

25th
ANNUAL REPORT
2013-2014



VENMAX

DRUGS AND PHARMACEUTICALS LTD

(Formerly YENKEY DRUGS AND PHARMACEUTICALS LTD)

VENMAX DRUGS AND PHAMACEUTICALS LIMITED

BOARD OF DIRECTORS

| | |
|------------------------------|----------------------------------|
| SRI N.V .NARENDER | : Chairman and Managing Director |
| DR.A . RAMAKRISHNAIAH | : Director |
| SRI I. SESHAGIRI RAO | : Director |

AUDITORS

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

REGISTERED OFFICE

VENMAX DRUGS AND PHARMACETICALS LTD.

Shed No.22, Plot No.84, Phase - 1,
IDA Cherlapally, Hyderabad - 500 051.

STOCK EXCHANGE

The Stock Exchange, Mumbai.

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the Members of **VENMAX DRUGS AND PHARMACEUTICALS LIMITED** will be held on 29th September 2014 at J.S. Krishnamoorthy Hall, FAPCI Building, A.C. Guards, Red Hills, Hyderabad - A.P. at 11.00 A.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 2014 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: 3rd September 2014

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 27th September, 2014 to 29th September, 2014 (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 25th ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS:

| PARTICULARS | 2013-2014 ₹ In lakhs | 2012-2013 ₹ In lakhs |
|---|---------------------------------|---------------------------------|
| Gross Income | 61.62 | 507.52 |
| Total Expenditure | 104.14 | 568.74 |
| Profit/Loss before Depreciation, Int & Taxation | (42.52) | (61.22) |
| Interest | 1.38 | 17.09 |
| Depreciation | 1.16 | 24.78 |
| Extraordinary items | (132.23) | - |
| Provision for Tax | -- | - |
| Net Profit/(loss) before tax | (177.30) | (103.09) |
| Deferred tax | (52.45) | 90.84 |
| Net Profit / (Loss) | (229.76) | (12.25) |
| Paid up Equity Share Capital | 523.89 | 523.89 |

REVIEW OF OPERATIONS:

The company recorded a turnover of Rs. 61.62 lakhs and net loss of Rs. 229.76 lakhs as against turnover of Rs. 507.52 lakhs and net loss of Rs. 12.25 lakhs for the corresponding previous year. The company is trying to achieve more turnovers in spite of lack of working capital facilities.

SALE OF LAND, BUILDINGS & MACHINERY:

As you are all aware of the Postal Ballot conducted during February 2013 where inapproval 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 has during July 2013 disposed off the assets and settled the dues of Bank, arrears of dues with Sales tax and other statutory dues.

Since the plant & equipment are very old and could not be upgraded, the production was getting hampered frequently. Further to this, power cuts and shortage are added burden on the production cycle. With the result, Working capital account became NPA. Under these circumstances, the company took the approval from Shareholders through postal ballot and sold the assets, cleared the liabilities to the bank and other statutory bodies.

However the company is planning to manufacture fine chemicals in leased premises and also trade the Bulk drugs, intermediates and cosmetics to improve workings of the company.

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.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- that in preparation of Annual Account for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- 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, 2014 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.

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 .

EXPLANATIONS TO AUDITORS' 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 2013-14. The ISIN no. of the Company is INE 154 G 01014.

REPLIES TO AUDITORS QUALIFICATIONS :

The Company remitted Rs. 8 Laks to ESI Department to wards Disputed liability from the proceeded of sale However the department has refused to accept the amount stating that the matter of subjudiciary in nature. The other undisputed amount are being paid

ACKNOWLEDGMENTS:

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: 3rd September 2014

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 | 2013-14 | 2012-13 |
|----------|--------------------------------------|---------|---------------|
| 1 | Electricity | | |
| | a. Purchased units | | 99,513 |
| | Total amount | | Rs.4,63,734 |
| | Rate per unit | NIL | Rs. 4.66 |
| | b. Own Generations | | |
| | i. Through Diesel generator | | |
| | Units | | 266.24lts |
| | Total amount | | Rs. 13,312 |
| | Cost per unit | | Rs. 50.00 |
| | ii. Through steam turbine/ generator | NIL | |
| 2 | Coal | NIL | |
| | Quantity | | 16.5MT |
| | Total cost | | Rs. 10,2300/- |
| 3 | Furnace Oil | NIL | NIL |
| | Quantity | | |
| | Total cost | | |
| | Average rate | | |
| 4 | Other Internal Generation | 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 | : | Explorer the market in USA & Europe |
| 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 absorption, adoption and innovation | : | NIL |
| 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: 3rd September 2014

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, 2014, the Board of directors consists of three directors comprising of one promoter Executive Director, and two 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 | 5 | Promote Director | Yes | - | - | - |
| Dr.A. Ramakrishnaiah | 5 | Non Executive Independent Director | No | - | 1 | 1 |
| I Seshagiri Rao | 4 | Non Executive Independent Director | No | - | 1 | 1 |

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 five times during the financial year 2013-14 on the following dates
 17.04.2013; 29.05.2013; 27.07.2013; 06.11.2013; 10.02.2014.

3.AUDIT COMMITTEE

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

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

The Audit Committee has the following powers:

- a). To investigate any activity within its terms and reference
- b). To seek any information from any employee.
- c). To obtain outside legal and professional advice.
- d). To secure attendance of outsiders with relevant expertise, if necessary.

During the year the Audit Committee met five times on the following dates.

17.04.2013; 29.05.2013; 27.07.2013; 06.11.2013; 10.02.2014.

4. REMUNERATION COMMITTEE

As constitution of Remuneration Committee is not mandatory under Listing Agreement as on date your Company does not have a Remuneration Committee. However, the Board of Directors when required would constitute the same.

Details of remuneration to all the directors for the year

| Name of the Director | Sitting fees | Salary & Perks | Total |
|----------------------|--------------|----------------|---------------|
| N.V.Narender | -- | Rs.3,60,000/- | Rs.3,60,000/- |

Name & Designation of the Compliance Officer:

Name : N.V. Narender

Designation : Managing director

Complaints received 2, and addressed 2, during the financial year 2013-14.

5.SHAREHOLDERS GRIEVANCE COMMITTEE

Shareholders Grievance Committee was duly constituted to specifically look into and redress the investors, grievances received by the Company. The Committee looks after the services of the Registrars and share transfer agents and recommends measures for providing efficient services to investors.

The Committee comprises of the following non-executive independent directors:

Sri I Seshagiri Rao - Chairman

Dr A Ramakrishnaiah - Member

6. GENERAL BODY MEETINGS

Annual General Meeting of the Company for the past 3 years has been held at the following venues at the time specified against them.

| Year | AGM | Venue | Day & Date | Time |
|-----------|-----|---|-------------------------------|-----------|
| 2012-13 | 24 | JS Krishnamurthy Hall, FAPCCI, Hyderabad | Saturday 12 September 2013 | 3.00 PM |
| 2011-12 | 23 | JS Krishnamurthy Hall, FAPCCI, Hyderabad | Saturday 29 September 2012 | 3.00 PM |
| 2010-2011 | 22 | Community hall, Srinivasanagar (west) Residents welfare association, Hyderabad | Friday 30 December 2011 | 3.00 P.M. |

7. DISCLOSURES

There are no materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large. Details on non-compliance by the company, penalties and strictures imposed on the company by stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. : NIL

8. MEANS OF COMMUNICATION:

a. Quarterly Financial Results are furnished to Mumbai Stock Exchange as per clause 41 of the Listing Agreement.

b. Management Discussion and Analysis forms part of the Directors' Report.

9. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting :
 Day, Date and time : Thursday, September, 29th 2014 at 11.00 A.M.
 Venue : J.S. Krishnamoorthy Hall, FAPCI Building,
 A.C. Guards Red Hills, Hyderabad

Financial Calendar

| Event | Dates |
|---|--------------------|
| First quarter un-audited (Provisional) financial results | 27th July 2013 |
| Second quarter un-audited (Provisional) financial results | 6th November 2013 |
| Third quarter un-audited (Provisional) financial results | 10th February 2014 |
| Fourth quarter un-audited (Provisional) financial results | 12th May 2014 |

Book Closure Dates : 27th September, 2014 to 29th September, 2014
 (both days inclusive)

Listing on Stock Exchanges : The shares of the company are listed on
 The Stock Exchange, Mumbai.

Stock Code : 531015

Market Price Data

Monthly high and low share quotations on the Stock Exchange, Mumbai each month for the financial year 2013-14

| Month | Highest (in Rs.) | Lowest (in Rs.) |
|--------|------------------|-----------------|
| Apr-13 | 11.00 | 8.02 |
| May-13 | 13.10 | 11.41 |
| Jul-13 | 12.45 | 12.45 |
| Aug-13 | 12.45 | 11.24 |
| Sep-13 | 10.68 | 10.68 |
| Oct-13 | 11.20 | 10.15 |
| Dec-13 | 14.10 | 11.12 |
| Jan-14 | 16.00 | 13.05 |
| Feb-14 | 12.40 | 12.40 |
| Mar-14 | 11.79 | 6.74 |