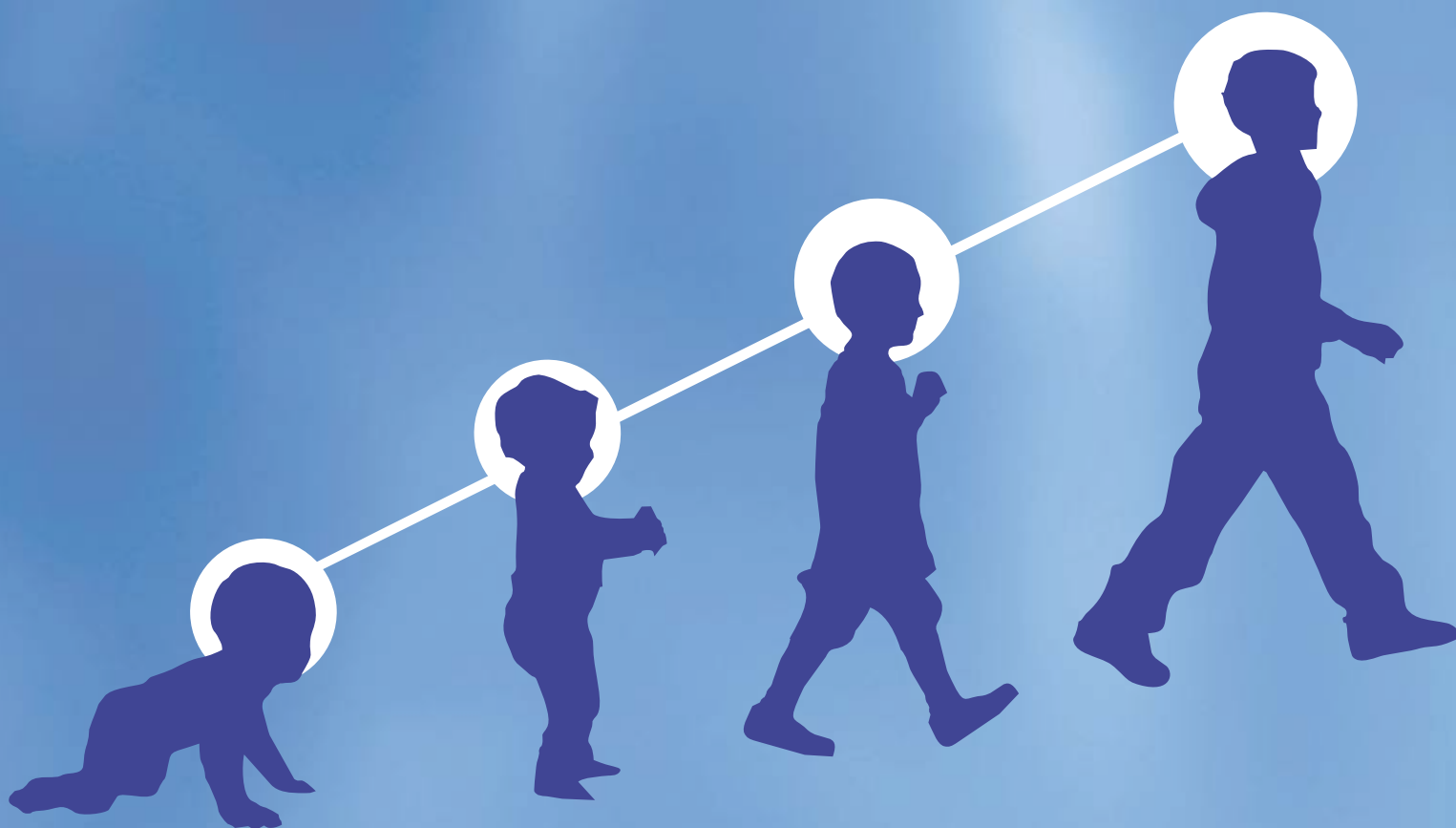


16<sup>TH</sup>  
ANNUAL REPORT  
2010 - 2011



**Farmax India Limited**



Range of Products



**Farmax India Limited**



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## CORPORATE INFORMATION

### Board of Directors:

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

### Company Secretary

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

### Auditors:

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

### Audit Committee:

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

### Remuneration Committee:

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

### Investor Grievance Committee:

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

### Bankers:

State Bank of India  
Axis Bank  
ICICI Bank

### Subsidiary:

Farmax International FZE- UAE.

### Registered Office:

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

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

### Listing:

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

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





## NOTICE

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

Day, Date & Time: Friday the 28<sup>th</sup> October 2011 at 11 AM

Venue: at Survey No: 658, Bowrampet village, Qutubullapur Mandal, (sub-urban of Hyderabad) Ranga Reddy District, Andhra Pradesh.

To transact the following business:

### ORDINARY BUSINESS:

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

### 4. SPECIAL BUSINESS:

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

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

BY ORDER OF THE BOARD

Hyderabad  
27 September 2011.

Sd/-  
M. SRINIVASA REDDY  
Chairman & Managing Director







**NOTES:**

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

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 4**

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

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

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

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

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





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

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





## DIRECTORS' REPORT

To  
The Members

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

### **FINANCIAL RESULTS**

(Rupees in Lakhs)

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

### **PERFORMANCE REVIEW:**

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

### **DIVIDEND:**

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

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

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

### **DIRECTORS:**

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

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

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

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







## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year.
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- iv) That the directors had prepared the annual accounts on the going concern basis.

## AUDITORS:

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

## EMPLOYEE STOCK OPTION SCHEME:

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

## SUBSIDIARY COMPANY:

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

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

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

## PARTICULARS OF EMPLOYEES:





## PUBLIC DEPOSITS:

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

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

### A. Conservation of Energy

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

### B. Technology absorption

#### 1. Research & Development

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

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

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

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

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

