

Vaishali Pharma Ltd.

(Formerly known as Vaishali Pharma Pvt. Ltd.)



CORPORATE & REGISTERED OFFICE :
706-709, 7th Floor, Aravali Business Centre,
R. C. Patel Road, Off. Sodawala Lane,
Borivali (West), Mumbai-400 092.
Tel.: +91-22-4217 1819 (30 Lines)
Fax: +91-22-2892 8833
E-mail : info@vaishalipharma.com
export@vaishalipharma.com
CIN - L52310MH2008PLC181632

07th September, 2020

To,
The Manager
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

Stock Code: VAISHALI

SUB: NOTICE OF 13TH ANNUAL GENERAL MEETING ('AGM') AND ANNUAL REPORT FY-2019-2020

Pursuant to Regulation 34(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we enclose herewith the Notice of the 13th AGM and the Annual Report FY2019-20 of the Company, which is being sent today to the shareholders through electronic mode, whose email IDs are registered with the Company/ Depositories. The 13th AGM of the Company which is scheduled on Wednesday, September 30, 2020 at 11:00 a.m. (IST) through Video Conference (VC) or other Audio Visual Means (OAVM). AGM Notice and the Annual Report FY2019-20 are also made available on the Company's website, www.vaishalipharma.com.

Details and instructions to attend, vote and view the proceedings of the 13th AGM has been provided in the 13th AGM Notice.

Kindly take the same on records and oblige.

Yours faithfully,
For Vaishali Pharma Limited

Akshay Jharkhandi
Akshay Jharkhandi

Company Secretary and Compliance Officer



Place: Mumbai



Vaishali Pharma Ltd.
Healthy Healthcare Solutions...!

ANNUAL REPORT

2019-2020

Strong & Diverse Products Portfolio...

DOMESTIC

EXCIPIENTS



ACTIVE PHARMACEUTICAL INGREDIENTS (APIS)



INTERNATIONAL

FORMULATIONS



SURGICAL



HERBAL



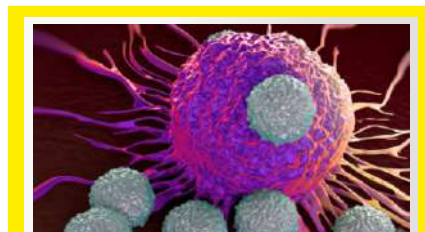
VETERINARY



NUTRACEUTICALS



ONCOLOGY



Global Certifications

Company Certifications



GOVT. RECOGNIZED
STAR EXPORT HOUSE



NSE - MAIN BOARD



ISC -Global

Formulation Certifications



CAMEROON



CAMBODIA



COSTA RICA



DR CONGO



IVORY



KENYA



MADAGASCAR



MYANMAR



NICARAGUA



PAPUA NEW GUINEA



RUSSIA



TAJIKISTAN



TANZANIA

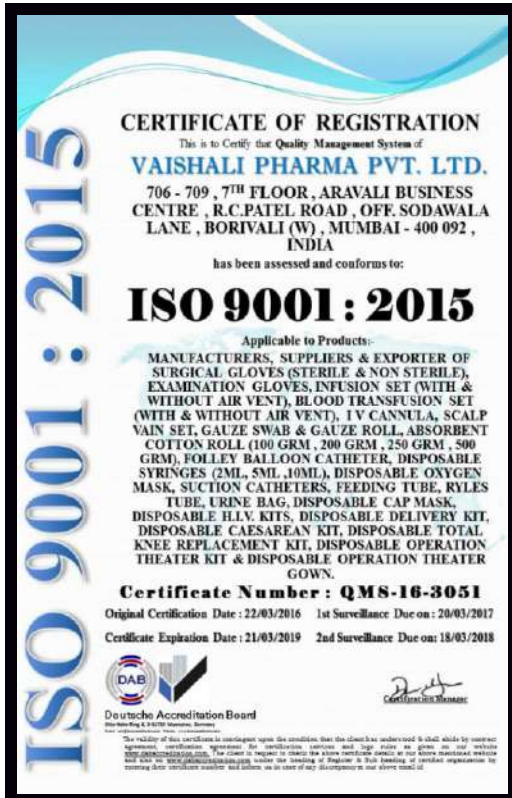


YEMEN



ZIMBABWE

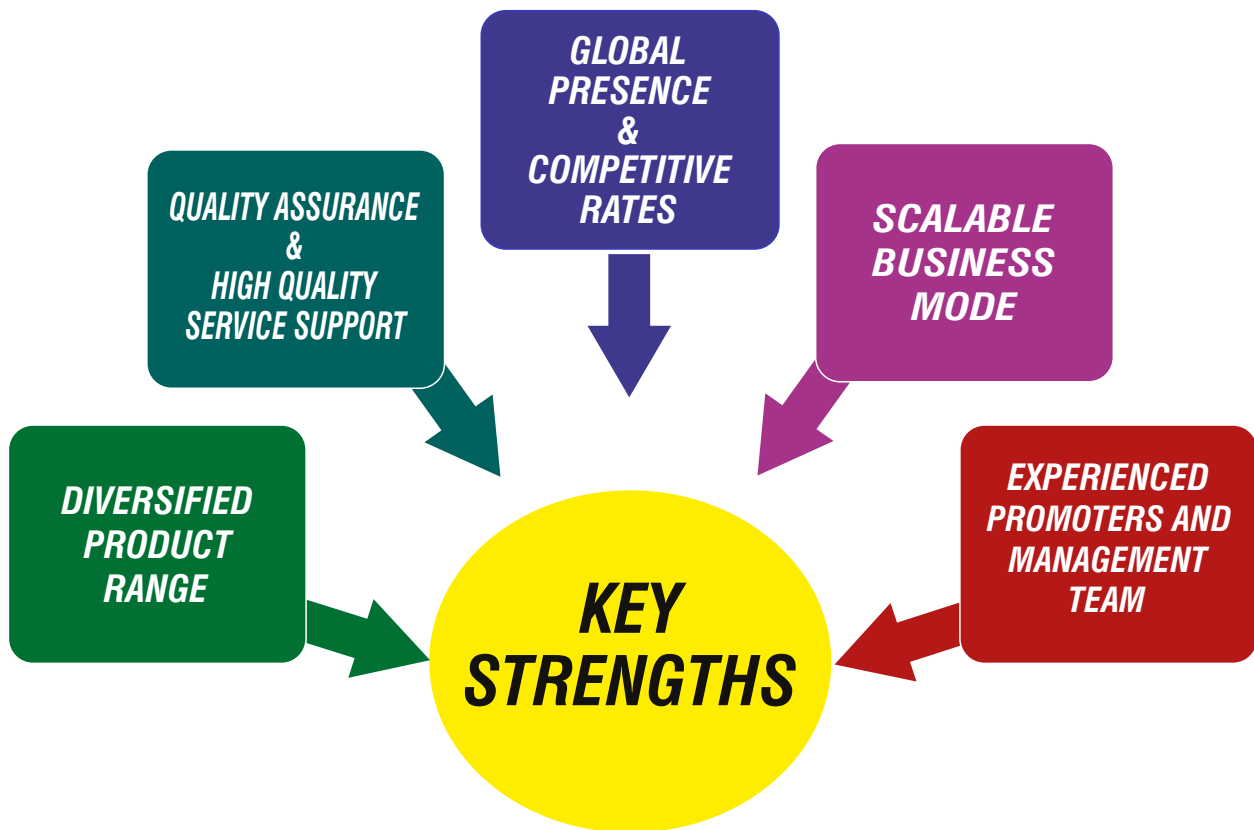
Surgical Certifications



ISO 9001 : 2015



CE



- ***Offering range from Formulations, Bulk Drugs, APIs, Veterinary Products, Surgical and Nutraceutical Products Marketing approximately 400 products in Domestic and has product portfolio of more than 1,000 products for overseas market***
- ***Caters to Asian, African, CIS and Latin American Countries Applied for 225 registrations in 25+ countries - 120+ approvals***
- ***Accredited & Certified by International board & Organisations.***
- ***Chairman Mr. Atul Vasani engaged in Pharmaceutical business for more than 3 decades Well equipped dedicated Personnel enable to take advantage of both current and future market opportunities***
- ***Customer Centric and Order driven business model Optimum utilisation of resources assuring quality supply enable to achieve economies of scale Development of new market and products by exploring customer needs, marketing expertise by maintaining quality output***

Business Model



To be a well recognized Indian MNC in the pharmaceutical and healthcare industry.



To contribute substantially towards well-being and health of the society by providing high quality products and services.



Company Overview

Among fastest growing companies in pharmaceutical industry across globe

- ***Established in 1989***
- ***Incorporated as Private limited company in 2008***
- ***Incorporated as Limited company in 2017***

Diversified Product Portfolio

- ***Present dosage forms comprises of: Tablets, Capsules, Oral Liquids , Injections (Dry & Liquid), Dry Syrups in Human / Veterinary; Surgical devices,Oncology, Herbal and Nutraceutical products & API's***

Experienced Sales & Distribution

- ***Well established sales & Distribution management system***
- ***Efficient execution & Logistic system backed with FlexiERP software for zero defect quality management & Distribution system***
- ***Strong team of Sales & Marketing Professionals having presence in PAN India***

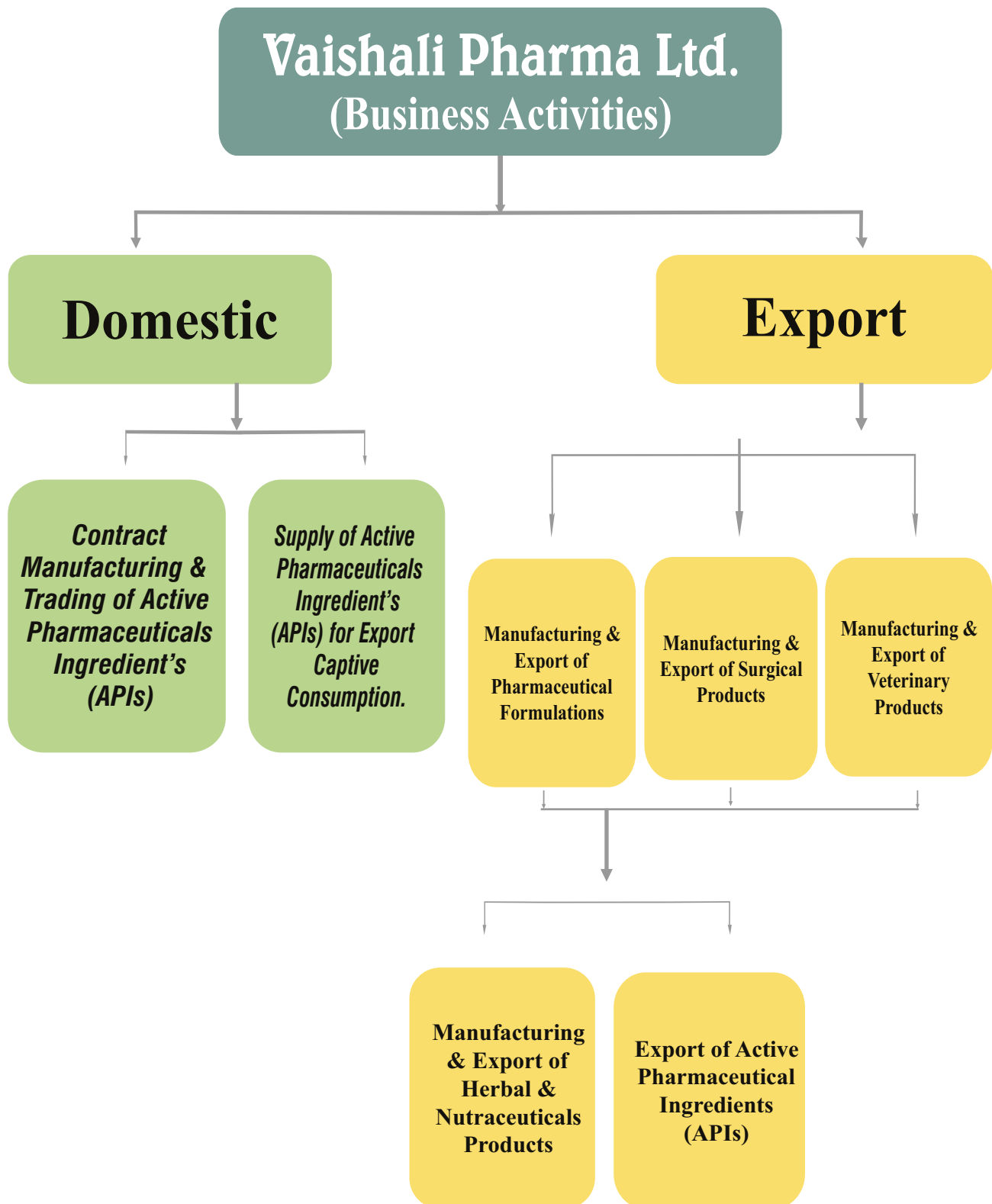
Offices

- ***Corporate Office : Headquarters located amidst economic hub of India, Mumbai***
- ***Overseas Regional Office :Vietnam***
- ***Warehouse at Bhiwandi, Maharashtra***

Certifications

- ***ISO 9001 : 2008 for quality management from BM Trada UKAS***
- ***ISO 9001 : 2015 from Deutsche Accreditation Board, Germany***
- ***Certified by European Certification Organization and compliance Certificate***

Business Structure



CORPORATE INFORMATION

Board of Directors

Mr. Atul Vasani
Chairman & Managing Director

Ms. Jagruti Vasani
Whole Time Director

Mr. Prataprai Gandhi
Independent Director

Mr. Ashvin Ganatra
Independent Director

Mr. Manish Ved
Independent Director

Mr. Dewansh Vasani
Non Executive Director

Key Managerial Personnel

Mr. Hemanth Pathak
Chief Executive Officer

Mr. Ratnesh Singh
Chief Financial Officer

Mr. Akshay Jharkhandi
Company Secretary & Compliance Officer

Statutory Auditor

**M/s. Raman S. Shah & Associates,
Chartered Accountants**
Firm Reg No. 119891W
Address: A 102, Indar Darshan Building, First Floor,
Jamali gali, Borival (West), Mumbai – 400092
E-mail: ramansshah@rediffmail.com

Internal Auditor

M/s. R.U. Kamath & Co., Chartered Accountants
Address: A203, Shaheen Chambers, Dawood Baug, off J.
P Road, Andheri (West), Mumbai - 400058
E-mail: ruk@rukamath.com

Secretarial Auditor

**M/s. Disha & Associates,
Company Secretaries**
Address: 204, Dattatray Chsl, Opp. Charkop Bus Depot,
Sector – 5, Charkop, Kandivali (W), Mumbai – 400067.
E-mail: csdisha88@gmail.com
Contact: +91 8433560016

Registrar and Transfer Agent

Bigshare Services Private Limited
Address: 1st Floor, Bharat Tin Works Building, Opp.
Vasant Oasis, Makwana Road, Marol, Andheri (East),
Mumbai - 400059
E-mail: info@bigshareonline.com
Tel No. : +91 22 6263 8200
Fax No. : +91 226263 8299

Registered office

Vaishali Pharma Limited
706 to 709, 7th Floor, Aravali Busines
Center, R. C. Patel Road, Off Sodawala
Lane, Borivali (West) Mumbai – 400092
Maharashtra, India

Website Address

www.vaishalipharma.com

Email ID for Investors:

Investor@vaishalipharma.com

Corporate Identification Number (CIN)

L52310MH2008PLC181632

Board Level Committees

Audit Committee

Mr. Prataprai Gandhi, Chairman
Mr. Ashvin Ganatra, Member
Mr. Manish Ved, Member
Mr. Atul Vasani, Member

Nomination and Remuneration Committee

Mr. Prataprai Gandhi, Chairman
Mr. Ashvin Ganatra, Member
Mr. Manish Ved, Member
Mr. Dewansh Vasani, Member

Stakeholder Relationship Committee

Mr. Dewansh Vasani, Chairman
Mr. Ashvin Ganatra, Member
Mr. Manish Ved, Member
Mr. Prataprai Gandhi, Member



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INTRODUCTION

The Company was incorporated on April 25, 2008 under the provisions of the Companies Act, 1956 as Vaishali Pharma Private Limited, at Mumbai, Maharashtra. The Company acquired the business of M/s. Vaishali Pharmachem which was the proprietorship concern of our Promoter, Mr. Atul Vasani. We started with trading and marketing of Active Pharmaceutical Ingredient (APIs) and further in the year 2012, we ventured into marketing of pharmaceuticals formulations, the manufacturing of which is on OEM. In the year 2017, the Company was converted into Public Company and our name changed to "Vaishali Pharma Limited". Till 14th January, 2020 the Company was listed on NSE SME Platform i.e. NSE Emerge and thereafter migrated to the Main Board of NSE with effect from 15th January, 2020.

We, at Vaishali Pharma Limited, continue to remain steadfast in our transformation journey, building additional pathways of growth and simultaneously focusing on making the organisation more efficient, and believe that the "Quality is an ongoing process of building and sustaining relationship." Our strong commitment of providing quality products is boosted by in-depth industry knowledge, well-qualified team of professionals, as well as hi-tech and advanced infrastructure, resultantly, creating mutually beneficial associations for all parties involved.

Adapting quickly to the ever-evolving demands, we have emerged as one of the fastest growing organization in the export of Pharmaceutical products across the globe. With our headquarters located amidst the economic hub of India, Mumbai, we have established our offices in Vietnam and further we are widening our reach overseas, and made joint venture with D.R. Congo & Kenya based company. Our 150 + formulation brands are being marketed in multiple countries. Our synergistic collaboration with WHO-GMP manufacturing facilities is backed by excellent rapport with our clients.

Adhering to high quality standards is not an accident but our habit. Passionate to be the best, we take pride in what we do and strive to deliver products with 0% defects. One can count upon us for quality pharmaceutical and healthcare products.

While the COVID-19 pandemic has resulted in near term uncertainty, our strategic initiatives, coupled with our global strengths, resilience and power of execution, give us the confidence of navigating this uncertainty and remain focused on our transformation journey

With its all-pervasive impact, the pandemic has changed the dynamics of workplaces. As the new normal takes shape, our resilience and agility powers our confidence to reimagine the business landscape. We are hoping that this makes the difference – in tipping hope over fear.



CHAIRMAN'S MESSAGE

Dear Shareowners,

We are in the throes of a global pandemic and the world is looking up to the healthcare industry to develop vaccines, treatments, diagnostics and products that will see it through the COVID-19 crisis. The novel coronavirus outbreak has demonstrated that if humanity is to survive as a species, it is imperative that there is equitable access to all essential health products and technologies without distinction of race, religion, political belief and economic or social condition. Universal access to quality healthcare for all is non-negotiable.

Global as well as domestic economic growth continued to be subdued in FY 2019-20 owing to varied macroeconomic uncertainties. To add fuel to fire, the sudden outbreak of the COVID-19 pandemic caused rampant disruptions across supply chains and manufacturing activities, bringing economic activity to a standstill. Countries were locked down completely, businesses stopped indefinitely and the wheels of the economy started turning backwards.

It's the start of another fiscal and with immense pleasure, I share with you our Company's performance in FY 2019-20. In the last six months, the world has witnessed unprecedented events, adopted to a new normal and has improvised ways to ensure business continuity. Amidst, such volatility, we have once again delivered on our promise despite sluggish economic growth.

I am pleased to present the 13th Annual Report for the financial year 2019-20. It was a year of sustained growth and resilience. Our resilience was derived from the ability to identify opportunities, attaining product registration, investing in enduring relationships and prudent finance management – across geographies and industry cycles.

With our headquarters located amidst the economic hub of India, Mumbai, we have established our offices in Vietnam. Further we are widening our reach overseas, we have made a joint venture with D.R. Congo & Kenya based company. Our 150 + formulation brands are being marketed in multiple countries. Our synergistic collaboration with WHO-GMP manufacturing facilities is backed by excellent rapport with our clients.

With a clear vision to spread our wings across the globe, we are currently exposed for Formulations, Surgical & APIs and veterinary to Russia, Dubai, Zimbabwe, Nigeria, Kenya, Sri Lanka, Ukraine, Ethiopia, Costa Rica, Iraq, Lebanon, DR Congo, Myanmar, Tajikistan, Bangladesh, Kazakhstan, Cameroon, Jordan, Burkina-Faso, Nicaragua, Yemen, Cambodia, Congo, Tanzania, Vietnam, C.A.R. and Guinea-Bissau.

The next few months will be difficult, but the company is strong with deep relationships with customers and partners, enviable scale, a diversified business mix, a robust and resilient business model, and strong financials. It is well positioned to weather the storms ahead and take advantage of opportunities that come up during the downturn to acquire new capabilities and gain market share. In the post pandemic world, pharmaceutical industry will play an ever larger role in helping enterprises adapt to the new normal and differentiate themselves. Your company is well poised to take the lead in partnering customers to recover and rebound on to their growth and transformation journeys.

I take this opportunity to thank each one of you, valued customers, employees and suppliers for the faith placed in the company and look forward to your continued support.

Thanking You,
Yours sincerely,

Atul Vasani
Chairman & Managing Director
DIN: 02107085

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 13th Annual General Meeting of the Members of **Vaishali Pharma Limited** ("the Company") will be held on Wednesday, 30th September, 2020 at 11.00 a.m. through Video Conference (VC) / Other Audio Visual Means (OAVM), to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at 706 to 709, 7th Floor, Aravali Business Center, R. C. Patel Road, Off. Sodawala Lane, Borivali (West), Mumbai – 400 092.

Ordinary Business:

- To consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Reports of the Board of Directors and the Auditors thereon;**
- To appoint a Director in place of Mr. Dewansh Ajay Vasani (DIN: 08111804), who retires by rotation and being eligible, offers himself for re-appointment;**

Special Business:

- Appointment of Mr. Ashvin Jamnadas Ganatra (DIN - 08653815) as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution:

"RESOLVED THAT in accordance with, the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashvin Jamnadas Ganatra (DIN - 08653815), who was appointed as an Additional Director in the capacity of Independent Director of the Company with effect from 31st December, 2019, pursuant to Section 161 of the Act and the Listing Regulations and whose appointment as an Independent Director is recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of upto 5 (five) consecutive years with effect from 31st December, 2019 to 31st December, 2024 and the term shall not be subject to retirement by rotation."

- Appointment of Mr. Manish Bhagwandas Ved (DIN - 08654674) as an Independent Director of the Company**

To consider and, if thought fit, to pass the following resolution as a Ordinary Resolution:

"RESOLVED THAT in accordance with, the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manish Bhagwandas Ved (DIN - 08654674), who was appointed as an Additional Director in the capacity of Independent Director of the Company with effect from 31st December, 2019, pursuant to Section 161 of the Act and the Listing Regulations and whose appointment as an Independent Director is recommended by the Nomination and Remuneration Committee and the Board of Directors of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of upto 5 (five) consecutive years with effect from 31st December, 2019 to 31st December, 2024 and the term shall not be subject to retirement by rotation."

Date: 02.09.2020
Place: Mumbai

By Order of the Board of Directors
For Vaishali Pharma Limited

SD/-
Akshay Jharkhandi
Company Secretary & Compliance Officer

Notes:-

- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 3 and 4 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
- In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the Annual General Meeting (AGM) venue is not required and AGM be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the 13th AGM of the Company shall be conducted through VC / OAVM. National Securities Depositories Limited ('NSDL') will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No.23 below and is also available on the website of the Company at www.vaishalipharma.com.
- The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/ re-appointment at this AGM is annexed.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip including Route Map are



not annexed to this Notice.

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to csdisha88@gmail.com with a copy marked to evoting@nsdl.co.in
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2020 to Wednesday, 30th September, 2020 (both days inclusive).
7. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA and Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
8. Members who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at investor@vaishalipharma.com along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to investor@vaishalipharma.com.
9. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Bigshare Services Private Limited for assistance in this regard. Members may also refer Company's website www.vaishalipharma.com for any queries.
10. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, basis the request being sent on investor@vaishalipharma.com.
11. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act and other statutory documents shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>.
12. In terms of Section 152 of the Act, Mr. Dewansh Ajay Vasani (DIN: 08111804), is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
13. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with Bigshare Services Private Limited in case the shares are held by them in physical form.
14. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Bigshare Services Private Limited in case the shares are held by them in physical form.
15. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website.
16. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Bigshare Services Private Limited in case the shares are held in physical form.
17. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Bigshare Services Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
18. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
19. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 15, 2020 through email on investor@vaishalipharma.com. The same will be replied by the Company suitably.
20. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.vaishalipharma.com, websites of the Stock Exchanges i.e. National Stock Exchange of India Limited at www.nseindia.com, and on the website of NSDL at <https://www.evoting.nsdl.com>.
21. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
22. The requirement to place the matter relating to the appointment of M/s. Raman S. Shah & Associates, Chartered Accountants (Firm Registration No. 119891W), the Statutory Auditors of the Company for ratification by Members at every AGM to be held after the Tenth AGM convened on 19th August, 2017 till the conclusion of the Fifteenth AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the Thirteenth Annual General Meeting.
23. Instructions for e-voting and joining the AGM are as follows:

A. VOTING THROUGH ELECTRONIC MEANS

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.
- ii. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). During this period, as on Wednesday, September 23, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- iii. The Board of Directors has appointed Mrs. Disha Shah, Proprietor of M/s. Disha & Associates, (Membership Number A34831) Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. Members who need assistance before or during the AGM with use of technology, can:
 - Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
 - For VC:-
Contact Mr. Sanjeev Yadav, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.co.in or sanjeevy@nsdl.co.in or at telephone number +91-9324006225; or
 - For E-voting:-
Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number +91 22 24994545.
- viii. The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

➤ **Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |



5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

➤ **Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csdisha88@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

Process for registration of email id for obtaining Annual Report and user id/password for e-voting:

| | |
|------------------|---|
| Physical Holding | <p>Send a request to the Registrar and Transfer Agents of the Company, Bigshare Services Private Limited at info@bigshareonline.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) for registering email address.</p> <p>Following additional details need to be provided in case of updating Bank Account Details:</p> <ol style="list-style-type: none"> Name and Branch of the Bank in which you wish to receive the dividend, the Bank Account type, Bank Account Number allotted by their banks after implementation of Core Banking Solutions 9 digit MICR Code Number, and 11 digit IFSC Code a scanned copy of the cancelled cheque bearing the name of the first shareholder. |
| Demat Holding | Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP. |

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- Members are encouraged to join the Meeting through Laptops for better experience. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number / folio number, email id, mobile number at investor@vaishalipharma.com Questions / queries/ views received by the Company till 5.00 p.m. on Monday, 28th September, 2020 shall only be considered and responded during the AGM..
- Questions / queries received by the Company till 5.00 p.m. on Monday, 28th September, 2020 shall only be considered and responded during the AGM.
- The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

C. OTHER INSTRUCTIONS

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.vaishalipharma.com and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited, where the shares of the Company are listed.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to certain ordinary business and the special businesses mentioned in the accompanying Notice:

ITEM NO. 3:- SPECIAL BUSINESS

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in pursuant to provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ashvin Jamnadas Ganatra was appointed as an Additional Independent Director of the Company for a term of 5 (Five) consecutive years with effect from 31st December, 2019.

In accordance with the provisions of Section 149 and 152 of the Companies Act, 2013, read with Schedule IV to the act, the appointment of Independent Director requires approval of the Members

The Company has received a declaration from Mr. Ashvin Jamnadas Ganatra confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Ashvin Jamnadas Ganatra's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

The Board is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director for a period of five years with effect from 31st December, 2019.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Ashvin Jamnadas Ganatra as an Independent Director of the Company, as set out at Item No. 3 for approval of the members by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.3 of the Notice.

ITEM NO. 4:- SPECIAL BUSINESS

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in pursuant to provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manish Bhagwandas Ved was appointed as an Additional Independent Director of the Company for a term of 5 (Five) consecutive years with effect from 31st December, 2019.

In accordance with the provisions of Section 149 and 152 of the Companies Act, 2013, read with Schedule IV to the act, the appointment of Independent Director requires approval of the Members

The Company has received a declaration from Mr. Manish Bhagwandas Ved confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Mr. Manish Bhagwandas Ved's consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

The Board is of the opinion that it would be in the interest of the Company to appoint him as an Independent Director for a period of five years with effect from 31st December, 2019.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Manish Bhagwandas Ved as an Independent Director of the Company, as set out in Item No. 4 for approval of the members by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

Additional information in respect of Mr. Dewansh Ajay Vasani, Mr. Ashvin Jamnadas Ganatra, and Mr. Manish Bhagwandas Ved, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is given as under:-

The details of Directors as required under Secretarial Standard on General Meetings ("SS-2") and as per Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) is as mentioned below:

| Name of Director | Mr. Dewansh Ajay Vasani | Mr. Ashvin Jamnadas Ganatra | Mr. Manish Bhagwandas Ved |
|---|--|--|---|
| Brief Profile | Mr. Dewansh Vasani, aged 25 years, is the Non-Executive Director of the Company. He has a Bachelor Degree in Accounting and Finance and has more than seven years of experience in the field of Marketing. He successfully handled the trading of API's in the domestic market and maintaining customer relations. | Mr. Ashvin Ganatra, aged 51 years, having an experience of more than 15 years in the field of Marketing and has good contacts with the merchants & manufacturers in the Pharma Industry. | Mr. Manish Ved, aged 54 years, having an experience of more than 10 years in the field of Business Strategy. He has been involved in activities such as identifying priorities, establishing goals and objectives, finding resources, and allocation of funds to support the decisions and monitoring the execution of the strategic plans. |
| Date of Birth | 15 th August, 1995 | 25 th January, 1969 | 20 th July, 1966 |
| Age | 25 years | 51 years | 54 years |
| Nationality | Indian | Indian | Indian |
| Date of Appointment | 26 th April, 2018 | 31 st December, 2019 | 31 st December, 2019 |
| Director Identification number | 08111804 | 08653815 | 08654674 |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the company | Mr. Dewansh Vasani is :- <ul style="list-style-type: none"> The Nephew of Mr. Atul Vasani; The Nephew of Ms. Jagruti Vasani. | Not related to any Directors and Key Managerial Personnel | Not related to any Directors and Key Managerial Personnel |
| Expertise in specific functional area | Expertise in Marketing | Expertise in Marketing | Expertise in Business Strategy |
| Qualifications | Graduate | Graduate | Graduate |
| Directorships of other Boards as on 31st March, 2020 | Nil | Nil | Nil |
| Experience | 7 years | 18 years | 15 years |
| Terms and conditions of re-appointment | Terms of appointment is as per the provisions of the Companies Act, 2013 | Terms of appointment is as per the provisions of the Companies Act, 2013 | Terms of appointment is as per the provisions of the Companies Act, 2013 |
| Remuneration sought to be paid | Sitting fees per Board / Committee meeting as per the terms of the Company | Remuneration by way of fees for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act. | Remuneration by way of fees for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act. |
| Remuneration last drawn | Rs. 3,00,000/- in the financial year (2018-2019) | Remuneration by way of fees for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act. | Remuneration by way of fees for attending meetings of the Board or Committee thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings and profit related commission within the limits stipulated under Section 197 of the Act. |
| Number of Meetings of the Board attended during the year | 11 | 1 | 1 |



| | | | |
|--|--|--|--|
| Number of shares held in the Company (as on March 31, 2019) | 1 shares | Nil | Nil |
| Membership /Chairmanship of Committees of the Boards | <u>Chairmanship of :-</u> <ul style="list-style-type: none"> Stakeholder Relationship Committee <u>Membership of :-</u> <ul style="list-style-type: none"> Nomination and Remuneration Committee | <u>Membership of :-</u> <ul style="list-style-type: none"> Audit Committee Nomination and Remuneration Committee Stakeholder Relationship Committee | <u>Membership of :-</u> <ul style="list-style-type: none"> Audit Committee Nomination and Remuneration Committee Stakeholder Relationship Committee |
| Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | No Remuneration no other pecuniary relationship | No Remuneration no other pecuniary relationship | No Remuneration no other pecuniary relationship |
| Summary of the performance Evaluation Report | - | The Feedback received from the Directors reflected highly satisfactory performance | The Feedback received from the Directors reflected highly satisfactory performance |

Information about the General Information as per Schedule V

| I General Information | | | | | |
|---|--|--|--------------|--------------|--------------|
| Nature of Industry | | Pharmaceuticals | | | |
| Date or expected date of commencement of commercial production | | From the time of incorporation (25.04.2008) of the Company, it is into trading of pharmaceutical products, hence, no commercial production is undertaken | | | |
| In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | | Not Applicable | | | |
| Financial performance based on given indicators | | | | | |
| | | F.Y | 2019-20 | 2018-19 | 2017-18 |
| | | Net Worth | 21,38,13,861 | 21,39,89,695 | 20,55,89,600 |
| | | Net Profit after tax | 3,27,843 | 71,35,619 | 79,75,944 |
| Foreign investments or collaborations, if any | | Not Applicable | | | |

Date: 02.09.2020
Place: Mumbai

By Order of the Board of Directors
For Vaishali Pharma Limited,

SD/-
Akshay Jharkhandi
Company Secretary & Compliance Officer

THE BOARD'S REPORT

To,
The Members
Vaishali Pharma Limited,

The Board of Directors of your Company take great pleasure in presenting the 13th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL RESULTS:

The financial performance of the Company for the year ended 31st March, 2020 is summarized below:

| Particulars | Current year Amount (in INR) | Previous Year * Amount (in INR) |
|---------------------------------------|---------------------------------|------------------------------------|
| | 31.03.2020 | 31.03.2019 |
| Income from Business Operations | 60,08,56,905 | 75,09,09,731 |
| Other Income | 2,17,25,802 | 1,98,22,600 |
| Total Income | 62,25,82,707 | 77,07,32,331 |
| Less: Expenses | 62,17,91,654 | 75,94,07,724 |
| Profit/(Loss) Before Tax | 7,91,053 | 1,13,24,607 |
| Less: Current Tax | 5,66,000 | 40,00,000 |
| Less: Adjustment of prior periods tax | - | 5,00,000 |
| Less: Deferred Tax (credit)/charge | (1,02,790) | (3,11,011) |
| Net Profit/(Loss) After Tax | 3,27,843 | 71,35,619 |

* Figures have been regrouped and reclassified, wherever required

STATE OF COMPANY'S FINANCIAL AFFAIRS:

During the year under review, the revenue earned by the Company was Rs. 62,25,82,707/- for current year as compared to Rs. 77,07,32,331/- in previous year. The expenditure incurred during the year was Rs. 62,17,91,654/- as against the amount of Rs. 75,94,07,724/- during the previous year. The Company recorded a Net Profit after tax of Rs. 3,27,843/- as compared to the previous year of Rs. 71,35,619/-. Your Directors are hopeful to improve the growth rate in turnover. The Board has taken all necessary steps to expand its activities.

NATURE OF BUSINESS:

The Company is into pharmaceutical business, mainly dealing in Active Pharmaceutical Ingredient, pharmaceutical formulations, surgical products, veterinary supplements operating in domestic and export markets.

The success of the Company depends significantly on ability to commercialize new pharmaceutical products in India and across various markets around the world.

COVID 19

The COVID-19 pandemic has intensified into a global crisis, driving the nation to enforce lock-down of all economic activity for the last few months. The Company has adhered to all recommended precautions/guidelines in its operations, which includes sanitization and hygiene, providing work from home facility to all employees, maximizing audio & video-conferencing and minimizing contact, closing employee travel and following all government directions on the subject.

DIVIDEND

Your Company is committed towards enhancing shareholder value for its investors. However, after careful consideration and taking a holistic view of the unprecedented circumstances of the COVID-19 pandemic, the Company has considered it prudent not to recommend the dividend for FY 2019-20 in order to maintain its liquidity position.

TRANSFER TO RESERVES

The amount transferred to the reserves during the year ended 31st March, 2020 was Rs. 2,04,927/-

DEPOSITS UNDER CHAPTER V OF COMPANIES ACT, 2013

Your Company has neither accepted nor renewed any deposits from public during the year and does not have any outstanding Deposits in terms of Section 76 of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 (hereinafter referred as 'the Act') form part of notes to the Financial Statements.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business during the year under review.



SHARE CAPITAL STRUCTURE

During the period under review, the Authorized Share Capital of the Company was increased from Rs. 7,50,00,000/- (Rupees Seven Crore Fifty Lakhs Only) divided into 74,95,000 (Seventy Four Lakhs Ninety Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,000 (Fifty Thousand), 7% Non-Cumulative Redeemable Preference Shares of Re.1/- (Rupee One Only) each to Rs. 11,00,00,000/- (Rupees Eleven Crore Only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each, approved by the Board of Director at their meeting held on 26th August, 2019.

During the year the Company also rewarded the shareholders by way of issue of Bonus Shares in the proportion of 3:5 i.e. 3 (Three) fully paid bonus equity shares of Rs.10/- each for every 5 (Five) fully paid equity shares of Rs.10/- each and the allotment of 39,54,828 equity shares was made on October 19, 2019, to the eligible shareholders. With this the Paid Up Share Capital of the Company increased to Rs. 10,54,62,130/- (Rupees Ten Crores Fifty Four Lakhs Sixty Two Thousand One Hundred and Thirty) divided into 1,05,46,213 (One Crore Five Lakhs Fourty Six Thousand Two Hundred and Thirteen) Equity Shares of Rs.10/- (Rupees Ten) each as against the earlier of Rs. 6,59,13,850/- (Six Crores Fifty nine Lakhs Thirteen Thousand Eight Hundred and Fifty) divided into 1,05,46,213 (One Crore Five Lakh Fourty Six Thousand Two Hundred and Thirteen) Equity Shares of Rs.10/- each.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

During the period under review, the Company has migrated from NSE SME Platform i.e. NSE Emerge to Main Board of NSE with effect from 15th January, 2020.

Apart from the above, no material change and commitment affecting the financial position of the Company have occurred during the financial year of the Company to which the financial statements relate and the date of the report.

SIGNIFICANT ORDERS PASSED BY REGULATORS/COURTS/TRIBUNALS

There are no significant orders passed by regulators/courts/tribunals impacting the going concern status and Company's operations in the future.

RELATED PARTY TRANSACTIONS

During the period under review, the transactions entered into with related parties during the financial year were on arm's length pricing basis and in the ordinary course of business and do not attract the provisions of Section 188 of the Act. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company. The particulars of contracts or arrangements with related parties referred to in Section 188(1) and applicable rules of the Companies Act, is disclosed in Form AOC-2 as shown in **ANNEXURE - A**

All Related Party Transactions are periodically placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseeable and repetitive nature. The policy on Related Party Transactions as approved by the Board is available on website of the Company viz: <https://www.vaishalipharma.com/investors/company-policy>.

EXTRACT OF ANNUAL RETURN:

As provided under Section 92(3) and Section 134 (3) (a) of the Companies Act, 2013, an extract of annual return is available on the website of the Company at <https://vaishalipharma.com>

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint Venture or Associate Company.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 as on March 31, 2020 and of the profit and loss of the Company for that period ended on that date;
- The directors had 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;
- The directors had prepared the annual accounts on a going concern basis; and

- e) The directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of the Company comprises an optimum combination of executive and non-executive directors.

As 31st March, 2020, the Composition of the Board of Directors is as under:

| NAME OF DIRECTOR | CATEGORY AND DESIGNATION |
|-----------------------------|--|
| MR. ATUL VASANI | CHAIRMAN & MANAGING DIRECTOR |
| MS. JAGRUTI VASANI | WHOLE TIME DIRECTOR |
| MR. PRATAPRAI GANDHI | INDEPENDENT DIRECTOR |
| MR. MANISH BHAGWANDAS VED | INDEPENDENT DIRECTOR |
| MR. ASHVIN JAMNADAS GANATRA | INDEPENDENT DIRECTOR |
| MR. DEWANSH VASANI | NON-EXECUTIVE NON INDEPENDENT DIRECTOR |

During the period under review, Mr. Ashvin Jamnadas Ganatra (DIN - 08653815) and Mr. Manish Bhagwandas Ved (DIN - 08654674) were appointed as the Additional Independent Directors of the Company with effect from 31st December, 2019.

Mr. Sanjay Girdharilal Mirani (DIN – 08216772) ceased to be the Independent Director with effect from 12th February, 2020. The Board places on record its appreciation for his invaluable contribution and guidance.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, if any and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 is: Mr. Ratnesh Raghunath Singh, Chief Financial Officer.

INDEPENDENT DIRECTOR DECLARATION

All Independent Directors of the Company have submitted the requisite declarations confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16 and 25(8) of SEBI Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Independent Directors have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, Mr. Ashvin Jamnadas Ganatra (DIN:- 08653815) and Mr. Manish Bhagwandas Ved (DIN:- 08654674), the Independent Directors of the Company have also submitted their declaration in compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, which mandated the inclusion of an Independent Director's name in the data bank of Indian Institute of Corporate Affairs ("IICA") for a period of one year or five years or life time till they continues to hold the office of an independent Director. Further, Mr. Prataprai Gandhi (DIN:- 07832673) has submitted his declaration in compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, but is under the process for registration under the data bank of Indian Institute of Corporate Affairs ("IICA") for a period of one year or five year or life time till he continues to hold the office of an Independent Director.

In the opinion of the Board, all the independent directors are persons of integrity, possesses relevant expertise and experience.

APPOINTMENT AND CHANGES OF KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Khushboo Panchal (Mem no - ACS51308) resigned from the position of Company Secretary with effect from 31st October, 2019 and Mrs. Pooja Garg (Mem.no – A24604) was appointed on 11th December, 2019 for the position of Company Secretary and Compliance Officer and subsequently she resigned with effect from 24th February, 2020, due to personal reasons.

After the closure of the Financial Year, Mr. Hemand Damodar Pathak (PAN- AGGPP1139H) has been appointed as the Chief Executive Officer of the Company with effect from 26th May, 2020, and Mr. Akshay Jharkhandi (Mem no – A62249) has been appointed as the Company Secretary and Compliance Officer of the Company with effect from 07th July, 2020.



As on the date of this report the Key Managerial Personnel of the Company are as follows:-

| NAME OF KEY MANAGERIAL PERSONNEL | CATEGORY AND DESIGNATION |
|----------------------------------|--|
| MR. RATNESH SINGH | CHIEF FINANCIAL OFFICER |
| MR. HEMANT DAMODAR PATHAK | CHIEF EXECUTIVE OFFICER |
| MR. AKSHAY JHARKHANDI | COMPANY SECRETARY & COMPLIANCE OFFICER |

RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) and other applicable provisions of the Act, Mr. Dewansh Ajay Vasani (DIN: 08111804) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment and will continue as Non-executive Non Independent Director of the Company. The Board recommends his re-appointment.

MEETINGS OF THE BOARD:

Total Eleven (11) Board Meetings were and held during the financial year 2019-20 as required u/s 134 (3)(b) of the Act. For details of the meeting of the Board please refer to the Corporate Governance Report which is a part of this report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board, Committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations").

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of Committees, effectiveness of Committee Meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed at the Board Meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

FAMILIARIZATION PROGRAMME:

The Familiarization Programme for Independent Directors aims to provide them an opportunity to familiarize with the Company, its Management and its operations so as to gain a clear understanding of their roles, rights and responsibilities and contribute significantly towards the growth of the Company. They have full opportunity to interact with Senior Management Personnel and are provided all the documents required and sought by them for enabling them to have a good understanding of the Company, its business model and various operations and the industry of which it is a part.

The policy undertaken by the Company in this respect has been disclosed on the website of the Company AT <https://www.vaishalipharma.com/investors/company-policy>.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. For the purpose of selection of any Director, the Nomination and Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfils such criteria with regard to qualifications, positive attributes, independence, age and other criteria as laid down under the Act, Listing Regulations or other applicable laws. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on the remuneration of Directors, Key Managerial Personnel and other Employees as required under sub-section (3) of Section 178 of the Companies Act, 2013. The policy of the Company on director's appointment and remuneration is uploaded on to the Company's website and available at <https://www.vaishalipharma.com/investors/company-policy/>.

As on 31st March, 2020, the Board of Directors comprised of a Managing Director, a Whole time Director, a Non-Executive Directors, and Three Independent Directors. The Board periodically evaluates the need for change in its composition and size.

INTERNAL FINANCIAL CONTROLS:

The Company has well placed, proper and adequate internal financial control system that commensurate with the size, scale and complexity of its operations. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigation action on continuing basis. These are routinely tested by Internal Auditors. The Audit observations on internal financial controls are periodically reported to the Audit Committee.

COMMITTEES OF THE BOARD:

In compliance of SEBI Listing Regulation and provisions of Companies Act, 2013, the Board of Directors constituted three Committees i.e. the Audit Committee, Nomination & Remuneration Committee and Stakeholder relationship Committee vide resolution passed at the meeting held on 21st June, 2017.

AUDIT COMMITTEE

Total Eight (8) Audit Committee Meetings were and held during the financial year 2019-20. For details of the meeting and the composition of the Committee kindly refer the Corporate Governance Report, which is a part of this report.

STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the members of the Company at their 10th Annual General Meeting held on 19th August, 2017 had appointed M/s Raman S. Shah & Associates, Chartered Accountants, (Firm Registration No. : 119891W) as the Statutory Auditors of the Company for a period of 5 (five) years to hold office from conclusion of aforesaid Annual General Meeting till the conclusion of 15th Annual General Meeting to be held in 2022, subject to ratification by shareholders at every Annual General Meeting.

In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

The Notes on financial statements referred to in the Auditors report are self-explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

DETAILS OF FRAUD REPORTED BY AUDITORS

There were no frauds reported by the Statutory Auditors under provisions of Section 143(12) of the Companies Act, 2013 and rules made thereunder.

INTERNAL AUDITORS

M/s. R.U. Kamath & Co., Chartered Accountants were appointed as Internal Auditor of the Company. The internal auditors of the Company directly report to the Audit Committee.

SECRETARIAL AUDITORS

In compliance with the provisions of Section 204 of the Companies Act, 2013, your Board of Directors have appointed M/s. Disha & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for conducting Secretarial Audit for financial year 2019 - 20. The Report of Secretarial Auditor is enclosed in **ANNEXURE – B**.

SECRETARIAL AUDITOR'S QUALIFICATION'S EXPLANATION

The secretarial Audit Report contains following observation:

- i. The Company, for the Board Meeting held on 14th November 2019 to approve the Unaudited Financial Results, Company was required to submit Unaudited Financial Results for the quarter and half year ended 30th September 2019 as per Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on NSE's Neaps platform within 24 hours from the conclusion of Board Meeting. But, as informed by the Management, Unaudited Financial Results were not filed due to technical difficulties and the same was communicated at Neaps Customer Care and were informed that quick results submitted by the Company shall be taken as due compliance in the given case. Further, an email was also sent to NSE on behalf of the Company indicating the error and issue. It may also be noted that till the date of signing of this report no action was taken or clarification was demanded against the Company.
- ii. The Company is in process of filing form MGT-14 with respect to re-appointment of Managing Director and form MSME for the period 1st April 2019 to 30th September 2019. Due to changes in Company Secretary and ongoing pandemic Covid -19, the Company inadvertently failed to file the said forms within in prescribed time frame.

Management's Reply to the Secretarial Auditor's Disclaimer / Observations:-



- For point no.i observations, as indicated there being technical challenge, Company has acted based on the guidance provided by the customer executive of Neaps Customer Care and hence, the said observation is self-explanatory
- As stated in point (ii) of the Secretarial Audit's Disclaimer –

Due to changes in Company Secretary and lack of secretarial compliance knowledge on part of the Board, forms MGT-14 and MSME could not be filed within prescribed time limit. However, the Management has taken steps to file the said forms.

NOMINATION AND REMUNERATION COMMITTEE

Total Six (6) Nomination and Remuneration Committee Meetings were and held during the financial year 2019-20. For details of the meeting and the composition of the Committee kindly refer the Corporate Governance Report, which is a part of this report.

NOMINATION AND REMUNERATION POLICY

In accordance with the provisions of the Section 178 of the Companies Act, 2013 read along with the applicable Rules, the Company has formulated "Nomination and Remuneration Policy" containing criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178 of Companies Act, 2013 for selection of any Director, Key Managerial Personnel and Senior Management Employees.

The said policy is attached as **ANNEXURE - C** to this report and is available on the Company's website and the web link thereto is <https://www.vaishalipharma.com/investors/company-policy>.

STAKEHOLDER RELATION COMMITTEE

Total Four (4) Stakeholder Relationship Committee Meetings were and held during the financial year 2019-20. For details of the meeting and the composition of the Committee kindly refer the Corporate Governance Report, which is a part of this report.

SECRETARIAL STANDARDS

The Directors declared that applicable Secretarial Standards relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively, has been duly followed.

VIGIL MECHANISM:

Pursuant to the provisions of Section 177 (9) & (10) of the Act read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, Vigil Mechanism for Directors and employees to report genuine concern and grievances has been established. The said mechanism is governed by the Audit Committee. The details of the policy have been disclosed in the Corporate Governance Report, which is a part of this report and is also available on the website of the company at <https://www.vaishalipharma.com/investors/company-policy>.

CORPORATE SOCIAL RESPONSIBILITY

As the provisions of section 135 of Companies Act, 2013 dealing with Corporate Social Responsibility are not applicable to the Company during the financial year, the Company has not laid down any policy on Corporate Social Responsibility.

MAINTENANCE OF COST RECORDS

The maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of the Section 148 of the Act in respect of the activities carried on by the Company.

PARTICULARS OF EMPLOYEES

No employee was employed by the Company receiving remuneration prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) and the rules framed thereunder.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act and Rule 5 (1) of the Rules have been appended as **ANNEXURE - D** to this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year 2019-20, as stipulated under Regulation 34(2)(e) of the SEBI(Listing obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI LODR"), is presented in a separate section forming part of the Annual Report as **ANNEXURE - E**.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of corporate governance. We believe in adherence to good corporate practices, implement policies and guidelines and develop a culture of the best management practices and compliance with the law coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters to enhance and retain investor trust, long-term shareholder value and respect minority rights in all our business decisions.

The Corporate Governance Report of the Company confirming compliance with the conditions of corporate governance as stipulated under SEBI Listing Regulations forms part of the Annual Report.

The Certificate on Corporate Governance Compliance issued by Secretarial Auditor is enclosed in **ANNEXURE – F**.

LISTING OF SECURITIES

During the period under review the Equity shares of the Company got listed to the Main Board of National Stock Exchange of India Limited from the SME Emerge Platform of National Stock Exchange of India Limited with effect from January 15, 2020.

DEMATERIALISATION OF EQUITY SHARES

All the Equity Shares of the Company are in dematerialized form with Depositories viz. NSDL and CDSL.

The ISIN No. allotted is INE972X01014.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company, a work environment that does not tolerate sexual harassment. We highly respect dignity of everyone involved at our work place, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and positive attitude towards each other.

The Company has adopted a policy for prevention of Sexual Harassment of Women at Workplace. No complaints or grievances were noticed under the aforesaid policy during the period under review.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

a) Conservation of Energy & Technology Absorption

Considering the nature of activities undertaken by the company, above clauses of Section 134 of the Companies Act, 2013 pertaining to the Conservation of Energy, Technology absorption are not applicable to the Company.

b) Foreign exchange earnings and outgo-

During the year there were foreign exchange inflow of Rs. 13,04,53,507/- (PY - Rs. 14,01,44,780/-) on account of export of goods on FOB basis and foreign outflow as follows:-

| Expenditure in Foreign Currency | Current Year | Previous Year |
|--|---------------------|----------------------|
| Import of Goods (on CIF basis) | 0 | 0 |
| Foreign Travelling | 14,59,409/- | 15,65,716 |
| Registration Charges | 8,33,166/- | 6,79,250 |
| Inspection Charges | 0 | 0 |
| Gross Total | 22,92,575/- | 22,44,966/- |

INSURANCE & RISK MANAGEMENT:

Business risks exist for any enterprise having national and international exposure. Your Company also faces some such risks, the key ones being - a longer than anticipated delay in economic revival, unfavorable exchange rate fluctuations, emergence of inflationary conditions, rise in counterfeits and look-alikes and any unexpected changes in regulatory framework.

The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions.



ACKNOWLEDGEMENTS:

The Directors thank the Company's employees, customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Directors appreciate and value the contribution made by every member of the Vaishali Pharma Limited family.

Date: 02.09.2020

Place: Mumbai

**By order of the Board of Directors
Vaishali Pharma Limited**

SD/-

Atul Vasani

Chairman & Managing Director

DIN:- 02107085

Registered Office: - 706 to 709, 7th Fl, Aravali Busines Center, R. C. Patel Road, Off
Sodawala Lane, Borivali West Mumbai Mumbai City
MH 400092

ANNEXURE-A

FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

| Particulars | Details |
|---|---------|
| Name (s) of the related party & nature of relationship | NIL |
| Nature of contracts/arrangements/transaction | |
| Duration of the contracts/arrangements/transaction | |
| Salient terms of the contracts or arrangements or transaction including the value, if any | |
| Justification for entering into such contracts or arrangements or transactions' | |
| Date of approval by the Board | |
| Amount paid as advances, if any | |
| Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Particulars | Details |
|---|---------|
| Name (s) of the related party & nature of relationship | NIL |
| Nature of contracts/arrangements/transaction | |
| Duration of the contracts/arrangements/transaction | |
| Salient terms of the contracts or arrangements or transaction including the value, if any | |
| Date of approval by the Board | |
| Amount paid as advances, if any | |

For Vaishali Pharma Limited

Date: 02.09.2020
Place: Mumbai

SD/-
Atul Vasani
Chairman &
Managing Director
DIN:- 02107085

SD/-
Jagruti Vasani
Whole Time Director
DIN:- 02107094

ANNEXURE-B

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and rule no. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To the Members
Vaishali Pharma Limited
CIN: L52310MH2008PLC181632

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vaishali Pharma Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit of the Company, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not applicable to the Company during the Audit Period.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; *Not applicable to the Company during the Audit Period*
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; *Not applicable to the Company during the Audit Period*
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 ;
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable to the Company during the Audit Period.
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not applicable to the Company during the Audit Period.
 - j. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. Other laws applicable specifically to the Company namely:

I further report that, based on the Compliance Report of various Laws submitted by the Company, the Company has proper system to comply with the applicable laws. I have in-principally verified existing systems and mechanism which is followed by the Company to ensure compliance of other applicable laws and have relied on the representation made by the Company and its Officers in respect of aforesaid systems and mechanism for compliances of other applicable acts, laws and regulations and found the satisfactory operation of the same.



I have also examined compliance with the applicable clauses of Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and I am of opinion that the Company has prima facie complied with the applicable provisions.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following disclaimer/observations:

- i. The Company, for the Board Meeting held on 14th November 2019 to approve the Unaudited Financial Results, Company was required to submit Unaudited Financial Results for the quarter and half year ended 30th September 2019 as per Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on NSE's Neaps platform within 24 hours from the conclusion of Board Meeting. But, as informed by the Management, Unaudited Financial Results were not filed due to technical difficulties and the same was communicated at Neaps Customer Care and were informed that quick results submitted by the Company shall be taken as due compliance in the given case. Further, an email was also sent to NSE on behalf of the Company indicating the error and issue. It may also be noted that till the date of signing of this report no action was taken or clarification was demanded against the Company.
- ii. The Company is in process of filing form MGT-14 with respect to re-appointment of Managing Director and form MSME for the period 1st April 2019 to 30th September 2019. Due to changes in Company Secretary and ongoing pandemic Covid -19, the Company inadvertently failed to file the said forms within in prescribed time frame.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines subject to observations and qualifications, if any, made by Statutory Auditors in their report.

I further report that I have not examined books of accounts and I rely on statutory auditor's reports in relation to Financial Statement and accuracy of financial figures for Sales Tax, Value Added tax, Goods and Service Tax Act, Provident fund, Professional Tax, Related Party Transactions, etc. as disclosed under financial statements and Accounting Standards during my audit period and I have not verified the correctness and appropriateness of the books of accounts of the Company.

I further report that the management is responsible for compliances of all business laws along with maintenance of statutory registers / records required by the concerned authorities and internal control of the concerned department.

I further report that during the period under review, the Company has undertaken following major activities through Postal Ballot:

- i. The Company has passed an Ordinary resolution for increasing its Authorised Share Capital and consequential alteration to the Capital Clause of the Memorandum of Association.
- ii. The Company has passed an Ordinary resolution for issue of fully paid Bonus Equity Shares in the in the proportion of 3 (three) new fully paid-up equity shares of Rs. 10/- (Rupees Ten only) each for every 5 (five) existing fully paid-up equity shares of Rs. 10/- (Rupees Ten only) each, i.e. in the ratio of 3:5 Equity Shares.
- iii. The Company has passed Special resolution for migration of Listing / Trading of Equity Shares of the Company from NSE EMERGE SME Platform to NSE Main Board.

I further report that:

- i. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
- ii. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- iii. Wherever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- iv. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
- v. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.
- vi. I have not carried out the Physical Inspection of any records maintained by the Company due to prevailing lock down conditions owing to COVID 2019 across the country. I have relied on the records as made available by the Company through digital mode and also on the Management Representation Letter issued by the Company.

For M/s. Disha & Associates,
SD/-
Disha Shah
Practicing Company Secretary
Proprietor
Membership No: A34831/ COP No: 22710
UDIN: A034831B000653394
Date: 2nd September 2020
Place: Mumbai

ANNEXURE - C

Nomination and Remuneration Policy

1. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every listed public company and such other class or classes of companies as may be prescribed shall constitute the Nomination and Remuneration Committee. The Company has a duly constituted Nomination and Remuneration Committee as per the requirement of section 178 of the Companies Act, 2013. This Committee and the Policy is formulated in compliance with the relevant provisions of the Companies Act, 2013.

2. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made there under, this policy on nomination and remuneration of Directors (including non-executive directors) on the Board of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors. This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a director, matters relating to the remuneration, appointment, removal and evaluation of performance of the Directors (including non-executive directors), Key Managerial Personnel and Senior Management Personnel.

3. OBJECTIVES

Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.

Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.

Ensure that annual compensation review considers industry/ business outlook and strategies adopted by industry peers, differentiates employees based on their merits and also protects employees, particularly those in junior cadre, against inflationary pressures;

Retention of high performers at all levels and those playing critical roles.

4. PURPOSE

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and officials comprising the senior management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

5. ACCOUNTABILITIES

- a. The Board is ultimately responsible for the appointment of Directors and Key Managerial Personnel.
- b. The Board has delegated responsibility for assessing and selecting the candidates for the role of Directors, Key Managerial Personnel and the Senior Management of the Company to the Nomination and Remuneration Committee which makes recommendations & nominations to the Board.

6. DEFINITIONS

"Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

"Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013

"Key Managerial Personnel" (KMP) means—

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The Whole-Time Director;
- (iv) The Chief Financial Officer;
- (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- (vi) Such other officer as may be prescribed"

"Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

"Senior Management Personnel" (SMP) means to include all members other than the Directors and KMPs of the Company, who are the functional heads of the departments/divisions/branches of the Company.

The terms used in this Policy but not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013.



“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“Senior Management Personnel” (SMP) means to include all members other than the Directors and KMPs of the Company, who are the functional heads of the departments/divisions/branches of the Company.

The terms used in this Policy but not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is responsible for:

- a. Reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with the objective to diversify the Board;
- b. Identifying individuals suitably qualified to be appointed as the KMPs or in the senior management of the Company;
- c. Recommending to the Board on the selection of individuals nominated for directorship;
- d. Making recommendations to the board on the remuneration payable to the Director/ KMPs /SMPs so appointed / reappointed;
- e. Assessing the independence of independent directors;
- f. Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provision of the Companies Act 2013 and Rules thereunder.
- g. Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- h. Ensuring that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- i. Devising a policy on Board diversity;
- j. Developing a succession plan for the Board and to regularly review the plan.

7. COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

- a. The Committee shall consist of a three (3) or more non-executive directors out of which not less than one-half shall be independent directors.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. The Company Secretary of the Company shall act as Secretary of the Committee.

8. CHAIRMAN

- a. The Chairman of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- b. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- c. The Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders’ queries.

9. FREQUENCY OF THE MEETINGS OF THE COMMITTEE

The meeting of the Committee shall be held at such regular intervals as may be required.

10. COMMITTEE MEMBERS’ INTERESTS

- a. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

11. VOTING

- a. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed to be a decision of the Committee.
- b. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

12. MINUTES OF THE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

13. APPLICABILITY

This Policy is applicable to:

- a. Directors (Executive, Non-Executive and Independent)
- b. Key Managerial Personnel
- c. Senior Management Personnel
- d. Other employees as may be decided by the Nomination and Remuneration Committee

14. CRITERIA FOR APPOINTMENT OF DIRECTORS/KMPs/SENIOR MANAGEMENT PERSONNEL

- I. Enhancing the competencies of the Board and attracting as well as retaining talented employees for role of KMPs are the basis for the Nomination and Remuneration Committee to nominate a candidate for appointment by the Board. When recommending a candidate for appointment, the Nomination and Remuneration Committee shall have regard to:
 - a. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the position, with due regard for the benefits from diversifying the Board;
 - b. The extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
 - c. The skills and experience that the appointee brings to the role of KMP/SMP and how an appointee will enhance the skill sets and experience of the Board as a whole;
 - d. The nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- II. **Personal Specifications:**
 - a. Degree holder in relevant disciplines;
 - b. Experience of management in a diverse organization;
 - c. Excellent interpersonal, communication and representational skills;
 - d. Demonstrable leadership skills;
 - e. Commitment to high standards of ethics, personal integrity and probity;
 - f. Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
 - g. Having continuous professional development to refresh knowledge and skills.

Details of the personal specifications are provided in the **Annexure** hereto.

15. REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

(A) General

The guiding principle is that the level and composition of remuneration shall be reasonable and sufficient to attract, retain and motivate Directors, KMPs and other SMPs. The salary of Directors, Key Management Personnel and other Senior Management Personnel shall be based & determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

The Nomination & Remuneration Committee shall determine individual remuneration packages for Directors, KMPs and SMPs of the Company taking into account factors it deems relevant, including but not limited to market, business performance and practices in comparable companies, having due regard to financial and commercial health of the Company as well as prevailing laws and government/other guidelines. The Committee shall consult with the Chairman of the Board as it deems appropriate.

The remuneration/ compensation/ commission etc. to Directors and KMPs determined by the Committee will be recommended to the Board for its approval. The remuneration/ compensation/ commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required. Increments to the existing remuneration/ compensation structure of Directors and KMPs shall be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Directors.

Where any insurance is taken by the Company on behalf of its Directors, KMPs and SMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

(B) Provisions under Companies Act, 2013 In Respect of Directors

- a. The remuneration and commission to be paid to Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force.
- b. The total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Director (including its Manager, if any) in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed as per the manner prescribed under the Act.
- c. The Company with the approval of the Shareholders and Central Government may authorise the payment of remuneration exceeding eleven percent of the net profits of the company, subject to the provisions of Schedule V of the Act.
- d. The Company may with the approval of the shareholders authorise the payment of remuneration upto five percent of the net profits of the Company to any one Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.
- e. The Company may pay remuneration to its Directors, other than Managing Director and Whole Time Director upto one percent of the net profits of the Company, if there is a Managing Director or Whole Time Director or Manager and three percent of the net profits in any other case.



(C) Remuneration Composition

I. Remuneration to Executive Directors and KMPs

Fixed Pay:

- a. Executive Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
- b. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Variable Components:

The Executive Directors and KMPs may participate in a performance linked variable pay scheme which will be based on the individual and company performance for the year, pursuant to which the Executive Directors and KMPs are entitled to performance-based variable remuneration.

II. Remuneration to Directors other than Executive Directors:

Sitting Fees:

- a. The Non- Executive / Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committee thereof.
- b. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

Commission:

The Non- Executive / Independent Directors may receive Commission on yearly basis as per the Policy of the Company with regards to the profits achieved by the Company.

III. Remuneration to Senior Management Personnel:

- a. The Nomination and Remuneration Committee may determine from time to time the remuneration payable to Senior Management Personnel including the increments payable as per the Policy.
- b. The authority of such determination of remuneration of the SMPs may be delegated to the Managing Director by the Nomination and Remuneration Committee as the Committee deems fit in this regard.
- c. The Managing Director shall from time to time intimate the Nomination and Remuneration Committee the remuneration payable to the Senior Management Personnel in case of delegation of authority to him by the Nomination and Remuneration Committee.

Fixed Pay:

- a. Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Nomination and Remuneration Committee. However, in case of Manager as defined under Companies Act, 2013, the remuneration shall be in accordance with the statutory provisions of the Companies Act, 2013, and the Rules made there under for the time being in force.
- b. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Nomination and Remuneration Committee.

Variable Components:

The Senior Management Personnel may participate in a performance linked variable pay scheme which will be based on the individual and Company performance for the year, pursuant to which the Senior Management Personnel are entitled to performance-based variable remuneration.

16. CRITERIA FOR EVALUATION OF DIRECTORS/ KMPs/SMPs OF THE COMPANY

- I. The evaluation of the Directors, KMPs and the SMPs of the Company shall be conducted on an annual basis.
- II. The following criteria may be considered in determining how effective the performances of the Directors/ KMPs / SMPs have been:
 - a. Leadership & stewardship abilities
 - b. Contributing to clearly define corporate objectives & plans
 - c. Communication of expectations & concerns clearly with subordinates
 - d. Obtain adequate, relevant & timely information from external sources.
 - e. Review & approval achievement of strategic and operational plans, objectives, budgets
 - f. Regular monitoring of corporate results against projections
 - g. Identify, monitor & mitigate significant corporate risks
 - h. Assess policies, structures & procedures
 - i. Direct, monitor & evaluate KMPs, SMPs
 - j. Review management's succession plan
 - k. Effective meetings
 - l. Assuring appropriate board size, composition, independence, structure
 - m. Clearly defining roles & monitoring activities of committees
 - n. Review of corporation's ethical conduct
- III. Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/Non-Independent Directors in a separate meeting of the Independent Directors.
- IV. The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated will not participate in the said evaluation discussion.

17. TERM OF APPOINTMENT AND LIMITS ON NUMBER OF DIRECTORSHIPS

I. Managing Director or Whole – Time Directors

The Company shall appoint or re-appoint any person as its Managing Director / Whole-Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

II. Independent Directors

- a. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- b. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- c. The maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

For reckoning the limit of public companies in which a person can be appointed as Director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

- d. The appointment shall be subject to the other applicable provisions of Companies Act, 2013

18. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes, seminars and plant visits.

19. REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

20. RETIREMENT

The Directors & KMPs shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company, while SMPs shall retire as per the prevailing policy of the Company. The Board will have the discretion to retain the Directors, KMPs, SMPs in the same position / remuneration or otherwise even after attaining the retirement age, in the best interest and benefit of the Company.

21. DISCLOSURES

The Company shall disclose the Policy on Nomination and Remuneration in the Board Report.

22. DEVIATION FROM THE POLICY

The Board may, in individual or collective case, deviate from this Policy, in its absolute discretion, if there are particular reasons to do so. In the event of any departure from the Policy, the Board shall record the reasons for such departure in the Board's minutes. However, the deviations made in the Policy shall not be in contradiction to the Companies Act, 2013, and any other laws or rules applicable thereto amended from time to time.

23. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.



Annexure -

Personal Specification for Directors

1. Qualification
 - a. Degree holder in relevant disciplines (e.g. management, accountancy, legal); or
 - b. Recognised specialist
2. Experience
 - a. Experience of management in a diverse organisation
 - b. Experience in accounting and finance, administration, corporate and strategic planning or fund management
 - c. Demonstrable ability to work effectively with a Board of Directors
3. Skills
 - a. Excellent interpersonal, communication and representational skills
 - b. Demonstrable leadership skills
 - c. Extensive team building and management skills
 - d. Strong influencing and negotiating skills
 - e. Having continuous professional development to refresh knowledge and skills
4. Abilities and Attributes
 - a. Commitment to high standards of ethics, personal integrity and probity
 - b. Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace
5. Political inclinations and opinions.

ANNEXURE- D

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employee of the Company for the financial year 2019-20 are as under:

| Name of the Director | Designation | Remuneration In FY 2019-20 | % increase in Remuneration in FY 2019-20 | Ratio of remuneration of each director to median remuneration of employees |
|--|---|-------------------------------|--|--|
| MR. ATULVASANI | MANAGING DIRECTOR | 54,00,000 | - | 20.90 : 1 |
| MRS. JAGRUTI VASANI | WHOLE TIME DIRECTOR | 12,00,000 | - | 4.49 : 1 |
| MR.PRATAPRAI PANACHAND GANDHI | INDEPENDENT DIRECTOR | - | - | - |
| MR.ASHVIN JAMNADAS GANATRA (Appointed w.e.f 31st December, 2019) | INDEPENDENT DIRECTOR | - | - | - |
| MR.MANISH BHAGWANDAS VED (Appointed w.e.f 31st December, 2019) | INDEPENDENT DIRECTOR | - | - | - |
| MR. DEWANSH AJAY VASANI | NON-EXECUTIVE DIRECTOR | - | - | - |
| MR. SANJAY MIRANI (Resigned w.e.f 12th February, 2020) | ADDITIONAL INDEPENDENT DIRECTOR | - | - | - |
| MR. RATNESH SINGH | CHIEF FINANCIAL OFFICER | 9,00,000 | - | 3.37 : 1 |
| MS. KHUSHBOO PANCHAL (Resigned w.e.f 31st October, 2019) | COMPANY SECRETARY & COMPLIANCE OFFICER | 1,05,350 | - | 0.68 : 1 |
| MS. POOJA GARG (Appointed w.e.f 11th December, 2019) (Resigned w.e.f 24th February, 2020) | COMPANY SECRETARY & COMPLIANCE OFFICER | 50,100 | - | 0.90 : 1 |

- The median remuneration of employees of the Company during the financial year was **Rs. 2,67,410/-**
- Percentage increase in the median remuneration of employees in the financial year 2019-20: **3.64%**
- Number of permanent employees on the rolls of Company: **28**



- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.
- The average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2019-20 is **NIL** whereas the percentile increase in the managerial remuneration during the year is **NIL**.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- There were no employees of Company, who were employed throughout the financial year, were in receipt of remuneration for that year which, in the aggregate, was not less than One Crore Two Lakhs Rupees;
- There were no employees of Company, who were employed for a part of the financial year, were in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than Eight Lakh and Fifty Thousand Rupees per month
- There were no employees who were employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.
- The particulars of employees posted and working in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month, as the case may be, as may be decided by the Board – **NA**.

(ii) **Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

| Sr. No | Name of the Employee | Designation of the employee | Remuneration received (Rs) | Nature of Employment, whether contractual or otherwise | Qualifications and experience of the employee | Date of commencement of employment | Age of such employee | The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5 as mentioned above | Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager |
|--------|----------------------|-----------------------------|----------------------------|--|---|------------------------------------|----------------------|---|---|
| NIL | | | | | | | | | |

ANNEXURE - E

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

The Company is into pharmaceutical business, mainly dealing in Active Pharmaceutical Ingredient, pharmaceutical formulations, surgical products, Herbal & Nutraceutical Products, veterinary supplements operating in domestic and export market.

The success of the Company depends significantly on ability to commercialize new pharmaceutical products in India and across various markets around the world.

OPPORTUNITIES AND THREATS

Due to specialized technology involved, the possibility of further competition is minimal. However, lack of large market is its limitation.

The Company believes that it has a competitive edge in the market as the Company delivers timely and quality products to its customers. The Company has long standing relationship with many of its customers and vendors. The Company also believes that the real strength of the Company lies with its employees and they are the assets of the Company.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The business of the company is trading (including exports) of pharmaceuticals products.
During the financial year 2019-20, revenue of operation is Rs. 60,08,56,905 /-

OUTLOOK

The Company is continuously working on strengthening the business. The Company has been successfully executing major orders from various customers and it has been enjoying the confidence of all customers with repeat orders. The Company has been making consistent efforts for improving margins in majority products by reducing the various costs. The results of these initiatives are expected to improve the overall profitability of the Company further during the coming years.

RISKS & CONCERNS

Risk is a potential event or non-event, the occurrence or non-occurrence of which, can adversely affect the objectives or strategy of the Company or result in opportunities being missed. The global pharma industry due to the nature of business carried out is potentially exposed to inherent risks such as product safety & quality issues, intellectual property tangles, inappropriate marketing practices, volatility of exchange rates of rupee against US dollar, etc. thereby leading to penalties, product recalls, brand loss and revenue loss.

Although the comprehensive eradication of risks associated with the business of the Company is unfeasible, constant efforts are made to analyze their potential impact, assess the changes to risk environment and define actions to mitigate their adverse impact.

NOTE ON COVID-19 RELATED RISKS

During these unprecedented times, pharma companies are required to respond to the challenges or risks arising due to COVID-19 pandemic. If the current COVID-19 pandemic lasts for a medium/long span of time, it can potentially have a negative impact on operations resulting from reasons such as extended lockdown impacting manufacturing and R&D operations, forced shutdown in case our employees contact the disease, restrictions of inter-state and international logistics, non-availability of materials from other countries, inability to generate demands from our customers due to significantly reduced business development activities. Potential for critical data loss/ cyber-attacks also have increased, considering remote working option adopted by most of the companies. While Pharma industry is considered as essential services and allowed to have minimal number of personnel continue the operations, it is imperative to adhere to all precautionary measures to ensure safety of the employees attending operations and avoid any contamination. While the full impact of the global pandemic is still unknown, pharma companies need to respond, recover and thrive.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has strong and adequate internal control system suitable to its size and nature of business. The internal audit is done by an independent firm of Chartered Accountants. Internal audits are regularly carried out to review the internal control systems. The systems ensure protection of assets and proper recording of transactions. The internal audit reports along with recommendations contained therein are reviewed by the Audit Committee of the Board. It is a regular practice to review the same by the Audit Committee.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the operating revenue including other income of the Company is Rs. 62,25,82,707 /- for current year as compared to Rs. 77,07,32,331/- in previous year. Your Directors are hopeful to improve the growth rate in turnover. The Company generated funds of Rs. 7,91,053/- as compared to Rs. 1,13,24,607/- in previous year.



MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONTS, INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company had cordial relations with its employees and all problems were solved across the table in a very congenial atmosphere. Your Directors wish to place on record their appreciation to all its employees for their sustained efforts and valuable contribution.

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREOF (I.E. CHANGE OF 25% OR MORE AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR)

| | | |
|----|---|---------|
| 1. | Debtors Turnover | : 1.25 |
| 2. | Inventory Turnover | : 54.89 |
| 3. | Interest Coverage Ratio | : 1.03 |
| 4. | Current Ratio | : 1.52 |
| 5. | Debt Equity Ratio | : 0.84 |
| 6. | Operating Profit Margin | : 0.04 |
| 7. | Net Profit Margin or sector-specific equivalent ratios, as applicable | : 0.001 |

Due to the impact of Bad Debts written off to the extent of Rs.3,46,67,034/- (Three Cores Forty Six Lakhs Sixty Seven Thousand and Thirty Four) the following significant changes in key financial ratios was recorded:

- The Interest Coverage Ratio significantly decreased to 1.03; and
- The Net Profit Margin or Sector – Specific equivalent ratios decreased to 0.001,

Apart from above there is no changes in other Key Financial Ratios

DETAILS OF ANY CHANGE IN RETURN ON NET WORTH AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR ALONG WITH A DETAILED EXPLANATION THEREOF.

The Return on Net Worth in current year is 0.002 and in the previous year was 0.04.
During the period under review the Return on Net Worth significantly decreased to 0.002.

NOTE

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities law and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realization, forex market, changes in government policies and regulations, tax regimes, economic development within India and the countries in which the Company conducts business and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), a Report on Corporate Governance for the Financial Year 2019-20 is presented below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company believes that sound corporate governance is critical to enhance and retain investor trust. Hence our business policies are based on ethical conduct, health, safety and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for all its stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

A report on compliance with corporate governance principles as prescribed under Regulation 17 to 27 read with Schedule V of SEBI Listing Regulations, as applicable, is given below.

II. BOARD OF DIRECTORS

- i. In order to have a robust governance, we have a multi-tiered governance structure with defined roles and responsibilities of every constituent of the system. The Board of Directors ('the Board') is the apex body constituted by the shareholders to oversee the company's overall functioning. The Board is responsible for providing strategic supervision, overseeing the management performance and governance of the Company on behalf of the shareholders and other stakeholders. The Board exercises independent judgement and plays a vital role in the oversight of the Company's affairs.
- ii. The Company's day to day affairs are managed by a competent management team under the overall supervision of the Board. The Board is committed to representing the long-term interests of the stakeholders and in providing effective governance over the Company's affairs and exercising reasonable business judgement on the affairs of the Company.
- iii. Composition of the Board: Our Board represents an appropriate mix of Executive Directors ('EDs'), Non-Executive Directors ('NEDs') and Independent Directors ('ID'), which is compliant with the composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.
- iv. As on March 31, 2020, the Board of Directors comprised of six members consisting of one Managing Director, one Whole-time Director, one Non-Executive Director, and three Independent Directors (ID). The Board periodically evaluates the need for change in its composition and size. Detailed profile of our Directors is available on our website at www.vaishalipharma.com.
- v. None of the Directors serve as a Director in more than seven listed companies. Further, none of the Directors serves as an ID in more than seven listed companies or three listed companies in case he/she serves as an ED in any listed company. None of the Directors on the Board are a member of more than 10 committees and a chairperson of more than 5 committees, across all public limited companies in which he/she is a Director. Further, none of our IDs serve as Non-Independent Director of any company on the board of which any of our Non-Independent Director is an ID.
- vi. Mr. Atul Arvind Vasani (DIN:- 02107085) is the Chairperson and Managing Director of the Company. Mrs. Jagruti Atul Vasani (DIN:- 02107094) is the Whole-Time Director, Mr. Dewansh Ajay Vasani (DIN:- 08111804) is Non-Executive Non-Independent Director of the Company.
- vii. Eleven Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

| | | |
|----------------------------------|---------------------------------|----------------------------------|
| 30 th May, 2019 | 26 th August, 2019 | 29 th September, 2019 |
| 30 th September, 2019 | 19 th October, 2019 | 21 st October, 2019 |
| 14 th November, 2019 | 07 th December, 2019 | 11 th December, 2019 |
| 31 st December, 2019 | 15 th February, 2020 | |



- viii. The names and categories of the Directors on the Board, their attendance at board meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he / she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

| Name of Director | Category and Designation | Number of Board Meetings attended during the FY 2020 | Whether attended last AGM held on 30 th , September, 2019 | Number of Directorships in other Public Companies | | Number of Committee positions held in other Public Companies | | Directorship in other listed entity |
|---------------------------------------|---------------------------------|--|--|---|--------|--|--------|-------------------------------------|
| | | | | Chairman | Member | Chairman | Member | (Category of Directorship) |
| Mr. Atul Vasani (DIN:- 02107085) | Chairman & Managing Director | 10 | Yes | - | - | - | - | - |
| Mrs. Jagruti Vasani (DIN:- 02107094) | Whole-Time Director | 10 | Yes | - | - | - | - | - |
| Mr. Prataprai Gandhi (DIN:- 07832673) | Independent Director | 11 | Yes | - | - | - | - | - |
| Mr. Dewansh Vasani (DIN:- 08111804) | Non-Executive Director | 11 | Yes | - | - | - | - | - |
| Mr. Sanjay Mirani* (DIN:- 08216772) | Independent Director | 10 | No | - | - | - | - | - |
| Mr. Ashvin Ganatra (DIN:- 08653815) # | Additional Independent Director | 1 | NA | - | - | - | - | - |
| Mr. Manish Ved (DIN:- 08654674) # | Additional Independent Director | 1 | NA | - | - | - | - | - |

*Mr. Sanjay Girdharilal Mirani (DIN – 08216772) ceased to be the Independent Director with effect from 12th February, 2020.

Mr. Ashvin Jamnadas Ganatra (DIN - 08653815) and Mr. Manish Bhagwandas Ved (SIN:- 08654674) were appointed as the Additional Independent Directors of the Company with effect from 31st December, 2019.

- ix. During Financial Year 2019 - 2020, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- x. During Financial Year 2019 - 2020, one meeting of the Independent Directors was held on 15th February, 2020. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- xi. During Financial Year 2019 - 2020, Mr. Sanjay Girdharilal Mirani (DIN – 08216772) ceased to be the Independent Director with effect from 12th February, 2020 due to health issues. Further, he confirmed that there is no other material reason other than the one mentioned above, for his resignation from the Board of the Company, as per the resignation letter dated 12th February, 2020.
- xii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- xiii. Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

| Name | Category and Designation | Number of Equity Shares |
|---|----------------------------------|-------------------------|
| Mr. Atul Vasani (DIN:- 02107085) | Chairman & Managing Director | 54,64,616 |
| Mrs. Jagruti Vasani (DIN:- 02107094) | Whole-Time Director | 4,79,992 |
| Mr. Dewansh Vasani (DIN:- 08111804) | Non-Executive Director | 1 |
| Mr. Prataprai Gandhi (DIN:- 07832673) | Independent Directors | NIL |
| Mr. Ashvin Ganatra (DIN:- 08653815) # | Additional Independent Directors | NIL |
| Mr. Manish Ved (DIN:- 08654674) # | Additional Independent Directors | NIL |

The Company has not issued any convertible instruments.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. Being a pharmaceutical Industry, the Company's business runs across different industry verticals, geographical markets and is global in nature. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come. The core skills / expertise / competencies fundamental for the effective functioning of the Company:

| skills / expertise / competencies identified by the Board of Directors as required in the context of its business and sectors | Names of the Directors who have such skills / expertise / competencies |
|---|--|
| Media Sector | Mr. Atul Vasani |
| Retail Marketing | Mr. Dewansh Vasani, Mr. Ashvin Ganatra |
| Accounts and Finance, Financial Management, Taxation | Mr. Atul Vasani, Mr. Dewansh Vasani |
| Corporate Governance, Administration | Mrs. Jagruti Vasani |
| Legal and Compliance | Mr. Atul Arvin Vasani |
| Business Strategy and Management | Mr. Manish Ved, Mr. Prataprai Gandhi |

III. COMMITTEES OF THE BOARD

- A. In compliance of SEBI Listing Regulation and provisions of Companies Act, 2013, the Board of Directors constituted three Committees i.e. the Audit Committee, Nomination & Remuneration Committee and Stakeholder relationship Committee vide resolution passed at the meeting held on 21st June, 2017.

• AUDIT COMMITTEE

EXTRACT OF TERMS OF REFERENCE:-

Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013.

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Internal auditor shall be subject to review by the Audit Committee.



OTHER DETAILS:-

- The Committee was re-constituted twice by Board of Directors of the Company on 31st December, 2019 and 12th February, 2020.
 - Eight Meeting of the Audit Committee were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:-
 - Committee Invites such as the Chief financial Officer as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.
- | | | |
|----------------------------------|---------------------------------|----------------------------------|
| 30 th May, 2019 | 26 th August, 2019 | 29 th September, 2019 |
| 30 th September, 2019 | 14 th November, 2019 | 11 th December, 2019 |
| 31 st December, 2019 | 15 th February, 2020 | |
- The Company Secretary acts as the Secretary to the Audit Committee.
 - During the year under review, Ms. Khushboo Panchal (Mem no - ACS51308) resigned from the position of Company Secretary with effect from 31st October, 2019 and Mrs. Pooja Garg (Mem.no – A24604) was appointed on 11th December, 2019 for the position of Company Secretary and Compliance Officer and subsequently she resigned with effect from 24th February, 2020, due to personal reasons.
 - The previous AGM of the Company was held on 30th September, 2019 and was attended by, Mr. Prataprai Gandhi the then Chairman of the Audit Committee.

THE COMPOSITION OF THE COMMITTEE IS AS UNDER:

| Sr. No | Name | Category | Position | Attendance | |
|--------|----------------------|----------------------|----------|------------|----------|
| | | | | Entitled | Attended |
| 1 | Mr. Prataprai Gandhi | Independent Director | Chairman | 8 | 8 |
| 2 | Mr. Ashvin Ganatra # | Independent Director | Member | 1 | 1 |
| 3 | Mr. Manish Ved # | Independent Director | Member | 1 | 1 |
| 4 | Mr. Atul Vasani | Managing Director | Member | 7 | 7 |
| 5 | Mr. Sanjay Mirani * | Independent Director | Member | 7 | 7 |

Appointed w.e.f 31st December, 2019

* Resigned w.e.f. 12th February, 2020

• **NOMINATION AND REMUNERATION COMMITTEE**

EXTRACT OF TERMS OF REFERENCE:-

Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Companies Act, 2013.

- Recommend to the Board the setup and composition of the Board and its committees.
- Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel.
- Support the Board and Independent Directors in evaluation of the performance of the Board, its Committees and Individual Directors.
- Recommend the Board the remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees.
- Oversee the Familiarisation programs for the Directors.

OTHER DETAILS:-

- The Committee was re-constituted twice by Board of Directors of the Company on 31st December, 2019 and 12th February, 2020.
- Six Meeting of the Nomination and Remuneration Committee were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:-

| | | |
|---------------------------------|----------------------------------|----------------------------------|
| 26 th August, 2019 | 29 th September, 2019 | 30 th September, 2019 |
| 11 th December, 2019 | 31 st December, 2019 | 15 th February, 2020 |

- Committee Invites such as the Chief financial Officer as it considers appropriate, representatives of the statutory auditors and internal auditors, to be present at its meetings.
- The Company Secretary acts as the Secretary to the Audit Committee.
- During the year under review, Ms. Khushboo Panchal (Mem no - ACS51308) resigned from the position of Company Secretary with effect from 31st October, 2019 and Mrs. Pooja Garg (Mem.no – A24604) was appointed on 11th December, 2019 for the position of Company Secretary and Compliance Officer and subsequently she resigned with effect from 24th February, 2020, due to personal reasons.
- The previous AGM of the Company was held on 30th September, 2019 and was attended by, Mr. Prataprai Gandhi the then Chairman of the Audit Committee.

THE COMPOSITION OF THE COMMITTEE ARE AS UNDER:

| Sr. no. | Name | Category | Position | Attendance | |
|---------|----------------------|----------------------|----------|------------|----------|
| | | | | Entitled | Attended |
| 1 | Mr. Prataprai Gandhi | Independent Director | Chairman | 6 | 6 |
| 2 | Mr. Ashvin Ganatra # | Independent Director | Member | 1 | 1 |
| 3 | Mr. Manish Ved # | Independent Director | Member | 1 | 1 |
| 4 | Mr. Atul Vasani | Managing Director | Member | 6 | 6 |
| 2 | Mr. Sanjay Mirani * | Independent Director | Member | 5 | 5 |

Appointed w.e.f 31st December, 2019

* Resigned w.e.f. 12th February, 2020



- Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

- Remuneration Policy:

Remuneration policy of the Company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility

through pay models that are compliant to local regulations. In each country where the Company operates, the remuneration structure is tailored to the regulations, practices and benchmarks prevalent in the Pharmaceutical Industry.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the Board and Members and are effective April 1, each year.

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, decides the commission payable to the Managing Director and the Executive Directors out of the profits for the financial year and within the ceilings prescribed under the Act, based on the Board evaluation process considering the criteria such as the performance of the Company as well as that of the Managing Director and each Executive Director.

The Company pays sitting fees of Rs. 1,100/- (One Thousand and One Hundred) per meeting to its Independent Directors for attending meetings of the Board and meetings of committees of the Board. The Company does not pay any commission to the Non-Executive Directors. The Company also reimburses the out-of-pocket expenses, if any incurred by the Directors for attending the meetings. The Remuneration policy is available on <https://vaishalipharma.com/investors/company-policy/>.

IV. DETAILS OF THE REMUNERATION FOR THE YEAR ENDED MARCH 31, 2020:

Remuneration to Managing Director, Whole-Time Directors and/or Manager:

| | Name | Mr. Atul Vasani | Mrs. Jagruti Vasani | Total Amount (rs.) |
|---|---|-------------------|---------------------|--------------------|
| | Designation | Managing Director | Whole Time Director | |
| 1 | gross salary | | | |
| | (a) salary as per provisions contained in section 17(1) of the income-tax act, 1961 | 54,00,000 | 12,00,000 | 66,00,000 |
| | (b) value of perquisites u/s 17(2) income-tax act, 1961 | - | - | - |
| | (c) profits in lieu of salary under section 17(3) income- tax act, 1961 | - | - | - |
| 2 | stock option | - | - | - |
| 3 | sweat equity | - | - | - |
| 4 | commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | others, please specify | - | - | - |
| | Total (a) | 54,00,000 | 12,00,000 | 66,00,000 |

➤ Remuneration to other Directors:

| Sr. No | Particulars of Remuneration | Name of Directors | | | | Total Amount (in RS.) |
|--------|--|---------------------------|---------------------|-------------------------------|-----------------------------|-----------------------|
| | | Mr. Prataprai Gandhi | Mr. Sanjay Mirani # | Mr. Ashvin Jamnadas Ganatra * | Mr. Manish Bhagwandas Ved * | |
| 3 | Independent Directors | - | - | - | - | - |
| | • Fee for attending board / committee meetings | 33,000 | 27,500 | 5,500 | 5,500 | 71,500 |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (1) | 33,000 | 27,500 | 5,500 | 5,500 | 71,500 |
| 4 | Other Non-Executive Directors | Mr. Dewansh Vasani | | | - | |
| | • Fee for attending board / committee meetings | - | - | - | - | - |
| | • Commission | - | - | - | - | - |
| | • Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total (B)=(1+2) | - | - | - | - | - |
| | Total Managerial Remuneration | - | - | - | - | - |

Resigned w.e.f 12.02.2020

* Appointed w.e.f 31.12.2019

• **STAKEHOLDER RELATIONSHIP COMMITTEE**

EXTRACT OF TERMS OF REFERENCE:-

Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.

The broad terms of reference are as under:

- Consider and resolve the grievances of the Security holders.
- Consider and approve Issue of share certificates, transfer and transmission of securities, etc.
- Review activities with regard to the Health Safety and Sustainability Initiatives of the Company.

OTHER DETAILS:-

- The Committee was re-constituted twice by Board of Directors of the Company on 31st December, 2019 and 12th February, 2020.
- Four Meeting of the Stakeholder Relationship Committee were held during the year under review.

26th August, 2019

30th September, 2019

14th November, 2019

15th February, 2020

- Details of Investor Complaint and Compliance Officer are provided at serial no. III(ii) below.
- The previous AGM of the Company was held on 30th September, 2019 and was attended by Mr. Prataprai Gandhi the then Chairman of the Stakeholders' Relationship Committee.



THE COMPOSITION OF THE COMMITTEE IS AS UNDER:

| Sr. No. | Name | Category | Position | Attendance | |
|---------|----------------------|------------------------|----------|------------|----------|
| | | | | Entitled | Attended |
| 1 | Mr. Dewansh Vasani | Non-Executive Director | Chairman | 4 | 4 |
| 2 | Mr. Prataprai gandhi | Independent Director | Member | 4 | 4 |
| 3 | Mr.Ashvin Ganatra # | Independent Director | Member | 1 | 1 |
| 4 | Mr.Manish Ved # | Independent Director | Member | 1 | 1 |
| 5 | Mr. Sanjay mirani* | Independent Director | Member | 3 | 3 |

Appointed w.e.f 31st December, 2019

* Resigned w.e.f. 12th February, 2020

B. Stakeholders' Relationship Committee - other details

a. Name, designation and address of Compliance Officer:

Name : Akshay Jharkhandi
 Designation : Company Secretary & Compliance Officer
 Address : 706 TO 709, 7th Floor, Aravali Business Center, R. C. Patel Road, off Sodawala Lane, Borivali (W), Mumbai- 400092.
 Email Id : cs@vaishalipharma.com
 Telephone : 022 - 42171819

b. Details of investor complaints received and redressed during FY 2020 are as follows:

| Opening balance | Received during the year | Resolved during the year | Closing balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0 | 0 | 0 | 0 |

V. GENERAL BODY MEETINGS

i. General Meeting

a. Annual General Meeting ("AGM"):

| Financial Year | Date | Time | Venue |
|----------------|----------------------------------|----------|---|
| 2016 - 2017 | 19 th August, 2017 | 09:00 am | 706 to 709, 7th Floor, Aravali Business Center, R. C. Patel Road, Off. Sodawala Lane, Borivali (West), Mumbai – 400 092 |
| 2017 - 2018 | 29 th September, 2018 | 09:00 am | |
| 2018 - 2019 | 30 th September, 2019 | 09:00 am | |

b. Special resolution passed at the AGM held for the financial year 2018 - 2019:

- Special resolution for re- appointment of Mr. Atul Vasani as Managing Director;
- Special resolution for re- appointment of Mrs. Jagruti Vasani as a Whole – Time Director;
- Special Resolution for appointment of Mr. Sanjay Mirani as an Independent Director;
- Special Resolution for the continuation of Mr. Prataprai Gandhi as an Independent Director.

c. Extraordinary General Meeting:

No extraordinary general meeting of the members was held during FY 2020.

d. Details of resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

i. The details of Scrutinizer :-

- Name of the Scrutinizer : Aashish K Bhatt & Associates
- Address : D / 101, Lata Annexe, Above Axis bank, W.E. Highway, Borivali (East), Mumbai - 400066
- Mobile : +91 9867151081
- Fax : 022 28461715
- Email : mail@aashishbhatt.in
- Website : www.aashishbhatt.in

ii. Special Resolutions Passed Through Postal Ballot:

- a. The Company migrated the listing / Trading of Equity Shares from NSE SME platform i.e. NSE Emerge to Main Board of NSE and approval of Shareholders of the Company was accorded and 39,54,831(Thirty Nine Lakhs Fifty Four Thousand Eight Hundred and Thirty One) Equity Shares of the Company of face value Rs. 10/- per share, were listed on NSE EMERGE SME Platform along with existing listed equity shares for migration to NSE Main Board, at the prevailing market price on the date of Migration.

The Details of Scrutinizer's Report :-

| Category | Mode of Voting | No. of shares held | No. of votes vested | % of Votes Voted on outstanding shares | No. of Votes - in favour | No. of Votes - against | % of votes in favour on votes voted | % of votes against on votes voted |
|-----------------------------|----------------|--------------------|---------------------|--|--------------------------|------------------------|-------------------------------------|-----------------------------------|
| | E-Voting | | 0 | 0 | 0 | 0 | 0 | 0 |
| Promoter and Promoter Group | Postal Ballot | 3715385 | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| | Total | | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| Public Institutions | E-Voting | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | | 0 | 0 | 0 | 0 | 0 | 0 |
| Public – Non Institutions | E-Voting | 2876000 | 1600 | 0.06 | 1600 | 0 | 100 | 0 |
| | Postal Ballot | | 1364000 | 47.43 | 1364000 | 0 | 100 | 0 |
| | Total | | 1365600 | 47.49 | 1365600 | 0 | 100 | 0 |
| Total | | 6591385 | 5080985 | 77.09 | 5080985 | 0 | 100 | 0 |



iii. Ordinary Resolutions Passed Through Postal Ballot:

- a. Authorized Share Capital of the Company was increased from Rs. 7,50,00,000/- (Rupees Seven Crore Fifty Lakhs Only) divided into 74,95,000 (Seventy Four Lakhs Ninety Five Thousand) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 50,000 (Fifty Thousand), 7% Non-Cumulative Redeemable Preference Shares of Re.1/- (Rupee One Only) each to Rs. 11,00,00,000/- (Rupees Eleven Crore Only) divided into 1,10,00,000 (One Crore Ten Lakhs) Equity Shares of Rs.10/- (Rupees Ten Only) each, approved by the Board of Director at their meeting held on 26th August, 2019, consequently the alteration to the capital clause of Memorandum of Association was approved by way of ordinary resolution passed by the Shareholder through of Postal Ballot.

The Details of Scrutinizer's Report :-

| Category | Mode of Voting | No. of shares held | No. of votes vested | % of Votes Voted on outstanding shares | No. of Votes - in favour | No. of Votes - against | % of votes in favour on votes voted | % of votes against on votes voted |
|-----------------------------|----------------|--------------------|---------------------|--|--------------------------|------------------------|-------------------------------------|-----------------------------------|
| Promoter and Promoter Group | E-Voting | 3715385 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| | Total | | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| Public Institutions | E-Voting | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | | 0 | 0 | 0 | 0 | 0 | 0 |
| Public – Non Institutions | E-Voting | 2876000 | 1600 | 0.06 | 1600 | 0 | 100 | 0 |
| | Postal Ballot | | 1364000 | 47.43 | 1364000 | 0 | 100 | 0 |
| | Total | | 1365600 | 47.49 | 1365600 | 0 | 100 | 0 |
| Total | | 6591385 | 5080985 | 77.09 | 5080985 | 0 | 100 | 0 |

- b. Furthermore, the Company also rewarded the shareholders by way of issue of Bonus Shares in the proportion of 3:5 i.e. 3 (Three) fully paid bonus equity shares of Rs.10/- each for every 5 (Five) fully paid equity shares of Rs.10/- each and the allotment of 39,54,828 equity shares was made on October 19, 2019, to the eligible shareholders. With this the Paid Up Share Capital of the Company increased to Rs. 10,54,62,130/- (Rupees Ten Crores Fifty Four Lakhs Sixty Two Thousand One Hundred and Thirty) divided into 1,05,46,213 (One Crore Five Lakhs Fourty Six Thousand Two Hundred and Thirteen) Equity Shares of Rs.10/- (Rupees Ten) each as against the earlier of Rs. 6,59,13,850/- (Six Crores Fifty nine Lakhs Thirteen Thousand Eight Hundred and Fifty) divided into 1,05,46,213 (One Crore Five Lakh Fourty Six Thousand Two Hundred and Thirteen) Equity Shares of Rs.10/- each.

The Details of Scrutinizer's Report :-

| Category | Mode of Voting | No. of shares held | No. of votes vested | % of Votes Voted on outstanding shares | No. of Votes - in favour | No. of Votes - against | % of votes in favour on votes voted | % of votes against on votes voted |
|-----------------------------|----------------|--------------------|---------------------|--|--------------------------|------------------------|-------------------------------------|-----------------------------------|
| Promoter and Promoter Group | E-Voting | 3715385 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| | Total | | 3715385 | 100 | 3715385 | 0 | 100 | 0 |
| Public Institutions | E-Voting | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Postal Ballot | | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | | 0 | 0 | 0 | 0 | 0 | 0 |
| Public – Non Institutions | E-Voting | 2876000 | 1600 | 0.06 | 1600 | 0 | 100 | 0 |
| | Postal Ballot | | 1364000 | 47.43 | 1364000 | 0 | 100 | 0 |
| | Total | | 1365600 | 47.49 | 1365600 | 0 | 100 | 0 |
| Total | | 6591385 | 5080985 | 77.09 | 5080985 | 0 | 100 | 0 |

VI. None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report.

VII. M/s. Raman S. Shah & Associates, Chartered Accountants (Firm Registration No. 119891W) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

(Amount in Rupees)

| Particulars | Amount |
|---|------------|
| Services as statutory auditors (including quarterly audits) | 1,25,000/- |
| Fees for other audit related services | 5,000/- |
| Total | 1,30,000/- |



VIII. Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in newspapers in India which include Free Press Journal and Navshakti. The results are also displayed on the Company's website www.vaishalipharma.com. Statutory notices are published in The Free Press and Navshakti. The Company also issues press releases from time to time. Financial results, statutory notices, press releases and presentations made to the institutional investors/ analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited (NSE) as well uploaded on the Company's website.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

IX. General shareholder information

i. Annual General Meeting for Financial Year 2019 - 2020

| | | |
|-------|---|---|
| Date | : | Wednesday, 30 th September, 2020 |
| Time | : | 11:00 a.m. |
| Venue | : | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. hence, the deemed venue of AGM will be registered office of the Company. For details please refer to the Notice of this AGM forming part of this Annual Report. |

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.

ii. Financial Calendar

| | | |
|------------------|---|---|
| Year ending | : | 31 ST March, 2020 |
| AGM in | : | September |
| Dividend Payment | : | No Dividend was declared in the financial year 2019 -2020 |

iii. Date of Book Closure / Record Date

: 24th September, 2020 to 30th September, 2020 (both days inclusive)

iv. Listing on Stock Exchanges

: National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East),
Mumbai 400 051

v. Stock Codes / Symbol

NSE : VAISHALI

Listing Fees as applicable have been paid.

vi. Corporate Identity Number (CIN) of the Company: L52310MH2008PLC181632

vii. Market Price Data:

During the period under review, the Company has migrated from NSE SME Platform i.e. NSE Emerge to Main Board of NSE with effect from 15th January, 2020. Hence, the Market price Data from 15th January is available on NSE and placed as under:-

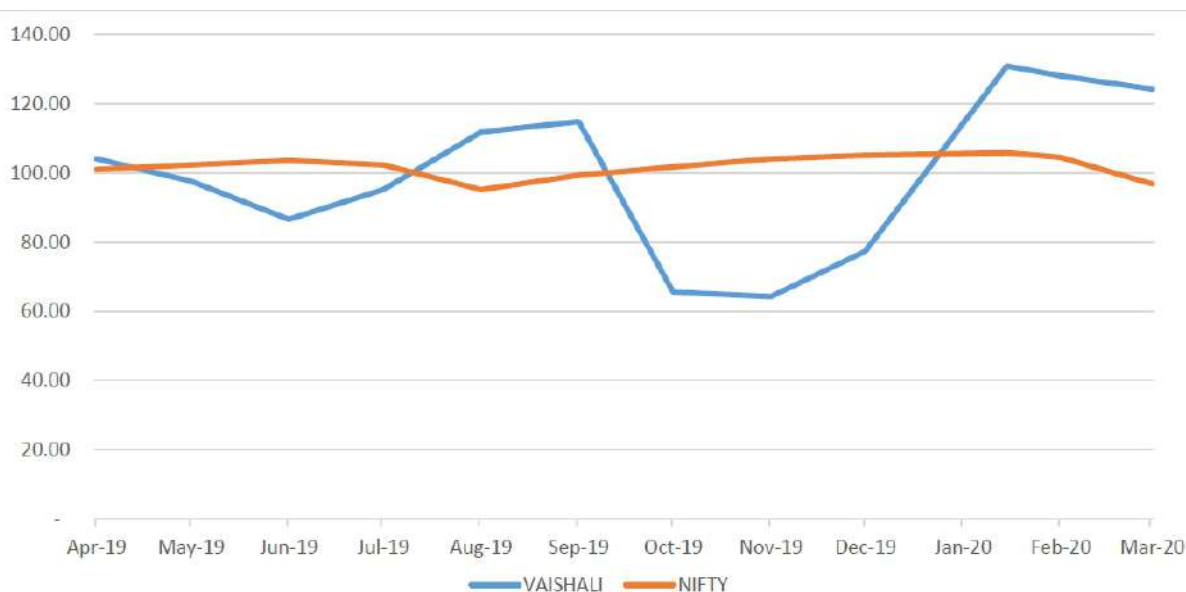
High, Low (based on daily closing prices) and number of equity shares traded during each month in the Financial Year 2019 - 2020 on SME.

| Month | NSE | | Total number of equity shares traded |
|---|---------------|--------------|--------------------------------------|
| | High (Rupees) | Low (Rupees) | |
| APR – 2019 | 43.75 | 36.50 | 68,800 |
| MAY – 2019 | 41.00 | 34.00 | 22,400 |
| JUN – 2019 | 36.40 | 28.95 | 25,600 |
| JUL – 2019 | 40.00 | 33.50 | 72,000 |
| AUG – 2019 | 47.00 | 42.00 | 32,000 |
| SEP – 2019 | 48.25 | 45.00 | 41,600 |
| OCT – 2019 | 27.55 | 27.55 | 12,800 |
| NOV – 2019 | 27.00 | 26.00 | 17,920 |
| DEC - 2019 | 32.50 | 24.20 | 53,760 |
| JAN – 2020 (till 14 th January, 2020) | 44.50 | 33.50 | 12,880 |

High, Low (based on daily closing prices) and number of equity shares traded during each month in the Financial Year 2019 - 2020 on NSE.

| Month | NSE | | Total number of equity shares traded |
|---|---------------|--------------|--------------------------------------|
| | High (Rupees) | Low (Rupees) | |
| JAN – 2020 (from 15 th January, 2020) | 55.00 | 46.15 | 2,20,132 |
| FEB – 2020 | 53.80 | 49.20 | 2,44,642 |
| MAR – 2020 | 52.20 | 40.05 | 2,52,566 |

Performance in comparison to broad based indices viz. NIFTY 50 (Daily closing prices):



Note:- Vaishali Pharma Limited closing share price and NIFTY 50 values as on 01st April, 2019 have been baselined to 100.



The Equity Shares of the Company were not suspended from trading.

viii. Registrars and Transfer Agents

Name and Address : Bigshare Services Private Limited
1st Floor, Bharat Tin Woks Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400059, Maharashtra, India

Telephone : +91 6263 8269

Fax : +91 226263 8299

E-mail : info@bigshareonline.com

Website : www.bigshareonline.com

ix. Share Transfer System:

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorised by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

x. Shareholding as on March 31, 2020:

a. Distribution of equity shareholding as on March 31, 2020:

| Sr No | Shareholding of Nominal | | Number of Shareholders | % to Total | Shares | % to Total |
|-------|-------------------------|-----------|------------------------|------------|----------|------------|
| 1 | 1 | 500 | 409 | 57.5246 | 10401 | 0.0986 |
| 2 | 501 | 1000 | 15 | 2.1097 | 13441 | 0.1274 |
| 3 | 1001 | 2000 | 18 | 2.5316 | 25717 | 0.2439 |
| 4 | 2001 | 3000 | 161 | 22.6442 | 411983 | 3.9065 |
| 5 | 3001 | 4000 | 5 | 0.7032 | 19080 | 0.1809 |
| 6 | 4001 | 5000 | 3 | 0.4219 | 13740 | 0.1303 |
| 7 | 5001 | 10000 | 44 | 6.1885 | 281439 | 2.6686 |
| 8 | 10001 | 999999999 | 56 | 7.8762 | 9770412 | 92.6438 |
| TOTAL | | | 711 | 100.0000 | 10546213 | 100.0000 |

b. Categories of equity shareholding as on March 31, 2020:

| Category of Equity Shareholders | Number of Equity share held | Percentage of holding |
|---|-----------------------------|-----------------------|
| Promoters | 59,44,608 | 56.3672% |
| Other Entities of the Promoter Group | 807,685 | 7.6586% |
| Mutual Funds and UTI | - | - |
| Banks, Financial Institutions, States and Central Government | - | - |
| Insurance Companies | - | - |
| Foreign Institutional Investors and Foreign Portfolio Investors – Corporate | - | - |
| NRI's / OCB's / Foreign Nationals | - | - |
| Body Corporates (Non-Institutional) | 7340 | 0.07% |
| Indian Public and Others | 3786580 | 35.90% |
| Alternate Investment Fund | - | - |
| IEPF account | - | - |
| GRAND TOTAL | 10546213 | 100.00% |

c. Top ten equity shareholders of the Company as on March 31, 2020:

| Sr No. | Name of the Shareholder | Number of equity shares held | Percentage of holding |
|--------|---|------------------------------|-----------------------|
| 1 | Jenny Ajay Vasani | 5,46,885 | 5.19 |
| 2 | Pantomath Stock Brokers Private Limited | 3,53,040 | 3.35 |
| 3 | Manju Jayantilal Lodha | 2,62,242 | 2.49 |
| 4 | Vikram Jayantilal HUF | 2,14,499 | 2.03 |
| 5 | Kirit C Tolia | 1,62,560 | 1.54 |
| 6 | Jayantilal Hansraj Lodha | 1,17,565 | 1.11 |
| 7 | Ketan Chhaganlal Patel | 99,840 | 0.95 |
| 8 | Patel Dharmendra M | 76,800 | 0.73 |
| 9 | Manji Karaman Patel | 76,800 | 0.73 |
| 10 | Neetu Shyamal Gupta | 69,120 | 0.66 |

xi. Dematerialization of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form on NSE. Equity shares of the Company representing 100 percent of the Company's equity share capital are dematerialized as on March 31, 2020. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE972X01014

xii. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence, as on March 31, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

xiii. Commodity price risk or foreign exchange risk and hedging activities:

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

xiv. Equity shares in the suspense account:



There are no Equity Shares of the Company in suspense Account. Hence, the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations is not applicable.

xv. Address for correspondence:

Vaishali Pharma Limited
(Formerly known as Vaishali Pharma Private Limited)
706 to 709, 7th floor, Aravali Business Center, R. C. Patel Road,
off Sodawala Lane, Borivali (West), Mumbai-400092
Designated e-mail address for Investor Services: investor@vaishalipharma.com
Website : www.vaishalipharma.com

xvi. The Company obtained Credit MSE Rating from CRISIL mentioned as below:-

| | | |
|-----------------------|---|--|
| CRISIL RATING | : | CRISIL MSE 4 |
| Financial Strength | : | Average |
| Operating performance | : | High (Indicates 'Above Average' creditworthiness in relation to other Micro & Small Enterprises) |
| Report Date | : | January 15, 2019 |
| Valid Till | : | January 14, 2020 |

Further, Due to the impact of the COVID-19 pandemic the Company after migration from NSE SME Platform i.e. NSE Emerge to Main Board of NSE with effect from 15th January, 2020 is under the process of obtaining credit rating.

X. Other Disclosures:-

| Particulars | Regulations | Details | Website link for details/policy |
|---|--|---|---|
| Related party transactions | Regulation 23 of SEBI Listing Regulations and as defined under the Act | There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY2020 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company. | https://vaishalipharma.com/investors/company-policy/ |
| Details of non – compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets during the last three financial years. | Schedule V © 10(b) to the SEBI Listing Regulations | NIL | |
| Vigil Mechanism Policy | Regulation 22 of SEBI Listing Regulations | The Company has this Policy and has established the necessary vigil mechanism for Directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company. | https://vaishalipharma.com/investors/company-policy/ |

| | | | |
|--|---|---|---|
| Discretionary requirements | Schedule II Part E of the SEBI Listing Regulations | <ul style="list-style-type: none"> The Auditors report on Financial Statements of the Company are unqualified. The Internal Auditor of the Company, make relevant presentation to the Audit Committee on their Report. | |
| Subsidiary companies | Regulation 24 of the SEBI Listing Regulations | The Company does not have any material Subsidiary company. | |
| Disclosure of commodity price risk and commodity hedging : | - | Not Applicable | |
| Disclosure of utilization of funds raised through preferential allotment | - | Not Applicable | |
| Policy on Determination of Materiality for Disclosures | Regulation 30 of SEBI Listing Regulations | The Company has adopted this policy. | https://vaishalipharma.com/investors/company-policy/ |
| Policy on Archival and Preservation of Documents | Regulation 9 of SEBI Listing Regulations | The Company has adopted this policy. | https://vaishalipharma.com/investors/company-policy/ |
| Reconciliation of Share Capital Audit Report | Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated December 31, 2002. | A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. | https://www.nseindia.com/get-quotes/equity?symbol=VAISHALI |
| Code of Conduct | Regulation 17 of the SEBI Listing Regulations | The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020. The Code of Conduct is placed on the Website of the Company | https://vaishalipharma.com/investors/company-policy/ |
| Declaration by Chief Executive Officer | - | Declaration signed by Chief Executive Officer or Managing Director of the Company, stating that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior management is annexed to this Report. | |
| Dividend Distribution Policy | Regulation 43A of the SEBI Listing Regulations | The Company has not declared any Dividend. | |
| Terms of Appointment of Independent Directors | Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act | Terms and conditions of appointment / re-appointment of Independent Directors are available on the Company's website. | https://vaishalipharma.com/investors/company-policy/ |



| | | | |
|---|--|--|---|
| Familiarisation Program | Regulations 25(7) and 46 of SEBI Listing Regulations | Details of familiarisation program imparted to Independent Directors are available on the Company's website. | https://vaishalipharma.com/investors/company-policy/ |
| Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 | - | <p>The policy undertaken by the Company on Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 the details of which are available on the Company's website.</p> <p>The Following is the summary of Sexual harassment complaints received and disposed off during the year 2019-2020:-</p> <p>a. Number of complaints pending as on 01st April, 2019: NIL</p> <p>b. Number of Complaints received : NIL</p> <p>c. Number of complaints disposed off : NIL</p> <p>d. Number of complaints pending as on 31st march, 2020 : NIL</p> | https://vaishalipharma.com/investors/company-policy/ |
| Compliance certificate from practicing company secretaries regarding compliance of conditions of corporate governance | - | The Compliance certificate shall be annexed with the Directors' report as ANNEXURE C | |
| Certificate of Non-Disqualification of Directors | - | A certificate from M/s. Disha & Associates, Company Secretaries, confirming that none of the Directors on the Board of the Company were debarred or disqualified from being re-appointed under retirement by rotation and/or continuing as Directors of the Company by the SEBI, Ministry of Corporate Affairs or any other statutory authorities, is annexed to this Report as ANNEXURE - D | |

Date: 02.09.2020
Place: Mumbai

By order of the Board of Directors
Vaishali Pharma Limited
SD/-
Atul Vasani
Chairman & Managing Director
DIN:- 02107085

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE
COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director, Executive Directors, Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2020, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, Chief Executive Officer, Chief operating Officer Company Secretary as on March 31, 2020.

For Vaishali Pharma Limited

SD/-
Mr. Atul Vasani
Managing Director
DIN: 02107085



ANNEXURE-F

CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

To the Members
Vaishali Pharma Limited
CIN: L52310MH2008PLC181632

This report contains details of compliance of conditions of Corporate Governance by Vaishali Pharma Limited ('the Company') for the year ended 31st March 2020 as stipulated in regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock Exchanges.

Management's Responsibility for compliance with the conditions of Listing Regulations

The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Pursuant to the requirements of the Listing Regulations, it is my responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended 31st March 2020.

Opinion

In my opinion, and to the best of my information and according to explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

I, further, state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations and it should not be used by any other person or for any other purpose.

Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without my prior consent in writing.

For M/s. Disha & Associates,

SD/-
Disha Shah
Practicing Company Secretary
Proprietor
Membership No: A34831/ COP No: 22710
UDIN: A034831B000653427

Date: 2nd September 2020
Place: Mumbai

ANNEXURE-G

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To the Members

Vaishali Pharma Limited

CIN: L52310MH2008PLC181632

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Vaishali Pharma Limited** having registered office at 706 to 709, 7th Floor, Aravali Busines Center, R. C. Patel Road, Off Sodawala Lane, Borivali West Mumbai-400092 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2020 have been disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

| Sr. No. | Name of Director | DIN | Original Date of Appointment | Date of Cessation |
|---------|----------------------------|----------|------------------------------|-------------------|
| 1. | Atul Arvind Vasani | 02107085 | 25/04/2008 | - |
| 2. | Jagruti Atul Vasani | 02107094 | 12/11/2009 | - |
| 3. | Prataprai Panachand Gandhi | 07832673 | 25/05/2017 | - |
| 4. | Dewansh Ajay Vasani | 08111804 | 26/04/2018 | - |
| 5. | Ashvin Jamnadas Ganatra | 08653815 | 31/12/2019 | - |
| 6. | Manish Bhagwandas Ved | 08654674 | 31/12/2019 | - |
| 7. | Sanjay Mirani | 08216772 | 14/11/2018 | 12/02/2020 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. Disha & Associates,**

SD/-

Disha Shah

Practicing Company Secretary

Proprietor

Membership No: A34831/ COP No: 22710

UDIN: A034831B000653449

Date: 2nd September 2020

Place: Mumbai



INDEPENDENT AUDITOR'S REPORT

To the Members of **VAISHALI PHARMA LIMITED**
(Formerly known as **Vaishali Pharma Private Limited**)

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Vaishali Pharma Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (Board's Report including Annexures to Board's Report thereon, Directors Report, Management and Discussion Analysis), but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- As required by Section 143(3) of the Act, based on our audit we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - The company has no pending litigations on its financial position;
 - The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order

For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No.119891W

SD/-
Santosh A. Sankhe
Partner Membership No.100976

Place : Mumbai
Date : 30th July, 2020



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Vaishali Pharma Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of VAISHALI PHARMA LIMITED (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No.119891W

SD/-
Santosh A. Sankhe
Partner
Membership No.100976

Place : Mumbai
Date : 30th July 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment's.
- (b) The Company has a regular program of physical verification of its Property, Plant & Equipment under which Property, Plant & Equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, Plant & Equipment') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification/ material discrepancies noticed on physical verification have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) Reporting under clause 3(vi) of the order is not applicable as the company's business activities are not covered under Companies (Cost Records and Audit) Rules, 2014.
- (vii) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, GST, custom duty, cess and other material statutory dues, as applicable, have generally been regularly and timely deposited with the appropriate authorities though there have been significant delays in payment for income tax(TDS) and provident fund.
- No undisputed amount payable in respect of Income tax (TDS) and provident fund were outstanding, at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations provided to us & based on the records of company examined by us, there were no dues outstanding on account of any dispute with respect to income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, octroi, cess and other material statutory dues. Company did not paid substantial amount of TDS & GST.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, financial institutions. The Company does not have any loans or borrowings from Government, nor has it issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Ind-Accounting Standard (Ind-AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Whereas Company via bonus share allot 39,54,828 number of shares.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No.119891W

SD/-
Santosh A. Sankhe
Partner
Membership No.100976

Place : Mumbai
Date : 30th July,2020



Balance Sheet as at 31st March 2020

| | | (Amount in Rs.) | | |
|-----------|--|-----------------|-----------------------|-----------------------|
| | Particulars | Note No. | As at 31st March 2020 | As at 31st March 2019 |
| I | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Property, Plant and Equipment | 4 | 78,31,640 | 87,84,068 |
| | (b) Right of Use Assets | 5 | 38,51,753 | - |
| | (c) Intangible assets | 6 | 31,99,802 | 45,93,051 |
| | (d) Intangible assets under development | | 7,67,855 | 3,54,959 |
| | (e) Financial assets | | | |
| | (i) Investments | | | |
| | (a) Other investments | 7 | 43,14,725 | 43,14,725 |
| | (ii) Other financial assets | 8A | 2,01,88,828 | 2,66,53,149 |
| | (f) Deferred tax asset (net) | 9C | 12,42,956 | 10,96,979 |
| | (g) Other non - current assets | 10A | 75,76,399 | 1,20,12,230 |
| | Total non-current assets | | 4,89,73,958 | 5,78,09,161 |
| 2 | Current assets | | | |
| | (a) Inventories | 11 | 88,00,645 | 98,12,734 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 12 | 47,02,90,981 | 49,42,36,525 |
| | (ii) Cash and cash equivalents | 13 | 28,32,313 | 22,99,910 |
| | (iii) Bank balances other than (ii) above | 14 | 9,35,792 | 8,62,603 |
| | (iv) Other financial assets | 8B | 11,13,11,434 | 9,05,92,710 |
| | (c) Other current assets | 10B | 1,88,94,013 | 3,18,97,400 |
| | Total current assets | | 61,30,65,178 | 62,97,01,882 |
| | Total Assets | | 66,20,39,136 | 68,75,11,043 |
| II | EQUITY AND LIABILITIES | | | |
| 1 | EQUITY | | | |
| | (a) Share capital | 15 | 10,54,62,130 | 6,59,13,850 |
| | (b) Other equity | | 10,83,51,731 | 14,80,75,845 |
| | Equity attributable to the owners of the Company | | 21,38,13,861 | 21,39,89,695 |
| 2 | LIABILITIES | | | |
| 2a | Non-current liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 16A | 4,05,21,348 | 4,77,96,790 |
| | (ii) Lease Liabilities | 17 | 21,59,849 | - |
| | (b) Provisions | 18A | 13,88,134 | 9,41,997 |
| | Total non-current liabilities | | 4,40,69,331 | 4,87,38,787 |
| 2b | Current liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 16B | 11,62,50,674 | 11,44,99,283 |
| | (ii) Lease Liabilities | 17 | 19,16,757 | - |
| | (iii) Trade payables | 19 | | |
| | - Total outstanding dues of Micro, Small and Medium Enterprises | | 71,98,764 | 33,76,341 |
| | - Total outstanding dues of creditors other than Micro, Small and Medium Enterprises | | 21,01,33,136 | 24,19,01,440 |
| | (iv) Other financial liabilities | 20 | 3,53,87,315 | 2,81,88,315 |
| | (b) Provisions | 18B | 1,45,242 | 1,39,117 |
| | (c) Income Tax Liabilities (Net) | | 6,08,845 | 72,87,589 |
| | (d) Other current liabilities | 21 | 3,25,15,211 | 2,93,90,475 |
| | Total current liabilities | | 40,41,55,944 | 42,47,82,561 |
| | Total Equity and Liabilities | | 66,20,39,136 | 68,75,11,043 |
| | Significant Accounting Policies | 3 | | |

The notes are an integral part of these standalone financial statements

As per our report of even date attached
For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No. 119891W

For and on behalf of the Board
Vaishali Pharma Limited
CIN : L52310MH2008PLC181632

SD/-
Santosh A. Sankhe
Partner
Membership No. 100976
Mumbai, 30th July 2020

SD/-
Ratnesh Singh
Chief Financial
Officer

SD/-
Akshay Jharkhandi
Company Secretary &
Compliance Officer

SD/-
Atul Arvind Vasani
Chairman & Managing
Director
(DIN: 02107085)

SD/-
Jagruti Atul Vasani
Whole-time
Director
(DIN: 02107094)

Statement of Profit and Loss for the year ended 31st March 2020

(Amount in Rs.)

| | Note | Year ended 31st March 2020 | Year ended 31st March 2019 |
|-------------|---|-------------------------------|-------------------------------|
| I | Revenue from operations | 22 | 60,08,56,905 |
| II | Other income | 23 | 2,17,25,802 |
| III | Total Income (I + II) | | 62,25,82,707 |
| IV | Expenses | | |
| | (a) Purchases of stock-in-trade | 50,98,78,364 | 67,77,52,750 |
| | (b) Changes in inventories of finished goods, stock-in-trade and work-in progress | 24 10,12,089 | 88,67,379 |
| | (c) Employee benefits expense | 25 1,93,29,164 | 2,12,52,693 |
| | (d) Finance costs | 26 2,48,14,591 | 2,63,89,281 |
| | (e) Depreciation and amortisation expense | 27 43,84,703 | 26,88,078 |
| | (f) Other expenses | 28 6,23,72,743 | 2,24,57,543 |
| | Total expenses | | 75,94,07,724 |
| V | Profit before tax (III-IV) | 7,91,053 | 1,13,24,607 |
| VI | Tax expense | | |
| | Current tax | 5,66,000 | 40,00,000 |
| | Adjustment of tax relating to earlier periods | - | 5,00,000 |
| | Deferred tax (credit) / charge | (1,02,790) | (3,11,011) |
| VII | Profit/ (Loss) for the year (V-VI) | 3,27,843 | 71,35,619 |
| VIII | Other Comprehensive Income | | |
| | (i) Items that will not be reclassified to profit or loss | | |
| | (a) Remeasurements of the defined benefit plans : (Losses)/ Gains | (1,66,103) | 12,58,076 |
| | (b) Income tax relating to items that will not be reclassified to profit or loss -(Debit)/ Credit | 43,187 | (4,19,996) |
| | Other Comprehensive Income for the year (VIII) | (1,22,916) | 8,38,080 |
| IX | Total Comprehensive Income for the year (VII + VIII) | 2,04,927 | 79,73,699 |
| X | Earnings per equity share (for continuing operations): | | |
| | Equity share of par value of Rs.10/- each | | |
| | Basic / Diluted | 31 0.03 | 0.68 |

The notes are an integral part of these standalone financial statements

As per our report of even date attached
For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No. 119891W

For and on behalf of the Board
Vaishali Pharma Limited
CIN : L52310MH2008PLC181632

SD/-
Santosh A. Sankhe
Partner
Membership No. 100976
Mumbai, 30th July 2020

SD/-
Ratnesh Singh
Chief Financial
Officer

SD/-
Akshay Jharkhandi
Company Secretary &
Compliance Officer

SD/-
Atul Arvind Vasani
Chairman & Managing
Director
(DIN: 02107085)

SD/-
Jagruti Atul Vasani
Whole-time
Director
(DIN: 02107094)



Statement of cash flows for the year ended 31st March 2020

(Amount in Rs.)

| | Year ended 31st March, 2019 | Year ended 31st March, 2018 |
|--|--------------------------------|--------------------------------|
| Cash flows from operating activities | | |
| Profit for the year (before tax) | 7,91,053 | 1,13,24,607 |
| Adjustments for: | | |
| Finance costs recognised in profit and loss | 2,48,14,591 | 2,63,89,281 |
| Bad debts and Other receivable written off | 4,16,67,034 | - |
| Interest income recognised in profit and loss | (1,30,77,623) | (1,20,45,275) |
| Dividend income | (255) | (4,50,255) |
| Depreciation and amortisation of non-current assets | 43,84,703 | 26,88,078 |
| Operating profit before working capital changes | 5,85,79,503 | 2,79,06,436 |
| Movements in working capital: | | |
| (Increase)/Decrease in trade receivables | (1,04,44,810) | (4,84,19,002) |
| (Increase)/Decrease in inventories | 10,12,089 | 88,67,379 |
| (Increase)/Decrease in other current and non-current financial assets | 41,63,959 | 84,22,423 |
| (Increase)/Decrease in other current and non-current assets | 44,89,217 | (12,53,263) |
| Increase/(Decrease) in trade payables | (2,79,45,881) | 2,14,45,050 |
| Increase/(Decrease) in provisions, current and non-current liabilities | 95,79,047 | 2,71,16,678 |
| Cash generated from operations | 3,94,33,124 | 4,40,85,701 |
| Less: Income taxes paid | (72,44,744) | (9,55,331) |
| Net cash generated from operating activities (A) | 3,21,88,380 | 4,31,30,370 |
| Cash flows from investing activities | | |
| Purchase of PPE and intangible assets | (5,26,045) | (29,62,838) |
| Interest received | 1,59,261 | 1,17,473 |
| Dividend from non-current investments | 1,73,575 | 255 |
| Net cash generated from / (used in) investing activities (B) | (1,93,209) | (28,45,110) |
| Cash flows from financing activities | | |
| Proceeds/(Payments) from non-current borrowings net | (61,49,565) | 2,14,39,906 |
| Proceeds/(Payments) from short term borrowing net | 17,51,391 | (3,46,29,446) |
| Repayment of Lease Liabilities | (17,01,024) | - |
| Finance cost paid | (2,49,09,621) | (2,67,36,501) |
| Net cash used in financing activities (C) | (3,13,89,579) | (3,99,26,041) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | 6,05,592 | 3,59,219 |
| Cash and cash equivalents at the beginning of the year | 31,62,513 | 28,03,294 |
| Cash and cash equivalents at the end of the year (Refer note 13 & 14) | 37,68,105 | 31,62,513 |

As per our report of even date attached
For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No. 119891W

SD/-
Santosh A. Sankhe
Partner
Membership No. 100976
Mumbai, 30th July 2020

SD/-
Ratnesh Singh
Chief Financial
Officer

SD/-
Akshay Jharkhandi
Company Secretary &
Compliance Officer

For and on behalf of the Board
Vaishali Pharma Limited
CIN : L52310MH2008PLC181632

SD/-
Atul Arvind Vasani
Chairman & Managing
Director
(DIN: 02107085)

SD/-
Jagruti Atul Vasani
Whole-time
Director
(DIN: 02107094)

Statement of changes in equity for the year ended 31st March, 2020

(Amount in Rs.)

A Equity share capital

| | |
|---|--------------|
| Balance as at 31st March 2018 | 6,59,13,850 |
| Issue of fresh shares | - |
| Balance as at 31st March 2019 | 6,59,13,850 |
| Changes in equity share capital during the year (Issue of bonus shares) | 3,95,48,280 |
| Balance as at 31st March 2020 | 10,54,62,130 |

(Amount in Rs.)

| | Reserves and Surplus | | Items of OCI | Total Other Equity |
|---|----------------------------|-------------------|---------------------------------------|--------------------|
| | Securities Premium Reserve | Retained Earnings | Remeasurement of Defined benefit plan | |
| B Other equity | | | | |
| Balance as at 31 March 2018 | 12,19,49,986 | 1,77,25,764 | 4,26,397 | 14,01,02,146 |
| Profit for the year | | 71,35,619 | | 71,35,619 |
| Other comprehensive income | - | - | 8,38,080 | 8,38,080 |
| Total Comprehensive Income for the year | - | 71,35,619 | 8,38,080 | 79,73,699 |
| Balance as at 31 March 2019 | 12,19,49,986 | 2,48,61,383 | 12,64,477 | 14,80,75,846 |
| Profit for the year | | 3,27,843 | | 3,27,843 |
| Other comprehensive income | - | - | (1,22,916) | (1,22,916) |
| Total Comprehensive Income for the year | - | 3,27,843 | (1,22,916) | 2,04,927 |
| Issue of Bonus Equity Shares | (3,95,48,280) | - | - | (3,95,48,280) |
| Share issue expenses | (3,80,762) | | | (3,80,762) |
| Balance as at 31 March 2020 | 8,20,20,944 | 2,51,89,226 | 11,41,561 | 10,83,51,731 |

As per our report of even date attached
For Raman S. Shah & Associates
Chartered Accountants
Firm Registration No. 119891W

SD/-
Santosh A. Sankhe
Partner
Membership No. 100976
Mumbai, 30th July 2020

SD/-
Ratnesh Singh
Chief Financial
Officer

SD/-
Akshay Jharkhandi
Company Secretary &
Compliance Officer

For and on behalf of the Board
Vaishali Pharma Limited
CIN : L52310MH2008PLC181632

SD/-
Atul Arvind Vasani
Chairman & Managing
Director
(DIN: 02107085)

SD/-
Jagruti Atul Vasani
Whole-time
Director
(DIN: 02107094)



Notes on standalone financial statements for the year ended 31st March 2020

1. Background

Vaishali Pharma Limited ("the Company") is a public limited company domiciled in India and incorporated on 25th April, 2008 under the provisions of the Companies Act, 1956. The Company is primarily engaged in the marketing of pharmaceutical products including active pharmaceutical ingredients.

The Financial Statements are approved for issue by the Company's Board of Directors on July 30, 2020.

The company was Listed on 22 August 2017 in NSE – Emerge and then got migrated to Mainboard on 15th January 2020.

2. Basis of preparation

2.1. Statement of compliance with Ind AS

The financial statements (on standalone basis) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Company had prepared its standalone financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounts) Rules 2014 (referred as "Indian GAAP"). The Company's annual financial statements are prepared complying in all material respects with the Ind AS notified under Section 133 of the Companies Act, 2013.

2.2. Overall consideration

The standalone financial statements have been prepared on going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. These financial statements are prepared under the historical cost convention unless otherwise indicated.

The standalone financial statement has been prepared considering all Ind AS notified by MCA till reporting date i.e. 31st March 2020. The significant accounting policies used in preparing the financial statements are set out in note 3 of the notes to the standalone financial statement.

2.3. Functional and presentation of currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency.

2.4. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purpose using methods as prescribed in "Ind AS 113 Fair Value Measurement".

2.5. Use of significant accounting estimates, judgements and assumptions

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as on the date of financial statements and reported amounts of income and expenses for the periods presented. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates and critical judgement in applying these accounting policies are described below:

i) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on industry practice, Company's past history and existing market conditions as well as forward looking estimates at the end of each reporting period.

ii) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies / claim / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

iii) Income taxes

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the statement of profit and loss.

iv) Measurement of defined benefit plan & other long term benefits

The cost of the defined benefit gratuity plan / other long term benefits and the present value of the gratuity obligation / other long term benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation / other long term benefits is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

v) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an assets or Cash-Generating Unit (CGU).

vi) Leases

Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term is included in the lease term, if it is reasonably certain that the lessee would exercise the option. The Company reassesses the option when significant events or changes in circumstances occur that are within the control of the lessee.

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

3. Significant Accounting Policies

3.1. Presentation and disclosure of standalone financial statement

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013 for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current / non-current classification of assets and liabilities.

3.2. Property, Plant and Equipment and Depreciation

Recognition and measurement

Properties plant and equipment are stated at their cost of acquisition. Cost of an item of property, plant and equipment includes purchase price including non-refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Parts (major components) of an item of property, plant and equipment having different useful lives are accounted as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Capital work-in-progress comprises of cost incurred on property, plant and equipment under construction / acquisition that are not yet ready for their intended use at the Balance Sheet Date.

Depreciation and useful lives

Depreciation on the property, plant and equipment (other than freehold land and capital work in progress) is provided on written own value (WDV) over their useful lives which is in consonance of useful life mentioned in Schedule II to the Companies Act, 2013. Building on leasehold lands and improvements to building on leasehold land / premises are amortized over the period of lease or useful life whichever is lower. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively.



De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is de-recognised.

3.3. Intangible assets and amortisation

Recognition and measurement

Intangible assets are recognized only if it is probable that the future economic benefits attributable to asset will flow to the Company and the cost of asset can be measured reliably. Intangible assets are stated at cost of acquisition/development less accumulated amortization and accumulated impairment loss if any.

Cost of an intangible asset includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset and any directly attributable expenditure on making the asset ready for its intended use.

Intangible assets under development comprises of cost incurred on intangible assets under development that are not yet ready for their intended use as at the Balance Sheet date.

Amortization and useful lives

Computer softwares are amortized over 3-5 years on written down value basis. Intangible Rights are amortized over the period of right to use. Amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively.

In case of assets purchased during the year, amortization on such assets is calculated on pro-rata basis from the date of such addition

3.4. Inventories

Inventories consisting of stock-in-trade are valued at cost or net realisable value, whichever is lower. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory includes estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

3.5. Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, net of returns and allowances, trade discounts and volume rebates and excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and the receivable is recognized when it becomes unconditional.

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.

Income from Services

Revenue from rendering of services is recognised over time where the Company satisfies the performance obligation over time or point in time where the Company satisfies the performance obligation at a point in time.

Advance from customers

Advance from Customers: when a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised and disclosed as advances from customers.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export Incentive

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported, and no significant uncertainty exist regarding its ultimate collection.

3.6. Foreign currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transactions.

3.7. Employee benefits

• Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss in the period in which the employee renders the related service.

• **Post-employment benefits & other long term benefits**

The company has considered valuation of long term employee benefits as per the certificate received from actuarial valuer. For gratuity plan, re-measurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Such re-measurements are not reclassified to statement of profit and loss in subsequent periods.

The interest cost on defined benefit obligation is recognised under finance cost.

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions for other employee benefit plan [other than gratuity] are recognized immediately in the Statement of Profit and Loss as income or expense.

3.8. **Borrowing cost**

Borrowing costs (net of interest income on temporary investments) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Ancillary cost of borrowings in respect of loans not disbursed are carried forward and accounted as borrowing cost in the year of disbursement of loan. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

3.9. **Leases**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

Where Company is lessee

"The Company enters into an arrangement for lease of office buildings. Such arrangements are generally for a fixed period but may have extension or termination options. The Company assesses, whether the contract is, or contains, a lease, at its inception. A contract is, or contains, a lease if the contract conveys the right to –

- a) control the use of an identified asset,
- b) obtain substantially all the economic benefits from use of the identified asset, and
- c) direct the use of the identified asset"

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

Where Company is lessor

Leases under which the Company is a lessor, are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

3.10. **Taxes on income**

Tax expenses for the year comprises of current tax, deferred tax charge or credit and adjustments of taxes for earlier years. In respect of amounts adjusted outside profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted outside profit or loss.

Provision for current tax is made as per the provisions of Income Tax Act, 1961.



Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

3.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short term and highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalent as calculated above also includes outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.12. Cash flow statement

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

3.13. Provisions, contingent liabilities, contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

3.14. Earnings per share

Basic earnings per share is computed using the net profit for the year attributable to the shareholders' and weighted average number of shares outstanding during the year. The weighted average numbers of shares also includes fixed number of equity shares that are issuable on conversion of compulsorily convertible preference shares, debentures or any other instrument, from the date consideration is receivable (generally the date of their issue) of such instruments.

Diluted earnings per share is computed using the net profit for the year attributable to the shareholder' and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.15. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.15.1. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee. Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model based on 'simplified approach' for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in statement of profit and loss.

De-recognition of financial asset

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On de-recognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.



3.15.2. **Financial liability and equity instrument**

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the gross carrying amount on initial recognition.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

3.16

Amendment to Existing issued Ind AS

Appendix C to Ind AS 12 – Uncertainty over Income tax treatments

Appendix C to Ind AS 12 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. The adoption of Appendix C to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

Amendment to Ind AS 12– Income Taxes

The Ministry of Corporate Affairs issued amendments to Ind AS 12 – Income Taxes. The amendments clarify that an entity shall recognize the income tax consequences of dividends on financial instruments classified as equity according to where the entity originally recognized those past transactions or events that generated distributable profits were recognized. The adoption of amendment to Ind AS 12 did not have any material impact on the standalone financial statements of the Company.

Amendment to IndAS 19 - Plan Amendment, Curtailment or Settlement

The Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to determine the current service costs and the net interest for the period after the re-measurement using the assumptions used for the re-measurement; and determine the net interest for the remaining period based on the re-measured net defined benefit liability or asset. The adoption of amendment to Ind AS 19 did not have any material impact on the standalone financial statements of the Company.

New Accounting Standards not yet adopted by the Company

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



4 - Property, Plant and Equipment

| (Amount in Rs.) | | | | | | |
|--------------------------------------|------------------|------------------|----------------------|---------------------|-----------------|--------------------|
| Particulars | Building | Office equipment | Furniture & fixtures | Computer equipments | Vehicles | Total |
| Gross Carrying Value | | | | | | |
| Balance as at 31st March 2018 | 72,50,291 | 8,78,915 | 48,94,278 | 4,43,299 | 5,16,387 | 1,39,83,170 |
| Additions | - | 1,45,175 | 1,37,657 | - | - | 2,82,832 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31st March 2019 | 72,50,291 | 10,24,090 | 50,31,935 | 4,43,299 | 5,16,387 | 1,42,66,002 |
| Additions | - | 87,556 | - | 25,593 | - | 1,13,149 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31st March 2020 | 72,50,291 | 11,11,646 | 50,31,935 | 4,68,892 | 5,16,387 | 1,43,79,151 |
| Accumulated Depreciation | | | | | | |
| Balance as at 31st March 2018 | 6,84,211 | 5,41,552 | 22,05,684 | 3,71,660 | 3,33,092 | 41,36,199 |
| Depreciation expense | 3,17,466 | 1,83,453 | 7,22,908 | 60,760 | 61,149 | 13,45,735 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31st March 2019 | 10,01,677 | 7,25,005 | 29,28,592 | 4,32,420 | 3,94,241 | 54,81,934 |
| Depreciation expense | 3,02,096 | 1,62,412 | 5,45,730 | 12,513 | 42,826 | 10,65,577 |
| Disposals | - | - | - | - | - | - |
| Balance as at 31st March 2020 | 13,03,773 | 8,87,417 | 34,74,322 | 4,44,933 | 4,37,067 | 65,47,511 |
| Carrying amount | | | | | | |
| Balance as at 31st March 2019 | 62,48,614 | 2,99,085 | 21,03,343 | 10,879 | 1,22,146 | 87,84,068 |
| Balance as at 31st March 2020 | 59,46,518 | 2,24,229 | 15,57,613 | 23,959 | 79,320 | 78,31,640 |

5 - Right of Use Assets

| (Amount in Rs.) | | |
|--|------------------|------------------|
| Particulars | Building | Total |
| Gross carrying value: | | |
| Gross value as at 1st April 2019 | 57,77,630 | 57,77,630 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at 31st March 2020 | 57,77,630 | 57,77,630 |
| Accumulated Depreciation | | |
| Balance as at 31st March 2019 | | |
| Depreciation expense | 19,25,877 | 19,25,877 |
| Disposals | - | - |
| Balance as at 31st March, 2020 | 19,25,877 | 19,25,877 |
| Net book value as at March 31, 2020 | 38,51,753 | 38,51,753 |

Refer note 33.B for Ind AS-116 - Leases first time adoption impact

| (Amount in Rs.) | | | |
|--------------------------------------|-------------------|-------------------|------------------|
| Particulars | Computer Software | Intangible Rights | Total |
| Cost or Deemed Cost | | | |
| Balance as at 31st March 2018 | 2,43,592 | 37,06,789 | 39,50,381 |
| Additions | - | 31,73,670 | 31,73,670 |
| Balance as at 31st March 2019 | 2,43,592 | 68,80,459 | 71,24,051 |
| Additions | - | - | - |
| Balance as at 31st March 2020 | 2,43,592 | 68,80,459 | 71,24,051 |

Amortisation

| | | | |
|--------------------------------------|-----------------|------------------|------------------|
| Balance as at 31st March 2018 | 1,73,532 | 10,15,125 | 11,88,657 |
| Amortisation expense | 31,943 | 13,10,400 | 13,42,343 |
| Balance as at 31st March 2019 | 2,05,475 | 23,25,525 | 25,31,000 |
| Amortisation expense | 17,380 | 13,75,869 | 13,93,249 |
| Balance as at 31st March 2020 | 2,22,855 | 37,01,394 | 39,24,249 |

Carrying Amount

| | | | |
|--------------------------------------|---------------|------------------|------------------|
| Balance as at 31st March 2019 | 38,117 | 45,54,934 | 45,93,051 |
| Balance as at 31st March 2020 | 20,737 | 31,79,065 | 31,99,802 |

| | |
|--|--------------------------|
| Intangible assets under development | (Amount in Rs.) |
| Balance as at 31st March 2019 | Total 3,54,959 |
| Balance as at 31st March 2020 | 7,67,855 |

7 - Investments

| | (Amount in Rs.) | | | |
|--|----------------------------------|------------------|----------------------------------|------------------|
| | As at 31st March 2020 Nos. | Amount | As at 31st March 2019 Nos. | Amount |
| Non- current Unquoted (at Cost) | | | | |
| Equity shares of Janata Sahakari Bank Limited of Rs. 100 each | 43,130 | 43,13,000 | 43,130 | 43,13,000 |
| Equity shares of City Cooperative Bank Limited of Rs. 10 each | 100 | 1,000 | 100 | 1,000 |
| Equity shares of Shamrao Vithal Co-operative Bank Limited of Rs. 10 each | | 725 | | 725 |
| Sub-total | | 43,14,725 | | 43,14,725 |
| Aggregate carrying value of unquoted investments (Net of provision) - Non current | | 43,14,725 | | 43,14,725 |

Note :

1. The company has obtained equity shares of Janata Sahakari Bank Limited in pursuant to working capital loan obtained from the same bank, hence the fair value of such share certificate will be equal to face value.

8 - Other Financial Assets

| | As at 31st March 2020 | (Amount in Rs.) As at 31st March 2019 |
|--|--------------------------|---|
| 8A Non-current Unsecured, Considered Good unless otherwise stated) | | |
| Security Deposits | 87,70,663 | 89,04,561 |
| Interest receivable on Margin money deposit | 43,79,518 | 36,78,055 |
| Other interest receivables | 5,38,647 | 75,70,533 |
| Bank deposits with original maturity of more than twelve (12) months | 65,00,000 | 65,00,000 |
| Non-current total | 2,01,88,828 | 2,66,53,149 |
| 8B Current Unsecured, Considered Good unless otherwise stated) | | |
| Advance recoverable in cash or kind | 11,13,11,434 | 9,05,92,710 |
| Current total | 11,13,11,434 | 9,05,92,710 |
| Total | 13,15,00,262 | 11,72,45,860 |

For the financial assets that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are either of short term nature or interest receivable is close to current market rates. (Refer Note 29B)

The Company has written-off interest on delayed payments of Rs. 70,00,000/- grouped under "Other interest receivables".



9 - Income Taxes

A Income Tax Expense in the Statement of Profit and Loss comprises :

(Amount in Rs.)

| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---------------------------------|-------------------------------|-------------------------------|
| Current Income Taxes | 5,66,000 | 40,00,000 |
| Deferred Income Taxes | (1,02,790) | (3,11,011) |
| Income Tax Expense (net) | 4,63,210 | 36,88,989 |

B A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019" |
|---|-------------------------------|--------------------------------|
| Profit before income tax | 7,91,053 | 1,13,24,607 |
| Applicable income tax rate | 26.00% | 27.82% |
| Computed expected tax expense | 2,05,674 | 31,50,506 |
| Disallowance under Income tax | 2,57,536 | 5,38,483 |
| Income tax expense charged to the Statement of Profit and Loss | 4,63,210 | 36,88,989 |

C Components of deferred income tax assets and liabilities arising on account of temporary differences are:

| Particulars | Year ended 31st March 2020 | As at 31st March 2019 |
|---|-------------------------------|--------------------------|
| Deferred Income Tax Asset | | |
| "Timing difference on tangible and intangible assets depreciation and amortisation" | 7,85,817 | 7,36,085 |
| Timing difference on gratuity expense | 3,98,678 | 3,60,894 |
| Timing difference on leases | 58,461 | - |
| Total Deferred Income Tax Asset (net) | 12,42,956 | 10,96,979 |

10 - Other Assets

(Amount in Rs.)

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
|--|--------------------------|--------------------------|

10A Non-current

| | | |
|--------------------------|------------------|--------------------|
| VAT receivable | 52,86,390 | 97,30,089 |
| Other Receivables | 22,63,340 | 22,63,339 |
| Prepaid expenses | 26,669 | 18,802 |
| Non-current total | 75,76,399 | 1,20,12,230 |

10B Current

| | | |
|--|--------------------|--------------------|
| Export benefit receivables | 22,88,435 | 38,24,233 |
| Advances to Suppliers | 1,45,28,995 | 2,36,92,647 |
| Prepaid expenses | 39,252 | 5,17,618 |
| Balances with Customs, Port Trust, Central Excise etc. | 20,37,331 | 34,12,902 |
| Other Receivables | - | 4,50,000 |
| Current total | 1,88,94,013 | 3,18,97,400 |

| | | |
|--------------|--------------------|--------------------|
| Total | 2,64,70,412 | 4,39,09,630 |
|--------------|--------------------|--------------------|

11 - Inventories

| | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| Inventories (lower of cost and net realisable value) | | |
| Stock-in-trade (Refer Note 35) | 88,00,645 | 98,12,734 |
| Total | 88,00,645 | 98,12,734 |

12 - Trade receivables

(Amount in Rs.)

| | As at 31st March 2020 | As at 31st March 2019 |
|----------------------------|--------------------------|--------------------------|
| Secured, Considered good * | | |
| Unsecured, considered good | 47,02,90,981 | 49,42,36,525 |
| More than six months | 14,84,32,448 | 19,88,15,252 |
| Less than six months | 32,18,58,533 | 29,54,21,273 |

Doubtful
Allowance for doubtful debts
(expected credit loss allowance)

47,02,90,981

49,42,36,525

Note

The Company's exposure to credit, liquidity and market risks, and loss allowances related to Trade Receivables is disclosed in Note 29.

Provision Matrix

The Company has robust policy of provisioning the debtors. The Overdue debtors above 1 year is critically reviewed and necessary provision between 50% to 100% is done on case to case basis post evaluation.

The Company has written-off Rs. 3,36,78,287/- grouped under "Trade receivables".

Cash and cash equivalents

Cash on hand
- In Indian Currency
Balances with Banks
- In current accounts
- In Exchange Earners' Foreign Currency Account

Total

Bank balances other than Cash and cash equivalents

Balance with bank earmarked as margin money

Total

Equity Share capital

(Amount in Rs.)

Authorised Share Capital
Equity shares of Rs.10/- each
Non-cumulative Redeemable
Preference Shares of Re. 1 each

Issued, subscribed and fully paid up

Equity share capital
Equity shares of Rs.10/- each

| | As at 31st March 2020 | | As at 31st March 2019 | |
|--|--------------------------|--------------|--------------------------|-------------|
| | Numbers | Amount | Numbers | Amount |
| Authorised Share Capital | 1,10,00,000 | 11,00,00,000 | 74,95,000 | 7,49,50,000 |
| Equity shares of Rs.10/- each | | | 50,000 | 50,000 |
| Non-cumulative Redeemable Preference Shares of Re. 1 each | | 11,00,00,00 | | 7,50,00,000 |
| Issued, subscribed and fully paid up | | | | |
| Equity share capital | | | | |
| Equity shares of Rs.10/- each | 1,05,46,213 | 10,54,62,130 | 65,91,385 | 6,59,13,850 |
| | 1,05,46,213 | 10,54,62,130 | 65,91,385 | 6,59,13,850 |

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Equity shares:

At the beginning of the period
Add: Issued during the year
At the end of the period

| 31 March 2020 | | 31 March 2019 | |
|---------------|--------------|---------------|-------------|
| No of shares | Amount | No of shares | Amount |
| 65,91,385 | 6,59,13,850 | 65,91,385 | 6,59,13,850 |
| 39,54,828 | 3,95,48,280 | - | - |
| 1,05,46,213 | 10,54,62,130 | 65,91,385 | 6,59,13,850 |

Note

During the financial year 2016-17 the company had issued 25,00,000 bonus shares having face value of Rs. 10 per share amounting to Rs. 2,50,00,000 by utilising the Retained Earnings.

During the financial year 2017-18 the company has converted unsecured loans by issue of share capital. The company has issued 16,15,385 shares at a premium of Rs. 3 per share having a face value of Rs. 10 per share

The company has also issued 19,76,000 shares by way of Initial Public Offer at a premium of Rs. 62 per share in financial year 2017-18.

During the financial year 2019-20 the company had issued 39,54,828 bonus shares having face value of Rs. 10 per share amounting to Rs. 3,95,48,280 by utilising the Securities Premium Reserve.



(b) Rights and terms attached to equity shares

The Company has only one class of equity shares each having par value of Rs.10 per share. The holder of equity shares is entitled to one vote per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting rights. The Company declares and pays dividends on shares in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

15 - Equity Share capital continued

(c) Details of shareholders holding more than 5% shares in the company

| Name of the shareholder | at 31 March 2020 No of shares | % holding in the class | As at 31 March 2019 No of share | % holding in the class |
|--|----------------------------------|---------------------------|------------------------------------|---------------------------|
| Equity shares of Rs.10 each fully paid | | | | |
| Atul Arvind Vasani | 54,64,616 | 51.82% | 43,15,385 | 65.47% |
| Jenny Ajay Vasani | 5,38,385 | 5.11% | 41,600 | 0.63% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

16 - Financial liabilities

| | | (Amount in Rs.) | |
|-----|--|--------------------------|--------------------------|
| | | As at 31st March 2020 | As at 31st March 2019 |
| 16A | Non- Current Borrowings | | |
| | Secured: | | |
| | Term Loan | | |
| | - from Banks | 4,00,59,583 | 4,54,85,410 |
| | Secured | | |
| | - from Non Banking Financial Company | 74,37,425 | 81,61,163 |
| | Unsecured | | |
| | - from Non Banking Financial Company | 26,18,125 | 26,18,124 |
| | Total Non-Current Borrowings | 5,01,15,133 | 5,62,64,697 |
| | Less : Amount disclosed under the head "Other current liabilities" | 95,93,785 | 84,67,907 |
| | Non- Current Borrowings (as per balance sheet) | 4,05,21,348 | 4,77,96,790 |
| 16B | Current Borrowings | | |
| | Secured | | |
| | Cash credit from banks | 11,53,42,923 | 11,35,86,532 |
| | Unsecured | | |
| | Loans from Related Party (Refer Note 32) | 9,07,751 | 9,12,751 |
| | Current Borrowings (as per balance sheet) | 11,62,50,674 | 11,44,99,283 |

Borrowing

Note:-

- Non-Current borrowing**
- Working Capital Term Loan from Janata Sahakari Bank Ltd is secured by the collateral security by equitable mortgage of assets owned by Directors and their family members and by lien of Fixed Deposit placed by the company with the bank repayable in 60 monthly installments commencing from March 2017, and carries an interest rate of 13.50%
- Working Capital Term Loan from Janata Sahakari Bank Ltd is secured by the collateral security by equitable mortgage of assets owned by Directors and their family members and by lien of Fixed Deposit placed by the company with the bank repayable in 84 monthly installments commencing from January 2019, and carries an interest rate of 13.50%
- Term Loan taken from L&T Housing Finance Ltd (NBFC) is secured by mortgage of immovable property and is repayable in 120 monthly installments commencing from March 2015 and April 2017, and carries an effective interest rate of 12.25% & 11.50%
- Unsecured loan from International Financial Services Ltd is unsecured and is repayable on demand, and carries interest rate of 21.00%
- The unsecured loan taken from directors is interest free. The loan is re-payable on demand..

| Bank name | Rate of interest p.a | No. of instalments pending | Installment Amount | Commencement from |
|--------------------------------|-------------------------|-------------------------------|-----------------------|----------------------|
| Janata Sahakari Bank Ltd, Pune | 13.50% | 35 | 5,25,000 | Mar-17 |
| Janata Sahakari Bank Ltd, Pune | 13.50% | 71 | 5,16,000 | Mar-18 |

| | | | | |
|-----------------------|--------|----|----------|--------|
| L & T Housing Finance | 12.25% | 60 | 2,52,886 | Mar-15 |
| L & T Housing Finance | 11.50% | 85 | 89,982 | Apr-17 |

- 6 There is no default in repayment of Loans. However, during the year, the Company has deferred its last installment for March, 2020 on account of COVID-19 pandemic.

Current borrowing

- 1 Cash Credit facility from Janata Sahakari Bank Ltd, Pune secured against primary security of hypothecation of stock & book debts & equitable mortgage of properties owned by directors & their relatives, fixed deposits liened to the facilities & personal guarantee of directors & owners of the properties.

Note 17: Lease Liabilities

(Amount in Rs.)

| | | |
|---|--|------------------------------------|
| (a) Break up of current and non-current lease liabilities as at 31st March, 2020 | | As at 31st March, 2020 |
| Particulars | | |
| Non-current lease liabilities | | 21,59,849 |
| Current lease liabilities | | 19,16,757 |
| Total | | 40,76,606 |
| (b) The movement in lease liabilities during the year ended 31st March, 2020 is as follows: | | Year ended 31st March, 2020 |
| Particulars | | |
| Balance at the beginning of the year | | 57,77,630 |
| Additions | | - |
| Finance cost accrued during the year | | 5,78,976 |
| Payment of lease liabilities | | (22,80,000) |
| Balance at the end | | 40,76,606 |

Refer note 33.B for Ind AS-116 - Leases first time adoption impact

18 - Provisions

| | As at 31st March 2020 | As at 31st March 2019 |
|---------------------------------|------------------------------|------------------------------|
| 18A Non-current | | |
| Provision for employee benefits | | |
| Gratuity (Refer Note 25) | 13,88,134 | 9,41,997 |
| Non-current total | 13,88,134 | 9,41,997 |
| 18B Current | | |
| Provision for employee benefits | | |
| Gratuity (Refer Note 25) | 1,45,242 | 1,39,117 |
| Current total | 1,45,242 | 1,39,117 |
| Total | 15,33,376 | 10,81,114 |

19 - Trade payables

| | As at 31st March 2020 | As at 31st March 2019 |
|--|------------------------------|------------------------------|
| Trade payables | 71,98,764 | 33,76,341 |
| Other than Micro, Small and Medium Enterprises | 21,01,33,136 | 24,19,01,440 |
| | 21,73,31,900 | 24,52,77,781 |

*The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.

| | As at 31st March 2020 | As at 31st March 2019 |
|--|------------------------------|------------------------------|
| Principal amount and interest due: | | |
| Principal amount | 71,98,764 | 33,76,341 |
| Interest due | - | - |
| Interest paid by Buyer in terms of section 16 of MSMED Act | - | - |
| Amount paid beyond the appointed day | - | - |
| Interest due and payable to supplier, for payment already made under MSMED Act | - | - |
| Amount of Interest accrued and remaining unpaid at the end of accounting year | - | - |
| Amount of further interest remaining due and payable even in succeeding years | - | - |



For the financial liabilities that are measured at amortised cost, the fair values are not materially different from their

20 - Other financial liabilities

| (Amount in Rs.) | | |
|--|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 |
| Current | | |
| Current maturities of long-term debt | 95,93,785 | 84,67,907 |
| Interest accrued but not due on borrowings | 64,066 | 1,59,096 |
| Employee payables (Refer note 32) | 60,73,399 | 37,15,360 |
| Accrual for expenses (Refer note 32) | 1,96,56,065 | 1,58,45,952 |
| Total | 3,53,87,315 | 2,81,88,315 |

For the financial liabilities that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are of short term nature.
(Refer Note 29B)

21 - Other liabilities

| (Amount in Rs.) | | |
|-------------------------|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 |
| Current | | |
| Advances from customers | 1,80,12,924 | 2,30,02,650 |
| Statutory Dues | 1,45,02,287 | 63,87,825 |
| Total | 3,25,15,211 | 2,93,90,475 |

22 - Revenue from Operations

| (Amount in Rs.) | | |
|-------------------------|-------------------------------|-------------------------------|
| | Year ended 31st March 2020 | Year ended 31st March 2019 |
| Sale of Products | | |
| (i) Stock-in-trade | 58,41,14,200 | 72,45,55,376 |
| Other operating revenue | | |
| (i) Commission Income | 1,10,45,327 | 2,08,21,209 |
| (ii) Export Incentive | 56,97,378 | 55,33,146 |
| Total | 60,08,56,905 | 75,09,09,731 |

23 - Other income

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|-------------------------------|-------------------------------|
| Interest income earned on financial assets not designated as at FVTPL | | |
| Bank deposits | 8,60,724 | 7,72,214 |
| Other financial assets | 1,22,16,899 | 1,12,73,061 |
| Dividend income on equity shares at FVTPL | 255 | 4,50,255 |
| Foreign currency transactions and translation gain (net) | 86,47,924 | 69,70,743 |
| Insurance claim - Received | - | 2,59,978 |
| Miscellaneous Income | - | 96,349 |
| Total | 2,17,25,802 | 1,98,22,600 |

24 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---------------------|-------------------------------|-------------------------------|
| Opening inventories | | |
| Stock-in-trade | 98,12,734 | 1,86,80,113 |
| Closing inventories | | |
| Stock-in-trade | 88,00,645 | 98,12,734 |
| Total | 10,12,089 | 88,67,379 |

25 - Employee benefits expense

| (Amount in Rs.) | | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2020 | Year ended 31st March 2019 |
| Salaries, wages and bonus including Gratuity | 1,83,79,202 | 2,02,52,892 |
| Gratuity Expenses | 2,86,159 | 3,81,236 |
| Contribution to provident funds and other funds | 4,92,419 | 3,98,242 |
| Employees' welfare expenses | 1,71,384 | 2,20,323 |
| Total | 1,93,29,164 | 2,12,52,693 |

25 Employee benefit plans

25A Gratuity and other post-employment benefit plans

The Company operates a defined gratuity plan for its employees. Under the gratuity plan, every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

Components of defined benefit costs recognised in other

1,66,103

(12,58,076)

Comprehensive income

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

Movements in the present value of the defined benefit obligation are as follows.

| Particulars | (Amount in Rs.) | |
|--|-------------------------------|-------------------------------|
| | Year ended 31st March 2020 | Year ended 31st March 2019 |
| A) Opening defined benefit obligation | 10,81,114 | 19,57,954 |
| Current service cost | 2,09,281 | 2,38,402 |
| Interest cost | 76,878 | 1,42,834 |
| Re-measurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 1,33,690 | (1,82,902) |
| Actuarial gains and losses arising from changes in demographic assumptions | (892) | - |
| Actuarial gains and losses arising from experience adjustments | 33,305 | (10,75,174) |
| Past service cost, including losses/(gains) on curtailments | - | - |
| Benefits paid | - | - |
| Closing defined benefit obligation | 15,33,376 | 10,81,114 |

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

| Particulars | Year Ended 31st March, 2020 | | Year Ended 31st March, 2019 | |
|-------------------------------------|--------------------------------|------------------------|--------------------------------|------------------------|
| | Discount Rate | Salary Escalation Rate | Discount Rate | Salary Escalation Rate |
| Impact of increase in 50 bps on DBO | -5.95% | -5.10% | 9.59% | 9.71% |
| Impact of decrease in 50 bps on DBO | 6.56% | 5.35% | 23.52% | 22.78% |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2020 is 13.68 years, (as at 31st March 2019: 13.01 years).

Projected plan cash flow :

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

| Maturity Profile | (Amount in Rs.) | |
|--|-----------------|----------|
| | 2019-20 | 2018-19 |
| Expected benefits for year 1 | 1,45,242 | 1,39,117 |
| Expected benefits for year 2 | 44,477 | 30,115 |
| Expected benefits for year 3 | 47,029 | 33,989 |
| Expected benefits for year 4 | 1,83,201 | 36,928 |
| Expected benefits for year 5 | 1,54,357 | 1,52,336 |
| Expected benefits for year 6 and above | 2,50,746 | 2,54,467 |

Finance costs

| | (Amount in Rs.) | |
|---|-------------------------------|-------------------------------|
| | Year ended 31st March 2020 | Year ended 31st March 2019 |
| Interest expenses on short term borrowings, bank overdraft and others | 2,42,35,615 | 2,63,77,481 |
| Interest on unwinding of leases liability | 5,78,976 | - |
| Other borrowing costs | - | 11,800 |
| | 2,48,14,591 | 2,63,89,281 |



Statement of profit and loss

Net employee benefit expenses recognised in the employee cost

Actuarial Risk

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience:

Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates:

If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates:

If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

Legislative Risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | Valuation as at Year ended 31st March 2020 | | Valuation as at Year ended 31st March 2019 | |
|-------------------------------------|--|--------------|--|--------------|
| | Age(Years) | Rates (p.a.) | Age(Years) | Rates (p.a.) |
| Discount rate(s) | | 6.85% | | 7.60% |
| Expected rate(s) of salary increase | | 7% | | 7% |
| Mortality rates | | | | |
| | 20 | 0.09% | 20 | 0.09% |
| | 30 | 0.10% | 30 | 0.11% |
| | 40 | 0.17% | 40 | 0.18% |
| | 50 | 0.44% | 50 | 0.49% |
| | 60 | 1.12% | 60 | 1.15% |

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows.

| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|--|-------------------------------|-------------------------------|
| Service cost: | | |
| Current service cost | 2,09,281 | 2,38,402 |
| Past service cost and gain from settlements | - | - |
| Interest on net defined benefit asset | 76,878 | 1,42,834 |
| Components of defined benefit costs recognised in profit or loss | 2,86,159 | 3,81,236 |
| Actuarial (gains) / losses arising from changes in financial assumptions | 1,33,690 | (1,82,902) |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (892) | - |
| Actuarial (gains) / losses arising from experience adjustments | 33,305 | (10,75,174) |

27 - **Depreciation and amortisation expense**

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|--|-------------------------------|-------------------------------|
| Depreciation of Property, Plant and Equipment pertaining to continuing operations (Refer Note 4) | 10,65,577 | 13,45,735 |
| Depreciation on Right of use asset (Refer Note 5) | 19,25,877 | - |
| Amortisation of Intangible assets (Refer Note 6) | 13,93,249 | 13,42,343 |
| Total | 43,84,703 | 26,88,078 |

28 - **Other expenses**

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|--|-------------------------------|-------------------------------|
| Repairs and Maintenance | 1,93,184 | 3,27,739 |
| Brokerage and Commission | 16,87,556 | 6,20,640 |
| Rent (Refer note 32) | 6,63,300 | 31,41,562 |
| Insurance | 52,684 | 2,81,610 |
| Bad debts written off | 3,46,67,034 | - |
| Rates and Taxes | 15,28,295 | 8,28,910 |
| Advertisement and Sales Promotion Expenses | 20,99,966 | 20,12,739 |
| Travelling and Conveyance | 24,98,467 | 25,48,619 |
| Carriage and Freight | 69,47,099 | 80,70,032 |
| Printing & Stationery | 3,60,105 | 4,63,425 |
| Office expenses | 3,48,168 | 11,56,516 |
| Interest and penalty | 7,48,592 | 2,29,062 |
| Postage, Telephone and Fax | 8,15,499 | 6,93,937 |
| Legal, Professional and Consultancy Charges (Refer note 28A) | 25,67,394 | 17,05,945 |
| Other receivable written off | 70,00,000 | - |
| Miscellaneous Expenses | 1,95,400 | 3,76,808 |
| Total | 6,23,72,743 | 2,24,57,543 |

| | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|-------------------------------|-------------------------------|
| 28A Legal and professional expenses include: | | |
| Auditors' remuneration and expenses | | |
| Statutory Auditor's Remuneration | 75,000 | 75,000 |
| Half Yearly Limited Review | 50,000 | 50,000 |
| Tax Auditors Fees | | |
| Taxation matters | 50,000 | 50,000 |
| Others | | |
| Fees for other audit related services | 5,000 | 5,000 |

29 - **Risk management**

29A **Capital risk**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stakeholders. The aim is to maintain an optimal capital structure and minimise cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or adjust the dividend payment to shareholders (if permitted).

29B **Financial instruments**

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income & expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are as disclosed in Note no. 3 to the financial statements.

| Particulars | As at 31st March 2020 | As at 31st March 2019 |
|---|--------------------------|--------------------------|
| Financial assets | | |
| Measured at Fair value through other comprehensive income | | |
| Investments | 43,14,725 | 43,14,725 |
| Measured at amortised cost | | |
| Cash and bank balances | 28,32,313 | 22,99,910 |
| Trade receivable | 47,02,90,981 | 49,42,36,525 |
| Security Deposits | 87,70,663 | 89,04,561 |
| Margin Money | 9,35,792 | 8,62,603 |
| Fixed Deposit with bank | 65,00,000 | 65,00,000 |
| Financial liabilities | | |
| Measured at amortised cost | | |



| | | |
|--|--------------|--------------|
| Borrowings | | |
| Long Term Borrowings | 4,05,21,348 | 4,77,96,790 |
| Short Term Borrowings | 11,53,42,923 | 11,35,86,532 |
| Directors' loan | 9,07,751 | 9,12,751 |
| Lease Liabilities | 40,76,606 | - |
| Measured at amortised cost | | |
| Trade payable | 21,73,31,900 | 24,52,77,781 |
| Current Maturities of Long Term Borrowings (including interest accrued but not due) | 96,57,851 | 86,27,003 |
| Employee Benefits payable | 60,73,399 | 37,15,360 |
| Accrual for expenses | 1,96,56,065 | 1,58,45,952 |

The management considers that the carrying amount of financial assets & financial liabilities recognised in the financial statement approximate their fair values.

29C **Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The Company's financial liabilities comprise of borrowings, trade payable and other liabilities to manage its operation and financial assets includes trade receivables and other receivables etc. that arise from its operation.

The Company has constituted a Risk Management Committee consisting of majority of directors and senior managerial personnel. The Company has a robust Business Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business segments.

The Company has instituted a self governed Risk Management framework based on identification of potential risk areas, evaluation of risk intensity, and clearcut risk mitigation policies, plans and procedures both at the enterprise and operating levels. The framework seeks to facilitate a common organisational understanding of the exposure to various risks and uncertainties at an early stage, followed by timely and effective mitigation.

The Audit Committee of the Board reviews the risk management framework at periodic intervals. Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

29D **Market risk**

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk to the extent that there is mismatch between the currencies in which its sales and services and purchases from overseas suppliers in various foreign currencies. Market Risk is the risk that changes in market prices such as foreign exchange rates will effect groups income or value of its holding financial assets/instruments.

The Company also holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are favourably affected as the Rupee appreciates/depreciates against US dollar (USD)

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period which are hedged are as follows.

| Particulars | Assets | | Liabilities | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| Trade receivables | 1,50,000 | 50,000 | - | - |

(i) This is mainly attributable to the exposure outstanding on foreign currency receivables in the Company at the end of the reporting period.

(ii) The Company hedges its net exposure in foreign currencies and as such the profit or loss of the company is not subject to foreign exchange fluctuation.

The unhedged foreign currency exposures of the company are as follows :

| Particulars | Assets | | Liabilities | |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As at 31st March 2020 | As at 31st March 2019 | As at 31st March 2020 | As at 31st March 2019 |
| Trade receivables | 4,76,098 | 3,22,254 | - | - |

29E

Credit risk

Credit risk refers to the risk of default on its obligation by the customer / counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is carrying value of respective financial assets.

Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as default risk of industry, credit default swap quotes, credit ratings from international credit rating agencies and historical experience for customers.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in shares of co-operative banks

29F

Liquidity risk

The Company's principle sources of liquidity are cash and cash equivalents, current investments and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. The Company closely monitors its liquidity position and maintains adequate source of funding.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2020:

| Particulars | As at 31st March 2020 | Less than 1 year | 1-5 years | Above 5 years |
|--------------------|-----------------------|------------------|-------------|-----------------|
| | | | | (Amount in Rs.) |
| Borrowings | 5,01,15,133 | 95,93,785 | 4,05,21,349 | - |
| Current Borrowings | 11,62,50,674 | 11,62,50,674 | | |
| Lease Liabilities | 40,76,606 | 19,16,757 | 21,59,849 | |
| Trade Payables | 21,73,31,900 | 21,73,31,900 | - | - |

Liabilities

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March, 2019:

| Particulars | As at 31st March 2019 | Less than 1 year | 1-5 years | Above 5 years |
|-----------------------------|-----------------------|------------------|-------------|-----------------|
| | | | | (Amount in Rs.) |
| Borrowings | 5,62,64,697 | 84,67,907 | 4,77,96,790 | - |
| Current Borrowings | 11,44,99,283 | 11,44,99,283 | | |
| Trade Payables | 24,52,77,781 | 24,52,77,781 | - | - |
| Other Financial Liabilities | 1,97,20,408 | 1,97,20,408 | - | - |

30 -

Segment information

The Company is primarily engaged in only one type of business i.e. marketing of pharmaceutical products including active pharmaceutical ingredients and there are no separate reportable segments.

31 -

Earnings per share

| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|--|-------------------------------|-------------------------------|
| Basic / Diluted earnings per share | | |
| From continuing operations attributable to the owners of the company | 0.03 | 0.68 |
| Total basic earnings per share attributable to the owners of the company | 0.03 | 0.68 |

Basic / Diluted earnings per share

The earnings and weighted average number of equity share used in the calculations of basic earnings per share are as follows :

| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
|---|-------------------------------|-------------------------------|
| Profit for the year attributable to the owners of the company | 3,27,843 | 71,35,619 |
| Earnings used in the calculation of basic earnings per share from continuing operations | 3,27,843 | 71,35,619 |
| Particulars | Year ended 31st March 2020 | Year ended 31st March 2019 |
| Weighted average number of equity shares for the purpose of basic / diluted earnings per share* | 1,05,46,213 | 1,05,46,213 |

During the year ended March 31, 2020, the Company has issued bonus shares in the proportion of 5:3 i.e. for every five (5) shares held, three (3) fully paid bonus equity \ shares of Rs. 10/- each were issued.

The bonus issue was approved by the shareholders of the Company in October 2019, through Postal Ballot/e-voting. Subsequently, the Company allotted 39,54,828 equity shares to shareholders who held equity shares as on the record date. The Bonus issue was transferred from Securities Premium to the Share capital .



EPS adjusted for the year prior to the bonus issue.

32 - Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March 2020

A Key managerial personnel ("KMP")

| | |
|-------------------------|--------------------------------|
| Mr. Atul Vasani | Chairman and Managing Director |
| Mrs. Jagruti Vasani | Whole Time Director |
| Mr. Ratnesh Kumar Singh | Chief Financial Officer |
| Miss Khushboo Panchal | Company Secretary |
| Mrs Pooja Garg | Company Secretary |

B Relatives of Key managerial personnel ("KMP") with whom transactions have taken place during the year

| | |
|---------------------|-----------------------------|
| Mr. Arvind Vasani | Father of Mr. Atul Vasani |
| Mrs. Manjula Vasani | Mother of Mr. Atul Vasani |
| Ms. Priyanka Vasani | Daughter of Mr. Atul Vasani |
| Ms. Vaishali Vasani | Sister of Mr. Atul Vasani |
| Mr. Ajay Vasani | Brother of Mr. Atul Vasani |
| Mr. Kevin Vasani | Son of Mr. Atul Vasani |

D **Entities over which Key management personnel and their relatives have significant influence and with whom transactions have taken place during the year ("Entities")**

Arochem Industries 25% partnership of Mr. Atul Vasani

Details of Transactions with Related Parties

| Sr No | Particulars | Year ended 31 March 2020 | | Entities | Total |
|-------|--------------------|-------------------------------|--|---------------|--------------------------|
| | | Key Management Personnel a | Relatives of Key Management Personnel b | | |
| 1 | Remuneration | 66,00,000 (66,00,000) | - - | - - | 66,00,000 (66,00,000) |
| 2 | Salary paid | 10,32,883 (10,80,000) | 38,18,600 (36,91,360) | - - | 48,51,483 (47,71,360) |
| 3 | Rent | 17,40,000 (17,40,000) | 7,80,000 (8,80,000) | - - | 25,20,000 (26,20,000) |
| 4 | Loan repaid | 5,000 (2,27,425) | - - | - - | 5,000 (2,27,425) |
| 5 | Material Purchased | - - | - - | - (35,547) | - (35,547) |

Figures in the brackets are the comparative figures of the previous year

Balance due from / to the related parties

| Sr No | Particulars | As at 31 March 2020 | | Other Related Parties | Total |
|-------|----------------------|--------------------------|------------------|-----------------------|-------------|
| | | Key Managerial Personnel | Relatives of KMP | | |
| 1 | Loan Payable | 9,07,751 | - | - | 9,07,751 |
| 2 | Rent Payable | - | 80,000 | - | 80,000 |
| 3 | Remuneration Payable | 71,90,364 | 41,42,144 | - | 1,13,32,508 |
| 4 | Advances given | - | 18,45,116 | - | 18,45,116 |
| 5 | Deposits given | 7,50,000 | 2,50,000 | - | 10,00,000 |

| Sr No | Particulars | As at 31 March 2019 | | Other Related Parties | Total |
|-------|----------------------|--------------------------|------------------|-----------------------|-----------|
| | | Key Managerial Personnel | Relatives of KMP | | |
| 1 | Loan Payable | 9,12,751 | - | - | 9,12,751 |
| 2 | Rent Payable | 1,66,591 | 2,00,000 | - | 3,66,591 |
| 3 | Remuneration Payable | 42,22,547 | 15,98,253 | - | 58,20,800 |
| 4 | Advances given | - | 18,51,344 | - | 18,51,344 |
| 5 | Deposits given | 7,50,000 | 2,50,000 | - | 10,00,000 |

33A - **Leases**

| Particulars | | As at 31st March 2020 | As at 31st March 2019 |
|-------------|---|--------------------------|--------------------------|
| 1 | Minimum lease rental payments Payable not later than one year | 27,00,000 | 30,98,200 |
| 2 | Payable later than one year and not later than five years | 22,80,000 | 88,20,000 |
| 3 | Payable later than five years | - | - |

| | |
|-------|---|
| 1 | The lease agreement provides for an option to Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements. |
| 2 | Further the company has entered into cancellable operating lease for office premises and godown. Tenures of leases generally vary from one year to five years. Terms of the lease include operating terms for renewal, terms of cancellation, etc. |
| 3 | Lease payments in respect of the above leases are recognised in the Statement of Profit and Loss under the head Rent Expenses. |
| 33B - | <p>Leases - Impact of Ind AS 116 adoption</p> <p>On April 1, 2019, the Company has adopted Ind AS 116, Leases, which, applied to all lease contracts outstanding as at April 1, 2019, using modified method by recording the right of use asset at an amount equal to lease liability. The Company has made use of the following practical expedients available in its transition to Ind AS 116 -</p> <p>(a) The Company will not reassess whether a contract is or contains a lease. Accordingly, the definition of lease in accordance with Ind AS 17 will continue to be applied to lease contracts entered by the Company or modified by the Company before April 1, 2019.</p> <p>(b) The Company has applied a single discount rate to a portfolio of leases of similar assets in similar economic environment. Consequently, the Company has recorded its lease liability using the present value of remaining lease payments, discounted using the incremental borrowing rate at the date of transition and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease but discounted using the incremental borrowing rate at the date of transition to Ind AS 116-</p> <p>(c) The Company excluded the initial direct costs from measurement of the RoU asset;</p> <p>(d) The Company does not recognize RoU assets and lease liabilities for leases with less than twelve months of lease term and low-value assets on the date of initial application.</p> <p>The weighted average rate of discount applied to lease liabilities as at April 1, 2019 is 12%</p> <p>Additional information relating to Ind AS 116 first time adoption</p> <p>a) the Company had recognized right-of-use assets Rs. 57,77,631/- which is equal to lease liabilities.</p> <p>During the year ended March 31, 2020, the Company recognized in the statement of profit and loss:</p> <p>a) Depreciation expense from right-of-use assets of Rs. 19,25,877/-.</p> <p>b) Interest expenses on lease liabilities of Rs. 5,78,976/-.</p> <p>c) Rent expense amounting to Rs. 2,40,000/- pertaining to leases of low-value assets and Rs. 4,20,000/- pertaining to leases with less than twelve months of lease term has been included under facility expenses.</p> <p>Lease payments during the year are disclosed under financing activities in the statement of cash flows</p> <p>The comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.</p> |
| 33C - | <p><u>Contingent liabilities</u></p> <p>As per the management of the company there are no contingent liabilities which are required to be disclosed in the notes to the financial statements.</p> |
| 34 | In March 2020, the World Health Organization (WHO) declared Covid-19 as a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity. The Company has considered internal and external information while finalizing various estimates in relations to its financial statement captions up to the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID-19 situation is evolving in India and globally. The Company will continue to closely monitor any material changes to future economic conditions. However, there is no significant adverse impact on the financial statements. |
| 3 | <p>Due to the COVID-19 related lockdown, the management had not been able to conduct the physical verification of Inventory as at year end, also few year-end activities relating to Financial Statement closure process have been performed under Work from Home Environment.</p> <p>However, the Management has process in place for physical verification at regular intervals throughout the year, and in past no significant discrepancies had been noted. The Management has ensured the best judgement and experience to make year-end provisions, accruals etc.</p> |
| 36 | <p>Previous year numbers have been regrouped / restated to match with the current year's classification</p> <p>As per our report of even date attached</p> <p>For Raman S. Shah & Associates Chartered Accountants Firm Registration No. 119891W</p> <p>SD/- Santosh A. Sankhe Partner Membership No. 100976</p> <p>SD/- Ratnesh Singh Chief Financial Officer</p> <p>SD/- Akshay Jharkhandi Company Secretary & Compliance Officer</p> <p>For and on behalf of the Board Vaishali Pharma Limited CIN : L52310MH2008PLC181632</p> <p>SD/- Atul Arvind Vasani Chairman & Managing Director (DIN: 02107085)</p> <p>SD/- Jagruti Atul Vasani Whole-time Director (DIN: 02107094)</p> <p>Mumbai, 30th July 2020</p> |



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