

**24<sup>th</sup>**  
**ANNUAL REPORT**  
**2012-2013**



**VENMAX**

**DRUGS AND PHARMACEUTICALS LTD**

**(Formerly YENKEY DRUGS AND PHARMACEUTICALS LTD)**

## **VENMAX DRUGS AND PHAMACEUTICALS LIMITED**

### **BOARD OF DIRECTORS**

<b>SRI N.V .NARENDER</b>	<b>: Chairman and Managing Director</b>
<b>DR.A . RAMAKRISHNAIAH</b>	<b>: Director</b>
<b>SRI I. SESHAGIRI RAO</b>	<b>: Director</b>

### **AUDITORS**

**M/s. DURGA PRASAD ASSOCIATES  
401, VIJAYA RAGHAVA CHAMBERS  
CHANDA NAGAR, HYDERABAD - 500 050.**

### **REGISTERED OFFICE**

**VENMAX DRUGS AND PHARMACETICALS LTD.  
H.No. 6-3-349/35, Flat No.21B,  
Dwaraka Avenue, Dwarakapuri Colony,  
Panjagutta, Hyderabad - 500 082.**

### **FACTORY**

**Survey No:14; Gaddapotharum,  
jinnarum Mandal,  
Medak (Dist)**

### **STOCK EXCHANGE**

**The Stock Exchange, Mumbai.**

**NOTICE**

Notice is hereby given that the 24th Annual General Meeting of the Members of **VENMAX DRUGS AND PHARMACEUTICALS LIMITED** will be held on 12th September 2013 at J.S. Krishnamoorthy Hall, FAPCI Building, A.C. Guards, Red Hills, Hyderabad - A.P. at 3.00 P.M. to transact the following items of business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited balance sheet of the company as at 31st March 2013 and the Profit and Loss Account for the year ended as on that date and the report of Directors' and Auditors thereon.
2. To appoint a Director in place of Dr.A.Ramakrishnaiah , who retires by rotation and being eligible, offers himself for re-election.
3. To appoint auditors of the company and to consider and if thought fit to pass with or without modification the following resolution as an ordinary Resolution.

"Resolved that M/s. Durga Prasad Associates, Chartered Accountants, the retiring Auditors who have offered their services and who are not disqualified to act as Auditors of the Company under section 224(1B) of the Companies Act, 1956 be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board

For **VENMAX DRUGS & PHARMACEUTICALS LIMITED**

Place : Hyderabad  
Date: 29<sup>th</sup> May 2013

**N.V. Narender**  
Chairman and Managing Director

**NOTES:**

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of items Nos. 4 as set out in the Notice is annexed hereto.
2. A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such a proxy need not be a member of the company. Proxies in order to be effective must be received at the company's registered office not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from 10th September, 2013 to 12th September, 2013 (both days inclusive). 4. Members/proxies are requested to fill in the enclosed attendance slip and deposit the same at the entrance of the meeting gate.
5. Members are requested to intimate any change of address to the Company / Share Transfer Agents.
6. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on corporate governance, the information about the Directors proposed to be appointed/ re-appointed is given in the annexure to the Notice.
7. All the documents referred to in this Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days up to date of Annual General Meeting and shall also be available at the Meeting.
8. Individual shareholders can take the facility of nomination, for further details in this regard shareholders may contact the Registrars / Company.

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 24th ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2013.

**FINANCIAL RESULTS:**

PARTICULARS	2012-2013 ₹ In lakhs	2011-2012 ₹ In lakhs
Income from Operations	429.20	230.42
Total Expenditure	490.43	257.53
Profit/Loss before Depreciation & Taxation	(61.23)	(27.11)
Interest	17.09	25.17
Depreciation	24.78	26.84
Provision for Tax	-	-
Net Profit/(loss) before tax	(103.09)	(79.12)
Deferred tax		16.44
Net Profit / (Loss)	(12.25)	(62.68)
Paid up Equity Share Capital	523.89	436.76

**REVIEW OF OPERATIONS:**

The company recorded a turnover of Rs. 429.20 lakhs and net loss of Rs. 12.25 lakhs as against turnover of Rs. 230.42 lakhs and net loss of Rs. 62.68 lakhs for the corresponding previous year. The company is trying to achieve more turnovers in spite of lack of working capital facilities.

**EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:**

As you are all aware of the Postal Ballot conducted during February 2013 whereat approval was accorded by the shareholders of the company for the sale / disposal of assets of the company in order to settle the loan liabilities due to the Bank and other statutory dues, your company is in the process of disposing the assets to settle the dues of Bank and statutory obligations.

Your company is intending to function in a leased premises at Cherlapally Industrial Area, Hyderabad. The said premises will be taken on lease from a Company called NAMACHEMICALS.

**DIVIDEND:**

The company was de-registered from BIFR. Directors express their inability to recommend any dividend for the said financial year. Directors regret the same, but are hopeful that the performance of the Company would improve in the years to come.

**FIXED DEPOSITS:**

The Company has neither accepted not renewed any deposits falling within the provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

The Company has not invited / accepted any fixed deposits during the year under review.

**DIRECTORS:**

Dr. A.Ramakrishnaiah, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. R. Vasudevan and Mr. G. Gopal resigned from the Board of Directors during the period under review.

**DIRECTORS 'RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) that in preparation of Annual Account for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) that the directors have 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 ended 31st March, 2013 and of the profit and loss of the company for that period:
- (iii) that 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 a fraud and other irregularities :
- (iv) that the directors have prepared the annual accounts on a going concern basis.

**AUDITORS:**

M/s. Durga Prasad Associates, Chartered Accountants, the Statutory Auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. They have submitted a Certificate pursuant to the provisions of section 224(1B) of the Companies Act, 1956, that if their re-appointment be made for another term will be within the prescribed limits. Your directors recommend their appointment.

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

A Statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in Form - 'A' and Form - 'B' which is enclosed as Annexure - a to this report.

**PARTICULARS OF EMPLOYEES:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, no employee of your Company is in receipt of remuneration exceeding Rs.5,00,000/- per month or Rs.60,00,000/- per annum during the financial year.

**MANAGEMENT DISCUSSION & ANALYSIS :**

The Competition in the Pharmaceuticals industry is very high from both the organized and unorganized sectors.

Your Company has developed 14 products. The demand for the product is good but due to working capital crunch, your company unable to meet the demand at export market. Your Company is planning to offer the products on profit sharing basis with other drug industries.

Your company is gearing up to meet the challenges of Bulk Drug Industry. The Company is facing working Capital crunch, which may be overcome by equity participation by the Investors and enhancement of it from existing bankers.

**EXPLANATIONS TO AUDITORS'S QUALIFICATIONS:**

The following are the explanations given by your directors in respect of the qualifications made in the Auditors' Report.

Necessary steps were taken to implement the auditor's qualifications. The balance confirmations of the debtors, creditors, loans and advances are under process.

**CORPORATE GOVERNANCE:**

In terms of Clause 49 of the Listing agreement, a separate Report on corporate Governance is enclosed as Annexure - B to this report.

**LISTING FEE:**

Your Company's shares are listed on the Bombay Stock Exchange. Your Company has paid the Listing fee to the Bombay Stock Exchange for the period 2012-13. The ISIN no. of the Company is INE 154 G 01022.

**ACKNOWLEDGEMENTS:**

Your directors would like to place on record their sincere appreciation and gratitude to the Company's Customers, Bankers, shareholders for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the company.

For and on behalf of Board of Directors

Place: Hyderabad  
Date: 29<sup>th</sup> May 2013

**N.V.NARENDER**  
Chairman and Managing director

## ANNEXURE - A

## FORM - "A"

## ANNEXURE TO THE DIRECTORS REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of directors) Rules, 1988, and forming part of the Directors Report.

**A. Conservation of Energy**

- a) Energy conservation measures taken: The Company is very careful in using the power to reduce the cost of maintenance and conserve the resources.
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: NIL
- c) Impact of the clause (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods: N.A.

## FORM A

	Particulars	2012-13	2011-12
1	<b>Electricity</b>		
	a. Purchased	99513	108552
	units		
	Total amount	Rs.463734	Rs. 505853
	Rate per unit	Rs. 4.66	Rs. 4.66
	b. Own Generations		
	i. Through Diesel generator		
	Units	266.24lts	903.151lts
	Total amount	Rs. 13312	Rs. 36397
	Cost per unit	Rs. 50.00	Rs.40.30/-
	ii. Through steam turbine/ generator	NIL	
2	<b>Coal</b>		
	Quantity	16.5MT	35.34MT
	Total cost	Rs. 102300/-	Rs. 176731/-
3	<b>Furnace Oil</b>	NIL	NIL
	Quantity		
	Total cost		
	Average rate		
4	<b>Other Internal Generation</b>	NIL	NIL
	Quantity		
	Total cost		
	Average rate		



**B. Technology absorption****FORM B**

(Disclosure of Particulars with respect to technology absorption to the extent applicable)

- 1 Research and Development (R & D)
    - a Specific areas in which R & D carried out by the company : NIL
    - b Benefits derived as a result of the above R & D : NIL
    - c Future plan of action : Introduction of  
moxifloxacin and tramadol
    - d Expenditure on R & D
      - i. Capital : NIL
      - ii. Recurring : NIL
      - iii. Total : NIL
      - iv. Total expenditure on R & D : NIL
      - as a % of total turnover : NIL
  - 2 Technology Absorption, adaptation and innovation
    - a Efforts, in brief, made towards technology  
Product development of absorption,  
adoption and innovation : Resimic Setraline HCL ha  
resulted reasonable profit  
margins
    - b Benefits derived as a result of the above efforts,  
eg. Product improvement, cost reduction,  
product development, import substitution etc.,: : NIL
    - c Imported technology : NIL
- C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**
- A. Earnings : Nil
  - B. Out go : Nil

For and on behalf of Board of Directors

Place: Hyderabad  
Date: 29<sup>th</sup> May 2013

**N.V.NARENDER**  
Chairman and Managing director

## ANNEXURE - B

### REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Pursuant to the Schedule of implementation of the clause 49 of the Listing Agreement & the Code on Corporate Governance is applicable to your Company. Accordingly, the Company presents its six reports on Corporate Governance.

#### 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The directors of the company are of the firm belief that the company can reach to the peak of success only by following good managing principles and by implementing them in a systematic manner besides complying with all the statutory requirements as required under various laws, statutes, regulations, by-laws etc., which are applicable to the company from time to time. Further, it envisages that the code of Corporate Governance is a policy frame work wherein the interests of the shareholders, employees and other constituents are well protected.

#### 2. BOARD OF DIRECTORS

##### A. Composition

As on 31st March, 2012, the Board of directors consists of five directors comprising of one promoter Executive Director, two executive directors and five non executive independent directors.

Name of the Directors	Board Meetings Attended during the year	Cate-gory	Whether Attended Last AGM	No. of Other Director Ships	No. of Committees Acting As	
					Chairman	Member
N.V. Narender	8	Promote Director	Yes	-	-	-
Dr. A. Ramakrishnaiah	5	Non Executive Independent Director	Yes	-	1	1
I Seshagiri Rao	4	Non Executive Independent Director	No	-	1	1
R Vasudevan	4	Non executive independent Director	No	-	-	-

**Information on directors seeking election / re-election at the ensuing Annual General Meeting:**

Dr. Ramakrishnaiah is proposed to be appointed as Director liable for retirement by rotation.

##### B. Date of Board Meetings

Board of Directors met eight times during the financial year 2012-13 on the following dates 12.05.2012, 31.05.2012, 11.08.2012, 05.09.2012, 29.10.2012, 15.12.2012, 24.12.2012, 09.02.2013

#### 3. AUDIT COMMITTEE

The Audit Committee was duly constituted and comprising of the following.

Dr. A. Ramakrishnaiah : Chairman  
Sri I Seshagiri Rao : Member