



**20<sup>th</sup>**  
**Annual Report**  
**2012-2013**



**PAN DRUGS LIMITED**

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

<b>Board of Directors :</b> Mr. Kamal Pandya	Chairman & Managing Director
Mr. Atul Pandya	Managing Director
Mr. Hemant Upadhyay	Independent Director
Mr. Parag Raval	Independent Director
Mr. Sudhir Dhingara	Non Executive Director ( From 4-4-2013 )

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

**Registered Office :** 167-168, GIDC, Industrial Estate,  
Nandesari, 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 20<sup>th</sup> Annual General Meeting of **Pan Drugs Limited** will be held on Monday, the 30<sup>th</sup> September, 2013 at 4.00 p.m. at its Registered Office at 167-168, GIDC, Industrial Estate Nandesari, Vadodara, 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 2013 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. Parag Vamanray Raval, 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 modifications, the following resolution as an Ordinary Resolution.**

“RESOLVED THAT Mr. Sudhirkumar Anantprakash Dhingra, who was appointed as an Additional Director of the Company, pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice 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.”

5. **To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.**

“RESOLVED THAT pursuant the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provision, if any, of the Companies Act, 1956 (including any statutory modifications, or re-enactment thereof, for the time being in force), and such other authorities as may be required, consent of the Members of the Company, be and is hereby accorded to the reappointment of and the remuneration and perquisites being paid or provided to Mr. Kamal N. Pandya, as the Managing Director of the Company, for a period of 3 years from 16<sup>th</sup> July, 2013 to 15<sup>th</sup> July, 2016 on such terms and conditions, as are set out in the Agreement entered into between the Company and Mr. Kamal N. Pandya, a copy whereof is placed before the Meeting which is here by specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to vary or increase the said remuneration and perquisites including the monetary value thereof as specified in the said Agreement, to the extent the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Kamal N. Pandya shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modifications (s) or statutory re-enactment(s) thereof and/or any rules or regulations framed thereunder and that the terms of the aforesaid Agreement between the Company and Mr. Kamal N. Pandya, be suitably modified to give effect to such variations or increase as the case may be.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Kamal N. Pandya, the Managing Director, the remuneration and perquisites set out in the aforesaid Agreement, be paid or granted to Mr. Kamal N. Pandya as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII and as may be amended from time to time or any equivalent statutory re-enactment(s) thereof for the time being in force.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

**6. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions, if any, read with Schedule XIII as amended up to date, of the Companies Act, 1956, (including any statutory modifications, or re-enactment thereof, for the time being in force) and such other authorities as may be required, consent of the Members of the Company, be and is hereby accorded to the reappointment of and the remuneration and perquisites being paid or provided to Mr. Atul N. Pandya as the Joint Managing Director of the Company, for a period of 3 years from 31<sup>st</sup> July, 2013 to 30<sup>th</sup> July, 2016 on the terms and conditions as set out in the Agreement entered into between the Company and Mr. Atul N. Pandya, which is hereby specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the said remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provision under the Act for the time being in force provided, however, that the remuneration payable to Mr. Atul N. Pandya shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modifications (s) or statutory re-enactment(s) thereof and/or any rules or regulations framed there under and the terms of the aforesaid Agreement between the Company and Mr. Atul N. Pandya be suitably modified to give effect to such variations or increase as the case may be.”

“RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Atul N. Pandya, the Joint Managing Director, the remuneration and perquisites set out in the aforesaid agreement, be paid or granted to Mr. Atul N. Pandya as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII and as may be amended from time to time or any equivalent statutory re-enactment(s) thereof for the time being in force.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

**7. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution.**

“RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, the consent of the Shareholders, be and is hereby accorded to Mrs. Kashmira Atul Pandya, wife of Mr. Atul Pandya, the Joint Managing Director of the Company, for holding an office or place of profit as President (Accounts ) and head of the Administration Department in the Company at a Salary of Rs. 20,000 p.m. in aggregate, with effect from 1<sup>st</sup> April, 2013.”

“FURTHER RESOLVED THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction the increments @ 20% of her Salary, every year, and proper to promote her to any higher remuneration at their discretion in due course, as it may deem fit.”

**8. To consider and if thought fit, to pass with or without modification the following Resolution as a Special Resolution.**

“RESOLVED THAT pursuant to provisions of Section 314 (1B) and other applicable provisions of the Companies Act, 1956, the consent of the Shareholders be and is hereby accorded to Mrs. Smita Kamal Pandya, wife of Mr. Kamal Pandya, the Managing Director of the Company, for holding an office or place of profit as President (Business Development) and head of Marketing Department in the Company at a Salary of Rs. 20,000 p.m. in aggregate, with effect from 1<sup>st</sup> April, 2013.”

“FURTHER RESOLVED THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction the increments @ 20% of her Salary, every year, and proper to promote her to any higher remuneration at their discretion in due course, as it may deem fit.”

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9. **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, Vadodara, 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,**

**Date : 3<sup>rd</sup> September, 2013**  
**Place : Vadodara**

**Kamal Pandya**  
**Chairman and 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 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 Nos. 4 to 9, is annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 25<sup>th</sup> September, 2013 to Monday, the 30<sup>th</sup> September, 2013 (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 ITS REGISTERED OFFICE SO AS TO REACH AT LEAST SEVEN DAYS BEFORE THE DATE OF THE MEETING.

**ANNEXURE TO NOTICE**

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

**Item No. 4 :**

Mr. Sudhir Kumar Anantprakash Dhingra has been appointed as an Additional Director of the Company, with effect from 4<sup>th</sup> April, 2013 and he holds office of the Directorship till the conclusion of ensuing Annual General Meeting. He has being eligible, consented to act as a Director of the Company. The Company has received notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the Directorship. The Board hopes that the Company would be immensely benefited by his contribution.

None of the Directors except Mr. Sudhir Kumar Anantprakash Dhingra, is interested in the said resolution.

The Directors recommend the resolution for adoption.

**Item Nos. 5 & 6 :**

Mr. Kamal N. Pandya is associated with the Company since incorporation, in the capacity of the Whole time Director designated as Managing Director and lastly, was reappointed as Managing Director from 16<sup>th</sup> July, 2010 for a period of 3 years, the tenure of which expired on 15<sup>th</sup> July, 2013. He has also been acting as Promoter of the Company and playing significant role in bring the Company to the present stature.

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Mr. Kamal N. Pandya is a qualified Science post graduate having obtained a M.Sc. (Chemistry) Degree from the M.S. University of Vadodara and has extensive experience of two decades in the field of production, marketing, finance and administration of Pharmaceutical Industry. He has been working as the Managing Director of the Company from 16<sup>th</sup> November, 1993 and his last tenure as Managing Director of the Company, expired on 15<sup>th</sup> July, 2013.

WHEREAS Mr. Atul N. Pandya is qualified Commerce graduate having obtained a B.Com Degree from the M.S. University of Vadodara and having experience of production, quality control, and materials management and administration. He was appointed as a Director and Joint Managing Director from 31<sup>st</sup> July, 2010, the tenure of which expired on 30<sup>th</sup> July, 2013.

Upon the recommendation of Remuneration Committee, the Board of Directors at their meeting held on 15<sup>th</sup> July, 2013, re-appointed Mr. Kamal N. Pandya as the Managing Director, for further period of 3 years from 16<sup>th</sup> July, 2013 to 15<sup>th</sup> July, 2016 and re-appointed Mr. Atul N. Pandya as the Joint Managing Director, for further period of 3 years from 31<sup>st</sup> July, 2013 to 30<sup>th</sup> July, 2016, considering their proven abilities, competence, business acumen, experiences and contribution made by both of them in furtherance of the growth of the Company.

Draft Agreements, One between the Company and Mr. Kamal N. Pandya for his reappointment as the Managing Director and another between the Company and Mr. Atul N. Pandya for his reappointment as the Joint Managing Director, embody following main terms and conditions :

- 1) **Tenure** : 3 years from the date of re-appointment.
- 2) **Remuneration** :
  - I) **Salary** : Rs. 1,50,000 per month
  - II) **Perquisites & Allowances** :
    - a) In addition to the salary and commission payable, the Managing Director & Joint Managing Director shall also be entitled to perquisites and allowance like accommodation (furnished or otherwise) or house rent allowance in lieu thereof : House maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, Medical reimbursement, club fees and Leave Travel concession for themselves and their family, Medical insurance and such other perquisites and allowances with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Kamal N Pandya and Mr. Atul N. Pandya. Such other perquisites and allowance will be subject to a maximum of 50% of their annual salary.
    - b) For purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, at actual cost.
    - c) Provision for the use of the Company's car for official duties and telephones at residence (including payment for local calls and long distance official calls) shall not be included in the competition of perquisite for the purpose of calculation and said ceiling.
  - III) **Commission** :

No commission shall be paid to the Managing Director and Joint Managing Director.
  - IV) **Minimum Remuneration** :

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of the Managing Director and Joint Managing Director, the Company as no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowance as specified above, as the minimum remuneration.
- 3) The terms and conditions of the said reappointments and/or Agreements may be altered and varied from time to time by the Board as it may deemed fit, in its discretion, within the maximum amount payable to Managing Director or Joint Managing Director, in accordance with the Schedule XIII to the Act, or any amendments made thereafter in this regard.

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- 4) The agreements may be terminated by either party giving the other party three months' notice or salary in lieu thereof.
- 5) If at any time the Managing Director or Joint Managing Director, as the case may be, ceases to be a Director of the Company for any cause whatsoever, he shall cease to be a Managing Director or Joint Managing Director of the Company. If at any time the Managing Director or Joint Managing Director ceases to be in employment of the Company for any cause whatsoever, he shall be ceases to be a Director of the Company.
- 6) The Managing Director or Joint Managing Director as the case may be, is appointed by virtue of their employment in the Company and their appointment is, subject to the provisions of Section 282(1) (I) of the Companies Act, 1956.
- 7) The Managing Director or Joint Managing Director as the case may be, shall not be entitled to supplement their earnings under the Agreement with any buying or selling, commission. Any of them shall not also become interested or otherwise concerned, directly or through their wives and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- 8) The Managing Director or Joint Managing Director, during their tenure of office, will not be liable to retire by rotation.

## Information as required under B under Schedule XIII to the Companies Act, 1956.

### I. General Information :

- (1) Nature of Industry : Pharmaceutical Business of manufacturing, exporting, importing, selling and otherwise dealing in all kinds of pharmaceutical drugs, medicines, herbs, laboratory and surgical materials etc
- (2) Date or expected date of commencement of commercial production : The Company is already in operation and it is a running Company, since 1993.
- (3) In case of new companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

### (4) Financial Performance based on given indicators:

Particulars	(Rs. in Lacs)		
	Year 2009-10	Year 2010-11	Year 2011-12
Gross Income- Turnover	4800.05	3642.61	2020.06
Operating Profit before Interest, Depreciation & Tax.	439.91	201.91	(41.89)
Net Profit after Tax	86.83	136.72	(94.42)
Debt Equity Ratio	4.40	(2.55)	(2.37)
Current Ratio	1.72	0.50	0.41
Net Worth	414.12	(723.55)	(817.91)

- (5) Export performance and net foreign Collaborations : The Company is an exporting Company.

### (6) Foreign Investments or collaborators, if any :

	(Amt. in Lacs)		
	Year 2009-10	Year 2010-11	Year 2011-12
Foreign Exchange earned	None	None	None
Foreign Exchange used	1422.03	518.53	1390.63

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- II. (a) Information about the Appointees** : **Mr. Kamal N Pandya, the Managing Director and Mr. Atul N. Pandya, the Joint Managing Director**
- (1) Background details : Mr. Kamal N Pandya holds degree of M.Sc. (Chemistry) from M.S. University of Vadodara has extensive experience of Two & Half decades in the field of production, marketing, finance and administration of pharmaceutical industry, who has been working as the Managing Director since its incorporation.
- (1A) Background details : Mr. Atul N. Pandya holds degree of B.Com. from M.S. University of Vadodara, has extensive experience of Two & Half decades in the field of production, marketing, finance & administration of pharmaceutical industry, who has been working as the Joint Managing Director from 31-07-2010.
- (2) Past remuneration : Rs.1,00,000/- per month to both of them
- (3) Recognition or awards : None
- (4) Job profile and their suitability : Over all Management of Operations of the Company at Works and at its Office, with responsibility of business development.
- (5) Remuneration proposed : Rs.1,50,000 per month.
- (6) Comparative remuneration profile with Respect to industry, size of the Company, Profile of the position and person :
- | Name of Company                      | ( Rs. In Lacs ) |                         |
|--------------------------------------|-----------------|-------------------------|
|                                      | Turnover        | Directors' Remuneration |
| 1. Glenmark Pharmaceuticals Limited. | 16,197.69       | 857.83                  |
| 2. Divi's Laboratories Limited       | 191068.88       | 4393.77                 |
| 3. Shasun Pharmaceuticals Limited    | 77687.30        | 126.98                  |
- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the management personnel, if any : Mr. Kamal N. Pandya and Mr. Atul N. Pandya are the real Brothers, holding positions as Managing and Managing Director and Joint Managing Director respectively and both drawing monthly Salary of Rs.1,00,000/- each.
- III. Other information** :
- (1) Reasons of loss or inadequate profits : Keen competition from the unorganized and Organised Sector. Heavy expenses on Sales and Distribution.
- (2) Steps taken or proposed to be taken for Improvement : Widening the domestic and Export Market, Introduction and promotion of new Drugs formulations, Exercising stringent control over cost and expenses.
- (3) Expected increase in productivity and Profits in measurable terms : The Company has plans to provide its manufacturing base, being WHO GMP facilities to big companies by way of either lease or to undertake job work of such big companies on loan and license basis and with tremendous anticipated growth of Pharma Sector in



coming years, it is expected that planned actions would yield better results in coming years.

None of the Directors of the Company, except Mr. Kamal N Pandya and Mr. Atul N Pandya, are in any way, concerned or interested in the proposed resolutions.

The Board recommends the resolutions for consideration and approval.

**Item Nos. 7 & 8 :**

Mrs. Kashmira Atul Pandya has been holding the office or place of profit in the Company as President (Accounts) and head of the Administration Department, in terms of Section 314 of the Companies, Act, 1956. She is the Bachelor of Commerce (B.Com) and possesses vast and rich experience in the field of Accountancy and Administration. Her rich, varied and very valuable experience in the field of Accounts and administration has strengthened the finance and administration department.

WHEREAS Mrs. Smita Kamal Pandya has been holding the office or place of profit in the Company as President (Business Development) and head of the Marketing Department, in terms of Section 314 of the Companies, Act, 1956. She is Bachelor of Arts (B.A.) and possesses vast and rich experience in the field of Marketing and Business Development. Her useful contributions helped the Company to avail various Work contracts in the Industry and achieve the higher performance, during past several years.

They bring with them rich, varied and very valuable experience in Accountancy, Administration, Marketing and Business Development and their commitment to quality, strive for excellence and sincerity of discharging responsibilities are an invaluable asset for the Company.

In consideration of nature of duties being performed, level of responsibilities shouldered, overall contribution to the growth of business of the Company given by Mrs. Kashmira Atul Pandya and Mrs. Smita Kamal Pandya and remuneration being offered to the Senior level employees by other similar comparable Companies in the Industry, the Board of Directors of the Company, subject to the approval of the Members, fixed their monthly aggregate remuneration of Rs. 20,000 [Rupees Twenty Thousand Only], with the authority to the Board to change the same, from time to time, their designation and to revise their aggregate monthly remuneration provided that does not exceed Rs.2,49,500/- [Rupees Two Lacs Forty Nine Thousand Five Hundred] per month for each of them , during the period, they hold the office or place of profit in the Company, as per Director's Relatives [Office or Place of Profit] Rules, 2003 as amended by the Notification dated 6th April, 2011 issued by the Ministry of Corporate Affairs read with Section 314 of the Companies Act, 1956.

None of the Directors except Mr. Atul N. Pandya and Mr. Kamal N. Pandya and are interested in the said resolution.

The Board recommends this Special resolution for your approval.

**Item No. 9**

As the Members are aware, Mr. Jayesh Vyas, the Practicing Company Secretary, who is M.Com, M.S.W, LL.B.(Sp), F.C.S holding Certificate of Practice from Institute of Company Secretaries of India, New Delhi was 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 financial Year 2012-13. In respect of Financial Year 2013-14, being eligible he offers his services for issue of Compliance Certificate.

You are requested to consider his appointment for issue of Compliance Certificate for the year 2013-14 and for the purpose, to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting.

None of the Directors, is concerned or interested in passing of the resolution.

The Directors recommend the resolution for adoption.

For and on behalf of the Board,

Date : 3<sup>rd</sup> September, 2013  
Place: Vadodara

Kamal Pandya  
Chairman and Managing Director

# PAN DRUGS LIMITED

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## ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING

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

Name of the Director	Parag Vamanray Raval	Sudhirkumar Dhingra
Date of Birth	06/01/1964	10/07/1955
Date of Appointment	30/04/2008	04/04/2013
Specialized Expertise	Business Administration	Business Development & Marketing Management
Qualifications	B.Com.	M.Sc.
Directorships of other Public Limited Companies.	None	None
Chairman / Member of Committees of other Public Limited Companies.	None	None