



**19<sup>th</sup>**  
**Annual Report**  
**2011-2012**



**PAN DRUGS LIMITED**

## 19<sup>th</sup> Annual Report

<b>Board of Directors :</b> Mr. Kamal Pandya	Chairman & Managing Director
Mr. Atul Pandya	Managing Director
Mr. Sambhasiva Reddy	Independent Director (Upto 23-12-2011)
Mr. Hemant Upadhyay	Independent Director
Mr. Parag Raval	Independent Director (Upto 23-12-2011)
Mr. Rakhil Bhatt	Independent Director (Upto 23-12-2011)
Mr. Sudhir Dhingra	Non-Independent Director (Upto 23-12-2011)

**Auditors :** M/s. S.G. Bhagwat & Co  
Chartered Accountants  
Vadodara.

**Registered Office :** 167, GIDC, Nandesari, Dist. Vadodara – 391340  
E-mail : [info@pandrugsLtd.com](mailto:info@pandrugsLtd.com)

# PAN DRUGS LIMITED

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## NOTICE

**Notice** is hereby given that the 19<sup>th</sup> Annual General Meeting of **Pan Drugs Limited** will be held on Saturday, the 29<sup>th</sup> September, 2012 at 4.30 p.m. at its Registered Office at 167-168 GIDC Nandesari Industrial Estate, Dist. Vadodara-391340, to transact the following business.

### Ordinary Business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March 2012 and Balance Sheet as of that date together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Hemant Upadhyay, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

### Special Business :

4. To consider and, if thought fit, to pass with or without modification the following Resolution as an **Ordinary Resolution**.

**“RESOLVED THAT** consent of the Company be and is hereby given for appointment of Mr. Jayesh Vyas of M/s. Jayesh Vyas & Associates, the Practising Company Secretary, Baroda, to issue compliance certificate, pursuant to Companies (Compliance Certificate) Rules, 2001 framed under Section 383A of the Companies Act, 1956, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on the fees as may be decided by the Chairman & Managing Director in consultation with him plus out of pocket expenses.”

For and on behalf of the Board,  
Sd/-

Kamal N. Pandya  
Chairman & Managing Director

Date : 3rd September, 2012

Place : Vadodara

### 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 AND THE PROXY NEED NOT TO BE A MEMBER.
2. The Proxy Form duly completed and signed should be lodged with the Company 48 hours before the commencement of the meeting, in order to be effective.
3. Explanatory statement, pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business enumerated at Item No. 4, is annexed.
4. The Register of members and share transfer books of the company will remain closed from Saturday, the 22<sup>nd</sup> September, 2012 to Saturday, the 29<sup>th</sup> September, 2012 (both days inclusive).
5. MEMBER DESIROUS OF OBTAINING INFORMATION WITH RESPECT OF THE ACCOUNTS OF THE COMPANY ARE REQUESTED TO SEND QUERIES IN WRITING TO THE COMPANY AT IT'S REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

# **PAN DRUGS LIMITED**

## **ANNEXURE TO NOTICE**

### **Explanatory Statement pursuant to Section 173(2) of the Companies Act,1956.**

#### **Item No. 4**

Mr. Jayesh Vyas, the Practising Company Secretary, who is M.Com, M.S.W, LL.B.(Sp), F.C.S holding Certificate of Practice from the Institute of Company Secretaries of India, New Delhi, has been assigned the work of issue of Compliance Certificate as required by the Companies (Compliance Certificate) Rules, 2001 framed under Section 383A(1) of the Companies Act, 1956 for the year 20011-12 and holds office until the conclusion of the ensuing Annual General Meeting. He, being eligible, offers himself for reappointment to issue of Compliance Certificate for the year 2012-13. Members are requested to consider his reappointment.

None of the Directors is concerned or interested in the said Resolution.

The Directors recommend the resolution for adoption.

**For and on behalf of the Board,**

**Date : 3<sup>rd</sup> September, 2012**

**Place: Vadodara**

**Kamal N. Pandya**

**Chairman & Managing Director**

### **ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING.**

#### **Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Director**

Name of the Director	:	Mr. Hemant Upadhyay
Date of Birth	:	12/10/1952
Date of Appointment	:	31/05/2003
Specialised Expertise	:	Accountancy & Taxation
Qualifications	:	B.Com , DTP
Directorships of others Companies as on 31 <sup>st</sup> March, 2012	:	None
Chairman/ Member of Committees of other Companies as on 31 <sup>st</sup> March, 2012	:	None

# PAN DRUGS LIMITED

## DIRECTORS' REPORT

To,  
The Members,  
Pan Drugs Limited

Your Directors have pleasure in presenting the 19<sup>th</sup> Annual Report together with Audited Statements of Accounts for the Year ended 31<sup>st</sup> March, 2012.

The following figures summarise the financial performance of the Company during the year under review.

### 1. FINANCIAL RESULTS :

Particulars	(In Rs.)	
	2011-12	2010-11
Gross Income	20,20,06,816	36,42,61,068
Gross Profit/ (Loss) before Interest & Depreciation	(41,89,083)	2,01,91,414
Less: Finance Cost / Interest	6,83,871	23,58,036
Less: Depreciation	45,69,270	41,61,364
Net Profit / (Loss) for the Year	(94,42,224)	1,36,72,014

### 2. DIVIDEND:

In view of loss, the Directors regret their inability to recommend the payment of the dividend to the Shareholders.

### 3. OPERATIONS IN RETROSPECT:

During the year under review, the Company generated Gross Income of Rs. 20,20,06,816 against Rs. 36,42,61,068, of previous year whereas earned Gross Loss before Depreciation Interest & Tax of Rs. 41,89,083 as against Gross Profit before Depreciation & Interest of Rs. 2,01,91,414 of the previous year and consequently earned Net Loss of Rs. 94,42,224 against Net Profit of Rs. 1,36,72,014 of previous year, because of volatility in the price of the product manufacture and competition.

In order to generate surplus the Company continued to undertake measures for reduction of operative cost and control wasteful expenses. The Company continues to pledge itself to put its best sincere endeavours to bring improved results by undertaking required measures to counter the competition from China and domestic manufacturers.

### 4. MANAGEMENT DISCUSSION & ANALYSIS :

#### a. Industry Structure and Developments:

The Company was like other Indian pharmaceutical Industry had reasonably good year, in terms of the profit and growth for the year ended 31<sup>st</sup> March, 2012. Sincere attempt is being made to introduce necessary changes on continual basis, in the various areas of operations so as to optimize the operating results.

#### b. Opportunities and Threats :

Your Company operates in an area where a large market exists and offers ample opportunities for growth. Your Company's products are well-received in the market. However, the Company faces tremendous competitions from the organized and also unorganized sectors and oversees more particularly from China.

#### c. Outlook :

In view of inflationary trend prevailing in the market, your Directors feel the performance of the Company has been reasonably moderate. Your Directors are also aware of the fact that Indian Pharmaceutical industry is highly potential to growth but competitive and fragmented.

The management is conscious about the changing scenario in pharmaceutical industry and review take place regularly.

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## d. Risks and concerns :

The external factors such as inflationary trend prevailing in the market, natural calamities, and competition are common to all the industrial sectors. It is therefore necessary to address urgently to the effect of those risks on the business of the Company. Risks which are internal on which the Directors and management would have control, such as Product demand, Technology upgradation of products, adequate availability of working Capital fund, allocation of scarce financial, focus on financial disbursement, achieving optimum usage of available infrastructure and deriving maximum possible returns, cost reduction in its operations etc. are some of the inbuilt strategies which are implemented by the Company to manage business risk.

## e. Internal Control System and their adequacy :

The internal control systems are continuously being fine tuned in line with the changing requirements in the industry. The management regularly reviews the internal control systems in the areas of finance procurement, sales and distribution and marketing and new product launches. Thus emphasis on internal control system is spread over across all major functions and processes.

## f. Financial Performance :

Financial performance of the Company has been indicated hereinabove.

## f. Human Resources/Industrial Relations :

Yours Directors believe that employees are the most valued assets of the organization. Thus, all the human resources practices are directed towards enhancing the value of these assets. The focus of the management is on the organizational development and to imbibe new organization values-entrepreneurship, team work achievement and commitment.

## 5. DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 217(2AA) of the Companies Act,1956, the Directors would like to state that:-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for the year under review.
- iii) 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.

## 6. DIRECTORATE :

During the year under review, Mr. Sambasiva Reddy , Mr. Rakhal Bhatt and Mr. Sudhir Dhingra resigned as Directors of the Company effective from 23-12-2011, in view of their pre-occupations.

The Board places on record its sincere appreciation for the contributions received from outgoing Directors, during their tenure.

Mr. Hemant Upadhyay retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

## 7. STATUTORY DISCLOSURES:

- I. Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, statement showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in the **Annexure 'A'** to this report.
- II. As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules,1975 information is not furnished as no employee is covered there under.

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III. In compliance of Section 383A(1) of the Companies Act, 1956 Compliance Certificate as issued by Mr. Jayesh Vyas of M/s. Jayesh Vyas and Associates, the Practicing Company Secretary, is annexed as **Annexure "B"** to this report.

**8. CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreements with the Bombay Stock Exchange Ltd., Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report as **Annexure "C"**, whereas the Management Discussion and Analysis is given hereinabove.

**9. DEMATERIALISATION OF SHARES :**

Necessary steps are being taken to obtain ISIN from National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) to facilitate for dematerialization of its shares. It is expected that process of Demat of Company's share would begin.

**10. AUDITORS :**

M/s. S. G. Bhagwat & Co., Chartered Accountants, Vadodara, the Auditors of the Company retire at the ensuing Annual General Meeting, being eligible, offer themselves for reappointment.

Members are requested to consider their re-appointment for the current year and fix their remuneration.

**11. DEPOSITS :**

The Company has not accept any deposit unpaid and / or unclaimed deposit, during the year under review.

**12. INSURANCE :**

All the properties and insurable interests of the Company including buildings, plants & machineries and stocks, have been adequately insured.

**13. APPRECIATION :**

Your Directors have pleasure to place on record their appreciation of the service rendered by the Workmen and Staff of the Company and thank Customers, Suppliers and Government Agencies for their valuable cooperation in furthering interest of the Company.

**For and on behalf of the Board,**

**Date : 3<sup>rd</sup> September, 2012**

**Place: Vadodara**

**Kamal N Pandya**

**Chairman & Managing Director**

# PAN DRUGS LIMITED

## Annexure : A

Information in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012.

### **A Conservation of Energy :**

(a) Energy Conservation measure taken :

Optimum batch size, Elimination idle running time and Inventor planning control.

(b) Additional Investment proposal being implemented for reduction consumption energy:

The Company has ongoing study and survey of actual energy consumption. Less efficient equipments are being replaced with efficient equipments.

(c) Impact of the measures at (a) and (b) above for reduction energy consumption and consequent impact the cost production goods :

The measure take have resulted in saving the cost of production.

(d) Detail Energy Consumption for production

### **a Power and fuel Consumption :**

1	<b><u>Electricity</u></b>	Current year	Previous year
		<b><u>2011-12</u></b>	<b><u>2010-11</u></b>
(a)	<b>Purchased</b>		
	Units	658532	1262708
	Total Amount (in ₹)	4070954	6836801
	Cost per unit (in ₹)	6.10	5.38
(b)	<b>Own Generation</b>		
(i)	Through diesel Generator.		
	Units(Kwh.	N.A.	N.A
	Units per liter Diesel/Oil	N.A.	N.A
	Cost per Units	N.A.	N.A
(ii)	Through Steam		
	turbine /Generator	N.A.	N.A
2	<b>Furnace Oil</b>		
	Quantity (K.Lts.)	N.A.	N.A
	Total Amount	N.A.	N.A
	Average Rate(per K.Ltres)	N.A.	N.A
3	<b>Diesel Oil</b>		
	Quantity (K.Lts.)	N.A.	N.A
	Total Amount	N.A.	N.A
	Average Rate(per K.Ltres)	N.A.	N.A



# PAN DRUGS LIMITED

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## 4. COAL

(Steam Coal of Grade A/B)

Used as fuel for Boiler)

Quantity (MT)	N.A.	N.A
Total Cost (in ₹)	N.A.	N.A
Average Rate (per Mt.)	N.A.	N.A

## 5. Other internal Generation

N.A. N.A

### b Consumption per unit production :

There are number of products with different sizes, shape and other parameters being manufactured by the Company, hence, it is not feasible to give information of fuel consumption per unit of production.

## B. TECHNOLOGY ABSORPTION :

Research Development an Technology Absorption :

Considering the size the units an nature products the avenue for are very limited an therefore no applicable.

## C. FOREIGN EXCHANGE EARNING AND OUT GO :

(Amount in Ruppes)

	Current Year	Previous Year
	<u>2011-12</u>	<u>2010-11</u>
Total Foreign Exchange used and earned :	₹	₹
i) Foreign Exchange earned (in ₹)	NIL	NIL
ii) Foreign Exchange used	51853915	139063386

Company Identification No. : L24230GJ1993PLC020671

Authorised Capital : Rs.550 Lacs

Date of AGM : 29-09-2012

## COMPLIANCE CERTIFICATE

To,  
The Members  
**Pan Drugs Limited**  
167-168 GIDC NANDESARI INDUSTRIAL ESTATE  
Dist. Vadodara-391341

I have examined the registers, records, books and papers of Pan Drugs Limited as required under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31<sup>st</sup> March, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, within the time prescribed under the Act and the rules made there under.
3. The Company being Public limited Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year were 2,274 (Two Thousand Two Hundred Seventy Four only).
  - (i) has not invited public to subscribe for its shares or debentures; and
  - (ii) has not accepted deposits from persons other than its members, Directors or their relatives, however, complied with relevant rules.
4. The Board of Directors duly meet 9 (Nine) times on 30/04/2011, 04/08/2011, 03/09/2011, 21/09/2011, 26/09/2011, 24/10/2011, 13/12/2011, 23/12/2011 and 07/02/2012. in respect of which meetings Resolutions passed by the Directors, were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 26<sup>th</sup> September, 2011 to 30<sup>th</sup> September,2011 (both days inclusive),during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 30.09.2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the period under review.
8. The Company has not advanced loan to its Directors and / or persons or firms or Companies referred to under Section 295 of the Act except to a firm listed in the Register maintained under Section 301 of the Act, during the year under review.
9. The Company was not required to comply with the provisions of Section 297 of the Act in absence of any new contract / arrangement in which Directors are interested.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act.
12. The Company has not issued any duplicate share certificates during the financial year.
13.
  - (i) During the year under review, the Company has neither allotted any Shares. However registered 7700 transfers of shares.
  - (ii) The Company was not required to deposit any amount of Dividend during the year, as no dividend was declared.