

September 7, 2020

To  
Department of Corporate Services  
**BSE Limited**  
P. J. Towers, Dalal Street  
Fort, Mumbai - 400 001  
Scrip Code: **BSE - 524500**

To  
Corporate Listing Department  
**National Stock Exchange of India Ltd**  
Exchange Plaza, Plot No.C-1, G Block, BKC,  
Bandra (E), Mumbai 400 051  
Scrip Code: **NSE - KILITCH**

**Sub: Notice of 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> AGM of the Company which is scheduled on Wednesday, September 30, 2020 at 9:00 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.kilitch.com](http://www.kilitch.com)

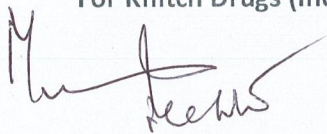
Details and instructions to attend, vote and view the proceedings of the 28th AGM has been provided in the 28th AGM Notice.

Kindly take the above intimation on records and acknowledge the receipt of the same.

Thanking You,

Yours sincerely,

For Kilitch Drugs (India) Limited

  
**Mukund Mehta**  
Managing Director



19  
20

Annual Report



KILITCH DRUGS (INDIA) LTD.

Going Beyond  
Challenges  
Embracing  
A **Bigger**  
Tomorrow



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Visit:  
[www.kilitch.com](http://www.kilitch.com)  
to view our report online

# Corporate Information

## Kilitch Drugs (India) Limited

### Registered Office:

C-301/2, MIDC,  
TTC Industrial Area, Pawane Village,  
Navi Mumbai - 400 705.

Tel.: 022-27670322, 27680913

Fax: 022-27680912

### Administrative Office:

37, Ujagar Industrial Estate, W.T. Patil  
Marg, Deonar, Mumbai - 400 088.

Tel.: 022-61214100, Fax: 022-67031658

Website: [www.kilitch.com](http://www.kilitch.com)

Email: [info@kilitch.com](mailto:info@kilitch.com)

## Bankers

Kotak Mahindra Bank Ltd

Shamrao Vithal Co-op Bank Ltd

State Bank of India

Axis Bank Ltd

## Registrar & Share Transfer Agents

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai - 400 083.

Tel.: 022-49186000

Fax: 022-49186060

## Board of Directors

**Mr. Mukund P. Mehta**  
*Managing Director*

**Mr. Bhavin Mukund Mehta**  
*Whole time Director*

**Mrs. Mira B. Mehta**  
*Whole time Director*

**Mr. Hemang Engineer**  
*Independent Director*

**Prof. Vasudev Krishna Murti**  
*Independent Director*

**Mr. Venkita Subramanian Rajan**  
*Independent Director*

## Auditors

**A. M. Ghelani & Co.**  
Chartered Accountants

## Secretarial Auditors

**Deep Shukla & Associate**  
Company Secretaries

## Chief Financial Officer

**Mr. Sujit Kumar Dash**

## Company Secretary and Compliance Officer

**Mr. Harshal A. Patil**  
*[Resigned w.e.f. 31<sup>st</sup> July, 2020]*

**Ms. Sunita N. Gohil**  
*[Appointed w.e.f. 31<sup>st</sup> July, 2020]*



# Fight against COVID-19

With challenges comes opportunities.

In this time of world crisis Kilitch has contributed to fight against COVID- 19 by means of immunity building and safety products – Roivit Vitamin C 1000 , 9 Vit Multivitamin injection and KilGerm Hand Sanitizer.

## Immunity Shield For COVID-19

**Immune-boosters for COVID-19:**

**Vitamin C**

- COVID-19 pneumonia seems to cause lung inflammation.
- Intravenous high-dose vitamin C due to its antioxidant activity could be beneficial to reduce this inflammation in early stages of COVID-19.

**B Complex Vitamins**

- Supports biochemical reactions in the immune system functions.
- B complex vitamins may help to get over COVID-19 cold and flu-like symptoms.

**Vitamin D**

- Enhances the body's immune response mechanism.
- Vitamin D may help to lower respiratory infections of COVID-19.

**9-VIT Infusion**, a multivitamin injection is a phenomenal combinations of:


▶ VITAMIN C ▶ B COMPLEX VITAMINS ▶ VITAMIN D ▶ VITAMIN A ▶ VITAMIN E

A supplement therapy with **9-VIT Infusion** Can subside the infection and improve the recovery rate of the patients.


Rx

# 9-VIT

(Multivitamin Injection for Infusion)



References :  
 1.www.researchgate.net/publication/339511104\_High-dose\_intravenous\_vitamin\_C\_treatment\_for\_COVID-19  
 2.www.drugs.com/medical-uses/vitamin-protect-plus-covid-19-coronavirus-disease-2019-2020-3554829/  
 3.www.healthline.com/nutrition/immune-boosting-supplements#5.Vitamin-C  
 4.www.medicinenet.com/covid-19\_supplements/article.htm



## Daily Boost to Fight COVID-19

**ROIVIT**  
**Vitamin C 1000**  
 (Effervescent Tablets)

**ROIVIT VITAMIN C 1000 is useful to :**

- Boost Immune health
- Enhance body's Antioxidant activity
- Improve respiratory health by reducing the inflammation
- Prevent cold and flu-like symptoms

References :  
 www.healthline.com/nutrition/vitamin-c-coronavirus#recommendation  
 www.medicinenet.com/covid\_19\_supplements/article.htm







## Letter from the Managing Director

“ We have been proactive in terms of capacity building at Ethiopia to meet our emerging needs for the expansion in Ethiopian and other African markets.”



Mr. Mukund P. Mehta  
Managing Director

Dear Shareholders,

Performance for the last financial year was in line with our expectation. We could withstand the decline in business from some markets by recouping it to an extent with growth in other markets. For instance - this year, few of our African markets were facing currency and political issues. At that time, we took a conscious call of restricting our exposure to this markets. Our strategy to de-risk the business through diversification of portfolio across markets, segments and products proved to be very useful.

Due to Covid 19 there was uncertainty and instability across Indian and overseas markets . On account of the Pandemic, since January 2020 , there was rise in cost of raw material , making some orders unviable. Also we had to face scarcity ,increased cost and delayed dispatches due to lack of road transport, closure of flights and slow-down at Ports. Extended lockdown in Mumbai had impacted demands, manufacturing and delay in key regulatory approvals since February 2020.

Kilitch team is pulling out all the stops to ensure that there is good cover up of the sale . In an unprecedented time, all major departments in Kilitch have come together to help one another with knowledge and sharing of resources.

At Kilitch, we have taken stringent measures to ensure the safety of employees who come to the plant and head office. Apart from keeping a distancing on the shop floor and in canteens, even the buses that commute workers maintain social distancing amongst commuters and are sanitized. Temperature-screening kiosks check every employee and visitor.

The impact of the coronavirus pandemic and the lockdown is clearly visible across businesses and industries. Pharmaceutical being essential in nature has bounced back positively with new dynamics .

**Despite the challenging year, we have been proactive in terms of capacity building at Ethiopia to meet our emerging needs for the expansion in Ethiopian and other African markets.** Our Green field project in Ethiopia received a fast track licence and with support from Ethiopian government commenced manufacturing in the disinfectant facility. We are now eagerly looking forward to commissioning of the cephalosporin manufacturing facility in Ethiopia .

Warm Regards,  
**Mukund P. Mehta**  
Managing Director

**Total Revenue**

(₹ in Crores)

66.48

**EBITDA**

(₹ in Crores)

7.09

**PAT**

(₹ in Crores)

4.46



## Highlights

Despite the challenges due to the pandemic, our team at Ethiopia has been proactively working for capacity building at Ethiopia. Considering the need of the hour and to contribute its role to the global fight against Covid-19, Kilitch had accepted the request from Ethiopian government and utilized its potential by starting manufacturing and sales in the disinfectant block. The focus was clearly on looking beyond the short-term challenges being faced and prepare for tomorrow's growth opportunities.



Presence of Kilitch at Iphex 2019, Ahmedabad and Arab Health 2020, Dubai. India is a major supplier of affordable and quality drugs across the world, India's role as the "pharmacy of the world" is well acknowledged by experts.

Participation in major pharma events has given Kilitch necessary vigilance to build new business relations and strengthen existing ones with pharma companies across the globe.



IPHEX 2019, Ahmedabad



Arab Health 2020, Dubai





Outstanding Export Performance Award 2019 in Contract Research and Manufacturing by Pharmaceutical Export Promotion Council of India.

## Our Team



Holi Festival



Navratri Festival

Our employees are the foundation and bedrock of our success. We at Kilitch are committed to providing a conducive, progressive, diverse and inclusive work environment for all our employees. We are focused on building a talent-driven, high-performance organisation in line with Kilitch philosophy.

Conducive environment and necessary precautionary measures are taken during the pandemic so employees can return to work safely and confidently.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Structure and developments, Global

The pharmaceutical industry plays a unique role in improving the lives of patients. It is also one of the world's fastest growing industries and among the biggest contributors to the world economy.

China dominates as a source of supply in pharma and has emerged to be a big player in the pharma space in recent years. China has such a high degree of concentration of pharma sourcing, whether it is finished products or API that the current outbreak of corona virus puts it in the spotlight.

The pharmaceuticals market in Africa is expected to reach a business opportunity of USD 45 billion in 2020 propelled by a convergence of changing economic profiles, rapid urbanisation, increased healthcare spending and investment, and increasing incidence of chronic lifestyle diseases. With the increasing adoption of Western lifestyle in Africa, there has been a paradigm shift in the burden of illness towards non-communicable diseases, driving the demand for chronic prescription drugs. The growing middle-class is a key driving force for pharmaceuticals spending. Limited affordability of governments and the general population for healthcare and pharmaceuticals and a high reliance on donor funding will be the major market restraints. The tropical climate of Africa makes the continent the largest reservoir of infectious diseases, particularly malaria, tuberculosis (TB) and acquired immune deficiency syndrome (AIDS), besides frequent outbreaks of polio, meningitis, cholera, pandemic influenza, yellow fever, measles, hepatitis, and tetanus.

Most Asian markets still have room to grow, the emerging markets of Philippines, Vietnam and Indonesia are clearly ripe for sustainable growth. For instance, as per industry estimates, Philippines is the third-largest pharmaceutical market in ASEAN, predicted to exceed USD 4 billion by 2020 – recording a compound annual growth rate of over 3.5% in five years. The Philippines' disease burden is shifting from communicable to non-communicable diseases.

## India

For decades, the Indian pharmaceutical industry has been driving better health outcomes for the economy. Indian pharmaceutical companies, through significant research and development investments, have developed, manufactured and marketed life-saving drugs available otherwise in only developed parts of the world. To improve access to medicines and medical services to the masses, the Indian regulatory and policy framework has undergone multiple interventions.

The corona virus outbreak had hit India's pharmaceutical sector by rising the prices of key ingredients. India's manufacturers rely heavily on imports of their APIs and chemicals from China. As a result of the lockdowns and closures, slowed production of APIs resulted in less availability and higher costs for the materials required for generics production. As the production of raw materials and active pharmaceutical ingredients (APIs) was stalled, the pharmaceutical industry was experiencing a global supply chain disruption. Inter-state transport challenges was also a major issue.

However vulnerabilities caused by Covid-19 have caused disruptions across global pharmaceutical supply chains. Perhaps this is also a good opportunity for India to reassess dependencies and plan for the future.





## Opportunities and Treats

As the novel coronavirus spread across countries, concern about the potential for disruption to the manufacture and distribution of pharmaceutical products has intensified. The Indian government is contemplating ways to encourage domestic manufacturing of APIs by creating a suitable ecosystem in the country. The FDA is working with the domestic manufacturer as to mitigate the shortage. FDA is trying to ensure that there is no shortage has been identified for products which cannot be replaced by others. Indian government is also planning on how to grow in the API sector in future.

According to the government of India's own estimates, India ranks third worldwide for pharmaceutical production by volume and 13th by value. It accounts for about 10% of the world's production by volume and 1.5% by value. This apparent discrepancy points towards the relatively lower price of Indian pharmaceutical products, and the high demand they enjoy in the global market. A major supplier of affordable low-price drugs across the world, India's role as the "pharmacy of the world" is well acknowledged by experts.

A joint analysis recently conducted by the African Export-Import (EXIM) Bank and the Export-Import (EXIM) Bank of India shows that commercial trade between Africa and India has expanded more than eight-fold (pdf) from \$7.2 billion in 2001 to \$59.9 billion in 2017. India is currently Africa's fourth-largest national trading partner. India accounted for more than 6.4% of Africa's total trade in 2017, considerably higher than 2.7% in 2001. A joint analysis recently conducted by the African Export-Import (EXIM) Bank and the Export-Import (EXIM) Bank of India shows that commercial trade between Africa and India has expanded more than eight-fold from \$7.2 billion in 2001 to \$59.9 billion in 2017.

## Segment-wise or Product-wise Performance

We at Kilitch continue to be passionate about finding unmet medical needs of our customers and use our capabilities to fulfil the same, ahead of competition. Our concentrated strategy in terms of selected markets and therapies along with on-ground presence in each market, has been instrumental in ensuring sustainability of our business for long-term. Our brands in all our key markets continue to post satisfactory growth, reflecting strong inherent fundamentals built over the years. We continue to build more brands in these markets and are very positive about the same. The performance in South-East Asian countries had been excellent for the year, led by new products and customers and gain in market share in existing products. We have further expanded our reach to the emerging markets of Latin countries.

## Outlook

Kilitch Drugs (India) Limited's manufacturing operations that form the backbone of our business, produce products for patients across the globe. Our facility is on a continual journey of excellence to produce high-quality, affordable medicines that enable us to deliver our intent to offer healthcare with a purpose. Strong growth in existing customers and ramp-up of new customers. Addition of ophthalmic line in our plant has opened up new opportunities. We have been proactive about the changing scenario on regulatory front across the world, where compliance requirements for manufacturing facilities have seen a fast-paced evolution. We have invested in getting accreditations for Mumbai plant from Burkina Faso and Philippines to name a few.



In addition to own manufacturing facilities, Kilitch has also partnered with loan licensees through whom we get products manufactured. These products are manufactured using our technical specifications and under oversight of our quality team to ensure that the products meet our specifications and quality standards. This is done with an objective to supply quality products at affordable prices to more customers. We used this opportunity to build efficiency across the organisation through productivity enhancement, cost rationalisation, capacity building and above all, remaining agile for our next phase of growth.

The commissioning of the disinfectant and cephalosporin facility at Ethiopia will contribute to a significant growth in sales.

### Risks and Concerns

The nature of the pharmaceutical business exposes the Company to various competitive and regulatory risks. Kilitch has continued to be present in traditionally considered risky geographies of Africa to ensure medicines access to patients. The risk management framework at Kilitch identifies and addresses potential risks involved in foreign exchange, political uncertainty, competition and regulatory. The focus this year was clearly on looking beyond the short-term challenges being faced and prepare the organisation for tomorrow's growth opportunities.

Covid -19 is not the first, nor will it be the last virus to cause widespread panic and challenge the global health care market. As this crisis unfolds it is important to observe its short-term effects and long-term ramifications upon the market. Kilitch team is devising ways to adapt and change to deal with this, and future crises.



## DIRECTORS' REPORT

To,  
The Members,  
KILITCH DRUGS (INDIA) LIMITED

Your Directors have pleasure in presenting their 28<sup>th</sup> Annual Report on the business and operations of your Company for the year ended 31<sup>st</sup> March 2020.

### 1. FINANCIAL RESULTS

The summarized financial performance (Standalone & Consolidation) of the Company for the financial year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019, are given below: [Amount in Lakhs]

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	6076.80	9,641.76	5332.00	8,248.99
Other Income	570.92	451.82	412.55	400.40
<b>Total Revenue</b>	<b>6647.72</b>	<b>10,093.58</b>	<b>5744.55</b>	<b>8649.39</b>
Total Expenses	6125.48	8,141.11	5583.82	7,790.73
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>	<b>522.24</b>	<b>1,952.47</b>	<b>160.73</b>	<b>858.66</b>
Exceptional Items	-	-	-	-
Extraordinary Items	-	-	-	-
<b>Net Profit Before Tax</b>	<b>522.24</b>	<b>1,952.47</b>	<b>160.73</b>	<b>858.66</b>
Provision for Tax				
- Current Tax	69.58	424.08	69.58	424.08
- Deferred Tax (Liability)/Assets	6.95	51.66	6.95	51.60
Net Profit After Tax	445.71	1,476.73	84.20	382.98
<b>Profit/(Loss) from continuing operations</b>	<b>445.71</b>	<b>1,476.73</b>	<b>84.20</b>	<b>382.98</b>
Other Comprehensive Income (After Tax)	(310.91)	(105.69)	(310.91)	(105.69)
<b>Total Comprehensive income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>134.80</b>	<b>1,371.04</b>	<b>(226.71)</b>	<b>277.29</b>
Paid up Equity Share Capital (Face Value Rs. 10/- per Share)	1,543.42	1,535.52	1,543.42	1,535.52
Other Equity	13,621.29	13,572.84	10,281.84	10,570.21
Earning per share (for continuing operation) (Amount in Rs.)				
- Basic	2.89	10.06	0.55	2.61
- Diluted	2.89	10.06	0.55	2.61

### 2. REVIEW OF OPERATIONS:

#### Standalone:-

During the year under review, the Company has posted total Income of Rs. 6,647.72 Lakhs as against Rs. 10,093.58 Lakhs for the corresponding previous year.

Further, total Comprehensive income for the period was Rs. 134.80 Lakhs as against Rs. 1,371.04 Lakhs for the corresponding previous year.

#### Consolidated:-

During the year under review, the Company has posted total Income of Rs. 5,744.55 Lakhs as against Rs. 8,649.39 Lakhs for the corresponding previous year.

Further, total Comprehensive loss for the period was Rs. 226.71 Lakhs as against Total profit of Rs. 277.29 Lakhs for the corresponding previous year.

### 3. STATEMENT OF AFFAIRS AND FUTURE OUTLOOK

We consider Africa as the bestow of our success and accordingly we are enhancing our presence in most of the African countries. Kilitch brands have a robust presence in French-speaking countries of Africa. This has a very sustainable and promising future in the years to come. We are pleased to bring to your notice that our Green field project in Ethiopia received a fast track license and with support from Ethiopian government commenced manufacturing of disinfectants and sanitizers.





We are now eagerly looking forward to commissioning of the cephalosporin manufacturing facility in Ethiopia. We have further expanded our reach to the emerging markets of South- East Asian and Latin countries. The performance in South-East Asian countries had been excellent for the year, led by new products and customers and gain in market share in existing products. During the Covid-19 pandemic our focus was clearly on looking beyond the short- term challenges being faced and prepare for tomorrow's growth opportunities. We are standing with our heads high with this belief that with your endless support and faith in our vision and strategy and dedication of our employees, we anticipate that we will reach another milestone in Africa with highest sales for our organization.

#### 4. MANAGEMENT DISCUSSION AND ANALYSIS :

The Management Discussion and Analysis Report, which gives a detailed state of affairs of the Company's operations forms part of this Annual Report.

#### 5. DIVIDEND AND RESERVES:

The Directors do not recommend dividend for the financial year ended as on March 31, 2020 with a view to retain internal accruals that will be used for the expansion of the Company.

The following disclosures are being made upto 31<sup>st</sup> March, 2020 as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014:

Sr. No.	Particulars	Options
a.	Options Outstanding at the beginning of the year	161764
b.	Options granted	135415
c.	Options vested	57818
d.	Options exercised / settled	78948
e.	The total number of shares arising as a result of exercise of option	78948
f.	Options lapsed	21832
g.	The exercise price	Rs.10/-
h.	Variation of terms of options	-
l.	Money realized by exercise of options	Rs. 7,89,480/-
j.	Total number of options in force	196389
k.	Employee wise details of options granted to:-	
	(i) key managerial personnel	
	1. Sujit Kumar Dash - CFO	8565
	2. Harshal Patil - Company Secretary & Compliance Officer	1478
	(ii) any other employee who receives a grant of options in any one year of option amounting to five per cent or more of options granted during the year	-
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of the grant	-

#### 6. SHARE CAPITAL:

The Paid-up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2020 is Rs. 1543.42 Lakhs, comprising of 15434190 Equity Shares of Rs. 10/- each as against Rs. 1535.52 Lakhs, comprising of 15355242 Equity Shares of Rs. 10/- each in the previous year.

The Board of Directors at their meetings held on 3<sup>rd</sup> May 2019 and 22<sup>nd</sup> August 2019 approved the allotment of 62239 and 16709 Equity Shares respectively pursuant to exercise of option granted to employees of the Company under ESOS Scheme.

#### 7. EMPLOYEE STOCK OPTION SCHEME:

The Company, under the Scheme (KDIL ESOS 2007) approved by the shareholders vide a special resolution as on 29<sup>th</sup> September, 2007 and amended from time to time with their approval grants share based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company Objectives, and promoting increased participation by them in the growth of the Company.



## 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### • Inductions /Appointment or Re-appointment of Director

At the 27<sup>th</sup> Annual General Meeting held on 30<sup>th</sup> September, 2019, Mr. Bhavin Mehta was re-appointed as Director of the Company liable to retire by rotation.

Further, on the recommendations of the Nomination and Remuneration Committee, the Board of Directors had re-appointed Mr. Hemang Engineer as the Non Executive Independent Director at their meeting held on 14<sup>th</sup> February 2020 for a further period of 5 years w.e.f. 1st April 2020.

The said resolution for confirming the appointment of Mr. Hemang Engineer as the Non Executive Independent Director for a further period of 5 years form part of Notice convening the 28<sup>th</sup> Annual General Meeting (AGM) scheduled to held on 30<sup>th</sup> September 2020. We seek your support and hope you will enthusiastically vote in confirming his appointment to the Board.

At the meeting of Board of Directors held on August 28<sup>th</sup>, 2020, your Board has appointed Ms. Sunita Gohil (ACS: 61956) as a Company Secretary and Compliance officer of the Company with effect from 31<sup>st</sup> July, 2020.

### • Retire by Rotation

In accordance with section 152(6) of the Companies Act, 2013 and in terms of Articles of Association of the Company Mr. Mukund Mehta (DIN:00147876), Whole time Director of the Company, retires by rotation and being eligible; offers himself for re-appointment at the forthcoming 28th Annual General Meeting. The Board recommends the said reappointment for shareholders' approval.

All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

### • Cessation of Director/KMP:

During the year under review During the year under review, Mr. Harshil Patil resigned as Company Secretary of the Company w.e.f. July 31<sup>st</sup>, 2020. The Board places on record its appreciation for the invaluable contributions and guidance provided by him, during his stint with the Company as Company Secretary.

Pursuant to Section 203 of the Companies Act, 2013, Key Managerial Personnel of the Company as on 31<sup>st</sup> March 2020, details are as under:

Sr. No.	Name of KMP	Designation
1.	Mr. Mukund Prataprai Mehta	Managing Director
2.	Mr. Bhavin Mukund Mehta	Whole - time Director
3.	Mrs. Mira Bhavin Mehta	Whole - time Director
4.	Mr. Harshal Anant Patil	Company Secretary and Compliance Officer
5.	Mr. Sujit Kumar Dash	Chief Financial Officer

## 9. INDEPENDENT DIRECTORS

The Independent Director(s) have submitted their disclosure to the Board that they fulfill all the requirements as to qualify for their appointment as Independent Director, under the provisions of section 149 of the Companies Act, 2013 as well as Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 10. DISCUSSIONS WITH INDEPENDENT DIRECTORS

The Board's policy is to regularly have separate meetings with Independent Directors, to update them on all business related issues, new initiatives and changes in the industry specific market scenario. At such meetings, the Executive Directors and other Members of the Management make presentations on relevant issues.

The policy for Familiarisation Programme for Independent Directors is available on our website [www.kilitch.com](http://www.kilitch.com).

## 11. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The Directors expressed satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## 12. NUMBER OF BOARD MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year, 8 (Eight) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Further, Committees of the Board usually meet on the same day of formal Board Meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval and noting.



### 13. COMPOSITION OF AUDIT COMMITTEE

Your Company has formed an Audit Committee as per the Companies Act, and SEBI (LODR) Regulations, 2015.

All members of the Audit Committee possess strong knowledge of accounting and financial management.

Further, the Audit Committee is functional as per the provision of Section 177 of Companies Act, 2013 and Rules made thereunder and as per Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The other details of the Audit Committee are given in the Corporate Governance Report, appearing as a separate section in this Annual Report.

### 14. COMPOSITION OF NOMINATION & REMUNERATION COMMITTEE

Your Company has formed a Nomination & Remuneration Committee to lay down norms for determination of remuneration of the executive as well as non-executive directors and executives at all levels of the Company.

The other details of the Nomination & Remuneration Committee are given in the Corporate Governance Report, appearing as a separate section in this Annual Report.

### 15. NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors. This policy also lays down criteria for selection and appointment of Board Members. The details of the policy are provided as Annexure- II to this Report and also available on the website of the Company [www.kilitch.com](http://www.kilitch.com).

Details of remuneration paid to Directors and Key Managerial Personnel are given in the Corporate Governance Report along with shareholding in a Company.

### 16. COMPOSITION OF STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Board has constituted a Stakeholders Relationship Committee to specifically look into the mechanism of redressal of grievances of shareholders etc. The Committee reviews Shareholder's / Investor's complaints like non-receipt of Annual Report, physical transfer/ transmission/transposition, split/ consolidation of share certificates, issue of duplicate share certificates, etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

The other details of the Stakeholders Relationship Committee are given in the Corporate Governance Report, appearing as a separate section in this Annual Report.

### 17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have 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 systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 18. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURE

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company, is enclosed as Annexure III and forms part of this Report.

Further, no employee of the Company is earning more than the limits as prescribed pursuant to Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 in respect of employees of the Company.

Further, the names of top ten employees in terms of remuneration drawn are disclosed in Annexure IV and forms part of this Report.





## 19. EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as Annexure V and forms part of this Report.

## 20. DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has 2 subsidiaries as on 31<sup>st</sup> March, 2020. During the year, the Board of Directors reviewed the affairs of material subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which forms part of the Integrated Report. Further, the report on the performance and financial position of each subsidiary and salient features of the Financial Statements in the prescribed Form AOC-1 is annexed to this report as an Annexure VI.

In accordance with the provisions of Section 136 of the Companies Act, 2013 and the amendments thereto, the audited Financial Statements, including the consolidated financial statements and related information of the Company and financial statements of the subsidiary companies will be available on our website [www.kilitch.com](http://www.kilitch.com). These documents will also be available for inspection during business hours at the Registered Office of the Company.

None of the company have become or ceased to be subsidiaries, joint ventures and associates during the year under review.

## 21. STATUTORY AUDIT

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditor on completion of the maximum term permitted under the said section. In line with the requirement of the Companies Act, 2013, M/s. A. M. Ghelani & Co., Chartered Accountants (Firm Registration No.103173W) were appointed as the statutory auditor of the Company to hold office for a period of four consecutive years from the conclusion of the 25th Annual General Meeting of the Company held on 29<sup>th</sup> September 2017, till the conclusion of the 29th Annual General Meeting to be held in the year 2021.

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on 7<sup>th</sup> May, 2018, ratification of appointment of Statutory Auditors at every Annual General Meeting is no more a legal requirement. However, pursuant to Ordinary Resolution passed at the 25th Annual General Meeting, appointment shall subject to ratification at every annual general meeting.

Hence, the Notice convening the ensuing 28<sup>th</sup> Annual General Meeting contained a resolution on ratification of appointment of Statutory Auditors.

Further, M/s. A. M. Ghelani & Co., Chartered Accountants (Firm Registration No. 103173W), has confirmed that they are eligible to continue as Statutory Auditors of the Company to audit the books of accounts of the Company for the Financial Year ending 31st March 2021 and they will continue to be the Statutory Auditors of the Company for Financial Year ending 31st March 2021.

The Notes on financial statement 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, adverse remark or disclaimer.

## 22. SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, M/s Deep Shukla & Associates Company Secretaries, have been appointed Secretarial Auditors of the Company. The Secretarial Audit Report is enclosed as Annexure VII to this report.

The Secretarial Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

## 23. COST AUDIT

As per the Cost Audit Orders and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit is not applicable to our Company.

## 24. INTERNAL AUDIT & CONTROLS

The Company has in place adequate internal financial controls with reference to the financial statement. The Audit Committee of the Board periodically reviews the internal control systems with the management, Statutory Auditors. Significant internal audit findings are discussed and follow-ups are taken thereon.

## 25. VIGIL MECHANISM

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.kilitch.com](http://www.kilitch.com). The employees of the Company are made aware of the said policy at the time of joining the Company.

## 26. RISK MANAGEMENT POLICY

The Company has laid down the procedure to inform the Board about the risk assessment and minimization procedures.

These procedures are reviewed by the Board annually to ensure that there is timely identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting.



The Company does not fall under the ambit of top 100 listed entities, determined on the basis of market capitalisation as at the end of the immediately preceding financial year. Hence, compliance under Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable.

## 27. DEPOSITS

The Company has neither accepted nor renewed any fixed deposits during the year under review under Section 76 of the Companies Act, 2013. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on 31st March 2020.

## 28. LOANS & GUARANTEES

During the year under review, your Company made loans and investments in compliance with Section 186 of the Companies Act, 2013. However, no guarantee given and security provided by the Company. The said details are given in the notes to the financial statements.

## 29. INSURANCE

The properties/assets of the Company are adequately insured.

## 30. RELATED PARTY TRANSACTIONS

During Financial Year 2019-20, the Company entered into certain Related Party Transactions which are in the ordinary course of business and at arm's length basis, with approval of the Audit Committee. The Audit Committee grants omnibus approval for the transactions which are of foreseen and repetitive nature. A detailed summary of Related Party Transactions is placed before the Audit Committee and the Board of Directors for their review every quarter.

There are no materially significant Related Party Transactions executed between the Company and its Promoters, Directors, key Managerial Personnel or other designated persons, that may have a potential conflict with the interest of the Company at large.

Details of Related Party Transactions entered into by the Company were in ordinary course of business and were on an arm's length basis, the particulars as required in form AOC-2 is annexed to this report as Annexure I.

In the preparation of financial statements, the Company has followed the applicable Accounting Standards.

The significant accounting policies that are applied have been set out in the Notes to Financial Statements.

## 31. CORPORATE GOVERNANCE CERTIFICATE

We ensure that, we evolve and follow the corporate governance guidelines and best practices sincerely, not only to boost long-term shareholder value, but also to respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our operations and performance, as well as the leadership and governance of the Company.

In compliance with Regulation 34(3) read with Schedule V(C) of the SEBI (LODR) Regulations, 2015, a Report on Corporate Governance forms part of this Annual Report as Annexure VIII. The Certificate as issued by Practicing Company Secretary certifying compliance with the conditions of corporate governance as prescribed under Schedule V(E) of the SEBI (LODR) Regulations, 2015, is annexed to the Corporate Governance Report.

## 32. CORPORATE SOCIAL RESPONSIBILITY

The Company has a Policy on Corporate Social Responsibility and the same has been posted on the website of the Company at [www.kilitch.com](http://www.kilitch.com). The Annual Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - IX which forms part of this Report.

Details of composition of the Committee are as under:

S.N	Name of Directors	Executive/Non-Executive Independent
1.	Mr. Bhavin Mehta	Executive
2.	Mrs. Mira Mehta	Executive
3.	Mr. Murti Vasudev Krishna	Non-Executive Independent

The detail report on CSR expenditure done by company is annexed to this report as Annexure X.

## 33. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

### (A) Conservation of Energy:

i. steps taken or impact on conservation of energy;  
The use of energy is being optimized through improved operational methods. Continuous efforts are being made to optimize and conserve energy by improvement in production process. Even though its operations are not energy-intensive, significant measures are taken to reduce energy consumption by using energy-efficient equipments. The Company regularly reviews power consumption patterns in its all locations and implements requisite improvements/changes in the process in order to optimize energy/ power consumption and thereby achieve cost savings.

ii. Steps taken for utilizing alternate sources of energy;

The steps taken by the Company for utilizing alternate sources of



energy: The Company is using electricity as the main source of energy and is currently not exploring any alternate source of energy.

iii. Capital investment on energy conservation equipment; Your Company firmly believes that our planet is in dire need of energy re-sources and conservation is the best policy.

#### (B) Absorption of Technology:

i. The efforts made towards technology absorption:

The Company values innovation and applies it to every facet of its business. This drives development of distinctive new products, ever improving quality standards and more efficient processes.

The Company has augmented its revenues and per unit price realization by deploying innovative marketing strategies and offering exciting new products. The depth of designing capabilities was the core to our success over the years.

The Company uses the service of in-house designers as well as those of free-lancers in developing product designs as per the emerging market trends. The Company uses innovation in design as well as in technology to develop new products.

ii. Benefits derived as a result of the above efforts:

As a result of the above, the following benefits have been achieved:

- Better efficiency in operations,
  - Reduced dependence on external sources for technology for developing new products and upgrading existing products,
  - Expansion of product range and cost reduction,
  - Greater precision,
  - Retention of existing customers and expansion of customer base,
  - Lower inventory stocks resulting in low carrying costs.
- iii. The Company has not imported any technology during the year under review;
- iv. The Company has not expended any expenditure towards Research and Development during the year under review.

#### C) Foreign Exchange Earning And Outgo:

(I) Earnings in Foreign Currency:

Particulars	[Amount in Lakhs]	
	2019-20	2018-19
Earnings in Foreign Currency:	3906.50	7974.01

(II) Expenditure in foreign currency:

Particulars	[Amount in Lakhs]	
	2019-20	2018-19
Business Promotion & Travelling	241.33	528.91
Export Registration	261.45	158.04
Export Expenses	8.42	1.59

#### 34. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Companies Act, 2013 read with The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, ('Rules'), the dividends, unclaimed for a consecutive period of seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to IEPF. Further, the shares (excluding the disputed cases having specific orders of the Court, Tribunal or any Statutory Authority restraining such transfer) pertaining to which dividend remains unclaimed for a period of continuous seven years from the date of transfer of the dividend to the unpaid dividend account are also mandatorily required to be transferred to the IEPF established by the Central Government. Accordingly, the Company has transferred eligible Shares to IEPF Demat Account maintained by the IEPF authority within statutory timelines.

The Company has sent individual communication to the concerned shareholders at their registered address, whose dividend remained unclaimed and whose shares were liable to be transferred to the IEPF by 2nd November, 2019. The communication was also published in national English and local Marathi newspapers.

Any person whose unclaimed dividend and shares pertaining thereto, matured deposits, matured debentures, application money due for refund, or interest thereon, sale proceeds of fractional shares, redemption proceeds of preference shares, amongst others has been transferred to the IEPF Fund can claim their due amount from the IEPF Authority by making an electronic application in e-form IEPF-5. Upon submitting a duly completed form, Shareholders are required to take a print of the same and send physical copy duly signed along with requisite documents as specified in the form to the attention of the Nodal Officer, at the Registered Office of the Company. The e-form can be downloaded from the website of Ministry of Corporate Affairs [www.iepf.gov.in](http://www.iepf.gov.in). Dates of declaration of dividends since 2017-18 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government are given in the below table.

Financial Year Ended	Date of declaration of Dividend	Amount Remaining unclaimed/ Unpaid as on 31.03.2020 (Rs.)	Last date for claiming unpaid dividend amount (before)	Last date for transfer to IEPF
2017-2018	27/09/2018	2,07,361.50/-	02.11.2025	02.12.2025
2018-2019	30/09/2019	1,81,217.50/-	05.11.2026	05.11.2026

Shareholders are requested to get in touch with the RTA for encashing the unclaimed dividend/interest/principal amount, if any, standing to the credit of their account.

#### 35. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013





The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment at workplace (Prevention, prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year ended 31<sup>st</sup> March 2020 Company has not received any complaint of harassment.

### 36. LISTING WITH STOCK EXCHANGE

The Company confirms that it has paid the Annual Listing Fees for the year 2020-21 to BSE and NSE where the Company's Shares are listed.

### 37. SECRETARIAL STANDARDS

The Company has in place proper systems to ensure compliance with the provisions of the applicable secretarial standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

### 38. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### 39. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There are no significant and material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

### 40. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

During the year under review, there have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

Further, the Board of Directors at their meeting held on 25<sup>th</sup> May, 2020 allotted 44883 Equity Shares pursuant to exercise of option granted to employees of the Company under ESOS Scheme.

### 41. ACKNOWLEDGEMENT

The Directors would like to thank all shareholders, customers, bankers, medical professionals, business associates, suppliers, distributors and everybody else with whose help, cooperation and hard work the Company is able to achieve the results. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For & on behalf of the Board of Directors of  
**Kilitch Drugs (India) Limited**

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

**Mr. Mukund Mehta**  
Managing Director  
[DIN: 00147876]

**Mrs. Mira Bhavin Mehta**  
Whole - Time Director  
[DIN: 01902831]



## Annexure I

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

(Rs. In Lakhs)				
SL. No.	Particulars	Details		
a)	Name (s) of the related party & nature of relationship			
	Party	NBZ Healthcare LLP	Kilitch Company Pharma Limited	Arham Neeta Realties LLP
	Relationship	Directors' are Partners	Holding Majority Stake in Kilitch Drugs India Limited.	Company is a Partner along with Few Directors
b)	Nature of contracts/ arrangements/ transaction	<b>Transaction Details</b>		
	Nature Of Contracts			
	Purchases	Yes	-	-
	Sales	Yes	-	-
	Advances and Loans Given	Yes	Yes	Yes
	Advances and Loans returned	Yes	-	Yes
c)	Duration of the contracts/ arrangements/ transaction	Full Year	Full Year	Full Year
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<b>Transaction Details with Value</b>		
	Purchases	506.50	-	-
	Sales	141.82	-	-
	Advances and Loans Given	615.70	0.00	0.97
	Advances and Loans returned	660.71	-	0.01
e)	Date of approval by the Board	30 <sup>th</sup> May, 2019	30 <sup>th</sup> May, 2019	30 <sup>th</sup> May, 2019
f)	Amount paid as advances, if any	615.70	0.00	0.97

For & on behalf of the Board of Directors of  
Kilitch Drugs (India) Limited

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

Mr. Mukund Mehta  
Managing Director  
[DIN: 00147876]

Mrs. Mira Bhavin Mehta  
Whole - Time Director  
[DIN: 01902831]



## Annexure II

### NOMINATION AND REMUNERATION POLICY

#### CONSTITUTION OF COMMITTEE

The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration/Compensation Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee."

#### OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The Key Objectives of the Committee would be:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- To formulation of criteria for evaluation of Independent Director and the Board.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To develop a succession plan for the Board and to regularly review the plan.
- To assist the Board in fulfilling responsibilities.
- To Implement and monitor policies and processes regarding principles of corporate governance.

#### APPLICABILITY

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

#### DEFINITIONS:

"Act" shall mean the Companies Act, 2013 and the Rules made thereunder, including the modifications, amendments, clarifications, circulars or re-enactment thereof.

"Board" means Board of Directors of the Company.

"Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

"Company" means Kilitch Drugs (India) Limited.

"Directors" mean Directors of the Company.

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

"Key Managerial Personnel" means key managerial personnel as defined under the Companies Act, 2013 and includes

- Managing Director, or Executive Director or manager and in their absence, a whole- time director; (includes Executive Chairman)
- Company Secretary;
- Chief Financial Officer; and
- Such other officer as may be prescribed.

"Policy" or "This policy" means Nomination and Remuneration Policy.

"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" Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and the Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### ROLE AND POWER OF THE COMMITTEE:-

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.



- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

#### Policy for appointment and removal of Director, KMP and Senior Management

##### (i) Appointment criteria and qualifications

a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.

b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c. The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

##### (ii) Term / Tenure

###### a. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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.

###### b. Independent Director:

- 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.
- 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. However, if a person who has already served as an Independent Director for

5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

##### c. Evaluation

- The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

##### d. Removal

- Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

##### e. Retirement

- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

##### (i) General:

- The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for 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;
- The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act;
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director;





- Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees 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.

**(ii) Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

- Fixed pay:**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup 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/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**(iii) Remuneration to Non- Executive / Independent Director:**

- Remuneration/Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

- Sitting Fees**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

- Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**MEMBERSHIP:-**

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

**CHAIRMAN:-**

- Chairman of the Committee shall be an Independent Director;
- Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;
- In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
- 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.

**FREQUENCY OF MEETINGS**

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

**COMMITTEE MEMBERS' INTERESTS**

- 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.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**SECRETARY**

- The Company Secretary of the Company shall act as Secretary of the Committee.

**VOTING**

- 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 a decision of the Committee.



- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

#### MINUTES OF COMMITTEE MEETING

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

#### IMPLEMENTATION

- The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

- The Committee may Delegate any of its powers to one or more of its members.

#### 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.

#### AMENDMENTS IN THE LAW

- Any subsequent amendment/modification in the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.

For & on behalf of the Board of Directors of  
**Kilitch Drugs (India) Limited**

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

**Mr. Mukund Mehta**  
Managing Director  
[DIN: 00147876]

**Mrs. Mira Bhavin Mehta**  
Whole - Time Director  
[DIN: 01902831]



## Annexure III

### PARTICULARS OF EMPLOYEES

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

i. The Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20; and

ii. The percentage increase in remuneration of each Director, Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company in the financial year 2019-20

Name & Designation	Remuneration of each Director & KMP for the FY 2019-20 (Rs.)	Increase / Decrease in Remuneration in the FY 2019-20	Ratio of Remuneration of each Directors to median remuneration of employees
<b>A. Directors</b>			
Mukund P. Mehta - Managing Director	60,00,000/-	0.00%	1 : 33.34
Bhavin M. Mehta - Whole Time Director	84,00,000/-	0.00%	1 : 46.67
Mira Bhavin Mehta - Whole Time Director	24,00,000/-	0.00%	1 : 13.34
Hemang Engineer - Independent Director	-	-	-
Vasudev Krishna Murti - Independent Director	-	-	-
Venkita Subramanian Rajan Independent Director	-	-	-
<b>B. Key Managerial Personnel</b>			
Sujit Kumar Dash - CFO	13,08,000/-	9.00%	1 : 7.27
Harshal Patil - CS	3,81,600/-	6.00%	1 : 2.12

CFO – Chief Financial Officer; CS - Company Secretary.

Notes:

a. Median remuneration of all the employees of the Company for the financial year 2019-20 is Rs. 1,79,976/- p.a.

iii. The percentage increase in the median remuneration of employees in the financial year 2019-20

Particulars	Financial Year 2019-20 (Rs.)	Financial Year 2018 - 19 (Rs.)	Increase/Decrease (%)
Median remuneration of all employees	1,79,976/-	2,40,936/-	25.30

**Note:** The calculation of % increase in the median remuneration has been done based on comparable employees.



iv. The number of permanent employees on the rolls of Company: There were 111 permanent employees on the rolls of Company as on 31<sup>st</sup> March , 2020.

v. 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 decrease of 25.30% in the salaries of employees was in line with the market projection, the performance of the Company in the financial year 2019-20 the individual performance of the employees, the criticality of the roles they play and skills set they possess.

vi. Affirmation that the remuneration is as per the Remuneration Policy of the Company

Pursuant to Rule 5(1)(xii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is affirmed that the remuneration paid to the Directors, KMPs, Senior Management and other employees of the Company is as per the Remuneration Policy of the Company.

For & on behalf of the Board of Directors of  
**Kilitch Drugs (India) Limited**

**Place: Mumbai**  
**Date: 28<sup>th</sup> August 2020**

**Mr. Mukund Mehta**  
**Managing Director**  
[DIN: 00147876]

**Mrs. Mira Bhavin Mehta**  
**Whole-Time Director**  
[DIN: 01902831]





## Annexure III

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(2)(a) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

Name of the Employees	Designation / Nature of Duties	Remuneration Received (Rs.) P.A.	Qualification	Experience in years	Age in Years	Date of Commencement of employment	Last employment held	% of share holding
Mr. Bhavin Mehta	Whole -Time Director	84,00,000/-	B. PHARM,	19	44	29.09.2007	-	12.97
Mr. Mukund Mehta	Managing Director	60,00,000/-	B.COM, BGL	35	67	12.05.1992	-	5.77
Mrs. Mira Mehta	Whole -Time Director	24,00,000/-	B.COM	12	42	01.03.2013	-	-
Mr. Tajouddin Ansari	GM - International Market	14,52,000/-	B.COM, MBA	23	44	03.11.2016	Medibios Laboratories Pvt Ltd	-
Mr. Sachin D. Pol	Manager Supply Chain	13,20,888/-	B. Sc.	10	40	06.12.2010	Chandra Bhagat Pharma Pvt Ltd	-
Mr. Sujit Kumar Dash	*CFO	13,08,000/-	B. Com., CA	7	33	16.03.2018	Siva Group	-
Mrs. Archana S Kitkaru	GM -QA	12,61,116/-	M. PHARM	21	47	03.02.1999	-	-
Mr. Rajesh Khatri	General Manager	11,62,764/-	B.COM	24	45	23.12.2015	Radha Krishna Foodland Pvt Ltd	-
Ms. Deepali Bhogate	Executive - International Business	8,67,552/-	B. Pharm, MBA	7	28	04.10.2014	Emedicine Galaxy Pvt Ltd	-



Mr. Pradeep Kalidas Nimbalkar	Assistant Manager - Exports	7,72,944/-	B.Com Diploma in Export & Import Management	10	33	16.06.2014	Shalina Laboratories Pvt Ltd	
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The above employees are related to the Directors of the Company. :

Names of Employees	Names of employees who are relatives of any Director
Mr. Mukund Mehta	Bhavin Mehta (Son), Mira Mehta (Son's wife)
Mr. Bhavin Mehta	Mukund Mehta (Father), Mira Mehta (Spouse)
Mrs. Mira Mehta	Bhavin Mehta (Spouse), Mukund Mehta (Father in Law)
Mr. Tajouddin Ansari	-
Mr. Sachin D. Pol	-
Mr. Sujit Kumar Dash	-
Mr. Archana S Kitkaru	-
Mr. Rajesh Khatri	-
Ms. Deepali Bhogate	-
Mr. Pradeep Kalidas Nimbalkar	-

For & on behalf of the Board of Directors of  
Kilitch Drugs (India) Limited

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

Mr. Mukund Mehta  
Managing Director  
[DIN: 00147876]

Mrs. Mira Bhavin Mehta  
Whole-Time Director  
[DIN: 01902831]



## Annexure V

**FORM MGT - 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31<sup>st</sup> March 2020**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24239MH1992PLC066718
2.	Registration Date	12/05/1992
3.	Name of the Company	Kilitch Drugs (India) Limited
4.	Category/Sub-category of the Company	Company limited by Shares/ Limited By Shares
5.	Address of the Registered office & contact details	C 301/2 , MIDC, TTC Indl. Area, Pawane, Navi Mumbai - 400705, Maharashtra, India.  Tel. No.: +91 -22-27670322 Email :info@kilitch.com Website :www.kilitch.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. Registrar & Share Transfer Agent Add.: C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai – 400083, Maharashtra, India. Tel: 022- 49186000   Fax: 022 -49186060 Email : rnt.helpdesk@linkintime.co.in Website : www.linkintime.co.in

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of pharmaceuticals, medicinal chemical and botanical products	2100	48.32
2	Merchant exporter (Pharmaceutical & Other materials)	2100	51.68

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Monarchy Healthserve Private Limited Reg. Off. Add: Unit No.37, Ujagar Indl Estate, W.T. Patil Marg, Deonar, Mumbai: 4 00088.	U74999MH2007PTC167204	Subsidiary	100.00	2(87)(ii)
2	Kilitch Estro Biotech PLC House No. New, Lega Bari Lega Bolo, Barak Wereda, Oromia Special Zone, Finfine Surrounding, Oromia, Ethiopia.	-	Subsidiary	67.00	2(87)(ii)



IV. SHARE HOLDING PATTERN

A. (Equity Share Capital Breakup as percentage of Total Equity) Category-wise share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1 <sup>st</sup> April -2019)				No. of Shares held at the end of the year (As on 31 <sup>st</sup> March- 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4004831	-	4004831	26.08	4004831	-	4004831	25.95	- 0.13
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	6629342	-	6629342	43.17	6629342	-	6629342	42.95	- 0.22
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>10634173</b>	<b>-</b>	<b>10634173</b>	<b>69.25</b>	<b>10634173</b>	<b>-</b>	<b>10634173</b>	<b>68.90</b>	<b>- 0.35</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Alternate Investment Funds	6025	-	6025	0.04	-	-	-	-	- 0.04
c) Banks / FI	14283	-	14283	0.09	165	-	165	0.00	- 0.09
d) Central Govt	-	-	-	-	-	-	-	-	-
e) State Govt(s)	-	-	-	-	-	-	-	-	-
f) Venture Capital Funds	-	-	-	-	-	-	-	-	-
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) FIs	-	-	-	-	-	-	-	-	-
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-





j) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub -total (B)(1):-</b>	<b>20308</b>	<b>-</b>	<b>20308</b>	<b>0.13</b>	<b>165</b>	<b>-</b>	<b>165</b>	<b>0.00</b>	<b>-0.13</b>
<b>2. Non - Institutions</b>									
a) Bodies Corp.	191478	1100	192578	1.25	112748	1100	113848	0.74	-0.51
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	2014928	472836	2487764	16.20	2067142	426300	2493442	16.16	-0.04
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1419867	-	1419867	9.25	1648191	0	1648191	10.68	1.43
<b>c) Others (specify)</b>									
Non Resident Indians	159638	-	159638	1.04	144352	-	144352	0.94	0.10
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	73748	-	73748	0.48	11734	0	11734	0.08	-0.40
HUF/Trusts	153635	-	153635	1.00	154269	0	154269	1.00	-0.00
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Investor Education and Protection Fund Authority	213531	-	213531	1.39	234016	0	234016	1.52	0.13
<b>Sub -total (B)(2):-</b>	<b>4226825</b>	<b>473936</b>	<b>4700761</b>	<b>30.61</b>	<b>4372452</b>	<b>427400</b>	<b>4799852</b>	<b>31.10</b>	<b>0.49</b>
<b>Sub -total (B):-</b>	<b>4247133</b>	<b>473936</b>	<b>4721069</b>	<b>30.74</b>	<b>4372617</b>	<b>427400</b>	<b>4800017</b>	<b>31.10</b>	<b>0.36</b>



C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>14881306</b>	<b>473936</b>	<b>15355242</b>	<b>100.00</b>	<b>15006790</b>	<b>427400</b>	<b>15434190</b>	<b>100.00</b>	<b>0</b>

**B) Shareholding of Promoter**

Sr.No	Shareholder's Name	Shareholding at the beginning of the year [As on 1 <sup>st</sup> April 2019]			Shareholding at the end of the year [As on 31 <sup>st</sup> March 20 20]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Kilitch Company Pharma Ltd.	6629342	43.17	0	6629342	42.95	0	-0.22
2	Mukund Prataprai Mehta	1739763	11.33	0	890647	5.77	0	-5.56
3	Neeta Mukund Mehta	1111768	7.24	0	1111768	7.20	0	-0.04
4	Bhavin Mukund Mehta	1153300	7.51	0	2002416	12.97	0	5.46

**C)Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Kilitch Company (Pharma) Ltd</b>				
	At the beginning of the year	6629342	43.17	6629342	43.17
	Changes during the year				
	-	-	-	-	-
	At the end of the year			6629342	42.95



2	<b>Mukund Prataprai Mehta</b>				
	At the beginning of the year	1739763	11.33	1739763	11.33
	Changes during the year				
	Transfer 29 <sup>th</sup> June 2019	(849116)	(5.51)	890647	5.78
	At the end of the year			890647	5.77
3	<b>Neeta Mukund Mehta</b>				
	At the beginning of the year	1111768	7.24	1111768	7.24
	Changes during the year	-	-	-	-
	At the end of the year			1111768	7.20
4	<b>Bhavin Mukund Mehta</b>				
	At the beginning of the year	1153300	7.51	1153300	7.51
	Changes during the year				
	Transfer 29 <sup>th</sup> June 2019	849116	5.51	2002416	12.99
	At the end of the year			2002416	12.97

#### D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	<b>DIPAK KANAYALAL SHAH</b>				
	At the beginning of the year	375000	2.4297	375000	2.4297
	Changes during the year				
	Transfer 26 Jul 2019	4000	0.0259	379000	2.4556
	Transfer 02 Aug 2019	714	0.0046	379714	2.4602
	Transfer 09 Aug 2019	4186	0.0271	383900	2.4873
	Transfer 23 Aug 2019	5000	0.0323	388900	2.5197
	Transfer 30 Aug 2019	1100	0.0071	390000	2.5269
	Transfer 06 Sep 2019	975	0.0063	390975	2.5332
	Transfer 20 Sep 2019	9025	0.0585	400000	2.5916
	Transfer 20 Mar 2020	5191	0.0336	405191	2.6253
	At the end of the year			405191	2.6253



2	<b>KALESH VRAJLAL SHAH</b>					
	<b>At the beginning of the year</b>		<b>113626</b>	<b>0.7362</b>	<b>113626</b>	<b>0.7362</b>
	Changes during the year					
	Transfer	10 May 2019	3982	0.0258	117608	0.762
	Transfer	17 May 2019	6965	0.0451	124573	0.8071
	Transfer	31 May 2019	(636)	(0.0041)	123937	0.803
	Transfer	21 Jun 2019	2347	0.0152	126284	0.8182
	Transfer	29 Jun 2019	7580	0.0491	133864	0.8673
	Transfer	16 Aug 2019	38	0.0002	133902	0.8676
	Transfer	01 Nov 2019	(1500)	(0.0097)	132402	0.8578
	Transfer	15 Nov 2019	1500	0.0097	133902	0.8676
	Transfer	20 Dec 2019	4095	0.0265	137997	0.8941
	Transfer	27 Dec 2019	(78)	(0.0005)	137919	0.8936
	Transfer	31 Dec 2019	(4000)	(0.0259)	133919	0.8677
	Transfer	06 Mar 2020	(18)	0.0001	133901	0.8676
	<b>At the end of the year</b>				<b>133901</b>	<b>0.8676</b>
3	<b>NEETA MANOJ RUPAREL</b>					
	<b>At the beginning of the year</b>		<b>137000</b>	<b>0.8876</b>	<b>137000</b>	<b>0.8876</b>
	Changes during the year					
	Transfer	16 Aug 2019	(6000)	(0.0389)	131000	0.8488
	<b>At the end of the year</b>				<b>131000</b>	<b>0.8488</b>
4	<b>DARSHANA JIGNESH KOTHARI</b>					
	<b>At the beginning of the year</b>		<b>98500</b>	<b>0.6382</b>	<b>98500</b>	<b>0.6382</b>
	Changes during the year					
	Transfer	16 Aug 2019	(6000)	(0.0389)	92500	0.5993
	<b>At the end of the year</b>				<b>92500</b>	<b>0.5993</b>
5	<b>JATIN KESHAVJI CHANDE</b>					
	<b>At the beginning of the year</b>		<b>51500</b>	<b>0.3337</b>	<b>51500</b>	<b>0.3337</b>
	Changes during the year					
	Transfer	26 Apr 2019	836	0.0054	52336	0.3391
	Transfer	03 May 2019	3074	0.0199	55410	0.3590
	Transfer	29 Jun 2019	4600	0.0298	60010	0.3888
	Transfer	19 Jul 2019	1990	0.0129	62000	0.4017
	Transfer	16 Aug 2019	5100	0.0330	67100	0.4347
	Transfer	23 Aug 2019	8986	0.0582	76086	0.4930
	Transfer	30 Aug 2019	2500	0.0162	78586	0.5092
	Transfer	08 Nov 2019	414	0.0027	79000	0.5119
	Transfer	22 Nov 2019	500	0.0032	79500	0.5151



	Transfer	20 Dec 2019	1500	0.0097	81000	0.5248
	Transfer	27 Dec 2019	600	0.0039	81600	0.5287
	Transfer	21 Feb 2020	200	0.0013	81800	0.5300
	Transfer	20 Mar 2020	2900	0.0188	84700	0.5488
	Transfer	27 Mar 2020	100	0.0006	84800	0.5494
	Transfer	31 Mar 2020	1600	0.0104	86400	0.5598
	<b>At the end of the year</b>				86400	0.5598
6	<b>JATIN KESHAVJI CHANDE</b>					
	<b>At the beginning of the year</b>		<b>46400</b>	<b>0.3006</b>	<b>46400</b>	<b>0.3006</b>
	Changes during the year					
	Transfer	26 Apr 2019	747	0.0048	47147	0.3055
	Transfer	03 May 2019	2053	0.0133	49200	0.3188
	Transfer	29 Jun 2019	4600	0.2980	53800	0.3486
	Transfer	19 Jul 2019	3200	0.0207	57000	0.3693
	Transfer	26 Jul 2019	200	0.0013	57200	0.3706
	Transfer	16 Aug 2019	5150	0.0334	62350	0.404
	Transfer	23 Aug 2019	8941	0.0579	71291	0.4619
	Transfer	30 Aug 2019	2709	0.0176	74000	0.4795
	Transfer	22 Nov 2019	1000	0.0065	75000	0.4859
	Transfer	20 Dec 2019	2000	0.0130	77000	0.4989
	Transfer	27 Dec 2019	700	0.0045	77700	0.5034
	Transfer	21 Feb 2020	200	0.0013	77900	0.5047
	Transfer	20 Mar 2020	2811	0.0182	80711	0.5229
	Transfer	31 Mar 2020	1550	0.0100	82261	0.5330
	<b>At the end of the year</b>				82261	0.5330
7	<b>ANUJ SHAH</b>					
	<b>At the beginning of the year</b>		<b>73495</b>	<b>0.4762</b>	<b>73495</b>	<b>0.48</b>
	Changes during the year		-	-	-	-
	<b>At the end of the year</b>				73495	0.48
8	<b>MITA DIPAK SHAH</b>					
	<b>At the beginning of the year</b>		<b>72700</b>	<b>0.4710</b>	<b>72700</b>	<b>0.4710</b>
	Changes during the year		-	-	-	-
	<b>At the end of the year</b>				72700	0.4710
9	<b>JIGNESH PRAFUL MEHTA</b>					
	<b>At the beginning of the year</b>		<b>2500</b>	<b>0.0162</b>	<b>2500</b>	<b>0.0162</b>
	Changes during the year					
	Transfer	05 Jul 2019	5000	0.0323	7500	0.0486
	Transfer	02 Aug 2019	10000	0.0648	17500	0.1134





	Transfer	16 Aug 2019	(11359)	(0.0736)	6141	0.0398
	Transfer	30 Aug 2019	10791	0.0699	16932	0.1097
	Transfer	30 Sep 2019	1344	0.0087	18276	0.1184
	Transfer	04 Oct 2019	4061	0.0263	22337	0.1447
	Transfer	11 Oct 2019	24960	0.1618	47297	0.3064
	Transfer	18 Oct 2019	3828	0.0249	51125	0.3312
	Transfer	01 Nov 2019	1457	0.0094	52582	0.3407
	Transfer	22 Nov 2019	6378	0.0413	58960	0.382
	Transfer	20 Dec 2019	(4000)	(0.0259)	54960	0.3561
	Transfer	27 Dec 2019	500	0.0032	55460	0.3593
	Transfer	28 Feb 2020	11888	0.0770	67348	0.4364
	<b>At the end of the year</b>				67348	0.4364
<b>10</b>	<b>VARSHA RAMESH PARIKH</b>					
	<b>At the beginning of the year</b>		67970	0.4404	67970	0.4404
	Changes during the year					
	Transfer	26 Jul 2019	601	0.0039	68571	0.4443
	Transfer	09 Aug 2019	(5000)	(0.0324)	63571	0.4119
	Transfer	16 Aug 2019	(6757)	(0.0438)	56814	0.3681
	Transfer	18 Oct 2019	1000	0.0065	57814	0.3746
	Transfer	08 Nov 2019	1000	0.0065	58814	0.3811
	Transfer	20 Dec 2019	(3865)	(0.0250)	54949	0.356
	Transfer	31 Dec 2019	(6058)	(0.0393)	48891	0.3168
	Transfer	10 Jan 2020	4408	0.0285	53299	0.3453
	Transfer	17 Jan 2020	300	0.0019	53599	0.3473
	Transfer	07 Feb 2020	583	0.0038	54182	0.3511
	Transfer	21 Feb 2020	338	0.0022	54520	0.3532
	Transfer	28 Feb 2020	10620	0.0105	65140	0.4221
	Transfer	06 Mar 2020	3344	0.0190	68484	0.4437
	Transfer	13 Mar 2020	2933	0.0190	71417	0.4627
	Transfer	20 Mar 2020	(3227)	(0.0209)	68190	0.4418
	Transfer	27 Mar 2020	(3861)	(0.0250)	64329	0.4168
	<b>At the end of the year</b>				64329	0.4168
<b>11</b>	<b>PANKAJ NAMDHARANI HUF</b>					
	<b>At the beginning of the year</b>		<b>57500</b>	<b>0.3725</b>	<b>57500</b>	<b>0.3725</b>
	Changes during the year					
	Transfer	29 Jun 2019	2800	0.0181	55300	0.3583
	Transfer	12 Jul 2019	2000	0.0130	57300	0.3713
	Transfer	19 Jul 2019	2000	0.0130	59300	0.3842
	<b>At the end of the year</b>				59300	0.3842



**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Shareholding of Directors</b>						
1	<b>Mr. Mukund Mehta</b>					
	At the beginning of the year		1739763	11.33	1739763	11.33
	Changes during the year					
	Transfer	29 <sup>th</sup> June, 2019	(849116)	(5.51)	890647	5.77
	At the end of the year		-	-	890647	5.77
2	<b>Mr. Bhavin Mehta</b>					
	At the beginning of the year		1153300	7.51	1153300	7.51
	Changes during the year					
	Transfer	29 <sup>th</sup> June, 2019	849116	5.51	2002416	12.97
	At the end of the year		-	-	2002416	12.97
3	Mrs. Mira Mehta		-	-	-	-
4	Mr. Hemang Engineer		-	-	-	-
5	Mr. Vasudev Krishna Murti		-	-	-	-
6	Mr. Venkita Subramanian Rajan		-	-	-	-
<b>Shareholding of Key Managerial Personnel</b>						
<b>Personnel</b>						
1	<b>Mr. Sujit Kumar Dash -CFO</b>		-	-	-	-
	At the beginning of the year		-	-	-	-
	Changes during the year					
	Allotment pursuant to exercise of ESOP	22 <sup>nd</sup> August, 2019	2649	0.00	2649	0.00
	At the end of the year		-	-	12	0.00
2	<b>Mr. Harshal Patil - CS</b>		-	-	-	-
	At the beginning of the year					
	Changes during the year					
	Allotment pursuant to exercise of ESOP	22 <sup>nd</sup> August 2019	729		729	
	Transfer	17 <sup>th</sup> December 2019	700	0.0045	29	0.00
	Transfer	30 <sup>th</sup> December 2019	28	0.00	1	0.00
	At the end of the year				1	0.00



**V. INDEBTEDNESS : -**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>				
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	NIL	NIL	NIL
<b>Net Change</b>	NIL	NIL	NIL	NIL
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i + ii + iii)</b>	NIL	NIL	NIL	NIL

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -**

**A. Remuneration to Managing Director, Whole - time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Mukund Mehta Managing Director	Bhavin Mehta Whole - time Director	Mira Mehta Whole - time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	60,00,000/-	84,00,000/-	24,00,000/-	1,68,00,000/-
	(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	-	-	-	-
	<b>Total (A)</b>	<b>60,00,000/-</b>	<b>84,00,000/-</b>	<b>24,00,000/-</b>	<b>1,68,00,000/-</b>

**B. Remuneration to other directors**

Sr. No.	Particulars of Remuneration	Name of Directors			
		Hemang Engineer	V. K. Murti	V. S. Rajan	Total Amt. (in Rs.)
1	Independent Directors				
	Fee for attending board committee meetings	35,000/-	26,110/-	20,000/-	81,110 /-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	35,000/-	26,110 /-	20,000/-	81,110 /-
2	Other Non-Executive Directors				
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	35,000/-	26,110/-	20,000/-	81,110 /-
	Total Managerial Remuneration	35,000/-	26,110/-	20,000/-	81,110 /-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	3,81,600/-	13,08,000/-	16,89,600/-
	(b) Value of perquisites u/s 17(2) Income -tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income - tax Act, 1961	0	0	0



2	Commission	0	0	0
	- as % of profit	0	0	0
	Others, specify...	0	0	0
3	Others, please specify	0	0	0
4	Stock Option	7,290/-	26,490/-	33,780/-
5	Sweat Equity	0	0	0
	<b>Total</b>	<b>3,88,890 /-</b>	<b>13,34,490/-</b>	<b>17,23,380/-</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

For & on behalf of the Board of Directors of  
Kilitch Drugs (India) Limited

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

Mr. Mukund Mehta  
Managing Director  
[DIN: 00147876]

Mrs. Mira Bhavin Mehta  
Whole-Time Director  
[DIN: 01902831]



## Annexure- VI

### FORM AOC - I

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub -section (3) of section 129 read with rule 5 of Companies Accounts) Rules, 2014)

#### Part "A": Summary of Financial Information of Subsidiary Companies

(Information in respect of each subsidiary to be presented with amounts in Lakhs.)

Sr. No.	1.	2.
Name of the subsidiary	Monarchy Healthserve Pvt. Ltd.	Kilitch Estro Biotech PLC
Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	31 <sup>st</sup> March , 2020	31 <sup>st</sup> March, 2020
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	INR	INR
Share capital	47.09	645.25
Reserves & surplus	2154.41	26.95
Total assets	2760.37	4509.56
Total Liabilities	557.09	3837.35
Investments	-	-
Turnover	739.82	-
Profit before taxation	(31.51)	-
Provision for Deferred Tax	0.00	-
Profit after taxation	(31.51)	-
Proposed Dividend	-	-
% of shareholding	100%	67%

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year- None

**Part “B”: Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Sr. No.	Name of Associates/Joint Ventures	NOT APPLICABLE
1.	Latest audited Balance Sheet Date	-
2.	Shares of Associate/Joint Ventures held by the company on the year end	-
	No.	-
	Amount of Investment in Associates/Joint Venture	-
	Extend of Holding %	-
3.	Description of how there is significant influence	-
4.	Reason why the associate/joint venture is not consolidated	-
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	-
6.	Profit / Loss for the year	-
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation	-

Names of associates or joint ventures which are yet to commence operations - None

Names of associates or joint ventures which have been liquidated or sold during the year - None

For & on behalf of the Board of Directors of  
**Kilitch Drugs (India) Limited**

**For A.M.Ghelani & Company**  
Chartered Accountants  
Firm Registration No. 103173W

**Mr. Mukund Mehta**  
Managing Director  
[DIN: 00147876]

**Mrs. Mira Bhavin Mehta**  
Whole-Time Director  
[DIN: 01902831]

**Chintan Ajit Ghelani**  
Partner  
Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

**Place: Mumbai**

**Date: 28<sup>th</sup> August, 2020**



## ANNEXURE VII

### SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members**

**Kilitch Drugs (India) Limited**

C 301/2, MIDC TTC Indl Area,  
Pawane, Navi Mumbai- 400 705  
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kilitch Drugs (India) Limited [hereinafter called the Company]. The Secretarial Audit was conducted in a manner that provided me 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, 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, subject to specified observation(s) mentioned below, and also that the Company has proper Board-processes and compliance-mechanism in place to the extent ,(subject to the observations mentioned in this report ), 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 there-under;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent as may be applicable to the Company;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto;

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, 2009;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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 (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit Period); and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the Audit Period);

I. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

VI. Other laws applicable specifically to the Company, namely:

a. The Drugs and Cosmetics Act, 1940 and the Rules made thereunder;

b. The Drugs (Prices Control) Order, 2013 and notification made thereunder;

c. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to be read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013



I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by The Institute of Company Secretaries of India.

b. The Listing Agreements entered into by the Company with the Stock Exchanges viz BSE Ltd (BSE) and National Stock Exchange of India Ltd (NSE) along with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 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 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.

- All the resolutions were passed with consent of majority Directors and minutes were prepared accordingly.

- With reference to the compliance of Industry Specific Acts of the Company, I relied upon Management Representation letter issued by the respective Department Heads. My report of compliance would be limited to their reporting.

- With reference to the compliance of the Labour and Financial Laws, I relied upon Management Representation Letter issued by the respective Department Heads and also report of Statutory Auditors. My report of compliance would be limited to their reporting.

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.

I further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, guidelines and standards.

For M/s Deep Shukla & Associates  
Company Secretaries

Deep Shukla  
Proprietor  
FCS: 5652  
C. P. No. 5364  
UDIN: F005652B000608045

Place: Mumbai

Date: 24<sup>th</sup> August, 2020



## ANNEXURE TO THE SECRETARIAL AUDIT REPORT

To  
The Members  
KILITCH DRUGS (INDIA) LIMITED

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these records based on the audit.
2. 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.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required I have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M/s Deep Shukla & Associates  
Company Secretaries

Deep Shukla  
Proprietor  
FCS: 5652  
C. P. No. 5364  
UDIN: F005652B000608045

Place: Mumbai  
Date: 24<sup>th</sup> August, 2020





## Annexure - VIII

### CORPORATE GOVERNANCE REPORT

Corporate Governance is not merely the compliance of a set of regulatory laws and regulations but is a set of good and transparent practices that enable an organization to perform efficiently and ethically to generate long term wealth and create value for all its stakeholders. It goes beyond building and strengthening the trust and integrity of the Company by ensuring conformity with the globally accepted best governance practices. The Securities and Exchange Board of India (SEBI) observes keen vigilance over governance and fulfillment of these regulations in letter and spirit, which entails surety towards sustainable development of the Company, enhancing stakeholders' value eventually.

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

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Your Company has committed to bring about the good corporate governance practices. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interaction with stakeholders including shareholders, employees, the government and the lenders. The Company keeps itself abreast with the best governance practices on the global front, at the same time conforming to the recent amendments.

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of the stakeholders and clients of the Company and the unquestioned integrity of all personnel involved or related to the Company. Corporate Governance contains a set of principles, process and systems to be followed by directors, Management and all Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed integrity, transparency, accountability and compliance with laws in all dealings with shareholders, employees, the Government, customers, suppliers and other stakeholders.

#### 2. BOARD OF DIRECTORS:

The Board of Directors ("the Board") facilitates effective fulfillment of the Board's tasks and provides leadership and guidance to the Company's management and helps in supervising the performance of the Company and helps achieving goals. The Board plays a crucial role enhancing and protecting the reputation of the organization are expected to exercise their duties in the best interests of shareholders and to maximize wealth.

The Board comprises of the members distinguished in various fields such as management, finance, law and marketing. This provides reliability to the Company's functioning and the Board ensures a critical examination of the strategies and operational planning mechanisms adopted by the management across the globe. None of the Directors on the Board is a member in more than ten Committees and Chairman of more than five Committees across all Companies in which they are Directors as per Regulation 26(1) of the SEBI (LODR) regulations, 2015.

The Company has an optimum combination of Directors on the Board and is in conformity with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on 31st March, 2020, the Board comprised of 6 (Six) Directors out of which 3 (Three) are Non-Executive Independent Directors and 3 are Executive Directors.

Agenda papers of the Boards and its Committee meetings are circulated to the Directors well in advance of the meetings, supported with significant information as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for an effective and well-informed decision making during the meetings.

The composition of the Board of Directors and also the number of other Companies of which he/she is a Director and Member/ Chairman as on 31st March 2020, are as under:

Name of the Directors	Category of Directorship	Directorship in other Companies (Including Private Companies)	Committee Membership(s) of other Companies		No. of Shares held
			Member	Chairman	
Mr. Mukund Mehta	Managing Director	2	-	-	8,90,647



Mr. Bhavin Mehta	Whole time Director	4	-	-	20,02,416
Mrs. Mira Mehta	Whole time Director	1	-	-	-
Mr. Hemang Jagdish Engineer	Independent Director	1	-	-	-
Prof. V. K. Murti	Independent Director	2	-	-	-
Mr. V. S. Rajan	Independent Director	3	-	-	-

The particulars of Directors, who are proposed to be re-appointed at the ensuing AGM, are given in the Notice convening the AGM. Further, there are no inter-se relationships between our Board Members except Mr. Mukund Mehta, Mr. Bhavin Mehta and Mrs. Mira Mehta being relative and promoter of the Company.

**BOARD PROCEDURE:**

The Board meets at least once every quarter to review the quarterly performance and the financial results. The Board’s role, functions, responsibility and accountability are clearly defined. All major decisions involving policy formulations, business plans, annual operating budgets, compliance with statutory requirements, major accounting provisions and write-offs are considered by the Board. All the Directors have made necessary disclosures about the directorships and committee positions they occupy in other companies.

**ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING:**

During the financial year ended 31st March 2020, 8 (Eight) Board Meetings were held during the financial year ended 31st March, 2020, the dates of which are 03/05/2019, 30/05/2019, 13/08/2019, 22/08/2019, 19/09/2018, 14/11/2019, 12/12/2019 and 14/02/2020. The attendance of each Director at Board Meetings and at the last Annual General Meeting is as under:

Name of the Directors	No. of Board meetings attended	Attendance of last AGM held on 27/09/2018.
Mr. Mukund Mehta	6	Present
Mr. Bhavin Mehta	3	Present
Mrs. Mira Mehta	6	Present
Mr. Hemang Jagdish Engineer	3	Present
Prof. V. K. Murti	4	Absent
Mr. V. S. Rajan	4	Present

**3. AUDIT COMMITTEE: BROAD TERMS OF REFERENCE:**

The terms of reference of the Audit Committee are in order to cover the matters specified under revised Regulation 17(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. This Committee has powers and roles comprising of Financial Reporting and disclosure, recommendation of appointment/ removal of Auditors, reviewing of company’s results, evaluation of Independent Directors performances and all such other terms of reference as enumerated on the company’s website at www.kilitch.com.

**COMPOSITION:**

The Audit Committee comprises of Three Directors, all are non-executive and Independent Directors. All these Directors possess knowledge by corporate finance, accounts and company law. The constitution of the Audit Committee is as follows:

S.N	Name of Directors	Executive/Non - Executive Independent
1.	Prof. V. K. Murti	Non-Executive Independent
2.	Mr. V. S. Rajan	Non-Executive Independent
3.	Mr. Hemang Jagdish Engineer	Non-Executive Independent

**MEETINGS AND ATTENDANCE**

During the financial year ended 31st March 2020, Five Audit Committee Meetings were held on 30/05/2019, 13/08/2019, 19/09/2019, 13/11/2019, and 14/02/2020.

The attendance at the Audit Committee Meetings is as under:

S.N	Name of Director	Executive/ Non - Executive Independent	No. of meetings attended
1.	Prof. V. K. Murti	Chairman, Non-Executive Independent	4



2.	Mr. V. S. Rajan	Member, Non - Executive Independent	4
3.	Mr. Hemang Jagdish Engineer	Member, Non - Executive Independent	4

The Chairman of the Committee was present at the Annual General Meeting of the Company held on 30th September, 2019 to attend the shareholders' queries.

#### 4. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The terms of reference are in line with Section 178 of the Companies Act, 2013 and Regulation 20 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) regulations, 2015. The Committee reviews Shareholder's/ Investor's complaints like non-receipt of Annual Report, physical transfer/ transmission/transposition, split/ consolidation of share certificates, issue of duplicate share certificates etc. This Committee is also empowered to consider and resolve the grievance of other stakeholders of the Company including security holders.

The total numbers of complaints received during the year were 5 all of which were resolved and there was no pending complaint as on 31st March, 2020.

#### COMPOSITION:

The constitution of the Committee of Directors is as under:

S.N	Name of Director	Executive/Non - Executive Independent
1.	Mr. V. S. Rajan	Chairman, Non-Executive Independent
2.	Prof. V. K. Murti	Member, Non - Executive Independent
3.	Mr. Hemang Jagdish Engineer	Member, Non - Executive Independent

#### MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2020, Four Committee Meetings were held on 30/05/2019, 13/08/2019, 13/11/2019, and 14/02/2020.

The attendance at the Stakeholders Relationship Committee Meetings is as under:

S.N	Name of Director	Executive/Non Executive Independent	No. of meetings attended
1.	Mr. V. S. Rajan	Chairman, Non-Executive Independent	4

2.	Prof. V. K. Murti	Member, Non - Executive Independent	4
3.	Mr. Hemang Jagdish Engineer	Member, Non - Executive Independent	4

#### 5. NOMINATION AND REMUNERATION COMMITTEE:

The Committee's constitution and terms of reference are in compliance with provisions of section 178 of the Companies Act, 2013, Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

This Committee has powers to recommend / approve remuneration, Identification of Persons who are qualified to become director, Recommend to the board their appointment and removal, approve remuneration of Non Executive Directors and all such and terms of reference as enumerated on the company's website at [www.kilitch.com](http://www.kilitch.com).

The constitution of the Committee of Directors is as under:

S.N	Name of Director	Executive/Non - Executive Independent
1.	Mr. Hemang Jagdish Engineer	Chairman, Non-Executive Independent
2.	Mr. V. S. Rajan	Member, Non - Executive Independent
3.	Prof. V. K. Murti	Member, Non - Executive Independent

#### Remuneration Policy for Key Managerial Personnel and other Employees of the Company:

The Company's Remuneration Policy for Key Managerial Personnel and Other employees is driven by the success and the performance of the Company and the individual & industry benchmarks and is decided by the Nomination and Remuneration Committee. Through its compensation programme, the Company endeavors to attract, retain, develop and motivate a high performance workforce. The Company follows a mix of fixed/ variable pay, benefits and performance related pay.

#### Role of the Nomination and Remuneration Committee:

The Committee performs the functions enumerated in Section 178 of the Act and Regulation 19(4) read with Part D of Schedule II of the Listing Regulations as follows:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;



- (2) formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- (5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

The details of Remuneration paid to the Executive Directors & KMP for the Financial Year 2019-2020.

Sr. No.	Names of Directors/ KMP	Executive/Non-Executive Independent	Amt. (in Rs.)
1.	Mr. Mukund Prataprai Mehta	Managing Director	60,00,000/-
2.	Mr. Bhavin Mukund Mehta	Executive Director	84,00,000/-
3.	Mrs. Mira Bhavin Mehta	Executive Director	24,00,000/-
5.	Mr. Sujit Kumar Dash	Chief Financial Officer	13,08,000/-
6.	Mr. Harshal Patil	Company Secretary	3,81,600/-

Further, there is no pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company. None of the Executive Directors are eligible for payment of any severance fees.

#### MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2020, 4(Four) Committee Meeting was held to consider and approve the remuneration package of the Executive Directors and other employees of the Company.

The attendance at the Remuneration Committee Meeting is as under:

Sr. No.	Names of Directors/	Executive/Non-Executive Independent	No. of meeting attended
1.	Mr. Hemang Jagdish Engineer	Chairman, Non-Executive Independent	4
2.	Mr. V. S. Rajan	Member, Non - Executive Independent	4
3.	Prof. V. K. Murti	Member, Non - Executive Independent	4

#### 6. COMPENSATION COMMITTEE:

The Board of Directors of the Company has constituted Compensation Committee to administer KDIL ESOS 2007.

The composition of the said Compensation Committee is as under:

S.N	Name of Director	Executive/Non - Executive Independent
1.	Mr. Hemang Jagdish Engineer	Chairman, Non-Executive Independent
2.	Mr. V. S. Rajan	Member, Non - Executive Independent
3.	Prof. V. K. Murti	Member, Non - Executive Independent

#### MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2020, two (2) Committee Meetings were held to consider and grant additional 1,35,415 options to the employees under ESOP Scheme.

The attendance at the Compensation Committee Meeting is as under:

Sr. No.	Names of Directors/	Executive/Non-Executive Independent	No. of meeting attended
1.	Mr. Hemang Jagdish Engineer	Non - Executive Independent	2
2.	Mr. V. S. Rajan	Non - Executive Independent	2
3.	Prof. V. K. Murti	Non - Executive Independent	2

Further employees had exercised 78, 948 Options during the year. The number of options outstanding as on 31st March 2020 is 198029.

#### 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Act.

Terms of reference:

The terms of reference of the CSR Committee are:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII to the Act.
- Recommend the amount to be spent on CSR activities.
- Monitor implementation and adherence to the CSR Policy of the Company from time to time.
- Such other activities as the Board of Directors determine as they may deem fit in line with CSR Policy.



The Board has adopted the CSR Policy as formulated and recommended by the Committee. The CSR Policy is available on the website of the Company at [www.kilitch.com](http://www.kilitch.com). The Annual Report on CSR activities for the Financial Year 2019-20 forms part of the Board's Report.

The composition of the CSR Committee and the details of the meetings attended by its members during the Financial Year ended March 31, 2020 are as under:

#### MEETINGS AND ATTENDANCE

During the financial year ended 31st March 2020, One (1) Committee Meetings were held.

The attendance at the Compensation Committee Meeting is as under:

Sr. No.	Names of Directors/	Executive/Non-Executive Independent	No. of meeting attended
1.	Mr. Bhavin Mukund Mehta	Chairman - Executive Director	1
2.	Mrs. Mira Bhavin Mehta	Member - Executive Director	1
3.	Mr. V. S. Rajan	Member, Non - Executive Independent	1

#### 7. GENERAL BODY MEETINGS / POSTAL BALLOT:

Details of the last three years Annual General Meeting are as under:

Financial Year	Date	Location of the Meeting	Time	Special Resolution(s) Passed
2016-2017	29/09/2017	C- 301/2, M.I.D.C. TTC Industrial Area, Pawane Village Navi Mumbai-400 705	9.00 A. M.	03
2017-2018	27/09/2018	C- 301/2, M.I.D.C. TTC Industrial Area, Pawane Village Navi Mumbai-400 705	9.00 A. M.	-
2018-2019	30/09/2019	C- 301/2, M.I.D.C. TTC Industrial Area, Pawane Village Navi Mumbai-400 705	9.00 A. M.	01

#### 8. TRAINING FOR BOARD MEMBERS

Regulation 25(7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, every listed company is required to conduct familiarization programme enabling the Independent Directors of the Company to understand the Company's business in depth that would facilitate their active participation in managing the Company.

The Company has adopted a system to familiarize its Independent Directors with the Company, to make them aware of their roles, rights & responsibilities in the Company, and nature of the industry in which the Company operates business model of the Company, etc. The Company has also put in place a system to familiarize its 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. Presentation was made for the newly appointed Independent Directors to make them aware of their roles & duties and Code for Independent Directors, Code of Conduct for Non-Executive Directors and Code of Conduct for Prevention of Insider Trading as issued by the Company are also shared with them at the time of their appointment/ re-appointment. Further, presentations are also made from time to time at the Board and its Committee meetings, on quarterly basis, covering the business & financial performance of the Company & its subsidiaries, quarterly/ annual financial results, revenue and capital budget, review of Internal Audit findings etc.

The details of such familiarization programme are disclosed on the Company's website [www.kilitch.com](http://www.kilitch.com).

#### 9. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The performance of individual Directors was evaluated on parameters such as attendance and participation in the Meetings, preparedness for the meetings, understanding of the Company & the external environment in which it operates, contribution to strategic direction, raising of valid concerns to the Board, constructive contribution to issues, active participation at meetings and engaging with & challenging the management team without confronting or obstructing the proceeding of the Board and its Committee meetings of which the Director is a member. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Non Independent Directors was carried out by the Independent Directors at their meeting.

The Directors expressed their satisfaction with the evaluation process.

#### 10. DISCLOSURES:

##### i. Related Party Transactions:

There were no transactions of material nature between the Company and its Directors or Senior Management and their relatives or Promoters that may have potential conflict with interest of the Company.



The Register of Contracts containing transactions, in which Directors are interested, have been placed before the Board regularly.

The transactions with related parties as per Indian Accounting Standard (IND AS)-24 are set out in Notes to accounts under Note no.34 forming part of financial statements. All transactions entered into with Related Parties as defined under Section 188 of the Companies Act, 2013 and Regulation 53 read with Part A of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year were in the ordinary course of business and on an arm's length pricing basis. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company.

Suitable disclosures as required by the relevant Indian Accounting Standards (IND AS18) have been made in the Notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website [www.kilitch.com](http://www.kilitch.com).

#### ii. Disclosures from Senior Management

Disclosures from Senior Management are obtained on quarterly basis to the effect that they have not entered into any material, financial and commercial transactions, where they have personal interest that may have potential conflict with the interest of the Company at large.

#### iii. Compliances by the Company

The Company has complied with the requirements of the Regulatory Authorities on matters related to the capital market and no penalties/ strictures have been imposed against the Company by the Stock Exchanges or SEBI or any other Regulatory Authority on any matter related to capital market during the last three years.

#### iv. Whistle Blower Policy/ Vigil Mechanism

The Company has adopted a Whistle Blower Policy to provide a vigil mechanism to directors, employees, agents, consultants, vendors and business partners to disclose instances of wrong doing in the workplace. The object of this Whistle Blower Policy is to encourage individuals to disclose and protect such individuals in the event of a disclosure. The Company is keen on demonstrating the right values and ethical, moral and legal business practices in every field of activity within the scope of its work.

The objective of this policy is to provide a vigil mechanism and framework to promote responsible whistle blowing and ensure effective remedial action and also protect the interest of the whistle blower as guided by legal principles. This policy is intended to:

a. Encourage and enable directors, employees, agents, consultants, vendors and business partners to raise issues or concerns, which are either unacceptable or patently against the stated objectives, law or ethics, within the Company.

b. Ensure that directors, employees, agents, consultants, vendors and business partners can raise issues or concerns without fear of victimization, subsequent discrimination or disadvantage thereof.

c. Reassure the whistle blower(s) that they will be protected from possible reprisals or victimization if they have made disclosure/s in good faith.

d. Ensure that where any wrong doing by the Company or any of its directors, employees, agents, consultants, vendors or business partners is identified and reported to the Company under this policy, it will be dealt with expeditiously and thoroughly investigated and remedied. The Company will further examine the means of ensuring how such wrong doing can be prevented in future and will take corrective action accordingly.

The policy also provides adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. All complaints received under the said policy, if any, are reviewed by the Audit Committee at its meeting held every quarter. In staying true to our values of Strength, Performance and Passion and in line with Company's vision of being one of the most respected companies in India; the Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

#### v. Code of Conduct for Directors and Senior Management

The Board has laid down Codes of Conduct for Executive Directors & Senior Management and for Non-Executive/ Independent Directors of the Company. The Codes of Conduct have been circulated to the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the MD in this regard is given at the end of this Report. The Code of Conduct is available on website of the Company at the link [www.kilitch.com](http://www.kilitch.com).

#### vi. Code of Conduct for Prohibition of Insider Trading

The Company has framed Kilitch Drugs (India) Limited's Code of Conduct for Prohibition of Insider Trading' pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, which is applicable to its Directors, Officers, and Designated Employees.

The Code includes provisions relating to disclosures, opening and closure of Trading Window and Pre-Clearance of trades procedure. In compliance with SEBI Regulations the Company sends intimations to Stock Exchanges from time to time.



**vii. Subsidiary Companies**

The Company has one Indian Subsidiary Company and one foreign subsidiary company as on 31<sup>st</sup> March 2020.

The Policy of Material Subsidiaries is available on website of the Company at the link [www.kilitch.com](http://www.kilitch.com).

**viii. Risk Management & Internal Control**

The Company has implemented a comprehensive 'Enterprise Risk Management' framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives, details of which are given in the Risk Management section under 'Management Discussion and Analysis Report' which forms part of this Annual Report. The Company has a competent in-House Internal Audit team which prepares and executes a vigorous Audit Plan covering various functions such as operations, finance, human resources, administration, legal and business development etc. across different geographies. The team presents their key audit findings of every quarter to the Audit Committee. The management updates the members about the remedial actions taken or proposed for the same. The suggestions and comments from the Committee members are vigilantly incorporated and executed by the Company.

**ix. Sexual Harassment Policy**

The Company has an anti-sexual harassment policy to promote a protective work environment. The complaints received by the Sexual Harassment Committee with details of action taken thereon are reviewed by the Audit Committee at its meeting held every quarter. The Company has a zero tolerance policy towards such complaints and the same is conveyed to the employees at the time of induction.

**x. Management Discussion and Analysis Report**

The Management Discussion and Analysis Report forms part of Annual Report.

**xi. Independent Directors**

The Independent Directors of the Company have the option and freedom to meet and interact with the Company's Management as and when they deem it necessary. They are provided with necessary resources and support to enable them to analyze the information/data provided by the Management and help them to perform their role effectively.

**xii. Share Reconciliation Audit**

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

**9. MEANS OF COMMUNICATION:**

The Quarterly Reports of the Company are published in accordance with the Requirements of SEBI (LODR) Regulations, 2015.

**Newspapers in which results are normally published:**

1. Free Press Journal (English)
2. Navshakti (Marathi)

**10. GENERAL SHAREHOLDERS' INFORMATION:****1. Annual General Meeting Scheduled to be Held:**

**Day & Date** : Wednesday, 30<sup>th</sup> September, 2020

**Time** : 9.00 A.M.

**Venue [Regd. Off.]** : The Company is conducting AGM 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. For details, please refer to the Notice of this AGM

**2. Date of Book Closure**

: 24<sup>th</sup> September 2020 to 30<sup>th</sup> September 2020  
[both days inclusive]

**3. Financial Calendar:**

The next financial calendar year of the Company will be from 1st April, 2020 to 31st March, 2021

Audited/ Unaudited	Particulars of Financial Reporting	Date
Unaudited	Financial Reporting for the quarter ending 30th June 2020.	Up to 14 th Aug 2020
Unaudited	Financial Reporting for the quarter ending 30th September 2020.	Up to 14 th Nov 2020
Unaudited	Financial Reporting for the quarter ending 31th December 2020.	Up to 14 th Feb 2021
Audited	Financial Reporting for the Audited Financial Result as on 31th March 2021.	Up to 30 th May 2021

**4. Listing on Stock Exchanges:**

The Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India limited.

**5. Stock Codes:**

- National Stock Exchange of India Limited : KILITCH
- Bombay Stock Exchange Limited : 524500



**6. Stock Price Data:**

The monthly high and low quotations and volume of shares traded on Bombay Stock Exchange Limited is as follows:

MONTH	BSE, MUMBAI		
	High (Rs.)	Low (Rs.)	No. of shares Traded
April, 2019	217.4	186.2	122857
May, 2019	209.4	162.65	129298
June, 2019	178.15	143	59264
July, 2019	151.75	109.65	51545
August, 2019	154.9	93.4	208956
Sept, 2019	129.2	101.7	54442
Oct, 2019	133	111.25	22162
Nov, 2019	141.5	113	40772
Dec, 2019	141.8	113.9	83449
Jan, 2020	134.9	118	38187
Feb, 2020	136	100.3	79717
March, 2020	105	63	51023

\* Source: BSE Website

The monthly high and low quotations and volume of shares traded on National Stock Exchange of India Ltd. is as follows:

MONTH	NSE, MUMBAI		
	High (Rs.)	Low (Rs.)	No. of shares Traded
April, 2019	219	185.25	1103438
May, 2019	208.45	161.3	988139
June, 2019	178.2	142.25	439900
July, 2019	152.15	108.5	397783
August, 2019	155	92.95	1361975
Sept, 2019	129.65	103.5	247832
Oct, 2019	126.1	111.3	162082
Nov, 2019	142.5	113.05	289509
Dec, 2019	141.8	113.05	479398
Jan, 2020	133	116.7	245810
Feb, 2020	136.45	96.8	529558
March, 2020	115.4	61	368983

\* Source: NSE Website

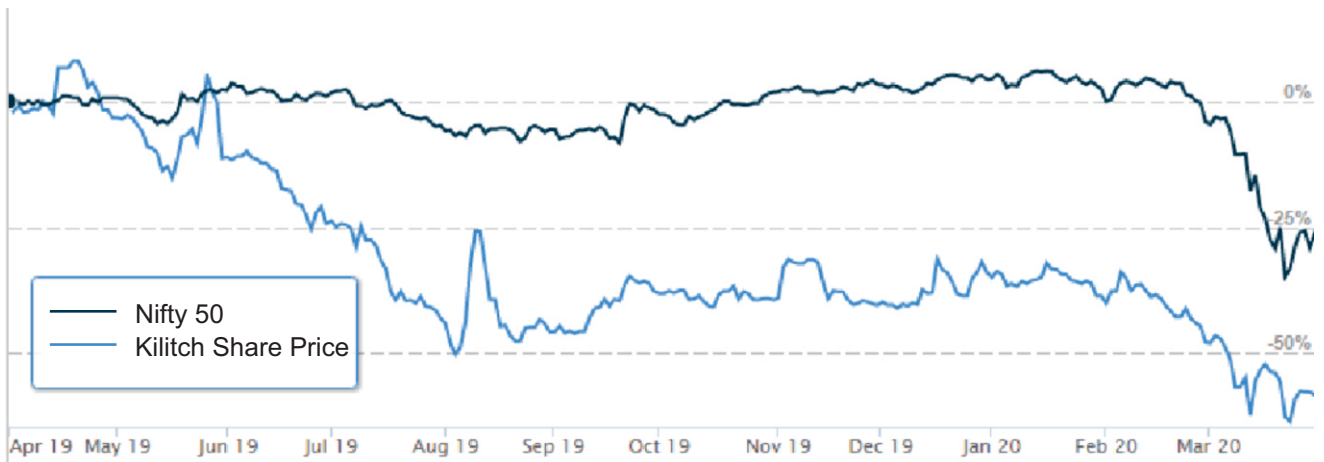


7. Performance in comparison

The company Fully Paid Share Price versus BSE Sensex



The company Fully Paid Share Price versus Nifty 50



8. Address for Correspondence:

Administrative Office	37, Ujagar Industrial Estate, W.T. Patil Marg, Deonar, Mumbai: 400 088. Tel.:022-612100 Website : www.kilitch.com e-mail : info@kilitch.com
Share Transfer in physical form and in other communication in that regards including share certificates, dividends and change of address etc. may be addressed.	<b>Link Intime India Private Limited</b> C 101, 247 Park, L.B.SMarg, Vikhroli (West), Mumbai - 400083. Tel: 022-49186000; Fax: 022-49186060

**9. Share Transfer System:**

Shares sent for transfer in physical to Link Intime India Private Limited (R&T Agents), are registered and returned within a period of 15 days from the date of receipt, if the documents are in order. All requests for dematerialisation of shares are processed by the Company and Link Intime India Private Limited within 21 days.

**10. Dematerialisation of shares:**

As on 31st March, 2020, 15006790 Equity Shares are held in dematerialized form with NSDL and CDSL out of total Equity Shares of 15434190 aggregating to 9%.

**11. Distribution of shareholding as on 31st March, 2020:**

No. of shares held			No. of shareholders	No. of shares held	% of shareholding
1	to	500	9017	1169048	7.5744
501	to	1000	530	422205	2.7355
1001	to	2000	260	395996	2.5657
2001	to	3000	62	155626	1.0083
3001	to	4000	40	146152	0.9469
4001	to	5000	24	112931	0.7317
5001	to	10000	42	301742	1.9550
10001	to	20000	16	232358	1.5055
20001	to	30000	4	101736	0.6592
30001	to	40000	3	104216	0.6752
40001	to	50000	2	94152	0.6100
50001	to	100000	11	790747	5.1233
100001	and	above	7	11407281	73.9092
<b>TOTAL</b>			<b>10018</b>	<b>15434190</b>	<b>100</b>

**12. Shareholding Pattern as on 31st March, 2020**

Particulars of Category	Number of Shareholders	Shares	
		Number	% to total Capital
<b>(A) Promoter and Promoter Group Holding</b>			
1. Individual / Hindu Undivided Family	3	4004831	25.95
Bodies Corporate	1	6629342	42.95
<b>Total (A)</b>	<b>4</b>	<b>10634173</b>	<b>68.90</b>
<b>(B) Non – Promoter Holding</b>			
<b>Institutions</b>			
Alternate Investment Funds	-	-	-
Financial Institutional Investors (FIIs)/Banks	2	165	0.00
Trusts	-	-	-
<b>Non - Institutions</b>			



Bodies Corporate	79	113848	0.74
Indian Public	9457	4141633	12.01
NRIs	127	144352	0.93
Clearing Members	30	11734	0.08
Hindu Undivided Family	165	154269	0.09
Investor Education And Protection Fund Authority	1	234016	1.52
<b>Total (B)</b>	<b>9861</b>	<b>4800017</b>	<b>31.10</b>
<b>Grand Total (A)+(B)</b>	<b>9865</b>	<b>15434190</b>	<b>100</b>

**Note:** The total foreign shareholding for the year ended 31<sup>st</sup> March, 2020 is 144352 shares which in percentage terms is 0.93 % of the issued and subscribed capital.

There is 2100000 Equity Shares under Lock-in for the period ended as on 31<sup>st</sup> March 2020.

Shareholding pattern in case of dematerialization shares has been prepared based on download of data received from NSDL / CDSL as on 31<sup>st</sup> March 2020.



## CERTIFICATION FROM THE MANAGING DIRECTOR AND CFO

In terms of Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered with the BSE and NSE, We hereby certify as under:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:

1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

There have been no

i. Significant changes in internal control over financial reporting during the year;

ii. Significant changes in accounting policies during the year;

iii. Instances of fraud of which we have become aware and the involvement therein, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For & on behalf of the Board of Directors of  
Kilitch Drugs (India) Limited

Place: Mumbai  
Date: 28<sup>th</sup> August, 2020

Mukund Mehta  
Managing Director  
[DIN: 00147876]

Sujit Kumar Dash  
Chief Financial Officer

## DECLARATION BY THE MANAGING DIRECTOR ON 'CODE OF CONDUCT'

hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the Code of Conduct as applicable to them.

For & on behalf of the Board of Directors of  
Kilitch Drugs (India) Limited

Place: Mumbai  
Date: 28<sup>th</sup> August, 2020

Mukund Mehta  
Managing Director  
[DIN: 00147876]



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**  
UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND  
DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Members of  
KILITCH DRUGS (INDIA) LIMITED

I have examined the compliance with the conditions of Corporate Governance by Kilitch Drugs (India) Limited ('the Company') for the year ended March 31, 2020, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of 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.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) in the light of CoVID-19 situation, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the year ended March 31, 2020.

I state that such compliance 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 Deep Shukla & Associates  
Company Secretary

Deep Shukla  
Proprietor  
FCS: 5652  
C. P. No. 5364  
UDIN: F005652B000609521

Place: Mumbai  
Date: 24<sup>th</sup> August, 2020

**Certificate of Non-Disqualification of Directors****(Pursuant to Regulation 34 (3) and Schedule V Para C clause (10) (i) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)**

To,

The Members of  
**Kilitch Drugs (India) Limited**  
 C-301/2, MIDC, TTC Industrial Area,  
 Pawane Village, Navi Mumbai 400705.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kilitch Drugs (India) Limited having CIN: L24239MH1992PLC066718 and having registered office at C- 301/2, MIDC, TTC Industrial Area, Pawane Village, Navi Mumbai 400705 (hereinafter referred to as 'the Company'), produced before us 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 Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary furnished to us by the Company & its officers, We 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 debarred or disqualified from being appointed or continuing as Directors of the companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Designation	Date of Appointment as per MCA Records
1	Mukund Prataprai Mehta	00147876	Managing Director	12/05/1992
2	Bhavin Mukund Mehta	00147895	Wholetime Director	29/09/2007
3	Mira Bhavin Mehta	01902831	Wholetime Director	30/09/2014
4	Hemang Jagadish Engineer	02317989	Director	01/04/2015
5	Vasudev Krishna Murti	00567672	Director	16/03/2018
6	Venkita Subramanian Rajan	00059146	Director	28/06/2018

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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 Deep Shukla & Associates**  
 Company Secretary

Place: Mumbai  
 Date: 24<sup>th</sup> August, 2020

**Deep Shukla**  
 Proprietor  
 FCS: 5652  
 C. P. No. 5364  
 UDIN: F005652B000609552





## Annexure – IX

# CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR POLICY)

### 1. Title and applicability

The document describes the Corporate Social Responsibility Policy (“CSR policy”) of Kilitch Drugs (India) Ltd. (“KDIL” or “the company”). It includes KDIL’s vision, mission and other relevant attributes of Corporate Social Responsibility.

The CSR policy shall be guided by KDIL’s corporate philosophy of respect for the individual and the society at large.

The CSR policy has been formulated in accordance with Section 135 of the Companies Act 2013 and the CSR Rules 2014 and the relevant amendments / notifications / circulars.

The CSR policy shall apply to all CSR programs of KDIL

### 2. Vision and Mission

KDIL is committed to build a sustainable business with strong social relevance and a commitment to inclusive growth and contribute to the society by supporting causes on various concerns about health-care.

In pursuance of our vision that KDIL desires to assist people and animals to live healthier through innovative medicines. We are dedicated towards fulfilling the social objectives through various CSR activities. The Company shall make its endeavor to positively impact and influence the Society for its sustainable development.

### 3. Purpose

The Companies Act, 2013 has brought greater emphasis on CSR with rules that provide guidance on minimum CSR spend, focus areas, implementation mechanism and reporting to the shareholders of the company.

KDIL CSR Policy has been designed keeping in view the company’s business vision, its CSR vision and long-term social objectives that the company wants to achieve. KDIL CSR Policy has been created with the purpose to outline its CSR focus areas, review mechanism, execution process and reporting mechanism.

### 4. Responsibility of the Board of Directors

The responsibility of the Board of Directors shall be as under:

- a. To approve the CSR Policy & disclose the contents of such policy in its report and also place it on the Company’s website;
- b. Ensure that the activities proposed in the CSR Policy are undertaken;
- c. Ensure that the company spends, in every financial year, at least 2% of average net profits of the company made during the 3 immediately preceding financial years, as required under Section 135 of the Companies Act, 2013 & Rules made thereunder;

d. If company fails to spend the sum as mentioned above, then the Board shall, in its Report specify the reasons for not spending the amount.

### 5. CSR Committee

#### 5.1. Constitution of CSR Committee

A Corporate Social Responsibility Committee (“the CSR Committee”) has been constituted by the Board of Directors to oversee the CSR agenda of the Company. The committee has been formed as per the requirements of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

Board of Directors shall be empowered to take decision for making or effecting changes in the constitution of the CSR Committee.

The composition of CSR Committee shall be disclosed in the Board of Directors’ Report.

#### 5.2. Responsibilities of the CSR Committee

- a. To formulate & recommend to the Board of Directors, a CSR Policy indicating the activities to be undertaken as specified in Schedule VII of the Companies Act, 2013 and modify / amend the same as required;
- b. To review and approve annual budgets with respect to CSR programs;
- c. To develop and institutionalize a CSR reporting mechanism in light with Section 135, Rule 8 of the Companies Act 2013;
- d. To ensure that KDIL corporate website displays the approved CSR policy of the company
- e. To monitor the CSR Policy, Projects and Programs from time to time.

#### 5.3. Meetings of CSR Committee

The CSR Committee shall meet at least once in six months. The meeting shall be held either at the registered office of the company or any other place, as may be decided by the members. Physical presence of a minimum of two members of the committee shall constitute the quorum.

#### 5.4. Notice of Meeting

At least three days advance notice of every meeting, specifying the day, place and timing of Meeting and the general nature of the business to be transacted there at shall be given to the members. In urgency, a meeting may be convened by shorter notice.



## 6. Areas of CSR Activities

a. The Company is hereby devoted to direct its CSR resources, to a reasonable extent, for improving the quality of life of the people by focusing on the social causes, including but not limited to the following areas:

b. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

c. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

d. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

e. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga);

f. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

g. Measures for the benefit of armed forces veterans, war widows and their dependents;

h. Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;

i. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, and other backward classes, minorities and women;

j. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

k. Rural Development Projects; and

l. Slum area development

m. Activities related to promotion of road safety as suggested vide General Circular No. 21/2014 dated 18.06.2014 issued by Ministry of Corporate Affairs

## 7. EXCLUSIONS:

Following activities shall be excluded from the CSR expenditure of KDIL:

a. Activities which are exclusively for the benefit of employees of the company or their family members;

b. Activities undertaken in pursuance of normal course of business of the Company;

c. Direct or indirect contribution to political parties;

d. Expenditure on item/s not in conformity with Schedule VII of the Companies Act 2013;

e. Surplus arising out of CSR projects shall not form part of the business profits of Company instead the same will be further used for CSR purposes only.

## 8. Geographies and beneficiaries

### 8.1. Geographies

KDIL will give preference to the local areas around its operations for spending the amount earmarked for CSR activities. KDIL's operations are mainly concentrated in the State of Maharashtra. KDIL may undertake CSR activities in any other area in India as may be decided, from time to time

### 8.2. Beneficiaries

The beneficiaries of KDIL's CSR programs may be the following categories of people:

Children / students

Women

Weaker sections of the society

Others – society at large

## 9. Implementation mechanism

The company may conduct / implement CSR programs by itself and/or through registered trusts, societies and / or section 8 (previously section 25) companies with an established track record of at least three years in carrying on activities in the related area/s or as suggested by Ministry of Corporate Affairs vide circulars/notifications.

The company may collaborate or pool resources with other companies to undertake CSR activities and any expenditure incurred on such collaborative efforts would qualify for computing the CSR spending.

The progress will be reported to the CSR Committee during the committee meetings. The progress on CSR programs undertaken by the Company will be reported in the Annual Report in the format prescribed by the CSR Rules 2014.



**10. Format for Annual Report to be included in the Board’s Report**

- a. A brief outline of the company’s CSR policy, including overview of Projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs.
- b. The Composition of CSR Committee.
- c. Average net profit of the company for last three financial years.
- d. Prescribed CSR Expenditure (two percent of the Amount as in item 3 above).
- e. Details of CSR spent during the financial year:
- f. Total amount to be spent for the Financial year;
- g. Amount unspent, if any;
- h. Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Project or Programs (1)Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or program s-wise	Amount spent on the projects or programs Sub - the ads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing Agency
1							
2							
3							
	<b>Total</b>						

- i. In case the company failed to spend the two percent of the average net profit of the last three financial years or any part thereof the company shall provide the reasons for not spending the amount in its Board Report.
- j. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.



### 11. Monitoring of CSR programs

The KDIL CSR team shall be responsible for day to day management of CSR related activities of the company. The team shall periodically report to the CSR committee regarding the financial and programmatic progress of CSR projects.

All projects undertaken by KDIL shall be monitored on a regular basis. On-site monitoring would also be undertaken at least once a year to ensure on-track implementation.

The CSR team shall be empowered to appoint an external third party to monitor / review / audit the progress (financial and programmatic) of the CSR projects.

### 12. Effective Date

The CSR Policy shall be effective from the date of its approval by the Board of Directors.

### 13. Amendments to the CSR Policy

CSR Policy may be updated to align it with the changing requirement or changes in the legal and regulatory framework. Any revision in the Policy shall be approved by the Board of Directors.

For & on behalf of the Board of Directors of  
**Kilitch Drugs (India) Limited**

Place: Mumbai  
Date: 28<sup>th</sup> August 2020

Mr. Mukund Mehta  
Managing Director  
[DIN: 00147876]

Mrs. Mira Bhavin Mehta  
Whole-Time Director  
[DIN: 01902831]



## Annexure – X

### Report on CSR Expenditure

Sr. No.	Particulars	Remarks
1	A brief outline of the company's CSR policy, including overview of Projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and project or programs.-	CSR Policy is attached to Board report as an Annexure no. IX
2	The Composition of CSR Committee.	Mentioned in Board Report
3	Average net profit of the company for last three financial years.	Rs. 874.04 Lakhs
4	Prescribed CSR Expenditure (two percent of the Amount as in item 3 above).	Rs. 17.48 Lakhs
5	Details of CSR spent during the financial year	
	a. Total amount to be spent for the Financial year;	Rs. 17.50 Lakhs
	b. Amount unspent, if any;	NIL
c. Manner in which the amount spent during the financial year is detailed below	Donation to Charitable & Educational Trust	

(1) Sr. No.	(2) CSR Project or activity identified	(3) Sector in which the project is covered	(4) Project or Programs (1)Local area or other (2) Specify the State and district where projects or Programs was undertaken	(5) Amount outlay (budget) project or programs -wise	(6) Amount spent on the projects or programs Sub -heads: (1) Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure upto the reporting period	(8) Amount spent Direct or through implementing Agency
1	Social activities, Education, Woman Empowerment, Youth Empowerment	Social activities, Education, Woman Empowerment, Youth Empowerment	Local	17.48 Lakhs	17.50 Lakhs	17.50 Lakhs	17.50 Lakhs
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
	Total			17.48 Lakhs	17.50 Lakhs	17.50 Lakhs	17.50 Lakhs



# Independent Auditors' Report

To,  
The Members of  
KILITCH DRUGS (INDIA) LIMITED

## Report on the Audit of the Standalone Financial Statements Opinion

We have audited the accompanying Standalone Ind AS financial statements of Kilitch Drugs (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020 the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, 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 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 of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (Sas).

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 independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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 audit opinion on the standalone financial statements.

## Emphasis of Matter

We draw attention to Note 48 of the Financial Statement, which states the impact of Corona virus Disease 2019 (Covid-19) on the operations of the Company.

Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 standalone 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 the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Response to Key Audit Matters
1.	Revenue Recognition [Export Sales]	<p>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls over revenue recognition process.</p> <ul style="list-style-type: none"> <li>• Testing a sample of contracts and testing the revenues recognised with respect thereto by agreeing information back to contract terms.</li> <li>• Testing the controls over the sale data collated for the purpose of recognizing the revenue on sample basis.</li> <li>• Assessing the adequacy of company's disclosure with respect to revenue recognised.</li> </ul>
2.	Trade Receivables	Our audit procedures to assess the appropriateness of Trade receivables disclosure and provision against trade receivables included in the Note 12 & Note 3 paragraph "H" of significant accounting policies.



### Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

### Responsibility of Management and those charged with Governance 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 are also 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms

of section 143 of the Act (11 of 2013), we give in the Annexure "A" a statement on the matters specified in paragraph 3 and 4 of the Order.

2. As required under provisions of section 143(3) of the Act, we report that:

a. 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.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. The Balance Sheet, Statement of Profit and Loss including other comprehensive income, Cash Flow Statement and statement of changes in Equity dealt with by this report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015.

e. On the basis of written representations received from the directors as on 31st March, 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.

f. With respect to the adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. In our opinion the Managerial remuneration for the year ended Mar 31, 2020 has been paid by the Company to its Directors in accordance with the provisions of Section 197 read with schedule V to the Act;

h. 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, in our opinion and to the best of our information and according to the explanations given to us:



i. The Company has disclosed the impact of the pending litigations on its financial position vide Note No. 36 to the standalone Ind AS financial statements.

ii. The Company did not have any long term contracts including derivative contracts that require provision under any law or

accounting standards for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts required transferred to the Investor Education and Protection Fund by the Company during the year.

As per Our Report of even date

**For A.M. Ghelani & Company**  
Chartered Accountants  
Firm Registration No. : 103173W

**Chintan Ajit Ghelani**  
Partner  
Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

Date: 30<sup>th</sup> June, 2020

Place : Mumbai

**Annexure “A” referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our report of even date**

## i) In respect of its Fixed Assets :

a. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets, which we are informed, are being updated.

b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

c. In our opinion and according to the explanations given to us, the Title Deeds of immovable properties are held in the name of company.

## ii) In respect of its Inventories :

a. As explained to us, inventories have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable.

b. According to the information and explanations given to us, in our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c. The Company is maintaining proper records of its inventory. No material discrepancies were noticed on verification between the physical stocks and book records having regards to the size of the operations of the company.

iii) The Company has not granted any loans, secured or unsecured, to Companies / firms or other parties covered in the register maintained under section 189 of the Act. Consequently, the requirement of Clause (iii) (a) and Clause (iii) (b) of paragraph 3 of the Order not applicable to the company.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the companies Act, 2013 in respect to grants of the loans, making investments and providing guarantees and securities.

v) According to the information and explanations given to us, the company has not accepted any deposits within the meaning of provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed hereunder. Therefore, provisions of Clause (v) of paragraph 3 of the Order are not applicable to the company.

vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under Sub Section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

## vii) In respect of Statutory dues :

a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, GST, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues which are applicable to the company, have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2020 for a period of more than six months from the date of becoming payable.

b. The disputed statutory dues aggregating to Rs. 50,305,650/- that have not been deposited on account of the matters pending before the appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax	50,305,650	A. Y. 2008-09	CIT (Appeals)

viii) According to the records examined by us and the information and explanation given to us, we are of the opinion that the company has not defaulted in re-payment of dues to financial institutions and banks.

ix) The Company has not obtained any term loans during the year under report.

x) Based on the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements as per the information and explanations given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.

xi) Based upon the audit procedures performed and information and explanation given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provision of section 197 read with “schedule v” to the companies Act, 2013.

xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of the Paragraph 3 of the Order are not applicable to the Company.



xiii) In our opinion and as per the information and explanations given to us, all the transactions with related parties are in compliance with section 177 and 188 of The Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

xiv) In our opinion and as per the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

Accordingly, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

xv) In our opinion and as per the information and explanations given to us, the Company has not entered into any Non-Cash transaction with Director or Persons connected with him. Hence, the requirement of Clause (xv) of paragraph 3 of the Order is not applicable to the Company.

xvi) To the best of our knowledge and as explained, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For A. M. Ghelani & Company**  
Chartered Accountants  
Firm Registration No. : 103173W

**Chintan Ajit Ghelani**  
Partner  
Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

Date : 30<sup>th</sup> June, 2020  
Place : Mumbai



“Annexure B” referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our report of even date

#### Report on the Internal Financial Controls 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 **Kilitch Drugs (India) Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management 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 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.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Company’s internal financial controls system over financial reporting.

#### 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent 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.

#### Opinion

In our opinion, 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”.

#### For A.M. Ghelani & Company

Chartered Accountants  
Registration No : 103173W

#### Chintan Ajit Ghelani

#### Partner

Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

Place : Mumbai  
Dated : 30<sup>th</sup> June, 2020



## Balance Sheet as on 31<sup>st</sup> March 2020

(Rs. In Lakhs)			
Particulars	Notes	As at 31 March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	6	761.63	778.91
Capital work- in-progress		-	-
Other Intangible Assets	6	5.02	2.90
<b>Financial assets</b>			
- Investments	7	7,026.51	7,123.66
- Loans & Advances	8	3,866.31	2,772.80
- Other Financial Assets	9	53.83	-
Deferred tax assets (Net)	10	96.18	103.13
<b>(A)</b>		<b>11,809.48</b>	<b>10,781.40</b>
<b>Current Assets</b>			
Inventories	11	555.67	471.58
<b>Financial assets</b>			
- Investments	7	2,781.04	2,841.62
- Trade Receivables	12	1,700.58	2,314.53
- Cash & Cash Equivalents	13	272.26	407.21
- Other Financial Assets	14	2.54	11.04
Other Current Assets	15	289.69	375.43
<b>(B)</b>		<b>5,601.78</b>	<b>6,421.41</b>
<b>TOTAL (A + B)</b>		<b>17,411.26</b>	<b>17,202.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	16	1,543.42	1,535.52
Other Equity	17	13,621.29	13,572.84
Equity attributable to Owner		15,164.71	15,108.36
<b>(A)</b>		<b>15,164.71</b>	<b>15,108.36</b>
<b>Non-Current liabilities</b>			
Provisions	18	38.80	41.34
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	19	1,251.22	935.71
- Trade Payables	20	-	-
Micro and Small Enterprises		-	-
Others		790.63	546.90
- Other Financial Liabilities	21	2.07	88.07
Provisions	22	87.41	68.15
Current Tax Liabilities [Net]	23	16.24	171.83
Other Current Liabilities	24	60.18	242.45
<b>(B)</b>		<b>2,246.55</b>	<b>2,094.45</b>
<b>TOTAL (A+B)</b>		<b>17,411.26</b>	<b>17,202.81</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 49		

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole -time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Statement of Profit and Loss

For the year ended 31<sup>st</sup> March 2020

Particulars		Notes	(Rs. In Lakhs)	
			Year Ended 31st March 2020	Year Ended 31st March 2019
I	Revenue from operations	25	6,076.80	9,641.76
II	Other Income	26	570.92	451.82
III	Total Income (I + II)		6,647.72	10,093.58
IV	Expenses			
	Cost of materials consumed	27	3,648.61	5,316.22
	Variation in inventories of finished goods & work-in-progress	28	(73.48)	(17.70)
	Employee benefits expenses	29	565.35	522.89
	Finance Cost		71.59	37.91
	Depreciation and amortization expenses	6	115.30	120.38
	Export Product Registration/Commission	30	448.15	683.93
	Other expenses	31	1,349.96	1,477.48
	Total Expenses (IV)		6,125.48	8,141.11
V	Profit/ (loss) before tax		522.24	1,952.48
	Less: Tax Expense:			
	a) Current Tax		(69.58)	(429.00)
	b) Tax adjustments of earlier years		-	4.92
	c) Deferred Tax		(6.95)	(51.66)
	Profit/ (loss) for the year - (A)		445.71	1,476.73
	Other comprehensive income			
	A) Items that will not be reclassified To Profit & Loss A/c			
	a. Realised Gain/(Loss) on Sale of Equity Instruments		-	(7.06)
	b. Change in fair value of Investments		(416.74)	(121.41)
	c. Employee Benefits- Gratuity		(2.52)	(8.39)
	B) Income Tax relating to the items that will not be reclassified to Profit & Loss A/c			
	Change in fair value of Investments		108.35	31.17
	Total Other comprehensive income for the period (A+B)		(310.91)	(105.69)
	TOTAL COMPREHENSIVE INCOME		134.80	1,371.04
	EARNINGS PER EQUITY SHARE [Face Value Rs. 10]	35		
	Basic		2.89	10.06
	Diluted		2.89	10.06
	Significant Accounting Policies and Notes on Financial Statements	1 to 49		

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole -time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)





## Cash Flow Statement

For the year ended 31<sup>st</sup> March 2020

Particulars	Rs. (In Lacks)			
	Year Ended 31st March 2020		Year Ended 31st March 2019	
	[Rs.]	[Rs.]	[Rs.]	[Rs.]
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before extraordinary items and tax		522.23		1,952.48
Adjustments for:				
Depreciation and amortisation	115.30		120.38	
Interest income	(195.69)		(75.69)	
Dividend income	(10.92)		(23.94)	
(Profit)/Loss on sale of Investments	(181.94)		(240.71)	
Sundry Balances written back	(9.06)		(17.51)	
Provision for Gratuity & Leave Encashment	10.83		13.15	
Bad Debts / Provision for Doubtful Debts	(42.83)		(126.06)	
(Profit) / Loss from Investment in Partnership Firm	0.24		0.27	
Employee Stock Option Cost	6.68		-	
Net unrealised exchange (gain) / loss	(132.30)	(439.68)	69.02	(281.09)
<b>Operating profit / (loss) before working capital changes</b>		<b>82.55</b>		<b>1,671.39</b>
Changes in working capital:				
Operating Assets:				
Inventories	(84.09)		(191.94)	
Trade receivables	789.11		(185.48)	
Other current assets	85.74		9.21	
Deposits & advances	(1.76)		(11.53)	
Other financial assets	8.50		19.87	
Operating Liabilities:				
Trade payables	251.79		(201.52)	
Other Financial Liabilities	-		-	
Other current liabilities	(182.27)		42.36	
Short Term Provision	3.37	<b>871.39</b>	6.89	<b>(512.14)</b>
<b>Gross cash flow from / (used in) operating activities</b>		<b>953.93</b>		<b>1,159.25</b>
Direct Taxes (Paid) /refunded		(225.17)		(417.65)
<b>Net cash flow from / (used in) operating activities</b>		<b>728.77</b>		<b>741.60</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Fixed assets Purchased	(100.14)		(167.02)	
Loans/Advances to related Parties	(1,091.74)		(2,402.48)	
Proceeds (Net) from the sale of Current investments	(65.86)		299.96	
Proceeds (Net) from the sale of long- term investments:				
- Others	96.91		(99.40)	
Movement in other Bank balance	(53.83)		78.97	
Interest received	195.69		75.69	
Dividend received	10.92		23.94	
		(1,008.07)		(2,190.36)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(1,008.07)</b>		<b>(2,190.36)</b>



## Cash Flow Statement

### For the year ended 31<sup>st</sup> March 2020

<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Shares issued [incl. ESOPs]	7.89		24.50
Proceeds from Borrowings (Net of Repayments)	315.50		853.24
Money received against warrants	-		685.84
Dividends paid(Inclusive of tax on Dividend)	(179.03)		(95.04)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>144.36</b>	<b>1,468.55</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(134.94)</b>	<b>19.78</b>
Cash and cash equivalents at the beginning of the year		407.21	387.43
<b>Cash and cash equivalents at the end of the year</b>		<b>272.27</b>	<b>407.21</b>
<b>Cash and cash equivalents at the end of the year *</b>			
* Comprises:			
(a) Cash on hand		0.63	45.16
(b) Balances with banks			
(i) In current accounts		269.57	273.98
(ii) In earmarked accounts		2.07	88.07
		<b>272.27</b>	<b>407.21</b>

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole -time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Statement of Change in Equity

For the year ended 31<sup>st</sup> March 2020

Rs. (In Lacks)

<b>(a) Equity Share Capital</b>				
As at 1st April 2018	Changes during the Year	As at 31st March 2019	Changes during the Year	As at 31st March 2020
1,373.18	162.34	1,535.52	7.90	1,543.42

### (b) Statement of Changes in Other Equity

Particulars	Securities Premium account	General Reserve	Employee Stock Options	Other Reserves (Call on shares forfeited A/c)	Other Comprehensive Income	Surplus in the Statement of Profit and Loss	Total
Balance as on 1st April 2018	3,023.13	1,511.76	137.94	58.00	360.61	6,418.92	11,746.37
Profit/(Loss) for the Year	-	-	-	-	-	1,476.73	1,476.73
Change In Fair Value of Investments	-	-	-	-	(105.69)	-	(105.69)
Premium on issue of Shares during the year	-	-	(25.50)	-	-	-	(25.50)
Money Received Against Share Warrants	809.50	-	-	-	-	-	809.50
Conversion of Share warrants into Equity Share Capital	-	-	-	-	-	-	(236.00)
Declaration of Dividend	-	-	-	-	-	(92.56)	(92.56)
Balance as on 31st March 2019	3,832.63	1,511.76	112.44	58.00	254.92	7,803.09	13,572.84
Profit/(Loss) for the Year	-	-	-	-	-	445.70	445.70
Change In Fair Value of Investments	-	-	-	-	(310.91)	-	(310.91)
Premium on issue of Shares during the year	-	-	6.68	-	-	-	6.68
Declaration of Dividend	-	-	-	-	-	(93.03)	(93.03)
Balance as on 31st March 2020	3,832.63	1,511.76	119.13	58.00	(55.99)	8,155.76	13,621.29

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole -time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 1 - Corporate Information:

The Company is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India and its shares are publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), in India. The registered office of the company is located at C-301-2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane - 400705.

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting dated 30th June 2020.

### Note 2 - Basis of Preparation of Financial Statements:

The Financial Statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The significant accounting policies used in preparing financial statements are set out in Note 3 of the Notes on Financial Statements and are applied consistently to all the periods presented.

### Note 3 - Significant Accounting Policies:

#### A. Functional and presentation of currency:

The financial statements are presented in Indian Rupees, which is the Company's functional currency and all amounts are rounded to the nearest rupees in lakhs.

#### B. Basis of measurement:

The Financial Statements have been prepared on historical cost basis, except the following:

- Certain financial assets and liabilities are measured at fair value.
- Defined benefit plans – plan assets measured at fair value.
- Share Based Payments.

#### C. Use of Estimates:

The preparation of the financial statements requires management to make estimates, judgements 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 during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### D. Property, Plant and Equipment:

Freehold land is carried at historical cost. Capital work in progress, and all other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any.

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 and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

#### Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the Written down Value method to allocate their cost, net of their residual values, over their estimated useful lives as specified by Schedule to the Companies Act; 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

#### E. Intangible assets:

Identifiable intangible assets are recognised when the Company controls the asset & it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the period on straight line basis. The assets useful life reviewed at each financial year end.

### Amortisation methods and periods

Estimated useful lives of Intangible assets are considered as 5 years. Intangible assets are amortised over its useful life using the straight-line method. The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

### F. Impairment of Non – Financial Assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

### G. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Classifications of financial instruments are in accordance with the substance of the contractual arrangement and as per the definitions of financial assets, financial liability and an equity instruments.

### Financial Assets and investments

#### I. Initial recognition and measurement:

At initial recognition, the company measures a financial asset (other than financial asset at fair value through profit or loss) at its fair value plus or minus, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit & loss.

#### II. Subsequent recognition and measurement:

Subsequent measurement of financial asset depends on the company's business model for managing the asset and the cash flow characteristics of the asset. For the purpose of subsequent recognition and measurement financial assets are classified in four categories:

- **Debt instrument at amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Debt instrument at fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in the statement of profit & loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Debt instrument at fair value through profit and loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit & loss and presented net in the statement of profit & loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### • Equity instruments:

All equity instruments are initially measured at fair value. Any subsequent fair value gain / loss is recognised through profit or loss if such investments are held for trading purposes. The fair value gains or losses of all other equity investments are recognised in Other Comprehensive Income.

### • Investment in Subsidiary and Associates:

The company has accounted for its Investment in subsidiaries and associates at cost.

### III. Derecognition:

A financial asset is primarily derecognised i.e. removed from Company's financial statement when:

- The rights to receive cash flows from asset have expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either;

a) The Company has transferred substantially all the risks and rewards of the assets,

b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

### IV. Trade receivables:

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment.

### Financial Liabilities:

#### I. Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### II. Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and has designated upon initial measurement recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit & loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

#### III. Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit & loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### IV. Trade and other payables:

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

#### V. Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### H. Impairment of Financial assets:

The company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets carried at amortised cost;
- Financial asset measured at FVOCI debt instruments.

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### I. Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and at bank, deposits with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### J. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO basis.

Cost of inventories also includes 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 estimated costs of completion and the estimated costs necessary to make the sale.

### K. Foreign currency transactions:

The transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency at the end of year are translated using the closing rate of exchange. Non-monetary items that are to be carried at historical cost are recorded using exchange rate prevailing on the date of transaction. Non-monetary items that are to be carried at fair value are recorded using exchange rate prevailing on the date of fair value measured. Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the statement of profit & loss.

### L. Classification of assets and liabilities as current and non-current:

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.





## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### M. Equity share capital:

Ordinary shares are classified as equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

### N. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the entity and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### • Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow to the Company, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably. Provisions for chargeback, rebates, discounts and medical aid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

#### • Sales Returns

With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are

sold either by the Company or the Company's competitors.

#### • Interest income:

Interest income from debt instrument is recognised using effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of financial asset to the gross carrying amount of financial asset.

When calculating effective interest rate, the company expects cash flows by considering all contractual terms of financial instrument but does not consider the expected credit losses.

#### • Dividends

Dividends are recognised when the right to receive the payment is established.

### O. Employee's benefits:

#### i. Short-term Employee benefits:

All employees' benefits payable wholly within 12 months rendering services are classified as Short Term obligations. Benefits such as salaries, wages, short term compensated absences, performance incentives, expected cost of bonus and ex-gratia are recognised during the period in which the employees renders related services.

#### ii. Post-employment benefits

##### a. Defined Contribution Plan

The defined contribution plan is post-employment benefit plan under which the Company contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution. The Company's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Company's contribution to defined contribution plans are recognised in the statement of profit & loss in the period in which the employee renders the related services.

##### b. Defined benefit plan

The Company has defined benefit plans comprising of gratuity. Company's obligation towards gratuity liability is partially funded as Management has initiated a decision to be funded and managed by Life Insurance Corporation of India over the period of 20 equated quarterly instalments over a period of 5 years.

The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.



## Notes to the Financial Statements

### For year ended 31<sup>st</sup> March 2020

Based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit & loss as income or expense.

Re-measurements comprising of

(a) Actuarial gains and losses,  
(b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) 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. Re-measurements are not reclassified to the statement of profit & loss in subsequent periods.

The expected return on plan assets is the Company's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

#### c. Other long-term benefits

The Company has other long-term benefits in the form of leave benefits. The present value of the other long term employee benefits is determined.

Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

#### d. Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans with the ESOS 2007.

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted: Including any market performance conditions

(e.g., the entity's share price) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense, other than in respect of options granted to employees of group companies, is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The cost of options granted to employees of group companies is debited to the cost of the investment of the respective companies. At the end of each period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit & loss / Investment, with a corresponding adjustment to other equity.

#### P. Borrowing Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for such capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

#### Q. Income Taxes:

##### • Current Income Tax:

Current Income Tax liabilities are measured at the amount expected to be paid to the taxation authorities using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and creates provisions where appropriate.

##### • Deferred Tax:

Deferred Tax is provided, using the Balance sheet approach, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Deferred Tax is determined using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period.

Deferred Tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the company has a legally enforceable right and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

### R. Provisions and contingencies:

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using the government securities' interest rate for the equivalent period. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the financial statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

### S. Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### Note 4 - Use of Significant Accounting Estimates, Judgments and Assumptions

In the process of applying the Company's accounting policies, management has made the following estimates and judgements, which have significant effect on the amounts recognised in the financial statements:

#### A. Depreciation and useful lives of Property, Plant and Equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

#### B. Recoverability of trade receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

#### C. Defined Benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation 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, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### D. Provisions:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

### E. Impairment of financial assets:

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

Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. They are continuously evaluated.

### F. Fair Value measurement:

The Company measures financial instrument such as certain investments, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption 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 or the most advantageous market must be accessible by 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 5- Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 12 – Income Taxes
- ii. Ind AS 19 – Employee Benefits
- iii. Ind As 116 – Leases

Application of above standards are not expected to have any significant impact on the financial statements.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 6 - Property, Plant & Equipment

Particulars	Land	Rights on Lease Hold Land	Factory Building	Office premises	Plant & Machinery	Furniture & Equipment	Computer	Motor Car	Office Equipment	Air Conditioners	Electrical Installations	Laboratory Equipment	Mobile Phone	Computer software	Total
<b>Gross Block</b>															
As at 01/04/2018	29.88	96.78	261.02	133.24	1,410.70	85.59	42.76	113.46	19.03	28.22	27.21	193.19	8.21	14.40	2,463.69
Additions	-	-	-	-	125.61	11.50	2.28	6.17	1.60	-	-	15.49	2.68	1.69	167.02
Disposals/Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31/03/2019	29.88	96.78	261.02	133.24	1,536.31	97.09	45.04	119.63	20.63	28.22	27.21	208.68	10.89	16.09	2,630.71
Additions	-	-	-	-	20.08	6.49	5.18	11.57	4.46	0.32	18.15	28.99	2.58	2.31	100.13
Disposals/Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31/03/2020	29.88	96.78	261.02	133.24	1,556.39	103.58	50.22	131.20	25.09	28.54	45.36	237.67	13.47	18.40	2,730.84
<b>Accumulated Depreciation</b>															
As at 01/04/2018	-	-	244.68	73.42	965.95	60.85	39.97	95.66	15.75	22.93	22.06	168.10	7.10	12.05	1,728.52
Depreciation Charge for the Year	-	-	3.29	2.90	88.07	7.56	1.08	6.23	1.58	0.93	1.20	4.82	1.57	1.15	120.38
As at 31/03/2019	-	-	247.97	76.32	1,054.02	68.41	41.05	101.89	17.33	23.86	23.26	172.92	8.67	13.20	1,848.90
Depreciation Charge for the Year	-	-	-	2.76	81.54	7.82	2.23	7.76	2.35	0.70	1.77	7.63	0.55	0.19	115.30
As at 31/03/2020	-	-	247.97	79.08	1,135.56	76.23	43.28	109.65	19.68	24.56	25.03	180.55	9.22	13.39	1,964.20
<b>Net Block</b>															
As at 31/03/2020	29.88	96.78	13.05	54.16	420.83	27.35	6.94	21.55	5.41	3.98	20.33	57.12	4.25	5.01	766.64
As at 31/03/2019	29.88	96.78	13.05	56.92	482.29	28.68	3.99	17.74	3.30	4.36	3.95	35.76	2.22	2.89	781.81



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 7 – Investments

A] Non - Current Investments		Rs. (In Lakhs)	
Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	
<b>Non-Trade Investments</b>			
<b>A. Investments in Shares:</b>			
<b>i. Quoted Shares: ( At Fair Value through Other Comprehensive Income)</b>			
<b>[Equity Shares of Face value Rs. 10/- each, fully paid-up, unless otherwise stated]</b>			
15 ( 31st March 2019 : 15 ) - Bengal and Assam Co Ltd.	0.18	0.26	
1,000 ( 31st March 2019 : 1000 ) - Century Enka Ltd.	1.19	2.52	
500 ( 31st March 2019 : 500 ) - Century Textiles & Ind Ltd.	1.48	4.66	
200 ( 31st March 2019 : 200 ) - Colgate Palmolive India Ltd.	2.51	2.52	
720 ( 31st March 2019 : 720 ) - J K Laxmi Cement Ltd.	1.41	2.50	
400 ( 31st March 2019 : 400 ) - Pfizer Ltd.	16.09	13.28	
62 ( 31st March 2019 : NIL ) - Ultratech Cement Ltd.	2.01	-	
<b>Fair Value of Quoted Instruments (Total of A. i )</b>	<b>24.87</b>	<b>25.74</b>	
<b>ii. Unquoted Shares:</b>			
<b>Investment in Indian Subsidiary ( At Cost ) - Monarchy Healthserve Pvt Ltd</b>			
<b>[Preference Shares of Face value Rs. 10/- each, fully paid-up, unless otherwise stated]</b>			
4,20,000 (P.Y. 4,20,000)	4,200.00	4,200.00	
<b>[Equity Shares of Face value Rs. 10/- each, fully paid- up, unless otherwise stated]</b>			
50,860 (P.Y. 50860)	2.02	2.02	
<b>Investment in Foreign Subsidiary</b>			
67% Investment in Kilitch Estro Biotech PLC.	419.68	419.68	
<b>Others ( At Fair Value through Other Comprehensive Income )</b>			
7000 (P.Y. 7000) Novo Informatics Pvt Ltd	48.02	48.02	
NIL ( 31st March 2019 : 100,000 ) Preference Shares of Rs. 100 each fully paid	-	100.00	
<b>Book Value of Unquoted Instruments (Total of A. ii)</b>	<b>4,669.72</b>	<b>4,769.72</b>	
<b>Total Investment in Shares (A. i + A. ii)</b>	<b>4,694.59</b>	<b>4,795.46</b>	
<b>B. Investment in the Capital of Partnership Firm (LLP) ( At Cost )</b>			
ARHAM NEETA REALITIES LLP	2,246.49	2,246.73	
<b>C. Investments in Bonds:</b>			
<b>i. Quoted Bonds: (At Fair Value through Other Comprehensive Income)</b>			
National Highways Authority of India	51.48	45.71	
Housing And Urban Development Corporation Ltd	8.51	7.53	
<b>ii. Unquoted Bonds: (At Fair Value through Other Comprehensive Income)</b>			
Club millionaire Financial Services Pvt Ltd.	25.45	28.23	
<b>Total Investment in Bonds (C. i + C. ii)</b>	<b>85.43</b>	<b>81.47</b>	
<b>Aggregate Fair Value of All Non-current Investments (A+B+C)</b>	<b>7,026.51</b>	<b>7,123.66</b>	



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

B] Current Investments	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March, 2019
<b>Particulars</b>		
<b>Investment in Units of Mutual Funds : (At fair value through Other Comprehensive income)</b>		
<b>Mutual Fund-Edelweiss</b>		
NIL (31st March 2019: 134,756.526) Axis Focused 25 Fund Growth (Edelweiss Demat) (given as a collateral security)	-	36.52
<b>Mutual Fund-Kotak</b>		
201,130.9550 (31st March 2019: 201,130.9550) Mirae Asset Large Cap Fund Regular Dividend Plan - DP	25.56	36.53
NIL (31st March 2019: 55,519.6340) SBI Blue Chip Fund Regular Plan Dividend - DP	-	12.38
NIL (31st March 2019: 353,174.43) SBI Blue Chip Fund Regular Plan Growth	-	138.48
1,18,772.2330 (31st March 2019: NIL) HDFC Small Cap Fund Regular Growth	30.87	-
77,649.1390 (31st March 2019: NIL) L & T Midcap Fund Growth	76.50	-
17,52,187.1780 (31st March 2019: NIL) Mirae Asset Midcap Fund Regular Plan Growth	143.66	-
2,06,930.0720 (31st March 2019: NIL) Aditya Birla Sun Life Corporate Bond Fund Growth	161.93	-
7,15,151.4420 (31st March 2019: NIL) HDFC Short Term Debt Fund Regular Plan Growth	161.91	-
104,968.5090 (31st March 2019: NIL) Axis Focused 25 Fund Growth	56.07	-
30810.4260 (31st March 2019: 30810.4260) Franklin India Prima Plus Fund-Growth	128.06	185.67
14,550.6960 (31st March 2019: NIL) HDFC Equity Fund Growth Plan	66.60	-
21,16,536.3590 (31st March 2019 : NIL) IDFC Banking Debt Fund Regular Plan Growth	375.54	-
804,098.9660 (31st March 2019 : 795485.3520) Reliance Arbitrage Advantage Fund Dividend Plan - DR	99.22	93.93
NIL (31st March 2019 : 10,00,000) KOTAK FMP Series 183 1204 Days Reg. Growth	-	123.04
Kotak Small And Mid-Cap PMS (Kotak Special Situations Value Strategy)	0.02	40.29
NIL (31st March 2019: 306,901.1440) Motilal Oswal Most Focused Multicap 35 Fund -Reg Growth	-	79.72
NIL (31st March 2019: 500,000) ICICI Prud. Value Fund Series 9 Reg Plan Dividend DP	-	53.45
NIL (31st March 2019 : 380,124.07) Kotak Medium Term Fund Regular Plan Growth	-	58.07
1,000,000 (31st March 2019 : 1,000,000) HDFC FMP 1213 D March 2019 1 Series 38 Reg Plan Growth	125.37	115.17
ICICI Prud. PMS Enterprising India Portfolio II	39.99	62.41
AVENDUS ENHANCED RETURN FUND 9TH Closure	-	102.75
15,00,000 (31st March 2019 : 15,00,000) IDFC Fixed Term Plan Series 149 Direct Plan Growth	172.62	161.61
15,00,000 (31st March 2019 : 15,00,000) IDFC Fixed Term Plan Series 149 Regular Plan Growth	171.84	161.28
NIL (31st March 2019 : 352,691.388) Motilal Oswal Multicap 35 Fund Direct Plan Growth	-	96.08
NIL (31st March 2019 : 629,370.1890 ) UTI Credit Risk Fund Growth	1.15	105.27
NIL (31st March 2019 : 752,553.1140) Aditya Birla Sun Life Medium Term Plan Growth	-	171.44
14,390.0320 (31st March 2019 : 3071.7950) Axis Banking & PSU Debt Fund Growth	275.05	53.67
301,148.4960 (31st March 2019 : 126822.0250) Axis Blue Chip Fund Growth	78.30	35.88
296,982.6560 (31st March 2019 : 296,982.6560) ICICI Prudential Credit Risk Fund Growth	64.59	58.96
188,476.5200 (31st March 2019 : 188476.5200) Kotak Standard Multicap Fund Regular Plan Dividend	32.06	44.66
365,493.650 (31st March 2019 : 365,493.650) Kotak Standard Multicap Fund Regular Plan Growth	98.72	129.67
258,732.2120 (31st March 2019 : 258,732.2120) Mirae Asset India Equity Fund Regular Plan Growth	100.48	132.38
NIL (31st March 2019 : 768,344.2180) Reliance Classic Bond Fund Growth	-	112.97
NIL (31st March 2019 : 262,631.9400) Reliance Equity Hybrid Fund Growth	-	144.74
<b>Mutual Fund-SPA Capital</b>		
130,116.845 (31st March 2019 : 130,116.845 ) Franklin India Income Opportunities Fund (SPA)	29.16	29.04
14,183.380 ( 31st March 2019 : 5,269.059 ) HDFC Prudence Fund (SPA)	21.31	28.52
24,717.259 ( 31st March 2019 : 24,717.259) UTI MID CAP FUND GROWTH (SPA)	18.80	24.99
UTI Structured Debt Opportunities Fund I (SPA)	99.55	48.61
Omni Science Capital	16.92	22.70
<b>Mutual Fund-IIFL</b>		
IIFL Focused Equity Strategies Fund (Cap- metrics)	51.71	62.10
IIFL Focused Equity Strategies Fund (Trivantage)	34.74	38.37
148,528.4050 (31st March 2019: 148,528.4050) Axis Focused 25- Growth (IIFL)	22.75	40.25
<b>Market Value of Quoted Investments</b>	<b>2,781.04</b>	<b>2,841.62</b>
<b>Aggregate Fair Value of All Current Investments</b>	<b>2,781.04</b>	<b>2,841.62</b>





## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 8- Loans and Advances

Particulars	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
(a) Deposits	21.27	19.97
(b) Advance to Related parties	3,831.48	2,739.74
(c) Other Advances	13.56	13.09
<b>Total</b>	<b>3,866.31</b>	<b>2,772.80</b>

### Note 9-Other Financial Assets

Particulars	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Fixed Deposits with Bank (more than 12 months)	53.83	-
<b>Total</b>	<b>53.83</b>	<b>-</b>

### Note 10- Deferred Tax Asset

Particulars	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
At the Start of the year	103.13	154.79
Charges/(credit) to profit and loss	(6.95)	(51.66)
At the end of the year	<b>96.18</b>	103.13
Deferred tax Asset		
Related to Property, Plant and Equipment	20.93	21.10
Provision for Gratuity/Leave Encashment	19.96	15.61
Provision for Doubtful Debtors	55.29	66.42
<b>Total</b>	<b>96.18</b>	<b>103.13</b>

### Note 11- Inventories

Particulars	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
[As taken, valued and certified by the Management]		
a. Raw Materials and components	367.13	356.52
b. Work-in-progress	44.64	75.23
c. Finished goods	143.90	39.83
<b>Total</b>	<b>555.67</b>	<b>471.58</b>

### Note 12- Trade Receivables

Particulars	Rs. (In Lakhs)	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
[UNSECURED, considered good unless otherwise stated]		
Considered Good	1,700.58	2,314.53
Less : Allowance for expected credit loss	-	-
Credit impaired	212.64	255.47
Less: Allowance For Expected Credit Loss	(212.64)	(255.47)
<b>Total</b>	<b>1,700.58</b>	<b>2,314.53</b>



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Trade Receivable stated above include debts due by:		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Subsidiary Companies in which Directors are Members	121.63	389.35
<b>Total</b>	<b>121.63</b>	<b>389.35</b>

### Note 13-Cash and Cash Equivalents

(Rs. In Lakhs)		
Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a. Cash on hand	0.63	45.16
b. Balances with banks	271.64	362.05
<b>Total</b>	<b>272.26</b>	<b>407.21</b>
Bank Balances include:		
Earmarked Balances (eg/- unpaid dividend accounts)	2.07	88.07
Margin money	1.34	1.34

### Note 14-Other Financial Assets

(Rs. In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Accrued Interest/Dividend Receivable	2.54	11.04
<b>Total</b>	<b>2.54</b>	<b>11.04</b>

### Note 15-Other Current Asset

(Rs. In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Balances with Government Authorities	266.14	352.02
Advance to Suppliers	22.53	18.89
Prepaid Expenses	1.03	4.52
<b>Total</b>	<b>289.69</b>	<b>375.43</b>

### Note 16- Equity Share Capital

(Rs. In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
Authorised				
200,00,000 (31st March 2019 : 200,00,000) Equity Shares of Rs.10 each	200.00	2,000.00	200.00	2,000.00
Issued, Subscribed & Paid up				
1,54,34,190 (31st March 2019 : 153,55,242) Equity Shares of Rs. 10 each fully paid up	154.34	1,543.42	153.55	1535.52
<b>Total</b>	<b>154.34</b>	<b>1,543.42</b>	<b>153.55</b>	<b>1535.52</b>

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
Equity Shares outstanding at the beginning of the year	153.55	1535.52	137.32	1373.18
Add : Preferential allotment during the year	0.79	7.90	16.23	162.34
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	154.34	1,543.42	153.55	1535.52



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Shares in the company held by each shareholder holding more than 5 percent shares				
Name of Shareholder	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Kilitch Company Pharma Limited	66,29,342	42.95	66,29,342	43.17
Mukund Prataprai Mehta	8,90,647	5.77	17,39,763	11.33
Bhavin Mukund Mehta	20,02,416	12.97	11,53,300	7.51
Neeta Mukund Mehta	11,11,768	7.20	11,11,768	7.24

The company has only one class of Equity Shares having a face value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share.

### Note 17 - Other Equity

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
a. Securities Premium	3,832.63	3,832.63
b. General Reserve	1,511.76	1,511.76
c. Employee Stock Options	119.13	112.45
d. Other Reserves (Call on shares forfeited A/c)	58.00	58.00
e. Retaining Earnings As per last Balance Sheet	7,803.09	6,418.92
Less: Dividend [incl. DDT] - declared in AGM	(93.03)	(92.56)
(+) Net Profit For the current year	445.70	1,476.73
	<b>8,155.76</b>	<b>7,803.09</b>
f. Other Comprehensive Income		
As per last Balance Sheet	254.92	360.61
(+/-) Change in Fair value of Investments at FVOCI	(310.91)	(105.69)
At the end of the Year	<b>(55.99)</b>	<b>254.92</b>
<b>Total</b>	<b>13,621.29</b>	<b>13,572.84</b>

#### NOTE:

- 1) Securities Premium: Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.
- 2) Share Option Outstanding Account: Reserve relates to stock options granted by the Company to the employees under an employee stock options plan.
- 3) General Reserve: General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

### Note 18 - Provisions (Non-Current)

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Gratuity	38.80	41.34
<b>Total</b>	<b>38.80</b>	<b>41.34</b>

### Note 19 - Borrowings

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Bank Overdraft ( Kotak Mahindra Bank )	-	122.91
Export Packing Credit Loan ( KotakMahindra Bank )	1,251.22	812.80
<b>Total</b>	<b>1,251.22</b>	<b>935.71</b>

The above stated Borrowings were secured against the Mutual Funds managed by Kotak Wealth.

### Note 20- Trade Payables

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
i) Dues to Micro & Small Enterprises	-	-
ii) Dues to Others	790.63	546.90
<b>Total</b>	<b>790.63</b>	<b>546.90</b>



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 21- Other financial liabilities

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Unpaid dividends	2.07	88.07
<b>Total</b>	<b>2.07</b>	<b>88.07</b>

### Note 22- Provisions (Current)

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits:		
Salary & Reimbursements	49.44	49.45
Gratuity	30.00	12.15
Leave Encashment	7.98	6.55
<b>Total</b>	<b>87.41</b>	<b>68.15</b>

### Note 23- Tax Liabilities (Current)

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Tax Liabilities (Net)	16.24	171.83
<b>Total</b>	<b>16.24</b>	<b>171.83</b>

### Note 24- Other Current Liabilities

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Statutory dues	47.32	82.72
Others	-	113.21
Provision for Expenses	12.86	46.52
<b>Total</b>	<b>60.18</b>	<b>242.45</b>

### Note 25- Revenue from Operations

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Sale of products/services:		
Local sales	1,517.72	734.92
Out Of Maharashtra Sales	1,168.40	456.62
Export Sales	3,019.45	8,365.41
incl. Rs. 280.01 Lakhs (P.Y. Rs. 1405.83 Lakhs) to subsidiary- Kilitch Estro Biotech PLC		
Other operating revenues	374.90	84.82
(Less) Sales Return	(3.67)	(0.00)
<b>Total</b>	<b>6,076.80</b>	<b>9,641.76</b>

### Note 26- Other Income

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Interest Income	195.69	75.69
Dividend Income	10.92	23.94
<u>Foreign Exchange Gain :</u>		
Realised	26.60	93.64
Unrealised	132.30	-
Profit from Trading in Securities	-	-
Profit on Sale of Investments	181.94	240.71
Sundry balances written back	9.06	17.51
Misc. Income	14.41	0.34
<b>Total</b>	<b>570.92</b>	<b>451.82</b>



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 27- Cost of Materials Consumed

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Opening Stock	356.52	182.28
Purchases	3,659.22	5,490.46
Less: Closing Stock	(367.13)	(356.52)
<b>Total</b>	<b>3,648.61</b>	<b>5,316.22</b>

### Note 28- Variation in inventories of Finished Goods and work- In- progress

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Opening Stock :		
Work-in-Process	75.23	42.66
Finished Goods	39.83	54.70
	<b>115.06</b>	<b>97.36</b>
Closing Stock :		
Work-in-Process	44.64	75.23
Finished Goods	143.90	39.83
	<b>188.54</b>	<b>115.06</b>
<b>Total</b>	<b>(73.48)</b>	<b>(17.70)</b>

### Note 29- Employee benefits expenses

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
(a) Salaries and incentives	505.60	464.07
(b) Contributions to Provident fund	20.21	18.42
(c) Gratuity fund contributions & Leave Encashment	10.83	13.15
(d) Staff welfare expenses	22.03	27.25
(e) ESOP Cost	6.68	-
<b>Total</b>	<b>565.35</b>	<b>522.89</b>

### Note 30- Export Product Registration/Commission

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<u>Export Product Registration Expenses</u>		
Export product registration	261.44	158.04
Export Expenses	8.42	44.43
Export Commission Expenses	178.29	481.46
<b>Total</b>	<b>448.15</b>	<b>683.93</b>

### Note 31- Other Expenses

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Consumption of stores and spare parts.	68.32	66.63
Labour Charges	218.17	136.84
Power and Fuel	162.09	141.18
CSR Expenses	17.50	2.74
Water Charges	5.70	6.14
Foreign Exchange Loss Unrealised	-	69.02
Bank & Other Charges	21.55	26.62
Repairs to Buildings	6.25	2.47
Repairs- Others	62.52	82.14
Insurance	14.90	4.78
Rent, Rates and Taxes	47.78	13.80
Auditors Remuneration	15.00	22.50



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Miscellaneous expenses	54.73	38.53
Donation	8.00	20.11
Directors' Sitting Fees	0.81	0.62
Foreign Travelling Expenses	63.04	68.65
Printing & Stationery	14.14	8.56
Professional charges	116.82	86.87
Communication Expenses	13.83	16.21
Vehicle Expenses	12.32	4.63
<u>Travelling Expenses:</u>		
Directors	3.54	8.07
Others	34.11	14.20
Factory	13.09	13.08
Business Promotion Expenses	113.14	106.76
Advertising / Sales Commission Expenses	5.73	1.64
Discount Allowed [Sales]	2.39	5.44
Clearing & Forwarding Expenses	101.25	86.23
Calibration/validation Charges	2.24	2.32
Bad Debts/Balances written off	-	380.50
Loss on trading in Securities	-	12.24
Loss by Theft / Transit	-	0.02
Share of Loss from Partnership Firm	0.24	0.27
Freight	169.38	129.23
Provisions for Expected Credit Loss	(42.83)	(126.06)
Office expenses	23.78	20.68
VAT expenses	0.45	3.82
<b>Total</b>	<b>1,349.96</b>	<b>1,477.48</b>

### Note 32 - Disclosure as per INDAS – 19 "employee benefits".

#### (A) Expenses recognised for Defined Contribution Plan:

Employer's Contribution to Provident and Pension Fund Rs. 13.73 Lakhs (PY Rs. 11.08 Lakhs).

Employer's Contribution to ESIC Rs. 3.87 Lakhs (PY Rs. 3.67 Lakhs)

The Company makes contributions towards provident fund and pension fund for qualifying employees to the Regional Provident Fund Commissioner.

#### (B) Expenses recognised Defined Benefit Plan:

The company provides gratuity benefit to its employees which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### I. Change in Defined Benefit Obligation during the year:

Rs. (In Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Present value of the obligation at the beginning of the year	53.50	35.72
Current Service Cost	8.64	2.68
Interest Cost	4.14	6.91
Actuarial (Gain) / Loss on Obligation	2.52	8.39
Benefits Paid	-	(0.20)
Present value of the obligation at the end of the year	68.80	53.50



## Notes to the Financial Statements

### For year ended 31<sup>st</sup> March 2020

#### ii. Change in Fair Value of Assets and Obligations

The Company has initiated to contribute to a fund managed by LIC as required by Law against its liabilities. Accordingly The Company has made an agreement to contribute the Liabilities amount evenly for a period of 5 Years in quarterly payments. Accordingly the company has contributed an amount equivalent of Rs. 6.93 Lakhs during the FY 2019-20 towards the Gratuity Fund Managed by Life Insurance Corporation of India.

#### iii. Amount to be recognized in Balance sheet

Rs. (In Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Present Value of Defined Benefit Obligation	68.80	53.49
Fair value of Plan Assets at the end of the year	(13.95)	-6.92
Amount to be recognized in Balance sheet	54.85	46.57

#### iv. Current/Non-Current bifurcation

Rs. (In Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Current Benefit Obligation	30.00	12.15
Non - Current Benefit Obligation	38.80	41.34

#### v. Expenses recognised in the statement of financial position for the year

Rs. (In Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Current Service Cost	8.64	2.60
Interest cost on Obligation	4.14	6.91
Net Actuarial (Gain) / Loss recognised in the year	-	8.39
Net Cost Included in Personnel Expenses	12.78	17.90

#### vi. Maturity profile of defined benefit obligation

Rs. (In Lakhs)

Particulars	2019-20	2018-19
Within the next 12 months	6.94	11.53
between 2 to 5 Years	48.19	13.06
between 6 to 10 Years	177.32	36.20

#### vii. Actuarial Assumptions used for estimating defined benefit obligations

Rs. (In Lakhs)

Particulars	2019-20	2018-19
Discount Rate	6.75% P.A.	7.75% P.A.
Salary Escalation Rate	6.50% P.A.	6.50% P.A.
Expected Return on Plan Assets	0.21	-
Mortality Rate	IALM (2012-14)	IALM (2006 - 08)
Withdrawal Rate	1.00%	1.00%
The Weighted Average Duration of the Plan	13 Years	13 Years
No. of Employees	106	98
Average Age	35	36
Total Salary (Rs. in Lakhs)	203.02	184.19
Average Salary (Rs. in Lakhs)	16.92	15.35
Average Service	6 Years	5 Years
Accrued Benefit	68.80	53.49
Actuarial Liability	54.85	46.57





## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Notes:

1. Salary escalation rate is arrived after taking into account regular increments, price inflation and promotion and other relevant factors such as supply and demand in employment market.
2. Discount rate is based on prevailing market yields of Indian Government Securities as at balance sheet date for estimated term of obligations.
3. Attrition rate/ withdrawal rate is based on Company's policy towards retention of employees, historical data and industry outlook.
4. The above information is certified by actuary.

### viii. Sensitivity analysis:

Increase/ (decrease) on present value of defined benefits obligations at the end of the year:

Rs. (In Lakhs)

Particulars	Change in assumption	Effect on Gratuity obligation	
		2019-20	2018 -19
Discount rate	+1%	62.01	48.65
	-1%	75.81	59.20
Salary Escalation rate	+1%	75.75	59.22
	-1%	61.94	48.56

These gratuity plan typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### Salary risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### C) Unfunded Schemes – Earned Leaves

Rs. (In Lakhs)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Present value of unfunded obligations	7.98	6.55
Expenses recognised in the statement of profit and loss	(1.94)	(0.70)
In Other comprehensive income	-	-
Actuarial (Gain) / Loss-Plan liabilities	-	-
Actuarial (Gain) / Loss-Return On Plan Assets	-	-
Net (Income)/ Expense For the period Recognized in OCI	-	-
Discount rate (per annum)	6.75%	7.75%
Salary escalation rate (per annum)	6.50%	6.50%

### Note 33 - Segment Reporting

The Company is mainly engaged in the development and operations of Pharmaceutical business. Accordingly, the Company has only one identifiable segment reportable under Ind AS 108 - Operating Segments.

Managing Director (the 'Chief Operational Decision Maker' as defined in Ind AS 108) monitors the operating results of the company's business for the purpose of making decisions about resource allocation and performance assessment.

The revenues from transactions with a single customer exceeding 10 per cent or more of the company's revenues were stated below:

Party Name	Country	Amount (Rs. In Lakhs)
Badr Drugs And Chemicals Co. Ltd	Sudan	724.93
<b>Grand Total</b>		<b>724.93</b>

### Note 34 - Related Party Disclosures

In view of the INDAS 24 "Related Parties Disclosures", the disclosure in respect of related party transactions for the year ended on 31<sup>st</sup> March 2020 is as under:

RELATIONSHIPS	
<b>Category I : Subsidiaries of the Company</b>	
Indian Subsidiary – Monarchy Healthserve Private Limited	
Foreign Subsidiary – Kilitch Estro Biotech PLC	
<b>Category II : Key Managerial Personnel</b>	
Key Person	Designation
Mukund Prataprai Mehta	Chairman & Managing Director
Bhavin Mukund Mehta	Whole-time Director
Mira Bhavin Mehta	Whole-time Director
Sujit Kumar Dash	Chief Financial Officer
Harshal Anant Patil	Company Secretary & Compliance Officer



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

<b>Category III : Enterprises over which Key Managerial Personnel are able to exercise significant control</b>				
NBZ Healthcare LLP.				
Arham Neeta Realities LLP				
Kilitch Pharma (Co.) Ltd.				
<b>Transactions during the year:</b>				(Rs. In Lakhs)
	<b>TRANSACTIONS</b>	<b>Category I</b>	<b>Category II</b>	<b>Category III</b>
1	Purchases	18.73 (NIL)		506.50 (281.31)
2	Sales	866.03 (1423.82)		141.82 (116.67)
3	Remuneration and Sitting Fees		184.90 (168.00)	
4	Expenses incurred byKDL		23.42 (26.21)	
5	Advance/Loan Given to Parties	997.32 (2340.95)		616.68 (1134.87)
6	Advance Returned By Parties			660.72 (937.41)
7	Reimbursement of Expenses [Net]		7.21 (20.91)	
8	Issue of Shares and Warrants		NIL (708.00)	
9	Interest accrued on Loan	179.26 (59.33)		

The following balances were due from / to the related parties as on 31-03-2020

Sr.No.	TRANSACTIONS	Category I	Category II	Category III
1	Loans/Advances/Receivables	3933.70 (3128.40)		2.30 (NIL)
2	Loans/Borrowings/Payables			6.27 (49.94)

**Note:** Figures in brackets indicates previous year figure.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Review of outstanding balances is undertaken each financial year through examining the financial position of the related party and the market in which related party operates. These balances are unsecured and their settlement occurs through banking channel.

### Compensation of key management personnel:

The remuneration of director and other member of key management personnel during the year was as follows:

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Short-term benefits	184.90	168.00
Other long term benefits	-	-



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 35- Earning per Share (EPS)

Basic as well as Diluted EPS	2019-20	2018-19
Net Profit after Tax (Rs. in Lakhs)	445.70	1476.73
Weighted Average No. of Equity Shares for Basic EPS (No. In Lakhs)	154.22	146.76
Weighted Average No. of Equity Shares for Diluted EPS	154.22	146.76
Nominal Value of Equity Shares.(Rs)	10	10
Basic Earnings Per Share (Rs.)	2.89	10.06
Diluted Earnings Per Share (Rs.)	2.89	10.06

### Note 36 - contingent liabilities not provided for in Respect of:

a) Disputed Statutory Dues in respect of Income Tax aggregating to Rs. 503.66 Lakhs (P.Y. Rs. 503.66 Lakhs) pertaining to A.Y. 2008-09 have not yet been deposited as the aforesaid matter is pending before CIT (Appeals). The impact thereof, if any, on the tax position can be ascertained only after the disposal of the appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

b) Demand notices received on account of Property Tax pertaining to FY 2019-20 is aggregating Rs. 53.20 Lakhs (P.Y. Rs. 53.20 Lakhs) are disputed by the Company. The Company has filed a suit and the matter is pending the Supreme Court and Company has not yet deposited any amount in this regard.

c) Demand notices received on account of principal amount of CESS during FY 2019-20 pertaining to FY 1999-2000 and FY 2000-2001 is aggregating Rs.22.85 Lakhs (P.Y.Rs.22.85 Lakhs ) are disputed by the Company. The Company has filed a suit and the matter is pending the Supreme Court and Company has not yet deposited any amount in this regard.

The above litigations are not expected to have any material adverse effect on the financial position of the company.

### Note 37- Auditors' Remuneration

Particulars	2019-20 (Rs. In Lakhs)	2018-19 (Rs. In Lakhs)
Audit fees	15.00	15.00
Other Professional Fees	-	7.50
Total	15.00	22.50

### Note 38 - loans and Advances In the nature of loans given to Subsidiaries and Associates:

(Rs. In Lakhs)

Sr. No.	Particulars	Relationship	As at 31 <sup>st</sup> March 2020	Maximum balance during the year	As at 31 <sup>st</sup> March 2019	Maximum balance during the year
1	Monarchy Healthserve Private Limited	Subsidiary	134.20	134.20	122.37	122.37
2	Kilitch Estro Biotech PLC	Subsidiary	3696.59	3696.59	2616.67	2616.67

### Note 39 – Impairment of Assets

The Company's Board, out of abundant caution and as a prudent practice in line with the standard accounting practices has not made any impairment provision against its investments for the financial year 2019-20.

### Note 40 – Third Party Balance Confirmation

The balances in respect of Trade Receivables & Payables, loans and advances, as appearing in the books of accounts are subject to confirmations by the respective parties and adjustments/reconciliation arising there from, if any.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Note 41 – Investment in Limited Liability Partnership

The Company is a partner in a partnership firm M/s. Arham Neeta Realities LLP. The accounts of the partnership firm have been finalized up to the financial year 2019-20. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:

(Rs. in Lakhs)

Sl. No.	Name of the Partners	Profit Sharing Ratio	Total Capital on 31 <sup>st</sup> March 2020	Total Capital on 31 <sup>st</sup> March 2019
1	Kilitch Drugs (India) Limited	65%	2246.49	2246.73
2	Mukund Mehta	15%	(2.04)	(1.99)
3	Bhavin Mehta	15%	(2.04)	(1.99)
4	Mira Mehta	2.5%	(1.94)	(1.93)
5	Neeta Mehta	2.5%	(1.94)	(1.93)

The Company has accounted for its share of loss amounting to Rs. 0.24 Lakhs (P.Y. Rs. 0.27 Lakhs) pertaining to the financial year 2019-20.

### Note 42 - Event after Reporting Date:

There are no major events occurred after the reporting date.

### Note 43 - Corporate Social Responsibility:

The company is required to comply the requirements of CSR as per Section 135 of the Companies Act, 2013 read with Schedule VII. Accordingly the company has spent an amount of Rs. 17.50 Lakhs during the Financial Year 2019-20.

### Note 44 - Fair Value of Financial Assets and Liabilities:

Set out below is the comparison by class of carrying amounts and fair value of Company's financial instruments that are recognised in the financial statements.

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Carrying Value (Rs. In Lakhs)	Fair Value (Rs. In Lakhs)	Carrying Value (Rs. In Lakhs)	Fair Value (Rs. In Lakhs)
<b>Financial assets designated at fair value through Other Comprehensive Income</b>				
Investments				
in Equity shares	4,694.59	4,694.59	4,795.46	4,795.46
in Bonds	85.43	85.43	81.47	81.47
in Mutual Funds	2,781.04	2,781.04	2,841.62	2,841.62
<b>Financial assets designated at amortised cost</b>				
Investments				
Capital Investment in Partnership Firm	2,246.49	2,246.49	2,246.73	2,246.73
Trade Receivables	1,700.58	1,700.58	2,314.53	2,314.53
Cash and Cash Equivalents	272.26	272.26	407.21	407.21
Loans and Advances	3,866.31	3,866.31	2,772.80	2,772.80
Other financial assets	53.83	53.83	-	-
<b>Total</b>	<b>15,700.53</b>	<b>15,700.53</b>	<b>15,459.82</b>	<b>15,459.82</b>
<b>Financial liabilities designated at amortised cost</b>				
Borrowings	1,251.22	1,251.22	935.71	935.71
Trade payables and others	790.63	790.63	546.9	546.9
Other financial liabilities	2.07	2.07	88.07	88.07
<b>Total</b>	<b>2,043.92</b>	<b>2,043.92</b>	<b>1570.68</b>	<b>1570.68</b>



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Fair valuation techniques:

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

The following methods and assumptions were used to estimate the fair values

- Fair value of the Equity Shares are based on price quoted on stock exchange.
- Fair value of investment in unquoted equity shares are considered same as carrying value as the same are recently acquired.
- Fair value of Financial Assets & Financial Liability (except which are show at their fair value) are carried at amortised cost is not materially different from its carrying cost.

### Fair Value hierarchy:

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Level 1: Quoted prices / published NAV (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(Rs. In Lakhs)

Purchases	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets /Liabilities measured at fair Value</b>						
Investments						
- in Equity shares	4,694.59	-	-	4,795.46	-	-
- in Bonds	85.43	-	-	81.47	-	-
-in Mutual Funds	2,781.04	-	-	2,841.62	-	-

### Note 45 - Financial Risk Management:

The Company's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

#### Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and investments in securities.

#### Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

The Company is exposed to foreign exchange risk through purchases of goods or services from overseas supplier in foreign currency. The Company generally transacts in US dollar. The foreign exchange rate exposure is balanced by purchasing of goods or services in the respective currency.

The Company is exposed to insignificant foreign exchange risk as at the respective reporting dates.

### Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk as the Company has fixed rate of borrowings as at the respective reporting dates.

### Commodity and Other price risk

The Company is not exposed to the commodity and other price risk.

### Credit Risk

Credit risk is the risk of financial loss to the Company that a customer or counter party to a financial instrument fails to meet its obligations. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds, financial institutions and other financial instruments

### Trade and other receivables:

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Company periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Company continues regular follow-up, engage with the customers, legal options / any other remedies available with the objective of recovering these outstanding.

The Company is not exposed to concentration of credit risk to any one single customer since services are provided to vast spectrum and hence, the concentration of risk with respect to trade receivables is low. The Company also takes security deposits, advances, post-dated cheques etc. from its customers, which mitigate the credit risk to an extent."

### Cash and cash equivalents another investments:

The Company is exposed to counter party risk relating to medium term deposits with banks and investment in mutual funds.

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. "

### Exposure to credit risk:

The gross carrying amount of financial assets, net of impairment losses recognised represents the maximum credit exposure.

The maximum exposure to credit risk as at 31st March 2020 and 31st March 2019 is as follows:

Particulars	As at 31 <sup>st</sup> March 2020 (Rs. In Lakhs)	As at 31 <sup>st</sup> March 2019 (Rs. In Lakhs)
<b>Financial assets for which loss allowances is measured using 12 months Expected Credit Losses (ECL):</b>		
Other Investments	-	-
Cash and cash equivalents	272.26	407.21
Loans and advances	3,866.31	2,772.80
Other financial assets	-	-
<b>Financial assets for which loss allowances is measured using Life time Expected Credit Losses (ECL):</b>		
Trade receivables	1,700.58	2,314.53





## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

### Life time Expected credit loss for Trade receivables under simplified approach

Aging of Trade Receivables	Past Due						(Rs. In Lakhs)
	0-120	120-150	150-180	180-365	365-730	Greater than	Total
	Days	days	days	days	Days	730 days	
<b>As at 31st March 2020</b>							
Gross Carrying Amount	1,195.15	62.14	154.02	126.58	164.25	211.08	1,913.22
Expected credit losses (Loss allowance provision)	-	3.32	7.70	28.76	65.78	107.08	212.64
<b>Net Carrying Amount</b>	<b>1,195.15</b>	<b>58.82</b>	<b>146.32</b>	<b>97.82</b>	<b>98.47</b>	<b>104.00</b>	<b>1,700.58</b>
<b>As at 31st March 2019</b>							
Gross Carrying Amount	1816.74	29.40	75.57	433.72	39.96	174.61	2,570.00
Expected credit losses (Loss allowance provision)	-	(0.59)	(8.78)	(83.23)	(19.99)	(142.88)	(255.47)
<b>Net Carrying Amount</b>	<b>1816.74</b>	<b>28.81</b>	<b>66.79</b>	<b>350.49</b>	<b>19.97</b>	<b>31.73</b>	<b>2,314.53</b>

### Reconciliation of Changes in the life time expected credit loss allowance:

Particulars	2019-20	2018-19
Loss allowance on 1 April	255.47	381.53
Provided during the year	-	-
Reversal of provision	(42.83)	(126.06)
Loss allowance on 31st March	212.64	255.47

Cash and Cash equivalent, other Investment, Loans and other financial assets are neither past due nor impaired. Management is of view that these financial assets are considered good and 12 months ECL is not provided.

### Liquidity risk:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current borrowings are sufficient to meet its short to medium term expansion needs. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company is required to maintain ratios (such as debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels and also cash deposits with banks to mitigate the risk of default in repayments. In the event of any failure to meet these covenants, these loans become callable to the extent of failure at the option of lenders, except where exemption is provided by lender.

Particulars	As at 31 <sup>st</sup> March 2020					
	Carrying Amount	On Demand	Less than 12 months	2- 5 years	>5 years	Total
Borrowings	1,251.22	1,251.22	-	-	-	1,251.22
Other Financial Liabilities	2.07	2.07	-	-	-	2.07
Trade and other payables	790.63	790.63	-	-	-	790.63



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Particulars	As at 31 <sup>st</sup> March 2019					Total
	Carrying Amount	On Demand	Less than 12 months	2- 5 years	>5 years	
Borrowings	935.71	935.71	-	-	-	935.71
Other Financial Liabilities	88.07	88.07	-	-	-	88.07
Trade and other payables	546.90	546.90	-	-	-	546.90

### Capital management

The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2020 and March 31, 2019.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

Particulars	2019-20	2018-19
Loans and Borrowings	1,251.22	935.71
Less: Cash and cash equivalents + Bank Deposits	(326.10)	(418.25)
Net Debt	925.12	517.46
Total Capital	15,164.71	15,108.36
Capital + Net Debt	16,089.83	15,625.82
Gearing Ratio	0.06	0.03

### Note 46 – Taxation :

Income tax related to items charged or credited to profit or loss during the year:

A. Statement of Profit or Loss		(Rs. In Lakhs)	
Particulars	2019-20	2018-19	
1. Current Income Tax ( Net of MAT Credit)	69.58	424.08	
2. Deferred Tax expenses/ (benefits):			
Relating to origination and reversal of temporary differences	6.95	51.66	
<b>Total Income tax Expenses (1 to 2)</b>	<b>76.53</b>	<b>475.74</b>	
B. Reconciliation of Current Tax expenses:		(Rs. In Lakhs)	
Particulars	2019-20	2018-19	
Profit /(Loss) from Continuing operations	522.22	1952.47	
Applicable Tax Rate	25.00%	25.00%	
Computed tax expenses	<b>69.58</b>	<b>424.08</b>	
Income not allowed/exempt for tax purposes	143.21	11.27	
Expenses not allowed for tax purposes	(31.50)	(137.36)	
Other temporary allowances	41.40	(37.98)	
Tax paid at lower rate	8.16	22.51	
Additional Tax payable due to MAT provisions	13.32	77.52	



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

Deferred Tax Recognised in statement of profit and Loss relates to the following:		(Rs. In Lakhs)
Particulars	2019-20	2018-19
Difference between book and Tax depreciation	0.17	4.18
Expenses allowable on payment basis	6.78	47.48
Deferred Tax Liabilities/ (Asset)	6.95	51.66
<b>Reconciliation of deferred tax liabilities/(asset) net:</b>		(Rs. In Lakhs)
Particulars	2019-20	2018-19
Opening balance as on 1 <sup>st</sup> April	103.13	154.79
Tax expenses / (income) during the period	(6.95)	(51.66)
Closing balance as on 31 <sup>st</sup> March	96.18	103.13

### Note 47 – Share Based Payments and Arrangements:

As per the ESOS, 2007 as amended from time to time the outstanding ESOPs which can be exercised by our employees at Rs. 10 each (Face Value Rs. 10/ share). Detailed analysis of the same has been enumerated below:

Sr. No.	Particulars of Options / Scheme	Total ( Numbers)
1	Outstanding as at beginning of the Period	161,754
2	Add : Granted during the Period	135,415
3	Less :Forfeited/Cancelled/Lapsedduring the Period	(21,832)
4	Less :Exercisedand allotted during the Period	(78,948)
5	Outstanding as at the end of the Period	196,389

### Note-48 Note on COVID -19 Pandemic

This is with regards to the multiple lockdowns across the country, imposed by the Government of India on 24th March 2020 limiting the movement of entire population of the country as a preventive measure against the COVID-19 Pandemic in India. COVID -19 has severely impacted the businesses across the world.

During these unprecedented times caused by the COVID-19, a Global Pandemic as declared by WHO, the company, being a pharmaceutical manufacturing company and falling under the essential goods, has had its sole focus to ensure the uninterrupted supply of our products to meet the needs of our customers.

To help and protect its workers/employees, the company has taken extensive measures at its plant located at Navi Mumbai to limit the exposure towards the Virus by implementing social distancing norms and providing a healthy work environment at the said plant. Corporate office-based work is being conducted remotely and the Company has implemented strict travel restrictions for the employees.

The Navi Mumbai plant initially worked at a lower capacity but is now operating at its sufficient capacity. Availability of raw materials and finished stocks from third party manufacturers as well as supply chain and distribution channels were marginally impacted initially due to the lockdowns across the world. However, sufficient levels of stocks have been maintained in the channel to cater to the demand. There has been no significant adverse impact on business operations. The Company has adequate liquidity to service its obligations to its vendors and employees, as well as for payment of statutory dues.



## Notes to the Financial Statements

For year ended 31<sup>st</sup> March 2020

**Note 49** - The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole-time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated:30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Independent Auditors' Report

TO  
THE MEMBERS  
KILITCH DRUGS (I) LIMITED

### Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the accompanying Consolidated financial statements of **Kilitch Drugs (India) Limited (herein referred to as the Holding Company) and its subsidiaries (the Holding company and its subsidiaries together referred together as "The Group")**, comprising of the Consolidated Balance Sheet as at March 31, 2020 the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (**herein referred to as "the Consolidated Financial Statements"**).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the consolidated profit and total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs).

Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made 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 audit opinion on the Consolidated financial statements.

### Emphasis of Matter

We draw attention to Note 51 of the Statement, which states the impact of Corona virus Disease 2019 (Covid-19) on the operation of the Group. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matters	Auditor's Response to Key Audit Matters
1.	Revenue Recognition [Export Sales]	<p>Obtaining an understanding of an assessing the design, implementation and operating effectiveness of the Company's key internal controls over revenue recognition process.</p> <ul style="list-style-type: none"> <li>• Testing a sample of contracts and testing the revenues recognised with respect thereto by agreeing information back to contract terms.</li> <li>• Testing the controls over the sale data collated for the purpose of recognizing the revenue on sample basis.</li> <li>• Assessing the adequacy of company's disclosure with respect to revenue recognised.</li> </ul>
2.	Trade Receivables	Our audit procedures to assess the appropriateness of Trade receivables disclosure and provision against trade receivables included the Note 12 & Note 3 paragraph "H" of significant accounting policies.



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of directors of the entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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 respective Board of Directors are also responsible for overseeing the Company's financial reporting process of each entity.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Materiality

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

### Communication with those charged with Governance

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

a. We have relied on the unaudited financial statements of one foreign subsidiary, whose financial statements reflect total assets of Rs. 4,509.56 Lakhs as at 31<sup>st</sup> March, 2020, as considered in the consolidated financial results. These unaudited financial statements have been furnished to us by the management and our opinion on the statement, in so far as it relates to the amounts included in respect of the said subsidiary is solely based on such unaudited financial statements certified by the management.

Our conclusion on the consolidated financial statement is not modified in respect of the other matters above.

### Report on Other Legal and Regulatory Requirements

1. As required under provisions of section 143(3) of the Act, we report that:

a. 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.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;



e. On the basis of written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group internal financial controls over financial reporting;

g. 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:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 36 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31st March, 2020, and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

As per Our Report of even date

**For A.M. Ghelani & Company**  
Chartered Accountants  
Firm Registration No. : 103173W

**Chintan Ajit Ghelani**  
Partner  
Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

Date: 30<sup>th</sup> June, 2020  
Place : Mumbai





**“Annexure A” to Independent Auditors’ report referred of even date on the Consolidated Financial Statements.**

**Report on the Internal Financial Controls 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 **Kilitch Drugs (India) Limited** (hereinafter referred to as (“the Holding”) and its subsidiary companies (the Holding Company and its subsidiaries together referred to as “the Group”) which are companies incorporated in India as of 31st March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year then ended.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 the 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 Act.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Company’s internal financial controls system over financial reporting.

**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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent 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.

**Opinion**

In our opinion, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, 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 31st March, 2020, based on the internal controls 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 ICAI.

**For A. M. Ghelani & Company**  
Chartered Accountants  
Firm Registration No. : 103173W

**Chintan Ajit Ghelani**  
Partner  
Membership No. : 104391  
ICAI UDIN: 20104391AAAABK1732

Date : 30<sup>th</sup> June, 2020  
Place : Mumbai



## Consolidated Balance Sheet

As at 31<sup>st</sup> March, 2020

Particulars	Note No.	(Rs. In Lakhs)	
		As at 31st March, 2020	As at 31st March, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and equipment	6	873.23	851.21
Capital work-in-progress	6	2,960.14	2,025.28
Other Intangible assets	6	2,279.89	2,362.03
Goodwill on Consolidation		-	-
<b>Financial assets</b>			
- Investments	7(A)	2,404.81	2,501.96
- Loans & Advances	8	36.02	34.26
- Other Financials Assets	9	53.83	-
Deferred tax assets (Net)	10	96.62	103.57
<b>(A)</b>		<b>8,704.54</b>	<b>7,878.31</b>
<b>Current assets</b>			
Inventories	11	555.67	471.58
<b>Financial assets</b>			
- Investments	7(B)	2,781.04	2,841.62
- Trade receivables	12	1,585.89	1,943.59
- Cash and cash equivalents	13	279.66	794.01
- Other Financials Assets	14	66.15	56.00
Other current assets	15	310.15	381.03
<b>(B)</b>		<b>5,578.56</b>	<b>6,487.83</b>
<b>TOTAL ASSETS (A + B)</b>		<b>14,283.10</b>	<b>14,366.14</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	16	1,543.42	1,535.52
Other equity	17	10,281.84	10,570.21
<b>Equity attributable to the owners</b>		<b>11,825.26</b>	<b>12,105.73</b>
Non-controlling interest		221.83	209.66
<b>(A)</b>		<b>12,047.09</b>	<b>12,315.39</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Provisions	18	38.80	41.34
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	19	1,260.92	945.41
- Trade Payables			
Micro and Small Enterprises		-	-
Others	20	710.38	434.63
- Other financial liabilities	21	3.50	88.07
Provisions	22	87.77	68.50
Current tax Liabilities (net)	23	16.24	171.83
Other current liabilities	24	118.40	300.97
<b>(B)</b>		<b>2,236.01</b>	<b>2,050.75</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B)</b>		<b>14,283.10</b>	<b>14,366.14</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 52		

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Mukund P. Mehta (Managing Director) (DIN: 00147876)
	Bhavin M. Mehta (Whole - time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Consolidated Statement of Profit and Loss

For Year Ended 31<sup>st</sup> March, 2020

Particulars	Note No.	(Rs. in Lakhs)	
		For the Year Ended 31st March, 2020	For the Year Ended 31st March 2019
<b>INCOME</b>			
Revenue from Operations	25	5,332.00	8,248.99
Other Income	26	412.55	400.40
<b>Total</b>		<b>5,744.55</b>	<b>8,649.39</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	27	2,982.03	4,834.51
Variation in inventories of finished goods & work-in - progress	28	(73.48)	(17.70)
Employee benefits expenses	29	569.01	528.37
Finance Cost		71.59	37.91
Depreciation and amortization expenses	6	199.90	205.11
Export Product Registration/Commission	30	448.15	683.93
Other expenses	31	1,386.62	1,518.60
<b>Total Expenses</b>		<b>5,583.82</b>	<b>7,790.73</b>
<b>PROFIT BEFORE TAX EXCEPTIONAL ITEMS AND TAX</b>		<b>160.73</b>	<b>858.66</b>
Add: Exceptional Item		-	-
<b>PROFIT BEFORE TAX</b>		<b>160.73</b>	<b>858.66</b>
<b>Less :Tax Expenses</b>			
Current Income Tax		(69.58)	(424.08)
Deferred Tax		(6.95)	(51.60)
<b>PROFIT AFTER TAX</b>		<b>84.20</b>	<b>382.98</b>
Add / (Less): Share of Profit/(Loss) in Associates		-	-
<b>PROFIT FOR THE YEAR</b>		<b>84.20</b>	<b>382.98</b>
<b>Other comprehensive income</b>			
<b>A) Items that will not be reclassified To Profit &amp; Loss A/c</b>			
Realised Gain/(Loss) on Sale of Equity Instruments		-	(7.06)
Change in fair value of Investments		(416.74)	(121.41)
Employee benefits		(2.52)	(8.39)
<b>B) Income Tax relating to the items that will not be reclassified to Profit &amp; Loss A/c</b>			
Change in fair value of Investments		108.35	31.17
<b>Total comprehensive income for the Year</b>		<b>(310.91)</b>	<b>(105.69)</b>
<b>PROFIT AFTER TAX &amp; Comprehensive Income</b>		<b>(226.71)</b>	<b>277.29</b>
<b>Net Profit / (Loss) attributable to</b>			
a) Owner of the Company		84.20	382.98
b) Non-Controlling interest		-	-
<b>Other Comprehensive Income attributable to</b>			
a) Owner of the Company		(310.91)	(105.69)
b) Non-Controlling interest		-	-
<b>Total Income attributable to</b>			
a) Owner of the Company		(226.71)	277.29
b) Non-Controlling interest		-	-
<b>Earning per share</b>	<b>35</b>		
(a) Basic (not annualised)		0.55	2.61
(b) Diluted (not annualised)		0.55	2.61
Significant Accounting Policies and Notes on Financial Statements	<b>1 to 52</b>		

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Mukund P. Mehta (Managing Director) (DIN: 00147876)
	Bhavin M. Mehta (Whole - time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Consolidated Cash Flow Statement

For Year Ended 31<sup>st</sup> March, 2020

Particulars	Rs. (In Lakhs)			
	For the Year Ended 31st March, 2020		For the Year Ended 31st March 2019	
	[Rs.]	[Rs.]	[Rs.]	[Rs.]
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before extraordinary items and tax		160.73		858.66
Adjustments for:				
Depreciation and amortisation	199.90		205.11	
Interest income	(16.42)		(16.36)	
Dividend income	(10.92)		(23.94)	
(Profit)/Loss on sale of Investments	(181.94)		(240.71)	
Share of (Profit)/ Loss from Partnership Firm	0.24		0.27	
Sundry Balances written back	(9.06)		(17.51)	
Bad debts written off	-		380.50	
Provision for Gratuity & Leave Encashment	10.86		13.20	
Loss/(Profit) from Sale of assets	-		0.07	
Loss/(Profit) from Trading in Securities	-		12.24	
Share Based Payment cost	6.68		-	
Bad Debts / Provision for Doubtful Debts	(42.68)		(126.06)	
Net unrealised exchange (gain) / loss	(150.90)	(194.22)	(0.24)	186.57
<b>Operating profit / (loss) before working capital changes</b>		<b>(33.49)</b>		<b>1,045.24</b>
Changes in working capital:				
Operating Assets:				
Inventories	(84.09)		(191.94)	
Trade receivables	551.28		(128.30)	
Other financial Assets	(10.14)		(3.59)	
Other current assets	70.88		9.00	
Deposits/Advances	(1.76)		(12.71)	
Operating Liabilities:				
Trade payables	284.82		(319.41)	
Other financial liabilities	1.43		-	
Other current liabilities	(182.57)		41.60	
Short-term provisions	3.34	633.17	6.84	(598.52)
Gross cash flow from / (used in) operating activities		599.68		446.72
Direct Taxes (Paid) / refunded		(225.17)		(417.63)
<b>Net cash flow from / (used in) operating activities</b>		<b>374.51</b>		<b>29.09</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Property, Plant & Equipment Purchased	(1,049.93)		(1,902.17)	
Proceeds (Net) from the sale of Current investments	(65.87)		287.73	
(Purchase)/Sale (Net) of long term investments	96.91		97.33	
Movement in other Bank balance	(53.83)		78.97	
Interest received	16.42		16.36	
Dividend received	10.92		23.94	
		(1,045.40)		(1,397.86)
		(1,045.40)		(1,397.86)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(1,045.40)</b>		<b>(1,397.86)</b>



## Consolidated Cash Flow Statement

For Year Ended 31<sup>st</sup> March, 2020

C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Shares issued [Net of Conversion of Warrants]	7.90		704.98	
Proceeds from Borrowings (Net of Repayments)	315.50		853.25	
Proceeds from Minorities	12.17		222.35	
Dividends paid(Inclusive of tax on Dividend)	(179.03)		(95.04)	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>156.54</b>		<b>1,685.53</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(514.35)</b>		<b>316.75</b>
Cash and cash equivalents at the beginning of the year		794.01		477.26
<b>Cash and cash equivalents at the end of the year</b>		<b>279.66</b>		<b>794.01</b>
<b>Cash and cash equivalents at the end of the year *</b>				
* Comprises:				
(a) Cash on hand		0.89		45.30
(b) Balances with banks				
(i) In current accounts		276.70		660.64
(ii) In earmarked accounts		2.07		88.07
		<b>279.66</b>		<b>794.01</b>

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Mukund P. Mehta (Managing Director) (DIN: 00147876)
	Bhavin M. Mehta (Whole - time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## Consolidated Statement of Changes in Equity

For the year ended 31<sup>st</sup> March, 2020

(Rs. In Lakhs)

(a) Equity Share Capital				
As at 1st April, 2018	Changes during the Year	As at 31st March, 2019	Changes during the Year	As at 31st March, 2020
1,373.18	162.34	1,535.52	7.90	1,543.42

(b) Statement of Changes in Other Equity										
Particulars	Securities Premium account	General Reserve	Employee Stock Options	Foreign Exchange Fluctuation Reserve	Other Equity	Other Reserves [Call on shares forfeited A/c]	Other Comprehensive Income	Surplus in the Statement of Profit and Loss	Capital reserve on consolidation	Total Other Equity
Balance as on 1st April, 2018	3,023.13	1,511.76	137.95	(1.29)	236.00	58.00	331.09	4,532.91	-	9,829.55
Profit for the Year	-	-	-	-	-	-	-	382.97	-	382.97
Change In Fair Value of Investments	-	-	-	(5.35)	-	-	(105.69)	-	13.28	(97.76)
Other Adjustments	-	-	(25.50)	-	-	-	-	-	-	(25.50)
Premium on issue of Shares during the year	809.50	-	-	-	-	-	-	-	-	809.50
Conversion of Share warrants into Equity Share Capital	-	-	-	-	(236.00)	-	-	-	-	(236.00)
Declaration of Dividend	-	-	-	-	-	-	-	(92.56)	-	(92.56)
Balance as on 31st March, 2019	3,832.63	1,511.76	112.45	(6.64)	-	58.00	225.40	4,823.32	13.28	10,570.20
Profit for the Year	-	-	-	-	-	-	-	84.20	-	84.20
Change In Fair Value of Investments	-	-	-	24.70	-	-	(310.91)	-	-	(286.21)
Premium on issue of Shares during the year	-	-	6.68	-	-	-	-	-	-	6.68
Declaration of Dividend	-	-	-	-	-	-	-	(93.03)	-	(93.03)
Balance as on 31st March, 2020	3,832.63	1,511.76	119.13	18.06	-	58.00	(85.51)	4,814.49	13.28	10,281.84

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Mukund P. Mehta (Managing Director) (DIN: 00147876)
	Bhavin M. Mehta (Whole - time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



# Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

## Note 1: Corporate Information

Kilitch Drugs India Limited ("KDIL" or "Parent") is domiciled and incorporated under the provisions of the Companies Act applicable in India and its shares are publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), in India. The registered office of the company is located at C-301-2, M.I.D.C. TTC Industrial Area, Pawane Village, Thane – 400705, Maharashtra, India.

Group is engaged in operation and management of Pharmaceutical Products.

These financial statements were approved and adopted by the Board of Directors of the Company in their meeting dated 30th June, 2020.

## Note 2 - Basis of Preparation of Financial Statements:

The Financial Statements have been prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The significant accounting policies used in preparing financial statements are set out in Note 3 of the Notes on Financial Statements and are applied consistently to all the periods presented.

## Note 3 - Significant Accounting Policies:

### A. Functional and presentation of currency:

The financial statements are presented in Indian Rupees, which is the Group's functional currency and all amounts are rounded to the nearest rupees in lakhs.

### B. Basis of measurement:

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except following which have been measured at fair value, except the following:

- Certain financial assets and liabilities are measured at fair value.
- Defined benefit plans – plan assets measured at fair value.
- Share Based Payments.

### C. Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and its subsidiaries and associates.

The Parent Company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements, the Group's voting rights and potential voting rights and the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders. The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies.

Consolidation Procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d) Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the Group's accounting policies.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

e) All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

f) Carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity are eliminated. Business combinations policy explains how the related goodwill is accounted at the time of acquisition of subsidiary.

g) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

h) Investment in Associates has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures. The Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Statement of Profit and Loss, to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance based on available information.

### D. Use of Estimates:

The preparation of the financial statements requires management to make estimates, judgements 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 during the period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

Such changes are reflected in the assumptions when they occur.

### E. Business Combinations

The acquisitions of businesses are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognized at their fair values at the acquisition date except certain assets and liabilities required to be measured as per the applicable standard. Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities recognized and contingent liabilities assumed. In the case of bargain purchase, resultant gain is recognized in other comprehensive income on the acquisition date and accumulated to capital reserve in equity. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders proportionate share of the acquiree's identifiable net assets.

### F. Property, Plant and Equipment

Freehold land is carried at historical cost. Capital work in progress, and all other items of property, plant and equipment are stated at historical cost net of accumulated depreciation and accumulated impairment losses, if any.

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 group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### Depreciation methods, estimated useful lives and residual value

Leasehold land is amortized over the period of lease. Depreciation on other fixed assets (excluding land and lease land in perpetuity) is provided on written down value method as per the useful life specified in schedule II to the Companies Act, 2013, in the manner state therein. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.





## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

### G. Intangible Assets

Identifiable intangible assets are recognized a) when the Group controls the asset, b) it is probable that future economic benefits attributed to the asset will flow to the Group and c) the cost of the asset can be reliably measured.

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the period on straight line basis. The assets useful life reviewed at each financial year end.

### H. Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instruments of another entity. Classifications of financial instruments are in accordance with the substance of the contractual arrangement and as per the definitions of financial assets, financial liability and an equity instruments.

### Financial Assets and investments

#### i. Initial recognition and measurement:

At initial recognition, the group measures a financial asset (other than financial asset at fair value through profit or loss) at its fair value plus or minus, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit & loss.

#### ii. Subsequent recognition and measurement:

Subsequent measurement of financial asset depends on the group's business model for managing the asset and the cash flow characteristics of the asset. For the purpose of subsequent recognition and measurement financial assets are classified in four categories:

- **Debt instrument at amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired.

Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Debt instrument at fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognised in the statement of profit & loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Debt instrument at fair value through profit and loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit & loss and presented net in the statement of profit & loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

- **Equity instruments:**

All equity instruments other than in associates are initially measured at fair value. Any subsequent fair value gain/loss is recognised through profit or loss if such investments are held for trading purposes. The fair value gains or losses of all other equity investments are recognised in Other Comprehensive Income.

- **Investment in Associates:**

The Group has accounted for its Investment in associates at cost.

#### iii. Derecognition:

A financial asset is primarily derecognised i.e. removed from Group's financial statements when:

- The rights to receive cash flows from asset have expired, or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under 'pass-through' arrangement and either;

a) The Group has transferred substantially all the risks and rewards of the assets,



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

### Trade receivables:

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment.

### Financial Liabilities:

#### a. Initial recognition and measurement:

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### b. Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss financial liabilities at fair value through profit or loss include financial liabilities held for trading and has designated upon initial measurement recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit & loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

#### c. Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit & loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### d. Trade and other payables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

#### Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### I. Impairment of Assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use).

##### • Impairment of Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or when there is an indication that the unit may be impaired.



## Consolidated Notes to the Financial Statements

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The recoverable amount of cash generating unit is determined for each legal entity based on a value in use calculation which uses cash flow projections and appropriate discount rate is applied. The discount rate takes into account the expected rate of return to shareholders, the risk of achieving the business projections, risks specific to the investments and other factors. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### Impairment of Non – Financial Asset:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

#### • Impairment of Financial asset:

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets carried at amortised cost;
- Financial asset measured at FVOCI debt instruments.

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### J. Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### K. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO basis.

Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition.



## Consolidated Notes to the Financial Statements

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Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### L. Foreign currency transactions:

The transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currency at the end of year are translated using the closing rate of exchange. Non-monetary items that are to be carried at historical cost are recorded using exchange rate prevailing on the date of transaction. Non-monetary items that are to be carried at fair value are recorded using exchange rate prevailing on the date of fair value measured. Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the statement of profit or loss.

### M. Classification of assets and liabilities as current and non-current:

The Group presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b. Held primarily for the purpose of trading,
- c. Expected to be realised within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a. It is expected to be settled in normal operating cycle,
  - b. It is held primarily for the purpose of trading,
  - c. It is due to be settled within twelve months after the reporting period, or
  - d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### N. Equity share capital

Ordinary shares are classified as equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from retained earnings, net of taxes.

### O. Revenue recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the entity and it can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### • Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow the Group, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably.

Provisions for chargeback, rebates, discounts and medical aid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

#### • Sales Returns

With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Group, such products have historically been either extensions of an existing line of product where the Group has historical experience or in therapeutic categories where established products exist and are sold either by the Group or the Group's competitors.

#### • Interest income

Interest income from debt instrument is recognised using effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of financial asset to the gross carrying amount of financial asset. When calculating effective interest rate, the Group expects cash flows by considering all contractual terms of financial instrument but does not consider the expected credit losses.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### • Dividends

Dividends are recognised when the right to receive the payment is established.

### P. Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for such capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

### Q. Employee Benefits

#### i. Short-term Employee benefits:

All employees' benefits payable wholly within 12 months rendering services are classified as Short Term obligations. Benefits such as salaries, wages, short term compensated absences, performance incentives, expected cost of bonus and ex-gratia are recognised during the period in which the employees renders related services.

#### ii. Post-employment benefits

##### a. Defined Contribution Plan

The defined contribution plan is post-employment benefit plan under which the Group contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution. The Group's defined contribution plan comprises of Provident Fund, Labour Welfare Fund and Employee State Insurance Scheme. The Group's contribution to defined contribution plans are recognised in the statement of profit & loss in the period in which the employee renders the related services.

##### b. Defined benefit plan

The Group has defined benefit plans comprising of gratuity. Group's obligation towards gratuity liability is partially funded as Management has initiated a decision to be funded and managed by Life Insurance Corporation of India over the period of 20 equated quarterly instalments over a period of 5 years.

The present value of the defined benefit obligations is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

Re-measurements comprising of (a) actuarial gains and losses, (b) the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) 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. Re-measurements are not reclassified to the statement of profit & loss in subsequent periods.

The expected return on plan assets is the Group's expectation of average long-term rate of return on the investment of the fund over the entire life of the related obligation. Plan assets are measured at fair value as at the Balance Sheet date.

The interest cost on defined benefit obligation and expected return on plan assets is recognised under finance cost.

Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

##### c. Other long-term benefits

The Group's employees have other long-term benefits in the form of leave benefits. The present value of the other long term employee benefits is determined based on actuarial valuation using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations.

Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit & loss as income or expense.

Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

##### d. Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans with the ESOS 2007.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g., the entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense, other than in respect of options granted to employees of group companies, is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The cost of options granted to employees of group companies is debited to the cost of the investment of the respective companies. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit & loss / Investment, with a corresponding adjustment to other equity.

### R. Income Taxes:

#### • Current Income Tax:

Current Income Tax liabilities are measured at the amount expected to be paid to the taxation authorities using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and creates provisions where appropriate.

#### • Deferred Tax:

Deferred Tax is provided, using the Balance sheet approach, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred Tax is determined using the tax rates and tax laws that are enacted or subsequently enacted at the end of the reporting period.

Deferred Tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only if it is probable that future taxable

amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax balances relate to the same taxation authority. Current tax asset and liabilities are offset where the Group has a legally enforceable right and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit & loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### S. Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using the government securities' interest rate for the equivalent period. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the notes to the financial statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

### T. Earning per share:

Basic earning per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.





# Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

Diluted earning per share is calculated by dividing the net profit or loss (after tax) for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## Note 4 - Use of Significant Accounting Estimates, Judgments and Assumptions

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which have significant effect on the amounts recognised in the financial statements:

### A. Depreciation and useful lives of Property, Plant and Equipment

Property, plant and equipment are depreciated over the estimated useful lives of the assets, after taking into account their estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation for future periods is adjusted if there are significant changes from previous estimates.

### B. Recoverability of trade receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. The Group uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

### C. Defined Benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation 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, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### D. Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

### E. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Estimates and judgments are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. They are continuously evaluated.

### F. Fair Value measurement

The Group measures financial instrument e.g. investments, at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption 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 or the most advantageous market must be accessible by the Group.

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.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### Note 5- Amendment to Existing issued Ind AS

The MCA has also carried out amendments of the following accounting standards:

- i. Ind AS 12 – Income Taxes
- ii. Ind AS 19 – Employee Benefits
- iii. Ind As 116 – Leases

Application of above standards are not expected to have any significant impact on the consolidated financial statements.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 6 - Property, Plant & Equipment

Particulars	Land	Rights on Lease	Factory Building	Office Premises	Plant & Machinery	Furniture and Equipment	Computer	Motor Car	Office Equipment	Air Conditioners	Electrical Installations	Laboratory Equipment	Mobile Phone	Computer software	Goodwill	Capital WIP	Total
Gross Block																	
As at 01/04/2018	29.88	96.78	261.02	133.24	1,442.55	88.34	43.15	126.56	19.72	28.22	29.07	193.19	8.21	14.40	4,212.73	315.36	7,042.42
Additions	-	-	-	-	150.90	11.50	2.28	6.17	1.48	-	-	15.49	2.68	1.69	-	1,709.93	1,902.12
Disposals/transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31/03/2019	29.88	96.78	261.02	133.24	1,593.45	99.84	45.43	132.73	21.20	28.22	29.07	208.68	10.89	16.09	4,212.73	2,025.29	8,944.54
Additions	-	-	-	-	59.73	6.49	5.18	11.57	4.46	0.32	18.15	28.99	2.58	2.31	-	934.85	1,074.63
Disposals/transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31/03/2020	29.88	96.78	261.02	133.24	1,653.18	106.33	50.61	144.30	25.66	28.54	47.22	237.67	13.47	18.40	4,212.73	2,960.14	10,019.17
Accumulated Depreciation																	
As at 01/04/2018	-	-	244.68	73.42	966.21	61.84	40.33	95.67	16.27	22.93	22.95	168.10	7.10	12.05	1,769.36	-	3,500.91
Depreciation Charge for the year	-	-	3.29	2.90	88.08	7.76	1.09	6.22	1.60	0.93	1.45	4.82	1.57	1.15	84.25	-	205.11
As at 31/03/2019	-	-	247.97	76.32	1,054.29	69.60	41.42	101.89	17.87	23.86	24.40	172.92	8.67	13.20	1,853.61	-	3,706.02
Depreciation Charge for the year	-	-	247.97	2.76	81.54	7.96	2.24	7.76	2.36	0.70	1.96	7.63	0.55	0.19	84.25	-	199.90
As at 31/03/2020	-	-	-	79.08	1,135.83	77.56	43.66	109.65	20.23	24.56	26.36	180.55	9.22	13.38	1,937.86	-	3,905.91
Net Block																	
As at 31/03/2020	29.88	96.78	13.05	54.16	517.35	28.77	6.95	34.65	5.43	3.98	20.86	57.12	4.25	5.02	2,274.87	2,960.14	6,113.26
As at 31/03/2019	29.88	96.78	13.05	56.92	539.16	30.24	4.01	30.84	3.33	4.36	4.67	35.76	2.22	2.89	2,359.12	2,025.29	5,238.52



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 7- Investments

Rs. (In Lakhs)

A] Non - Current Investments	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Particulars</b>		
<b>Non - Trade Investments</b>		
<b>A. Investments in Shares:</b>		
<b>i. Quoted Shares: ( At Fair Value through Other Comprehensive Income)</b>		
<b>[Equity Shares of Face value Rs. 10/- each, fully paid-up, unless otherwise stated]</b>		
15 ( 31st March 2019 : 15 ) - Bengal and Assam Co Ltd.	0.18	0.26
1,000 ( 31st March 2019 : 1000 ) - Century Enka Ltd.	1.19	2.52
500 ( 31st March 2019 : 500 ) - Century Textiles & Ind Ltd.	1.48	4.66
200 ( 31st March 2019 :200 ) - Colgate Palmolive India Ltd.	2.51	2.52
720 ( 31st March 2019 : 720 ) - J K Laxmi Cement Ltd.	1.41	2.50
400 ( 31st March 2019 : 400 ) - Pfizer Ltd.	16.09	13.28
62 ( 31st March 2019 :NIL )- Ultratech Cement Ltd.	2.01	-
<b>FairValue of Quoted Instruments (Total of A. i )</b>	<b>24.87</b>	<b>25.74</b>
<b>ii. Unquoted Shares:</b>		
<b>Others ( At Fair Value through Other Comprehensive Income )</b>		
7000 (31st March 2019 :7000) Novo Informatics Pvt Ltd	48.02	48.02
NIL ( 31st March 2019 : 100,000 ) Preference Shares of Rs. 100 each fully paid	-	100.00
TATA MOTORS FINANCE LIMITED		
<b>Book Value of Unquoted Instruments (Total of A. ii)</b>	<b>48.02</b>	<b>148.02</b>
<b>Total Investment in Shares (A. i + A. ii)</b>	<b>72.89</b>	<b>173.76</b>
<b>B. Investment in the Capital of Partnership Firm (LLP) ( At Cost )</b>		
ARHAM NEETA REALITIES LLP	2,246.49	2,246.73
<b>C. Investments in Bonds:</b>		
<b>i. Quoted Bonds: (At Fair Value through Other Comprehensive Income)</b>		
National Highways Authority of India	51.48	45.71
Housing And Urban Development Corporation Ltd	8.51	7.53
<b>ii. Unquoted Bonds: (At Fair Value through Other Comprehensive Income)</b>		
Club millionaire Financial Services Pvt Ltd.	25.44	28.23
<b>Total Investment in Bonds (C. i + C. ii)</b>	<b>85.43</b>	<b>81.47</b>
<b>Aggregate Fair Value of All Non- current Investments (A+B+C)</b>	<b>2,404.81</b>	<b>2,501.96</b>

B] Current Investments	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Particulars</b>		
<b>Investment in Units of Mutual Funds : (At fair value through Other Comprehensive income)</b>		
<b>Mutual Fund - Edelweiss</b>		
NIL (31st March 2019: 134,756.526) Axis Focused 25 Fund Growth (Edelweiss Demat) (given as a collateral security)	-	36.52
<b>Mutual Fund - Kotak</b>		
201,130.9550 (31st March 2019: 201,130.9550) Mirae Asset Large Cap Fund Regular Dividend Plan - DP	25.56	36.53
NIL (31st March 2019: 55,519.6340) SBI Blue Chip Fund Regular Plan Dividend - DP	-	12.38
NIL(31st March 2019: 353,174.43) SBI Blue Chip Fund Regular Plan Growth	-	138.48
1,18,772.2330 (31st March 2019: NIL) HDFC Small Cap Fund Regular Growth	30.87	-



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

77,649.1390 (31st March 2019: NIL) L & T Midcap Fund Growth	76.50	-
17,52,187.1780 (31st March 2019: NIL) Mirae Asset Midcap Fund Regular Plan Growth	143.66	-
2,06,930.0720 (31st March 2019: NIL) Aditya Birla Sun Life Corporate Bond Fund Growth	161.93	-
7,15,151.4420 (31st March 2019: NIL) HDFC Short Term Debt Fund Regular Plan Growth	161.91	-
104,968.5090 (31st March 2019: NIL) Axis Focused 25 Fund Growth	56.07	-
30810.4260 (31st March 2019: 30810.4260) Franklin India Prima Plus Fund Growth	128.06	185.67
14,550.6960 (31st March 2019: NIL) HDFC Equity Fund Growth Plan	66.60	-
21,16,536.3590 (31st March 2019 : NIL) IDFC Banking Debt Fund Regular Plan Growth	375.54	-
804,098.9660 (31st March 2019 : 795485.3520) Reliance Arbitrage Advantage Fund Dividend Plan - DR	99.22	93.93
NIL (31st March 2019 : 10,00,000) KOTAK FMP Series 183 1204 Days Reg. Growth	-	123.04
Kotak Small And Mid - Cap PMS (Kotak Special Situations Value Strategy)	0.02	40.29
NIL (31st March 2019: 306,901.1440) Motilal Oswal Most Focused Multicap 35 Fund- Reg	-	79.72
NIL (31st March 2019: 500,000) ICICI Prud. Value Fund Series 9 Reg Plan Dividend DP	-	53.45
NIL (31st March 2019 : 380,124.07) Kotak Medium Term Fund Regular Plan Growth	-	58.07
1,000,000 (31st March 2019 : 1,000,000) HDFC FMP 1213 D March 2019 1 Series 38 Reg Plan Growth	125.37	115.17
ICICI Prud. PMS Enterprising India Portfolio II	39.99	62.41
AVENDUS ENGHANCED RETURN FUND 9TH Closure	-	102.75
15,00,000 (31st March 2019 : 15,00,000) IDFC Fixed Term Plan Series 149 Direct Plan Growth	172.62	161.61
15,00,000 (31st March 2019 : 15,00,000) IDFC Fixed Term Plan Series 149 Regular Plan Growth	171.84	161.28
NIL (31st March 2019 : 352,691.388) Motilal Oswal Multicap 35 Fund Direct Plan Growth	-	96.08
NIL (31st March 2019 : 629,370.1890 ) UTI Credit Risk Fund Growth	1.15	105.27
NIL (31st March 2019 : 752,553.1140) Aditya Birla Sun Life Medium Term Plan Growth	-	171.44
14,390.0320 (31st March 2019 : 3071.7950) Axis Banking & PSU Debt Fund Growth	275.05	53.67
301,148.4960 (31st March 2019 : 126822.0250) Axis Blue Chip Fund Growth	78.30	35.88
296,982.6560 (31st March 2019 : 296,982.6560) ICICI Prudential Credit Risk Fund Growth	64.59	58.96
188,476.5200 (31st March 2019 : 188476.5200) Kotak Standard Multicap Fund Regular Plan Dividend	32.06	44.66
365,493.650 (31st March 2019 : 365,493.650) Kotak Standard Multicap Fund Regular Plan Growth	98.72	129.67
258,732.2120 (31st March 2019 : 258,732.2120) Mirae Asset India Equity Fund Regular Plan Growth	100.48	132.38
NIL (31st March 2019 : 768,344.2180) Reliance Classic Bond Fund Growth	-	112.97
NIL (31st March 2019 262,631.9400) Reliance Equity Hybrid Fund Growth	-	144.74
<b>Mutual Fund-SPA Capital</b>		
130,116.845 ( 31st March 2019 : 130,116.845 ) Franklin India Income Opportunities Fund (SPA)	29.16	29.04
14,183.380 ( 31st March 2019 5,269.059 ) HDFC Prudence Fund (SPA)	21.31	28.52
24,717.259 ( 31st March 2019 : 24,717.259) UTI MID CAP FUND GROWTH (SPA)	18.80	24.99
UTI Structured Debt Opportunities Fund I (SPA)	99.55	48.61
Omni Science Capital	16.92	22.70
<b>Mutual Fund- IIFL</b>		
IIFL Focused Equity Strategies Fund (Cap -metrics)	51.71	62.10
IIFL Focused Equity Strategies Fund (Trivantage)	34.74	38.37
148,528.4050 (31st March 2019: 148,528.4050) Axis Focused 25 -Growth (IIFL)	22.75	40.25
<b>Market Value of Quoted Investments</b>	<b>2,781.04</b>	<b>2,841.62</b>
<b>Aggregate Fair Value of All Current Investments</b>	<b>2,781.04</b>	<b>2,841.62</b>

### Note 8- Loans and Advances

Particulars	(Rs. In Lakhs)	
	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
(a) Deposits	21.27	19.77
(b) Other Advances	14.75	14.29
<b>Total</b>	<b>36.02</b>	<b>34.26</b>



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 9- Other Financial Assets

(Rs. In Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Fixed Deposits with Bank (more than 12 months)	53.83	-
<b>Total</b>	<b>53.83</b>	<b>-</b>

### Note 10 -Deferred Tax Asset

(Rs. In Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
As at the beginning	103.57	155.18
Charges/(credit) to profit and loss	(6.95)	(51.61)
At the end of the year	96.62	103.57
Deferred tax Asset		
Related to Property, Plant and Equipment	21.28	21.45
Provision for Gratuity/Leave Encashment	8.92	15.70
Provision for Doubtful Debtors	66.42	66.42
<b>Total</b>	<b>96.62</b>	<b>103.57</b>

### Note 11- Inventories

Rs. (In Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
[As taken, valued and certified by the Management]		
a. Raw Materials and components	367.13	356.52
b. Work-in-progress	44.64	75.23
c. Finished goods	143.90	39.83
<b>Total</b>	<b>555.67</b>	<b>471.58</b>

### Note 12- Trade Receivables

Rs. (In Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
[UNSECURED]		
Considered Good	1,585.89	1943.59
Less :Allowance for expected credit loss		
Credit impaired	212.79	255.47
Less :Allowance for expected credit loss	(212.79)	(255.47)
<b>Total</b>	<b>1,585.89</b>	<b>1,943.59</b>

### Note 13- Cash and Cash Equivalents

(Rs. In Lakhs)		
Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
a. Cash on hand	0.89	45.30
b. Balances with banks	278.77	748.71
<b>Total</b>	<b>279.66</b>	<b>794.01</b>
Bank Balances include:		
Earmarked Balances (eg/- unpaid dividend accounts)	2.07	88.07
Margin money	1.34	1.34



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 14- Other Financial Assets

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Accrued Interest/Dividend Receivable	2.55	11.04
Advance to Parties	63.60	44.96
<b>Total</b>	<b>66.15</b>	<b>56.00</b>

### Note 15- Other Current Asset

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Balances with Government Authorities	283.59	355.62
Advance to Suppliers	22.53	18.88
Prepaid Expenses	1.03	4.53
Rental Deposit	3.00	2.00
<b>Total</b>	<b>310.15</b>	<b>381.03</b>

### Note 16 - Share Capital

Rs. (In Lakhs)

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
Authorised				
200,00,000 (31st March 2019 : 200,00,000)				
Equity Shares of Rs.10 each	200,00,000	2,000.00	200,00,000	2,000.00
Issued, Subscribed & Paid up				
1,54,34,190 (31st March 2019 : 153,55,242)				
Equity Shares of Rs. 10 each fully paid up	154,34,190	1,543.42	153,55,242	1535.52
<b>Total</b>	<b>154,34,190</b>	<b>1,543.42</b>	<b>153,55,242</b>	<b>1535.52</b>
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Number	Amount (Rs. In Lakhs)	Number	Amount (Rs. In Lakhs)
Equity Shares outstanding at the beginning of the year	153,55,242	1535.52	137,31,828	1373.18
Add : Preferential allotment during the year	78,948	7.90	16,23,414	162.34
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	154,34,190	1,543.42	153,55,242	1535.52
Shares in the company held by each shareholder holding more than 5 percent shares				
	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Kilitch Company Pharma Limited	66,29,342	42.95	66,29,342	43.17
Mukund Prataprai Mehta	8,90,647	5.77	17,39,763	11.33
Bhavin Mukund Mehta	20,02,416	12.97	11,53,300	7.51
Neeta Mukund Mehta	11,11,768	7.20	11,11,768	7.24
The company has only one class of Equity Shares having a face value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share.				



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 17 - Other Equity

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
a. Securities Premium	3,832.63	3,832.63
b. General Reserve	1,511.76	1,511.76
c. Employee Stock Options	119.13	112.45
e. Other Reserves - Call on shares forfeited A/c	58.00	58.00
Foreign Exchange Fluctuation Reserve	18.06	(6.64)
Capital Reserve on Consolidation	13.28	13.28
f. Surplus in the statement of Profit and Loss		
As per Balance Sheet	4,823.32	4,532.90
(+/-) Final Dividend including DDT	(93.03)	(92.56)
(+/-) Net Profit For the current year	84.20	382.98
	<b>4,814.49</b>	<b>4,823.32</b>
g. Other Comprehensive Income		
As per last Balance Sheet	225.40	331.09
(+/-) Change in Fair value of Investments at FVOCI	(310.91)	(105.69)
(+/-) Other adjustments	-	-
At the end of the Year	<b>(85.51)</b>	<b>225.40</b>
<b>Total</b>	<b>10,281.84</b>	<b>10,570.21</b>

1. Securities Premium: Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.

2. Share Option Outstanding Account: Reserve relates to stock options granted by the Company to the employees under an employee stock options plan.

3. General Reserve: General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.

### Note 18 Provisions (Non-Current)

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Provision for Gratuity	38.80	41.34
<b>Total</b>	<b>38.80</b>	<b>41.34</b>

### Note 19- Borrowings

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Bank Overdraft ( Kotak Mahindra Bank )	-	122.91
Export Packing Credit Loan (Kotak Mahindra Bank)	1,251.22	812.80
Unsecured Loan (Repayable on Demand)- Mr. Mukund P. Mehta	9.70	9.70
<b>Total</b>	<b>1,260.92</b>	<b>945.41</b>

The above stated Borrowings from Kotak Mahindra Bank were secured against the Mutual Funds managed by Kotak Wealth.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 20- Trade Payables

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
i) Dues to Micro & Small Enterprises	-	-
ii) Dues to Others	710.38	434.63
<b>Total</b>	<b>710.38</b>	<b>434.63</b>

### Note 21- Other financial liabilities

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Unpaid dividends	2.07	88.07
Provision for expenses	1.43	-
<b>Total</b>	<b>3.50</b>	<b>88.07</b>

### Note 22- Provisions

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Provision for employee benefits:		
Salary & Reimbursements	49.44	49.45
Gratuity	30.35	12.50
Leave Encashment	7.98	6.55
<b>Total</b>	<b>87.77</b>	<b>68.50</b>

### Note 23 - Current Tax Liabilities

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Provision for Tax (Net of Taxes Paid)	16.24	171.83
<b>Total</b>	<b>16.24</b>	<b>171.83</b>

### Note 24- Other Current Liabilities

Rs. (In Lakhs)

Particulars	As on 31 <sup>st</sup> March, 2020	As on 31 <sup>st</sup> March, 2019
Statutory dues	48.35	82.89
Others	56.60	169.80
Outstanding Expenses	0.59	0.63
Provision for Expenses	12.86	47.65
<b>Total</b>	<b>118.40</b>	<b>300.97</b>

### Note 25- Revenue from Operations

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Sale of products/services:		
Local sales	1,517.72	726.62
Out Of Maharashtra Sales	1,168.40	456.62
Export Sales	2,232.01	6,959.58
Other operating revenues	417.54	106.17
(Less) Sales Return	(3.67)	-
<b>Total</b>	<b>5,332.00</b>	<b>8,248.99</b>



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 26- Other Income

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Interest Income	16.42	16.36
Dividend Income	10.92	23.94
<u>Foreign Exchange Gain :</u>		
Realised	26.60	93.64
Unrealised	150.90	0.24
Profit on Sale of Investments	181.94	240.71
Sundry balances written back	9.06	17.51
Discounts Received	2.30	7.44
Misc. Income	14.41	0.57
<b>Total</b>	<b>412.55</b>	<b>400.40</b>

### Note 27- Cost of Materials Consumed

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Opening Stock	356.52	182.28
Purchases	2,992.65	5,008.75
Less: Closing Stock	(367.14)	(356.52)
<b>Total</b>	<b>2,982.03</b>	<b>4,834.51</b>

### Note 28- Variation in inventories of Finished Goods and work- In-progress

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Opening Stock :		
Work-in-Process	75.23	42.66
Finished Goods	39.83	54.70
	115.06	97.36
Closing Stock :		
Work-in-Process	44.64	75.23
Finished Goods	143.90	39.83
	188.54	115.06
<b>Total</b>	<b>(73.48)</b>	<b>(17.70)</b>

### Note 29- Employee Cost

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
(a) Salaries and incentives	509.23	469.50
(b) Contributions to Provident fund	20.21	18.42
(c) Gratuity fund contributions	10.86	13.20
(d) Share Based Payment Cost	6.68	-
(e) Staff welfare expenses	22.03	27.25
<b>Total</b>	<b>569.01</b>	<b>528.37</b>





## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 30- Export Product Registration/Commission

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
<u>Export Product Registration Expenses</u>		
Export product registration	261.45	158.04
Export Expenses	8.42	44.43
Export Commission Expenses	178.29	481.46
<b>Total</b>	<b>448.15</b>	<b>683.93</b>

### Note 31-Other Expenses

Rs. (In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2020	Year Ended 31 <sup>st</sup> March, 2019
Consumption of stores and spare parts	68.32	66.63
Labour Charges	218.17	136.84
Power and Fuel	162.09	141.18
CSR Expenses	17.50	2.74
Water Charges	5.70	6.14
Foreign Exchange Loss – Unrealised	-	69.02
Bank & Other Charges	22.23	26.91
Repairs to Buildings	6.25	2.47
Repairs– Others	62.52	82.23
Insurance	14.90	4.78
Rent, Rates and Taxes	49.24	22.92
Auditors Remuneration	15.30	23.10
Miscellaneous expenses	54.73	38.53
Donation	8.00	20.11
Directors' Sitting Fees	0.81	0.62
Foreign Travelling Expenses	63.04	68.65
Printing & Stationery	14.20	8.59
Professional charges	121.33	115.02
Professional Tax	0.03	0.03
Communication Expenses	13.83	16.21
Electricity Charges	0.03	0.72
Telephone Expenses	-	0.12
Vehicle Expenses	12.32	4.63
<u>Travelling Expenses:</u>		
Directors	3.54	8.07
Others	34.11	14.20
Factory	13.09	13.08
Business Promotion Expenses	113.14	106.76
Advertising / Sales Commission Expenses	5.73	1.88
Discount Allowed [Sales]	2.39	5.44
Clearing & Forwarding Expenses	101.25	86.23
Calibration/validation Charges	2.24	2.32
Bad Debts/Balances written off	-	380.50
Loss on trading in Securities	-	12.24
Loss by Theft / Transit	-	0.02
Loss from sale of assets	-	0.07



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

Share of Loss from Partnership Firm	0.24	0.27
Freight	197.52	129.23
Provisions for Expected Credit Loss	(42.68)	(126.06)
Office expenses	24.64	22.11
Fees & Subscription Expenses	0.42	0.05
VAT Expenses	0.45	3.82
Incentive	-	0.18
<b>Total</b>	<b>1,386.62</b>	<b>1,518.60</b>

**Note 32 - Disclosure as per IND AS – 19 “employee benefits”.**

**(A) Expenses recognised for Defined Contribution Plan:**

Employer’s Contribution to Provident and Pension Fund Rs. 13.73 Lakhs (PY Rs. 11.08 Lakhs).

Employer’s Contribution to ESIC Rs. 3.87 Lakhs (PY Rs. 3.67 Lakhs)

The Group makes contributions towards provident fund and pension fund for qualifying employees to the Regional Provident Fund Commissioner.

**(B) Expenses recognised Defined Benefit Plan:**

The Group provides gratuity benefit to its employees which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

### i. Change in Defined Benefit Obligation during the year

(Rs. in Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Present value of the obligation at the beginning of the year	53.50	35.72
Current Service Cost	8.64	2.68
Interest Cost	4.14	6.91
Actuarial (Gain) / Loss on Obligation	2.52	8.39
Benefits Paid	-	(0.20)
Present value of the obligation at the end of the year	68.80	53.50

### ii. Change in Fair Value of Assets and Obligations

The Group has initiated to contribute to a fund managed by LIC as required by Law against its liabilities. Accordingly The Group has made an agreement to contribute the Liabilities amount evenly for a period of 5 Years in quarterly payments. Accordingly the Group has contributed an amount equivalent of Rs. 6.93 Lakhs during the FY 2019-20 towards the Gratuity Fund Managed by Life Insurance Corporation of India.

### iii. Amount to be recognized in Balance sheet

(Rs. in Lakhs)

Particulars	2019 - 20	2018-19
	Gratuity	Gratuity
Present Value of Defined Benefit Obligation	68.80	53.49
Fair value of Plan Assets at the end of the year	(13.95)	(6.92)
Amount to be recognized in Balance sheet	54.85	46.57



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### iv. Current/Non - Current bifurcation

(Rs. in Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Current Benefit Obligation	30.00	12.16
Non - Current Benefit Obligation	38.80	41.34

### v. Expenses recognised in the statement of financial position for the year

(Rs. in Lakhs)

Particulars	2019-20	2018-19
	Gratuity	Gratuity
Current Service Cost	8.64	2.60
Interest cost on Obligation	4.14	6.91
Net Actuarial (Gain) / Loss recognised in the year	-	8.39
Net Cost Included in Personnel Expenses	12.78	17.90

### vi. Maturity profile of defined benefit obligation

(Rs. in Lakhs)

Particulars	2019-20	2018-19
Within the next 12 months	6.94	11.53
between 2 to 5 Years	48.19	13.06
between 6 to 10 Years	177.32	36.20

### vii. Actuarial Assumptions used for estimating defined benefit obligations

(Rs. in Lakhs)

Particulars	2019-20	2018-19
Discount Rate	6.75% P.A.	7.75% P.A.
Salary Escalation Rate	6.50% P.A.	6.50% P.A.
Expected Return on Plan Assets	0.21	-
Mortality Rate	IALM (2012-14)	IALM (2006-08)
Withdrawal Rate	1.00%	1.00%
The Weighted Average Duration of the Plan	13 Years	13 Years
No. of Employees	106	98
Average Age	35	36
Total Salary (Rs. in Lakhs)	203.02	184.19
Average Salary (Rs. in Lakhs)	16.92	15.35
Average Service	6 Years	5 Years
Accrued Benefit	68.80	53.50
Actuarial Liability	54.85	46.57

#### Notes:

- Salary escalation rate is arrived after taking into account regular increments, price inflation and promotion and other relevant factors such as supply and demand in employment market.
- Discount rate is based on prevailing market yields of Indian Government Securities as at balance sheet date for estimated term of obligations.
- Attrition rate/ withdrawal rate is based on Group's policy towards retention of employees, historical data and industry outlook.
- The above information is certified by actuary.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### viii. Sensitivity analysis:

Increase/ (decrease) on present value of defined benefits obligations at the end of the year:

(Rs. in Lakhs)

Particulars	Change in assumption	Effect on Gratuity obligation	
		2019-20	2018-19
Discount rate	+1%	62.01	48.65
	-1%	75.81	59.20
Salary Escalation rate	+1%	75.75	59.22
	-1%	61.94	48.56

These gratuity plan typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

#### Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

#### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

#### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

#### Salary risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

### C) Unfunded Schemes – Earned Leaves

(Rs.in Lakhs)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March 2019
Present value of unfunded obligations	7.98	6.55
Expenses recognised in the statement of profit and loss	(1.94)	(0.70)
In Other comprehensive income	-	-
Actuarial (Gain) / Loss- Plan liabilities	-	-
Actuarial (Gain) / Loss- Return On Plan Assets	-	-
Net (Income)/ Expense For the period Recognized in OCI	-	-
Discount rate (per annum)	6.75%	7.75%
Salary escalation rate (per annum)	6.50%	6.50%

#### Note 33 - Segment Reporting

The Group is mainly engaged in the development and operations of Pharmaceutical business. Accordingly, the Group has only one identifiable segment reportable under Ind AS 108 - Operating Segments.

Managing Director (the 'Chief Operational Decision Maker' as defined in Ind AS 108) monitors the operating results of the Group's business for the purpose of making decisions about resource allocation and performance assessment.



## Consolidated Notes to the Financial Statements

### For year ended 31<sup>st</sup> March, 2020

The revenues from transactions with a single customer exceeding 10 per cent or more of the Group's revenues were stated below:

Party Name	Country	Amount (Rs. In Lakhs)
Badr Drugs And Chemicals Co. Ltd	Sudan	724.93
<b>Grand Total</b>		<b>724.93</b>

#### Note 34 - Related Party Disclosures

In view of the INDAS 24 "Related Parties Disclosures", the disclosure in respect of related party transactions for the year ended on 31st March 2020 is as under:

RELATIONSHIPS	
<u>Category I : Key Managerial Personnel</u>	
Key Person	Designation
Mukund Prataprai Mehta	Chairman & Managing Director
Bhavin Mukund Mehta	Whole -time Director
Mira Bhavin Mehta	Whole -time Director
Sujit Kumar Dash	Chief Finance Officer
Harshal Anant Patil	Company Secretary and Compliance Officer
<u>Category II : Enterprises over which Key Managerial Personnel are able to exercise significant control</u>	
NBZ Healthcare LLP.	
Arham Neeta Realities LLP	
Kilitch Pharma (Co.) Ltd.	

(Rs. In Lakhs)			
	TRANSACTIONS	Category I	Category II
1	Purchases	-	672.44 (306.98)
2	Sales	-	141.82 (116.67)
3	Director's Remuneration and Sitting Fees	168.00 (168.00)	-
4	Expenses incurred by KDL	23.42 (26.21)	-
5	Advance/Loan Given to Parties	-	616.68 (1134.87)
6	Advance Returned By Parties	-	660.72 (937.41)
7	Reimbursement of Expenses [Net]	7.21 (20.91)	-
8	Issue of Shares and Warrants	NIL (708.00)	-



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

The Following were due from/ to the related parties balances as on 31-03-2020

Sr. No.	TRANSACTIONS	Category I	Category II
1	Loans/Borrowings/Payables	9.70 (9.70)	62.03 (49.94)

Note: Figures in brackets indicates previous year figure.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

Review of outstanding balances is undertaken each financial year through examining the financial position of the related party and the market in which related party operates. These balances are unsecured and their settlement occurs through banking channel.

### Compensation of key management personnel:

The remuneration of director and other member of key management personnel during the year was as follows:

Particulars	(Rs. In Lakhs)	
	2019-20	2018-19
Short-term benefits	184.90	168.00
Other long term benefits	-	-

### Note 35- Earning per Share (EPS)

Basic as well as Diluted EPS	2019-20	2018-19
Net Profit after Tax (Rs. in Lakhs)	84.20	382.98
Weighted Average No. of Equity Shares for Basic EPS (No. In Lakhs)	154.22	146.76
Weighted Average No. of Equity Shares for Diluted EPS	154.22	146.76
Nominal Value of Equity Shares (Rs.)	10	10
Basic Earnings Per Share (Rs.)	0.55	2.61
Diluted Earnings Per Share (Rs.)	0.55	2.61

### Note 36 - Contingent liabilities not provided for in Respect of:

a) Disputed Statutory Dues in respect of Income Tax aggregating to Rs. 503.66 Lakhs (P.Y. Rs. 503.66 Lakhs) pertaining to A.Y. 2008-09 have not yet been deposited as the aforesaid matter is pending before CIT (Appeals). The impact thereof, if any, on the tax position can be ascertained only after the disposal of the appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

b) Demand notices received on account of Property Tax pertaining to FY 2019-20 is aggregating Rs. 53.20 Lakhs (P.Y. Rs. 53.20 Lakhs) are disputed by the Group. The Group has filed a suit and the matter is pending the Supreme Court and Group has not yet deposited any amount in this regard.

c) Demand notices received on account of principal amount of CESS during FY 2019-20 pertaining to FY 1999-2000 and FY 2000-2001 is aggregating Rs.22.85 Lakhs (P.Y. Rs.22.85 Lakhs ) are disputed by the Group. The Company has filed a suit and the matter is pending the Supreme Court and Company has not yet deposited any amount in this regard.

The above litigations are not expected to have any material adverse effect on the financial position of the company.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Note 37- Auditors' Remuneration:

Particulars	2019-20 (Rs. In Lakhs)	2018-19 (Rs. InLakhs)
Audit fees	15.30	15.60
Other Professional Fees	-	7.50
<b>Total</b>	<b>15.30</b>	<b>23.10</b>

### Note 38 – Subsidiary Companies Considered in these consolidated Financial Statements

Sr. No.	Particulars	Country of Incorporation	Proportion of Ownership FY 2019-20	Proportion of Ownership FY 2018-19
1	Monarchy Healthserve Private Limited	India	100%	100%
2	Kilitch Estro Biotech PLC	Ethiopia	67%	67%

### Note 39 – Impairment of Assets

The Company's Board, out of abundant caution and as a prudent practice in line with the standard accounting practices has not made any impairment provision against its investments for the financial year 2019-20.

### Note 40 – Third Party Balance Confirmation

The balances in respect of Trade Receivables & Payables, loans and advances, as appearing in the books of accounts are subject to confirmations by the respective parties and adjustments/reconciliation arising there from, if any.

### Note 41 – Investment in Limited Liability Partnership

The Company is a partner in a partnership firm M/s. Arham Neeta Realities LLP. The accounts of the partnership firm have been finalized up to the financial year 2019-20. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:

Sl. No.	Name of the Partners	Profit Sharing Ratio	Total Capital on 31 <sup>st</sup> March,2020	Total Capital on 31 <sup>st</sup> March, 2019
				(Rs. in Lakhs)
1	Kilitch Drugs (India) Limited	65%	2246.49	2246.73
2	Mukund Mehta	15%	(2.04)	(1.99)
3	Bhavin Mehta	15%	(2.04)	(1.99)
4	MiraMehta	2.5%	(1.94)	(1.93)
5	Neeta Mehta	2.5%	(1.94)	(1.93)

The Company has accounted for its share of loss amounting to Rs. 0.24 Lakhs (P.Y. Rs. 0.27 Lakhs) pertaining to Financial Year 2019-20.

### Note 42 - Event after Reporting Date:

There are no major events occurred after the reporting date.

### Note 43 - Corporate Social Responsibility:

The company is required to comply the requirements of CSR as per Section 135 of the Companies Act, 2013 read with Schedule VII. Accordingly the company has spent an amount of Rs. 17.50 Lakhs during the Financial Year 2019-20.



## Consolidated Notes to the Financial Statements

### For year ended 31<sup>st</sup> March, 2020

Note 44 - Additional information as required under section 186 (4) of the Companies Act, 2013:

- No Investments made in any Body Corporate except its subsidiaries.
- No Guarantees were given by the Company.
- No Loans or advances were given by the company to any Body Corporate or Persons:

Note 45 - Investment in Associates

The Group does not have any associate companies. The company's interest in associate is accounted using the equity method in the consolidated financial statements.

Note 46 - Details required as per schedule III of the Companies Act 2013 as below Details of Net Assets and Share in Profit and Loss Account

(Rs. In Lakhs)

Particulars	Net Assets (Total Assets less Total Liabilities)		Share in Profit and Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of consolidated net assets	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount	As % of Consolidated Profit	Amount
Monarchy Healthserve Private Limited	37.22%	2275.84	-19.60%	(31.51)	-	-	-	-
Kilitch Estro Biotech PLC	34.29%	2,096.14	-	-	-	-	-	-

Note 47 - Fairvalue of financial assets and liabilities: -

Set out below is the comparison by class of carrying amounts and fair value of Company's financial instruments that are recognised in the financial statements.

Particulars	As at 31 <sup>st</sup> March, 2020		As at 31 <sup>st</sup> March, 2019	
	Carrying Value (Rs. In Lakhs)	Fair Value (Rs. In Lakhs)	Carrying Value (Rs. In Lakhs)	Fair Value (Rs. In Lakhs)
<b>Financial assets designated at fair value through Other Comprehensive Income</b>				
Investments				
in Equity shares	72.89	72.89	173.76	173.76
in Bonds	85.43	85.43	81.47	81.47
in Mutual Funds	2,781.04	2,781.04	2,841.62	2,841.62
<b>Financial assets designated at amortised cost</b>				
Investments				
Capital Investment in Partnership Firm	2,246.49	2,246.49	2,246.73	2,246.73
Trade Receivables	1,585.89	1,585.89	1,943.59	1,943.59
Cash and Cash Equivalents	279.66	279.66	794.01	794.01
Loans and Advances	36.02	36.02	34.26	34.26
Other financial assets	119.98	119.98	56.00	56.00
<b>Total</b>	<b>7,207.40</b>	<b>7,207.40</b>	<b>8,171.44</b>	<b>8,171.44</b>
<b>Financial liabilities designated at amortised cost</b>				
Borrowings - Fixed rate	1260.92	1260.92	945.41	945.41
Trade payables and others	710.38	710.38	434.63	434.63
Other financial liabilities	3.50	3.50	88.07	88.07
<b>Total</b>	<b>1,965.10</b>	<b>1,965.10</b>	<b>1,448.54</b>	<b>1,448.54</b>





## Consolidated Notes to the Financial Statements

### For year ended 31<sup>st</sup> March, 2020

#### Fair valuation techniques:

The Group maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The following methods and assumptions were used to estimate the fair values.

- Fair value of the Equity Shares are based on price quoted on stock exchange.
- Fair value of investment in unquoted equity shares are considered same as carrying value as the same are recently acquired.
- Fair value of Financial Assets & Financial Liability (except which are show at their fair value) are carried at amortised cost is not materially different from its carrying cost.

#### Fair Value hierarchy:

The following table provides the fair value measurement hierarchy of Group's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Level 1: Quoted prices / published NAV (unadjusted) in active markets for identical assets or liabilities. It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Fair value of the financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the Group specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Purchases	As at 31 <sup>st</sup> March, 2020			As at 31 <sup>st</sup> March, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets /Liabilities measured at fair Value</b>						
Investments						
- in Equity shares	72.89	-	-	173.76	-	-
- in Bonds	85.43	-	-	81.47	-	-
-in Mutual Funds	2,781.04	-	-	2,841.62	-	-

#### Note 48 - Financial Risk management:

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risks which the entity is exposed to and how it mitigates that risk.

#### Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and investments in securities.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk through purchases of goods or services from overseas supplier in foreign currency. The Group generally transacts in US dollar. The foreign exchange rate exposure is balanced by purchasing of goods or services in the respective currency.



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

The Group is exposed to insignificant foreign exchange risk as at the respective reporting dates.

**Interest rate risk** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not exposed to interest rate risk as the Group has fixed rate of borrowings as at the respective reporting dates.

**Commodity and Other price risk** The Group is not exposed to the commodity and other price risk.

### Credit Risk

Credit risk is the risk of financial loss to the Group that a customer or counter party to a financial instrument fails to meet its obligations. The Group is exposed to credit risk from its operating activities [primarily trade receivables] and from its financing activities, including deposits with banks, mutual funds, financial institutions and other financial instruments.

### Trade and other receivables

The Group extends credit to customers in normal course of business. The Group considers factors such as credit track record in the market and past dealings for extension of credit to customers. To manage credit risk, the Group periodically assesses the financial reliability of the customer, taking into account the financial condition, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Outstanding customer receivables are regularly monitored to make an assessment of recoverability. Receivables are provided as doubtful / written off, when there is no reasonable expectation of recovery. Where receivables have been provided / written off, the Group continues regular follow-up, engage with the customers, legal options / any other remedies available with the objective of recovering these outstanding. The Group is not exposed to concentration of credit risk to any one single customer since services are provided to vast spectrum and hence, the concentration of risk with respect to trade receivables is low. The Group also takes security deposits, advances, post-dated cheques etc. from its customers, which mitigate the credit risk to an extent.

### Cash and cash equivalents another investments

The Group is exposed to counter party risk relating to medium term deposits with banks and investment in mutual funds. The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Group has also availed borrowings.

### Exposure to credit risk

The gross carrying amount of financial assets, net of impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2019 is as follows:

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Financial assets for which loss allowances is measured using 12 months		
Expected Credit Losses (ECL):		
Other Investments	-	-
Cash and cash equivalents	279.66	794.01
Loans	36.02	34.26
Other financial assets	119.98	56.00
Financial assets for which loss allowances is measured using Life time		
Expected Credit Losses (ECL):		
Trade receivables	1585.89	1,943.59



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Life time Expected credit loss for Trade receivables under simplified approach

Aging of Trade Receivables	Past Due						Total
	0-120 Days	120-150 days	150-180 days	180-365 Days	365-730 Days	Greater than 730 days	
<b>As at 31<sup>st</sup> March, 2020</b>							
Gross Carrying Amount	1,082.17	62.14	154.02	125.03	164.25	211.08	1,798.69
Expected credit losses (Loss allowance provision)	-	(3.32)	(7.70)	(28.91)	(65.78)	(107.08)	(212.79)
<b>Net Carrying Amount</b>	<b>1,082.17</b>	<b>58.82</b>	<b>146.32</b>	<b>96.11</b>	<b>98.47</b>	<b>104.00</b>	<b>1,585.89</b>
<b>As at 31<sup>st</sup> March, 2019</b>							
Gross Carrying Amount	1,448.02	29.39	75.57	433.71	38.93	173.44	2,199.06
Expected credit losses (Loss allowance provision)	-	(0.59)	(8.78)	(83.23)	(19.99)	(142.88)	(255.47)
<b>Net Carrying Amount</b>	<b>1,448.02</b>	<b>28.80</b>	<b>66.79</b>	<b>350.48</b>	<b>18.94</b>	<b>30.56</b>	<b>1,943.59</b>

### Reconciliation of Changes in the life time expected credit loss allowance:

Particulars	2019-20	2018-19
Loss allowance on 1 April	255.47	381.53
Provided during the year	-	-
Reversal of provision	(42.68)	(126.06)
Loss allowance on 31st March	212.79	255.47

Cash and Cash equivalent, other Investment, Loans and other financial assets are neither past due nor impaired. Management is of view that these financial assets are considered good and 12 months ECL is not provided.

### Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current borrowings are sufficient to meet its short to medium term expansion needs. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company is required to maintain ratios (such as debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels and also cash deposits with banks to mitigate the risk of default in repayments. In the event of any failure to meet these covenants, these loans become callable to the extent of failure at the option of lenders, except where exemption is provided by lender.

Particulars	As at 31 <sup>st</sup> March, 2020					
	Carrying Amount	On Demand	Less than 12 months	2- 5 years	>5 years	Total
Borrowings	1,260.92	1,260.92	-	-	-	1,260.92
Other Financial Liabilities	3.50	3.50	-	-	-	3.50
Trade and other payables	710.38	710.38	-	-	-	710.38

Particulars	As at 31 <sup>st</sup> March, 2019					
	Carrying Amount	On Demand	Less than 12 months	2- 5 years	>5 years	Total
Borrowings	945.41	945.41	-	-	-	945.41
Other Financial Liabilities	88.07	88.07	-	-	-	88.07
Trade and other payables	434.63	434.63	-	-	-	434.63



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

### Capital management

The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended 31st March, 2020 and 31st March, 2019.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Loans and Borrowings	1,251.22	935.71
Less: Cash and cash equivalents + Bank Deposits	(279.66)	(794.01)
Net Debt	971.56	151.40
Total Capital	11,825.26	12,105.73
Capital + Net Debt	12,796.82	12,257.13
Gearing Ratio	0.08	0.01

### Note 49 - Taxation

Income tax related to items charged or credited to profit or loss during the year:

A. Statement of Profit or Loss		(Rs. In Lakhs)	
Particulars	2019-20	2018-19	
1. Current Income Tax ( Net of MAT Credit)	69.58	424.08	
2. Deferred Tax expenses/ (benefits):			
Relating to origination and reversal of temporary differences	6.95	51.60	
<b>Total Income tax Expenses (1 to 2)</b>	<b>76.53</b>	<b>475.68</b>	
B. Reconciliation of Current Tax expenses:		(Rs. In Lakhs)	
Particulars	2019-20	2018-19	
Profit/(Loss) from Continuing operations	160.73	858.66	
Applicable Tax Rate	25.00%	25.00%	
Computed tax expenses	69.58	424.08	
Income not allowed/exempt for tax purposes	143.21	11.27	
Expenses not allowed for tax purposes	(31.50)	136.09	
Other temporary allowances	41.40	(37.98)	
Tax paid at lower rate	8.16	22.51	
Additional Tax payable due to MAT provisions	13.32	77.52	
<b>Deferred Tax Recognised in statement of profit and Loss relates to the following:</b>			
Particulars	2019-20	2018-19	(Rs. In Lakhs)
Difference between book and Tax depreciation	0.17	4.12	
Expenses allowable on payment basis	6.78	47.48	
Deferred Tax Liabilities/ (Asset)	<b>6.95</b>	<b>51.60</b>	



## Consolidated Notes to the Financial Statements

For year ended 31<sup>st</sup> March, 2020

Reconciliation of deferred tax liabilities/(asset) net:		(Rs. In Lakhs)
Particulars	2019 -20	2018 -19
Opening balance as on 1st April	103.57	155.18
Tax expenses / (income) during the period	(6.95)	(51.60)
(+/-) On Account of Consolidation	-	-
<b>Closing balance as on 31st March</b>	<b>96.62</b>	<b>103.57</b>

### Note 50 – Share Based Payments and Arrangements

As per the ESOS, 2007 as amended from time to time the outstanding ESOPs which can be exercised by our employees at Rs. 10 each (Face Value Rs. 10/ share). Detailed analysis of the same has been enumerated below:

Sr. No.	Particulars of Options / Scheme	Total ( Numbers)
1	Outstanding as at beginning of the Period	161,754
2	Add : Granted during the Period	135,415
3	Less :Forfeited/Cancelled/Lapsed during the Period	(21,832)
4	Less :Exercisedand allotted during the Period	(78,948)
5	Outstanding as at the end of the Period	196,389

### Note 51 - Note on COVID 19 Pandemic

This is with regards to the multiple lockdowns across the country, imposed by the Government of India on 24<sup>th</sup> March 2020 limiting the movement of entire population of the country as a preventive measure against the COVID-19 Pandemic in India. COVID -19 has severely impacted the businesses across the world.

During these unprecedented times caused by the COVID-19, a Global Pandemic as declared by WHO, the company, being a pharmaceutical manufacturing company and falling under the essential goods, has had its sole focus to ensure the uninterrupted supply of our products to meet the needs of our customers.

To help and protect its workers/employees, the company has taken extensive measures at its plant located at Navi Mumbai to limit the exposure towards the Virus by implementing social distancing norms and providing a healthy work environment at the said plant. Corporate office-based work is being conducted remotely and the Company has implemented strict travel restrictions for the employees.

The Navi Mumbai plant initially worked at a lower capacity but is now operating at its sufficient capacity. Availability of raw materials and finished stocks from third party manufacturers as well as supply chain and distribution channels were marginally impacted initially due to the lockdowns across the world. However, sufficient levels of stocks have been maintained in the channel to cater to the demand. There has been no significant adverse impact on business operations. The Company has adequate liquidity to service its obligations to its vendors and employees, as well as for payment of statutory dues.

**Note 52** - The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

As per our report of even date	
For A. M. Ghelani & Company Chartered Accountants FRN:103173W	For and on behalf of the Board of Directors Kilitch Drugs India Limited
	Mukund P. Mehta (Managing Director) (DIN: 00147876)
Chintan Ajit Ghelani Partner Membership No. : 104391 ICAI UDIN: 20104391AAAABK1732	Bhavin M. Mehta (Whole -time Director) (DIN: 00147895)
	Sujit Kumar Dash Chief Financial Officer
Mumbai Dated: 30 <sup>th</sup> June 2020	Harshal Anant Patil (Company Secretary)



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 28<sup>th</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF KILITCH DRUGS (INDIA) LIMITED WILL BE HELD on Wednesday at 09.00 am September 30, 2020 through through Video Conference (VC) or Other Audio Visual Means (OAVM) to transact the businesses as mentioned below.**

### ORDINARY BUSINESS:

#### 1. TO CONSIDER AND ADOPT FINANCIAL STATEMENT:-

To consider and adopt the Audited Financial statements (including the consolidated financial statements) of the Company for the financial year ended 31<sup>st</sup> March, 2020, and the reports of the Board of Directors ('the Board') and Auditors thereon.

#### 2. TO APPOINT A DIRECTOR LIABLE TO RETIRE BY ROTATION:-

Re-Appointment of Mr. Mukund Mehta (DIN: 00147876), Director liable to retire by rotation To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

**"RESOLVED THAT** pursuant to provisions of Section 152 of the Companies Act, 2013 ('Act') read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Mukund Mehta (DIN: 00147876), who retires by rotation at this Annual General Meeting and being eligible for such re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

#### 3. TO RATIFY APPOINTMENT OF M/S A.M. GHELANI & CO. CHARTERED ACCOUNTANTS (FRN:103173W) AS A AUDITORS OF THE COMPANY AND TO FIX THEIR REMUNERATION:

To ratify the appointment of M/S A.M. Ghelani & Co. Chartered Accountants (FRN:103173W) as statutory auditors of the Company and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

**"RESOLVED THAT** pursuant to Section 139 and 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or Re-enactment(s) thereof for time being in force), pursuant to the recommendations of the audit committee of the Board and pursuant to the resolution passed by the members at the AGM held on 29th September 2017, the appointment of M/s. A. M. Ghelani & Co. Chartered Accountants (FRN:103173W) as the statutory auditors of the Company, to hold office till the conclusion of the 29th Annual General Meeting to be held in financial year 2021, is hereby ratified for the financial year 2020-21 and the Board of Directors be and are hereby authorized to fix

such remuneration payable to them plus applicable taxes and reimbursement of out of pocket expenses incurred by them, for the financial year 2020-21 as may be determined by the audit committee in consultation with the auditors and Board of Directors."

### SPECIAL BUSINESS:

#### 4. Grant of Employee Stock Options to the employees of the Company under "Kilitch Employee Stock Option Scheme 2020":

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 read with rules framed thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "the SBEB Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with circulars / guidelines issued by SEBI, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI (LODR) Regulations") (including any statutory modification(s) or amendment(s) thereto or re-enactment or substitution thereof, for the time being in force), subject to such other consent, approval, if any, including rules/regulations/guidelines, etc. issued by the Department for Promotion of Industry and Internal Trade, RBI and SEBI, pursuant to approval of the Board of Directors of the Company and recommendation of the Nomination and Remuneration Committee and subject to such other approvals, permissions and sanctions as may be necessary from such regulatory authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by such regulatory authority(ies), while granting such approvals, permissions and sanctions, the approval and consent of the members of the Company be and is hereby accorded respectively to the 'Kilitch Employee Stock Option Scheme 2020' (hereinafter referred to as the "ESOP 2020"/ "Scheme") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee, including the Nomination and Remuneration Committee constituted by the Board under Section 178 of the Companies Act, 2013 or any other Committee which the Board may constitute to act as the "Compensation Committee" under the SBEB Regulations or their delegated authority and to exercise its powers, including the powers, conferred by this Resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, not exceeding 15,00,000 (Fifteen lakh only) Employee Stock Options ("Option(s)"), the salient features of which are set out in the Statement annexed to this Notice, to or for the benefit of such person(s), who are in



permanent employment of the Company, in India or out of India including any Director thereof, whether whole time or otherwise (other than Independent Directors and a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company) (hereinafter collectively referred to as the "Employee" or "Employees"), as may be decided by the Board under the Scheme, exercisable into not more than 15,00,000 (Fifteen lakh only) Equity Shares of face value of 10/- each fully paid up, representing 9.69 % of the issued, subscribed and paid-up equity share capital of the Company, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or regulations issued by the relevant regulatory authority(ies).

**RESOLVED FURTHER THAT** the number of Options that may be granted to any Employee of the Company, during any one year under the Scheme shall not exceed 1% of the Issued Capital of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, stock split/consolidation etc., if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to Options granted earlier, the above ceiling of 15,00,000 (Fifteen lakh only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Board from time to time in accordance with the SBEB Regulations.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as stock split/consolidation etc., then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of Rs. 10/- per Equity Share shall bear to the revised face value of the Equity Shares of the Company after such stock split/consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board shall take necessary steps for listing of the Equity Shares of the Company allotted under the Scheme on the Stock Exchange(s), where the shares of the Company are listed, as per the provisions of the SEBI (LODR) Regulations, the SBEB Regulations and other applicable laws and regulations as may be applicable.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, grant and allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and to make modifications, changes, variations, alterations or revisions in the said Scheme as it may deem fit, from time to time in its sole and absolute discretion, not unfavorable or prejudicial to the allottees under the Scheme except due to change in laws/regulations, and in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, the SBEB Regulations and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion, deem necessary including authorizing or directing the Board to appoint various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, if any, required by the SEBI / Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

#### **5. Grant of Employee Stock Options to the employees of the Subsidiary Companies of the Company under "Kilitch Employee Stock Option Scheme 2020"**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act 2013 read with rules framed thereunder, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as "the SBEB Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with circulars / guidelines issued by SEBI, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI (LODR) Regulations") (including any statutory modification(s) or amendment(s) thereto or re-enactment or substitution thereof, for the time being in force), subject to such other consent, approval, if any, including rules/regulations/guidelines, etc. issued by the Department for Promotion of Industry and Internal Trade, RBI and SEBI, pursuant to approval of the Board of Directors of the Company





(hereinafter referred to as "the Board" which term shall be deemed to include any committee, including the Nomination and Remuneration Committee constituted by the Board under Section 178 of the Companies Act, 2013 or any other Committee which the Board may constitute to act as the "Compensation Committee" under the SBEB Regulations or their delegated authority and to exercise its powers, including the powers, conferred by this Resolution) and subject to such other approvals, permissions and sanctions as may be necessary from such regulatory authority(ies) and subject to such conditions and modifications as may be prescribed or imposed by such regulatory authority(ies), while granting such approvals, permissions and sanctions, the approval and consent of the members of the Company be and is hereby accorded to Board to extend the benefits of the 'Kilitch Employee Stock Option Scheme 2020' (hereinafter referred to as the "ESOP 2020"/ "Scheme"), referred to in the Special Resolution under Item No. 4 of this Notice, also to or to the benefit of such person(s) who are permanent employees of subsidiary companies of the Company, whether working in India or outside India, and / or to the directors of the subsidiary companies of the Company, whether whole-time or not but excluding independent director(s) of the subsidiary companies and to such other persons as may be decided by the Board and / or permitted under SBEB Regulations (hereinafter referred to as "Employees") but excluding director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, to the intent that the number of Securities offered under ESOP 2020 to the Employees of the subsidiary companies shall be subsumed in the aggregate limit of 15,00,000 (Fifteen lakh only) equity shares of the face value of R.s. 10/- (Rupees Ten only) each set out in the Special Resolution under Item No.4 of this Notice;

**RESOLVED FURTHER THAT** the number of Options that may be granted to any Employee of the Company, during any one year under the Scheme shall not exceed 1% of the Issued Capital of the Company.

**RESOLVED FURTHER THAT** the Equity Shares to be allotted and issued by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger, stock split/consolidation etc., if any additional Equity Shares are required to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to Options granted earlier, the above ceiling of 15,00,000 (Fifteen lakh only) Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued.

**RESOLVED FURTHER THAT** the grant of Options shall be in accordance with the terms and conditions as regards price, payment, application, allotment etc. as decided by the Board from

time to time in accordance with the SBEBI Regulations.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as stock split/consolidation etc., then the number of Shares to be allotted and the exercise price payable by the Option grantees under the Scheme shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of the Equity Shares of the Company shall bear to the revised face value of the Equity Shares of the Company after such stock split/consolidation, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the Board shall take necessary steps for listing of the Equity Shares of the Company allotted under ESOP 2020 on the Stock Exchange(s), where the shares of the Company are listed, as per the provisions of the SEBI (LODR) Regulations, the SBEB Regulations and other applicable laws and regulations as may be applicable.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, grant and allotment of securities, the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring into effect the Scheme and to make modifications, changes, variations, alterations or revisions in the Scheme as it may deem fit, from time to time in its sole and absolute discretion, not unfavorable or prejudicial to the allottees under the Scheme except due to change in laws/regulations, and in conformity with the provisions of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, SBEB Regulations and any other applicable laws or to suspend, withdraw or revive the Scheme from time to time as may be desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, as may, at its absolute discretion, deems necessary including authorizing or directing the Board to appoint various intermediaries, experts, professionals, independent agencies and other advisors, consultants or representatives, being incidental to the effective implementation and administration of the Scheme as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals, if any, required by the SEBI / Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard."

**6. Re-appointment of Mr. Hemang Jagadish Engineer (DIN: 02317989) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:





KILITCH DRUGS (INDIA) LTD.

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013(“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Hemang Jagadish Engineer (DIN: 02317989) , who holds office of Independent Director up to 31st March, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India

(Listing Obligation and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member, signifying his intention to propose Mr. Hemang Jagadish Engineer candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of five consecutive years commencing from 1st April, 2020 up to 31st March, 2025.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

Place: Mumbai  
Date: 28th August, 2020

**Registered Office:**  
C-301/2, M.I.D.C. TTC Industrial Area,  
Pawane Village, Navi Mumbai: 400 705

For & on behalf of Board of Directors of  
Kilitch Drugs (India) Limited

Sd/-  
Mukund Mehta  
Managing Director  
[DIN: 00147876]



## NOTES

1. Explanatory Statement setting out the material facts concerning each item of Special Businesses to be transacted at the General Meeting pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of the Notice.

2. In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5th May, 2020 read with Circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2020 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e- mail ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any member. The Notice has also been hosted on the website of the Company [www.kilitch.com](http://www.kilitch.com)

3. Pursuant to MCA General Circular No. 14/2020 dated April 08, 2020, read with MCA General Circular No. 20/2020 dated May 5, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this 28<sup>th</sup> AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the 28<sup>th</sup> AGM through VC/OAVM and cast their votes through e-voting.

4. The members who have not yet registered their e- mail ids with the Company may contact Link Intime India Private Limited, on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or 022- 49186000 for registering their e- mail ids on or before September 23, 2020. The Company shall send the Notice to such members whose e-mail ids get registered within the aforesaid time enabling them to participate in the meeting and cast their votes.

5. If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Company or its RTA in respect of shares held in physical form and to DPs in respect of shares held in electronic form.

6. In terms of the aforesaid Circulars, the businesses set out in the Notice will be transacted by the members only through remote e-voting or through the e-voting system provided during the meeting while participating through VC facility.

7. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with

Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto and applicable provisions of the SEBI Listing Regulations, the Company has engaged the services of Link Intime India Private Limited to provide the facility of voting through electronic means to the members to enable them to cast their votes electronically in respect of all the businesses to be transacted at the aforesaid Meeting.

8. The facility of e-voting through the same portal provided by Link Intime India Private Limited will be available during the Meeting through VC also to those Members who do not cast their votes by remote e-voting prior to the Meeting. Members, who cast their votes by remote e-voting, may attend the Meeting through VC but will not be entitled to cast their votes once again.

9. Voting rights of the members for voting through remote e-voting or e-voting system provide in the Meeting itself shall be in proportion to shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 23<sup>rd</sup> September, 2020. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of remote e-voting or e-voting system provide in the Meeting. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names shall be entitled to vote.

10. The remote e-Voting facility shall commence on Saturday, September 26, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). The e-voting Module shall be disabled by Link Intime India Pvt. Ltd. for voting thereafter. Once the vote on a resolution is cast by a member, it cannot be changed subsequently.

11. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2019-20 shall also be available on the Company's website [www.kilitch.com](http://www.kilitch.com)

12. The results declared along with the report of the scrutinizer shall be placed on the Company's website [www.kilitch.com](http://www.kilitch.com) and on the website of Link Intime India Private Limited. immediately after the result is declared by the Chairman and simultaneously communicated to the Stock Exchanges. Due to the current lockdown situation in the wake of COVID 19 pandemic, the result shall not be displayed on the Notice Board of the Company at its Registered Office.

13. Members are requested to contact the Company's Registrar & Share Transfer Agent, i.e. Link Intime India Private Limited In for reply to their queries/redressal of complaints, if any

14. SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June, 2018 & Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30<sup>th</sup> November, 2018 amended Regulation 40 of SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015, which provides that from 1<sup>st</sup> April, 2019 transfer of securities would not be



processed unless the securities are held in the dematerialized form with a depository. In view of the same, now the shares cannot be transferred in the physical mode. Members holding shares in physical form are therefore requested to dematerialize their holdings immediately. However, members can continue to make request for transmission or transposition of securities held in physical form.

15. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24<sup>th</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive).

16. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

17. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment/re-appointment at the AGM, is furnished as Annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules there-under.

18. The Company is providing facility for voting by electronic means (e-voting) through an electronic voting system which will include remote e-voting as prescribed by the Companies (Management and Administration) Rules, 2014 as presently in force and the business set out in the Notice will be transacted through such voting.

19. Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with share certificates to the Company.

20. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Income Tax Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to the Company or its Registrar and Share Transfer Agents.

21. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive

years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

The Members/Claimants whose shares, unclaimed dividend, and debenture interest amount have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)).

The Member/Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules. Members are requested to contact the Company's Registrar and Share Transfer Agent to claim the unclaimed/ unpaid dividends at the following address: M/s. Link Intime India Private Limited.

22. Nomination Facility: As per the provisions of Section 72 of the Act and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

23. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

24. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

25. In order to exercise strict control over the transfer documents, members are requested to send the transfer documents/ correspondence, if any, directly to:

**UNIT: KILITCH DRUGS (INDIA) LIMITED**  
**C/o. Link Intime India Private Limited**  
**Registrar & Share Transfer Agent**  
C 101, 247 Park, L.B.S.Marg,  
Vikhroli (West), Mumbai - 400083.  
Tel: 022- 49186000; Fax: 022-49186060



## Instructions for Voting through electronics means attending AGM through Video conferencing

In compliance with Regulation 44, SEBI Listing Obligation and Disclosure Requirements, 2015, provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means ("e-Voting") and the items of business as detailed in this Notice may be transacted through e-voting services provided by Link Intime India Private Limited through instavote.

The Members may cast their votes through instavote ("Remote E-voting").

The Remote E-voting facility will commence from **9.00 a.m. On Sunday, 26<sup>th</sup> September, 2020 and will end at 5.00 p.m. on Tuesday, 29<sup>th</sup> September, 2020.** Remote E-voting will not be allowed beyond the aforesaid date and time and the Remote E-voting module shall be disabled by Link Intime India Private Limited upon expiry of aforesaid period.

**The instructions for e-voting are as under:**

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:

▶ Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: -

**A. User ID:** Enter your User ID

- Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
- Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
- Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

**C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

**D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in CDSL demat account shall provide either 'C' or 'D', above
- Shareholders/ members holding shares in NSDL demat account shall provide 'D', above
- Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above

▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).

▶ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login

2. Click on 'Login' under 'SHARE HOLDER' tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'.

4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link).

7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.



They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

If you have forgotten the password:

- Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event". Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

#### GENERAL INSTRUCTIONS:

1. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the Member / beneficial owner as on the cut off date i.e. September 23, 2020.
2. The remote e-Voting facility shall commence on Saturday, September 26 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00 p.m. IST). The e-voting Module shall be disabled by LINK for voting thereafter. Once the vote on a resolution is cast by a member, it cannot be changed subsequently.

3. The facility for e-voting shall also be available at the AGM. Members who have already cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote at the AGM. Only those Members who attend the AGM and have not cast their votes through remote e-voting and are otherwise not barred from doing so will be allowed to vote through the e-voting facility available at the AGM.

4. Any person, who acquires shares of the Company and becomes its Member after the sending of Notice of the AGM and holds shares as on the cut Notice of the AGM and holds shares as on the cutoff date for voting i.e. Wednesday, September 23, 2020, may obtain the login ID and password by sending a request to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in). However, if he/she is already registered with LIPL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

5. Mr. Deep Shukla, Practising Company Secretary (FCS No. 5652 CP. No. 5364) has been appointed as the Scrutinizer to scrutinize the remote e-voting and ensure that the voting process at the AGM is conducted in a fair and transparent manner.

6. The Scrutinizer shall after the conclusion of voting at the AGM, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour/against if any, to the Chairperson or a person authorized in writing, who shall countersign the same and declare the result of the voting forthwith.

7. The results declared along with the Scrutinizer's Report shall be placed on the website of the Company [www.kilitch.com](http://www.kilitch.com) and on the website of Linkintime at <https://instavote.linkintime.co.in> and shall also be communicated to BSE Limited and NSE Limited.

#### PROCESS AND MANNER FOR ATTENDING THE TWENTY EIGHT AGM THROUGH INSTAMEET:

For a smooth experience of AGM proceedings, shareholders who are registered for the event are requested to download and install the Webex application in advance on the device that you would be using to attend the meeting by clicking on the link <https://www.webex.com/downloads.html/>. Shareholders also have an option to click on the URL provided to attend the meeting. Please read the instructions carefully and participate in the meeting. For any support, shareholders may also call the RTA on the dedicated number provided in the instructions.

1. Open the internet browser and launch the URL for InstaMeet <https://instameet.linkintime.co.in> and register with your following details: -

**a. Demat Account No. or Folio No.:** Enter your 16-digit Demat Account No. or Folio Number registered with the Company.



b. **PAN:** Enter your 10-digit Permanent Account Number.

c. **Mobile No.:**

d. **Email ID:**

2. Click "Go to Meeting"

3. Members can log in and join 30 minutes prior to the schedule time of the AGM and window for joining the meeting shall be kept open till the expiry of 15 minutes after the scheduled time. The Company shall provide VC/OAVM facility to Members to attend the AGM. The said facility will be available for 1000 Members on first come first served basis. This will not include large Members (i.e. Members with 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, chairpersons of the audit committee, nomination & remuneration committee and stakeholders' relationship committee, auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

#### **Instructions for Shareholders/Members to Speak during the AGM through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request mentioning their name, demat account number/folio number, email id, mobile number at [sunitagohil@kilitch.com](mailto:sunitagohil@kilitch.com), at least 48 hours prior to the date of AGM i.e. on or before 09.00 a.m. (IST) on Monday, September 28, 2020.

2. Speakers will only be allowed to express their views/ask questions on first come first served basis during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

3. Shareholders who would like to ask questions, may send the same in advance mentioning their name, demat account number/folio number, email id, mobile number at [sunitagohil@kilitch.com](mailto:sunitagohil@kilitch.com), at least 48 hours prior to the date of AGM i.e. on or before 09.00 a.m. (IST) on Monday, September 28, 2020. The same will be replied by the Company suitably.

4. Shareholders will get confirmation on first come first served basis depending upon the provision made by the Company.

5. Shareholders will receive 'speaking serial number' once they mark attendance for the meeting. Shareholders are requested to speak only when Moderator of the meeting will announce the name and serial number for speaking.

6. Please remember 'speaking serial number' and start your conversation with panelist by switching on audio of your device.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Instructions for Shareholders to Vote during the AGM through InstaMeet:

Once the electronic voting is activated by the Scrutinizer/Moderator during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under: -

1. On the shareholders VC page, click on the link for e-Voting 'Cast your vote'.

2. Enter Demat Account No./Folio No. and OTP (received on the registered mobile number/ registered Email ID) received during registration for InstaMeet and click on 'Submit'.

3. After successful login, you will see 'Resolution Description' and against the same the option 'Favour/Against' for voting.

4. Cast your vote by selecting appropriate option i.e. 'Favour/Against' as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

5. After selecting the appropriate option i.e. 'Favour/ Against' as desired and you have decided to vote, click on 'Save'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Confirm', else to change your vote, click on 'Back' and accordingly modify your vote.

6. Once you confirm your vote on the Resolution, you will not be allowed to modify or change your vote subsequently.

**Note:** Shareholders present at the AGM through InstaMeet facility and who have not casted 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 facility during the meeting from 09.00 a.m. (IST) till the expiry of 15 minutes after the AGM is over. Shareholders who have voted through remote e-voting prior to the AGM will be eligible to attend/participate in the AGM through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders are encouraged to join the AGM through Tablets/Laptops connected through broadband for better experience.

Shareholders are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the currency of the AGM.

Please note that shareholders connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate such kind of glitches.

In case shareholders have any queries regarding login/e-voting, they can address them to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or call on +91 (022) 4918 6175.





## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No.4 & 5:-

Equity based compensation is considered to be an integral part of the employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock based compensation scheme. The Company believes in rewarding person(s) who are in permanent employment of the Company, in India or out of India including any Director thereof, whether whole time or otherwise and present and future permanent employees and directors (whether whole-time or not) of its subsidiary companies (existing and future, in India or outside India), other than Independent Directors and a director(s) who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, which will lead the Company on the growth path based on continuous hard work, dedication and support. The objective of the ESOP 2020 is to provide an incentive to attract and retain the key employees by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

Accordingly, on recommendation of the Nomination and Remuneration Committee ("Committee"), the Board of Directors ("the Board") of the Company at its meeting held on 28th August, 2020 approved introduction of the ESOP 2020 subject to the approval of the Members of the Company and the provisions of the SBEB Regulations, the SEBI (LODR) Regulations and other applicable laws and authorised the Committee constituted by the Board under Section 178 of the Companies Act, 2013 to formulate the detailed terms and conditions of the ESOP 2020 and to administer and implement the ESOP 2020 in accordance with the provisions of the SBEB Regulations. All questions of interpretation of the ESOP 2020 shall be determined by the Committee and such determination shall be final and binding.

The ESOP 2020 is formulated in accordance with SBEB Regulations. In accordance with the terms of these resolutions and the ESOP 2020, the Options would be granted in one or more tranches as may be decided by the Committee, from time to time. The Company seeks the Members' approval in respect of the ESOP 2020 and grant of Options to the eligible employees of the Company and its subsidiary/ies (existing and future) as decided on this behalf from time to time in due compliance of Regulation 6 of the SBEB Regulations.

The salient features of ESOP 2020 are set out as per SEBI circular and are as under:

#### a. Brief description of the scheme - ESOP 2020

Keeping in view the aforesaid objectives, the ESOP 2020 contemplates grant of options to the eligible employees of the Company and eligible employee of the Subsidiary Company(ies). After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Committee shall act as Compensation Committee for the administration of ESOP 2020. All questions of interpretation of the ESOP 2020 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2020.

#### b. Total number of Options to be granted

15,00,000 (Fifteen lakh only) Options exercisable into an aggregate of 15,00,000 (Fifteen lakh only) Equity Shares in the Company of face value of Rs. 10/- each fully paid-up, would be available for grant to the eligible employees of the Company and eligible employee of the Subsidiary Company(ies) aggregately under ESOP 2020, in one or more tranches. Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation / termination of the employees or otherwise, would be available for being re-granted at a future date in accordance with the applicable law.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the stock options granted. Accordingly, if any additional equity shares are required to be issued pursuant to any corporate action, the above ceiling of stock options or equity shares shall be deemed to increase in proportion of such additional equity shares issued subject to compliance of the SEBI SBEB Regulations, wherever applicable.

#### c. Identification of class of employees entitled to participate in ESOP 2020

Following classes of employees are eligible:

1) 15,00,000 (Fifteen lakh only) Options exercisable into an aggregate of 15,00,000 (Fifteen lakh only) Equity Shares in the Company of face value of Rs. 10/- each fully paid-up, to eligible employees of the Company and of the Subsidiary Company(ies) as per the scheme of ESOP 2020 as approved by the Committee.

Provided however that the following persons shall not be eligible for ESOP 2020:

a) an employee who is a "Promoter" or belongs to the "Promoter Group" as defined in the SBEB Regulations; or



b) a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company; or

c) Independent Directors.

**d. Requirements of vesting, period of vesting**

The Committee may, at its discretion, lay down certain parameters such as work performance, period of service, rank or designation and such other parameters on the achievement of which such Options would vest and the proportion in which Options granted would vest subject to the minimum vesting period of 1 (one) year. Also, vesting in case of various scenarios such as death, permanent incapacitation, retirement, voluntary resignation, termination of employment for cause or without cause etc. shall be governed by the terms of the scheme of ESOP 2020.

**e. Maximum period within which the Options shall be vested**

Stock options granted as per Scheme of ESOP 2020 would vest in accordance with the terms of the each grant, subject to maximum period of three years from the date of grant of such stock options.

**f. Exercise price or pricing formula**

The exercise price per stock option shall not be less than face value of equity share and shall not exceed market price of the equity share of the Company (as may be applicable) or such other price as the Board or the Nomination and Remuneration Committee may, at its sole discretion, approve and determine as on date of grant of option

**g. Exercise period and the process of Exercise**

The vested Options shall be eligible for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 2 (two) years from the date of vesting of such Options. The vested Option shall be exercisable by the Employees who desire to exercise such Options in such manner prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

**h. Appraisal process for determining the eligibility under ESOP 2020**

The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time. The employees would be granted Options under ESOP 2020 based on parameters such as work performance, period of service, rank or designation and such other parameters as may be decided by the Committee from time to time.

**i. Maximum number of Options to be issued per employee and in aggregate**

The number of Options that may be granted to any specific employee under the scheme of ESOP 2020 shall not exceed the number of Shares equivalent to 1% of the Issued Share Capital of

the Company per grant and in aggregate. Also The aggregate of all such Stock Options shall not result into more than 15,00,000(Fifteen Lakh) Equity Shares at any time which shall be adjusted in lieu of corporate actions, adjustments/reorganisation of capital structure of the Company from time to time.

**j. Maximum quantum of benefits to be provided per employee under ESOP 2020**

Apart from grant of Options as stated above, no monetary benefits are contemplated under ESOP 2020.

**k. Whether ESOP 2020 is to be implemented and administered directly by the Company or through a trust**

ESOP 2020 will be implemented by the Company directly as per the SBEB Regulations

**l. Whether ESOP 2020 involves new issue of shares by the Company or secondary acquisition by the trust or both**

ESOP 2020 contemplates only new issue of Securities by the Company

**m. The amount of loan to be provided for implementation of ESOP 2020 by the Company to the trust, its tenure, utilisation, repayment terms, etc.**

The Company will not provide any loan for implementation of ESOP 2020.

**n. Maximum percentage of Secondary Acquisition that can be made by the trust for the purpose of the scheme**

Not Applicable

**o. Accounting and Disclosure Policies**

The Company shall follow the relevant Indian Accounting Standards (Ind-AS), prescribed from time to time, including the disclosure requirements.

**p. Method of valuation of Options**

The Company shall adopt 'fair value method' for valuation of Options as prescribed under Guidance Note or under any Ind-AS, as applicable, notified by appropriate authorities from time to time.

**q. Other terms**

The Board or the Nomination and Remuneration Committee shall have the absolute authority to verify or modify the terms of "Kilitch Employee Stock Option Scheme 2020", in accordance with the applicable law, including the SEBI SBEB Regulations or regulations that may be issued by any appropriate authority from time to time, unless such variation or modification or alteration is determined to the interest of employees who have been granted stock options under "Kilitch Employee Stock Option Scheme 2020".

Regulation 6(1) of SBEB Regulations requires that every employee stock option scheme shall be approved by the members





of the company by passing a special resolution in a general meeting. Further, as ESOP 2020 will entail further issue of shares, consent of the members is required by way of a special resolution pursuant to Section 62(1)(b) of the Companies Act, 2013. Accordingly, the Special Resolution set out at Item No. 4 of this Notice is proposed for approval by members.

As per Regulation 6(3) of SBEB Regulations, a separate special resolution is required to be passed if the benefits of an employee stock option scheme are to be extended to employees of the subsidiary company(ies). Accordingly, the Special Resolution set out at Item No 5 of this Notice is proposed for approval by members.

The Options to be granted under ESOP 2020 shall not be treated as an offer or invitation made to public for subscription of securities of the Company. The ESOP 2020 conforms to the SBEB Regulations.

Directors / Key Managerial Personnel of the Company / their relatives who may be granted Options under ESOP 2020 may be deemed to be concerned or interested in the Special Resolutions at Item No. 4 and 5 of this Notice. Save as aforesaid, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said Special Resolutions.

The Board commends the Special Resolutions set out at Item Nos.4 and 5 of this Notice for approval by the members.

#### Item No.6:-

The Members of the Company at the 23rd Annual General Meeting held on September 30, 2015, had appointed Mr. Hemang Engineer (DIN: : 02317989) as Independent Director(s) to hold office for a term of five consecutive years upto March 31, 2020. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Place: Mumbai  
Date: 28th August, 2020

**Registered Office:**  
C-301/2, M.I.D.C. TTC Industrial Area,  
Pawane Village, Navi Mumbai: 400 705

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150 and 152, read with Schedule IV and other applicable provisions, if any, of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"); Mr. Hemang Engineer, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Director from April 01, 2020 to March 31, 2025.

A brief profile / expertise of the Independent Directors to be re-appointed is provided in the Annexure to the Notice. The Company has received declaration(s) from Mr. Hemang Engineer that he meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) and 25(8) of the Listing Regulations. In the opinion of the Board, Mr. Hemang Engineer fulfill the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended to date and Regulation 16(1)(b) of the Listing Regulations for their re-appointment as Independent Non-Executive Director(s) of the Company and are independent of the management.

Copies of the draft appointment letters of Mr. Hemang Engineer as Independent Non-executive Director(s) setting out the terms and conditions of re-appointment would be available for inspection by the Members, by writing an email to the Company at [sunitagohil@kilitch.com](mailto:sunitagohil@kilitch.com).

The Company has immensely benefited during the tenures of Mr. Hemang Engineer as Independent Director of the Company and the Board is satisfied with the integrity, expertise and experience (including the proficiency) of Mr. Hemang Engineer, who are being re-appointed at this AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Hemang Engineer and accordingly the Board recommends Special Resolution at Item No. 6 in relation to the re-appointment of Mr. Hemang Engineer as Independent Director(s) of the Company for the respective periods stated above, for approval by the Members of the Company.

For & on behalf of Board of Directors of  
**Kilitch Drugs (India) Limited**

Sd/-  
**Mukund Mehta**  
**Managing Director**  
[DIN: 00147876]



**Annexure to Notice**  
**Details of Directors seeking appointment/re-appointment at the Annual General Meeting**  
 [In pursuance of Clause 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015]

Name of Director	Mr. Mukund Mehta	Mr. Hemang Jagadish Engineer
Date of Birth	10/08/1953	15/11/1965
Actual date of Appointment	12/05/1992	01/04/2015
A brief resume of the director	35 Years in Pharmaceutical industry with vast personal Experience with various export client	Mr. Hemang Engineer is the Managing Partner in Gordhan & Fozdar, Advocates & Solicitors. His practice includes areas such as Construction and Real Estate, Banking and Finance, Intellectual Property Rights, Commercial Contracts, Alternative Dispute Resolution. He has represented a vast range of clients including Private and Public Companies, Government Institutions and Organizations.
Expertise in Specific Functional Area	B.COM, BGL	B.COM, LLB
Directorships held in other listed companies (As on March 31, 2020)	NIL	1
Chairmanships/ Memberships of the Committees of the Board of Directors of other listed companies (As on March 31, 2020)	NIL	NIL
Shareholding of Directors (As on March 31, 2020)	890647 (5.77%)	NIL
Relationship between Directors inter-se	Father of Bhavin Mehta and Father-in-Law of Mrs. Mira Mehta	NA



**KILITCH DRUGS (INDIA) LTD.**

**Registered Office:**

C-301/2, MIDC, TTC Industrial Area, Pawane Village, Navi Mumbai - 400 705.

**Tel.:** 022-27670322, 27680913 | **Fax:** 022-27680912

**[www.kilitch.com](http://www.kilitch.com)**