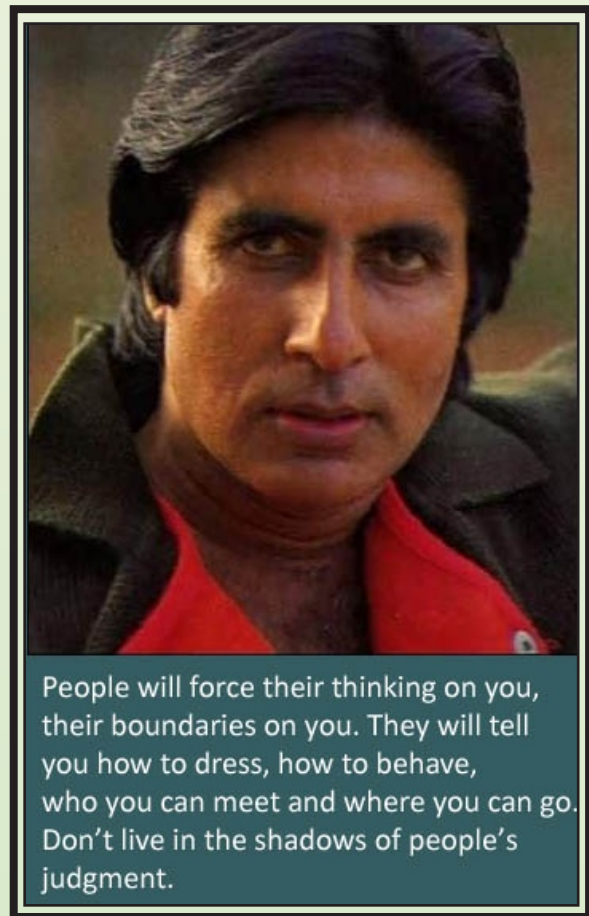


Samrat Pharmachem Limited

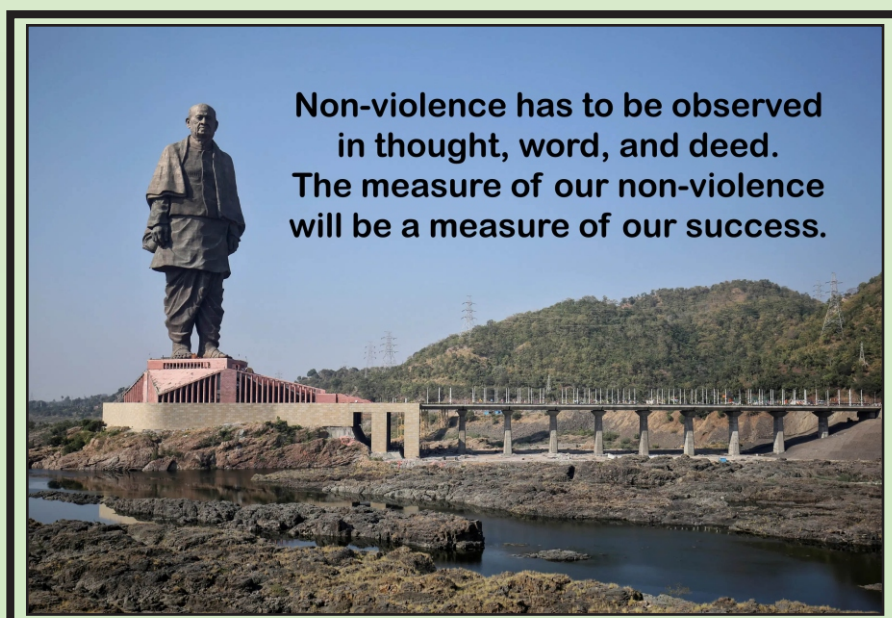
**28th Annual Report
2019-2020**



Elon Musk



Amitabh Bachchan



Sardar Patel

CONTENTS

| Sr. No. | Particulars | Page No. |
|---------|---|----------|
| 1 | Contents | 1 |
| 2 | Board of Directors & General Information | 2 |
| 3 | Notice of Annual General Meeting | 3 |
| 4 | Directors' Report | 20 |
| 5 | Management Discussion & Analysis | 46 |
| 6 | Corporate Governance Report | 49 |
| 7 | Certification by MD | 63 |
| 8 | Certification by CFO | 64 |
| 9 | Declaration of Code of Conduct | 65 |
| 10 | Independent Auditors' Report | 67 |
| 11 | Balance Sheet | 78 |
| 12 | Profit & Loss Account | 80 |
| 13 | Significant Accounting Policies & Schedules to Accounts & Notes | 83 |
| 14 | Cash Flow Statement | 107 |

BOARD OF DIRECTORS

| | |
|-----------------------------|------------------------------|
| Mr. Lalit Mehta | Chairman & Managing Director |
| Mr. Rajesh Mehta | Executive Director |
| Mr. Megh Mehta | Executive Director |
| Mr. Mahendra Pipalia | Independent Director |
| Mr. Samir Kothary | Independent Director |
| Ms. Renu Dharod | Independent Director |

REGISTERED OFFICE & FACTORY

Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat
Tel: +91 2646 220774 Fax: +91 2646 251291 Email: contact@samratpharmachem.in Web: www.samratpharmachem.com
CIN: L24230GJ1992PLC017820

CORPORATE OFFICE

701/702, Business Square, M. A. Road, Andheri (West), Mumbai - 400 058
Tel: +91 22 26701050/1/2 Fax: +91 22 26701053

STATUTORY AUDITORS

Shah & Savla LLP
Chartered Accountants
RNJ Corporate, Jawahar Road, Ghatkopar (East), Mumbai - 400 077

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Nishant Kankaria

PRINCIPAL BANKER

ICICI Bank Ltd
Sagar Avenue, S. V. Road, Andheri (West), Mumbai – 400 058

CO-BANKERS

HDFC Bank Ltd
Jamuna Apartments, S. V. Road, Andheri (West), Mumbai - 400 058

State Bank of India
Rahul Apartments, S. V. Road, Andheri (West), Mumbai - 400 058

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt Ltd
C/101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083
Tel: +91 22 49186000 Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Web: www.linkintime.co.in
CIN: U67190MH1999PTC118368

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **TWENTY-EIGHT ANNUAL GENERAL MEETING of SAMRAT PHARMACHEM LIMITED** will be held on Thursday, December 31, 2020 at 1.00 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended 31 March 2020, together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mr. Megh Rajesh Mehta (DIN: 07287394), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. Re-appointment of Mr. Lalit Damodar Mehta as Chairman & Managing Director of the Company

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 Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, ("Act"), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company hereby approves the appointment and terms of remuneration of Mr. Lalit Damodar Mehta (DIN: 00216681), as the Chairman and Managing Director of the Company for a period of three years with effect from April 1, 2020 to March 31, 2023, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Lalit Damodar Mehta."

"RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

4. Re-appointment of Mr. Rajesh Lalit Mehta as an Executive Director of the Company

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 Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, ("Act"), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company hereby approves the appointment and terms of remuneration of Mr. Rajesh Lalit Mehta (DIN: 00216731) as an Executive Director of the Company for a period of three years with effect from April 1, 2020 to March 31, 2023, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to alter and

vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Rajesh Lalit Mehta.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

5. Re-appointment of Mr. Megh Rajesh Mehta as an Executive Director of the Company

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 Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, (“Act”), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, the Company hereby approves the appointment and terms of remuneration of Mr. Megh Rajesh Mehta (DIN: 07287394) as an Executive Director of the Company for a period of three years with effect from April 1, 2020 to March 31, 2023, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Megh Rajesh Mehta.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

6. Re-appointment of Ms. Renu Dharod as Non-Executive Independent Director of the Company

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 Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of members of the Company be and is hereby accorded to the re-appointment of Ms. Renu Piyush Dharod (DIN: 07063088), as Non-Executive Independent Director of the Company, not liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director to hold office for a second term of 5 (five) consecutive years on the Board of the Company from 26th September, 2020 to 25th September, 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or Company Secretary be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. An explanatory statement as required u/s 102 of the Companies Act, 2013, is annexed to the notice in respect of Item Nos. 3 to 6 of agenda of notice.
4. The Register of Members and Share Transfer Books will remain closed for a period of 8 days from Thursday, December 24, 2020 to Thursday, December 31, 2020 (both days inclusive) for the purpose of AGM.
5. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with M/s. Link Intime India Pvt. Ltd. / Depositories.
6. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Registrar and Transfer Agents of the company M/s. Link Intime India Pvt. Ltd. for assistance in this regard.
7. Members holding shares in physical form are requested to intimate the Registrar and Transfer Agent ("RTA") of the Company viz., Link Intime India Private Limited, C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083 immediately of any change in their name, registered address along with pin code number, email address, telephone / mobile number, Permanent Account Number ("PAN"), mandates, nominations, power of attorneys, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. and relevant evidences.

Members holding shares in electronic form shall update such details with their respective Depository Participant ("DP").

8. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and 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.
9. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
11. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.samratpharmachem.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
12. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
13. The Board of Directors has appointed Mr. Aqueel A. Mulla of M/s. A. A. Mulla & Associates, Practising Company Secretary (Membership No. FCS 2973) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
13. Since the AGM will be held through VC/ OAVM, the Route Map is not annexed in this Notice.

Instructions for e-voting and joining the AGM are as follows:

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Monday, December 28, 2020 at 9:00 A.M. and ends on Wednesday, December 30, 2020 at 5:00 P.M. During this period, Members holding shares either in physical form or in dematerialized form, as on Thursday, December 24, 2020 i.e. cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.

The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

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

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

Details on Step 1 is mentioned below:

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

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

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

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?

- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is mentioned below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

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

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to contact@samratpharmachem.in

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to contact@samratpharmachem.in

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and 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 system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/have questions during the meeting may register themselves as speakers and/or may send their questions/ request seven (7) days prior to meeting mentioning their name demat account number/folio number, email id, mobile number at contact@samratpharmachem.in
The same will be replied by the company suitably.

Other Instructions:

1. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, December 24, 2020.
2. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his / her existing User ID and password for casting the vote.
3. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, within a period not exceeding three (3) working days from the conclusion of the AGM, a consolidated Scrutinizers Report of the total votes cast in favour or against if any, to the Chairman of the Company who shall countersign the same.
4. The results declared along with the Scrutinizer's Report will be posted on the company's website www.samratpharmachem.com and on the website of NSDL <https://www.evoting.nsdl.com> within three (3) days of the passing of the resolutions at the 28th AGM of the Company on Thursday, December 31, 2020 and shall be communicated to BSE Limited ("BSE"), where the shares of the Company are listed.

Place : Mumbai
Date : 31 July 2020

**By order of the Board of Directors
For Samrat Pharmachem Limited**

Lalit Mehta
Chairman & Managing Director
DIN : 00216681

ANNEXURE TO THE NOTICE
Explanatory Statement

Pursuant to section 102 of the Companies Act

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statements set out all material facts relating to the business mentioned under Item Nos. 3 to 6 of the accompanying Notice:

Item No. 3

The remuneration committee at its meeting held on 20th March, 2020, recommended the re-appointment of Mr. Lalit Mehta, as Managing Director of the Company for the period of 3 years from 1st April, 2020 till 31st March, 2023.

In pursuance of the recommendations of the remuneration committee, the Board of Directors at its meeting held on 20th March, 2020, re-appointed Mr. Lalit Mehta as Managing Director for the period of three years with effect from 1st April, 2020 to 31st March, 2023:

As per the provisions of Section 196(3) of the Companies Act, 2013 & Schedule V, any Managing Director of the Company attaining the age of 70 years cannot continue on the post unless shareholders pass a special resolution confirming the appointment at their duly convened general meeting. Mr. Lalit Mehta has attained 84 years of age and therefore his continuation in office as a Managing Director should be approved by the shareholders of the Company by passing a special resolution.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Lalit Mehta and terms & condition of his re-appointment are given below.

Nature of Duties

Mr. Lalit Mehta, Managing Director, shall look after the overall business, administrative, commercial, marketing, technical, financial matters and such other related functions of the Company.

Remuneration

The Managing Director shall be entitled to the following emoluments, benefits and perquisites during the period of his employment subject to the ceiling limits laid down in Section 196, 197, 203 and Schedule V of the Companies Act, 2013.

Period

3 years from 1st April, 2020 to 31st March, 2023.

Salary

| Name of the Director | Salary Scale |
|----------------------|---|
| Mr. Lalit Mehta | Rs. 1,50,000 pm for 1st year & Rs. 3,00,000 pm for 2nd year & 3rd year. |

Perquisites

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Managing Director are as under:

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of the Managing Director. Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Managing Director.

Minimum Remuneration

Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

Sitting Fees

No sitting fees will be paid to the Managing Director for attending the meeting of the Board of Directors or Committee thereof of the Company.

Other Terms

- a. He will not become interested or otherwise be concerned directly or through his spouse and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- b. He will be entitled to re-imbursement of all actual traveling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- c. He must observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As regard to re-appointment of Mr. Lalit Mehta as Managing Director of the Company in compliance with the applicable provisions of the Companies Act, 2013, Special Resolution in terms as set out in item no 3 of the accompanying Notice is now being placed before the members in the General Meeting for their approval.

The Agreement entered into between the company and the Managing Director is kept for inspection of the members at the Registered Office of the company between 11.00 am to 1.00 pm on all working days.

The Board commends the Resolution at Item No. 3 for approval by the members.

Except Mr. Lalit Damodar Mehta, Mr. Rajesh Lalit Mehta & Mr. Megh Rajesh Mehta, none of other Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the Resolution as set out in Item No. 3 of the accompanying Notice.

Item No. 4

The remuneration committee at its meeting held on 20th March, 2020, recommended the re-appointment of Mr. Rajesh Mehta, as an Executive Director of the Company for the period of 3 years from 1st April, 2020 till 31st March, 2023.

In pursuance of the recommendations of the remuneration committee, the Board of Directors at its meeting held on 20th March, 2020, re-appointed Mr. Rajesh Mehta as an Executive Director for the period of three years with effect from 1st April, 2020 to 31st March, 2023:

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Rajesh Mehta and terms & condition of his re-appointment are given below.

Nature of Duties

Mr. Rajesh Mehta, Executive Director, shall look after the finance, corporate affairs, MIS and such other related functions of the Company.

Remuneration

The Executive Director shall be entitled to the following emoluments, benefits and perquisites during the period of his employment subject to the ceiling limits laid down in Section 196, 197, 203 and Schedule V of the Companies Act, 2013.

Period

3 years from 1st April, 2020 to 31st March, 2023.

Salary

| Name of the Director | Salary Scale |
|----------------------|---|
| Mr. Rajesh Mehta | Rs. 1,45,000 pm for 1st year & Rs. 2,50,000 pm for 2nd year & 3rd year. |

Perquisites

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Executive Director are as under:

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of the Managing Director. Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Executive Director.

Minimum Remuneration

Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

Sitting Fees

No sitting fees will be paid to the Executive Director for attending the meeting of the Board of Directors or Committee thereof of the Company.

Other Terms

- a. He will not become interested or otherwise be concerned directly or through his spouse and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- b. He will be entitled to re-imbursement of all actual traveling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- c. He must observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As regard to re-appointment of Mr. Rajesh Mehta as an Executive Director of the Company in compliance with the applicable provisions of the Companies Act, 2013, Special Resolution in terms as set out in item no 4 of the accompanying Notice is now being placed before the members in the General Meeting for their approval.

The Agreement entered into between the company and the Executive Director is kept for inspection of the members at the Registered Office of the company between 11.00 am to 1.00 pm on all working days.

The Board commends the Resolution at Item No. 4 for approval by the members.

Except Mr. Rajesh Lalit Mehta, Mr. Lalit Damodar Mehta & Mr. Megh Rajesh Mehta, none of other Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the Resolution as set out in Item No. 4 of the accompanying Notice.

Item No. 5

The remuneration committee at its meeting held on 20th March, 2020, recommended the re-appointment of Mr. Megh Mehta, as an Executive Director of the Company for the period of 3 years from 1st April, 2020 till 31st March, 2023.

In pursuance of the recommendations of the remuneration committee, the Board of Directors at its meeting held on 20th March, 2020, re-appointed Mr. Megh Mehta as an Executive Director for the period of three years with effect from 1st April, 2020 to 31st March, 2023:

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The details of remuneration payable to Mr. Megh Mehta and terms & condition of his re-appointment are given below.

Nature of Duties

Mr. Megh Mehta, Executive Director, shall look after marketing, administration and such other related functions of the Company.

Remuneration

The Executive Director shall be entitled to the following emoluments, benefits and perquisites during the period of his employment subject to the ceiling limits laid down in Section 196, 197, 203 and Schedule V of the Companies Act, 2013.

Period

3 years from 1st April, 2020 to 31st March, 2023.

Salary

| Name of the Director | Salary Scale |
|----------------------|--|
| Mr. Megh Mehta | Rs. 75,000 pm for 1st year & Rs. 125,000 pm for 2nd year & 3rd year. |

Perquisites

Perquisites shall be restricted to an amount equal to annual salary. The perquisites payable to the Executive Director are as under:

The Company shall provide for, or pay the expenses for, a car with driver and telephone facility at the residence of the Managing Director. Provision of, or payment of expenses of, a car for use on the Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of the car for private purposes shall be billed by the Company to the Executive Director.

Minimum Remuneration

Where in any financial year, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule V to the Companies Act, 2013, as may be amended from time to time.

In the event of any increase in the limits of the emoluments, benefits and perquisites payable in accordance with the laws, policies, rules, regulations or guidelines in force from time to time, the Company may, in its discretion, increase the remuneration payable to him, subject to obtaining such approvals as may be required.

Sitting Fees

No sitting fees will be paid to the Executive Director for attending the meeting of the Board of Directors or Committee thereof of the Company.

Other Terms

- He will not become interested or otherwise be concerned directly or through his spouse and / or minor children in any selling agency of the Company without the prior approval of the Central Government.
- He will be entitled to re-imbursement of all actual traveling, lodging & boarding expenses and entertainment expenses reasonably incurred in connection with the business of the Company.
- He must observe secrecy with regard to information acquired by him in the course of his appointment and shall not use the same for his own purpose either during the currency of this agreement or thereafter.

As regard to re-appointment of Mr. Megh Mehta as an Executive Director of the Company in compliance with the applicable provisions of the Companies Act, 2013, Special Resolution in terms as set out in item no 4 of the accompanying Notice is now being placed before the members in the General Meeting for their approval.

The Agreement entered into between the company and the Executive Director is kept for inspection of the members at the Registered Office of the company between 11.00 am to 1.00 pm on all working days.

The Board commends the Resolution at Item No. 5 for approval by the members.

Except Mr. Megh Rajesh Mehta, Mr. Lalit Damodar Mehta & Mr. Rajesh Lalit Mehta, none of other Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the Resolution as set out in Item No. 5 of the accompanying Notice.

Item No. 6

Ms. Renu Piyush Dharod (DIN: 07063088) was appointed as an Additional Director on the Board of the Company w.e.f 14th February, 2015 to hold office upto the date of 23rd Annual General Meeting (AGM) and thereby appointed as an Independent Director for a tenure of 5 (five) consecutive years at the 23rd Annual General Meeting (AGM) held on 26th September, 2015 with effect from 26th September, 2015. Accordingly, her tenure expired on 25th September, 2020.

The Board of Directors at their meeting held on 14th September, 2020, based on the performance evaluation of Independent Directors, the recommendation of the Nomination and Remuneration Committee and considering the expertise and rich experience of Ms. Renu Dharod and her valuable contributions to the Company, appointed Ms. Renu Dharod as an Additional Director (Independent) till the 33rd AGM and further recommended the members her re-appointment as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company from 26th September, 2020 to 25th September, 2025 by passing of Item No. 6 as Special Resolution by the Members.

Ms. Renu Dharod is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ("the Act") and have given her consent to act as a Director. Further, Ms. Renu Dharod is not debarred from holding the office of a Director pursuant to any SEBI order.

The Company has also received declaration from Ms. Renu Dharod that she meets with the criteria of independence as prescribed under Section 149(6), Section 149(8) read with Schedule IV for the Code of Independent Directors of the Act, Regulation 16(1) and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Ms. Renu Dharod fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and is independent of the management and possesses appropriate skills, experience and knowledge. A notice under Section 160 of the Act has been received proposing her appointment as a Director.

Details of Ms. Renu Dharod are provided in the "Annexure-A" to the Notice, pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment of Ms. Renu Dharod setting out the terms and conditions of appointment is being available for inspection by the members through electronic mode. The terms and conditions of appointment of Independent Directors are also available on the Company's website at <https://www.samratpharmachem.com/independent-director-terms-and-conditions-of-appointment/>

Ms. Renu Dharod is interested in this resolution with regard to her re-appointment. Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board of Directors recommends the Special Resolution as set out in Item No. 6 of the Notice for approval by the Members.

Place : Mumbai
Date : 31 July 2020

**By order of the Board of Directors
For Samrat Pharmachem Limited**

Lalit Mehta
Chairman & Managing Director
DIN : 00216681

Annexure A

Details of Directors seeking re-appointment at the Annual General Meeting scheduled to be held on December 31, 2020

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015].

| | |
|--|---|
| Name of the Director Date of birth Age Date of Appointment Relationship with Directors Expertise in specific functional area Qualification(s) Directorships held in other listed companies Chairmanships/ Memberships of Committees of other public companies (includes only Audit Committee And Stakeholders Relationship Committee) Number of shares held in the Company as on March 31, 2020 | Lalit Mehta (DIN: 00216681) 08.08.1936 84 years 16.06.1992 Relative: Father of Mr. Rajesh Mehta Grandfather of Mr. Megh Mehta Wide experience in Technical & Administration <ul style="list-style-type: none"> Bachelor's Degree in Science (BSc) Bachelor's Degree in Law (LLB) Nil Nil 431,498 |
| Name of the Director Date of birth Age Date of Appointment Relationship with Directors Expertise in specific functional area Qualification(s) Directorships held in other listed companies Chairmanships/ Memberships of Committees of other public companies (includes only Audit Committee And Stakeholders Relationship Committee) Number of shares held in the Company as on March 31, 2020 | Rajesh Lalit Mehta (DIN: 00216731) 25.06.1964 56 years 16.06.1992 Relative: Son of Mr. Lalit Mehta Father of Mr. Megh Mehta Wide experience in Finance, Corporate Affairs & MIS <ul style="list-style-type: none"> Bachelor's Degree of Commerce (BCom) Chartered Accountant (CA) Nil Nil 381,042 |
| Name of the Director Date of birth Age Date of Appointment Relationship with Directors | Megh Mehta (DIN: 07287394) 01.08.1992 28 years 01.10.2015 Relative: Son of Mr. Rajesh Mehta Grandson of Mr. Lalit Mehta |

| | |
|--|---|
| Expertise in specific functional area | Expertise in Marketing & Administration |
| Qualification(s) | <ul style="list-style-type: none"> • Bachelor's Degree in Management Studies (BMS) • Masters Degree in Commerce (MCom) • Post Graduation in Professional Management (PGPM) |
| Directorships held in other listed companies | Nil |
| Chairmanships/ Memberships of Committees of other public companies (includes only Audit Committee And Stakeholders Relationship Committee) | Nil |
| Number of shares held in the Company as on March 31, 2020 | 43,900 |

| | |
|--|---|
| Name of the Director | Renu Dharod (DIN: 07063088) |
| Date of birth | 03.03.1964 |
| Age | 56 years |
| Date of Appointment | 26.09.2020 |
| Relationship with Directors | Not applicable |
| Expertise in specific functional area | Expertise in Legal, HR, Safety, Health & Environment with CSR |
| Qualification(s) | <ul style="list-style-type: none"> • Bachelor's Degree of Arts (B.A) • Bachelor's Degree in Law (LLB) • Diploma in Business Management |
| Directorships held in other listed companies | Nil |
| Chairmanships/ Memberships of Committees of other public companies (includes only Audit Committee And Stakeholders Relationship Committee) | Nil |
| Number of shares held in the Company as on March 31, 2020 | Nil |

| | |
|---------------|---|
| Notes: | |
| 1. | The Directorship, Committee Memberships and Chairmanships do not include positions in foreign companies, unlisted companies and private companies, position as an Advisory Board Member and position in companies under Section 8 of the Companies Act, 2013. |
| 2. | The proposal for re-appointments of Directors has been approved by the Board pursuant to the recommendation of the Board Governance, Nomination and Compensation Committee considering their skills, experience and knowledge and positive outcome of performance evaluation. |
| 3. | Information pertaining to remuneration paid to the Directors who are being re-appointed and the number of Board Meetings attended by them during the year 2019-20 are provided in the Corporate Governance Report. |
| 4. | For other details such as number of meetings of the board attended during the year, remuneration drawn, please refer to the corporate governance report which is a part of this Annual Report. |

DIRECTORS' REPORT

To,
The Members
 Samrat Pharmachem Limited

The Directors are pleased to present the 28th Annual Report on the business and operations of the company and the financial accounts for the year ended 31 March 2020

FINANCIAL PERFORMANCE

| <i>Particulars</i> | 31 March 2020 Rs. | 31 March 2019 Rs. |
|--|------------------------------|------------------------------|
| <i>Revenue from Operations</i> | 1,374,524,757 | 1,111,363,933 |
| <i>Other Income</i> | 5,721,509 | 4,567,158 |
| <i>Total Revenue</i> | 1,380,246,267 | 1,115,931,092 |
| <i>Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)</i> | 72,015,964.62 | 36,337,452.91 |
| <i>Interest and Finance Charges</i> | 9,783,320.92 | 10,583,640.50 |
| <i>Profit / (Loss) before Depreciation and Tax</i> | 62,232,644 | 25,753,812 |
| <i>Depreciation</i> | 4,262,541 | 4,176,556 |
| <i>Profit / (Loss) before Tax (PBT)</i> | 57,970,102 | 21,577,256 |
| <i>Provision for Tax / Tax expense</i> | 15,482,386 | 6,221,485 |
| <i>Profit / (Loss) after Tax (PAT)</i> | 42,487,716 | 15,355,771 |

Covid-19 Pandemic

Towards the end of the financial year 2019-20, the operations of the company were stopped due to the nationwide lockdown imposed by the government due to the Covid-19 pandemic. We focussed primarily on ensuring the safety, health and well-being of our employees. During this time, the company took measures to enable many of its employees from the finance, sales and admin departments to work from home remotely and securely.

The Company aimed at ensuring the safety, which include work from home, social distancing in the office premises, sanitization of our office premises; plant locations and company vehicles, thermal screening and use of pulse oximeters for employees working at sites, providing sanitizers, masks, gloves etc. to employees following all protocols and guidelines issued by global health organizations like WHO for Covid-19 towards safety of our employees.

The factory operations of the company in Ankleshwar reopened in mid of April, 2020 at a reasonable capacity utilization after obtaining requisite permissions from the local authorities. Safety and sanitation protocols have been put in place including wearing PPEs, frequent handwashing, physical distancing, thermal screening of all employees and contractors and regular cleaning/ sanitising of the work place.

National Directives and all guidelines for Covid-19 Management issued in this regard are being strictly followed. The corporate office of the company in Mumbai reopened in June, 2020 with 10 percent of employee strength as per the MCGM guidelines and the rest of the employees have been asked to work from home.

The operations in Ankleshwar and Mumbai were impacted and delayed because of reduced availability of workforce. The Company has focussed in digitilizing its operations to cater the customers online and minimize the impact of breakdown. COVID 19 has had a significant impact on the company's operations as well as those of its customers. However, the Company is confident of addressing the challenges imposed in this business environment with an optimum and effective utilisation of its various resources.

OPERATIONS

Your company has performed extremely well during the year. In a highly competitive business environment. Your Company achieved a turnover of Rs. 13745 Lakhs as against Rs. 11114 Lakhs achieved last year - an increase of around 23.68%.

DIVIDEND

In order to conserve the resources, your Directors do not recommend payment of Dividend for the financial year ended 31st March, 2020.

Transfer of amounts to Investor Education & Protection Fund

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education & Protection Fund.

EXPORTS

During the year 2019-20 your company's export division registered FOB sales of Rs. 693 Lacs from Rs. 1853 Lacs achieved last year. Your Company has initiated several export promotion measures to increase exports. The products of your Company have been well accepted in the international market and the Company expects better export turnover in the coming years.

DEMATERIALISATION

The equity shares of the Company have been dematerialized by joining the depositories viz. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). The ISIN (International Securities Identification Number) No. allotted to the Company is INE103E01016.

LISTING OF SHARES

The Company's shares are listed on the BSE Ltd. It has paid the listing fees of the said exchange for the period upto 31st March, 2020. Your Company has not been delisted on this exchange for non-payment of listing fees. Payment of Listing Fees for FY 2020-21 will be made upon intimation received from BSE Ltd.

INSURANCE

The assets of the company have been adequately insured against all possible risks with ICICI Lombard General Insurance Co Ltd & Bharati Axa General Insurance Co Ltd

WEBSITE

Your company's website address is www.samratpharmachem.com. The performance of the Company is regularly updated and made available on this website. The website provides other vital information about the Company.

SAFETY, HEALTH & ENVIRONMENT (SHE) POLICY

As a responsible corporate citizen, the Company is fully aware of its responsibilities for protection of the environment and to provide its employees a safe and hazard free work place. The Company has adopted a Safety, Health & Environment Policy that applies to all employees and activities. The work culture encourages total involvement and commitment of the employees to the SHE Policy.

Some of the activities carried out during the year are as follows.

Safety:

- Providing necessary equipment's and apparatus required for the safe operation of the manufacturing activities
- Observing the rules and regulations with regard to safety & precaution
- Consulting emergency control management team to monitor the safety of the plant
- Conducting regular safety audit
- Encouraging the workforce to use protective equipment's and maintain cleanliness
- Conducting seminars to impart knowledge to employees on safe operations
- Organising safety week to create safety awareness

Health:

- Conducting medical health check up for all the employees of the Company periodically
- Conducting lecture meetings for providing guidance and counselling on matters of health, diet and exercise
- Conducting seminars to impart knowledge on meditation, yoga and anti-stress therapy

Environment:

- Ensuring smooth functioning of the effluent treatment plant with respect to air, water and solid waste.
- Updating the ETP plant to make it more nature friendly
- Proper monitoring of the pollution levels in and around the plants
- Planting trees in and around the factory
- Complying with the prescribed norms of pollution control

PERSONNEL

As on 31st March 2020, the total number of employees on the payroll of the company were 29. Industrial relations with employees at various levels continue to be cordial.

DIRECTORS & KEY MANAGERIAL PERSONNEL

In pursuance to the provisions of the Companies Act, 2013, and Articles of Association of the company Mr. Megh Mehta, Director retires by rotation and being eligible has offered himself for re-appointment.

During the year Mr. Lalit Mehta, Mr. Rajesh Mehta and Mr. Megh Mehta were re-appointed as Executive Directors for a period of 3 years from 1st April, 2020 to 31st March, 2023 subject to approval of members at the ensuing Annual General Meeting of the Company.

The company has received declaration from all the independent directors confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013.

Ms. Renu Dharod, Non Executive Independent Director is completing her 5 years tenure on September 25, 2020 will be eligible for second term of 5 years effective from September 26, 2020 till September 25, 2025. The members are requested to consider re-appointment of Ms. Renu Dharod as Non-Executive Independent Director for a further period of 5 years.

The company has devised a policy for the performance evaluation of independent directors, Board committees and other individual directors which include criteria for performance evaluation of non-executive directors and executive directors. The manner in which the evaluation is carried out has been explained in the Corporate Governance Report.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Your company has no subsidiaries, joint ventures or any associate companies during the year.

MEETING OF THE BOARD

During the year under review five (5) Board Meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. For further details please refer to the Corporate Governance Report attached to this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises of the 3 Directors namely, Mr. Mahendra Pipalia (Chairman) and Mr. Samir Kothary and Ms. Renu Dharod as other members of the committee.

This committee recommends and reviews the unaudited & audit financial results. It also recommends the appointment/reappointment of Statutory Auditor, Tax Auditor & GST Auditor. It also oversees whistle blower policy and make recommendation to the Board from time to time. The committee also guides the Board for improving MIS systems, digitalising business operations and making all operations online & law compliant. The Board has accepted all recommendations made by the audit committee during the year.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of the 3 Directors namely, Mr. Samir Kothary (Chairman), and Mr. Mahendra Pipalia and Ms. Renu Dharod as other members of the committee.

This committee recommends and reviews the appointment and remuneration of Directors. It has adopted a policy which deals with the appointment and remuneration of directors and key managerial personnel. The adopted policy decides about the manner of selection of executive directors, key managerial personnel, and independent directors. The policy also decides about the criteria to be followed for recommending the remuneration of directors and key managerial personnel.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of the 3 Directors namely, Ms. Renu Dharod (Chairman) and Mr. Mahendra Pipalia and Mr. Samir Kothary as other members of the committee.

The committee reviews investor services, reviews work done by the share transfer agent including adherence to the service standards & resolve investor grievance. The committee also advises the company on various shareholders' related matters.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of the 3 Directors namely, Ms. Renu Dharod (Chairman) and Mr. Mahendra Pipalia and Mr. Samir Kothary as other members of the committee.

The risk management committee of the board oversees and reviews the risk management framework as well as the assessment of risks, their management and mitigation procedures. They also discuss with senior management regarding enterprise risk management (ERM) and management of cyber security risks. They also assess business risk, credit risk, disaster management and proper coverage of insurance of the fixed assets of the Company including their safety and security.

CONSTITUTION OF CSR COMMITTEE

The Company has constituted CSR Committee which comprises of 6 Directors namely, Mr. Lalit Mehta, Mr. Rajesh Mehta, Mr. Megh Mehta, Mr. Mahendra Pipalia, Mr. Samir Kothary & Ms. Renu Dharod. The Chairperson of the Committee is Ms. Renu Dharod.

The Committee will formulate, review and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013;

The salient features/ terms of reference along with details of composition of Corporate Social Responsibility Committee have been provided under Corporate Governance Report which forms part of this Annual Report and shown as Annexure IV. The content of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company at www.samratpharmachem.com

BOARD EVALUATION

The Board of Directors have carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provision of Act and the Corporate Governance requirement as prescribed by Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"). The performance of Board was evaluated by the Board of Directors after seeking inputs from all directors on the basis of criteria such as Board Composition & Structure, Effectiveness of Board Process, Information and functioning, etc.

In separate meeting of Independent directors' performance of Non-Independent Directors, performance of the Board as whole and performance of Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

POLICIES

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All our corporate governance policies are available on our website (www.samratpharmachem.com). These policies are reviewed periodically by the Board and updated based on need and new compliance requirement.

Policies adopted by the Company:

| Name of the policy | Web link |
|---|---|
| Archival Policy | http://www.samratpharmachem.com/archival-policy/ |
| Appointment of Independent Directors Policy | http://www.samratpharmachem.com/independent-director-terms-and-conditions-of-appointment/ |
| Related Party Transactions & its Materiality Policy | http://www.samratpharmachem.com/policy-on-related-party-transactions-and-its-materiality/ |
| Whistle-blower Policy | http://www.samratpharmachem.com/whistleblower-policy/ |
| Materiality of Events Policy | http://www.samratpharmachem.com/policies/materiality-of-events-policy/ |
| Preservation of Documents Policy | http://www.samratpharmachem.com/policy-on-preservation-of-documents/ |
| Insider Trading Policy | http://www.samratpharmachem.com/insider-trading-policy/ |
| Privacy Policy | http://www.samratpharmachem.com/policies/privacy-policy/ |
| Quality Policy | http://www.samratpharmachem.com/quality-policy-2/ |
| SHE Policy | http://www.samratpharmachem.com/policies/she-policy/ |
| Corporate Social Responsibility Policy | http://www.samratpharmachem.com/policies/corporate-social-policy/ |

REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

| ((₹) lakh) | | | | | |
|------------|----------------------|------------------------------|------------------------------|---|---|
| Sr. No. | Name & Designation | Remuneration Paid FY 2019-20 | Remuneration Paid FY 2018-19 | Increase in remuneration from previous year | Ratio/Times per Median of employee remuneration |
| 1 | Mr. Lalit Mehta, CMD | 1,800,000 | 1,800,000 | 0 | 9.90 |
| 2 | Mr. Rajesh Mehta, ED | 1,740,000 | 1,740,000 | 0 | 9.57 |
| 3 | Mr. Megh Mehta, ED | 900,000 | 900,000 | 0 | 4.95 |

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors report that: -

1. That the preparation of accounts for the Financial Year ended 31st March 2020, the applicable accounting standards read with requirements set out under Schedule III of the Act, have been followed along-with proper explanation relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the Financial Year and the Profit or Loss of the Company for the year on that date;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors' have prepared the accounts for the financial year ended 31st March 2020 on a going concern basis.
5. That the Directors have laid down internal financial control to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
6. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants and the reviews performed by the management and the relevant board committees, including the audit committee the board is of the opinion that the company's internal financial controls were adequate and effective during the financial year 2019-20.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

As required under regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

CORPORATE GOVERNANCE & SHAREHOLDERS INFORMATION

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreement with the Stock Exchanges. Though the regulation nos. 17 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are not applicable to the Company due to its paid up capital & net worth remain below threshold limit, yet the Company has provided corporate governance report voluntarily as a good corporate practice.

SEXUAL HARASSMENT OF WOMEN AT WORK PLACE

During the year under review, there were no cases reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has complied with the applicable provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, including constitution of the Sexual Harassment Committee i.e. Internal Complaints Committee.:

| | |
|---|-----|
| No. of complaints filed during Financial Year 2019-20: | Nil |
| No. of complaints disposed off during Financial Year 2019-20: | NA |
| No. of complaints pending as on 31st March, 2020: | NA |

AUDITORS

M/s. Shah & Savla LLP, Chartered Accountants, (FRN : 109364W / W100143) were appointed as Statutory Auditors of the Company for the period of 5 consecutive years at 24th AGM of the Company to hold office till the conclusion of 29th AGM to be held in the Calendar Year 2021.

AUDITORS REPORT

The report of Statutory Auditors alongwith notes to schedules is a part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their report. Further there is no incident of fraud requiring reporting by Auditors under section 143(12) of the Companies Act, 2013.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place adequate internal financial control procedures commensurate with its size and the nature of business. The Company has appointed an Internal Auditor who periodically conducts audit of the adequacy and effectiveness of the internal controls laid down by the management and suggest improvements. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls. The Audit Committee of the Board of Directors approves the annual internal audit plan and periodically reviews the progress of audits as per approved audit plans.

SECRETARIAL AUDITOR

Pursuant to provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed M/s. A. A. Mulla & Associates a firm of company Secretaries in practice to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report submitted by the Secretarial Auditor is enclosed herewith as a part of this report and shown as Annexure I. The Secretarial Audit Report contains qualification, reservation or adverse remark pertaining to non-compliance under SEBI (LODR) Regulations, 2015 which has been complied with & penalty imposed by BSE has been paid.

SECRETARIAL STANDARDS

The Company has complied with all the applicable provisions of Secretarial Standard-1 and Secretarial Standard-2 as issued by the Institute of Company Secretaries of India.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS

There are no significant/material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

RELATED PARTY TRANSACTION / DISCLOSURE

There are no related party transactions made by the company during the year. AOC-2 report is attached to this report as Annexure II.

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual report is given in the Annexure III in the prescribed Form MGT-9, which forms part of this report.

LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

PARTICULARS OF EMPLOYEES

Under the provision of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), 1956 read with Companies (Particulars of Employees) Rules, 2014, the particulars of the employees as required to be mentioned in the Annual Report is not applicable to the company.

SHARES ISSUED UNDER EMPLOYEE STOCK OPTION SCHEME (ESOS)

No shares have been issued to the employees under Employee Stock Option Scheme (ESOS) during the year.

PUBLIC DEPOSITS

The Company has not invited and accepted deposits from the public during the financial year ended 31st March 2020.

DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed pursuant to the provisions of Section 134 of the Act read with Rule 8 of the Companies (Accounts Rules), 2014, is given hereunder.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Your Company continues to explore & implement measures that will help in conservation and saving of energy.

Measures taken & benefits derived are as follows:

- Hot water coming from steam traps is recycled & used as boiler feed water.
- Using economiser effectively to pre-heat boiler feed water.
- Timely & routine preventive maintenance of boiler.

- Improvement in unit operations leading to reduction in processing time in reactor, centrifuge, drier & other equipment's to minimize use of electricity.
- Hot water coming from steam traps is recycled & used as boiler feed water.

TECHNOLOGY ABSORPTION

The management has focused on productivity and quality improvement in order to optimize manufacturing costs. This has helped in achieving optimum manufacturing costs, improved quality of products and consequently enhanced customer satisfaction. The company uses indigenous technology.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earned **Rs. 69,278,295**
F.O.B. Value of export of finished goods
(Previous year Rs. 183,945,613)

Foreign exchange used **Rs. 1,115,437,893**
Import of raw materials
(Previous year Rs. 844,021,975)

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation towards all associates including customers, suppliers, financial institutions, bankers, employees, consultants, shareholders and to all those who have extended their committed support to the progress of the Company.

Place : Mumbai
Date : 31 July 2020

By order of the Board of Directors
For Samrat Pharmachem Limited

Lalit Mehta
Chairman & Managing Director
DIN : 00216681

Annexure IV**Annual Report On The Corporate Social Responsibility (CSR) Activities
as on financial year ended on March 31, 2020**

[Pursuant to Section 135 of the Companies Act, 2013 and CSR rules as ammended]

- 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 projects or programs.**

Samrat Pharmachem Limited core belief is to make a meaningful and positive contribution to the society as whole by way of looking for opportunity to help the needy and ensuring environment sustainability in the long run. We strive to enrich the lives of the community at large through our CSR initiatives. To achieve our objective, we strive to implement the projects through various non-governmental organisations (NGO) partners, government bodies and other social institutions.

Our vision is to create an environment where a person with the ability to feed far exceeds the person with need. This will create a long term self sustainable and compassionate environment.

We have identified the following areas to achieve our objective although not limited to these areas alone:

Child health

Malnutrition

Education to the under privileged

Contributing to skill development programmes

Contributing to programmes for environmental sustainability etc.

The Board had approved the CSR policy of the Company. It can be viewed at the company website www.samratpharmachem.com

- The Composition of the CSR Committee:

| Sr. No. | Name | Category | Designation |
|---------|----------------------|-------------------------------------|-------------|
| 1. | Ms. Renu Dharod | Non-Executive, Independent Director | Chairperson |
| 2. | Mr. Lalit Mehta | Executive Director | Member |
| 3. | Mr. Rajesh Mehta | Executive Director | Member |
| 4. | Mr. Megh Mehta | Executive Director | Member |
| 5. | Mr. Mahendra Pipalia | Non-Executive, Independent Director | Member |
| 6. | Mr. Samir Kothary | Non-Executive, Independent Director | Member |

- Average net profit of the company for last three financial years Rs. 428.77 Lakh
- Prescribed CSR Expenditure (two percent of the amouny as in item 3 above) Rs. 8.58 Lakh
- Details of CSR spent during the financial year - Not applicable
No amount spent in the prescribed CSR activities till date during the year.
 - Total amount to be spent for the FY 2019-20 Rs. 8.58 Lakh
 - Amount unspent, if any; Rs.8.58 Lakh
Manner in which the amount spent during the FY 2019-20 is detailed below:
 - Not Applicable as no amount spent till date during the year

6. **In case the company has 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.**

The Company considers social responsibility as an integral part of its business activities and endeavours to utilize allocable CSR budget for the benefit of society. CSR initiatives shall be on the focus areas as approved by the Board and benefiting the community at large.

As the company has just embarked on the journey of ascertained CSR applicability as the net profit for the year ending on 31st March 2020 has crossed the threshold limit as specified under section 135 of the Companies Act 2013 and the rules framed thereunder.

Till date the company is yet to initiate the spending for the said cause. However, moving forward the Board will ensure that the company spends the required amount on CSR activities in accordance with the statutory requirements during the remaining period of the current financial year.

As the company has just embarked on the journey of ascertained CSR applicability as the net profit for the year ending on 31st March 2020 has crossed the threshold limit as specified under section 135 of the Companies Act 2013 and the rules framed thereunder.

Till date the company is yet to initiate the spending for the said cause. However, moving forward the Board will ensure that the company spends the required amount on CSR activities in accordance with the statutory requirements during the remaining period of the current financial year.

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As the company has just embarked on the journey of ascertained CSR applicability as the net profit for the year ending on 31st March 2020 has crossed the threshold limit as specified under section 135 of the Companies Act 2013 and the rules framed thereunder.

Till date the company is yet to initiate the spending for the said cause. However, moving forward the Board will ensure that the company spends the required amount on CSR activities in accordance with the statutory requirements during the remaining period of the current financial year.

7. **The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.**

**By order of the Board of Directors
For Samrat Pharmachem Limited**

**Lalit Mehta
Chairman & Managing Director
DIN : 00216681**

**Renu Dharod
Chairperson CSR Committee
DIN: 07063088**

Annexure I
Form MR-3
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,
Samrat Pharmachem Limited
[CIN: L24230GJ1992PLC017820]

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Samrat Pharmachem Limited** (hereinafter called "the Company"). 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 Samrat Pharmachem Limited'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 and as per the explanation given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by M/s. Samrat Pharmachem Limited for the financial year ended on 31st March, 2020, according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder, as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the rules made thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under The Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulation, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009;
Not applicable to the company during the audit period

- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
Not applicable to the company during the audit period
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
Not applicable to the company during the audit period
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
Not applicable to the company during the audit period
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009:
Not applicable to the company during the audit period
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
Not applicable to the company during the audit period
- vi. Other laws applicable to the Company are as under :
- i. The Factories Act, 1948
 - ii. Environment Protection Act, 1986
 - iii. The Environmental Impact Assessment Notification, 2006
 - iv. Water (Prevention & Control of Pollution) Act 1974 and rules there under
 - v. Air (Prevention & Control of Pollution) Act 1981 and rules there under
 - vi. Hazardous Wastes (Management & Handling) Rules 1989 and Amendment Rules, 2003
 - vii. The Child Labour (Prohibition & Regulation) Act, 1986
 - viii. The Industrial Employment (Standing Order) Act, 1946
 - ix. The Inflammable Substances Act, 1952
 - x. The Legal Metrology Act, 2009 and Legal Metrology (Packaged Commodities) Rules, 2011
 - xi. The Petroleum Act, 2002
 - xii. The Poisons Act, 1919
 - xiii. The Indian Boiler Act, 1923
 - xiv. Manufacture, storage and Import of Hazardous Chemicals Rules, 1989
 - xv. The Payment of Wages Act, 1936
 - xvi. The Public Liability Insurance Act, 1991
 - xvii. Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - xviii. The Energy Conservation Act, 2001
 - xix. Food Safety & Standard Act 2006 & Food Safety And Standards Rules, 2011

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

- i. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and general meetings.
- ii. The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

- i. The company has been issued show cause notice by BSE Limited for violation of following regulation under SEBI (LODR) Regulation, 2015 during the year under review
Regulation 6(1) Appointment of Company Secretary as Compliance Officer of the Company vide Letter No. LIST/COMP/530125/Reg.6(1)-Mar 19/50/2019-20 Dt. 14/05/2019 imposition of penalty of Rs. 69,620

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-executive 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 was given to all Directors at least seven days in advance to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me 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.

Place : Mumbai
Date : 31 July 2020

For A.A. Mulla & Associates
Company Secretaries

Aqueel A. Mulla
Proprietor
FCS NO. 2973
C.P. No.3237
UDIN: F002973B000542490

* This report should be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Samrat Pharmachem Limited
[CIN: L24230GJ1992PLC017820]

My report of even date is to be read along with this letter.

- 1 Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices I followed provide a reasonable basis for my opinion.
- 3 I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4 Where ever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
- 5 The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure 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.

Place : Mumbai
Date : 31 July 2020

For A.A. Mulla & Associates
Company Secretaries

Aqueel A. Mulla
Proprietor
FCS NO. 2973
C.P. No.3237
UDIN: F002973B000542490

Annexure II**AOC 2**

[Pursuant to Clause (h) of sub-section 3 of Section 134 of the Companies Act, 2013 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 transactions under fourth proviso thereto.

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

There were no contracts or arrangements or transaction entered into during the year.

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts/arrangements/transactions: Not Applicable
- c. Duration of the contracts/arrangements/transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f. Date(s) of approval by the Board: Not Applicable
- g. Amount paid as advances, if any: Not Applicable
- h. Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis:

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts/arrangements/transactions: Not Applicable
- c. Duration of the contracts/arrangements/transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Date(s) of approval by the Board, if any: Not Applicable
- f. Amount paid as advances, if any: None

Note: All related party transactions are benchmarked for arm's length, approved by Audit Committee and reviewed by Statutory Auditors. The above disclosures on material transactions are based on threshold of 10% of consolidated turnover and considering wholly owned subsidiaries are exempt for the purpose of Section 188(1) of the Act.

Place : Mumbai
Date : 31 July 2020

By order of the Board of Directors
For Samrat Pharmachem Limited

Lalit Mehta
Chairman & Managing Director

Annexure III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

- | | | | |
|------|---|---|---|
| i. | CIN | : | L24230GJ1992PLC017820 |
| ii. | Registration Date | : | June 16, 1992 |
| iii. | Name of the Company | : | Samrat Pharmachem Limited |
| iv. | Category / Sub-Category of the Company | : | Public Company / Limited by shares |
| v. | Address of the Registered Office and contact details | : | Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat, India. Tel # 02646-220774 Fax # 02646-251291 Email # contact@samratpharmachem.in Website: www.samratpharmachem.com |
| vi. | Whether listed company | : | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Link Intime India Pvt Ltd C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083. Tel # 91-22-49186000 Fax # 91-22-49186060 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 | Pharmaceuticals | 210 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN / GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---------|---------------------------------|-----------|--------------------------------|------------------|--------------------|
| - | Nil | - | - | - | - |

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| | Category of Shareholders | No. of Shares held at the beginning of the year i.e. 01.04.2019 | | | | No. of Shares held at the end of the year i.e. 31.03.2020 | | | | % Change during the year |
|--|---|---|----------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| 1 | Indian | | | | | | | | | |
| a. | Individuals/ Hindu Undivided Family | 1,514,589 | 0 | 1,514,589 | 49.02 | 1,517,989 | 0 | 1,517,989 | 49.13 | 0.11 |
| b. | Central Government/ State Governments | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (A) (1) | | 1,514,589 | 0 | 1,514,589 | 49.02 | 1,517,989 | 0 | 1,517,989 | 49.13 | 0.11 |
| 2 | Foreign | | | | | | | | | |
| a. | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. | Institutions | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. | Qualified Foreign Investor - Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. | Qualified Foreign Investor - Ind | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (A) (2) | | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | | 1,514,589 | 0 | 1,514,589 | 49.02 | 1,517,989 | 0 | 1,517,989 | 49.13 | 0.11 |
| B. | Public Shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| a. | Mutual Funds/ UTI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b. | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c. | Central Government/ State Governments | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f. | Foreign Institutional Investors | 0 | 100,000 | 100,000 | 3.24 | 0 | 100,000 | 100,000 | 3.24 | 0.00 |

| | | | | | | | | | | |
|--|--|------------------|----------------|------------------|---------------|------------------|----------------|------------------|---------------|---------------|
| g. | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| h. | Qualified Foreign Investors (Corporate) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i. | Qualified Foreign Investors (Ind) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| j. | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-Total (B) (1) | | 0 | 100,000 | 100,000 | 3.24 | 0 | 100,000 | 100,000 | 3.24 | 0.00 |
| 2 | Non-Institutions | | | | | | | | | |
| a. | Bodies Corporate | 77,063 | 1,500 | 78,563 | 2.54 | 64,333 | 1,500 | 65,833 | 2.13 | (0.41) |
| b. | Individuals - | | | | | | | | | |
| i. | Individual shareholders holding nominal share capital up to Rs 2 lakh | 660,054 | 260,610 | 920,664 | 29.80 | 682,133 | 243,210 | 925,343 | 29.95 | 0.15 |
| ii. | Individual shareholders holding nominal share capital in excess of Rs. 2 lakh. | 366,591 | 0 | 366,591 | 11.86 | 388,296 | 0 | 388,296 | 12.57 | 0.70 |
| c. | Qualified Foreign Investor - Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d. | Qualified Foreign Investor - Ind | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e. | Any Others (specify) | | | | | | | | | |
| i. | HUF | 21,888 | 0 | 21,888 | 0.71 | 23,250 | 0 | 23,250 | 0.75 | 0.04 |
| ii. | Clearing member | 15,688 | 0 | 15,688 | 0.51 | 657 | 0 | 657 | 0.02 | (0.49) |
| iii. | NRIs | 51,317 | 20,400 | 71,717 | 2.32 | 47,932 | 20,400 | 68,332 | 2.21 | (0.11) |
| Sub-Total (B) (2) | | 1,192,601 | 282,510 | 1,475,111 | 47.74 | 1,206,601 | 265,110 | 1,471,711 | 47.63 | (0.11) |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | 1,192,601 | 382,510 | 1,575,111 | 50.98 | 1,206,601 | 365,110 | 1,571,711 | 50.87 | (0.11) |
| Total (A)+(B) | | 2,707,190 | 382,510 | 3,089,700 | 100.00 | 2,724,590 | 365,110 | 3,089,700 | 100.00 | 0.00 |
| C. | Shares held by custodians and against which Depository receipts have been issued | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A)+(B)+(C) | | 2,707,190 | 382,510 | 3,089,700 | 100.00 | 2,724,590 | 365,110 | 3,089,700 | 100.00 | 0.00 |

ii. Shareholding of Promoters (including Promoter Group)

| C | Shareholder's Name | Shareholding at the beginning of the year 01.04.2019 | | | Shareholding at the end of the year 31.03.2020 | | | % 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 | Lalit Damodar Mehta | 431,498 | 13.97 | 0.00 | 431,498 | 13.97 | 0.00 | 0.00 |
| 2 | Rajesh Lalit Mehta | 381,042 | 12.33 | 0.00 | 381,042 | 12.33 | 0.00 | 0.00 |
| 3 | Megh Rajesh Mehta | 42,500 | 1.38 | 0.00 | 43,900 | 1.42 | 0.00 | 0.05 |
| 4 | Premal Lalit Mehta | 174,281 | 5.64 | 0.00 | 175,281 | 5.67 | 0.00 | 0.03 |
| 5 | Kaushal Lalit Mehta | 150,586 | 4.87 | 0.00 | 150,586 | 4.87 | 0.00 | 0.00 |
| 6 | Jaya Lalit Mehta | 119,300 | 3.86 | 0.00 | 119,300 | 3.86 | 0.00 | 0.00 |
| 7 | Rupal Rajesh Mehta | 79,682 | 2.58 | 0.00 | 79,682 | 2.58 | 0.00 | 0.00 |
| 8 | Kalpana Premal Mehta | 69,300 | 2.24 | 0.00 | 70,300 | 2.28 | 0.00 | 0.03 |
| 9 | Falguni Kaushal Mehta | 66,400 | 2.15 | 0.00 | 66,400 | 2.15 | 0.00 | 0.00 |
| | | 1,514,589 | 49.02 | 0.00 | 1,517,989 | 49.13 | 0.00 | 0.11 |

iii. Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)

| Sr. No. | | Shareholding at the beginning of the year (01-04-2019) | | Cumulative Shareholding during the year (31-03-2020) | |
|---------|---|--|----------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 1,514,589 | 49.02 | 1,517,989 | 49.13 |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | * | | | |
| | 1. Lalit Damodar Mehta | 431,498 | 13.97 | 431,498 | 13.97 |
| | 2. Rajesh Lalit Mehta | 381,042 | 12.33 | 381,042 | 12.33 |
| | 3. Megh Rajesh Mehta | 42,500 | 1.38 | 43,900 | 1.42 |
| | 3. Premal Lalit Mehta | 174,281 | 5.64 | 175,281 | 5.67 |
| | 4. Kaushal Lalit Mehta | 150,586 | 4.87 | 150,586 | 4.87 |
| | 5. Jaya Lalit Mehta | 119,300 | 3.86 | 119,300 | 3.86 |
| | 6. Rupal Rajesh Mehta | 79,682 | 2.58 | 79,682 | 2.58 |
| | 7. Kalpana Premal Mehta | 69,300 | 2.24 | 70,300 | 2.28 |
| | 8. Falguni Kaushal Mehta | 66,400 | 2.15 | 66,400 | 2.15 |
| 3 | At the end of the year | 1,514,589 | 49.02 | 1,517,989 | 49.13 |

* Due to multiplicity of trades the date wise purchase & sales data is not given.

iv. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Top 10 Shareholders* | Shareholding at the beginning of the year 01-04-2019 | |
|---------|-------------------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the company |
| 1 | Mala R Bhavnani | 160,701 | 5.20 |
| 2 | Subramanian P. | 125,890 | 4.07 |
| 3 | Llyods Securities Overseas Limited | 100,000 | 3.24 |
| 4 | Sharad Kanayalal Shah | 50,000 | 1.62 |
| 5 | Anshul Speciality Molecules | 41,246 | 1.33 |
| 6 | Ashok Jain | 30,000 | 0.97 |
| 7 | Kishor Dhirajlal Sheth | 18,750 | 0.61 |
| 8 | Divyanshu Jayaraj Kantol | 12,500 | 0.40 |
| 9 | Celestial Tradechem Private Limited | 10,812 | 0.35 |
| 10 | Giridhar Rahul Gaddipati | 10,148 | 0.33 |

| Sr. No. | Top 10 Shareholders* | Cumulative Shareholding at the end of the year 31-03-2020 | |
|---------|-------------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company |
| 1 | Mala R Bhavnani | 188,706 | 6.11 |
| 2 | Sangeetha S | 119,590 | 3.87 |
| 3 | Lloyds Securities Overseas Limited | 100,000 | 3.24 |
| 4 | Sharad Kanayalal Shah | 50,000 | 1.62 |
| 5 | Anshul Specialty Molecules | 41,246 | 1.33 |
| 6 | Ashok Jain | 30,000 | 0.97 |
| 7 | Kishor Dhirajlal Sheth | 18,750 | 0.61 |
| 8 | Hetvi Nipun Mahida | 14,050 | 0.45 |
| 9 | Divyanshu Jayraj Kantol | 12,500 | 0.40 |
| 10 | Celestial Tradechem Private Limited | 10,812 | 0.35 |

* The shares of the company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated.

V. **Shareholding of Directors and Key Managerial Personnel:**

| Sr. No. | Folio/Beneficiary Account No. | Name of the Shareholder | Date | Reason | 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 | IN30267932162257 | Lalit Damodar Mehta | 1-Apr-2019 | At the beginning of the year | 431,498 | 13.97 | | |
| | | | 31-Mar-2020 | At the end of the year | | | 431,498 | 13.97 |
| 2 | IN30267932162257 | Rajesh Lalit Mehta | 1-Apr-2019 | At the beginning of the year | 381,042 | 12.33 | | |
| | | | 31-Mar-2020 | At the end of the year | | | 381,042 | 12.33 |
| 3 | 1601430100025610 | Megh Rajesh Mehta | 1-Apr-2019 | At the beginning of the year | 42,500 | 1.38 | | |
| | | | 31-Mar-2020 | At the end of the year | | | 43,900 | 1.42 |
| | | | | Total: | 855,040 | 27.67 | 856,440 | 27.72 |
| Key Managerial Personnel - Nil | | | | | | | | |

V. **INDEBTEDNESS**

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

| | Secured Loans excluding deposits ¹ | Unsecured Loans ² | Deposits ³ | Total indebtedness |
|---|---|------------------------------|-----------------------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal Amount | 60,843,837 | 0 | 0 | 60,843,837 |
| ii. Interest due but not paid | 0 | | | 0 |
| iii. Interest accrued but not due | 0 | | | 0 |
| Total (i+ii+iii) | 60,843,837 | 0 | 0 | 60,843,837 |
| Change in indebtedness during the financial year | | | | |
| • Addition | 30,123,033 | 0 | 0 | 30,123,033 |
| • Reduction | 0 | 0 | 0 | 0 |
| Net Change | 30,123,033 | 0 | 0 | 30,123,033 |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 90,966,870 | 0 | 0 | 90,966,870 |
| ii. Interest due but not paid | 0 | | | 0 |
| iii. Interest accrued but not due | 0 | | | 0 |
| Total (i+ii+iii) | 90,966,870 | 0 | 0 | 90,966,870 |

Notes:

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

((₹) lakh)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---------|---|----------------------------------|--|--------------------------------------|--------------|
| | | Mr. Lalit Mehta Chairman & MD | Mr. Rajesh Mehta Executive Director | Mr. Megh Mehta Executive Director | |
| 1 | Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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 | 18.00 | 17.40 | 9.00 | 44.40 |
| | | - | - | - | - |
| | | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit | - | - | - | - |
| 5 | Others | - | - | - | - |
| | Total (A) | 18.00 | 17.40 | 9.00 | 44.40 |
| | Ceiling as per the Act @ 10% of the Profit calculated as per Section 198 of the Companies Act, 2013 ~ | | | | 62.29 |

~ Due to inadequate profit, the remuneration paid to MD / WTD / ED is calculated as per Schedule V of the Companies Act, 2013.

B. Remuneration to other directors

((₹) lakh)

| Sr. No. | Particulars of Remuneration | Fee for attending board/ committee meetings | Commission | Others, please | Total amount |
|---------|---|---|------------|----------------|--------------|
| 1 | Independent Directors | | | | |
| | Mr. Mahendra Pipalia | 0.80000 | - | - | 0.80000 |
| | Mr. Samir Kothary | 0.80000 | - | - | 0.80000 |
| | Ms. Renu Dharod | 0.80000 | - | - | 0.80000 |
| | Total (1) | 2.40000 | - | - | 2.40000 |
| 2 | Other Non-Executive Directors | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total B=(1+2) | 2.40000 | - | - | 2.40000 |
| | Total Managerial Remuneration | 2.40000 | - | - | 2.40000 |
| | Ceiling as per the Act (@1% of Profit calculated u/s 198 of the Companies Act 2013) *** | | | | |

*** No Commission is paid to Non-executive Independent Directors.

C. Remuneration To Key Managerial Personnel Other Than MD / Manager / WTD

((₹) lakh)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|---------|---|--------------------------|-----|--------------|
| | | | | |
| 1 | Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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 | Nil | Nil | Nil |
| 2 | Stock Option | | | |
| 3 | Sweat Equity | | | |
| 4 | Commission - as % of profit | | | |
| 5 | Others | | | |
| | Total (A) | | | |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended **March 31, 2020**.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is a producer of pharmaceutical chemicals. The intermediates produced are used in pharmaceutical and chemical industries. Your Company is amongst the manufacturers who produce for local and international needs of the pharmaceuticals and chemicals industry. The pharmaceutical and chemical industry is growing at a rapid pace every year. This results into growth of the support or intermediate industry like us.

OPPORTUNITIES AND THREATS

The company looks forward optimistically for all round growth in turnover & profitability in the ensuing years. Your company has taken effective steps to realize the dream performance in the years to come. The company intends to double its turnover in a short period of time. The company has taken effective measures to improve quality of products and its productivity to outwit competitor from domestic and international market.

The company has registered good sales growth & earned reasonable profit during the current financial year. The company has plans to widen the product range by increasing the basket of products thereby enlarging the customer and sales base.

PRODUCT PERFORMANCE

The company has two plants producing varied items. The basic purpose of producing in two different plants is to improve efficiency and manageability. Your Company shall achieve sustainable growth in both plants by modernization and automation of operations. According to your Directors, these plants facilitate better division of labour, enable us to develop expertise in each plant and their respective items, and hence improve productivity and profitability of the Company.

OUTLOOK

By 2020 the pharmaceutical market is anticipated to be more than double to USD 1.3 trillion, with the E7 countries - Brazil, China, India, Indonesia, Mexico, Russia and Turkey - Accounting around for one fifth of the global pharmaceutical sales. Further, incidence of chronic conditions in the developing world will increasingly resemble the developed world.

RISKS AND CONCERNS

Currency Risk : The year 2019-20 saw some volatility on the currency exchange front. Imports constitute a major portion of our business activity. The company does selective hedging from time to time. However it is difficult to fully contain such adverse fluctuations, the management shall continue to take remedial steps to reduce its severity from time to time.

Competition Risk : We feel that the major business risks are the stiff competition due to low priced products from countries like China and also from domestic manufacturers for certain products. However the company is trying to expand its range of products to cater to different segment of customers and market in order to absorb fall in sales and margins.

Credit Risk : We have been able to reduce the irrecoverable amounts to a very negligible level, notwithstanding the inevitability of having some debts which are not recoverable. Due to strict monitoring and disciplined distribution channels, we do not foresee any material risk on this count.

Dead Stocks/Slow moving items/Rejections Risk : Sometimes the quality of finished product becomes bad or is rejected by a customer. The Company has taken every step in the raw material procurement stage, production stage, packing stage, testing stage and delivery stage to minimize the risk of rejection. If due to some unforeseen reasons the goods are rejected or are not as per our in-house standards, the company has made a system to reprocess all such failed material. Minimum cost is incurred to make them into acceptable standards again. Further the products that have irregular demand or are sold in lesser quantities round the year are manufactured as per customers order only. Thus the company is successful in handling dead stocks, slow moving items and rejections.

Fire, Theft & Explosion Risk : The Company has been quite conscious of the inherent risk in our business. A lot of measures to safeguard the fixed assets and stocks in the factory are taken. The management has been regularly updating the risk profile and take necessary corrective steps like educating workers, insisting workers to wear gum boots, gloves, eye goggles, helmets etc, installing fire fighting equipments, putting sign boards, banning smoking in the premises, keeping hazardous materials in a safe and protected place etc. Apart from these measures, the company has also underwritten the various risks like fire, theft & burglary, earthquake, floods, riots, public liability, sale/purchase in transit etc with ICICI Lombard General Insurance Co Ltd & United India Insurance Co. Ltd

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has instituted adequate internal controls, managed by professionals. The control mechanism duly supported by efficient integrated software ensures a proper documentation, accounting, reporting and safeguarding of assets. The Company has also well defined and established system of internal audit, which is periodically reviewed by the audit committee and steps taken to strengthen the control measures. The management and audit committee of the Board periodically reviews the observations and findings of the statutory auditors and ensures adherence to the well laid down policies, guidelines and procedures forming part of the internal control system.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

A satisfactory business performance with average volume growth in key products and business units, combined with productivity improvement, cost management and working capital management have contributed to the good operating results for the year. Also sharp focus on cost and margins has resulted in enhanced operational efficiency.

Financial Performance

Income Statement (₹) in Crores

| Particulars | 31-03-20 | 31-03-19 | 31-03-18 | 31-03-17 | 31-03-16 |
|--------------|----------|----------|----------|----------|----------|
| Revenue | 137.45 | 111.14 | 92.52 | 71.14 | 61.93 |
| Other Income | 0.57 | 0.46 | 0.25 | 0.07 | 0.13 |
| Total Income | 138.03 | 111.59 | 92.77 | 71.21 | 62.06 |
| Expenditure | (131.81) | (109.52) | (87.43) | (68.02) | (60.66) |
| Interest | (0.98) | (1.06) | (0.86) | (0.68) | (0.51) |
| PBDT | 6.21 | 2.58 | 5.33 | 3.19 | 0.89 |
| Depreciation | (0.43) | (0.42) | (0.41) | (0.70) | (0.44) |
| PBT | 5.79 | 2.16 | 4.92 | 2.49 | 0.45 |
| Tax | (1.55) | (0.62) | (1.70) | (0.93) | (0.15) |
| Net Profit | 4.24 | 1.54 | 3.22 | 1.57 | 0.30 |
| Equity | 3.09 | 3.09 | 3.09 | 3.09 | 3.09 |
| EPS | 13.71 | 4.97 | 10.41 | 5.07 | 0.97 |
| CEPS | 15.09 | 6.32 | 11.74 | 7.32 | 2.41 |
| OPM % | 4.52 | 2.32 | 5.76 | 4.48 | 2.26 |
| NPM % | 3.08 | 1.38 | 3.48 | 2.20 | 0.49 |

Source: <https://www.bseindia.com/stock-share-price/financials/results/530125>

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONTS

The industrial relations have been satisfactory in the Registered Office Cum Factory and at the Corporate Office. There was no loss of man-days during the year. A lot of initiatives have been undertaken by the Human Resource Department during the year. Apart from improvement in the system to align the compensation to the performance of the employees, steps are being taken by the management to provide training both in-house and at recognized institutes to enhance the effectiveness of the employees. Steps are also being taken to focus on managerial and behavioural competence across the organization. Information Technology has been a focused area for improving the operational efficiency and as a tool for decision-making.

CAUTIONARY STATEMENT

Statement in the report of Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning applicable securities laws or regulations. These statements are based on certain assumptions and expectations for future events. Actual results could differ materially from those of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand supply, finished goods prices in the domestic and overseas market in which the Company operates, raw materials cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revise and forward looking statements, on the basis of any subsequent development, information or events.

Place : Mumbai
Date : 31 July 2020

By order of the Board of Directors
For Samrat Pharmachem Limited

Lalit Mehta
Chairman & Managing Director
DIN : 00216681

CORPORATE GOVERNANCE REPORT

We at Samrat Pharmachem believe that for a Company to succeed it must maintain global standards of Corporate Conduct towards its customers, suppliers, employees, bankers, shareholders and the society at large. The Company believes that it is rewarding to be better managed and governed and to identify and align its activities with national interest. To that end we as a Company have always focused on Good Corporate Governance - which is a key driver of sustainable corporate growth and long term value & wealth creation.

Above all else, Corporate Governance must balance individual interest with Corporate Goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Achieving this balance depends upon how accountable and transparent companies are. Accountability improves decision-making and thereby builds stakeholders confidence.

Corporate Governance is not merely compliance - it is an ongoing measure of superior delivery of company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to consumer need, shareholders benefit and employee growth, thereby delighting all its stakeholders while minimizing risks.

The Company as a good corporate practice voluntarily complies with the requirements stipulated under regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, with regard to corporate governance.

COMPANY'S PHILOSOPHY

Samrat Pharmachem Limited is committed to the best practices in the area of Corporate Governance. The company believes that proper corporate governance facilitates effective management and control of business. This in turn, enables the company to maintain a high level of business ethics and to optimize the value of all its stakeholders. The objectives can be summarized as under:

- To enhance shareholders value.
- To protect interest of shareholders and other stakeholders including customers, suppliers, banks, employees and society at large.
- To ensure transparency and integrity in communication and to make available full, accurate and clear information to all concerned.
- To ensure accountability for performance and to achieve excellence at all levels.
- To provide corporate leadership of highest standards for other to follow.

Samrat Pharmachem Limited is committed to:

- Ensuring that the Board of Directors of the Company meet regularly, provide effective leadership, exercise control over management and monitor executive performance.
- Establishing a framework of strategic control and continuously reviewing its efficacy.
- Establishing clearly documented and transparent management processes for policy development, implementation and review, decision-making, monitoring, control and reporting.
- Providing free access to the Board to all relevant information, advices and resources as are necessary to enable it to carry out its role effectively.
- Ensuring that all employees are responsible for compliance issues with all applicable statutes, regulations, code of conduct, policies as laid down by the Board and report deviation or misconduct, if any, to the Board.

The concept of Corporate Governance hinges on the total transparency, integrity and accountability of the management team. Even before the code become mandatory, the Company has been following the Corporate Governance practices like striking out reasonable balance in the composition of Board of Directors and setting up business committees, adequate disclosure and business to be deliberated by the Board etc. Your Company is committed to follow good corporate governance practices and improve upon them year after year.

II. BOARD OF DIRECTORS

i. *Composition of the Board*

The composition of the board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act. As of March 31, 2020, the Company has 6 directors. Of the 6 Directors, 3 (i.e. 50%) are executive directors and 3 (i.e. 50%) are non-executive independent directors.

ii. *Independent Directors*

Independent directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

iii. *Directors' attendance record and Directorship held*

The names and categories of the directors on the board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanships / memberships of board committees shall include only audit committee and stakeholders' relationship committee.

| Name of the Director | Category | Number of Board meetings during the year 2019-20 | | Whether attended last AGM held on September 28, 2019 | Number of directorships in other Public Companies | | Number of committee positions held in other Public Companies | |
|--|----------------------------|--|----------|--|---|--------|--|--------|
| | | Held | Attended | | Chairman | Member | Chairman | Member |
| Mr. Lalit Mehta (Chairman & MD) DIN 00216681 | Non-Independent, Executive | 5 | 5 | Yes | - | - | - | - |
| Mr. Rajesh Mehta (CFO) DIN 00216731 | Non-Independent, Executive | 5 | 5 | Yes | - | - | - | - |
| Mr. Megh Mehta DIN 07287394 | Non-Independent, Executive | 5 | 5 | Yes | - | - | - | - |
| Mr. Mahendra Pipalia DIN 00216959 | Independent, Non-Executive | 5 | 5 | Yes | - | - | - | - |
| Mr. Samir Kothary DIN 00216603 | Independent, Non-Executive | 5 | 5 | Yes | - | - | - | - |
| Ms. Renu Dharod DIN 00216731 | Independent, Non-Executive | 5 | 5 | Yes | - | - | - | - |

None of the Directors is a member of more than 10 Board-level Committees or a Chairman of more than 5 such committees, as required under SEBI (Listing Obligations & Disclosures Requirements) Regulation, 2015.

iv. *Number of Board Meetings*

5 Board Meetings were held during the year and the maximum interval between 2 Board Meetings was not more than 4 calendar months. The dates on which the said meetings were held is as under :-

| Sr No | Date of Board Meeting |
|-------|-----------------------|
| 1 | 30th May, 2019 |
| 2 | 14th August, 2019 |
| 3 | 14th November, 2019 |
| 4 | 14th February, 2020 |
| 5 | 20th March, 2020 |

The necessary quorum was present for all the meetings.

v. *Selection of Independent Directors*

The company has constituted Nomination and Remuneration Committee for appointment of independent directors on the Board of the company. The committee inter alia considers qualification, positive attributes, area of expertise and no. of directorship and membership held in various committees of other companies. The Board considers the committee's recommendation and take appropriate decision. Every independent Director at the first meeting of Board in which he / she participates as a Director and thereafter at every first meeting of the Board in every financial year gives a declaration that he meets with the criteria of independence as provided under law.

vi. *Independent Directors Meeting*

During the year a separate meeting of the independent directors was held inter-alia to review the performance of non-independent directors and the board as a whole.

vii. *Directors Induction and Familiarization program*

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company. The provision of an appropriate induction program for new Directors and ongoing training for existing directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Independent Directors, from time to time request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise. The induction process is designed to:

- Familiarize with the nature of Business of the Company.
- Roles and Responsibilities.
- Nature of industry including competition/export potential.
- The business model and Corporate Plans [Long Term and Short Term] of the Company

viii. *Code of Conduct*

The company has in place a comprehensive Code of Conduct applicable to all the employees and on Executive Directors including Independent Directors. The code is applicable to Non-Executive Directors including Independent Directors to such an extent as may be applicable to them depending on their roles and responsibilities. The code gives guidance and support needed for ethical conduct of business and compliance of law. A copy of the Code has been posted on the website of the company www.samratpharmachem.com. The code is circulated to the Directors and management personnel and its compliance is affirmed by them annually.

ix. *Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:*

| Name | Category | Number of equity shares |
|------------------|----------------------------|-------------------------|
| Mr. Lalit Mehta | Non-Independent, Executive | 431,498 |
| Mr. Rajesh Mehta | Non-Independent, Executive | 381,042 |
| Mr. Megh Mehta | Non-Independent, Executive | 43,900 |

III. COMMITTEES OF THE BOARD**A Audit Committee**

- i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.
- ii. The audit committee performs the following functions:
 - Overseeing the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommending the appointment of auditors of the Company, terms of appointment, fixation of audit fee and approval for payment of any other services;
 - Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - ⇒ Matters required to be included in the directors' responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of section 134 of the Act
 - ⇒ Changes, if any, in accounting policies and practices and reasons for the same
 - ⇒ Major accounting entries involving estimates based on the exercise of judgment by management
 - ⇒ Significant adjustments made in the financial statements arising out of audit findings
 - ⇒ Compliance with listing and other legal requirements relating to financial statements
 - ⇒ Disclosure of any related party transactions
 - ⇒ Qualifications in the draft audit report
 - Reviewing with the management, the quarterly financial statements before submission to the board for approval;
 - Reviewing with the management and external and internal auditors, the adequacy of internal control system;
 - Reviewing the adequacy of internal audit system;
 - Discussing with internal auditors any significant finding and follow up on such issues;
 - Reviewing the findings of any internal investigation by internal auditors in matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and then reporting such matter to the Board;
 - Discussing with the statutory auditors before the audit commences on the nature and scope of audit as well as having post-audit discussion to ascertain any area of concerns;

- Examining reasons for substantial default in the payment to depositors, bankers, shareholders (in case of non-payment of declared dividends) and creditors, if any;
 - Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
 - To review the functioning of whistle blower mechanism
 - The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;
 - Carrying out any other function as is mentioned in the terms of reference of the audit committee;
 - To mandatorily review the following information:
 - ⇒ Management discussion and analysis of financial condition and results of operations;
 - ⇒ Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - ⇒ Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - ⇒ Internal audit reports relating to internal control weaknesses; and
 - ⇒ The appointment, removal and terms of remuneration of the chief internal auditor.
- iii. The previous annual general meeting (AGM) of the Company was held on September 28, 2019 and was attended by Mr. Mahendra Pipalia, Chairman of the audit committee.
- iv. Composition of Audit Committee and details of meetings attended:

| Name | Category | Number of meetings during the financial year 2019-20 | |
|------------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Mr. Mahendra Pipalia (Chairman) | Independent, Non-Executive | 4 | 4 |
| Mr. Samir Kothary (Member) | Independent, Non-Executive | 4 | 4 |
| Ms. Renu Dharod (Member) | Independent, Non-Executive | 4 | 4 |

- v. 4 audit committee meetings were held during the year and the gap between two meetings did not exceed 4 months. The dates on which the said meetings were held are as follows:
May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020
The necessary quorum was present for all the meetings.

B Nomination and Remuneration Committee

- i. The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act.
- ii. The nomination and remuneration committee performs the following functions:
- Recommend to the board the appointment or reappointment of directors.
 - Devise a policy on board diversity.
 - Carry out evaluation of every director's performance and support the board and independent directors in evaluation of the performance of the board, its committees and individual directors. This shall include "formulation of criteria for evaluation of independent directors and the board".

- Recommend to the board the remuneration policy for directors, executive team or key managerial personnel as well as the rest of the employees.
- On an annual basis, recommend to the board the remuneration payable to the directors and oversee the remuneration to executive team or key managerial personnel of the Company.
- Oversee familiarisation programmes for directors.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

iii. Composition of Nomination and Remuneration Committee and details of meetings attended:

| Name | Category | Number of meetings during the financial year 2019-20 | |
|-------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Mr. Samir Kothary (Chairman) | Independent, Non-Executive | 4 | 4 |
| Mr. Mahendra Pipalia (Member) | Independent, Non-Executive | 4 | 4 |
| Ms. Renu Dharod (Member) | Independent, Non-Executive | 4 | 4 |

During the year 4 meetings of the nomination and remuneration committee were held. The dates on which the said meetings were held are as follows:

- iv. May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020
- v. The Company does not have any employee stock option scheme.
- vi. **Remuneration to Directors: sitting fees, salary, perquisites and commissions**

a. **Executive Directors**

((₹)
lakh)

| Name | Salary | Perquisites |
|------------------|--------------|-------------|
| Mr. Lalit Mehta | 18.00 | - |
| Mr. Rajesh Mehta | 17.40 | - |
| Mr. Megh Mehta | 9.00 | - |
| Total | 44.40 | - |

b. **Independent Non-Executive Directors**

((₹)
lakh)

| Name | Commission | Sitting Fees |
|----------------------|------------|--------------|
| Mr. Mahendra Pipalia | - | 0.75 |
| Mr. Samir Kothary | - | 0.75 |
| Ms. Renu Dharod | - | 0.75 |
| Total | - | 2.25 |

C Stakeholders' relationship committee

- i. The Company had a shareholders / investors grievance committee of directors to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend / notices / annual reports, etc.
- ii. Composition of Stakeholders' Relationship Committee and details of meetings attended:

| Name | Category | Number of meetings during the financial year 2019-20 | |
|-------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Ms. Renu Dharod (Chairperson) | Independent, Non-Executive | 4 | 4 |
| Mr. Samir Kothary (Member) | Independent, Non-Executive | 4 | 4 |
| Ms. Mahendra Pipalia (Member) | Independent, Non-Executive | 4 | 4 |

- iii. During the year 4 meetings of the Stakeholders' relationship committee were held. The dates on which the said meetings were held are as follows:
May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020
- iv. Mr. Sandeep Prajapati acts as compliance officer of the company.
- v. Investor complaints received and redressed during the year 2019-20

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

D Risk Management Committee

The board of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Composition of Risk Management Committee and details of meetings attended:

| Name | Category | Number of meetings during the financial year 2019-20 | |
|-------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Ms. Renu Dharod (Chairperson) | Independent, Non-Executive | 4 | 4 |
| Mr. Samir Kothary (Member) | Independent, Non-Executive | 4 | 4 |
| Mr. Mahendra Pipalia (Member) | Independent, Non-Executive | 4 | 4 |

During the year 4 meetings of the Risk management committee were held. The dates on which the said meetings were held are as follows:

May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020

E Health, Safety and Sustainability Committee

The Health, safety and sustainability committee of directors is responsible for framing and implementation of broad guidelines / policies with regard to the health, safety and sustainability activities of the Company review the policies, processes and systems periodically and recommend measures for improvements from time to time.

Composition of Health, Safety and Sustainability Committee and details of meetings attended:

| Name | Category | Number of meetings during the financial year 2019-20 | |
|-------------------------------|----------------------------|--|----------|
| | | Held | Attended |
| Mr. Samir Kothary (Chairman) | Independent, Non-Executive | 4 | 4 |
| Mr. Mahendra Pipalia (Member) | Independent, Non-Executive | 4 | 4 |
| Ms. Renu Dharod (Member) | Independent, Non-Executive | 4 | 4 |

During the year 4 meetings of the Health, Safety and Sustainability Committee were held. The dates on which the said meetings were held are as follows:

May 30, 2019; August 14, 2019; November 14, 2019 and February 14, 2020

F CSR Committee

The CSR Committee is constituted in line with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder.

Term of reference

The committee recommends to the Board, the amount of expenditure to be incurred on CSR activities. The committee frames the transparent monitoring mechanism for implementation of CSR Project / Program / Activities to be undertaken by the Company as required under Schedule VII of the Companies Act and for monitoring the CSR policies from time to time.

Composition of CSR Committee

| Name | Category |
|-------------------------------|----------------------------|
| Ms. Renu Dharod (Chairperson) | Independent, Non-Executive |
| Mr. Samir Kothary (Member) | Independent, Non-Executive |
| Mr. Mahendra Pipalia (Member) | Independent, Non-Executive |
| Mr. Lalit Mehta (Member) | Managing Director |
| Mr. Rajesh Mehta (Member) | Executive Director |
| Mr. Megh Mehta (Member) | Executive Director |

IV. GENERAL BODY MEETINGS**i. General meeting****a. Annual General Meeting:**

Details of the last three Annual General Meetings (AGMs) along with special resolutions passed:

| Financial Year | Date | Time | Venue | Special Resolutions Passed |
|----------------|-------------|-----------|---|---|
| 2016-17 | 23-Sep-2017 | 1.00 p.m. | Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat. | 1 Re-appointment of Mr. Lalit Mehta as Chairmain & Managing Director of the Company 2 Re-appointment of Mr. Rajesh Mehta as Executive director of the Company. 3 Re-appointment of Mr. Megh Mehta as Executive Director of the Company 4 Service of documents to members |
| 2017-18 | 22-Sep-2018 | 1.00 p.m. | Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat. | No Special Resolutions were passed during the year |
| 2018-19 | 28-Sep-2019 | 1.00 p.m. | Plot No. A2/3445, GIDC, Phase 4, Ankleshwar - 393 002, Gujarat. | 1 Re-appointment of Mr. Mahendra Indulal Pipalia (DIN: 00216959), as an Independent Director of the Company 2 Re-appointment of Mr. Samir Harsukhrai Kothary (DIN: 00216603), as an Independent Director of the Company |

b. Extraordinary general Meeting:

No extraordinary general meeting of the members was held during the year 2019-20.

ii. Postal Ballot

Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern

During the year under review, no special resolution has been passed through the exercise of postal ballot.

Details of special resolution proposed to be conducted through postal ballot:

Nil

VI. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India immediately after they are approved by the Board which include The Indian Express and Vadodara Samachar. The results are also displayed on the Company's website "www.samratpharmachem.com".

VII. GENERAL SHAREHOLDER INFORMATION

- i. Annual General Meeting

| | |
|---------|---|
| AGM No. | 28th Annual General Meeting |
| Date | 31 December 2020 |
| Time | 1.00 p.m. |
| Venue | The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. |

- ii. Financial Calendar

| | | | |
|----------------|---------------------|-----------|----------------------|
| Financial Year | 1 April 2019 | To | 31 March 2020 |
|----------------|---------------------|-----------|----------------------|

- iii. Book Closure

The annual book closure period is from & to following dates, inclusive of both days.

| | |
|-----------------------------|-----------------------------|
| Book Closure Date (From) | Book Closure Date (To) |
| Thursday, December 24, 2020 | Thursday, December 31, 2020 |

- iv. Listing on Stock Exchanges

| Name of the Stock Exchange | Stock Code | Address |
|----------------------------|------------|--|
| BSE Limited (BSE) | 530125 | 25 th Floor, P. J. Towers, Dalal Street, Mumbai - 400 001, Maharashtra. |

Listing fees as applicable have been paid.

- v. Corporate Identity number (CIN) of the Company

| | |
|---------------------------|-----------------------|
| Corporate Identity Number | L24230GJ1992PLC017820 |
|---------------------------|-----------------------|

- vi. Market Price Data

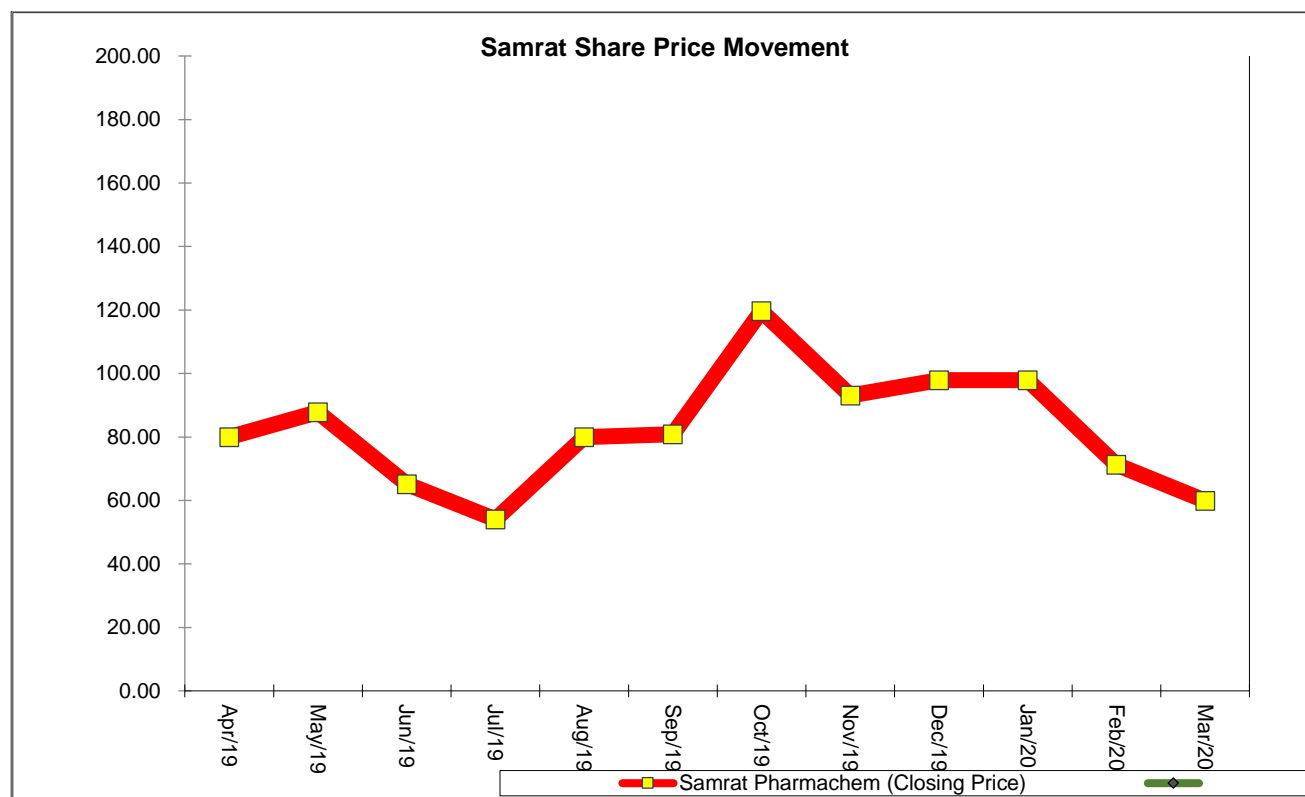
Monthly high and low (based on daily closing prices) of Samrat Pharmachem Limited on BSE for the year ended 31st March, 2020

| Month | High | Low | Total number of equity shares traded |
|----------------|--------|-------|--------------------------------------|
| April 2019 | 89.30 | 72.00 | 43,037 |
| May 2019 | 99.80 | 76.50 | 19,000 |
| June 2019 | 91.00 | 60.15 | 12,379 |
| July 2019 | 82.90 | 52.00 | 10,673 |
| August 2019 | 86.75 | 47.50 | 44,232 |
| September 2019 | 95.00 | 76.50 | 26,719 |
| October 2019 | 132.00 | 73.70 | 65,897 |
| November 2019 | 126.50 | 90.00 | 49,774 |
| December 2019 | 100.00 | 85.05 | 26,849 |
| January 2020 | 105.60 | 88.65 | 18,110 |
| February 2020 | 105.00 | 70.00 | 40,415 |
| March 2020 | 78.80 | 47.10 | 18,371 |

Source: www.bseindia.com/markets/equity/EQReports/StockPrcHistori.aspx

vii. Performance of the share price of the Company

| Month | Samrat Pharmachem (Closing Price) |
|----------|-----------------------------------|
| Apr 2019 | 80.00 |
| May 2019 | 87.80 |
| Jun 2019 | 65.10 |
| Jul 2019 | 54.00 |
| Aug 2019 | 80.00 |
| Sep 2019 | 80.90 |
| Oct 2019 | 119.70 |
| Nov 2019 | 93.05 |
| Dec 2019 | 97.90 |
| Jan 2020 | 97.90 |
| Feb 2020 | 71.30 |
| Mar 2020 | 59.90 |



viii. Registrars and share transfer agents :

| | |
|---------------------------------------|--|
| Name | Link Intime India Private Limited |
| Address | C/101, 247 Park, LBS Marg, Vikhroli (West), Mumbai - 400 083. |
| Telephone | 91-22-49186000 |
| Fax | 91-22-49186060 |
| Contact Person (Client Relation Team) | Ms. Shweta Poojari |
| Email | rnt.helpdesk@linkintime.co.in |
| Website | www.linkintime.co.in |

ix. Share transfer system:

88.18% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. Shares in physical form are processed by Registrar and Transfer Agent, M/s. Link Intime India Pvt. Ltd. The share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by M/s Link Intime India Private Limited.

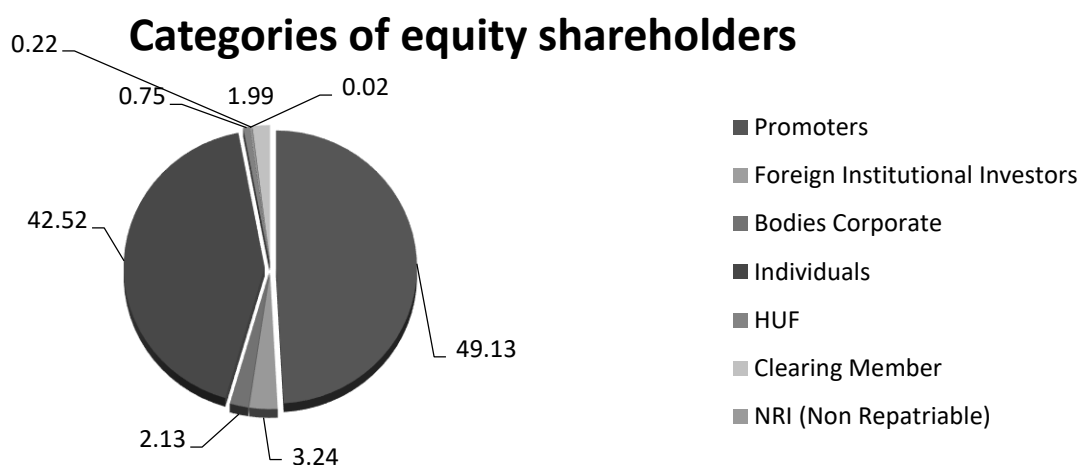
x. Shareholding as on March 31, 2020

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

| No. of Shares (From - To) | Number of Shareholders | Percentage of Shareholders | Number of Shares Held | Percentage of shares held |
|---------------------------|------------------------|----------------------------|-----------------------|---------------------------|
| 1 - 500 | 2,196 | 85.31 | 397,817 | 12.88 |
| 501 - 1000 | 204 | 7.93 | 157,975 | 5.11 |
| 1001 - 2000 | 81 | 3.15 | 120,738 | 3.91 |
| 2001 - 3000 | 30 | 1.17 | 76,468 | 2.47 |
| 3001 - 4000 | 13 | 0.51 | 46,664 | 1.51 |
| 4001 - 5000 | 14 | 0.54 | 63,740 | 2.06 |
| 5001 - 10000 | 16 | 0.62 | 122,655 | 3.97 |
| 10001 - ***** | 20 | 0.78 | 2,103,643 | 68.09 |
| | 2,574 | 100.00 | 3,089,700 | 100.00 |

b. Categories of equity shareholders as on March 31, 2020

| Category | Number of equity shares held | Percentage of holding |
|---------------------------------|------------------------------|-----------------------|
| Promoters | 1,517,989 | 49.13 |
| Foreign Institutional Investors | 100,000 | 3.24 |
| Bodies Corporate | 65,833 | 2.13 |
| Individuals | 1,313,639 | 42.52 |
| HUF | 23,250 | 0.75 |
| Clearing Member | 657 | 0.02 |
| NRI (Non Repatriable) | 6,839 | 0.22 |
| NRI | 61,493 | 1.99 |
| GRAND TOTAL | 3,089,700 | 100.00 |



- c. Top ten equity shareholders (Public) of the Company as on March 31, 2020

| Sr. No. | Name of the Shareholder | Number of equity shares held | Percentage of holding |
|---------|-------------------------------------|------------------------------|-----------------------|
| 1 | Mala R Bhavnani | 188,706 | 6.11 |
| 2 | Sangeetha S | 119,590 | 3.87 |
| 3 | Llyods Securities Overseas Limited | 100,000 | 3.24 |
| 4 | Sharad Kanayalal Shah | 50,000 | 1.62 |
| 5 | Anshul Specialty Molecules | 41,246 | 1.33 |
| 6 | Ashok Jain | 30,000 | 0.97 |
| 7 | Kishor Dhirajlal Sheth | 18,750 | 0.61 |
| 8 | Hetvi Nipun Mahida | 14,050 | 0.45 |
| 9 | Divyanshu Jayraj Kantol | 12,500 | 0.40 |
| 10 | Celestial Tradechem Private Limited | 10,812 | 0.35 |

- xi. Dematerialisation of shares and liquidity

The Company has arrangement with National Securities Depository Ltd. (NSDL) and Central Depository Services [India] Ltd. (CDSL) for demat facility.

| Dematerialisation Status as on 31/03/2020 | No. of Shares | Percentage of Capital |
|--|----------------|-----------------------|
| Held in dematerialised form in National Securities Depository Ltd. (NSDL) | 2318076 | 75.03 |
| Held in dematerialised form in Central Depository Services (I) Ltd. (CDSL) | 406514 | 13.16 |
| Physical | 365110 | 11.82 |
| Total | 3089700 | 100.00 |

- xii. Plant Locations

- 1) Plot No. A2/3445, GIDC, Phase 4, Ankleshwar-393 002, Gujarat, India.
- 2) Plot No. A2/3444, GIDC, Phase 4, Ankleshwar-393 002, Gujarat, India.

- xii. Address for correspondence

Samrat Pharmachem Limited
 Plot No. A2/3445,
 GIDC, Phase 4,
 Ankleshwar - 393 002,
 Gujarat, India.
 Tel: 02646-220774
 Fax: 02646-251291
 Email: contact@samratpharmachem.in
 Website: www.samratpharmachem.com

**By order of the Board of Directors
 For Samrat Pharmachem Limited**

Place : Mumbai

Date : 31 July 2020

**Lalit Mehta
 Chairman & Managing Director
 DIN : 00216681**

CERTIFICATION BY MANAGING DIRECTOR**The Board of Directors****Samrat Pharmachem Limited**

Plot No. A2/3445,
GIDC, Phase 4,
Ankleshwar - 393 002,
Gujarat.

I, Mr. Lalit Mehta, Managing Director of Samrat Pharmachem Limited certify to the Board, that I have reviewed the financial statement and cash flow statement of the company for the financial year ended 31 March 2020.

- 1 To the best of my knowledge, I certify that:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading
 - b) 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, and
 - c) there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct
- 2 For the purposes of financial reporting, I accept the responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and I accept the responsibility to the auditors and the audit committee, and further state that there were no deficiencies in the design or operation such internal control.
- 3 I do further certify that there has been:
 - a) no significant changes in internal controls during the year
 - b) no significant changes in accounting policies during the year, and
 - c) no instances of fraud, of which I am aware during the period
- 4 I further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

**By order of the Board of Directors
For Samrat Pharmachem Limited**

**Lalit Mehta
Managing Director**

**Place : Mumbai
Date : 31 July 2020**

CERTIFICATION BY CHIEF FINANCIAL OFFICER (CFO)

I, Mr. Rajesh Mehta, Chief Financial Officer (CFO), of Samrat Pharmachem Limited, to the best of my knowledge and belief, certify that:-

1. I have reviewed the Balance Sheet and Profit and Loss account (Standalone) for the financial year ended 31 March 2020 and all its schedules and notes on accounts, as well as the Cash Flow Statements and the Directors' Report and annexure thereto.
2. Based on my knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
3. Based on my knowledge and information, these statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
5. The Company's other certifying officers and I, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have:-
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b) Evaluated the effectiveness of the Company's disclosure, controls and procedure.
6. The Company's other certifying officers and I, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
 - a) All significant deficiencies in the design or operation of internal controls;
 - b) All significant changes in internal control during the year;
 - c) All significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - d) Instances of significant fraud, if any, of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.
7. I further declare that all Board members and senior management personnel have affirmed Compliance with the Code of Conduct for Board and Senior Management Personnel for the current year.

**By order of the Board of Directors
For Samrat Pharmachem Limited**

**Rajesh Mehta
Chief Financial Officer**

**Place : Mumbai
Date : 31 July 2020**

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

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

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

**By order of the Board of Directors
For Samrat Pharmachem Limited**

**Lalit Mehta
Managing Director**

**Place : Mumbai
Date : 31 July 2020**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**as on financial year ended on March 31, 2020**

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

To,
The Members
Samrat Pharmachem Limited
Plot No. A2/3445,
GIDC- Phase 4,
Ankleshwar-393002,
Gujarat.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Samrat Pharmachem Limited** having CIN: **L24230GJ1992PLC017820** and having registered office at Plot No. A2/3445, GIDC- Phase 4, Ankleshwar-393002, Gujarat. (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

| Sr No. | Name of Director | DIN | Date of Appointment as director |
|--------|--------------------------|----------|---------------------------------|
| 1 | Lalit Damodar Mehta | 00216681 | 16-06-92 |
| 2 | Rajesh Lalit Mehta | 00216731 | 01-04-08 |
| 3 | Megh Rajesh Mehta | 07287397 | 01-10-15 |
| 4 | Samir Harsukhrai Kothary | 00216603 | 30-07-03 |
| 5 | Mahendra Indulal Pipalia | 00216959 | 17-03-03 |
| 6 | Renu Piyush Dharod | 07063088 | 14-02-15 |

Ensuring the eligibility 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 A.A. Mulla & Associates
Company Secretaries

Place : Mumbai
Date : 31 July 2020

Aqueel A. Mulla
Proprietor
FCS NO. 2973
C.P. No.3237
UDIN : F002973B000542435

Independent Auditor's Report

**To the Members of,
Samrat Pharmachem Limited**

Report on the Financial Statements**Opinion**

We have audited the accompanying financial statements of Samrat Pharmachem Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit & Loss (including the Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity of the Company for the year then ended and notes to the financial statements including summary of 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 financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) rules, 2015 as amended, and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report.

a) Revenue Recognition :

The Company has adopted "Ind-AS 115 - Revenue from Contracts with Customers" which is the revenue accounting standard. The application and transition to this accounting standard is complex and is an area of focus in the audit.

- Revenue for the Company consists primarily of sale of manufactured goods recognized as per the accounting policy described in Note 2(m) to the accompanying financial statements.

- The Company recognises revenue from sale of goods when it satisfies its performance obligation, in accordance with the principles of Ind-AS 115, Revenue from Contracts with Customers, adopted by the Company from the current year, by transferring the control of goods to its customers through delivery evidenced by acknowledgement of receipt of goods by such customers.
- Considering the large volume of revenue transactions near period end there may be a risk of revenue recognition occurring before the satisfaction of the performance obligations by the company in accordance with the applicable Incoterms.
- Considering the above factors, revenue recognition was identified as a key audit matter for the current year audit.

Auditors Response:**Principal Audit Procedure**

Our audit work included, but was not limited to, the following procedures:

- Obtained an understanding of the revenue and receivable business process, and assessed the appropriateness of the accounting policy adopted by the company for revenue recognition.
- Evaluated design and implementation of the key controls around revenue recognition including controls around contract approvals, invoice verification, transporter confirmations and customer acknowledgements.
- Tested operating effectiveness of the above identified key controls over revenue recognition near period end.
- For samples selected from revenue recorded during specific period, before and after year end:
 - o Verified the customer contracts for delivery terms.
 - o Verified the customer acknowledgements to evidence proof of delivery for domestic sales at or near period end and
 - o tracked shipments through bill of lading for export sales
- Tested the appropriateness of the disclosures made in the financial statements for revenue recorded during the year.

Key Observations

- Based on our audit work, we did not identify any evidence of material misstatement in the revenue recognised in the year ended on 31 March 2020.

b) Litigation, claims and related provisions:

The company is in the pharmaceutical industry which is heavily regulated, resulting in increased exposure to litigation risk. These provisions are based on judgement and incorporated accounting estimates by management in determining the likelihood and magnitude of an unfavorable outcome on the claims.

Auditors response:

Evaluating the design and testing the operating effectiveness of controls in respect of the recognition and measurement of provisions towards litigation and claims in compliance with Ind-AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Corroborating management's assessment by

- making enquiries with the in-house/outsourced legal counsel of the company;
- verifying correspondence, orders and appeals in respect of open litigation;
- Obtaining confirmations from external legal counsels where relevant and/ or evaluating legal opinions obtained by the management.

c) Property, Plant and Equipments:

Peculiarity and technical complexities of Property, Plant and Equipments, Capital Work-In-Progress used in the operations and different IT systems used for maintaining Fixed Asset Register (FAR) requires more attention to ensure reasonably accurateness and completeness of financial reporting in respect of Property, Plant and Equipments and Capital W.I.P.

Further, due to technical complexities management is required to assess and make estimates/judgments about capitalization, estimated useful life, impairment etc. which has material impact on Balance Sheet and operating results.

Auditors Response :

Our audit approach consisted of testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- We assessed the Company's process regarding maintenance of records, Valuation and accounting of transactions relating to Property, Plant and Equipment and Capital W.I.P. as per the Ind-AS 16
- We have carried out substantive audit procedures at financial and assertion level to verify the capitalization of asset as Property, Plant and Equipment and Capital W.I.P.
- We have verified the maintenance of records and accounting of transactions regarding capital work in progress by carrying out substantive audit procedures at financial and assertion level.
- We have reviewed management judgement pertaining to estimation of useful life and depreciation of the Property, Plant and Equipment in accordance with Schedule II of Companies Act, 2013.
- We have verified the capitalization of borrowing cost incurred on qualifying asset in accordance with the Ind-AS 23 Borrowing Cost.

d) Inventory

Inventories constitutes material component of financial statement. Correctness, completeness and valuation are critical for reflecting true and fair financial results of operations.

Auditors Response:

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- We assessed the Company's process regarding Maintenance of records, Valuation and accounting of transactions relating to Inventory as per the Ind-AS 2.
- We have evaluated the design of Internal Controls relating to recording and valuation of Inventory.
- We have carried out substantive audit procedures at financial and assertion level to verify the allocation of overheads to Inventory.
- We have verified the process documents in respect of the physical verification of Inventory carried out by the management to verify the balance of the inventory at the year end.
- We have verified the compliance with the standard norms relating to production as framed and timely updated by the management.

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, but does not include the Financial Statements and our Auditors' Report thereon which we obtained prior to the date of this Auditor's Report, and the remaining section of the Company's Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, 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.

When we read the other sections of Annual Report (other than those mentioned above), if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance (including Other Comprehensive Income), Cash Flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 control 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 with reference to financial statements 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 in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 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 appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143 (3) of the Act, we report that:
 - i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. 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;
 - iii. the Balance Sheet and the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
 - v. on the basis of written representations received from the directors as on 31st March 2020, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
 - vi. with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
 - vii. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, amended:

In our opinion and according to the information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197 916) which are required to be commented upon by us.

viii. 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:

- a) the Company has disclosed the impact of pending litigations on its financial positions in its financial statements. Refer to Note 42 to the financial statements.
- b) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- c) Since the company has not declared any dividend in the recent past years, no amounts are required to be transferred by the company to Investor Education & Protection Fund.

For Shah & Savla LLP
Chartered Accountants
FRN: 109364W / W100143

Miral H. Nagda
Partner
Membership No.: 108135

UDIN : 20108135AAAABC3423
Place : Mumbai
Date : 31 July 2020

Annexure A to the Auditors' Report

The Annexure referred to in our report to the members of Samrat Pharmachem Limited ('the Company') for the year Ended on 31st March, 2020. We report that:

- (i) a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- b) As explained to us substantial portion of 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 fixed assets. As informed to us no material discrepancies were noticed on such physical verification.
- c) As per the information and explanation provided to us and as per the records presented before us the title deeds of immovable properties are held in the name of the company.
- (ii) In our opinion the inventories have been physically verified by the management during the year at reasonable intervals and as explained to us no material discrepancies were observed on physical verification.
- (iii) The company has not granted any amount as loan to person covered in the Register maintained under Section 189 of the Act and hence the sub-clauses dealing with the said reporting are not applicable.
- (iv) As per the information and explanation given to us, the company has not granted any loans to directors of the company and company has not made any investment through more than two layers of investment companies. Thus, the said clause is not applicable to the company.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, paragraph 3(v) of the order is not applicable to the Company.
- (vi) We have been informed by the management that the Central Government of India has not prescribed the method of maintenance of cost records under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the company, undisputed statutory dues including Income-Tax, Sales-tax, Goods and Services tax, Custom duty, Excise duty and Value Added Tax, Cess and other material statutory dues applicable to it have generally been deposited with the appropriate authorities regularly.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding, as at 31st March, 2020 for period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the details of dues of Income Tax, Sales Tax, Goods and Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below :-

| Sr. No. | Name of the Statute | Nature of Dues | Amount (in Rs.) | Period to which amount relates | Forum where dispute is pending |
|---------|----------------------|----------------|-----------------|--------------------------------|--------------------------------|
| 1 | Income Tax Act, 1961 | Income tax | 715740 | A.Y. 2011-12 | CIT(Appeals), Bharuch |

- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, banks. The Company did not have any debentures outstanding as at the year end.
- (ix) We have been informed by the management that during the period covered by our audit report, the company did not raise any money by way of initial public offer or further public offer (including debt instruments) and Term Loans.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to information and explanations given to us the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197, read with limits specified under Part II of Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the order is not applicable.
- (xiii) As per the information and explanations given to us & represented by the management, we report that all the transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements as required by the Indian accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable to the Company.
- (xv) As per the information and explanations given to us & represented by the management, during the year the company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45– IA of the Reserve Bank of India Act, 1934.

For Shah & Savla LLP
Chartered Accountants
FRN: 109364W / W100143

Miral H. Nagda
Partner
Membership No.: 108135

UDIN : 20108135AAAABC3423
Place : Mumbai
Date : 31 July 2020

Annexure B to the Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")****Opinion**

We have audited the internal financial controls with reference to financial statements of Samrat Pharmachem Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31st March, 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Shah & Savla LLP
Chartered Accountants
FRN: 109364W / W100143

Miral H. Nagda
(Partner)
Membership No.: 108135

UDIN : 20108135AAAABC3423
Place : Mumbai
Date : 31 July 2020

BALANCE SHEET AS AT 31 MARCH, 2020

| | Particulars | Note No. | 31-Mar-2020 | | 31-Mar-2019 | |
|------------|--------------------------------------|----------|-------------|--------------------|-------------|--------------------|
| | | | Rs. | Rs. | Rs. | Rs. |
| A | <u>ASSETS</u> | | | | | |
| 1 | Non-Current Assets | | | | | |
| | Property, Plant and Equipment | 3 | 71,814,654 | | 68,527,598 | |
| | Capital work-in-progress | 3 | 10,808,416 | | - | |
| | Intangible assets | 3 | 38,529 | | 101,952 | |
| | Intangible assets under development | 3 | - | | - | |
| | Financial Assets | | | | | |
| | Investments | | - | | - | |
| | Loans | 4 | 1,687,000 | | 967,676 | |
| | Deferred tax assets (net) | | - | | - | |
| | Other non-current assets | 5 | 2,332,545 | | 5,082,364 | |
| | Total Non-current assets | | | 86,681,144 | | 74,679,590 |
| 2 | Current Assets | | | | | |
| | Inventories | 6 | 187,673,586 | | 79,296,386 | |
| | Financial Assets | | | | | |
| | Investments | 7 | 10,000 | | 10,000 | |
| | Trade Receivables | 8 | 278,128,141 | | 210,478,865 | |
| | Cash and Cash Equivalents | 9 | 11,718,621 | | 22,462,207 | |
| | Loans | 10 | 234,000 | | 246,000 | |
| | Other Financial Assets | 11 | - | | - | |
| | Other current assets | 12 | 19,040,482 | | 15,092,866 | |
| | Total Current Assets | | | 496,804,831 | | 327,586,324 |
| | Total Assets | | | 583,485,975 | | 402,265,914 |
| B | <u>EQUITY AND LIABILITIES</u> | | | | | |
| 1 | Equity | | | | | |
| | Equity Share capital | 13 | 30,897,000 | | 30,897,000 | |
| | Other Equity | 14 | 212,139,743 | | 169,772,239 | |
| | Total Equity | | | 243,036,743 | | 200,669,239 |
| 2 | Liabilities | | | | | |
| (a) | Non-Current Liabilities | | | | | |
| | Financial Liabilities | | | | | |
| | Borrowings | 15 | - | | 3,127,538 | |
| | Provisions | | - | | - | |
| | Deferred Tax Liabilities (Net) | 16 | 1,447,879 | | 3,216,962 | |
| | Other Non-Current Liabilities | 17 | - | | 1,962,760 | |
| | Total Non-Current liabilities | | | 1,447,879 | | 8,307,260 |

| | | | | | | |
|--------------------------------------|----------------------------------|---|--------------------|--------------------|-------------|-------------|
| (b) | Current Liabilities | | | | | |
| | Financial Liabilities | | | | | |
| | Borrowings | 18 | 90,966,870 | | 57,716,299 | |
| | Trade Payables | 19 | 231,461,278 | | 126,563,202 | |
| | Other Financial Liabilities | | - | | - | |
| | Other Current Liabilities | 20 | 4,389,273 | | 5,339,742 | |
| | Provisions | 21 | 12,183,933 | | 3,670,172 | |
| | Total Current Liabilities | | | 339,001,353 | | 193,289,415 |
| | Total Liabilities | | | 583,485,975 | | 402,265,914 |
| | | | | | | |
| Contingent Liabilities & Commitments | | 1 to | | | | |
| Notes to the Financial Statements | | 48 | | | | |
| AS PER OUR REPORT OF EVEN DATE | | | | | | |
| For Shah & Savla LLP | | FOR AND ON BEHALF OF THE BOARD OF DIRECTORS | | | | |
| Chartered Accountants | | | | | | |
| Miral H. Nagda | | Lalit Mehta | Rajesh Mehta | Megh Mehta | | |
| Partner | | Managing Director | Executive Director | Executive Director | | |
| Membership No.: 108135 | | [DIN: 00216681] | [DIN: 00216731] | [DIN: 07287394] | | |
| FRN: 109364W / W100143 | | | | | | |
| Place : Mumbai | | Mahendra Pipalia | Samir Kothary | Renu Dharod | | |
| Date : 31 July 2020 | | Director | Director | Director | | |
| | | [DIN: 00216959] | [DIN: 00216603] | [DIN: 07063088] | | |

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2020

| | Particulars | Note No. | 31-Mar-2020 | | 31-Mar-2019 | |
|-----------|--|----------|---------------|---------------|---------------|---------------|
| | | | Rs. | Rs. | Rs. | Rs. |
| A. | Revenue from operations | 22 | | 1,374,524,757 | | 1,111,363,933 |
| B. | Other income | 23 | | 5,721,509 | | 4,567,158 |
| C. | Total Revenue | | | 1,380,246,267 | | 1,115,931,092 |
| D. | Expenses | | | | | |
| | Cost of Material Consumed | 24 | 1,317,980,354 | | 1,035,323,961 | |
| | Purchase of Traded Goods | | - | | - | |
| | Changes in inventories of FG, WIP & Traded goods | 25 | -61,805,647 | | -9,092,894 | |
| | Employee benefits expense | 26 | 14,439,360 | | 13,836,063 | |
| | Finance costs | 27 | 9,783,321 | | 10,583,641 | |
| | Depreciation and amortization expense | 3 | 4,262,541 | | 4,176,556 | |
| | Other expenses | 28 | 37,616,235 | | 39,526,510 | |
| | Total expenses | | | 1,322,276,164 | | 1,094,353,835 |
| E. | Profit before exceptional and extraordinary items and tax | | | 57,970,102 | | 21,577,256 |
| F. | Exceptional items | | | 120,212 | | - |
| G. | Profit before extraordinary items and tax | | | 57,849,890 | | 21,577,256 |
| H. | Extraordinary Items | | | - | | - |
| E. | Profit before tax | | | 57,849,890 | | 21,577,256 |
| F. | Tax expense: | | | | | |
| | Provision for Taxation | | | | | |
| | - Current Tax | | 17,200,473 | | 6,071,371 | |
| | - Taxation of Earlier Years | | 50,996 | | 74,673 | |
| | - Deferred Tax | | -1,769,083 | | 75,441 | |
| | Total Tax | | | 15,482,386 | | 6,221,485 |
| G. | Profit (Loss) for the period | | | 42,367,504 | | 15,355,771 |
| H. | Other Comprehensive Income | | | - | | - |
| I. | Total Comprehensive Income for the period | | | 42,367,504 | | 15,355,771 |
| J. | Earnings per equity share: | | | | | |
| | (1) Basic | | | 13.71 | | 4.97 |
| | (2) Diluted | | | 13.71 | | 4.97 |
| | Notes to the Financial Statements | 1 to 48 | | | | |

AS PER OUR REPORT OF EVEN DATE

For Shah & Savla LLP
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS

Miral H. Nagda
Partner
Membership No.: 108135
FRN: 109364W / W100143

Lalit Mehta
Managing
Director
[DIN: 00216681]

Rajesh Mehta
Executive Director
[DIN: 00216731]

Megh Mehta
Executive Director
[DIN: 07287394]

Place : Mumbai
Date : 31 July 2020

Mahendra
Pipalia
Director
[DIN: 00216959]

Samir Kothary
Director
[DIN: 00216603]

Renu Dharod
Director
[DIN: 07063088]

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2020

| Particulars | Equity share capital | Retained Earnings | Other Comprehensive Income | Total Other Equity |
|--|----------------------|--------------------|----------------------------|--------------------|
| Balances at 31 Mar 2018 | 30,897,000 | 154,416,468 | - | 154,416,468 |
| Transfer from statement of profit and loss | - | 15,355,771 | - | 15,355,771 |
| Other comprehensive income | - | - | - | - |
| Balances at 31 Mar 2019 | 30,897,000 | 169,772,239 | - | 169,772,239 |
| Transfer from statement of profit and loss | - | 42,367,504 | - | 42,367,504 |
| Dividend declared | - | - | - | - |
| Dividend distribution tax | - | - | - | - |
| Other comprehensive income | - | - | - | - |
| Balances at 31 Mar 2020 | 30,897,000 | 212,139,743 | - | 212,139,743 |

AS PER OUR REPORT OF EVEN DATE

For Shah & Savla LLP
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
For Samrat Pharmachem Limited

Miral H. Nagda

Lalit Mehta

Rajesh Mehta

Megh Mehta
Executive
Director

Partner

Managing Director

Executive Director

Membership No.: 108135

[DIN: 00216681]

[DIN: 00216731]

[DIN: 07287394]

FRN: 109364W / W100143

Place : Mumbai

Date : 31 July 2020

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Note :**1 GENERAL INFORMATION**

Samrat Pharmachem Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act ('the Company'). The Company's principal activities are manufacturing and selling chemicals. The shares of the Company are listed on stock exchanges in India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION**a Basis of Preparation**

The financial statements of the Company have been prepared and presented in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2016 (the "Act") and other relevant provisions of the Act.

The standalone financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These standalone financial statements are presented in Indian Rupees which is also the Company's functional currency. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year.

b Use of Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions of some of the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the amount of revenue and expenses during the period reported. However any revision to accounting estimates or difference between the actual results and estimates are recognized prospectively in the period in which the result are known/ materialized.

c Property, Plant and Equipment**Land**

Land (other than investment property) held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Building and other equipment

Buildings and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognized at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses. Cost of property, plant and equipment not ready for the intended use before reporting date is disclosed as capital work in progress. Subsequent expenditure incurred on an item of property, plant and equipment is added to the book value of that asset only if this increases the future benefits from the existing asset beyond its previously assessed standard of performance. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of profit and loss within other income or other expenses. The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets. Tangible assets are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. The cost of tangible assets includes non-refundable taxes, duties, freight and other incidental expenses related to the

acquisition and installation of the respective assets. Assets which are retired from active use and are held for disposal are stated at the lower of their net book value or net realizable value. Cost of tangible assets, not ready for the intended use as at balance sheet date, are disclosed as “capital work in progress”.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use. Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

d Depreciation and amortization

Depreciation on tangible assets is provided on straight line method and in the manner prescribed in Schedule II to the Companies Act, 2013, over its useful life specified in the Act, or based on the useful life of the assets as estimated by Management based on technical evaluation and advice. The residual value is 5% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end.

e Investments

Current investments are carried at lower of cost or quoted / fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in value of long term investments is made only if such decline is other than temporary in the opinion of the management.

f Borrowing costs

Borrowing cost that is attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

g Provision for Current Tax & Deferred Tax

Provision for current tax is made after taking into considerations benefits admissible under the provisions of The Income Tax Act, 1961. Deferred Tax resulting from the timing differences between the taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is reasonable/virtual certainty that the asset will be realized in future.

h Provision for Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

i Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year adjusted for the effects of all dilutive potential equity shares.

j Foreign Currency Transactions

- i) Transactions denominated in foreign currencies are recorded at exchange rate prevailing on the date of transaction for Sales and Custom rates for Purchases as on date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates
- iii) Non-monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized as revenue except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such asset.

k Inventories

Inventories of finished goods, raw materials, and work in progress are carried at lower of cost or net realisable value. The cost of inventories of items that are not ordinarily interchangeable are assigned by specific identification of their individual costs. Other inventory items are recorded using first-in-first-out cost formula. The inventories include the relevant duties, taxes, and cess other than those subsequently recoverable by the enterprise from the taxing authorities that were incurred to bring the inventory to their present location and conditions.

l Cash Flow Statement

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of the past or future cash receipts or payments. The cash flows from regular revenue generating, investing & financing activities of the company are segregated.

rr Revenue Recognition

Sales turnover for the year includes sales value of goods and other recoveries such as Octroi, Transportation Charges etc, but excludes Excise duty and GST. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Export incentives are recognized when it is probable to receive such benefits. Revenue from sale of scrap and licences are recognized as and when they are sold. Interest income from financial assets is recognized on accrual basis.

n Retirement Benefits

The Company's contribution to Provident Fund and ESIC is accounted on accrual basis and charged to Profit and Loss Account. The Company accounts for liability for Gratuity of employees on the basis of Actuarial Valuation/Management Estimates. Gratuity is payable to Employees after Retirement or Resignation of Employees; whereas there is no defined policy enabling the employees to avail encashment of leave.

o Impairment of Assets

An asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The Impairment loss recognized in prior accounting periods is increased / reversed where there has been change in the estimate of recoverable amount. The recoverable value is the higher of the net selling price and value in use.

p Leases

Assets leased by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalized at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognized for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year. Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on a straight-line basis.

q Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

r Financial Assets and Financial Liabilities

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value.

Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

For the purpose of subsequent measurement financial assets and financial liabilities are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset and the financial liability.

Note 3 PROPERTY, PLANT AND EQUIPMENT[illegible]

Note 4 FINANCIAL ASSETS - LOANS (NON-CURRENT)

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|-----------|---------------|---------|
| | Rs. | Rs. | Rs. | Rs. |
| Loans and advances to related parties | | - | | - |
| Other loans and advances (Unsecured, considered good) | | - | | - |
| - Staff Loans | | 1,687,000 | | 967,676 |
| Total | | 1,687,000 | | 967,676 |

Note 5 OTHER NON CURRENT ASSETS

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|-----------|---------------|-----------|
| | Rs. | Rs. | Rs. | Rs. |
| Security Deposits (Unsecured, considered good) | | | | |
| - Deposits with various authorities | | 2,044,029 | | 2,043,799 |
| Income tax refund receivable | | - | | - |
| Income tax deposited under appeal | | 288,516 | | 2,078,741 |
| Debts due by related parties | | - | | - |
| Un-amortized Employee Cost | | - | | 959,824 |
| | - | | - | |
| Total | | 2,332,545 | | 5,082,364 |

Note 6 INVENTORIES

| Sr. No. | Particulars | 31 March 2020 | | 31 March 2019 | |
|---------|---|---------------|-------------|---------------|------------|
| | | Rs. | Rs. | Rs. | Rs. |
| a. | Raw Materials and components (Valued at lower of cost or net realisable value) | 77,697,229 | | 31,134,538 | |
| | Traded goods | - | | - | |
| | Goods-in transit | - | 77,697,229 | - | 31,134,538 |
| b. | Work-in-progress (Valued at lower of cost or net realisable value) | 905,883 | | 699,551 | |
| | Goods-in transit | - | 905,883 | - | 699,551 |
| | | | | | |
| c. | Finished goods (Valued at lower of cost or net realisable value) | 108,651,301 | | 47,051,985 | |
| | Goods-in transit | - | 108,651,301 | - | 47,051,985 |
| | | | | | |

| | | | | | |
|----|---|--------------|--------------|--------------|--------------|
| d. | Stores and spares (Valued at lower of cost or net realisable value) Goods-in transit | - - | - - | - - | - - |
| e. | Loose Tools (Valued at Not Applicable) Goods-in transit | - - | - - | - - | - - |
| f. | Packing Material (Valued at lower of cost or net realisable value) Goods-in transit | 419,174 - | 419,174 - | 410,312 - | 410,312 - |
| | Total Inventories | | 187,673,586 | | 79,296,386 |

Note 7 CURRENT INVESTMENTS

Disclosure pursuant to Note no.N (i) and (ii) of Part I of Schedule III to the Companies Act, 2013

| Particulars | 31-03-2020 | 31-03-2019 |
|---|---------------|---------------|
| | Rs. | Rs. |
| (a) Investment in Equity instruments | - | - |
| (b) Investments in preference shares | - | - |
| (c) Investments in Government or Trust securities | - | - |
| (d) Investments in Debentures or Bonds | - | - |
| (e) Investments in Mutual Funds | 10,000 | 10,000 |
| (f) Investments in partnership firms* | - | - |
| (g) Other non-current investments (specify nature) | - | - |
| Gross Total | 10,000 | 10,000 |
| <u>Less:</u> Provision for diminution in the value of Investments | - | - |
| Total Current Investments | 10,000 | 10,000 |

| Particulars | 31-03-2020 | 31-03-2019 |
|---|------------|------------|
| | Rs. | Rs. |
| Aggregate amount of quoted investments (Market value Rs. 14116.50) (Previous Year Rs. 13,469.91) | 10,000 | 10,000 |
| Aggregate amount of unquoted investments (Previous Year Rs. __) | - | - |

| Details of Current Investments | | | | | | | | | | | |
|--------------------------------|--|---|-----------------------|------------|-------------------|--------------------------|-----------------------|------------|---------------|---------------|--------------------|
| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid / Fully paid | Extent of Holding (%) | | Amount (Rs.) | | Basis of Valuation |
| | | | 31-03-2020 | 31-03-2019 | | | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| (a) | Investment in Equity Instruments | | | | | | | | | | |
| (b) | Investments in Preference Shares | | | | | | | | | | |
| (c) | Investments in Government or Trust securities | | | | | | | | | | |
| (d) | Investments in Debentures or Bonds | | | | | | | | | | |
| (e) | Investments in Mutual Funds | | 48.051 | 48.051 | Quoted | Fully paid | | | 10,000 | 10,000 | Cost |
| (f) | Investments in partnership firms* | | | | | | | | | | |
| (g) | Other non-current investments (specify nature) | | | | | | | | | | |
| | Total Current Investments | | | | | | | | 10,000 | 10,000 | |

*

| G. Investment in NOT APPLICABLE (Name of the Firm) | |
|--|------------------|
| Name of the Partners | Share of Capital |
| Partner 1 | - |
| Partner 2 | - |
| Total Capital | - |

Note 8 TRADE RECEIVABLES

| Particulars | 31-03-20 | 31-03-19 |
|------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Dues from Related parties | - | - |
| Dues from Others | | |
| - Secured, considered good | - | - |
| - Unsecured, considered good | 278,128,141 | 210,478,865 |
| - Unsecured, considered doubtful | 2,288,000 | 1,598,300 |
| | 280,416,141 | 212,077,165 |
| Less: Provision for doubtful debts | 2,288,000 | 1,598,300 |
| | - | - |
| Total | 278,128,141 | 210,478,865 |

Note 9 CASH AND CASH EQUIVALENTS

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|-------------------|---------------|-------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Balances with banks | | 2,146,538 | | 14,593,624 |
| Cash on hand | | 427,283 | | 433,783 |
| Fixed deposit with banks (Maturity with more than 12 months) | | 9,144,800 | | 7,434,800 |
| Total | | 11,718,621 | | 22,462,207 |

Note 10 FINANCIAL ASSET - LOANS (CURRENT)

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|----------------|---------------|----------------|
| | Rs. | Rs. | Rs. | Rs. |
| Related parties | | - | | - |
| Others | | | | |
| - Secured, considered good | | - | | - |
| - Unsecured, considered good (Current portion of Staff Loans) | | 234,000 | | 246,000 |
| Sundry Creditors For Fixed Assets | | - | | - |
| Considered Doubtful | - | - | - | - |
| Less: Provision for doubtful | - | - | - | - |
| Total | | 234,000 | | 246,000 |

Note 11 OTHER FINANCIAL ASSETS (CURRENT)

| Particulars | 31 March 2020 | | 31 March 2019 | |
|------------------------|---------------|----------|---------------|----------|
| | Rs. | Rs. | Rs. | Rs. |
| Forward contract value | | - | | - |
| Total | | - | | - |

Note 12 OTHER CURRENT ASSETS

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---------------------------------------|---------------|------------|---------------|------------|
| | Rs. | Rs. | Rs. | Rs. |
| <u>Related to Income Tax</u> | | - | | - |
| <u>Others</u> | | | | |
| Gst Credit / Refund Receivable | 5,053,554 | | - | |
| Cenvat / Gst / Customs Credit Balance | - | | 13,448,088 | |
| Bank Fdr Accrued Interest | 106,670 | | 51,605 | |
| Travel Card | 351,668 | | 325,347 | |
| Export Incentive Receivable | 1,516,097 | | 1,098,730 | |
| Advances Given | 10,785,561 | | - | |
| Prepaid Expenses | 1,226,931 | | 169,096 | |
| | | 19,040,482 | | 15,092,866 |
| Total | | 19,040,482 | | 15,092,866 |

Note 13 SHARE CAPITAL

| a | Share Capital | 31 March 2020 | | 31 March 2019 | |
|----------|---|---------------|------------|---------------|------------|
| | | Number | Rs. | Number | Rs. |
| | <u>Authorised</u> | | | | |
| | Equity Shares of Rs. 10 each | 5,000,000 | 50,000,000 | 5,000,000 | 50,000,000 |
| | <u>Issued</u> | | | | |
| | Equity Shares of Rs. 10 each | 3,089,700 | 30,897,000 | 3,089,700 | 30,897,000 |
| | <u>Subscribed & Paid up</u> | | | | |
| | Equity Shares of Rs. 10 each fully paid | 3,089,700 | 30,897,000 | 3,089,700 | 30,897,000 |
| | <u>Subscribed but not fully Paid up</u> | | | | |
| | Equity Shares of Rs. 10 each, not fully paid up | - | - | - | - |
| | Total | 3,089,700 | 30,897,000 | 3,089,700 | 30,897,000 |

b

| Particulars - Equity Shares | 31 March 2020 | | 31 March 2019 | |
|---|---------------|------------|---------------|------------|
| | Number | Rs. | Number | Rs. |
| Shares outstanding at the beginning of the year | 3,089,700 | 30,897,000 | 3,089,700 | 30,897,000 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 3,089,700 | 30,897,000 | 3,089,700 | 30,897,000 |

c Shareholders holding more than 5% of the aggregate shares in the Company

| Name of Shareholder | 31 March 2020 | | 31 March 2019 | |
|---------------------|--------------------|--------------|--------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Lalit Mehta | 431,498 | 13.97% | 431,498 | 13.97% |
| Rajesh Mehta | 381,042 | 12.33% | 381,042 | 12.33% |
| Premal Mehta | 175,281 | 5.67% | 174,281 | 5.64% |
| Mala Bhavnani | 188,706 | 6.11% | 160,701 | 5.20% |

- d** There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding 31-Mar-2020
- e** Terms/ rights attached to equity shares
The Company has equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share.

Note 14 OTHER EQUITY

| Particulars | 31-03-2020 | 31-03-2019 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| Surplus | | |
| Opening balance | 169,772,239 | 154,416,468 |
| (+) Net Profit/(Net Loss) for the current year | 42,367,504 | 15,355,771 |
| (+) Transfer from Reserves | - | - |
| (-) Proposed Dividends | - | - |
| (-) Interim Dividends | - | - |
| (-) Transfer to Reserves | - | - |
| Closing Balance | 212,139,743 | 169,772,239 |
| Total | 212,139,743 | 169,772,239 |

Note 15 BORROWINGS

| Particulars | 31-03-2020 | 31-03-2019 |
|---|---------------------|------------------|
| | Rs. | Rs. |
| <u>Secured</u> | | |
| <u>Term loans</u> | | |
| <u>From Banks</u> | | |
| HDFC Bank | - | 3,127,538 |
| (Secured against mortgage of Office Premises) | | |
| Terms of Repayment | Repayable under EMI | |
| Period of Maturity | Nov-20 | |
| Number and amount of balance EMI | 8 - | |
| Rate of Interest | 10.40% | |
| Other significant terms | - | |
| The above amount is due for repayment between 1 to 5 years. | | |
| Total | - | 3,127,538 |

Note 16 DEFERRED TAX LIABILITY (NET)

The Company has accounted for taxes on income in accordance with IND AS 12 – Income Tax issued by the Ministry of Corporate Affairs. Consequently, the net incremental deferred tax (liability) / asset is charged / credited to Profit and Loss Account. The year end position of taxes on income is as under:

| Particulars | 31-03-2020 | 31-03-2019 |
|---|------------------|------------------|
| | Rs. | Rs. |
| Deferred tax liability | | |
| Fixed Assets : Impact of Difference between tax depreciation and depreciation / amortisation charged for financial reporting | 4,732,812 | 4,905,052 |
| Others | - | - |
| Gross deferred tax liability | 4,732,812 | 4,905,052 |
| Deferred tax asset | | |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | - | - |
| Unabsorbed Depreciation as per Tax | - | - |
| Difference in stock value as per accounts and as per tax | 2,492,140 | 1,243,443 |
| Reserve for doubtful debts | 575,844 | 444,647 |
| Gratuity liability (not paid) | 216,949 | - |
| Gross deferred tax asset | 3,284,933 | 1,688,090 |
| Net deferred tax liability / (asset) | 1,447,879 | 3,216,962 |

Note 17 OTHER FINANCIAL LIABILITIES

| Particulars | 31-03-2020 | 31-03-2019 |
|-----------------------------------|------------|------------------|
| | Rs. | Rs. |
| Refund of Income Tax under appeal | 0 | 1,962,760 |
| Total | 0 | 1,962,760 |

Note 18 BORROWINGS - CURRENT

| Particulars | 31-03-2020 | 31-03-2019 |
|--|---------------------|-------------------|
| | Rs. | Rs. |
| Secured | | |
| Other loans and advances | | |
| Cash Credit from ICICI bank | | |
| (Secured by hypothecation of Stock, Book Debts, and first charge over Fixed Assets. As a collateral security, the promoter directors Mr. Lalit Mehta and Mr. Rajesh Mehta have given their personal guarantee) | 90,966,870 | 57,716,299 |
| Period of Maturity | Cash Credit Account | |
| Number and amount of Instalments due | Not Applicable | |
| Rate of Interest | 11.70% | |
| Other significant terms | - | |
| Total | 90,966,870 | 57,716,299 |

Note 19 TRADE PAYABLES

| Particulars | 31-03-2020 | 31-03-2019 |
|-----------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| (a) Sundry Creditors For Goods | 227,434,134 | 125,286,966 |
| (b) Sundry Creditors For Expenses | 4,027,143 | 1,276,236 |
| Total Trade Payables | 231,461,278 | 126,563,202 |

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008, which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). There are no dues to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at 31-Mar-2020 and 31-Mar-2019 respectively based on the information received and available with the Company.

| Particulars | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| | Rs. | Rs. |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | - | - |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | - | - |
| The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise. | - | - |

Note 20 OTHER CURRENT LIABILITIES

| Particulars | 31-03-2020 | 31-03-2019 |
|---|------------------|------------------|
| | Rs. | Rs. |
| (a) Current maturities of long-term debt | 3,120,998 | 4,484,409 |
| (b) Current maturities of finance lease obligations | - | - |
| (c) Interest accrued but not due on borrowings | 20,605 | 53,284 |
| (d) Interest accrued and due on borrowings | - | - |
| (e) Income received in advance | - | - |
| (f) Unpaid dividends | - | - |
| (g) Application money received for allotment of securities and due for refund | - | - |
| interest accrued on (g) above | - | - |
| (h) Unpaid matured deposits and interest accrued thereon | - | - |
| (i) Unpaid matured debentures and interest accrued thereon | - | - |
| (j) Other payables (specify nature) | | |
| - Sundry Creditors For Fixed Assets | - | 144,660 |
| - Amount Recovered Toward Sales Tax Liability (C Form) | - | 457,602 |
| - Advances Received Against Order/Goods | - | - |
| - Liability Towards Group Gratuity | 862,004 | - |
| - Gst Payable | 27,912 | - |
| - Notional Excise Liability On Finished Goods | - | - |
| - Deferred Gain On Forward Contract | - | - |
| - Tds / Tcs Payable | 357,753 | 199,787 |
| Total | 4,389,273 | 5,339,742 |

Note 21 PROVISIONS - CURRENT

| Particulars | 31-03-2020 | 31-03-2019 |
|--|-------------------|------------------|
| | Rs. | Rs. |
| (a) Provision for employee benefits | | |
| Salary & Reimbursements | - | - |
| Contribution to PF | - | - |
| Contribution to ESIC | 123,619 | 119,831 |
| (b) Others (Specify nature) | | |
| Provision for Taxation | 12,060,314 | 3,550,341 |
| Total | 12,183,933 | 3,670,172 |

Note 22 REVENUE FROM OPERATIONS

| Particulars | 31 March 2020 | | 31 March 2019 | |
|------------------------------------|---------------|----------------------|---------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Sale of products | 1,570,675,371 | | 1,253,318,908 | |
| Sale of services | - | | - | |
| Other operating revenues | - | | - | |
| Foreign Exchange Fluctuation | 491,095 | | 277,878 | |
| Gross Revenue | | 1,571,166,466 | | 1,253,596,786 |
| <u>Less:</u> | | - | | |
| Excise duty | - | | - | |
| GST | 196,641,709 | | 142,232,853 | |
| Sales tax | - | 196,641,709 | - | 142,232,853 |
| Net Revenue From Operations | | 1,374,524,757 | | 1,111,363,933 |

Note 23 OTHER INCOME

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|------------------|---------------|------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Interest Income (in case of a company other than a finance company) | | | | |
| Fdr & Other Interest Received | 693,848 | | 531,515 | |
| Interest on Staff Loans | - | | 146,127 | |
| Interest on Deposits | 269,326 | 963,174 | 123,891 | 801,533 |
| Export Incentives | 750,182 | | 2,028,265 | |
| Income From Sale Of Scrap | 11,000 | | 40,000 | |
| Licences Sale | 3,997,153 | 4,758,335 | 1,697,360 | 3,765,625 |
| Net gain / (loss) on sale of investments | | - | | - |
| Total | | 5,721,509 | | 4,567,158 |

Note 24 COST OF MATERIAL CONSUMED

| Particulars | 31 March 2020 | | 31 March 2019 | |
|-----------------------------------|---------------|----------------------|---------------|----------------------|
| | Rs. | Rs. | Rs. | Rs. |
| <u>Materials Consumed</u> | | | | |
| <u>Opening Stock</u> | | | | |
| Raw Materials | 31,134,538 | | 29,300,983 | |
| Packing Materials | 410,312 | | 502,869 | |
| Consumables including Spare Parts | - | | | |
| | | 31,544,850 | | 29,803,852 |
| Add : Cost of Purchases | | 1,364,551,907 | | 1,037,064,958 |
| <u>Less : Closing Stock</u> | | | | |
| Raw Materials | 77,697,229 | | 31,134,538 | |
| Packing Materials | 419,174 | | 410,312 | |
| Consumables including Spare Parts | - | | - | |
| | | 78,116,403 | | 31,544,850 |
| | | | | |
| Cost of Material consumed | | 1,317,980,354 | | 1,035,323,961 |

| Particulars | 31 March 2020 | | 31 March 2019 | |
|---|---------------|---------------------|---------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Inventories at the end of the year | | | | |
| Work-in-progress | 905,883 | | 699,551 | |
| Finished Goods | 108,651,301 | | 47,051,985 | |
| Traded Goods | - | 109,557,183 | - | 47,751,537 |
| Inventories at the beginning of the year | | | | |
| Work-in-progress | 699,551 | | 736,152 | |
| Finished Goods | 47,051,985 | | 37,922,490 | |
| Traded Goods | - | 47,751,537 | - | 38,658,642 |
| Net (Increase) / Decrease in Inventories | | (61,805,647) | | (9,092,894) |

Note 26 EMPLOYEE BENEFIT EXPENSES

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|-------------------|---------------|-------------------|
| | Rs. | Rs. | Rs. | Rs. |
| (a) Salaries, Wages and bonus | | | | |
| Other Employees | | 7,267,693 | | 6,634,239 |
| Directors' Remuneration | | 4,440,000 | | 4,440,000 |
| (b) Contributions to - | | | | |
| Provident fund | 727,643 | | 747,663 | |
| Employee State Insurance Corporation | 107,521 | | 145,202 | |
| Employee Insurance | 2,447 | | 16,765 | |
| (c) Gratuity fund contributions | 862,004 | | 862,004 | |
| (d) Social security and other benefit plans for overseas employees | - | | - | |
| (e) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP) | - | | - | |
| (f) Staff welfare expenses | 1,032,052 | 2,731,667 | 990,190 | 2,761,824 |
| Total | | 14,439,360 | | 13,836,063 |

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--|---------------|------------------|---------------|-------------------|
| | Rs. | Rs. | Rs. | Rs. |
| <u>Interest Charges</u> | | | | |
| Interest on Term Loan | 568,021 | | 1,083,803 | |
| Interest on other borrowings | 6,730,090 | 7,298,111 | 6,597,866 | 7,681,669 |
| <u>Other borrowing costs</u> | | | | |
| Bank Charges and commission incl L/c, others | 2,485,210 | | 2,901,971 | |
| Car hire Purchase Finance charges | - | 2,485,210 | - | 2,901,971 |
| Total | | 9,783,321 | | 10,583,641 |

Note 28 OTHER EXPENSES

| Particulars | 31 March 2020 | | 31 March 2019 | |
|----------------------------------|---------------|-----|---------------|-----|
| | Rs. | Rs. | Rs. | Rs. |
| 1. Manufacturing Expenses | | | | |
| Contract Labour | 6,679,864 | | 6,957,542 | |
| Job Work Charges | - | | 90,000 | |
| Power Charges | 2,674,518 | | 2,366,443 | |
| Fuel Consumed | 339,870 | | 153,602 | |
| Gas Charges | 5,760,478 | | 4,632,143 | |
| Water Charges | 242,872 | | 71,526 | |
| Analytical & Testing Charges | 1,133,328 | | 1,136,250 | |
| Insurance Charges | 499,772 | | 188,843 | |

| | | | | |
|--|-----------|-------------------|-----------|-------------------|
| Notional Excise On Stock Of Finished Goods | - | | - | |
| Repairs To Factory Building | 151,012 | | 361,234 | |
| Repairs To Plant & Machinery | 2,768,383 | | 2,852,320 | |
| Effluent Treatment & Pollution Control | 961,105 | | 1,135,008 | |
| Other Manufacturing Expenses | 1,154,493 | | 2,002,118 | |
| | | 22,365,695 | | 21,947,030 |
| 2. Other Expenses : | | | | |
| Directors' Sitting Fees | 240,000 | | 120,000 | |
| Office Electricity | 120,500 | | 125,130 | |
| Society Maintenance Charges | 159,992 | | 286,134 | |
| Rates & Taxes | 755,713 | | 1,391,931 | |
| Profession Tax | - | | - | |
| Legal & Professional Charges | 1,061,638 | | 1,490,555 | |
| Printing, Stationery & Periodicals | 774,936 | | 920,683 | |
| Conveyance - Local | 356,500 | | 324,402 | |
| Vehicle Expenses | 128,466 | | 139,386 | |
| Travelling - Outdoor | 145,924 | | 143,674 | |
| Telephone & Communication Expenses | 331,634 | | 266,624 | |
| Postage & Courier Charges | 241,741 | | 276,650 | |
| Auditor'S Remuneration | 340,000 | | 319,500 | |
| Stock Exchange, Mca & Custodial Fees | 388,974 | | 398,397 | |
| Software And Hardware Maintenance | 318,992 | | 437,542 | |
| Office Maintenance, Repairs & Renewals | 274,857 | | 236,327 | |
| Insurance | 24,909 | | 43,938 | |
| Advertisement (Statutory) | 42,864 | | 83,334 | |
| Security Charges | 370,802 | | 299,808 | |
| Stipend | 66,112 | | 16,265 | |
| Sundry Expenses | 146,404 | | 188,447 | |
| Donation | 118,500 | | 59,001 | |
| | | 6,409,457 | | 7,567,729 |
| Export Expenses | 81,479 | | 258,591 | |
| Clearing & Forwarding | 983,322 | | 1,996,571 | |
| Advertisement & Publicity | 152,223 | | 314,910 | |
| Business Promotion | 441,949 | | 541,631 | |
| Reserve For Doubtful Debts | 689,700 | | - | |
| Discount | -43,003 | | 13,110 | |
| Commission & Brokerage | 4,391,084 | | 5,168,109 | |
| Gst / Sales Tax | 10,681 | | - | |
| Insurance - Goods-In-Transit (Sales) | - | | - | |
| Travelling - Foreign | 846,800 | | 177,680 | |
| Delivery Charges | 1,286,847 | | 1,541,150 | |
| | | 8,841,082 | | 10,011,751 |
| Total | | 37,616,235 | | 39,526,510 |

NOTES TO THE FINANCIAL STATEMENTS

- 29** The value on realization of current assets in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. According to the management, provision for all the known liabilities is adequate.
- 30** Balances in Debtors, Creditors, loans, advances, and other current assets are subject to confirmation and reconciliation.
- 31** Auditors' remuneration in accordance with paragraph 4B of part II of Schedule III to the Companies Act 2013 is as under:

| Particulars | 31 March 2020 | 31 March 2019 |
|---------------------------|----------------|----------------|
| As Statutory Auditors | 215,000 | 216,000 |
| As Tax Auditors | 50,000 | 50,000 |
| As VAT Auditors | 75,000 | 50,000 |
| As Cost Auditors | - | - |
| As Secretarial Auditors | - | - |
| Company Law Matters | - | - |
| Management Services | - | - |
| Other Services | - | 3,500 |
| Reimbursement of expenses | - | - |
| | 340,000 | 319,500 |

- 32** Earning per share is calculated as under:

| Particulars | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| Basic earning per share | | |
| Net profit after Taxation | 42,367,504 | 15,355,771 |
| Number of shares issued (Nominal Value Rs.10) | 3,089,700 | 3,089,700 |
| Basic earning per share | 13.71 | 4.97 |
| Diluted earning per share | | |
| Net profit after Taxation | 42,367,504 | 15,355,771 |
| Number of shares issued (Nominal Value Rs.10) | 3,089,700 | 3,089,700 |
| Diluted earning per share | 13.71 | 4.97 |

- 33** Directors' Remuneration

| Particulars | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Within the limits of Schedule V to the Companies Act 2013. | 4,440,000 | 4,440,000 |

- 34** Disclosure of Provisions as required by Ind AS-12 is as under:

| Particulars | Opening Balance | Additional provisions during the year | Amount Used & Unused amount reversed during the year | Closing Balance |
|----------------------|-----------------|---------------------------------------|--|-----------------|
| | | Rs. | Rs. | Rs. |
| Income tax provision | 3,550,341 | 17,200,473 | 8,690,500 | 12,060,314 |

35 Related Party Disclosures, as required by Ind AS-24 are given below:

The company has the following related parties :

- a) Holding Company
Nil
- b) Fellow Subsidiaries with whom transactions have taken place
Nil
- c) Enterprise where Key Mannegerial Personnel has Significant Influence
Nil
- d) Key Management Personnel
Mr. Lalit Mehta
Mr. Rajesh Mehta
Mr. Megh Mehta
- e) Entity that has significant influence
Nil
- f) Transaction with related parties for the year ended 31 March 2020

| Sr. No. | Transaction | Enterprise where Key Mannegerial Personnel has Significant Influence | Key management personnel | Entity that has significant influence | Total |
|---------|-------------------------------------|--|--------------------------|---------------------------------------|-----------|
| 1 | Issue of Shares | - | - | - | - |
| 2 | Expenses incurred | - | - | - | - |
| 3 | Expenses incurred on behalf of | - | - | - | - |
| 4 | Interest on unsecured loan | - | - | - | - |
| 5 | Interest received on unsecured loan | - | - | - | - |
| 6 | Unsecured loan paid to | - | - | - | - |
| 7 | Unsecured loan received from | - | - | - | - |
| 8 | Repayment of loan to | - | - | - | - |
| 9 | Managerial remuneration & Incentive | - | 4,440,000 | - | 4,440,000 |

g) Transaction with related parties for the year ended 31 March 2019

| Sr. No. | Transaction | Enterprise where Key Mannegerial Personnel has Significant Influence | Key management personnel | Entity that has significant influence | Total |
|---------|-------------------------------------|--|--------------------------|---------------------------------------|-----------|
| 1 | Issue of Shares | - | - | - | - |
| 2 | Expenses incurred | - | - | - | - |
| 3 | Expenses incurred on behalf of | - | - | - | - |
| 4 | Interest on unsecured loan | - | - | - | - |
| 5 | Interest received on unsecured loan | - | - | - | - |
| 6 | Unsecured loan paid to | - | - | - | - |
| 7 | Unsecured loan received from | - | - | - | - |
| 8 | Repayment of loan to | - | - | - | - |
| 9 | Managerial remuneration & Incentive | - | 4,440,000 | - | 4,440,000 |

h) The balances receivable from and payable to related parties as at 31 March 2020

| Sr. No. | Transaction | Enterprise where Key Mannegerial Personnel has Significant Influence | Key management personnel | Entity that has significant influence | Total |
|---------|------------------------|--|--------------------------|---------------------------------------|-------|
| 1 | Unsecured loan payable | - | - | - | - |
| 2 | Expense Payable | - | - | - | - |
| 3 | Rent Payable | - | - | - | - |

i) The balances receivable from and payable to related parties as at 31 March 2019

| Sr. No. | Transaction | Enterprise where Key Mannegerial Personnel has Significant Influence | Key management personnel | Entity that has significant influence | Total |
|---------|------------------------|--|--------------------------|---------------------------------------|-------|
| 1 | Unsecured loan payable | - | - | - | - |
| 2 | Expense Payable | - | - | - | - |
| 3 | Rent Payable | - | - | - | - |

36 Value of imports calculated on C.I.F basis by the company during the financial year in respect of:

| Particulars | 31 March 2020 | 31 March 2019 |
|-------------------------------|---------------|---------------|
| i Raw materials; | 1,115,437,893 | 844,021,975 |
| ii Components and spare parts | - | - |
| iii Capital goods | - | - |
| iv Trading Goods | - | - |

37 Other Expenses in Foreign Currency:

| Particulars | 31 March 2020 | 31 March 2019 |
|--|----------------------|----------------------|
| i Royalty, Know-how, Professional and Consultation fees, Interest, and Other matters | 88,684 | 45,385 |
| ii Total value of all imported / indigenous raw materials, spare parts and components consumed and the percentage of each to the total consumption | - | - |
| iii Amount remitted in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related; | - | - |
| iv Earnings in foreign exchange classified under the following heads, namely | | |
| i Export of goods calculated on F.O.B. basis | 69,278,295 | 183,945,613 |
| ii Royalty, know-how ,professional and consultation fees; | - | - |
| iii Interest and dividend | - | - |
| iv Other income, indicating the nature thereof | - | - |

38 Information of major Raw Material Consumption

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--------------------|----------------------|---------------|----------------------|---------------|
| | Quantity | Rupees | Quantity | Rupees |
| Iodine Crude | 460.77 MT | 1,080,801,587 | 469.31 MT | 870,240,772 |
| Grand Total | 460.77 MT | 1,080,801,587 | 469.31 MT | 870,240,772 |

39 The turnover is shown net of all indirect taxes viz. Excise, VAT & GST.

40 The disclosure of "Employee Benefits" as per Ind AS-19 are as follows:

(A) Defined contribution plans:**Provident fund, ESIC:**

The Company has recognized the following amounts in the Profit and Loss Account for the year:

(i) Contribution to Provident Fund (Employer's Contribution) Rs. 7,27,643

(ii) Contribution to ESIC (Employer's Contribution) Rs. 1,07,521

(B) Defined Benefit Plans

(i) Disclosure of Gratuity Liabilities

The Company has taken a group gratuity policy with LIC to cover its gratuity liabilities

41 Since the company has only one primary product line and its operations are restricted to only one geographical area, the financial statements itself may be considered to be the segment results as per the disclosure requirements of Ind AS-108

42 Contingent Liabilities and Commitments

| Particulars | 31-03-20 | 31-03-19 |
|--|----------|-----------|
| Claims against the company not acknowledged as debt | | |
| a. Income tax assessment dues for AY 2011-12 under appeal pending before first appellate authority | - | 3,580,450 |
| b. Income tax assessment dues for AY 2011-12 under appeal pending before first appellate authority (Interest Income) | 715,740 | 715,740 |

43 The management has made full inquiries and is of the view that assets of the Company in form of fixed assets and Inventories are good in nature, and are stated at appropriate value of the respective assets; and there is no necessity as to impairment / write down provision in the accounts.

44 Disclosures required under Ind AS-17 on “Leases”**Finance Lease - Assets Given on Lease**

The Company has not given any of its assets on lease.

| Operating Lease - Assets Taken on Lease | 31-03-20 | 31-03-19 |
|--|-----------------|-----------------|
| Total of future minimum lease payments under non-cancellable operating leases for each of the following periods: | - | - |
| - Not later than one year, | - | - |
| - Later than one year and not later than five years; | - | - |
| - Later than five years; | - | - |
| Total of future minimum sublease payments expected to be received under non-cancellable subleases at the balance sheet date | - | - |
| Lease payments recognized in the statement of profit and loss for the period, with separate amounts for minimum lease payments and contingent rents | - | - |
| sub-lease payments received (or receivable) recognized in the statement of profit and loss for the period | 0 | 0 |
| General description of the lessee's significant leasing arrangements including, but not limited to, the following: Basis on which contingent rent payments are determined; Existence and terms of renewal or purchase options and escalation clauses; and Restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing. | Not Applicable | Not Applicable |

| Operating Lease - Assets Given on Lease | 31-03-20 | 31-03-19 |
|---|----------|----------|
| Gross carrying amount | - | - |
| Accumulated depreciation | - | - |
| Accumulated impairment losses | - | - |
| the depreciation recognized in the statement of profit and loss for the period | - | - |
| Impairment losses recognized in the statement of profit and loss for the period | - | - |
| impairment losses reversed in the statement of profit and loss for the period; | - | - |
| Future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods | - | - |
| Not later than one year; | - | - |
| Later than one year and not later than five years; | - | - |
| Later than five years; | - | - |
| Total contingent rents recognized as income in the statement of profit and loss for the period | - | - |

- 45 The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.
- 46 The Company has a system of reviewing its pending litigations and proceedings, if any, and provide for where Provisions are required and disclose the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Company has made adequate provision in the financial statements and the contingent liabilities are disclosed in Note 42.
- 47 Current assets, Loans & Advances have a value of realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 48 Previous year figures have been re-grouped & re-arranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE

For Shah & Savla LLP
Chartered
Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For Samrat Pharmachem Limited

Miral H. Nagda

Partner

Membership No.: 108135
FRN: 109364W / W100143

Place : Mumbai

Date : 31 July 2020

Lalit Mehta
Managing
Director

[DIN: 00216681]

Mahendra Pipalia
Director

[DIN: 00216959]

Rajesh Mehta
Executive
Director

[DIN: 00216731]

Samir Kothary
Director

[DIN: 00216603]

Megh Mehta
Executive
Director

[DIN:
07287394]

Renu Dharod
Director

[DIN: 07063088]

CASH FLOW STATEMENT FOR THE YEAR ENDED**31 MARCH, 2020**

| Particulars | 31-Mar-2020 Rs. | 31-Mar-2019 Rs. |
|--|--------------------|--------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit Before Tax And Extraordinary Items | 57,849,890 | 21,577,256 |
| Adjustments For : | | |
| Depreciation | 4,262,541 | 4,176,556 |
| Profit/Loss On Sale Of Assets | 120,212 | 0 |
| Profit/Loss On Sale Of Investments | 0 | 0 |
| Finance Cost | 9,783,321 | 10,583,927 |
| Bad Debts, Reserve For Doubtful Debts & Discount | 646,697 | 13,110 |
| Interest/Dividend Income | -963,174 | -801,819 |
| | 13,849,597 | 13,971,773 |
| Operating Profit Before Working Capital Changes | 71,699,487 | 35,549,029 |
| Adjustments For : | | |
| Trade Receivables | -67,649,277 | 8,381,750 |
| Other Receivables | -3,504,562 | -10,408,883 |
| Inventories | -108,377,200 | -10,833,892 |
| Trade And Other Payables | 103,319,367 | 17,576,415 |
| | -76,211,672 | 4,715,389 |
| Cash Generated From Operations | -4,512,185 | 40,264,418 |
| Direct Taxes Paid | -8,741,496 | -16,542,030 |
| | -8,741,496 | -16,542,030 |
| Cash Flow Before Extraordinary Items | -13,253,681 | 23,722,388 |
| Extraordinary Items | 0 | 0 |
| Net Cash From Operating Activities | -13,253,681 | 23,722,388 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase Of Fixed Assets | -7,616,386 | -2,944,467 |
| Sale/Realization Of Fixed Assets | 10,000 | 0 |
| Capital Work-In-Progress | -10,808,416 | 0 |
| Addition/Realization Of Investments/FDR | -1,710,000 | 23,650,000 |
| Interest/Dividend Received | 908,109 | 1,078,926 |
| Net Cash Used In Investing Activities | -19,216,694 | 21,784,460 |

| | Continued ... | |
|--|-----------------|-----------------|
| Particulars | 31-03-20 Rs. | 31-03-19 Rs. |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue Of Share Capital | 0 | 0 |
| Interest & Finance Charges Paid | -8,742,833 | -10,636,924 |
| Proceeds/Repayment - Long Term Borrowings | -4,490,949 | -4,061,128 |
| Proceeds/Repayment - Short Term Borrowings | 33,250,571 | -24,508,082 |
| Net Cash Used In Financing Activities | 20,016,789 | -39,206,134 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | -12,453,585 | 6,300,714 |
| CASH AND CASH EQUIVALENTS AT (Opening Balance) 1-Apr | 15,027,407 | 8,726,693 |
| CASH AND CASH EQUIVALENTS AT (Closing Balance) 31-Mar | 2,573,821 | 15,027,407 |

AS PER OUR REPORT OF EVEN DATE

For Shah & Savla LLP

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For Samrat Pharmachem Limited

Miral H. Nagda

Partner

Membership No.: 108135

FRN: 109364W / W100143

Place : Mumbai

Date : 31 July 2020

Lalit Mehta

Managing Director

[DIN: 00216681]

Rajesh Mehta

Executive Director

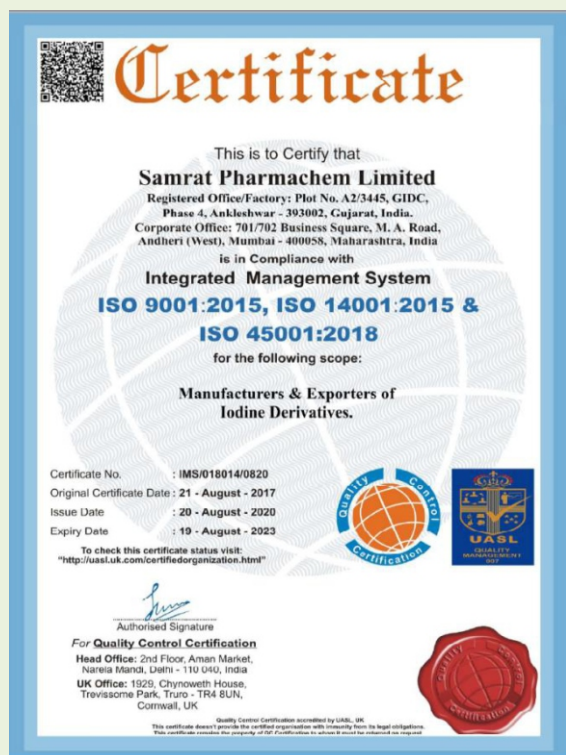
[DIN: 00216731]

Megh Mehta

Executive Director

[DIN: 07287394]

Certifications



Book-Post



If undelivered please return to :

Samrat Pharmachem Limited

Plot No. A2/3445,

GIDC, Phase 4,

Ankleshwar - 393 002,

Gujarat.