



# ANNUAL REPORT 2022-23

## Contents:

Corporate Information	2
Directors' Report & Management Discussion and Analysis	3
Report on Corporate Governance	20
Auditors' Report	33
Statement of Assets and Liabilities	44
Statement of Profit and Loss	46
Cash Flow Statement	48
Notes to the Financial Statements	49
Key Financial Ratios	64

*Parmax Pharma Limited**Corporate Information***Board of Directors:**

Dr. Umang A. Gosalia	-	<i>Managing Director</i>
Mr. Pramay A. Chhatra	-	<i>Independent Director (till 25.04.2023)</i>
Mr. Nikhil S. Uchat	-	<i>Independent Director (with effect from 25.04.2023)</i>
Ms. Ami R. Shah	-	<i>Independent Director</i>

**Key Managerial Personnel :**

Mr. Yash J. Vora (*CS and Compliance Officer*)

Mr. Keyur D. Vora (*Chief Financial Officer*)

**Statutory Auditors:**

M/s B A Shah S R Mehta & Co.,  
Chartered Accountants  
Rajkot

**Secretarial Auditors:**

Mr. Samsad Alam Khan  
Company Secretaries  
Ahmedabad

**Bankers:**

- HDFC Bank
- ICICI Bank

**Registered Office & Works:**

Plot No. 20, Survey No. 52,  
Rajkot-Gondal National Highway  
No. 27, Hadamtala, Tal. Kotda  
Sangani,  
Rajkot - 360311, Gujarat  
Contact Number: 02827 – 270 534 / 270  
Email: - [info@parmaxpharma.com](mailto:info@parmaxpharma.com)  
Website: - [www.parmaxpharma.com](http://www.parmaxpharma.com)

**Registrar and Transfer Agent:**

Purva Sharegistry (India) Pvt.  
Ltd., Unit no. 9, Shiv Shakti  
Ind. Estate,  
J. R. Boricha Marg, Opp. Kasturba  
Hospital Lane, Lower Parel (E), Mumbai - 400 011

*Corporate Identification Number: L24231GJ1994PLC023504*

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### Dear Shareholders,

The Board of Directors are pleased to present their 29<sup>th</sup> Annual Report on the business and operations of the Company and the Audited financial accounts for the Year ended 31<sup>st</sup> March, 2023.

### Financial Results:

(Rs. In lacs.)

Particulars	For the year ended on 31 <sup>st</sup> March, 2023	For the year ended on 31 <sup>st</sup> March, 2022
Net Total Income	1546.41	1831.39
<b>Less:</b> Operating and Admin. Exps.	1353.94	1607.85
Profit before depreciation and Taxes	192.47	223.54
<b>Less:</b> Depreciation	187.86	193.21
<b>Less:</b> Extraordinary/Exceptional Items	0	0
Net Profit/(Loss) on sale of Fixed Assets	0	0
<b>Profit before Tax (PBT)</b>	4.61	30.33
<b>Less:</b> Taxes (including deferred tax and fringe benefit tax)		
Profit after Tax ( <b>PAT</b> )	-10.40	14.32
Balance Available for appropriation	140.48	150.88
Which the Directors propose to appropriate as under:		
(i) Proposed Dividend	0	0
(ii) Corporate Dividend Tax	0	0
Surplus Carried to Balance Sheet	-10.40	14.32
Earnings Per Equity Share		
Basic	-0.28	0.38
Diluted	-0.28	0.38

\*- Amount of EPS is in Rs.

### HIGHLIGHTS OF PERFORMANCE:

- Revenue from Operations**

In FY 2023, your Company recorded total revenue from operations of Rs. 1542.43 lacs as against Rs. 1825.11 lacs in FY 2022. Due to poor market conditions and other several factors the Company witnessed the 15% decline in the revenue.

- Reported Net Profit after Tax / (Loss)**

In FY 2023, your Company recorded negative profit / (Loss) of Rs. 10.40 lacs against the Profit after tax of Rs. 14.32 lacs in previous year. .

### DIVIDEND:

Keeping in view the financial results and in order to conserve financial resources for the future requirement of the fund, your directors do not recommend any dividend during the year under review

### PUBLIC DEPOSITS:

The Company had accepted deposits of Rs. 25 Lakh from Relative of Directors and Promoters and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act

and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the relative of Director contravenes.

#### **SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY:**

As on 31<sup>st</sup> March, 2023, Your Company has *Nil* Subsidiary/Joint Venture/ Associate Company.

#### **TRANSFER TO RESERVES:**

During the year under review, no amount was transferred to general reserves by the Company.

#### **INTERNAL CONTROL SYSTEMS:**

Your Company has a robust system of internal controls commensurate with the size of the Company and the nature of its business, which ensures that transactions are recorded, authorised and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition. The internal control systems are supplemented by well documented policies, guidelines and procedures which are in line with the internal financial control framework requirements. There is an extensive programme of internal audit by a firm of chartered accountants followed by periodic management reviews. The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

#### **RISK MANAGEMENT:**

Your Company considers that risk is an integral part of its business and therefore, it takes proper steps to manage all risks in a proactive and efficient manner. The Company management periodically assesses risks in the internal and external environment and incorporates suitable risk treatment processes in its strategy and business and operating plans. The details of practices being followed by the Company in this regard, form part of the Corporate Governance Report. There are no risks which, in the opinion of the Board, threaten the very existence of your Company. However, some of the challenges faced by it have been dealt with under Management Discussion and Analysis which forms part of this Report.

#### **BOARD MEETINGS HELD DURING THE YEAR:**

Details of the meetings of the Board held during the year, form part of the Corporate Governance Report

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

- In terms of Section 152 of the Companies Act, 2013, Mr. Umang Alkesh Gosalia (DIN: 005173830) is liable to retire by rotation at forthcoming AGM and being eligible offers himself for re-appointment.
- A brief resume of director being re-appointed with the nature of their expertise, their shareholding in the Company as stipulated under as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed to this Notice of the ensuing Annual General Meeting.
- The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

# **MATTERS AS PRESCRIBED UNDER SUB-SECTIONS (1) AND (3) OF SECTION 178 OF THE COMPANIES ACT 2013:**

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub section (3) of Section 178 of the Companies Act, 2013, adopted by the Committee, is appended in the Corporate Governance Report.

# **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 (the 'Act'), the Directors, to the best of their knowledge, confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- ii. Appropriate accounting policies have been applied consistently and judgements and estimates that are reasonable and prudent have been made 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 of the Company for the period;
- iii. Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Annual Accounts have been prepared on a going concern basis;
- v. The internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and are operating effectively; and
- vi. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

# **EXTRACT OF ANNUAL RETURN AS PER SECTION 92 (3) OF COMPANIES ACT, 2013:**

The Annual Return as required under Section 92 and Section 134 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company and the web-link for the same is [https://www.parmaxpharma.com/investor\\_relations.php](https://www.parmaxpharma.com/investor_relations.php)

# **KEY FINANCIAL RATIOS:**

Key Financial Ratios for the financial year 2022-23 with comparatives for the year 2021-22, are disclosed in Financial Statements.

Management has also provided the reasons for where variances are in excess of 25% compared to previous year and Management is very proactive and is actively evaluating the causes of differences in ratios and actively working for improving its ratios.

# **BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the evaluation of the working of its Committees. At the meeting of the Board all the relevant factors that are material for evaluating the performance of individual Directors, the Board and its various committees were discussed in detail. A

structured questionnaire each for evaluation of the Board, its various Committees and individual Directors was prepared and recommended to the Board by Nomination & Remuneration Committee for doing the required evaluation after taking into consideration the input received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, execution and performance of specific duties, obligations and governance etc.

## **AUDITORS:**

### ➤ **STATUTORY AUDITORS:**

In terms of provisions of Section 139 of the Act and the Rules made thereunder, the Shareholders of the Company have appointed M/s B.A. Shah S.R. Mehta & Co., Chartered Accountants for the purpose of carrying out Statutory Audit of the Company.

The existing term of office of M/s. B A Shah S R Mehta & Co., Chartered Accountants, Statutory Auditors is valid upto the ensuing Annual General Meeting of the Company.

The Board of Directors of the Company at their meeting held on 14.08.2023 has approved the reappointment of M/s. B A Shah S R Mehta & Co., as the statutory Auditors for a second term of 5 (Five) years commencing from the conclusion of ensuing i.e. 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held in the year 2028, subject to the approval of Shareholders in ensuing AGM.

The Independent Auditors Report for FY 2023 has been obtained and contains one qualification for which requires comments from the Board.

#### *Reporting of Frauds by Auditors*

During the year, there were no instances of frauds reported by Auditors under Section 143(12) of the Act.

### ➤ **SECRETARIAL AUDITOR**

The Board has appointed Mr. Samsad Alam Khan, Company Secretaries to conduct Secretarial Audit in accordance with the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2023. The Secretarial Audit Report for FY 2023 has been obtained and contains one qualification for which requires any comments from the Board. The Secretarial Audit Report for FY 2023 is annexed to this report as Annexure -B.

### ➤ **COST AUDIT**

The provisions of Cost Audit are not applicable on the Company.

## **BOARD RESPONSE TO SECRETARIAL AUDIT REPORT AND AUDIT REPORT:-**

Your Board of Directors would like to clarify the qualification remarks made in Secretarial Audit Report as under:-

**BOARD RESPONSE TO SECRETARIAL AUDIT:-**

Qualification/ Adverse Remark	Explanation :
1. Company has not complied with the provisions of Section 74 of the Companies Act, 2013 regarding acceptance of deposits.	The Board is in process of complying with Section 74 of Companies Act, 2013 regarding Acceptance of deposits.  However, Board assures to comply with the Act and Regulations.

**BOARD RESPONSE TO STATUTORY AUDIT REPORT:-**

Qualification/ Adverse Remark	Explanation :
The Company has accepted deposits of Rs. 25 Lakh from Relative of Directors and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the relative of Director is contravening.	The Board is in process of complying with Section 74 of Companies Act, 2013 regarding Acceptance of deposits.

**INTERNAL AUDITORS:**

The Board appointed M/s. B A Shah & Associates., Chartered Accountants (Firm Registration Number:- 109493W) hereby appointed as Internal Auditor of the company for the financial year 2022-23. The report prepared by the Internal Auditors is to be reviewed by the Statutory Auditors & Audit Committee.

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

Details of Loans, Guarantees and Investments under the provisions of Section 186 of the Companies Act, 2013 are not applicable to the Company.

**AUDIT COMMITTEE:**

The composition and the functions of the Audit Committee of the Board of Directors of the Company is disclosed in the Report on Corporate Governance, which is forming a part of this report.

**RELATED PARTY TRANSACTIONS:**

All the related party transactions entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is attached in "Annexure C".

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

During the year under review, no significant and material order was passed by the Regulators/Courts that could impact the going concern status of the Company and its future operations.

There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016. There was no instance of one time settlement with any Bank or Financial Institution.

**POLICY AGAINST SEXUAL HARASSMENT AT WORKPLACE**

The Company values the dignity of individuals and is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company has put in place a policy on redressal of Sexual Harassment and a Policy on redressal of Workplace Harassment as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). As per the policy, any employee may report his/ her complaint to the Redressal Committee formed for this purpose or their Manager or HR personnel. The company has also constituted an Internal Complaints Committee to inquire into complaints of sexual harassment and recommendation for appropriate action. No complaints have been filed/ disposed of/ pending during the financial year ended 31st March, 2023.

**MATERIAL CHANGES:**

There are no material changes and commitments, that would affect financial position of the company from the end of the financial year of the company to which the financial statements relate and the date of the directors report.

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

The particulars prescribed under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as 'Annexure - D'

**CORPORATE GOVERNANCE:**

The Company is committed to maximize the value for its stakeholders by adopting the principles of good Corporate Governance in line with the provisions of law and particularly those stipulated in the Listing Regulations. Its objective and that of its management and employees is to manufacture and market the Company's products in a way so as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy in general.

Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations, is enclosed.