of notice calling the Annual General Meeting. The members of the Company will be intimated appropriately as and when the postal ballot need arises.

Procedure for postal ballot

The Postal ballot will be conducted in accordance with the provisions of Section 110 of The Companies Act, 2013 read with Rule 22 of The Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

#### (9) Means of communication:

- (a) Quarterly results:

The quarterly, half-yearly and annual results of the Company were normally published by the Company in the newspapers within 48 hours from the conclusion of the Board meeting.

Annual reports with audited financial statements are sent to the shareholders through permitted mode.

- (b) Newspapers wherein results normally published:

The results are normally published by the Company in the newspapers in English version, circulating in the whole of India and in regional newspaper in the vernacular language in all editions.

- (c) Any website, where displayed:

The results are also displayed on the Company's website: [www.pharmaids.com](http://www.pharmaids.com)

- (d) Whether it also displays official news releases:



The newsletters and press releases from time to time were also displayed on the Company's website. News items are sent to the BSE Limited, where shares of the Company were listed and the Exchanges display the same on their websites.

#### 10) General Shareholder Information

- a. The 31<sup>st</sup> Annual General Meeting of the company will be held on Thursday, 17<sup>th</sup> September, 2020 at 3.00 pm through VC/OAVM pursuant to MCA circular dated 05<sup>th</sup> May, 2020 and as such there is no requirement to have venue for the AGM. For details, please refer to the Notice of this AGM.
- Financial Calendar : 1<sup>st</sup> of April, 2020 to 31<sup>st</sup> of March, 2021.
  - Results for the quarter ending
 

30 <sup>th</sup> June 2020	Third week of August, 2020
30 <sup>th</sup> September 2020	First/Second week of October, 2020
31 <sup>st</sup> December 2020	Third/Fourth week of February 2021
31 <sup>st</sup> March 2021	Second /Third week of May, 2021
  - Date of Book closure : NA
  - Dividend Payment Date : NA
  - Listing on Stock Exchanges : BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street. MUMBAI -400001
  - Stock Code : 4466
- ISIN No. for both NSDL and CDSL : INE117D01018
- b. The Listing fees for the year 2020-21 has been paid to the above Stock Exchanges.
- c. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The Company has adopted a Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under and has constituted Internal Complaints Committee (ICC) under the said Act. No complaint has been received by the ICC, during the year as under:
- |   |     |
|---|-----|
| number of complaints filed during the financial year          | Nil |
| number of complaints disposed of during the financial year    | Nil |
| number of complaints pending as on end of the financial year. | Nil |
- d. During FY 2019-20, a total fee of Rs.30,000 was paid by the Company, on a consolidated basis, for all services to the Company.

Sd/- Dasi Reddy Rakesh Director DIN:07112785	Sd/- S. Viswa Prasad Director DIN: 08068933
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Place: Hyderabad

Date: 13.08.2020



## Managing Director (MD) & CFO Certification

The Board of Directors

Pharmaids Pharmaceuticals Limited

We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and that to the best of our knowledge and belief:

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee

significant changes in internal control over financial reporting during the year;

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

instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Sd/-

**Dasi Reddy Rakesh**

Director

DIN:07112785

Sd/-

**Srikanth Chelam**

CFO

Place: Hyderabad

Date: 13.08.2020



**CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,  
The Members of  
Pharmaids Pharmaceuticals Limited  
4-4-211/212/3, INDERBAGH,  
SULTHAN BAZAR, HYDERABAD TG 500095 IN

We have examined the compliance of conditions of corporate governance by Pharmaids Pharmaceuticals Limited (CIN: L52520TG1989PLC009679) (the Company) for the year ended March 31, 2020, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

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

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**Sd/-**  
**Kashinath Sahu**  
**Company Secretary in practice**  
FCS No.4790 CP NO.4807  
UID No.: F004790B000575239

Place: Hyderabad,

Date: 13.08.2020



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
Pharmaids Pharmaceuticals Limited  
4-4-211/212/3, INDERBAGH, SULTHAN BAZAR, HYDERABAD TG 500095 IN.

**SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I have examined the records, books and papers of the Company as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations thereunder for the financial year ended on March 31, 2020, the records available with The Registrar of Companies, on the MCA 21 portal of M/s. Pharmaids Pharmaceuticals Limited (CIN: L52520TG1989PLC009679) having its Registered Office at Plot No. 4-4-211/212/3, INDERBAGH, SULTHAN BAZAR, HYDERABAD TELANGANA - 500095 INDIA (the Company). In my opinion after verifying records, documents provided and explanations and representation furnished to me by the Company, its officers and agents, I do hereby certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020:

S.No	Name of the Director	Designation	DIN No.
1	MOPPERTHY SUDHEER	Independent Director	00404917
2	PADMAJA KALYANI SADHANALA	Executive Director	03096445
3	DASI REDDY RAKESH	Executive Director	07112785
4	VYASMURTI MADHAVRAO SHINGATGERI	Independent Director	07728757
5	VEERAREDDY VALLAPUREDDY	Independent Director	08061781
6	VISWA PRASAD SADHANALA	Executive Director	08068933

Sd/-  
**Kashinath Sahu**  
**Company Secretary in practice**  
FCS No.4790 CP NO.4807

Place: Hyderabad,

Date: 13.08.2020



**ANNEXURE D to the Directors' Report**  
**Form No. MGT – 9 EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2020**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

<b>I. REGISTRATION AND OTHER DETAILS:</b>	
i) CIN	L52520TG1989PLC009679
ii) Registration Date	01/03/1989
iii) Name of the Company	PHARMAIDS PHARMACEUTICALS LIMITED
iv) Category/Sub-Category of the Company	PUBLIC COMPANY / LIMITED BY SHARES
v) Address of the Registered office and contact details	4-4-211/212/3, INDER BAGH, SULTAN BAZAR, HYDERABAD – 500 095, TELANGANA. Ph : 040-27562126
vi) Whether listed company	YES (BSE)
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s VENTURECAPITAL & CORPORATE INVESTMENTS PRIVATE LIMITED 10-167, BHARAT NAGAR, HYDERABAD – 500 018 Ph: 040 – 23818475 / 23818476

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacturing of Ayurvedic Medicine	3043	NA
2	Trading of Allopathic Medicine	6150	NA

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
	—	—	—	—	—



IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01-04-2019)				No. of Shares held at the end of the year (as on 31-03-2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
(1) Indian									
a) Individual / HUIF	226328	0	226328	6.65	225549	0	225549	2.19	(4.46)
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt (s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp	—	—	—	—	—	—	—	—	—
e) Banks / FI's	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub Total (A) (1)</b>	<b>226328</b>	<b>0</b>	<b>226328</b>	<b>6.65</b>	<b>225549</b>	<b>0</b>	<b>225549</b>	<b>2.19</b>	<b>(4.46)</b>
(2) Foreign	—	—	—	—	—	—	—	—	—
a) NRI Individuals	—	—	—	—	—	—	—	—	—
b) Other Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corporate	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other	—	—	—	—	—	—	—	—	—
<b>Sub Total (A) (2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Shareholding of Promoter (A)=(A)(1) + (A)(2)</b>	<b>226328</b>	<b>0</b>	<b>226328</b>	<b>6.65</b>	<b>225549</b>	<b>0</b>	<b>225549</b>	<b>2.19</b>	<b>(4.46)</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>1. Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt (s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Fund	—	—	—	—	—	—	—	—	—
i) Others	—	—	—	—	—	—	—	—	—
<b>Sub Total (B) (1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate	—	—	—	—	—	—	—	—	—
i) Indian	63406	1000	64406	1.89	42386	1000	43386	0.42	(1.47)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual Shareholders holding nominal share capital up to Rs. 2 Lakh	1676457	816076	2492533	73.19	1892285	939531	2831816	27.46	(45.64)
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	401560	208075	609635	17.90	7043034	159320	7202354	69.85	51.95



c) Others									
i) Clearing Members	4769	0	4769	0.14	300	0	300	0	(0.14)
ii) Non Resident Individuals	7829	0	7829	0.23	7829	0	7829	0.23	-
Sub Total (B) (2)	2154021	1025151	3179172	93.35	8985834	1099851	10085685	97.97	4.62
Total Public Shareholding (B) = (B)(1) + (B)(2)	2154021	1025151	3179172	93.35	8985834	1099851	10085685	97.97	4.62
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	—	—	—	—	—	—	—	—	—
GRAND TOTAL (A+B+C)	2380349	1025151	3405500	100	9211383	1099851	10311234	100	—

ii) Share Holding of promoters Amount in Rs.

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01-04-2019)			Shareholding at the end of the year (as on 31-03-2020)			% change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	KANT RAO	7300	0.21	—	7300	0.07	—	(0.14)
2	B VENKATA SWAMY	5000	0.15	—	5000	0.05	—	(0.10)
3	GHISULAL R JAIN	32844	0.96	—	32844	0.32	—	(0.64)
4	PRASHANT H DAVE	10459	0.31	—	10459	0.10	—	(0.21)
5	MADHUKUMARI BHARAT KITAWAT	1000	0.03	—	1000	0.01	—	(0.02)
6	GHISULAL JAIN	18030	0.53	—	18030	0.17	—	(0.36)
7	VEENA LAL WANI	15645	0.46	—	15645	0.15	—	(0.31)
8	BABULAL JAIN	6321	0.19	—	6321	0.06	—	(0.13)
9	SUBHASH B LAL WANI	16400	0.48	—	16400	0.16	—	(0.32)
10	SURESH KUMAR	1000	0.03	—	1000	0.01	—	(0.02)
11	PUSHPA DAVE HARIPRASAD DAVE	5357	0.16	—	5357	0.05	—	(0.11)
12	UMADEVI BABULAL JAIN	5452	0.16	—	5452	0.05	—	(0.11)
13	UTTAM P JAIN	1000	0.03	—	1000	0.01	—	(0.02)
14	ABHILEKHA JAIN	16500	0.50	—	16500	0.16	—	(0.34)
15	SUREKHA PRASHANT DAVE	8200	0.24	—	8200	0.08	—	(0.16)
16	ABHISHEK JAIN	14651	0.43	—	14651	0.14	—	(0.29)
17	SATISH CHAND	13600	0.40	—	13600	0.13	—	(0.27)
18	JAYSHREESANJAY PATNI SANJAY BIRDICHANDPATNI	18075	0.53	—	18075	0.18	—	(0.35)
19	B VENKATA SWAMY	1070	0.03	—	1070	0.01	—	(0.02)
20	ABHILEKHA JAIN	27645	0.81	—	27645	0.27	—	(0.54)
	Total	227328	6.65	—	225549	2.19	—	(4.46)



(iii) Change in Promoters' Shareholding

There is no change in the shareholding of promoters, except change in percentage of holding due to allotment of Equity Shares to shareholders of EBNL pursuant to allotment dated November 27, 2019 via NCLT order dated September 27, 2019.

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters)

Sl. No.		Shareholding at the beginning of the year [01-04-2019]					Cumulative Shareholding during the year [31-03-2020]	
		No. of Shares	% of total Shares of the company	Date	Increase / Decrease	Reason	No. of Shares	% of total Shares of the company
1	PERCY HOMI ITALIA	0	0.00		Increase during the year	Amalgamation	150025	1.45
2	MANJULA LALWANI	57420	0.56		Increase during the year	Amalgamation	57500	0.56
3	PEDDI ANURADHA	0	0.00		Increase during the year	Amalgamation	56000	0.54
4	DADI URMILA .	0	0.00		Increase during the year	Amalgamation	56000	0.54
5	RANGOORI KANTHAM	0	0.00		Increase during the year	Amalgamation	56000	0.54
6	PILLI MEENA KUMARI	0	0.00		Increase during the year	Amalgamation	56000	0.54
7	SADHANALA DHARA KALYANI	0	0.00		Increase during the year	Amalgamation	56000	0.54
8	SUREKHA P DAVE	47840	1.40		NIL		47840	0.46
9	ANIL VISHANJI DEDHIA	35000	1.03		NIL		35000	0.34
10	AJAY GUPTA	32061	0.96		NIL		32061	0.32

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year [01-04-2019]					Cumulative Shareholding during the year [31-03-2020]	
		No. of Shares	% of total Shares of the company	Date	Increase / Decrease	Reason	No. of Shares	% of total Shares of the company
<b>A</b>	<b>Directors</b>							
1	PADMAJA KALYANI SADHANALA	0	0.00	27.11.2019	Increase	Amalgamation	957638	9.29
2	VISHWAS PRASAD. S	0	0.00	27.11.2019	Increase	Amalgamation	246425	2.38
		-	-	-	Decrease	Market Sale	96400	0.93
3	DASI RAKESH REDDY	25	0.00	-	-	-	25	0.00
<b>B.</b>	<b>Key Managerial Personnel</b>							
1.	VENKAT BHAGI RAO SADHANALA*	535	0.01	27.11.2019	5343071	Amalgamation	5343606	51.82



## VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excludin g deposits	Unsecur ed Loans	Deposit s	Total Indebtednes s
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	—	—	—	—
<b>Change in Indebtedness during the financial year</b>				
Addition	—	—	—	—
Reduction	—	—	—	—
<b>Net Change</b>	—	—	—	—
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	—	—	—	—

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/MTD/Manager				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	—			—
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—			—
	(c) Profits in lieu of salary under section 17(3) Income-tax	—	—			—





B. Remuneration to other directors: :

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	
	Total (1)		
2.	Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify	Nil	
	Total (2)		
	Total (B) = (1+2)		
	Total Managerial Remuneration		
	overall Ceiling as per the Act		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—
2.	Stock Option 99	—
3.	Sweat Equity	—
4.	Commission - as % of profit-others, specify.....	—
5.	Others, please specify	—
	Total	—



**VIII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. DIRECTORS</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

Date: 13-08-2020  
 Place: Hyderabad  
 CIN: L52520TG1989TLC009679  
 Reg.: # 4-4-211/212/3, 1<sup>st</sup>Floor,  
 Inderbagh, Sultan Bazar,  
 Hyderabad – 500 095.

By order of Board of Directors

Sd/-  
**Dasi Reddy Rakesh**  
 Director  
 DIN: 07112785

Sd/-  
**S. Viswa Prasad**  
 Director  
 DIN: 08068933



## Independent Auditor's Report

To the Members of  
Pharmaids Pharmaceuticals Limited,  
Hyderabad

### Report on the Audit of the Financial Statements

#### Qualified Opinion

1. We have audited the accompanying Financial Statements of Pharmaids Pharmaceuticals Limited ('the Company'), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 except for the information referred to in Basis for Qualified opinion of our report, the aforesaid Financial Statements give the information required by the Companies Act, 2013('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (Financial position) of the Company as at 31st March, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

3. The Balances of Current Financial Assets, Other Non-Current Assets, Non Current Liabilities and Current Liabilities other current liability are subject to Confirmation/reconciliations. The Impact of the same is, unascertained.
4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matter

5. 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.
6. We have determined the matter described below to be the key audit matters to be communicated in our report.

##### Key Audit Matter

**Carrying value of Investment in Associate entity.** Significant change in Management of the entity

##### How our Audit addressed the key audit matter

As per NCLT Order dated 27/09/2019, Pharmaids Pharmaceuticals Limited Amalgamated with Emergent Bio Naturals Limited with effect from 01/04/2018. However, Pharmaids Pharmaceuticals limited will continue its operations in its own name under new management.

##### Going Concern of the Company

As informed to us, as during the year the management was busy in setting up the future plan and merger process, hence could not concentrate on business. During the ensuing year, the management is hopeful of continuing the operations. Post Covid-19 pandemic the company would resume its operations.



### **Information other than the Financial Statements and Auditor's Report thereon**

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is no material misstatement of this other information. We have nothing to report in this regard.

### **Responsibilities of Management for the Financial Statements**

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the 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.
10. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors Responsibilities for the Audit of the Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report Financials that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 Financial Statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the 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 Act, we are also responsible for explaining 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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**

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, 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 purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Financial Statements dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Financial Statements comply with Ind AS specified under section 133 of the Act;
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31<sup>st</sup> March 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date and our report as per Annexure B expressed unmodified opinion; and
  - 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 on its financial position as at 31 March 2020;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2020;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020;
- iv. the disclosure requirements relating to holdings as well as dealings in specified banknotes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these Financial Statements. Hence, reporting under this clause is not applicable.

For **PPKG & Co**  
Chartered Accountants  
Firm's Registration No.: 009655S

**Sd/-**  
**Girdhari Lal Toshniwal**  
Partner  
Membership No.: 205140

Place: Hyderabad

Date: 29th May 2020





**Annexure A to the Independent Auditor's Report of even date to the members of Pharmalabs Pharmaceuticals Limited, on the Financial Statements for the year ended 31<sup>st</sup> March 2020**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) In our opinion, the Company has nil amount of inventory during the year. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) 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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company
- (iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of The Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act. As informed to us the provision of sec 148(1) are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to financial institutions or government and does not have any outstanding debentures during the year.
- (ix) In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments)
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management



- (xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the Financial Statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of the clause 3(xiv) of the order are not applicable.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the order are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **PPKG & Co**  
Chartered Accountants  
Firm's Registration No.: 009655S

**Sd/-**  
**Girdhari Lal Toshniwal**  
Partner  
Membership No.: 205140

Place: Hyderabad  
Date: 29<sup>th</sup> May, 2020



**Annexure B to the Independent Auditor's Report of even date to the members of Pharmaid Pharmaceuticals Limited, on the Financial Statements for the year ended 31<sup>st</sup> March 2020**

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

1. In conjunction with our audit of the Financial Statements of Pharmaid Pharmaceuticals Limited ('the Company') as at and for the year ended 31<sup>st</sup> March 2020, we have Audited The Internal Financial Controls Over Financial Reporting ('IFCoFR') of the Company as at that date.

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

2. The Company's Board of Directors 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 ('the Guidance Note') 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 the Company's business, including adherence to the 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 Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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.
5. 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 IFCoFR.

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

6. A company's IFCoFR 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 IFCoFR include 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 unauthorised 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**

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, 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 issued by the ICAI.

For **PPKG & Co**  
Chartered Accountants  
Firm's Registration No.: 009655S

**Sd/-**  
**Girdhari Lal Toshniwal**  
Partner  
Membership No.: 205140

Place: Hyderabad  
Date: 29th May, 2020

**Balance sheet as at March 2020**

(Amount In Rupees)

<b>ASSETS</b>	<b>Note no.</b>	<b>As at 31 March, 2020</b>	<b>As at 31 March 2019</b>
<b>1 Non-current assets</b>			
Property, plant and equipment	<b>3</b>	<b>8,31,192</b>	<b>7,95,605</b>
Capital Work in Progress		<b>45,00,000</b>	<b>45,00,000</b>
Financial assets			
- Trade and other receivables	<b>8</b>	<b>75,84,737</b>	<b>-</b>
- Long-term loans and advances	<b>4</b>	<b>6,43,35,275</b>	<b>3,76,10,842</b>
- Others			
Deferred tax assets (Net)	<b>5</b>	<b>34,57,657</b>	<b>-</b>
Other non-current assets	<b>6</b>	<b>-</b>	<b>-</b>
<b>2 Current assets</b>			
Inventories	<b>7</b>	<b>-</b>	<b>-</b>
Financial assets			
- Trade and other receivables	<b>8</b>	<b>-</b>	<b>88,97,105</b>
- Cash and cash equivalents	<b>9</b>	<b>2,17,765</b>	<b>10,88,001</b>
- Short term loans and advances	<b>10</b>	<b>36,55,000</b>	<b>3,37,79,668</b>
Other current assets	<b>11</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>8,45,81,626</b>	<b>8,66,71,221</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<b>12</b>	<b>10,26,88,190</b>	<b>10,26,88,190</b>
Other equity	<b>13</b>		
- Equity component of other financial instrument		<b>-</b>	<b>-</b>
- Retained earnings		<b>(1,83,56,949)</b>	<b>(1,86,92,286)</b>
<b>Share application money pending allotment</b>			
<b>1 Non-current liabilities</b>			
Financial liabilities			
- Long term borrowings	<b>14</b>	<b>-</b>	<b>-</b>
Long term provisions	<b>15</b>	<b>-</b>	<b>-</b>
Deferred tax liabilities (Net)	<b>16</b>	<b>-</b>	<b>6,29,553</b>
Other non-current liabilities	<b>17</b>	<b>-</b>	<b>-</b>
<b>2 Current liabilities</b>			
Financial liabilities			
- Short term borrowings	<b>18</b>	<b>-</b>	<b>-</b>
- Trade and other payables	<b>19</b>	<b>1,06,693</b>	<b>15,96,033</b>
Other current liabilities	<b>20</b>	<b>1,43,692</b>	<b>4,49,730</b>
Short-term provisions	<b>21</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,45,81,626</b>	<b>8,66,71,221</b>

See accompanying notes to the financial statements 1 to 38

As per our report of even date attached

**For PPKG & CO**

Chartered Accountants

Firm Registration Number: 009655S

**Sd/-**

Girdhari Lal Toshniwal

Partner

MM No. 205140

Place: Hyderabad

Date: 29/05/2020

**For. Pharmaids Pharmaceuticals Limited****Sd/-**

Dasi Reddy Rakesh

Director

DIN : 07112785

**Sd/-**

S. Viswaprasad

Director

(DIN : 080689330)

**Statement of Profit and Loss for the year ended 31st March 2020**

(Amount In Rupees)

Particulars	Note no.	FY 31 March 20	FY 31 March 19
<b>Revenue from operations</b>	<b>22</b>	-	56,11,250
<b>Other income</b>	<b>23</b>	-	52,426
<b>Total revenue</b>		-	<b>56,63,676</b>
<b>Expenses</b>			
Cost of materials consumed		-	-
Purchase of stock-in-trade		-	35,62,000
Changes in inventories of finished goods, work in progress and stock-in-trade	<b>24</b>	-	-
Employee benefit expenses	<b>25</b>	2,28,353	4,84,438
Finance cost	<b>26</b>	8,401	6,444
Depreciation and amortisation expense	<b>3</b>	3,88,023	4,58,456
Other expenses	<b>27</b>	31,27,095	25,82,371
<b>Total expenses</b>		<b>37,51,873</b>	<b>70,93,709</b>
<b>Profit/ (loss) before exceptional items and tax</b>		<b>(37,51,873)</b>	<b>(14,30,033)</b>
Exceptional items			
<b>Profit/ (loss) before tax</b>		<b>(37,51,873)</b>	<b>(14,30,033)</b>
<b>Tax expenses</b>	<b>28</b>	<b>(40,87,210)</b>	<b>3,43,160</b>
Current Tax		-	3,69,285
Deferred Tax		(40,87,210)	(26,125)
<b>Profit/ (loss) for the period from continuing operations</b>		<b>3,35,337</b>	<b>(17,73,193)</b>
<b>Profit/ (loss) from discontinued operations</b>		-	-
Tax expense of discontinued operations		-	-
<b>Profit/ (loss) from discounting operations (after tax)</b>		-	-
<b>Profit/ (loss) for the period</b>		<b>3,35,337</b>	<b>(17,73,193)</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the period</b> (Profit/ loss + other comprehensive income)		<b>3,35,337</b>	<b>(17,73,193)</b>
<b>Earnings per equity share (for continuing operations)</b>			
a) Basic		<b>0.03</b>	<b>(0.17)</b>
b) Diluted		<b>0.03</b>	<b>(0.17)</b>
<b>Earnings per equity share (for discontinued operations)</b>			
a) Basic			
b) Diluted			
<b>Earnings per equity share (for discontinued &amp; continuing operations)</b>			
a) Basic		0.03	(0.17)
b) Diluted		0.03	(0.17)

**See accompanying notes to the financial statements**

As per our report of even date attached

**For PPKG & CO**

Chartered Accountants

Firm Registration Number: 009655S

**Sd/-**

Girdhari Lal Toshniwal

Partner

MM No. 205140

Place: Hyderabad

Date: 29/05/2020

**For. Pharmaids Pharmaceuticals Limited****Sd/-**

Dasi Reddy Rakesh

Director

DIN: 07112785

**Sd/-**

S. Viswaprasad

Director

(DIN: 080689330)





## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2020

(Amount In Rupees)

	For the Year ended on 31.03.2020	For the Year ended on 31.03.2019
<b>A Cash Flow from Operating activities :</b>		
Net Profit after Interest & Depreciation but before Tax	(37,51,873)	(14,30,033)
Depreciation	3,88,023	4,58,456
Interest paid	6	-
Interest received		(51,426)
Profit on Sale of Fixed Assets		-
Loss on Sale of Fixed Assets		-
Profit on Sale of Assets / Investments		-
Bad Debts Written Off		-
Deferred Tax		-
Discount		-
<b>Operating Profit before working capital changes</b>	<b>(33,63,844)</b>	<b>(10,23,003)</b>
<b>Adjustments for :</b>		
Trade and Other Payables	(14,89,342)	(2,51,953)
Inventories		-
Trade receivables	(13,12,369)	(1,02,073)
Loan and advances	(36,55,000)	-
Other Assets		5,30,000
other current liability	(3,06,038)	(1,57,899)
<b>Cash generated from operations</b>	<b>(75,01,855)</b>	<b>(10,04,928)</b>
Add: Income Tax paid/(Refund)	(26,620)	-
Miscellaneous Expenditure		
<b>Net Cash flow from Operating activities (before &amp; after extraordinary items) " A "</b>	<b>(74,75,235)</b>	<b>(10,04,928)</b>
<b>B Net Cash from Investing activities :</b>		
( Purchase ) / Sale of fixed assets	(4,23,610)	(1,57,150)
Capital Work in Progress		-
Increase in Creditors for Capital Goods		-
( Purchase ) / Sale of investments		-
Interest received		51,426
investment in vardhaman bank(dividend income)		-
Sale of Fixed Assets		-
Sale of Investments		-
Long Term Loans and Advances	70,28,615	64,320
<b>Net cash flow from Investing activities " B "</b>	<b>66,05,005</b>	<b>(41,404)</b>
<b>C Cash Flow from Financing activities</b>		
Issue of Share Capital		-
Dividend Paid		-
Bank borrowings & Unsecured Loan		(2,52,375)
Dividend and Dividend Distribution Tax Paid		-
Interest paid	(6)	-
<b>Net Cash flow from Financing activities " C "</b>	<b>(6)</b>	<b>(2,52,375)</b>
<b>D Net ( Decrease ) / Increase in Cash and Cash Equivalents ( A + B + C )</b>	<b>(8,70,236)</b>	<b>(12,98,707)</b>
Cash and Cash Equivalents at the beginning	10,88,001	23,86,708
Cash and Cash Equivalents at the end	2,17,765	10,88,001

### For PPKG & CO

Chartered Accountants

Firm Registration Number: 009655S

Sd/-

Girdhari Lal Toshniwal

Partner

MM No. 205140

Place: Hyderabad

Date: 29/05/2020

### For. Pharmaids Pharmaceuticals Limited

Sd/-

Dasi Reddy Rakesh

Director

DIN : 07112785

Sd/-

S. Viswaprasad

Director

(DIN : 080689330)



Amount in INR lakhs

Particulars	Reserves and Surplus					Total equity
	Share Capital	Capital redemption reserve	Retained Earnings	Capital Reserve	Capital Subsidy	
<b>Balance as at 1 April 2018</b>	<b>336.31</b>	<b>-</b>	<b>(242.05)</b>	<b>-</b>	<b>9.94</b>	<b>94.26</b>
Total comprehensive income for the year ended 31 March 2019	-	-	(18.47)	-	-	(18.47)
Other comprehensive income (net of tax) (refer note 23)	-	-	-	-	-	-
Shares allotted during the year to the Transferee Company	690.57	-	-	-	-	690.57
Capital Reserve during the year (As per Amalgamation in the nature of Purchase)	-	-	-	63.65	-	63.65
	<b>1,026.88</b>	<b>-</b>	<b>(260.51)</b>	<b>63.65</b>	<b>9.94</b>	<b>839.96</b>
<b>Transactions recorded directly in equity</b>						
<b>Contributions and distributions:</b>						
Nil	-	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>1,026.88</b>	<b>-</b>	<b>(260.51)</b>	<b>63.65</b>	<b>9.94</b>	<b>839.96</b>

**For the year ended 31 March 2020**

Particulars	Reserves and Surplus					Total equity
	Share Capital	Capital redemption	Retained Earnings	Capital Reserve	Capital Subsidy	
<b>Balance as at 1 April 2019</b>	<b>1,026.88</b>	<b>-</b>	<b>(260.51)</b>	<b>63.65</b>	<b>9.94</b>	<b>839.96</b>
Total comprehensive income for the year ended 31 March 2020	-	-	3.35	-	-	3.35
Other comprehensive income (net of tax) (refer note 23)	-	-	-	-	-	-
	<b>1,026.88</b>	<b>-</b>	<b>(257.16)</b>	<b>63.65</b>	<b>9.94</b>	<b>843.31</b>
<b>Transactions recorded directly in equity</b>						
<b>Contributions and distributions:</b>						
Nil	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>1,026.88</b>	<b>-</b>	<b>(257.16)</b>	<b>63.65</b>	<b>9.94</b>	<b>843.31</b>

**For PPKG & CO**

Chartered Accountants  
Firm Registration Number: 009655S  
Girdhari Lal Toshniwal  
Partner  
Membership No.205140

Place: Hyderabad  
Date: 29/05/2020

**For. Pharmaids Pharmaceuticals Limited**

Sd/-  
Dasi Reddy Rakesh  
Director  
DIN: 07112785

Sd/-  
Sadhanala Viswaprasad  
Director  
(DIN: 08068933)



## NOTES TO FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

1. Pharmaid Pharmaceuticals Ltd (“the Company”) is a public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 2013. The registered office of the Company is located at 4-4-211/212/3, Inder Bagh, Sultan Bazar Hyderabad-500095, Telangana. The equity shares of the Company are listed on the Bombay Stock Exchange. The Company is engaged in the business of manufacturing of Bulk Drugs and Intermediaries. The Company has manufacturing facilities in India which caters to both domestic and international markets.

Emergent Bio Naturals Ltd is a Company incorporated in 2006 under the Companies Act, 2013 manufacturing a wide range of health care products including pharmaceutical formulation facilities and commenced its operations in the year 2006. The registered office of the Company is located at 503, Amrutha Estate, Himayathnagar, Hyderabad – 500029.

These financial statements for the year ended 31 March 2020 were authorized and approved for issue by the Board of Directors on 29th May 2020.

#### 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the Financial Statements.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of Preparation

##### (i) Compliance with Ind AS

The Financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the “Act”) [Companies (Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### (ii) Historical cost convention

The financial statements have been prepared on going concern basis under the historical cost basis except for the following:

Certain Financial assets and liabilities which are measured at fair value.

Defined benefit plans – plan assets measured at fair value; and Contingent Consideration

##### (iii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

Expected to be realized or intended to sold or consumed in normal operating cycle

Held primarily for the purpose of trading

Expected to be realized within twelve months after the reporting period, or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability classified as current when:

It is expected to be settled in normal operating cycle



It is held primarily for the purpose of trading

It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

## **2.1 Properties, plant and equipment (PPE) Recognition and initial measurements**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its Working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when It is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

### **Depreciation method, estimated useful lives and residual values**

The classification of Plant and equipment into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on property, plant and equipment is provided on the Straight Line Method(SLM) method, computed on the basis of useful lives as estimated by management which coincides with rprates prescribed in Schedule II to the Companies Act,2013.

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **De-recognition**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the other income/other expenses when the asset is derecognized.

## **2.2 Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group or assets (cash-generating units). The Company's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash flows. To determinate impairment of corporate assets, recoverable amount is determined for the CGUs to which the corporate assets belongs.

## **2.3 Inventories**

- Stores & Spares are valued at cost or at net realizable value, whichever is lower. Cost is arrived at Weighted Average Basis.



- Raw Material, Semi Finished Goods, Finished Goods are valued at Cost or Market Value whichever is lower. Cost is arrived at FIFO method.
- Obsolescence and Damaged materials are valued at Realizable Value.

## 2.4 Operating Leases

### As a lessee

- Leases of property, plant and equipment where the Company, as a lessee, has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.
- Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the Balance Sheet based on their nature.

### **Investment and other financial assets**

#### Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



### **Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Ø Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- Ø Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.
- Ø Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other income' in the period in which it arises.

### **Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Other income' in the Statement of Profit and Loss.

### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **Derecognition of financial assets**

A financial asset is derecognized only when

- Ø the Company has transferred the rights to receive cash flows from the financial asset or
- Ø retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks



and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) **Income recognition Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**Fair value of financial instruments**

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

**2.5 Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in 'Other income'/'Other expenses'

**2.6 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**2.7 Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.8 Cash and Cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value





## **2.9 Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## **2.10 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## **2.11 Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

## **2.12 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



GST, Excise duty is a liability of the Company as a manufacturer, which forms part of the cost of production, irrespective of whether the goods are sold or not. Therefore, the recovery of GST, Excise duty flows to the Company on its own account and hence revenue includes GST, excise duty.

The specific recognition criteria described below must also be met before revenue is recognised.

#### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### **Service Revenue**

Service income is recognized as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and revenue includes Service Tax / GST, wherever applicable.

### **2.13 Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

### **2.14 Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of aqualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

### **2.15 Foreign currency transactions and translation**

#### **(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (Rupees or H), which is the Company's functional and presentation currency.

#### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Statement of Profit and Loss, within 'Finance costs'. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other income'/'Other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.



## 2.16 Employee benefits

### (i) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### (ii) Post-employment benefitsDefined benefit plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee benefits expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for Defined Benefit Plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of Independent actuaries. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lumpsum after deduction of necessary taxes upto a maximum limit of 20 lacs. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

### Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

### (iii) Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service.

They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms



approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## **2.17 Income Taxes**

Tax expense recognized in statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

## **2.18 Provision and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.



## 2.19 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 2.20 Earnings per share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.21 Segment Reporting

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard – 17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

## 2.22 Recent Accounting Procurements Standards issued but not yet effective

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2019 containing the following new amendments to Ind AS for annual periods beginning on or after 1 April 2019.

Ind AS 116 ‘Leases’ eliminates the classification of leases as either finance leases or operating leases. All leases are required to be reported on an entity’s balance sheet as assets and liabilities. Leases are capitalised by recognising the present value of the lease payments and showing them either as lease assets or together with property, plant and equipment. If lease payments are made over time, a financial liability representing the future obligation will be recognised.

Ind AS 116 is effective from 1 April 2019. The Company is currently assessing the impact of the new standard and there are no material impact to the assets and liabilities recognised in the financial statements, as well as the statement of profit and loss.

## 2.23 Critical estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to



estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- **Employee benefits (estimation of defined benefit obligation)**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Impairment of trade receivables**

The risk of uncollectibility of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

- **Estimation of expected useful lives of property, plant and equipment**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

- **Contingencies**

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. In the normal course of business, the Company consults with legal counsel and other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

- **Valuation of deferred tax assets**

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

- **Fair value measurements**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values





are measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

- **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)**

In the last week of March 2020, the Company and its employees changed its working procedure to comply with the directives of social distancing issued by the Central Government and various State Governments due to COVID-19 situation. COVID-19 situation has not had any material effect on the Company's financial results for the quarter ended March 31, 2020. The management has also evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no significant impact on the financial results of the Company, as at and for the year ended 31st March 2020. The management has assessed that the financial results for the year ending 31st March 2021 may not have any material adverse impact on the net worth of the Company as at 31st March 2021. Further, the Company is debt free and would have adequate liquidity available to honor its liabilities and obligations, as and when due. The management will continue to monitor any material changes to its COVID19 impact assessment, resulting from the future economic conditions and future uncertainty, if any





NOTE NO. 3 : PROPERTY, PLANT AND EQUIPMENT

Sl. No.	Particulars	Gross Block					Rate of Depreciation	Depreciation/Amortization			Net Block as on 31.03.2020	Net Block as on 31.03.2019
		As on 01.04.2019	Additions during the year	Additions through Business	Capitalised during the	Sale / Deletions		Dep. As on 01.04.2019	Dep. For the year 2019-	Adjustment Depreciation	Total Depreciation as on 31.03.2020	
1	Plant & Machinery	41,40,300	-	-	-	-	-	34,70,892	3,01,369	-	37,72,261	3,68,039
2	Air Conditioners	52,000	54,200	-	-	-	-	19,361	6,241	-	25,602	80,598
3	Computers	2,05,250	1,50,698	-	-	-	-	1,11,692	75,162	-	1,86,854	1,69,094
4	Vehicle	2,50,000	-	-	-	-	-	2,50,000	-	-	2,50,000	-
5	Furniture	-	2,18,712	-	-	-	-	-	5,251	-	5,251	2,13,461
	<b>TOTAL</b>	<b>46,47,550</b>	<b>4,23,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,51,945</b>	<b>3,88,023</b>	<b>-</b>	<b>42,39,968</b>	<b>8,31,192</b>
												<b>7,95,605</b>



**NOTE NO. 4 : LONG TERM LOANS AND ADVANCES**

<b>S. No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Long - Term Loans and Advances:</b>		
a) Security Deposit		
Secured		
Unsecured	969544	9,15,164
( Security deposit consist of Sales Tax Deposit , Electricity deposit , Rent Deposit , Tender deposit and deposit with suppliers )		
b) other Long Term Loans and advances (Advance recoverable in cash or kind)		
Secured		
Unsecured	6,33,65,731	3,66,95,678
<b>Total Long Term Loans &amp; Advances</b>	<b>6,43,35,275</b>	<b>3,76,10,842</b>

**NOTE NO. 5 : DEFERRED TAX ASSET ( NET )**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Opening Deferred tax Asset</b>	(6,29,553)	-
Add:		
Deferred Tax Asset for the year	40,87,210	-
Gross Deferred tax Asset	34,57,657	-
Opening Deferred tax Liability		
Provision for Gratuity and Compensated Absences and doubtful debt	-	-
Gross Deferred tax Liability	-	-
<b>Deferred Tax Asset/ ( Liability ) - Net</b>	<b>34,57,657</b>	<b>-</b>

**NOTE NO. 6 : OTHER NON- CURRENT ASSETS**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I 1) Other non- current Asset</b>		
Product Development advances	-	-
<b>Total Non Current Assets</b>	<b>-</b>	<b>-</b>



**NOTE NO.7 : INVENTORIES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Inventories :</b>		
a) Raw materials	-	-
Sub Total	-	-
b) Work - in - progress		
Sub Total	-	-
c) Finished goods	-	-
	-	-
Sub Total	-	-
<b>Total Inventories</b>	<b>-</b>	<b>-</b>

**NOTE NO. 8 : TRADE AND OTHER RECEIVABLES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Trade Receivables</b>		
Secured, Considered Good		-
Unsecured, Considered Good		
Less than Six months		-
More than Six months	75,84,737	53,62,208
Doubtful		-
	75,84,737	53,62,208
<b>Other Receivables:</b>		
Secured, Considered Good		3534897
Unsecured, Considered Good		-
Doubtful		-
	-	35,34,897
Total Trade Receivable ( Gross)	75,84,737	88,97,105
Less : Provision for bad & doubtful debts		
<b>Total Trade Receivables(net)</b>	<b>75,84,737</b>	<b>88,97,105</b>

**NOTE NO. 9 : CASH AND CASH EQUIVALENTS**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Cash and cash equivalents :</b>		
a) Balances with banks :		
1) On Current Accounts	1,95,977	50,140
2) On Deposit Accounts	-	6,43,235
b) Cash on hand	21,788	3,94,626
<b>Total Cash and Cash Equivalents</b>	<b>2,17,765</b>	<b>10,88,001</b>

**NOTE NO.10 : SHORT TERM LOANS AND ADVANCES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Short - Term Loans and Advances:</b>		
a) Other loans And advances		
Unsecured	36,55,000	3,37,79,668
<b>Total Short Term Loans &amp; Advances</b>	<b>36,55,000</b>	<b>3,37,79,668</b>

**NOTE NO.11 : OTHER CURRENT ASSETS**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Prepaid Expenses</b>		
Interest Accrued on Deposits	-	-

**NOTE NO. 12 : SHARE CAPITAL**

S.NO. Particulars		As on 31.03.2020 Rupees	As on 31.03.2019 Rupees	
a	Equity Share Capital			
	(a) Authorised 11,000,000 Equity Shares of Rs.10/- each	11,00,00,000	11,00,00,000	
	(b) Issued, Subscribed and Paid-up 10,311,234 Equity Shares of Rs.10/- each fully paid up.	10,31,12,340	10,31,12,340	
	Less: Calls in Arrear	4,24,150	4,24,150	
	Total Equity Share Capital	10,26,88,190	10,26,88,190	
b	A Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period: Equity Shares of Re.10 Each, Fully paid up :	Number of Shares	Number of Shares	
	At the Beginning	1,03,11,234	34,05,500	
	Issued during the year	-	-	
	Allotted to shareholders of Transferee Company	-	69,05,734	
	At the end	1,03,11,234	1,03,11,234	
c	Details of Shareholder holding more than 5% shares of the company:(Refer Note below)			
Name of the share holder	As on 31.03.2020		As on 31.03.2019	
	No. of shares	% of Shareholding	No. of Shares	% of Shareholdin
Sadhanala Venkat Rao	53,43,606	51.82	-	-
Sadhanala Padmaja Kalyani	9,57,638	9.28	-	-

Change in Authorised Share Capital : Pre-merger Authorised Capital of Pharmaids Pharmaceuticals Limited and Emergent Bio Naturals Limited was 40,00,000 Equity Shares of Rs. 10 each and 35,00,000 Equity Shares of Rs. 10 each respectively. Since the present combined Authorised Capitals stands Rs. 75,00,0000 which is less than the post merger issued capital of Rs. 10,31,12,340, As per the Directions of Hon'ble NCLT the company had increased the combined post merger Authorised Capital from Rs. 7,50,00,000 to Rs. 11,00,00,000 w.e.f 27-09-2019, hence Authorised capital for the purpose of financial statements has been taken as 11,00,00,000

Change in Issued, Subscribed and Paid-up Share Capital - As per NCLT order dated 27-09-2019, for every one equity share of face and paid up value of Rs. 10 held in Transferor Company ie. Emergent Bio Naturals Limited, 2 equity shares of face and paid up value of Rs. 10 in Transferee Company i.e Pharmaids Pharmaceuticals Limited to be issued to the equity shareholder of transferor company.

Pre Merger Issued & Paid up capital of Transferor Company = 34,055,000

Post Merger Issued & Paid up capital of Transferee Company (34528670\*2) = 69,057,340

Therefore, Post Merger Issued & Paid up capital of Transferor Company = 103,112,340

**NOTE NO. 13 : OTHER EQUITY**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Other Equity</b>		
a) Capital Subsidy		
As at the commencement of the year	9,93,750	9,93,750
Add: Additions during the year	-	-
Less: Utilised during the year	9,93,750	9,93,750
b) Capital Reserve		
As at the commencement of the year		-
Add: Additions during the year (As per Amalgamation in the nature of Purchase)	63,65,353	63,65,353
Less: Utilised during the year	-	-
	63,65,353	63,65,353
c) Surplus :		
i) Opening Balance	(2,60,51,389)	(2,42,04,503)
Add: Total comprehensive income during the year	3,35,337	(18,46,886)
Less: Bonus shares / ( Forfeiture of Bonus shares)	-	-
	(2,57,16,052)	(2,60,51,389)
Total Reserves and Surplus	<b>(1,83,56,949)</b>	<b>(1,86,92,286)</b>

Note:

As per IND AS 103, Business Combinations, transferor company have to take over all the assets and liabilities of the transferee company at book value except General Reserve & Profit & Loss A/C balances. So, if Net Asset Value (NAV) of the asset taken over is greater than the consideration paid to transferor company then the difference amount will be adjusted in Capital Reserve A/C.

**NOTE NO. 14 : LONG TERM BORROWINGS**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Long Term borrowings</b>		
a) Term loans:		
From banks:	-	-
Secured - ( Refer Note No 29a )		
From Financial Institutions :		
Secured - ( Refer Note No 29b )		
Unsecured - ( Refer Note No 29c )		
b) Loans and advances from related parties		
Un Secured:	-	-
Unsecured - ( Refer Note No.29d )		
Total Long Term Borrowings	-	-

**NOTE NO. 15 : LONG TERM PROVISIONS**

<b>S. No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I a) Provisions for employee benefits</b>	-	-
<b>Total Long Term Provisions</b>	-	-

**NOTE NO. 16 : DEFERRED TAX LIABILITIES ( NET )**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
<b>I Opening Deferred tax Liability</b>	-	2,86,393
Add:		
Deferred Tax Liability for the year ( Due to SLM and WDV Difference )		(26,125)
Deferred Tax Liability for the year ( Due to Others )		3,69,285
Gross Deferred tax Liability	-	6,29,553
Opening Deferred tax Asset		
Provision for Gratuity and Compensated Absences and doubtful debt	-	-
Gross Deferred tax Asset	-	-
<b>Deferred Tax Liability/ ( Asset ) - Net</b>	<b>-</b>	<b>6,29,553</b>



**NOTE NO. 17 : OTHER NON CURRENT LIABILITES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
a) Trade Payables & Others		
- Advance from Customers	-	-
b) Others		
Sales Tax Deferral** (refer note)	-	-
<b>Total other long term liabilities</b>	<b>-</b>	<b>-</b>

**NOTE NO. 18 : SHORT TERM BORROWINGS.**

<b>S. No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
I Short term borrowings		
a) Loans repayable on demand:		
From banks	-	-
Secured - ( Refer Note No. 31)		
From other parties		
Secured		
Unsecured		
b) Loans and advances from other parties	-	-
Unsecured		
Unsecured -( Refer Note No. 31 )		
c) Loans and advances from Related parties	-	-
Unsecured		
<b>Total Short Term Borrowings</b>	<b>-</b>	<b>-</b>

**NOTE NO. 19: TRADE AND OTHER PAYABLES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
I a) Trade Payables	1,06,693	15,96,033
<b>Total Trade Payables</b>	<b>1,06,693</b>	<b>15,96,033</b>

**NOTE NO. 20 : OTHER CURRENT LIABILITES**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
I a) Current maturities of Long Term Debts		
b) Interest accrued but not due on borrowings		
c) Income received in advance.		
d) Unpaid dividend.		
e) Other Payables	143692	280262
f) Others		169468
Sales Tax Deferral** (refer note)		
<b>Total Other Current Liabilities</b>	<b>1,43,692</b>	<b>4,49,730</b>

**NOTE NO. 21 : SHORT TERM PROVISIONS**

<b>S.No. Particulars</b>	<b>As on 31.03.2020 Rupees</b>	<b>As on 31.03.2019 Rupees</b>
I a) Provisions for employee benefits	-	
b) Others		
<b>Total Short Term Provisions</b>	<b>-</b>	<b>-</b>

**NOTE NO. 22 : REVENUE FROM OPERATIONS**

<b>S.No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
I Revenue from operations in respect of non-finance company		
(a) Sale of Products		56,11,250
<b>Total Revenue from Operations</b>	<b>-</b>	<b>56,11,250</b>

**NOTE NO. 23 : OTHER INCOME**

<b>S.No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
I (a) Interest income		51426
(b) Other non-operating income(net of expenses directly attributed to such income)		1000
<b>Total Other Income</b>	<b>-</b>	<b>52,426</b>

**NOTE NO. 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS & STOCK-IN-TRADE:**

<b>S.No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
<b>I Finished Goods</b>		
Finished goods at the beginning of the year	-	-
Less : Finished goods at the end of the year	-	-
Sub Total (A)	-	-
Work in progress at the beginning of the year		
Less : work in progress at the end of the year		
Sub Total (B)		
Work-in-progress		
Stock at the beginning of the year	-	-
Less : Stock at the end of the year	-	-
Sub Total ( B)	-	-
<b>(Increase) / Decrease in Inventories (A+B)</b>	<b>-</b>	<b>-</b>

**NOTE NO. 25 : EMPLOYEE BENEFIT EXPENSES**

<b>S.No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
<b>I (a) Salaries &amp; Wages</b>	161073	460833
(b) Contribution to Provident & Other Funds	0	23605
(c) Staff Welfare Expenses	67280	0
<b>Total Employee Benefit Expenses</b>	<b>2,28,353</b>	<b>4,84,438</b>

**NOTE NO. 26 : FINANCE COST**

<b>S. No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
(a) Interest Expenses :		
- Interest on Term Loan	-	-
(b) Bank Charges	8,401	6,444
(c) Applicable net gain/loss on foreign currency translations & transactions	-	-
<b>Total Finance Cost</b>	<b>8,401</b>	<b>6,444</b>

**NOTE NO. 27 : OTHER EXPENSES**

<b>S. No. Particulars</b>	<b>Year Ended 31.03.2020 Rupees</b>	<b>Year Ended 31.03.2019 Rupees</b>
<b>I Advertisement Expenses</b>	80,449	55,147
Annual listing fees	3,54,000	2,55,374
Audit Fees	30,000	38,830
Bad Debts		
Business Promotion	1,20,410	-
Carriage expenses		-
Commission		8,66,011
Computer Maintenance / hire charges		-
Consumables		-
Conveyance	1,600	16,414
Directors remuneration		1,50,000
Discount		7,176
Electricity Charges	21,874	34,147
Office Expenses	99,000	-
General Expenses	6,23,480	1,59,027
Insurance	56,457	
Lodging & Boarding Expenses	10,582	-
Postage & Telegram	69,395	14,532
Printing & stationery	1,60,992	30,214
Product development		-
Professional Charges	95,100	1,32,874
Professional tax		-
Rates and Taxes	4,53,500	24,722
Rent	2,88,500	2,48,260
Repairs & Maintenance - Vehicle		-
Repairs & Maintenance -others	1,02,500	-
Sales Tax Arrears		-
Roc filing Expenses	3,12,200	-
Telephone & Internet Charges	11,075	27,661
Travelling Expenses	1,85,981	1,25,044
Amalgamation Expenses	50,000	2,91,361
Write Off		1,05,410
Interest on TDS		169
<b>Total Other Expenses</b>	<b>31,27,095</b>	<b>25,82,371</b>

**NOTE NO. 28: TAX EXPENSES**

S. No. Particulars	Year Ended 31.03.2020 Rupees	Year Ended 31.03.2019 Rupees
<b>I Current tax</b>		
Deferred tax	(40,87,210)	(26,125)
Adjustment for previous year tax		
- Income Tax paid for earlier year		3,69,285
<b>Total Other Income</b>	<b>(40,87,210)</b>	<b>3,43,160</b>

**Note-29 Notes Forming Part of Accounts****29.1 Details of Managerial Remuneration:**

	Managing Director		Executive Director	
	2019-20	2018-19	2019-2020	2018-2019
Salary	0	150000	-	-
Total	0	150000	-	-

29.2 Balance of Trade Payables, Other Current Liabilities, Loans and Advances, and Trade Receivables are subject to confirmation / reconciliation.

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

29.4 Related party disclosures (as identified by the management) as per Indian Accounting Standard – 24 are given below:

Name of the parties

- Dr. Ghisulal Jain
- Abhishek Jain

NAME OF THE TRANSACTIONS RELATED TO THE PARTY	TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATIVES	
	2019-20	2018-19
Managerial Remuneration	-	1,50,000
Reimbursement of Expenses, etc	-	74,585

**30. EARNING PER SHARE (EPS)**

	2019-2020	2018-2019
The computation of EPS is set out below:		
<b>Earning</b>		
Net Profit/Loss for the period	3,35,337	(17,73,193)
<b>Shares</b>		
Number of Shares at the Beginning of the period	1,03,11,234	1,03,11,234
Add: Allotted to Transferee Company	-	
Total number of equity shares outstanding at the end of the period	1,03,11,234	1,03,11,234
Weighted average number of equity shares outstanding during the period	1,03,11,234	1,03,11,234
<b>Earning per share of par value Rs. 10/- Basic &amp; Diluted (Rs)</b>	<b>0.03</b>	<b>(0.17)</b>



31. In Accordance with the Indian Accounting Standard (Ind AS-36) on “Impairment of Assets” the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the Fixed assets during the year ended 31st March 2020.

32. Contingent Liability- NIL

33. Foreign Currency Earnings/Outgoing- NIL

#### For PPKG & CO

Chartered Accountants  
Firm Registration Number: 009655S  
Girdhari Lal Toshniwal  
Partner  
Membership No.205140

Place: Hyderabad

Date: 29/05/2020

#### For and on behalf of the Board

Sd/-  
Dasi Reddy Rakesh  
Director  
DIN : 07112785

Sd/-  
Sadhanala Viswaprasad  
Director  
DIN : 08068933

#### 34. Income tax

#### Rs in Lakhs

	31-03-2020	31-03-2019
<b>Tax expense/(credit) comprises of:</b>		
Current income tax	-	-
Deferred tax	(40.87)	(0.26)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(40.87)</b>	<b>0.261</b>
The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 27.82% (31st March, 2019: 27.82%) and the reported tax expense in profit or loss are as follows:		
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate</b>		
Profit before tax	(37.52)	(14.30)
Tax at the Indian tax rate (25.75%) (31 March 2019: 25.75%)	-	-
<b>Adjustments:</b>		
CSR expenses and other donations	-	-
Weighted deduction on research and development expense	-	-
Tax incentives	-	-
Capital gain tax	-	-
MAT credit utilisation	-	-
Deferred tax assets not recognized / (utilized)	40.87	0.26
Effect of change in tax laws and rate in jurisdictions outside India	-	-
Other Adjustments	-	-
<b>Income tax expense</b>	<b>(40.87)</b>	<b>(0.26)</b>

**35. Capital management**

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company manages its Capital structure through a balanced mix of debt and equity. The Company's capital structure is influenced by the changes in the regulatory frameworks, government policies, available options of financing and impact of the same on liquidity position.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The table below shows the Gearing ratio for FY 2019-20 and FY 2018-19.

Particulars	March 31, 2020	March 31, 2019
Borrowings	0.00	
Trade Payables	1.07	15.96
Other Current Liabilities	1.44	4.50
Cash & Cash Equivalents	2.18	10.88
Net Debt	0.33	9.58
Equity Capital	769.72	766.37
Gearing Ratio	0%	1.25%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2020 and 31 March, 2019.

**36. Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying Values		Fair Values	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
<b>Financial Assets</b>				
Investments		0.00	0.00	0.00
Other financial assets		0.00	0.00	0.00
Tax Assets (Net)		0.00	0.00	0.00
Trade Receivables	0.00	88.97	0.00	88.97
Cash and Cash Equivalents	0.22	3.95	0.22	3.95
Bank balances other than cash and cash equivalents	1.96	6.93	1.96	6.93
Other financial assets	0.00	0.00	0.00	0.00
<b>Total</b>	<b>2.18</b>	<b>99.85</b>	<b>2.18</b>	<b>99.85</b>
<b>Financial Liabilities</b>				
Non-current Borrowings	0.00	0.00	0.00	0.00
Other non-current financial Liabilities	0.00	0.00	0.00	0.00
Current Borrowings	0.00	0.00	0.00	0.00
Trade Payables	1.07	15.96	1.07	15.96
Other current financial Liabilities	1.44	4.50	1.44	4.50
<b>Total</b>	<b>2.50</b>	<b>20.46</b>	<b>2.50</b>	<b>20.46</b>





The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### 37. Fair values hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices(unadjusted) in active markets for the financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If One or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at 31 March, 2020:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair value of financial assets disclosed</b>					
Investments	31-Mar-20	0.00	-	0.00	-
Other financial assets	31-Mar-20	0.00	-	0.00	-
Tax Assets (Net)	31-Mar-20	0.00	-	0.00	-
Trade Receivables	31-Mar-20	0.00	-	0.00	-
Cash and Cash Equivalents	31-Mar-20	0.22	-	0.22	-
Bank balances other than cash and cash equivalents	31-Mar-20	1.96	-	1.96	-
Other financial assets	31-Mar-20	0.00	-	0.00	-
<b>Total</b>		<b>2.18</b>	-	<b>2.18</b>	-

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March, 2020:



Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair value of financial liabilities disclosed</b>					
Non-current Borrowings	31-Mar-20	-	-	0.00	-
Other non-current financial Liabilities	31-Mar-20	-	-	0.00	-
Current Borrowings	31-Mar-20	-	-	0.00	-
Trade Payables	31-Mar-20	1.07	-	1.07	-
Other current financial Liabilities	31-Mar-20	1.44	-	1.44	-
<b>Total</b>		<b>2.50</b>	<b>-</b>	<b>2.50</b>	<b>-</b>

There have been no transfers between Level 1 and Level 2 during the period.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at 31 March, 2019:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	31-Mar-19	-	-	-	-
Other financial assets	31-Mar-19	-	-	-	-
Tax Assets (Net)	31-Mar-19	-	-	-	-
Trade Receivables	31-Mar-19	88.97	-	88.97	-
Cash and Cash Equivalents	31-Mar-19	3.95	-	3.95	-
Bank balances other than cash and cash equivalents	31-Mar-19	6.93	-	6.93	-
Other financial assets	31-Mar-19	-	-	-	-
<b>Total</b>		<b>99.85</b>	<b>-</b>	<b>99.85</b>	<b>-</b>

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March, 2019:



Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value of financial liabilities disclosed					
Non-current Borrowings	31-Mar-19	-	-	-	-
Other non-current financial Liabilities	31-Mar-19	-	-	-	-
Current Borrowings	31-Mar-19	-	-	-	-
Trade Payables	31-Mar-19	15.96	-	15.96	-
Other current financial Liabilities	31-Mar-19	4.50	-	4.50	-
<b>Total</b>		<b>20.46</b>	<b>-</b>	<b>20.46</b>	<b>-</b>

There have been no transfers between Level 1 and Level 2 during the period.

### 38. Financial risk management objectives and policies

The Company is exposed to financial risk such as Market Risk (Interest Rate Risk, fluctuation in foreign exchange rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, foreign currency risk and other price risk. Financial instruments of the Company affected by market risk include borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March, 2020 and 31 March, 2019.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March, 2020 and 31 March, 2019.

#### Price risk

Price risk is the risk of fluctuations in the change in prices of equity Investments. The Company's investment in JV company is of strategic in nature rather than for trading purpose.

#### Credit risk

Credit risk is the risk arising from credit exposure to customers and the counterparty will default on its contractual obligations.

The Company has adopted a policy of only dealing with creditworthy customers/ corporates



to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Advance payments are obtained from customers in bank cheques, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of trade and other receivables, advances to suppliers, cash and short-term deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Deposits and cash balances are placed with Schedule Commercial banks.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds advances as security from customers to mitigate credit risk.

#### **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments held by the Company are in the nature of investment in jointly controlled entity and also an investment in an alternate energy supply company as required under the respective State energy policy. Both the categories are unquoted non-trade equity.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will have difficulty in raising the financial resources required to fulfil its commitments.

Liquidity risk is held at low levels through effective cash flow management. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational requirements, to fund scheduled capex and debt repayments and to comply with the terms of financing documents.

The Company primarily uses short-term bank facilities in the nature of bank overdraft facility to fund its ongoing working capital requirements.

#### **For PPKG & Co**

Chartered Accountants

Firm Registration No.009655S

Girdhari Lal Toshniwal

Partner

Membership No.205140

Place: Hyderabad

Date : 29/05/2020

#### **For. Pharmaids Pharmaceuticals Limited**

Sd/-

Dasi Reddy Rakesh

Director

DIN : 07112785

Sd/-

SADHANALA VISWA PRASAD

Director

DIN No.08068933